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## OFT 'minded to close' Amazon probe after company drops price parity policy in the EU

Price constraints that Amazon placed on businesses selling through its Marketplace platform have been dropped, with the move welcomed by the UK's competition regulator. 30 Aug 2013

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The Office of Fair Trading (OFT) has, since October last year, been formally investigating Amazon's price parity policy which requires Marketplace platform traders to sell at prices no higher than they sell at through other online sales channels. The regulator was prompted to begin an investigation after some businesses complained that Amazon's policy prevented them from setting prices on their own websites or through rival e-commerce platforms. The OFT has been reviewing whether the policy was anti-competitive and would result in consumers paying higher prices for goods.

However, the OFT has now said that it is "minded to close its investigation [into Amazon] on grounds of administrative priority" after Amazon decided to put an end to the operation of its price parity policy within the EU from Thursday. The regulator has not reached a decision as to

whether there has been an infringement of competition law but it said, though, that it continues to monitor the online retail sector and could use its power to investigate such price parity policies at any time.

"We welcome Amazon's decision to end its Marketplace price parity policy across the European Union," Cavendish Elithorn, senior director of the OFT's goods and consumer unit, said. "As Amazon operates one of the UK's biggest e-commerce sites, the pricing on its website can have a wide impact on online prices offered to consumers elsewhere. We are pleased that sellers are now completely free to set their prices as they wish, as this encourages price competition and ensures consumers can get the best possible deals."

"The OFT recommends that other companies operating similar policies review them carefully. Businesses concerned that they are being prevented from setting their own prices should not hesitate to contact the OFT," Elithorn said.

The OFT said it has been working closely with Germany's competition regulator during its investigation. The German Federal Cartel Office has been running its own investigation into Amazon's price parity policy.

Both UK and EU competition law prohibit agreements, arrangements and concerted business practices which appreciably prevent, restrict or distort competition, or have the intention of so doing, and which affect trade in the UK or the EU respectively.

"Amazon informed the OFT that, from 30 August 2013, it will: discontinue enforcement of contractual price parity obligations as to all European Union Marketplace sellers; remove the Marketplace price parity policy clauses from all current versions of Amazon's click-through agreements across the European Union; and notify all other current European Union Marketplace sellers on individually negotiated agreements that it has ceased enforcement of the price parity obligations with the intention of removing the provisions from those agreements when they are next renewed," the OFT said in its statement.

"The OFT understands that Amazon's Marketplace price parity policy remains in place elsewhere, such as in the USA," it added.

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