



# **Building a Strong and Competitive EU**

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# Our Commitment

Amazon welcomes the renewed focus on strengthening the EU's long-term competitiveness, and hopes to build on our successful partnership, contributing to Europe's digital future.

Amazon is a long-standing partner to European governments, businesses, and consumers. Since 2010, we have invested more than €225 billion across the EU – creating over 150,000 direct jobs across 21 EU Member States. There are more than 60 cities with corporate offices, over 350 logistics centres and supporting over 450,000 indirect jobs created through our supply-chain network. In 2024 alone, we invested over €38 billion in Europe. We are also supporting over 127,000 EU-based SMEs with tools, logistics, training, and services to help them thrive and export across borders.

We've made significant investments in infrastructure. Our cloud business Amazon Web Services (AWS) now has six AWS Regions within the EU, and infrastructure in more than 20 countries across the continent. Last year, we announced tens of billions of euros in new investments in our data centres, including in France, Germany, Italy, and Spain. Hundreds of thousands of organisations of all sizes and across all industries in the EU are using AWS cloud services to innovate and grow.

Prime Video is a strong partner of the EU media industry, investing in the licensing of European works from third-party producers and broadcasters for distribution in Europe and globally, as well as the production and co-production of European audiovisual works in cooperation with EU producers and talents. Since 2016 we have created over 200 new European Original TV shows and movies.

As one of Europe's largest supporters of small business growth and innovation, we support the EU's agenda for a more competitive and resilient economy. This brochure outlines our practical policy recommendations across three key areas - innovation, the Single Market, and simplification - to help the EU step up as a global leader.

James Waterworth  
Director EU Public Policy

# Innovation

## Scaling innovation through partnerships and investments

Innovation is essential to long-term competitiveness, and strengthening Europe's innovation capacity will require sustained investment. As highlighted by Mario Draghi in his report on European competitiveness, increasing annual investments and R&D spending by €750–800 billion could help unlock the EU's full potential [1]. Meanwhile, a recent Atomico report points to a €375 billion shortfall in growth-stage funding for European startups over the past decade [2].

Amazon is committed to supporting innovation across the EU by modernising traditional activities and rolling out new technologies. Since 2010, we have invested over €225 billion in the EU – including in cloud infrastructure, logistics networks, R&D centres, startup initiatives for our stakeholders, and original cultural content. We continue to partner with the public and private sector to foster digital skills, entrepreneurship, and technological development at scale.

### 1. Unlock barriers to private investments

#### Recommendations

- Implement Draghi's call for mobilisation of private financing to close the investment gap in the deployment of AI, robotics, adoption of cloud, and the use of low carbon technologies.
- Develop supportive EU level policies facilitating private investments such as the Savings and Investments Union, and harmonisation of Foreign Direct Investment (FDI) screenings.

#### Why is this needed?

As Draghi notes in his report, private investments are crucial in addressing the EU's investment gap of €750–800 billion [1]. Fragmented capital markets, an underdeveloped venture capital environment and ambiguous FDI screening and merger rules hinder private investment in the EU.

#### Our contribution

In addition to our investments into infrastructure and jobs, Amazon actively supports European startups through funds like the \$1B+ Climate Pledge Fund and Industrial Innovation Fund, backing companies in climate tech, logistics, robotics, and AI. The Amazon Sustainability Accelerator has awarded over €1 million to 40+ startups across the UK and Europe since 2022, while programmes like the AWS and IRCAI Compute for Climate Fellowship, Alexa Fund, and a partnership with Feminest focus on early-stage and female-led ventures. AWS Activate has provided \$1.6 billion in cloud credits to EU startups in Europe, the Middle East, and North Africa since 2013. Amazon also operates more than 10 R&D centres across Europe employing thousands of engineers working on AI, robotics, and software with the technologies deployed around the world helping European talent drive global innovation and strengthen local economies.

## 2. Safeguard start-up exit options

### Recommendations

- Streamline M&A and IPO processes to reduce legal costs and delays, making it easier for startups to raise capital, scale, or sell their companies.
- Preserve the EU's one-stop-shop for merger control to ensure legal certainty and speed in cross-border deals.
- Take adequate account of investors' relevant future R&D spend and economic growth in merger reviews.

### Why is this needed?

Acquisitions can provide an attractive exit path for founders and often boost the growth and innovation of the acquired company. European businesses face growing constraints from a merger control regime that does not take adequate account of post-merger innovation and growth. The EU risks creating a patchwork of unpredictable and overlapping merger control regimes, diminishing legal certainty, increasing costs of deals, and resulting in delays - challenges incompatible with the fast pace of innovation and funding cycles. A regulatory environment where exits are difficult deters investment and discourages entrepreneurship, weakening Europe's startup environment and limiting access to venture capital.

### Our contribution

We invest in European startups whose innovations align with our long-term vision. For example, our acquisition of IVONA in 2012, followed by our investment in scaling its text-to-speech technology globally, transformed the Poland-based team's tools into an important part of the voice of Alexa.

## 3. Make EU procurement markets more accessible

### Recommendations

- Develop marketplaces for IT services at national level and between EU countries.
- Promote the use of innovation criteria based on clear guidelines and assessment frameworks, to give confidence to public buyers when choosing new approaches for service delivery.
- Require credentials when bidding for public sector contracts across the EU.

### Why is this needed?

SMEs, especially digitally native innovative businesses, are developing new and leading technology, working with global partners. However, limited competition, a bias toward local contracts, complex tender rules and focus on lowest-cost bids discourage participation particularly for cross-border bids. As a result, public administrations miss out on innovation, and SMEs lose the chance to gain market validation through trusted public sector clients.

### Our contribution

AWS collaborates with many startups and SMEs engaging in public sector contracts, providing them with the advanced technologies they need to build the innovative solutions that drive European citizens' modern engagements with government.

# Single Market

## Boosting competitiveness by unlocking barriers to growth

The Single Market drives competitiveness in the EU. Yet businesses - especially SMEs - still face regulatory fragmentation, complex cross-border compliance, and inconsistent enforcement. Recent studies show that 78% of SMEs view regulatory differences between Member States as a barrier to competitiveness [3], and closing these gaps could add up to €335 billion to EU GDP annually [4]. Amazon supports enhancing EU competitiveness, advancing the green and digital transitions, and building resilience through a fully functioning Single Market. This aligns with Enrico Letta's 2024 Single Market report, which calls for modernising and deepening market integration in strategic sectors while reducing barriers for businesses.

### 1. Expand digital labelling for easier cross-border selling

#### Recommendations

- Recognise digital labelling as an effective alternative to physical labelling across the EU.
- Introduce the Digital Product Passport (DPP) in all relevant sectoral legislations including the REACH Regulation.
- Leverage the DPP to be the single source of product information.

#### Why is this needed?

Mandatory physical labels in up to 24 languages delay market entry by 6–12 months and require significant resources to create and update. In fast-moving consumer goods (FMCG), packaging is updated for 30–35% of products annually, leading to a complete overhaul roughly every three years [5]. SMEs risk product removals due to labelling non-compliance, while digital alternatives lack legal recognition as substitutes for physical labels. Digital labelling and the DPP provide an efficient, more sustainable and scalable way to keep a product's compliance information up to date and to facilitate cross-border trade.

#### Our contribution

We offer multilingual digital product information and have systems ready to support the Digital Product Passport (DPP).

**€335 bn** EU GDP could be gained by removing Single Market barriers

Flint 2024

## 2. Simplify recycling schemes

### Recommendations

- Introduce a multilingual EU Extended Producer Responsibility (EPR) one-stop-shop for registration and reporting of recycling fees which connects all relevant EPR stakeholders, including producers, national authorities, national registers, online marketplaces, and Producer Responsibility Organisations.
- Allow retailers to pay EPR fees on behalf of SMEs in future EPR regulation.

### Why is this needed?

EPR frameworks, while designed to minimise products' environmental impact through recycling schemes, currently undermine a true European Single Market, particularly for SMEs. Over 100 different EPR schemes mean SMEs need to register and report separately in every EU Member State. This process is often complicated by language barriers and inadequate documentation. According to Ecommerce Europe, businesses currently face costs of up to €140,000 to comply with EPR rules across the Single Market, often discouraging cross-border expansion [6].

### Our contribution

We support the development of a digital EU EPR one-stop shop as part of project SEED (“Simplify Eco-modulated EPR Delivery”), an industry alliance led by Ecommerce Europe.

## 3. Make cross-border payments cheaper

### Recommendations

- Encourage competitive cross-border payment solutions for euro and non-euro transactions.
- Encourage a range of interoperable instant and account-to-account payment options.
- Ensure an EU Digital Wallet fosters innovation and consumer choice in retail payments initiatives.

### Why is this needed?

SMEs often struggle with cross-border payments in the EU Single Market. Despite regulatory advances such as the revised Payment Services Directive (PSD2) and the Interchange Fee Regulation, which have fostered competition and enhanced customer protection, SMEs continue to face high transaction costs, complex regulatory compliance, and fragmented payment infrastructures. A more competitive and interoperable instant payment landscape is important to support SME growth, requiring lower cost technological solutions and improved user experience without compromising security.

### Our contribution

Amazon provides access to multiple cost-efficient, convenient, and secure cross-border payments systems. Instant and account-to-account payments could significantly reduce transaction costs compared to traditional card payments saving consumers and small businesses money. This aims to make online purchases more affordable while maintaining high security standards.

## 4. Enable free flows of data inside the EU

### Recommendations

- Focus on harmonised technical and organisational controls for data security and operational resilience.
- Guide organisations in adopting risk-based frameworks to ensure consistent standards across the Single Market.
- Promote industry partnerships while preserving customer choice and innovation.

### Why is this needed?

Divergent security requirements create barriers for cloud adoption in regulated industries across Member States. A harmonised approach to security and resilience standards would accelerate secure cloud infrastructure availability throughout the Single Market, enabling businesses to scale seamlessly across borders. This would particularly benefit SMEs, allowing them to leverage advanced technologies and compete more effectively across the EU.

### Our contribution

AWS operates six Regions across the EU with infrastructure in over 20 countries, supporting the Single Market with consistent, cross-border cloud services. Each Region comprises multiple data centers with redundant networks, providing superior resilience against disruptions compared to traditional on-premise solutions. Our approach from the beginning has been to make AWS sovereign-by-design, giving customers complete control over where they locate their data with the knowledge that their content will not leave that Region without their agreement. This proven infrastructure resilience has been crucial in times of crisis, from preserving vital Ukrainian government services to enabling AI-powered early warning systems for natural disasters across Europe. We are now launching the AWS European Sovereign Cloud, operated within Europe by EU residents, with strong technical controls for data sovereignty and operational autonomy, designed to meet the needs of the most sensitive workloads across the EU.

## 5. Improve charging infrastructure for green logistics

### Recommendations

- Encourage and enable investment in power grids.
- Enable faster permitting processes to address power grid bottlenecks.
- Maintain supportive policy frameworks for zero-exhaust emission vehicles and infrastructure.
- Harmonise technical standards across the EU.
- Help SMEs finance zero-emission heavy-duty vehicles (HDVs) and charging infrastructure.

### **Why is this needed?**

Heavy-duty vehicles (HDVs) deliver 75% of EU freight while producing 25% of EU road transport emissions, revealing significant potential for carbon reduction through electrification [7]. The transition to zero-emission commercial vehicles faces challenges due to a lack of public charging infrastructure for heavy-duty vehicles and small businesses' inability to fund charging stations.

### **Our contribution**

Amazon invests heavily in zero-emission fleets. In January 2025, we announced our largest ever order of over 200 40-ton electric heavy trucks from Mercedes-Benz for Europe. Amazon aims to have a fleet of 10,000 electrical vehicles across Europe by the end of 2025, and we are investing in on-site charging infrastructure. We also provide open-source tools like CHALET, which indicates the most relevant locations for public truck charging stations to optimise the buildout of such infrastructure across Europe.

## **6. Make VAT simpler to boost cross-border trade**

### **Recommendations**

- Ensure timely and optimal implementation of the “VAT in the Digital Age” (ViDA) package by 2028 across all EU Member States.
- Pilot ViDA implementation with key contributors like Amazon to ensure a smooth rollout for reformed VAT rules.
- Exempt donations to charities from VAT obligations.

### **Why is this needed?**

Complex VAT regulations require SMEs to maintain separate registrations in each EU country - a process that can take up to 100 days and cost a business €8,000 annually per country according to the European Roundtable for Industry [8]. While the One Stop Shop (OSS) system offers some relief, it doesn't cover inventory transfers or domestic sales, limiting its effectiveness. Additionally, despite EU VAT law allowing Member States to define VAT relief for donations, most countries continue to levy VAT on charitable donations or implement relief very narrowly, presenting a significant challenge to sustainability and circular economy goals.

### **Our contribution**

VAT Services on Amazon helps sellers comply with European VAT rules by offering support for registration, filing, and compliance across multiple countries. It includes a VAT Calculation Service that automates invoicing and pricing. Since 2021, Amazon has acted as a third-party VAT collector, supporting the EU deemed supplier regime, and continues to work with the EU to strengthen it. As an early adopter of the Import One Stop Shop, Amazon has shown its commitment to VAT compliance across the EU.

# Simplification

## Unlocking resources for innovation and investments

Reducing the administrative burden of regulatory compliance by 25% is a timely and strategic step toward freeing up resources for investment into other worthwhile business initiatives. In fact, 91% of small and medium-sized enterprises (SMEs) recently surveyed cited bureaucracy and excessive regulation as key barriers to growth [9]. While 59% of startups report delaying AI plans due to regulatory concerns [10].

### 1. Reduce the reporting burden

#### Recommendations

- Focus reporting requirements on essential information. Streamline reporting timelines for overlapping regulations.
- Simplify sustainability reporting by increasing international alignment.

#### Why is this needed?

The rapid rollout of digital laws (e.g. GDPR, DSA, DMA, AI Act) has led to a complex, duplicative, and sometimes even conflicting regulatory environment. This fragmentation - seen in areas such as AI data processing and cybersecurity reporting - creates unnecessary burdens without improving outcomes. Repetitive reporting obligations also exist in legislation to remove illegal content from the Internet and in cybersecurity requirements e.g. NIS2, Cyber Resilience Act, Data Act, and GDPR. Similar challenges exist in sustainability reporting, where the EU's first Omnibus package has already acknowledged disproportionate impacts on competitiveness.

#### Our contribution

Amazon offers Compliance as a Service (CaaS) solutions to help customers manage compliance with various regulations and standards. This includes automated compliance reporting tools which make it easier to generate and share reports for audits and regulatory bodies.

**91%** of SMEs say that bureaucracy and excessive regulation challenge their growth

Implement Consulting 2024

## 2. Fully harmonise legislation and enforcement

### Recommendations

- Harmonise transposition and interpretation of EU rules.
- Move away from fragmented and duplicative enforcement across the EU.
- Ensure EU companies invested and operating in the EU have the same rules as companies operating from outside the EU.
- Adopt international standards to facilitate market expansion for EU businesses

### Why is this needed?

Fragmented rules across EU Member States prevent companies from fully leveraging digital innovation, with 44% of European businesses citing regulatory uncertainty regarding AI policies as their primary barrier to AI adoption [10]. In the field of sustainability, across the EU “carbon scores” are being developed without EU-level coordination, creating legal uncertainty for businesses trading cross-border in the EU and with global operations. In addition, national regulatory authorities often interpret and apply EU rules differently, such as the GDPR where data protection authorities (DPAs) often have varying guidance and expectations. Simplification and harmonisation across the EU does not require new legislative measures. In the case of the GDPR the European Commission should publish clear guidelines to be adopted by DPAs to ensure consistent interpretation - without reopening the regulation itself which would lead to greater legal uncertainty.

### Our contribution

We support small businesses selling on Amazon by providing information on EU regulatory frameworks to boost cross-border sales. Over 70% of these businesses export their products.

## 3. Leverage digital tools for increased efficiency

### Recommendations

- Streamline VAT and EPR compliance via a centralised reporting platform which connects national authorities, public registers, businesses, and marketplaces.
- Promote machine-readable and standardised formats, enabling automated reporting to responsible authorities.

### Why is this needed?

Businesses operating in multiple EU countries face fragmented compliance requirements which often rely on repetitive and manual tasks. For example, businesses need to register VAT and EPR Schemes in each country, and manufacturers need to include product information in up to 24 different local languages. In the case of cybersecurity, multiple reporting formats and entry points complicate the transmission of information, which is often available as a digital alert from the point when an incident or threat is detected. These resource intensive requirements delay market entry and could be significantly improved by digital tools.

### Our contribution

We have automated compliance with VAT rules across multiple Member States - experience we believe could inform EU-wide digital compliance solutions.

## 4. Accelerate screening and permitting processes

### Recommendations

- Simplify and harmonise permitting procedures for infrastructure investments (e.g. for data centres, energy facilities, logistics facilities).
- Harmonise and clarify the existing complex and fragmented rules for Foreign Direct Investment to improve the EU's attractiveness as an investment destination.

### Why is this needed?

Two out of three European companies see regulatory burdens – such as complex and lengthy permitting and administrative procedures – as a barrier to long-term investment, making Europe less attractive than other regions [11]. A more harmonised screening system, with clear and consistent terminology and criteria, streamlined procedures and stronger coordination between national authorities would provide greater confidence to those seeking to invest in the EU, and enhance the Single Market by reducing unjustified burdens for investments involving multiple Member States, which now represent more than a third of notified transactions.

### Our contribution

Our end-to-end permitting solution for wind energy projects enables local, regional, and national agencies to reduce processing time, increase accuracy of applications and manage all information in a single digital repository – notably delivering a 50% reduction in administrative workload in our Danish pilot. Amazon has worked with decision-makers in Italy and Spain to streamline administrative procedures for major investments in data centre infrastructure, leading to fast-track approval processes for strategic investment plans at both national and regional levels.

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