

Technology

Amazon Has a Europe Problem: Unions and Regulators Are Circling

After a French court ruled the company can only sell essential items during the pandemic, unions see an opportunity for further gains.

By [Helene Fouquet](#) and [Matt Day](#)

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A delivery man wearing a protective mask carries an Amazon box in Paris on April 15. *Photographer: Joel Saget/AFP via Getty Images*

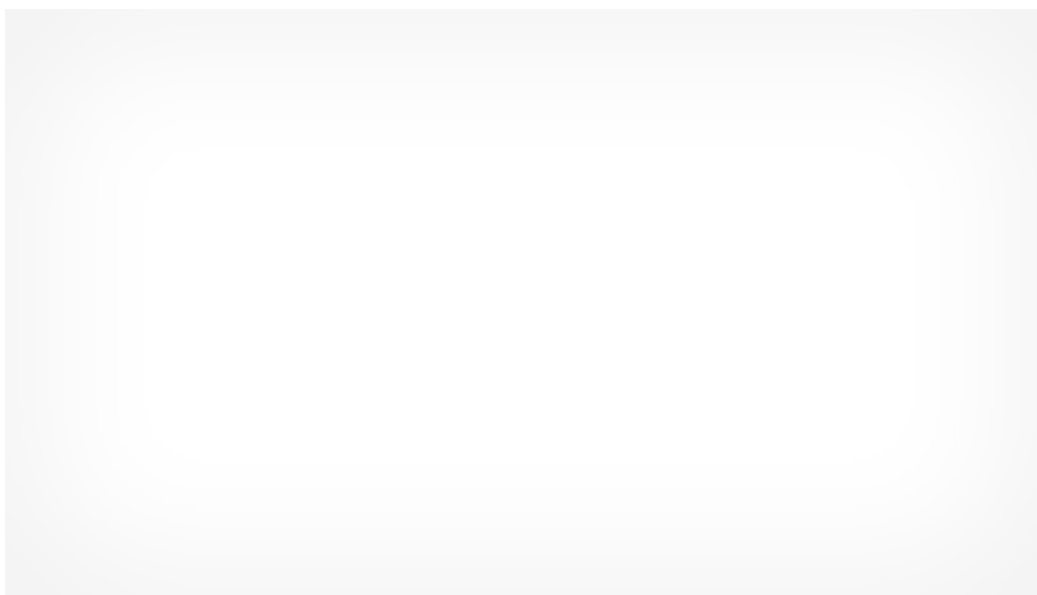
In Germany, unions are pushing Amazon.com Inc. to prevent warehouse workers from congregating like bunches of “grapes” before their shifts. In Italy, where a Covid-19 outbreak hit Amazon’s main logistics depot, unions staged an 11-day strike that ended after the company granted employees an additional five-minute break to practice better personal hygiene. And in what amounts to the most significant pushback yet, a French appeals court on April 24 upheld an earlier ruling ordering Amazon to sell only essential products in the country to protect the safety of warehouse workers.

At Seattle headquarters, some senior Amazon executives expressed concern that the original French

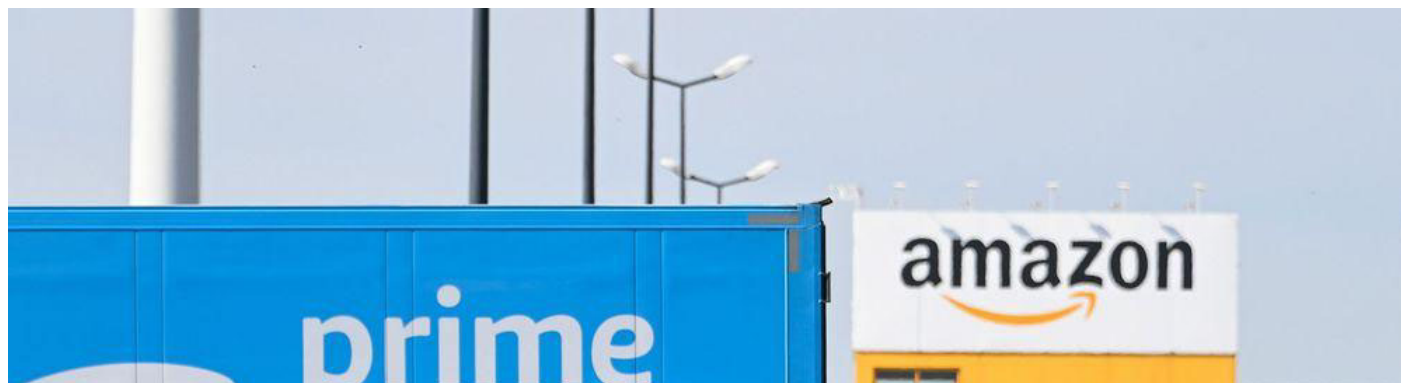
court order would set a precedent, according to a person familiar with the discussions. They feared it would require expensive, manual curation of Amazon's millions of product listings and prompt regulators and governments to impose similar restrictions on the company in an effort to keep essential goods flowing while protecting workers. That explains why Amazon took the unprecedented step of closing its French operations.

Amazon, which insists its warehouses are safe, said it made the decision to close local depots in part because the penalties for not adhering to the specifics of the order could total billions of euros. "The decision was made by a local French court and only applies to the local situation in France," a spokesman said in an emailed statement. "It is also specific to only one of our operations activities in France—our fulfillment centers."

ADVERTISING



For years, Amazon has mostly prevented organized labor from penetrating its employee ranks, helping keep costs down even as the company offers faster service for its customers. So far Amazon has managed to keep its operations going in the U.S., despite protests at several of its warehouses. But in Europe, the company's handling of the outbreak has provided fresh ammunition for the continent's powerful unions and activist regulators, raising the stakes for Amazon in its second-biggest market.





An Amazon logistics centre in Lauwin-Planque, France, on April 16. *Photographer: Denis Charlet/AFP via Getty Images*

“The pandemic has made Amazon essential, while also increasing its vulnerability,” says Uhsa Haley, the W. Frank Barton Distinguished Chair in International Business and Director of the Center for International Business Advancement at Wichita State University. “I predict antitrust and worker-protection legislation of the kind that we saw at the turn of the last century.”

Amazon began setting up shop in Europe in 1998, starting with the U.K. and Germany. Today it also operates dedicated web stores in France, Italy, Spain, the Netherlands and Turkey. While the European Amazon retail business generates about 13% of the company’s \$280 billion in revenue – excluding third-party merchant sales and cloud-computing revenue – the continent’s importance to Amazon cannot be overstated. Some of the company’s outposts around the world feature limited selections geared toward digital products that Amazon can sell without expensive physical infrastructure, but the European operations are much like those in the U.S. – with networks of fulfillment centers, legions of third-party merchants selling their wares on the site and full-fledged Prime memberships offering two-hour delivery in more than 20 European cities.

At home, Amazon faces much weaker unions than it does in Europe, where participation hovers close to 23% on average compared with about 10.3% in the U.S. While union membership has declined over the past couple of decades in France and Germany, worker groups can still disrupt or force companies into talks. The European Union and national labor regulation have enforced periodic negotiations on everything from wages to education. In Germany, the retail union Verdi has some 2.1 million members and has staged numerous strikes over the years. While it has found Amazon one of its toughest opponents, Verdi worked to have collective bargaining talks to boost wages for workers at the company and across the retail sector.

Now the continent’s unions believe fallout from the pandemic has given them new leverage to extract more concessions from the company. In March, French Labor Minister Muriel Penicaud said that it was important to preserve the supply of “necessary goods,” but Amazon’s worker safety standards

were “insufficient.” Inspectors were sent to check on employee conditions. The company started temperature checks, increased space between workers, provided masks to employees and stepped up cleaning. But the union SUD Solidarites deemed the measures insufficient and asked a lower court to shut down the centers.

The French court ruled that Amazon must stop selling non-essential items during the lockdown. The company temporarily closed its French warehouses pending an appeal, and, after it lost, Amazon announced Monday it would keep its fulfillment centers closed until May 5 “to evaluate the best way to operate in light of the Court of Appeal’s decision” while avoiding fines. France is scheduled to end the lockdown on May 11.

“This is our moment to make a global fight,” says Sylvain Alias, a SUD Solidarites representative. “The coronavirus will leave a lasting mark on Amazon and what they do for workers’ rights and health.”

A group representing unionized Amazon workers in several countries put out a letter on Thursday demanding that Amazon permanently maintain a temporary pay increase that was given to employees who came in during the Covid-19 pandemic. Labor unions don’t want Amazon to just focus on virus-related sanitation, CFTD labor union representative Julien Vincent said. They want the company to address broader health concerns that its workers have, including the toll that the physical labor takes on their bodies.

In the statement, the Amazon spokesman said the company has worked with employee groups to implement safety measures and says the dispute “is not about safety but rather certain unions leveraging the process of formal procedural consultation with works councils for their own agenda. We are proud of the many changes we’ve made together to keep our teams safe while serving our customers in France and around the world.”

Even in the U.S., where Amazon has taken a hard line with unions and employee activists, there are signs that regulators and workers are becoming emboldened. Amazon is being investigated by New York’s attorney general over the firing of a worker who complained about working conditions at a Staten Island warehouse and led a walkout. The company has begun a push to reassure workers that coming to work is safe, spraying warehouses down with disinfectant.

Of course, one French court victory doesn't mean organized labor will prevail long-term. While the unions have attempted to join forces internationally—labor groups from the Europe and the U.S. met to discuss strategy in mid-March—they have so far failed to disrupt Amazon’s logistical operations, which were designed to have one distribution center take over if another one goes down.

With a background noise of antitrust concerns, most notably a probe by the European Union looking into Amazon’s use of data collected from third-party sellers, there may be more political appetite to pass laws that check the company. France’s government has repeatedly called on consumers stuck at

home to buy from domestic e-commerce companies rather than the Silicon Valley giant. Dutch politician and former trade unionist Mei Li Vos said that governments will have to protect workers to restart their economies, which provides an opening to strengthen workers' rights.

“Europe is entering phase 2 with workers needing much more confidence and reassurance to go back to work,” said MIT Sloan professor Thomas Kochan, who wrote “Shaping the Future of Work.”

“Governments and politicians will pay a lot of attention to the workforce demands, because they need workers to go come back.”

– *With assistance by Dorota Bartyzel, Daniele Lepido, and Thomas Gualtieri*

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