

From: (ENV)
 Sent: mercredi 6 février 2019 12:30
 To: SADAUSKAS Kestutis (ENV); (ENV); (ENV);
 (ENV)
 Cc: (ENV); (ENV)
 Subject: Debriet - Meeting with Amazon 6th February 2019

Follow Up Flag: Follow up
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Visitors:

- James Waterworth (Director Brussels Office), JW
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ENV Colleagues:

- Kestutis Sadauskas, KS
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JW explained Amazon's business:

- It sells on behalf of 3rd parties "Amazon takes a Commission, but producers take responsibility" .. "we make the single market for products work";
- but offers "Fulfilled by Amazon" services (taking orders and dispatching etc.);
- Amazon producers own brands "Amazon Basics", e-readers, voice recognition technology etc.
- Also provides web services (eg: cloud hosting)

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explained some of their sustainability initiatives:

- "Frustration Free Packaging", including trying to get rid of the "overbox" and induce producers to limit primary/secondary packaging to what is needed for transport, not for shelf-sales.
- e-books are dematerialising publishing (and destruction of stocks by publishers was a big issue)
- Product destruction is a cost to Amazon, so they want to limit it, for example "Warehouse Deals" allow damaged & returned products to be marketed;
- Amazon is developing a new services for sellers on line to allow them to donate unsold stock to charity, but they encounter systemic problems.

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explained the systemic tax issues:

- Three main challenges for sellers are (1) fragmentation of markets, (2) additional VAT costs, and (3) VAT administrative burdens/costs; Small sellers cannot deal with 27 tax regimes;
- Sellers pay VAT on donated goods, but not if destroyed; Some MS have zero rate, but still with limited scope and high administration formalities;
- UK VAT relief schemes are simpler and more scaleable;

- (in response to EM on application in FR of ban on food destruction and elimination of VAT on donations) Sectoral approach in FR, but non-food system remains burdensome (eg: requires certificates from charities). Other obstacles (hazardous substances etc) can be dealt with, but it is the tax issue that results in destruction of stock.

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set out issues on EPR:

- PROs complain that on-line sellers don't pay their way;
- Compliance burdens are huge across 27 markets (
- Modulated fees imply many regimes, many languages and comprehensive information on products; Amazon is in direct contact with several national schemes and authorities;
- Therefore a simplified method is needed for distance sellers; (KS noted that attempts to create pan-EU schemes have met with issues of insufficient scale, eg: aluminium cans);
- (responded, noting GROW guidance, OECD on-going work and study on best practices as input to minimum requirements guidance, which will address on-line sales);
- JW added that the title of the study should encompass "enforcement and facilitation" of compliance (KS: or "smart enforcement");
- (KS also indicated possible digital solutions) JW noted increasing use by Amazon of AI/machine learning for example on product use (WN suggested their involvement in development of digital CE roadmap, eg in workshop).

KS concluded:

- Inviting Amazon to demonstrate sustainability credentials through EMAS registration;
- Inviting Amazon to submit wide ideas for next policy cycle in a letter

Follow-up:

Invitation to 4/04 Workshop on Digital4Environment

Amazon's Sustainability Director for the World, Ms Hearst, based at the Seattle Headquarter, is seeking a meeting with DG Calleja for 26th/27th February