



**the dtic**

Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

## NATIONAL ASSEMBLY

### QUESTION FOR WRITTEN REPLY

#### QUESTION NO.1532

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#### **Inkosi R N Cebekhulu (IFP) to ask the Minister of Trade, Industry and Competition:**

Whether his department studied the economic disadvantages of the establishment of an Amazon e-Commerce distribution centre in the retail sector in the Republic; if not, why not; if so, what are the results? [NW1735E]

#### **REPLY**

The Industrial Development Think Tank (IDTT) supported by the Department of Trade, Industry and Competition (**the dtic**) released a study, namely: "Online Retailing in South Africa: Overview" March 2019.

The IDTT study noted that South Africa's growth in e-Commerce have been hindered by low technology access, high connectivity prices and lack of internet coverage services. However, e-Commerce is growing rapidly from a small base and, as data connectivity and prices come down it is anticipated that online retail will grow rapidly. The IDTT study on Online Retailing in South 2019 identifies the e-Commerce competitive landscape, various emerging e-Commerce models and various components in the value chains.

The IDTT may be found online at the following link: <https://www.competition.org.za/idtt>

I am advised that in the case of Amazon it does not currently have a direct e-Commerce presence and distribution centre in South Africa. Amazon Web Services (AWS) first established a presence in Cape Town by setting up a Development Centre in 2004. In 2010, Amazon Customer Service opened its operations in Cape Town. In 2015, AWS expanded its presence in the country, opening an AWS office in Johannesburg. In 2018, AWS launched Amazon cloud-based server locations in Johannesburg and Cape Town.

COVID-19 has accelerated the pace of digitisation and growth in e-Commerce. The **dtic** and its agencies support the development of opportunities for South Africa as a producer of digital technologies, products and infrastructure. This includes developing an ecosystem through incubation, entrepreneurship, supplier development, skills development, job creation, expanding our productive capacity, locally producing goods and services and providing an enabling environment.

To better understand the competitive dynamics of digital markets, and its impact on the South African economy, the Competition Commission launched a Market Inquiry in terms of the Competition Act into online intermediation platforms, like e-commerce marketplaces. The terms of reference for the Market Inquiry and indicative time table is available on the website of the Competition Commission at:

<https://www.compcom.co.za/online-intermediation-platforms-market-inquiry/>.

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