

Senate Democrats call for close scrutiny over Uber's Grubhub deal

A group of Senate Democrats, led by Sen. Amy Klobuchar (D-MN), is calling on the Trump administration Wednesday to launch an antitrust investigation into Uber and Grubhub if the two companies decide to merge.

In their Wednesday letter, Klobuchar, Sen. Cory Booker (D-NJ), Sen. Richard Blumenthal (D-CT), and Sen. Patrick Leahy (D-VT) requested that the Justice Department and Federal Trade Commission "closely monitor" talks of a deal between the two food delivery companies. If they reach an agreement, the senators are asking that the government "initiate an investigation."

Earlier this month, *Bloomberg* reported that Uber made an offer to buy Grubhub and that a deal could be reached as early as June. Uber operates its own food delivery service, Uber Eats, which directly competes with Grubhub. If the two companies merged, their combined sales transactions would place them at a 45 percent hold on the app delivery market, according to Edison Trends.

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"Consumers should be able to look forward to a future in which online food delivery is more efficient, more innovative, and less expensive," the senators wrote. "A merger of two of the three biggest rivals in an already concentrated market risks [deprives] consumers of that outcome by potentially

eliminating competition between the existing market participants.”

Over the weekend, Uber and Grubhub continued to discuss the details of a potential acquisition, *The Wall Street Journal* reported Sunday. Still, talks continue and a deal has not been reached. If a deal is announced, regulators like the Justice Department and FTC would have to sign off on it.

While Uber’s latest earnings report trailed by \$2.9 billion from the previous year, its Uber Eats division went up over 54 percent year over year, largely due to the novel coronavirus pandemic and increased demand for food delivery.

“There has been a tremendous increase in restaurant sign-ups leading up to rapid improvement in selection in major markets like the US as well as behavioral shifts,” Uber CEO Dara Khosrowshahi said earlier this month. “We believe these trends are here to stay and will result in expansion of the entire category.”

Still, regulatory pressure continues to increase as lawmakers cast a skeptical eye toward corporate mergers during the pandemic. Chairman of the House Judiciary Committee’s antitrust subcommittee David Cicilline (D-RI) has pushed for a general moratorium on mergers until the pandemic ends.

“We cannot allow these corporations to monopolize food delivery, especially amid a crisis that is rendering American families and local restaurants more dependent than ever on these very services,” Cicilline said of the merger discussions earlier this month.

Other lawmakers, including Sen. Elizabeth Warren (D-MA) and Rep. Alexandria Ocasio-Cortez (D-NY), have proposed legislation that would impose a large merger moratorium until the FTC “determines that small businesses, workers, and consumers are no longer under severe financial distress.”

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