



**AMAZON.COM'S
HIDDEN
WORLDWIDE
SUBSIDIES**





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EXECUTIVE SUMMARY

Amazon.com, Inc., always known in the United States for its aggressive tax avoidance, and since 2012 also known for systematically seeking economic development subsidies that now total more than \$4.18 billion in the United States, has also received tax breaks for its facilities in many other nations. From what little is known in other countries, Amazon has received at least \$4.7 billion overall. Because of poor disclosure practices in these countries, the costs of most such deals are hidden: the total is undoubtedly significantly higher.



Whether in a warehouse in Poland, a data center in Brazil or an office complex in the U.S., the available evidence suggests Amazon seeks to cut its costs in every way, including through an aggressive pursuit of public subsidies. They are one way Amazon gains market-share advantage. But consistent with its recent, more-secretive history in the U.S., in

other nations, the company does not voluntarily announce the value of the incentives it has qualified for or negotiated. Unfortunately, most governments acquiesce in this corporate secrecy.

The best-documented subsidy package costs include:

- ▶ at least €4.4 million (USD 5.1 million) for a warehouse in Asturias, Spain;
- ▶ \$2.3 million in 2011 for a call center in Edinburgh, Scotland;
- ▶ \$1.3 million in 2012 for a warehouse in Sevrey, France, near Lyon;
- ▶ €13.35 million (USD 15.6 million) for a warehouse in Leipzig, Germany; and
- ▶ €8.95 million (USD 10.44 million) for a warehouse in Fife, Scotland.

In addition, we have well-founded estimates on subsidies for the following two projects:

- ▶ C\$325.6 million (USD 262.6 million) for a data center in Montréal, Québec, Canada; and
 - ▶ \$180 million for a data center in Saõ Paulo, Brazil.
- (All exchange rates as of October 2021)

Our research has also identified perhaps as many as 407 facilities in 13 countries where evidence exists, or we have reason to believe, that Amazon has been subsidized with public monies. The countries include:

- ▶ Argentina (for a data center)
- ▶ Bahrain (for a data center)
- ▶ Brazil (for one data center and eight warehouses)
- ▶ Canada (which has one data center and about 30 warehouses)
- ▶ Chile (for a data center)
- ▶ China (for two data centers and an unknown number of warehouses)
- ▶ India (for four data centers and 370 warehouses)
- ▶ Ireland (for a data center and an office facility)
- ▶ Mexico (for five warehouses)
- ▶ New Zealand (for a television production)
- ▶ Poland (for seven warehouses)
- ▶ South Africa (for at least two call centers)
- ▶ Spain (for a warehouse and a film production)

We recommend that nations and their subnational governments adopt rigorous online, deal-specific disclosure of subsidy awards and corporate commitments associated with them. And we especially urge all nations, including the United States, to disclose subsidies given to data centers (including energy discounts and utility tax exemptions), which are the most opaque.

INTRODUCTION

Amazon is a very numbers-driven company, founded by a former hedge fund executive, Jeff Bezos. It began in 1994 as an online bookstore and originally structured its distribution system to legally avoid the obligation to collect state sales tax. This, along with lower overhead costs of not having “brick and mortar” stores, gave Amazon a price advantage that it used to grow market share.

The firm expanded rapidly, moving beyond books in 1998¹ and showing its first profit by 2003. 1998 also saw its first international operations when it bought online bookstores in Germany and the United Kingdom.² Amazon Web Services,³ its lucrative cloud computing branch, began in 2002. In 2003, it opened its European headquarters in Luxembourg,⁴ and its first non-U.S. data center was opened in Dublin in 2007.⁵

In 2005, Amazon announced a new service that would accelerate its need for new warehouses: Amazon Prime. By offering free delivery in two days to all subscribers to the service, Amazon created for itself the need to put more warehouses close to concentrated sources of demand. For the next several years, Amazon played a complicated sales-tax game, even building warehouses in some states such as Texas (and thereby creating “nexus,” or the legal ability of a state to compel sales tax collection on in-state purchases) while still failing to collect sales taxes there.⁶

By 2011-2012, however, Amazon began abandoning that strategy, as states began demanding online

retailers join physical stores in paying sales tax. In exchange, it started demanding incentives for its new warehouses, and in early 2012, the company hired a veteran subsidy consultant and created an office within its public policy department that specialized in winning tax breaks.

(In December 2021, Good Jobs First released an updated version of the interactive story map covering the United States, “Mapping Amazon,”⁷ which challenges the need for any such subsidies, documenting that the company’s distribution facilities are invariably located close to high-income areas, i.e., those with the most Prime households, and close to major highways, airports, and water ports.)

In opening its tax-break office in 2012, Amazon had learned that every site location decision is an opportunity for what economists call “rent-seeking;” that is, generating profits based on political activity, rather than by becoming more efficient. Before 2012, Amazon had not received more than three subsidy awards in the U.S. per year; since 2012, it has averaged 19 per year. As of January 2022 the company had been awarded more than \$4.18 billion in the United States alone.⁸

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However, since late 2016, when Good Jobs First published its first exposé on subsidies to Amazon in the U.S., the company has become more secretive about this aspect of its business model. That secrecy is now evident elsewhere.

This report focuses on subsidies Amazon has received outside the United States.

Unfortunately, while the evidence consistently points to Amazon receiving government support almost everywhere it goes, the lack of transparency in many other countries makes it difficult, and for now impossible, to determine the value of most of its non-U.S. subsidies. Even a highly democratic country like Canada, where it should be possible to find information on government spending, turns out to be unexpectedly non-transparent when it comes to investment incentives.

The same is true for Australia. Indeed, if not for the occasional press report or boastful economic development agency putting some details into the public record, we would have little idea about investment attraction subsidies in either country.

Or take Brazil. According to our colleagues at the International Budget Partnership there, the country is far behind the United States regarding subsidy transparency at the state and local level. And this in a country where the “guerra fiscal” is every bit as fierce as the “economic war among the states” in the U.S.⁹

Despite the lack of transparency in most of the world, Amazon has received more than \$4.7 billion in subsidies globally, and likely much more than that.

KEY FINDINGS: HIDDEN SUBSIDIES WORLDWIDE

With some exceptions, such as Spain and New Zealand, subsidies given to Amazon.com are undisclosed or only partially disclosed in every continent Amazon operates (i.e., except Antarctica).

In **Argentina**, Amazon decided in October 2019 to build an \$800 million data center in a free-trade zone near Buenos Aires, reaping numerous tax benefits, including tax-free electricity.¹⁰ However, the total value of the incentive package has not been revealed. While the cited article reveals that the company had second thoughts about its choice, Amazon finally received an extension of its start date due to Covid and recommitted to Argentina in 2020.¹¹

Bahrain has hosted an Amazon data center since 2019. According to one article, Teresa Carlson, VP of Worldwide Public Sector at Amazon Web Services, “...lauded the investment advantages and incentives offered by Bahrain, as well as the attractive environment for foreign investment companies.”¹² An email to the Bahraini embassy for details received no answer.

Brazil has an Amazon data center in São Paulo¹³ and eight warehouses located in four states: Four in São Paulo state, and one each in Minas Gerais,

Rio Grande do Sul, Pernambuco, and the Distrito Federal. Our sources indicate Amazon spent \$1 billion on the data center project and received a complete ICMS (a form of VAT) exemption for its capital costs. Assuming that all of the cost of a data center is a capital cost, that would represent a minimum subsidy of \$180 million since São Paulo’s ICMS rate is 18 percent.

There are suggestions that subsidies may have gone to the three Amazon warehouses opened in 2020 in the states of Minas Gerais and Rio Grande do Sul, and in the Distrito Federal.¹⁴ Given the intensity of Brazil’s interstate “guerra fiscal,” it is very likely that all of them received subsidies; the question is whether it is possible to pierce the country’s relative lack of transparency.

Canada has one Amazon data center, launched in 2016,¹⁵ and about 30 warehouses¹⁶ totaling about eight million square feet. While evidence does not indicate subsidies outside Québec, we calculate below likely support received there.

The data center was established in Montréal in 2016. Québec is very prolific in providing subsidies, especially to high-tech industries. Montréal International promotional materials for data centers



highlight provincial subsidies for major investment projects, sustainable building practices (LEED or similar certification), and research & development.¹⁷ In addition, Hydro-Québec provides an economic development electricity discount to qualified companies. Given its aggressive behavior, it would be no surprise if Amazon negotiated an even better deal than the standard one. One would also need to know how much electricity the facility uses, and calculating that is not possible. The company does not report it, nor does it report the exact number of individual data centers within a “region.”¹⁸ But the Canada region has three “availability zones,”¹⁹ each with one to six data centers within them.

According to a trade journal²⁰ each individual data center uses 25 to 30 megawatts of power. This means that the bare minimum of power consumed is 75 MW X 8760 hours per year = 657 million kwh, and at 2c/kwh, that equals a minimum electricity subsidy of C\$13.14 million per year, even without getting a discount lower than the standard one. In addition, since both the federal Goods and Services Tax (5 percent) and the Québec Sales Tax (9.975 percent) are fully refunded every month, this would equal a further C\$3.14 million subsidy per year minimum, assuming Amazon pays the normal economic development electricity rate of 3.19¢/kwh. For 20 years, this equals C\$325.6 million.

Canada has a reporting mechanism that is not available to the public. Created under the 1994 Agreement on Internal Trade, all 10 provinces plus its then-two (i.e., pre-Nunavut) territories set forth a Code of Conduct on Incentives which led the provinces to annually notify the federal Internal Trade Secretariat of the incentives they have given to firms. Unfortunately, these reports are only available for other provinces, but not the public, to review.²¹

Chile, which lost out to Argentina on the \$800 million data center, received a consolation prize of an edge location (mini-data center) with a \$50 million investment. The country had offered \$9 million in subsidies and free land worth \$30 million at the University of Chile for the data center, but it is unclear how much of that offer carried over to the edge location.²²

China has a substantial history of provincial and municipal governments giving subsidies to attract investment. Our research in local and international media has so far not provided specific subsidy amounts, but we have determined that both of its data centers (Beijing²³ and Ningxia²⁴) and at least one warehouse²⁵ did receive government support.

The **Czech Republic** has an Amazon warehouse in Dobroviz, adjacent to Prague’s Václav Havel International Airport. Although this is a location eligible for regional aid under European Union state aid rules and press reports state that this warehouse received government support, there is no state aid paper trail,²⁶ which seems unusual. See further discussion under “Poland” below and in the “Amazon secrecy” section of this report.

According to a confidential source, Amazon in **France** received a \$1.3 million aid award in 2012 for a warehouse outside Lyon, in the town of Sevrey. Capital investment was \$51.4 million, which at then-current exchange rates equals about €39.6 million. This state aid was awarded under the EU’s General Block Exemption Regulation (GBER) and did not need to be reported to the EU’s Directorate-General for Competition because the size of the investment was smaller than the reporting thresholds in effect at that time.

In **Germany**, Amazon received €13,347,153 in regional aid in Leipzig, in the former East Germany.²⁷ Like the French aid, this was awarded under the GBER, but it was notified to the European Commission because it exceeded the reporting threshold. It is conceivable that some additional warehouses received small subsidies prior to new transparency rules introduced in June 2016. Indeed, this is true in all of the richer states of the EU.

India is another country with an intense “economic war among the states” and low transparency. It has a gigantic network of at least 370 Amazon distribution centers of all sizes,²⁸ totaling over 10 million square feet in space. It also has a data center in Mumbai,²⁹ with three more centers recently announced to open in Hyderabad, on an investment of \$2.77 billion.³⁰ An article touting the Hyderabad data centers lists a dizzying array of incentives the company could be eligible for, while not specifying what Amazon will actually receive. Among those listed were a 25 percent lease subsidy, discounted land, a 10 percent R&D grant, and exemption from the Pollution Control Act for data centers.³¹

Indian states routinely publish their industrial policies, which include numerous investment subsidies. The state of Telangana, which includes Hyderabad, states that its policy for mega-projects is to extend all applicable incentives and it “will also extend tailor-made benefits to Mega Projects to suit to a particular investment requirements on case to case basis.”³² The country as a whole has 265 operational Special Economic Zones (SEZs),³³ and Amazon’s massive Hyderabad office campus, second in size only to Seattle, is located in the Nanakramguda SEZ.³⁴

In **Ireland**, Amazon has received aid for a data center in Dublin (2005) and a customer support facility (2007). In both cases, IDA Ireland, the country’s investment promotion agency, refused to disclose the amount to the public.³⁵

In **Mexico**, Amazon has ten fulfillment centers and 27 delivery stations as of September 2021.³⁶ Mexican sources we consulted unanimously agree that Amazon’s facilities have routinely received support from Mexican state governments. Unfortunately, government transparency is poor in Mexico, and Good Jobs First’s freedom of information requests filed on December 3, 2020 and subsequent follow-up requests with the states of Mexico, Jalisco, and Nuevo Leon have produced no results.

THE AVAILABLE EVIDENCE SUGGESTS
AMAZON SEEKS TO CUT ITS COSTS IN EVERY
WAY, INCLUDING THROUGH AN AGGRESSIVE
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The situation in **Poland** is something of a mystery. Of seven current distribution centers set up mainly to serve Germany, we determined that at least two are located in Special Economic Zones (SEZs). Among the benefits of an SEZ is a reduced rate of income tax, from 30 percent to 15 percent. We believe that this should generate a record of state aid to Amazon at the EU Directorate-General for Competition (cabinet agency), but we have been unable to find one. Moreover, given the nation’s income level, any location in Poland is eligible for regional aid, so we assume that Amazon sought such government support at all of its Polish locations, given its behavior in the United States and the richer EU Member States.

Another possibility is that Amazon is receiving state aid under the guise of an obscurely named subsidiary. See the discussion of the Facebook precedent for this in the “Amazon secrecy” section.

Finally, all of the Polish warehouse projects were set up prior to the June 2016 lowering of the notification thresholds under the GBER, so it is possible all were under the threshold. Before then, a GBER project only needed to be individually notified if the investment was greater than €50 million. Under the new rules, every company that receives €500,000 or more in aid must be reported to the Commission.

In **Slovakia**, Amazon has one warehouse in an aid-eligible region.³⁷ As in the Czech Republic and Poland, we would expect state aid to have been given. But we see no EU record of such aid, which again may reflect a pre-2016 award and/or the use of a disguising corporate identity.

South Africa uses investment incentives to attract call centers. Amazon established call centers in Cape Town in 2010 (however, contemporary press accounts said no incentives in this case) and in 2011. It hired 3,000 virtual call center staff to work from home in 2020. All indications suggest that the company did receive incentives for this last set of

hires;³⁸ however, the amount was not disclosed. We have not yet been able to establish whether the company received subsidies for any of these projects.

In the **United Kingdom**, Amazon has received subsidies for a warehouse and a call center, both in 2011. The warehouse, in Fife, Scotland, received €8,951,407 in regional aid under the GBER and that aid was duly notified.³⁹ A confidential source also revealed to us aid to a call center in Edinburgh, that was too small to notify at the time. Employing 500 people, the call center received USD 2.3 million. The level of capital investment was not available, but call centers are not capital-intensive.

In the **United States**, Amazon has received state and local subsidies most recently tallied by Good Jobs First at more than \$4.18 billion. This figure is incomplete because there are at least nine projects for which the full value of the government support to the company is unavailable, and because utility-tax exemptions for its Amazon Web Services (AWS) data centers are undisclosed in many states. (AWS is the world's largest cloud-computing provider.) The details are available at Amazon Tracker.⁴⁰



AMAZON'S AGGRESSIVE PURSUIT OF SUBSIDIES

Our most important finding about Amazon's pursuit and acquisition of subsidies is that it leverages its power to collect the highest possible subsidy. This is consistent with many other findings about the company's miserly, numbers-obsessed culture, which pervades its relationships with workers, third-party vendors, suppliers, and customers.

How do we know this? First, there is the evidence from the United States. As previously discussed, in 2012, Amazon opened an office to pursue subsidies whenever it opened a new U.S. facility. To date, Good Jobs First has been able to document that Amazon has received more than \$4.18 billion in state and local government support, an amount that continues to grow as the company gains almost 20 new deals per year stateside.

Second, some of the subsidies Amazon has received in the European Union are quite small, suggesting the company pursues every euro-cent. In theory, "state

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aid” (the EU term for subsidies) in the European Union is more transparent than in the United States, because individual aided projects and state aid programs (known as “schemes” in UK English and Euro-English) must be notified to the European Commission in advance and not implemented until approved. However, Member States long complained that

the notification requirements were too onerous, and in 1998, the European Council issued a compromise: aid received under the General Block Exemption Regulation (GBER) only needed post-award disclosure of the beneficiary, and only if the investment totaled at least €50 million.⁴¹

Despite this disclosure cutoff, we learned from a confidential source the amounts of two subsidies Amazon received in the European Union that were too small to notify at the time of investment: \$2.3 million for a call center in Edinburgh, and \$1.3 million for a \$51.4 million (approximately €39.6 million) warehouse near Lyon, France. These small amounts, the latter with an aid intensity of just 2.53 percent, indicate that Amazon pursues any subsidies it is eligible for, no matter the size.

Third, many of the developing countries where Amazon has large networks of facilities are places widely known for aggressive subsidy use by subnational (i.e., state, provincial, or local) governments. This includes provinces and local governments in China and states in India, Mexico, and Brazil. There are cases where Brazilian states have offered larger incentive packages to automobile companies than U.S. states have.⁴²

AMAZON SECRECY

As more attention has been focused on its tax maneuvers, working conditions, and subsidy-grubbing, Amazon has become more secretive in how it operates. This report details the company’s secrecy regarding subsidies.

In December 2016, Good Jobs First issued its first study that tallied then-known subsidies to Amazon within the U.S. Our impression since then is that the company has sought to reduce the disclosure of the costs of incentive packages. In its running tally of U.S. subsidy deals, Good Jobs First shows nine Amazon facilities, approved since January 1, 2017, for which either the total or a large package component’s value is unknown. Amazon Web Services, the company’s market-leading cloud-computing arm, routinely enjoys subsidy secrecy for the energy-tax exemptions its data centers enjoy.⁴³

In its subsidy auction for a second headquarters, or HQ2, Amazon tried to have it both ways. Starting in September 2017, it staged only the sixth public jobs auction in U.S. history⁴⁴, and by far the most highly publicized. The enormous flood of earned media helped create more pressure on the bidding governments, and many of the known bids were in the multiples of billions of dollars. But Amazon also imposed Non-Disclosure Agreements (NDAs) on the bidding governments, and prevailing professional norms among public officials meant they were all too glad to refuse disclosure. Even after 218 bidding North American governments did not make the first cut (“losing” to 20 “finalists”), most still hid their bids.

Another type of secrecy involves the use of code names and Limited Liability Companies (LLCs). Often, a city’s leaders will not know they

are dealing with Amazon until just before the time comes to authorize subsidies and make key land-use approvals. In Grand Island, N.Y., in 2020, town council members considered “Project Olive” proposed by a developer even as Amazon warehouse jobs popped up at the address in online searches. This makes it very difficult for local residents to comment or organize when they don’t know who they are dealing with.

In other countries, we have found similar secrecy ploys. Amazon obtained a confidentiality agreement from Siero, Asturias, Spain, as it negotiated subsidies for a warehouse there.⁴⁵ When New Zealand negotiated with Amazon Productions to subsidize a “Lord of the Rings” television series production, the Economic Development Ministry resisted Official Information Act requests for documentation from the negotiations.⁴⁶

We believe Amazon also pursues secrecy within the European Union, most likely by negotiating under the name of one of its 2400+ subsidiaries. Facebook did this in Sweden in 2011, with the country’s EU state aid notification attributed to a subsidiary named Pinnacle Sweden A.B., rather than to Facebook itself.⁴⁷

Amazon has seven warehouses in Poland, and every region in the country is poor enough to offer regional aid under EU state aid rules. More specifically, our research has established that at least two of the Amazon warehouses are located within Special Economic Zones (SEZs), which provide a broad menu of state aid to companies locating there. For example, one is located in the Katowicka SEZ (KSSE), in the Gliwicka sub-zone to be precise. It is easy to find Amazon’s KTW3 facility on Google Maps (<https://tinyurl.com/nemsevxm>), clearly located within the SEZ boundaries and adjacent to plenty of other companies that show up on the SEZ authority’s reports. But if you search for Amazon in the SEZ directory, it is nowhere to be found. If you search the Polish state aid transparency website, SUDOP, the name “Amazon” is similarly absent.

Has Amazon really received no state aid in Poland? This flies in the face of everything we know about the company’s approach to government support

**THE COMPANY HAS
SOUGHT TO REDUCE
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INCENTIVE PACKAGES**

in the United States and other countries in the European Union. Moreover, Poland’s investment promotion agency has given Amazon multiple awards for its exemplary performance

as a foreign investor, including “Biggest Investment of the Year” in the “Employment” category in 2013 (for three warehouses with 6,000 full-time jobs).⁴⁸ The press release explicitly states, “PAIiZ supported the implementation of this record investment,” but then fails to specify the amount of support.

In addition, in 2005 and 2007, Amazon received aid for facilities in Dublin and Cork, respectively; newspaper reports stated that the amount of the subsidies awarded by IDA Ireland were “confidential.”⁴⁹

Despite Amazon’s secrecy, we have been able to identify dozens of the company’s non-U.S. facilities that we believe have received government support. Unfortunately, at this time, we can determine the exact subsidy values for only a handful of them.

POLICY CONCLUSION

The systematic pursuit and receipt of government subsidies is an integral part of Amazon’s profit maximization strategy—globally. In the United States, Good Jobs First has documented more than \$4.18 billion and counting in state and local subsidies to the firm. In Europe, there is EU-reported state aid in Germany and the United Kingdom, as well as non-reported aid in France, Ireland (amount “confidential”), and the United Kingdom, and we consider it all but certain that the company has received subsidies in Poland as well.

Because Prime service is available only in a few richer Member States of the European Union, it is plausible that Amazon has had to locate warehouses outside of areas eligible for regional aid. (That is, poorer nations have fewer high-income households, so Amazon has not targeted them with Prime subscription eligibility. Conversely, those more-affluent countries targeted for Prime often don’t qualify to offer state aid in the given region.) In the rest of the world, Amazon is located in countries well known for subnational governments’ subsidies, so it is likely to have received support in those countries, as we have detailed.

As badly disclosed as Amazon’s warehouse subsidies are, its data center incentives are even more opaque. This is true in the U.S. and elsewhere, especially because the largest subsidies given such facilities are electricity discounts and utility tax exemptions, which typically become perpetual entitlements once awarded. To compute their value, one would need to know not only the discount and exemption rates per kilowatt hour, but also the facility’s rate of consumption.

Because Amazon’s actions are now under heightened scrutiny for potential anti-trust violations, we should remember that government support is another aspect of fair competition policy. Indeed, the European Union manages its state aid system from within its Directorate General for Competition. It makes a company’s market power part of its assessment when considering regional aid requests. Other nations would benefit by linking the two issues as well. But by failing to disclose their subsidies to Amazon, too many nations hide their pro-monopoly spending.



To address these problems, we recommend the following policy reforms.

Stop Giving Amazon Subsidies: Ideally, governments would stop giving aid to Amazon, one of the largest companies in the world. State aid is intended to help companies grow their operations in areas they otherwise wouldn’t and help disinvested communities receive an economic jolt: subsidies to Amazon do neither; the multinational corporation must open in numerous communities to meet its rapid delivery commitments, and chooses where to locate based on proximity to major transit routes, its Prime customers and where it can access cheap natural resources. If this is not possible, then:

Universal Subsidy Disclosure: Nations and their subnational governments should disclose, online and at least annually, the names of the entities that have been awarded subsidies, the source and value of each subsidy award, the ultimate corporate parent of the subsidized entity, and the pledged investments, jobs to be created, and frontline wage and benefit levels.

Data Center Subsidy Disclosure: To address a problem that applies in the United States and many other countries, governments and utilities should disclose the value of all electricity (or other energy) discounts and utility tax exemptions or discounts for each individual facility at least annually, as well as the name of the subsidized entity and its ultimate corporate parent.

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