

EASY MONEY – HOW PUBLIC MONEY FLOWS TO AMAZON WITHOUT ANY COMPETITION

UNI Europa Snapshot Report 2022 – 01

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EASY MONEY

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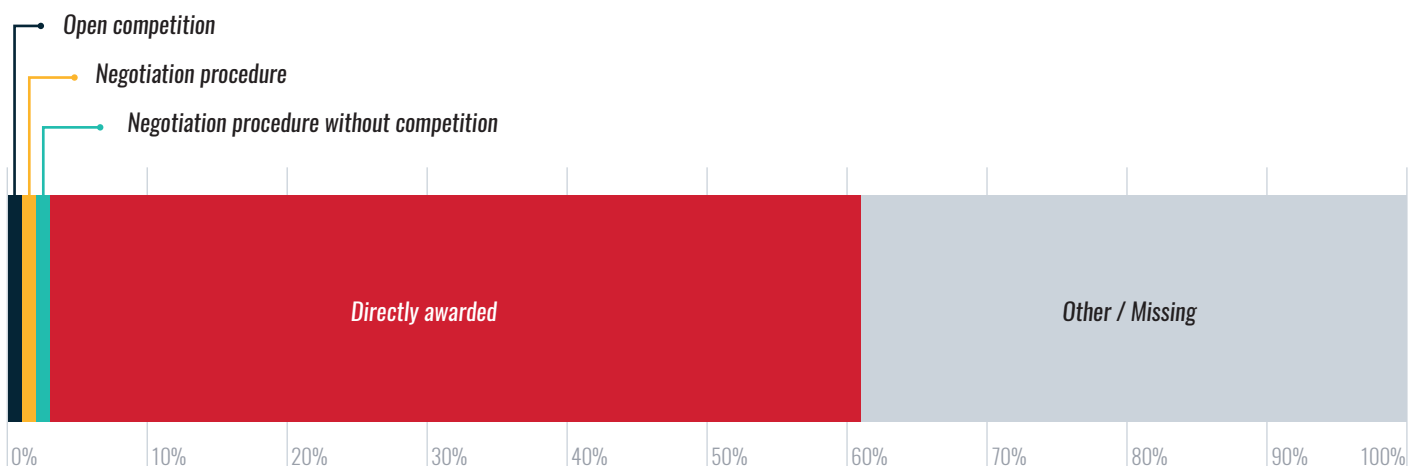
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SUMMARY

Public authorities increasingly use **Amazon** for the delivery of goods (via the Amazon platform) and services (via Amazon Web Services). A recent estimation showed that the company received at least **€1.3 billion** in public contracts in the last three years (De Spiegelaere, 2021).

This new report focuses on **how** Amazon received these public contracts. The (limited!) available data shows that the bulk of the contracts going to Amazon are awarded either by **avoiding** or **fiercely limiting** competition between different potential suppliers.

Amazon public contracts (2019 & 2020), by type of procedure



Source: opentender.eu 2019 & 2020. Author's calculations.

¹ Much data on awarded public contracts is not publicly available. Consequently this report is a serious underestimation of the number of contracts really going to Amazon.

Of these contracts, some are known to have been awarded to Amazon Web Services. These are large contracts awarded with limited or no open competition. In 2020, all three large (known) contracts given to Amazon Web Services were awarded after a 'negotiated procedure without prior publication', which basically means that there was no competition for the contract.



These findings come at a time when the European Commission is itself investigating **Amazon for anti-competitive behaviour** (European Commission, 2019), when the European Union is finalising a directive on **digital markets** which aims to regulate the online competition on platforms, such as Amazon.

Whilst these investigations are taking place, European public authorities are awarding hundreds of millions of Euros-worth of public contracts to Amazon, without any competition.

This also comes at a time when the European Parliament invited Amazon for a public hearing on **Amazon workers' freedom of association and the right to collective bargaining** (UNI Global Union, 2021) - an invitation that the company declined. This company is avoiding public scrutiny, while at the same time receiving public money without proper competition.

The aim of the European public procurement legislation is to promote equal access to public contracts, fair competition and the use of public procurement as a [tool](#) to “achieve social policy objectives”. Yet, the current national practices regarding Amazon contracts suggest that this objective is far from being reached – to be precise we are €1.3 billion away from reaching the goal.

UNI Europa / April 2022

EASY MONEY

How public money flows to Amazon without any competition



€1.3

Billion

Estimations show that, in the last years **Amazon** received (at least) **€1.3 billion** in public contracts from European public authorities and public companies.

Most Amazon contracts were awarded by limiting or avoiding competition



While the EU investigates Amazon for anti-competitive behaviour, it also awards contracts to Amazon avoiding or limiting open competition.

1% open tender

Only 1% of those contracts were awarded after an **open, competitive** tender process.

1% restricted

Another 1% was awarded after a **restricted competition**.

SOURCE

Based on: **De Spiegelaere (2022)** Easy Money - How Public Money Flows to Amazon Without Any Competition. UNI Europa snapshot report, 2022/1.

Full report: www.uni-europa.org

Data for 2019 and 2020 from opentender.eu

TECHNICAL REPORT

1 Data & Methodology

For this report, the data of 'opentenders.eu' was used for 2019 & 2020. This dataset includes information of over 9 million tenders published in Europe per year.

Of these 9 million tenders only those that were awarded were selected which means roughly 4.4 million for 2019 and 3 million for 2020.

Given that Amazon operates using different company names (e.g. Amazon sprl, Amazon, Amazon web services, Amazon emea), a string search using "amazon", "amazon web services", "AWS" and "amazonweb" was used to identify which contracts went to Amazon. Manual inspection resulted in the deletion of a number of contracts that were given to other companies including the term Amazon in their name. This resulted in a total of 321 Amazon contracts for 2019 and 429 for 2020.

The report focuses on how the contracts are awarded to Amazon. The main variable of interest is the type of procedure used to select a tender. The 'procedure type' variable is available in the opentender dataset, but has two limitations. First of all, the original variable includes 14 categories, some of which contain a very limited number

of observations (e.g. 'innovation partnership'). These categories were recoded to six different categories: (1) open competition, (2) restricted, (3) restricted without publication, (4) direct award, (5) other and (6) missing. Secondly, the original variable has quite a lot of missing values. Based on another variable (national procedure type), this missing information was completed as much as possible.

All other variables used in the analysis come straight from the opentender.eu dataset.

Caution: these figures are an underestimation

The reader should exercise the necessary caution in interpreting the figures in this report. The report is based on publicly available data, yet much data on awarded public contracts is not publicly available. Consequently this report is a serious underestimation of the number of contracts really going to Amazon.

2 Number of Amazon contracts

In 2019, a total of 321 contracts were identified through opentender data that went to Amazon. Of those, 24 could unequivocally be identified as AWS contracts, while for the other that was not clear. In 2020, the total number of contracts was higher with 429 and 19 that could certainly be attributed to AWS.

Of the total number of contracts, the bulk were from Italy and Spain based public buyers, with a less significant number of contracts being awarded by Romanian, UK, Slovakian, Latvian and Finnish public buyers.

In terms of type of contracts, the majority of the contracts in both years are supplies contracts. About 20 in each year are for services and only one/two are identified as a works

contract. Importantly, a very large number of contracts (> 200) didn't specify whether it was a supply, services or works contract.

3 Value of the Amazon contracts

For many of the contracts, the final value of the contract is unknown (tender_finalPrice_EUR). To limit the unknowns, where available, the estimated price (estimatedPrice_EUR) was imputed. Still, for most contracts there is no known value. This is the case for all Amazon contracts in Italy, Latvia, Romania and Slovakia.

In most cases the values of the contracts are very low. For Spain, for example, contract values are known for 25 contracts in 2019 and 73 for 2020, yet the total value of all those contracts together is very low: below €15.000 in 2019 and below €24.000 in 2020. These can easily be explained as this concerns mostly the purchase of items via the Amazon platform.

More interesting are the UK contracts. In 2019, there were two contracts for a value of over €400 million and in 2020 three contracts represented a total value of more than €18 million going to Amazon. Also in Finland, there was a large 2020 contract going to Amazon for a value of €385.000.

Again, these figures are an underestimation because many awarded contracts are not registered, or the contract value is missing. The UNI Europa 2021 report on Amazon public contracts (De Spiegelaere, 2021) showed that there are many more Amazon public contracts than those registered in the opentender database.

TABLE 1. Number of Amazon contracts (2019 & 2020)

		2019	2020
Amazon		321	429
... of which certainly AWS		24	19
By country of tenderer	Italy	200	232
	Spain	97	178
	UK	8	7
	Latvia	1	2
	Slovakia	2	2
	Romania	13	7
	Finland		1
Type of contract	Supplies	90	166
	Services	19	20
	Works	2	1
	Other	0	0
	NA	210	242

TABLE 2. Value of public Amazon contracts

Country	2019			2020		
	Total value	# Contracts with data on the value	% Contracts with data on the value	Total value	# Contracts with data on the value	% Contracts with data on the value
ES	14,402	25	26%	23,667	73	41%
UK	437,864,188	2	25%	18,195,691	3	43%
FI				385,000	1	100%
Total	437,864,188	27	8%	18,580,691	77	18%

There was no information on the monetary value for the Italian, Latvian, Romanian and Slovakian contracts.

4 Procedure types

In terms of procedures in public procurement, a distinction can be made between competitive and non-competitive procedures. In terms of the competitive procedures, a distinction is made between four main procedures:

- 1 **Open procedure:** in this procedure, a contracting authority advertises a tender document with all necessary details. Organisations can subsequently submit an offer. The tenderer subsequently compares the tenders and selects the winning bid based on a number of selection and award criteria.
- 2 **Restricted procedure:** this procedure consists of two stages. In a first stage the contract authority publishes a contract opportunity. Potential bidders

can show interest in submitting a bid. After a selection stage, the qualified bidders get the full information on which bases they can submit a full bid. The tendering authority thus has the power to limit the number of full offers to evaluate.

- 3 **Competitive dialogue:** in this two-stage process, the contracting authority publishes an contract opportunity to which bidders can show their interest to participate. The tendering authority can shortlist a number of potential contractors with which it engages in a competitive dialogue. This means that, in discussion with the contractors, the tender requirements are specified and redesigned. Once finalised, a tender is published and the bidders can submit a bid.

- 4 **Negotiated procedure with prior publication of a notice:** This is also a two-stage process with a first publication of a contract opportunity. Shortlisted bidders enter into a negotiation after receiving an initial offer.

As well as these four general procedures, some more specialised competitive procedures exist such as a public or design context. In such a procedure, a jury evaluates submitted projects and is mostly used in country planning, architecture or engineering.

Apart from the competitive procedures, there are several procedures in which competition is **seriously limited**:

- **Negotiated procedure without publication** of a contract notice: in this procedure the public authority can engage in a negotiation with a potential contractor without publicly publicising the contract opportunity. In principle, this procedure can only be used in some circumstances such as extreme urgency, the protection of exclusive rights, or when the supplier is considered to be the only one with the technical capability of delivering the services.
- **Outright award:** in which a contract is directly given to a contractor, without any competitive or negotiated procedure.

Some other less frequently used procedures are the innovation partnership (which refers to a purchase of a good or service that is currently unavailable in the market), the framework agreement (for recurring purchases), the dynamic purchasing system (for

recurring purchases after a restricted procedure).

To reduce the complexity, the different procedure types were brought back to six categories:

- **Open:** which includes the tenders published through an open procedure and public contests.
- **Restricted:** which collects the tenders using the competitive dialogue, negotiated with publication and those where bidders are approached.
- **Restricted without publication** (see above).
- **Direct:** which refers to the contracts given without a tendering procedure
- **Other/missing:** collecting the design context, dynamic purchasing system, innovation partnership, mini-tender, 'other' tenders and all tenders of which the procedure type is unknown.

To reduce the number of missing data, information on the national procedure type (tender_nationalProcedureType) was used to identify the correct procedure type group.

Focusing on the Amazon contracts, we can see that the majority of the contracts are given without a competitive procedure, both in 2019 and 2020. As such, more than half of the Amazon contracts are given without a tendering procedure (through direct award) as these are mostly limited in size and involve simple purchases on the Amazon platform. Yet also large contracts were given without competition. All large contracts (> €100.000) awarded to Amazon (web services)

in 2020 were given through a **negotiated procedure without prior publication**, in other words there was no competition between different potential suppliers.

It appears that only a small minority were given through a restricted procedure (2019: 5 and 2020: 0) which should involve a limited kind of competition and even less through an open procedure (2019: 4 and 2020: 3).

For a large number of contracts, a specific procedure couldn't be identified as they were registered under 'other' or simply missing.

Focusing next on those contracts that were (certainly) given to Amazon Web Services (2019: 24 and 2020: 19), we still see that a considerable amount of contracts was handed out through a direct award (2019: 16 and 2020: 13). Again, the number of AWS contracts given through restricted or open procedures remains low.

TABLE 3. Procedure types of Amazon contracts

		ALL AMAZON CONTRACTS		AWS		NOT AMAZON	
2019	Open competition	4	1%	2	8%	237390	7%
	Restricted competition	5	2%	0	0%	89388	3%
	Negotiated procedure without competition	0	0%	0	0%	42095	1%
	Directly awarded	201	63%	16	67%	2545030	72%
	Other/Missing	111	35%	6	25%	626227	18%
	TOTAL	321		24		3,540,130	
2020	Open competition	3	1%	2	11%	161883	5%
	Restricted competition	0	0%	0	0%	63509	2%
	Negotiated procedure without competition	8	2%	1	5%	59179	2%
	Directly awarded	234	55%	13	68%	2293761	75%
	Other/Missing	184	43%	3	16%	490803	16%
	TOTAL	429		19		3,069,135	

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