Amazon silently ends controversial pricing agreements with sellers

Amazon will no longer require third-party sellers to price their products on Amazon lower than they price them anywhere else. It quietly eliminated a clause in its contracts today that critics have called anti-competitive.

Price parity agreements, or most-favored nations clauses (MFNs), were formerly used by Amazon in contracts with third-party sellers to ensure that people selling products on the platform did not sell the same products for cheaper on any other platform like eBay or Alibaba.

Amazon declined to comment.

A few years ago, regulators in Germany and Great Britain investigated this practice and it was dropped in Europe. The threat of regulation or impending investigations might be at fault for causing Amazon to drop MFNs in the United States as well. Last December, Sen. Richard Blumenthal (D-CT) penned letters to the Justice Department and the Federal Trade Commission demanding an investigation into these anti-competitive provisions in Amazon's contracts.

"Amazon's wise and welcome decision comes only after aggressive advocacy and attention that compelled Amazon to abandon its abusive contract clause," Blumenthal said Monday. "I remain deeply troubled that federal regulators responsible for cracking down on anti-competitive practices seem asleep at the wheel, at great cost to American innovation and consumers."

Last week, presidential hopeful Sen. Elizabeth Warren (D-MA) announced a sweeping antitrust proposal and said that if she's elected in 2020, she will work to break up big tech companies like Amazon, Google, and Facebook. Warren's proposal is only part and parcel of a larger movement among lawmakers questioning the market power of these large tech firms.

"The DOJ and FTC must begin aggressively investigating Big Tech's potential antitrust violations and take necessary enforcement actions to deter more harmful behavior," Blumenthal said.

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