

Justice Department Files Antitrust Lawsuit to Block GE-Electrolux Merger By Kevin Jones, J.D. Candidate 2018 | October 5, 2015

On July 1, 2015, the Department of Justice [filed](#) suit under federal antitrust statutes in the U.S. District Court for District of Columbia against AB Electrolux for its attempt to acquire General Electric for \$3.3 billion, halting the potential buyout. The Department of Justice alleges that the multinational corporation's buyout of GE would combine the two largest appliance manufacturers of ranges, cooktops, and wall ovens, effectively diminishing vital market competition.

Deputy Assistant Attorney General Leslie C. Overton of the Antitrust Division announced that the lawsuit "seeks to prevent a duopoly in the sale of major cooking appliances," since allowing the merger would leave Electrolux and competitor Whirlpool with control [over 75%](#) of U.S. sales. The DOJ contends the lack of competition would leave millions of American citizens and families vulnerable to major price increases in two major ways: directly for homeowners and indirectly for property lessees who will pay higher rents as a result of commercial builders passing off the costs of higher unit costs.

Electrolux's counsel has vigorously opposed the allegations, arguing the DOJ's evaluation of the market effects of the merger is [inaccurate](#). Specifically, Joe Sims, a representative from Jones Day stated that the U.S. appliance market is "less concentrated today than it was in 2006," noting up-and-coming players like LG and Samsung. Electrolux has additionally asserted that the merger will actually help create cheaper, newer and more efficient products, yet details on how exactly this will be accomplished remain uncertain.

In addition to Electrolux's leaders, others have disagreed with the DOJ's projections of the market behavior if GE merges with Electrolux. Multiple executives of commercial real estate [development](#) have argued that the buyout will not affect competition and pricing for appliances sold to development companies. An officer from Century Communities argued in terms of commercial development, the merger's effects are insignificant because only GE and Whirlpool compete for his company's business. Thus, the merger would not decrease the number of actively competing corporations. However, University of Michigan Antitrust Scholar Erik Gorden [disagrees](#) with these assertions. He believes that the mere presence of a third large company that has the ability to compete with GE and Whirlpool incentivizes these companies to price their products more aggressively.

In most recent developments, Electrolux has yet to provide any settlement [offers](#). However, legal counsel from Electrolux stated that there has been some movement towards a resolution. While all signs still point towards a trial as early as late this year, most recent antitrust [cases](#) have not gone to trial. The DOJ has either settled, requiring a major sell-off of the company's assets, as with the merger of American Airlines and U.S. Airways, or the deal fell through when no agreement was reached. If this case does not follow recent trends and ends up going to trial, it is

likely that the case will be centered around a battle of experts in economics, a field of study consistently criticized for having a poor ability to accurately predict future market behavior.