

FTC Sets to Block Staples-Office Depot Merger

Written by Marco Attard
11 December 2015

The [\\$6.3 billion Office Depot-Staples acquisition](#) hits a snag-- The U.S. Federal Trade Commission (FTC) files a lawsuit claiming the merger means higher prices and fewer options for companies buying office supplies in bulk.



“The Commission has reason to believe that the proposed merger between Staples and Office Depot is likely to eliminate beneficial competition that large companies rely on to reduce the costs of office supplies,” An FTC statement reads.

The lawsuit has the approval of all four current FTC commissioners.

As well as the FTC, the merger faces opposition from Canadian antitrust officials insisting the deal harms not only businesses, but also nonprofits, governments, healthcare organisations and schools.

In turn Staples and Office Depot are quick to deny such allegations. “This combination is good for customers. It’s good for shareholders, and it’s good for both companies,” Staples CEO Ron Sargent says. “We intend to complete this transaction and to provide our customers with the lower prices and better service that they deserve.”

The FTC stopped a similar Office Depot-Staples merger back in 1997. However the two companies argue the market has changed in the last 20 years, and refer to the FTC approval of the 2013 Office Depot-Office Max merger as a precedent.

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"[T]he FTC underestimates the disruptive effect of new competitors in the digital economy and ignores the vigorous competition Staples faces from numerous competitors," the two companies add.

Either way, while customers will win out should merger take place, suppliers will lose out-- a retailer the size of Staples-Office Depot should have more clout to renegotiate contracts and push prices even lower.

Go [FTC Challenges Proposed Merger of Staples and Office Depot](#)

Go [Staples and Office Depot to Contest FTC's Attempt to Block Office Depot Acquisition](#)