

# Several Members of Congress Want to Block Amazon's Acquisition of iRobot

Several members of the U.S. Congress released a letter to the Federal Trade Commission (FTC) over the revealed acquisition of iRobot Corporation by Amazon.com Inc.

Here's why the legislators have issues over the purchase.

## What Happened

A letter advising the FTC decline the scheduled acquisition of iRobot by Amazon.com was signed by some members of Congress.

"I have severe issues about the Amazon-iRobot offer— dominant business like Amazon should not be enabled to simply purchase their escape of contending," Sen. Elizabeth Warren (D-Mass.) informed Axios. "The FTC needs to oppose this proposed merger to safeguard competitors, lower customer rates, and check Amazon's well-documented anticompetitive activities."

The letter argued the acquisition might "hurt customers and decrease competitors" in the house robotics section.

"Given Amazon's record of infringing on customers' personal privacy, and their continuous history of anticompetitive mergers to increase their monopoly power, the FTC needs to utilize its authority to oppose the Amazon– iRobot deal," the letter checked out.

iRobot has a dominant market share in the clever vacuum market of around 75 percent, which might considerably affect rivals, according to the letter.

The iRobot acquisition followed Amazon made numerous acquisitions in the house devices area, as explained by the letter. This consisted of Blink and Ring.

The letter mentioned Amazon had a history of utilizing a technique of getting business with strong market share and squashing its competitors by using discount rates and using its big consumer base. The letter called this "copy-acquire-kill."

Data personal privacy issues were likewise pointed out in the letter with iRobot offering Amazon access to mapping innovation inside customers' houses. The letter stated the acquisition of iRobot integrated with ownership of Ring and Blink would offer Amazon "eyes and ears inside the houses."

The letter was signed by Warren together with the following members of Congress:

Rep. Mondaire Jones (D-N.Y.)  
Rep. Mark Pocan (D-Wis.)  
Rep. Jesus “Chuy” Garcia (D-Ill.)  
Rep. Pamila Jayapal (D-Wash.)  
Rep. Katie Porter (D-Calif.)

## Why It’s Important

Amazon’s acquisition was currently under a comprehensive evaluation by the FTC and might deal with numerous obstacles prior to approval.

Lina Khan, who chairs the FTC, has actually formerly composed antitrust issues about Amazon, according to Axios. Amazon formerly requested resistance in judgments from Khan, offered her previous history of slamming the business.

Amazon’s \$1.7 billion acquisition would pay investors of iRobot \$61 per share.

One huge concern about the acquisition would be if Amazon would be required to continue offering iRobot gadgets through rivals’ platforms rather of making the gadgets special to Amazon’s e-commerce platform. This is one issue raised by the letter with the previous acquisition of Kiva robotic innovation ending up being special to Amazon’s storage facilities after the offer closed. Kiva formerly offered robotics for storage facilities to other business.

The addition of Khan in the event by the FTC might cause appeals and grievances from Amazon if the offer does not go through as the business can make a case that she has actually a prejudiced viewpoint of the business.

The acquisition is most likely to see a number of antitrust grievances and might take a very long time to get approval. The offer may likewise be declined, which might send out shares of iRobot down.

iRobot shares are down 0.71 percent to \$5705 Shares of iRobot were down 16 percent year-to-date and trade at a 7 percent discount rate to the acquisition rate.

*By Chris Katje*

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