Department for Science, Innovation & Technology

To: Peter Kyle MP, DSIT Secretary of State
From: Big Tech Unit
SCS Clearance: Jenny Hall (Director, Digital Economy and Data Policy)

Meeting Brief: John Boumphrey (Vice President and UK Country Manager, Amazon)

09 July 2024 | 18:45-19:15 | Virtual

Meeting attendees:

- Peter Kyle, Secretary of State, DSIT
- John Boumphrey (Vice President and UK Country Manager, Amazon)
- John Midgley (Director, Public Policy, Amazon Web Services)

Official(s) attendee(s):

1. Emran Mian, Director General Digital Technology and Telecoms, DSIT

Agenda:

1. Introductions
2. Amazon in the UK
3. Data centre investments
4. UK public sector use of cloud
5. [If raised] Policy issues

Purpose: To outline the Government's vision for science and technology, and to build a trusted relationship in your capacity as Secretary of State with one of HMG's most strategically important stakeholders.

Context: You agreed to meet Amazon in your role as primary contact minister for the five Big Tech companies, and this is likely to be the first in a regular series of meetings.

Previous Engagement: Amazon had regular engagement with the previous DSIT Secretary of State and ministers and with senior officials, on a range of policy issues. For example:

1. **26-27 June 2024** – David Knott (Government Chief Technology Officer) met Dave Levy (Amazon Web Services Vice President Worldwide Public Sector) at the AWS Public Sector Summit, Washington DC.
2. **21-22 May 2024** – David Zapolsky (Senior Vice President of Global Public Policy and General Counsel) attended the AI Seoul Summit.

3. **April 2024** – Former DSIT Secretary of State Michelle Donelan met Andy Jassy and discussed competition.
4. **November 2024 –** Adam Selipsky (former CEO, Amazon Web Services) attended the Bletchley AI Safety Summit.
5. **February 2023 –** You (Secretary of State) met Adam Selipsky (former CEO, Amazon Web Services) in Seattle.

Minister’s note page [Officials please leave this section blank]

Meeting Brief

Objective & Handling:

- Thank John for meeting you today. Stress the importance of a productive working relationship with the company to deliver against HMG's objectives and missions.
- Express your desire to lead the relationship with Amazon on behalf of the whole of government, acknowledging that some policy-specific conversations may be led by your other Cabinet colleagues.
- [redacted]
- *Note: Workers at Amazon's Coventry site have started to vote on whether they want the GMB union to represent them. The GMB is protesting at Amazon warehouses across the UK and a rally will take place outside its London HQ.*
- *Note: John Boumphrey attended the Chancellor's speech yesterday (Monday 8th July) and will join the Business Secretary's call with businesses today (Tuesday 9th July).*

Key points to raise:

Agenda Item 1 – Introductions:

- Stress your desire to engage regularly with John, as well as his US-based colleagues.
- Outline your vision for the newly formed DSIT as the digital centre of government

Agenda Item 2 – Amazon in the UK:

- Invite John to set out Amazon's presence in the UK and their priorities for this government.

[redacted]

[redacted]

Agenda item 4 – UK public sector use of cloud:

- Government and the wider UK Public Sector is a significant consumer of Amazon's Cloud services (Amazon Web Services, AWS).
- We welcome the engagement AWS has with us to help departments make best use of their technology. Following our engagement with Dave Levy (AWS Vice President Global Public Sector) in the US recently we are keen to deliver together the conditions for a truly transformative Public Sector based on cloud

[redacted]

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[If raised] Online Safety Act – Categorisation:

Additional lines to take:

- **Underline** your commitment to bringing the Online Safety Act forward as quickly as possible, and to exploring further measures to keep everyone safe online.
- [redacted]
- **Reiterate** that, if the government decides to diverge from Ofcom's advice in any material respect, then a statement must be published which explains why.

Background:

- The Online Safety Act came into force on 26 October 2023.
- Ofcom is now the independent regulator of Online Safety. It will set out steps providers can take to fulfil their safety duties in codes of practice. Ofcom published consultations on codes for tackling illegal harms in November 2023 and on codes for children's safety duties in May 2024. We expect the illegal harms code to be in effect by early next year with the child safety code following later in 2025.
- **Categorisation – Online Safety Act:** Under the Act, a small subset of services will be designated as either Category 1 (major user-to-user services), Category 2A (major search services) or Category 2B (other categorised user-to-user services) and subject to additional duties. The thresholds are still to be set out in secondary legislation by the government. Ofcom published advice in March to assist the government in setting the thresholds. As per Schedule 11 of the Act, the DSIT SoS can decide to proceed with Ofcom's advice or divert from it.
  [redacted]

[If raised] Digital Markets, Competition and Consumers Act

Lines to take:

- **Note** Labour's support for the DMCC Act whilst in opposition, which received Royal Assent on 24 May.
- **The government is working closely with the CMA to start implementation of the new digital markets regime later this year.** DSIT and DBT will be leading this work, which will include laying the necessary secondary legislation and approving the CMA's guidance for how it will operate the regime in practice.
- **Encourage** Amazon to engage proactively with the CMA as they implement the regime. The CMA is consulting on its guidance until 12 July.

<u>Points to watch</u>

- *If pressed on the CMA's focus on Amazon's partnerships with leading AI firms:*

- The CMA is the UK's independent competition regulator – and that independence is an important feature of the UK's business and investment environment.

Background:

Digital Markets, Competition and Consumers Act 2024

- **The Digital Markets, Competition and Consumers (DMCC) Act 2024** created a new, pro-competition regime for digital markets. This gives the Competition and Markets Authority (CMA) new tools to address both the consequences of entrenched market power and its root causes.
- **We expect the regime to be operational later this year.** You will receive further advice on implementation in the coming weeks.
- **Only a small number of the most powerful tech firms will be in scope.** The CMA will have the power to designate firms with substantial and entrenched market power in key digital activities with Strategic Market Status (SMS). Those firms will be subject to tailored conduct requirements to manage the effects of their market power. The CMA will also be able to make bespoke pro-competition interventions to address the root causes of that market power.
- **The regime has strong stakeholder support**, including from challenger tech firms [redacted] and consumer groups, who are calling for its swift implementation. Big Tech firms were broadly supportive but raised concerns on specific elements of the regime throughout parliamentary passage.
- [redacted] It will be for the CMA to assess whether Amazon will be designated with SMS for any of its products or services. The CMA is carrying out a market investigation into cloud services due to conclude April 2025. [redacted]

CMA invitation to comment on AI partnerships

- On 24 April, the CMA announced a public invitation to comment on 3 AI partnerships between Amazon/Anthropic, Microsoft/Inflection and Microsoft/Mistral AI. This is not a formal investigation, but will allow the CMA to gather evidence to decide whether to open a phase 1 merger investigation. It has since decided the Microsoft/Mistral AI partnership does not qualify for a merger investigation.
- The US Federal Trade Commission and the European Commission are also investigating AI partnerships. The Federal Trade Commission in the US announced in January its own inquiry into AI investments and partnerships, involving Alphabet, Amazon, Anthropic, Microsoft and OpenAI. The European Commission announced it was examining the Microsoft/ Open AI partnership under antitrust laws in June.

[If raised]: AI

Lines to take:

- We see AI opportunities in terms of growing the sector and supporting adoption of AI across the economy, including public services.
- Where do you see the top opportunities for growth of the UK sector? And do you have any specific thoughts on how we can use AI to support the Government's missions?
- You may wish to discuss Amazon's future plans and timelines for developing advanced AI models.

Background:

- This is an opportunity to reiterate a positive and collaborative official-level relationship with Amazon and push for deepening it [redacted]
- Amazon attended the AI Safety Summit at Bletchley Park.
- [redacted]
- In April 2024, Amazon released Amazon Q, a generative AI-powered assistant for businesses and developers.

ANNEX A: BIOGRAPHIES

John Boumphrey, Vice President and UK Country Manager, Amazon (UK)	
• John Boumphrey is the UK Country Manager for Amazon. John is responsible for leading Amazon's UK business, serving its customers and its seller communities. A key element of his role is to champion UK business, and to ensure it remains attractive for inward investment. • John has been with Amazon since 2011, where he was previously VP of Amazon Fashion in Europe. Prior to this he was Director of Amazon's Media, Home and Leisure businesses, and spent three years in Seattle as the company's VP of Consumables Programmes. • Temporarily, John also represents Amazon Web Services in the UK. Previously, the UK cloud business was headed up by another VP-level executive.	
John Midgley, Director of Public Policy, UK, Middle East and Africa, Amazon Web Services	
• John joined AWS in 2016. As Director, John is responsible for AWS' Public Policy team across Africa, Middle East, Turkey, Israel and the UK ("AMETIUK"). • Prior to AWS, John was a Government Relations consultant at Sovereign Strategy.	

ANNEX B: COMPANY BACKROUND

Amazon is a highly diversified e-commerce, cloud and digital services company. It generates roughly half of its revenue through its online store. The rest comes from services provided to third-party sellers (27%), its cloud computing platform Amazon Web Services (18%), advertising (9%), and subscription services like Amazon Prime (8%). Among the company's separately branded subsidiaries are Audible (audiobooks), Whole Foods (physical retail), Twitch (live streaming) and MGM (film studio).

Company overview:

- As of 8 July 2024, Amazon was the **fifth most valuable company in the world**, with a market cap of $2.1 trillion. Amazon made **$575 billion in net sales** worldwide in 2023 (up 12%), which is comparable to the **nominal GDP of Ireland ($564bn).**
- Amazon totalled **£24.8 billion in UK net sales** in 2022. It has a UK workforce of **around 75,000** and supports a further 410,000 UK jobs indirectly. **Most roles are located outside of London and the Southeast**.
- **45% of Amazon's revenue comes from online sales**, which is consistently Amazon's biggest revenue stream. Amazon Web Services (AWS) is its most profitable revenue stream, whilst advertising is its fastest-growing business line.
- Amazon is sometimes credited as **the biggest private R&D investor in the world**, with $85.6 billion invested in "technology and content" 2023. However, this figure includes operational expenditures on infrastructure. It operates four UK R&D centres, working on AI, devices, software and Prime Video.
- In 2024, Amazon created more than 1,000 apprenticeships. They also provide upskilling for employees interested in pursuing in-demand careers outside of Amazon.

Recent opportunities and challenges:

- The UK is one of Amazon's top three global markets, and Amazon is one of the UK's ten largest private sector employers. Uniquely amongst Big Tech, Amazon has a significant employment footprint across the whole country, making them an important stakeholder for the regional growth agenda.
- Amazon has made significant investments in UK infrastructure, workforce, innovation and supply chains. This includes a strong focus on the UK creative industries through Prime Video and skills and training programmes.

- [redacted]
- Amazon has also supported HMG work in areas like cyber security, international trade, digital skills, and net zero. The company has diverse business interests and shareholdings, including in health care and electric vehicles.
- Amazon Web Services (AWS) partners with HMG's National Quantum Computing Centre and is a major investor in UK digital infrastructure, [redacted]
- AWS is a strategic supplier of cloud services to government.