

# U.S. Country Commercial Guides



## Botswana

## 2017

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# Doing Business in Botswana

## Market Overview

- Botswana offers a stable political, fiscal, and macroeconomic environment. Botswana's GDP per capita of \$7,495 (Pula (P) 76,400) makes it an Upper Middle-Income Country according to World Bank standards. GDP for 2016 was measured at approx. \$16.6 billion (P169.7 billion) by the Bank of Botswana.
- Botswana has historically enjoyed one of the highest economic growth rates in the world. Botswana has a small population of 2.2 million; however, it has the potential to leverage its position in the region to serve as a gateway to the southern African market.
- Botswana's export-driven economy is highly correlated with global economic trends. During the global financial crisis, Botswana's economy went into recession, posting a negative GDP growth rate of 4.9%. The country recovered, with 9.3% real GDP growth in 2013 and 3.9% in 2014. The Government of Botswana (GOB) reports the economy to have declined by 1.7% in 2015, and grew by 4.3% in 2016, and will register 4.2% growth in 2017. The downturn in 2015 was largely due to reduced global diamond demand. The diamond market has since improved, although industry insiders express continued caution.
- Botswana maintains a conservative fiscal policy and low levels of foreign debt. For the last three years inflation has remained at the bottom end of the central bank's 3 to 6% target range. Moody's and S&P rate Botswana's sovereign debt as A2 and A-, respectively.
- For its currency, the Botswana Pula, the GOB maintains a basket of weights of 45% South African Rand and 55% IMF's Special Drawing Rights (SDR is a basket of currencies comprised of the U.S. Dollar, British Pound, Euro, the Japanese Yen, and the newly added Chinese RMB). The central bank reduced the rate of crawl from 0.38% to 0.26% per annum in January 2017. In 2016 the Pula depreciated by 7.5% against the South African Rand and appreciated by 8.9% against the SDR.
- Botswana's trade balance is largely tied to the global demand for diamonds, which represent approximately 85% of the country's export revenues. Customs revenue from the Southern African Customs Union (SACU) and diamond revenue each contribute about one-third of total GOB revenue. As a result, two-thirds of the GOB's income is largely outside of the GOB's control, placing pressure on policy makers to plan conservatively.

- Despite Botswana's middle income status, it has one of the highest rates of income inequality in the world and suffers high rates of poverty and unemployment.
- Government spending has traditionally played a large role in Botswana's economy. GOB expenditures account for one-third of GDP. The government employs about 40% of workers and employees of quasi-public "parastatal" firms make up another 5%.
- The GOB has invested revenues into a historically solid infrastructure, including roads, telecommunication systems, hospitals, hotels, and schools. However, poor planning and workmanship has caused several infrastructure problems, particularly in the power and water sectors, that are likely to continue to constrain growth. In the past, primarily due to prolonged drought, the GOB had introduced water and electricity rationing programs and businesses must contend with additional unscheduled shortages. As of this writing there are no rationing programs and water and electricity supplies are stable.
- The manufacturing sector is small, accounting for about 5.2% of GDP according to the GOB. Agriculture accounted for only about 2.0% of GDP in 2016. Services represented about 13.6% of GDP. The GOB estimates travel and tourism accounted for about 18.3% of GDP (outside business analysts estimate closer to 10%).
- Trade statistics show total U.S. exports to Botswana of \$ 52.8 million in 2016, up 7.7% from 2015, and consisting of low value shipments (\$18.48 million), machinery (\$2.8 million), transportation equipment (\$7.98 million), chemical products (\$1.5 million), and computer and electronic products (\$6.5 million). U.S. imports from Botswana totaled \$ 444 million in 2016. As many U.S. products enter Botswana as re-exports from South Africa, the export figure does not represent the total consumption of U.S. goods in the country. Similarly, the U.S. import figure does not include most diamonds, which generally enter the U.S. as re-exports from the United Kingdom, Europe or increasingly through Indian diamond cutters.
- The major U.S. export opportunities for Botswana continue to be in the area of mining equipment, hospital/medical equipment and supplies, aircraft equipment, pharmaceuticals, telecommunications equipment and services, computer hardware and software, energy equipment, and financial and

consulting services. There is a new push for solar energy production in the country.

- Botswana is a member of the Southern African Development Community (SADC), a regional intergovernmental organization of fifteen African states. The SADC Trade Protocol provides each member state most favored nation treatment on import and export duties. SADC members have not yet implemented a Free Trade Agreement (FTA) eliminating regional tariffs, although one is in place. FTA negotiations between the United States and the region were suspended in 2006.
- Botswana is also a member of SACU, which consists of Botswana, Lesotho, Namibia, Swaziland, and South Africa. Customs and excise duties in SACU are pooled and distributed according to a revenue sharing formula. South Africa pays the most and has grown frustrated with its role subsidizing the smaller economies. Should member states revise the revenue sharing formula, this source of revenue could decline.
- The Botswana Democratic Party has ruled the country since independence in 1966. Democratic institutions have had a successful history since independence. Botswana is one of the best functioning democracies in all of Africa. The last Parliamentary elections were held successfully in October 2014. In 2018 President Ian Khama will have served as President for 10 years, the maximum term authorized by the constitution. As in the past, the President will step down in April of 2018 and the Vice President will serve as President until the next general election, which is expected in late 2019. Many political analysts believe the opposition has the best change in recent times to gain power in 2019.
- Botswana and the U.S. enjoy good bilateral relations.

### **Market Challenges**

- Due to the country's small population and low supply of skilled workers, Botswana does not have enough experienced managers and technical experts to help run many of the companies that would otherwise invest there.
- Foreign and local business managers noted continued difficulty obtaining work permits for foreign skilled workers and managers in 2016. This has caused many skilled workers to leave Botswana, and has chilled the appetite for foreign direct investment for many prospective businesses. In recognition of this concern, Botswana amended (May 2017) the immigration law to open up work visas and residence permits for foreigners.

- A free trade agreement between the 15 SADC member states and the simplification of laws, regulations, and procedures would reposition Botswana as a transportation and logistics hub, the center of a 277 million person free trade zone. However, the slow pace of negotiations within the SADC region has delayed trade liberalization.

Market challenges include regulatory constraints in certain sectors which have little or no relationship to the protection of the public interest, excessive red tape relating to licenses and permits, limited access to finance, the high cost of internet, poor customer service, and low worker productivity. The government's increasing number of state-owned enterprises and market holdings crowd the private sector. The government has implemented new programs to address each of these areas in line with IMF recommendations, but results have not yet materialized. The government has begun the sale of SOEs, with the Telecom Company sold last year and Air Botswana scheduled for sale this year.

- Local preferences for public procurement arise from numerous sources and are increasing. According to law 35, service sectors are restricted to Botswana citizens. The trade ministry has historically granted exceptions for large foreign-owned chain stores but since 2016 it has only granted approval in cases where they reached a localization agreement with the applicant company.
- U.S. companies report difficulties navigating procurement requirements without a partner or presence in Botswana. GOB procurement tenders are at times designed based on the goods and services available in the market, which disadvantages competitors that are not located in Botswana. High value tenders are also frequently broken up into smaller tenders, rendering it cost prohibitive at times for companies based outside of the country to compete. Common usage of hard copy tender announcements and short deadlines for bid submissions also present advantages to locally-based companies.
- At the GOB's urging, some private companies in Botswana also use local preferences in procurement.
- Business decisions are generally slow in Botswana sometimes taking months or even years and risk tolerance is low.

## Market Opportunities

- Botswana offers low tax rates and has no foreign exchange controls. Labor strife is minimal. It has the potential to leverage its position in the region to serve as a gateway to the southern African market as a member of SADC and SACU.
- The Botswana Investment and Trade Centre (BITC), the GOB's investment promotion agency, was designed to serve as a one stop shop to assist investors to set up a business and find a location for operation. BITC's ability to streamline procedures varies based on GOB entity and bureaucratic requirements. Some U.S. companies have resolved work permit challenges with BITC assistance. BITC's criteria for support for investment projects is whether the project will diversify the economy away from dependence on diamond mining and whether it will create jobs for and transfer skills to Botswana citizens.
- The GOB is standing up a Special Economic Zone (SEZ) authority to implement the 2015 SEZ law. This initiative is geared to streamline investment in sector-targeted geographic areas in the country including two Gaborone area SEZs (multi-use, diamond processing, and financial services); two Selibe-Phikwe SEZs (mineral processing and horticulture); and additional SEZs in Lobatse (beef, leather, biogas); Palapye (energy); Pandamatenga (agriculture); and Francistown (mining and logistics).
- In 2017, Parliament approved a special incentive packet for Selibe-Phikwe geared to promote economic growth and diversification. Some of the incentives include reduced corporate tax of 5% for the first 5 years and 10% thereafter (versus the 22% national tax rate), zero customs duty on imported raw materials, rebates for customs duty and value added tax for any exports outside the Southern African Customs Union, and a minimum of 50 years on land leases (instead of the standard lease of 25 years).
- Botswana's mining sector dominates the economy and is correlated with global market trends. De Beers dominates Botswana's diamond industry. Its mining operation, Debswana, is jointly owned by the GOB and De Beers, and produces between 20-22 million carats per year including some of the finest large diamonds in the world (the second largest diamond in history was recently discovered in Botswana). The GOB launched the state-owned Okavango Diamond Company in 2012, a rough diamond distribution company.
- To address the severe shortage of electricity in Botswana and the Southern African Power Pool, the GOB is now seeking to become a net exporter of

electricity and is considering introducing solar power to its energy mix. The GOB awarded contract for the country's first independent power projects in recent years and is working to develop a policy framework for private power producers. Two large-scale solar EOI's were released in June of 2017.

- Botswana's political stability and record of prudent fiscal management signal potential to become a center for certain niche financial services.
- Botswana's tourist market has been characterized by a "high quality, low volume" philosophy. High-end tour operators and hotels tend to dominate the market. The GOB is interested in expanding tourism services throughout the country with mid-range offerings.

### **Market Entry Strategy**

- Local partnerships are generally required for GOB tenders. Local preferences in favor of Botswana citizen-owned or locally-based companies are also increasing in government and the private sector. In order to gain access to most GOB loans and grants, having a local partner is generally mandatory.
- It is difficult and often cost ineffective to compete for GOB contracts without a local partner even in cases where the tender announcement does not limit participation to local companies. Tenders are at times designed based on goods and services in the market. Many announcements are made in hard copy with short deadlines, and bureaucratic requirements can pose a challenge without the presence of local representatives.
- In Botswana, personal relationships established telephonically, or preferably in person, are essential to establishing effective business relationships. Meeting partners face-to-face is important. Formality and respect for protocol are valued in Botswana and facilitate good relationships.
- Government officials and business managers often do not take business proposals seriously if they are not provided by an individual or company physically located in Botswana.
- [BITC](#) can facilitate market entry if the investor's project will create jobs, transfers skills, and diversify Botswana's economy. IT-related companies may want to consider a relationship with the [Botswana Innovation Hub](#) in order to facilitate market entry.

- It is most effective to tie one's project to declared GOB goals of diversifying the national economy away from dependence on diamond revenues, creating employment, and developing skills and capacity in discussions with any GOB official.
- [The U.S. Embassy's Economic/Commercial Section](#) can assist American investors by providing general advice on economic conditions and, in some cases, specific market intelligence. The section offers Gold Key Matchmaking Services, Single Company Promotions and International Partner Searches, for a fee.

## **Political and Economic Environment**

### **Political Environment**

For background information on the political and economic environment of the country, please visit the [U.S. Department of State's Background Notes webpage](#).

## **Selling U.S. Products and Services**

### **Using an Agent to Sell U.S. Products and Services**

U.S. companies looking for assistance in finding a Botswana agent or distributor are advised to contact Business Botswana, formerly known as Botswana Confederation of Commerce, Industry, and Manpower (BOCCIM), and the American Business Council in Botswana (ABC). Business Botswana has more than 2,000 member companies and is the largest private sector association in the country. Its membership directory is not available online, but the Economic/Commercial Section of the U.S. Embassy can provide a hard copy (CommercialGabs@state.gov). The American Business Council has about 60 members and represents private companies and individuals who are interested in doing business with the U.S.

The U.S. Commercial Service's International Partner Search program also provides partner search services, for a fee. Partner search services for Botswana are available through the [U.S. Commercial Service in Johannesburg's website](#).

### **Establishing an Office**

Companies interested in investing in Botswana should contact the [Botswana Investment and Trade Centre \(BITC\)](#), the Government of Botswana agency charged with assisting foreign investors in setting up operations.

### **Contact Information**

#### [Botswana Investment and Trade Centre](#)

Phone: (267)-363-3300 | (267)-713-19250

Email: [enquiries@bitc.co.bw](mailto:enquiries@bitc.co.bw)

Company formation and registration in Botswana is relatively straightforward. It cannot yet be submitted online, although the application forms can be found on their website at [BITC's Business Registration webpage](#). All companies doing business in the country must register with the Registrar of Companies. Registration typically takes two weeks; commonly an investor will engage a local attorney to assist. A list of local attorneys who practice in this area can be obtained from the [U.S. Embassy's Consular Section website](#).

### **Franchising**

Although most franchises in Botswana are from South Africa, a few U.S. franchises operate in Botswana including Federal Express, Coca-Cola, Kentucky Fried Chicken,

Young Chefs Academy, Avis, Re/Max Realtors, Canon, Chevron, RPC Data, and others.

Registering a franchise requires the same procedures as registering a company and must be done with the Registrar of Companies. Depending on the type of business, the government may also require a license issued either by the city council or the Ministry of Investment, Trade and Industry.

### **Direct Marketing**

Direct Marketing is common and widely used by local companies. It is considered to be the most effective form of marketing. The most common forms of direct marketing in Botswana are text messaging, pamphlets and brochures (delivered by hand or mail), internet (through email and social media), radio and television promotions, and salesperson visits.

### **Joint Ventures/Licensing**

Joint ventures between local and foreign partners are common and are encouraged, especially where the foreign partner brings production or design expertise and marketing ties. Investors looking for partners can visit either the [U.S. Embassy in Botswana's website](#) or the [Botswana Investment and Trade Centre's \(BITC\) webpage](#).

### **Selling to the Government**

Public procurement in Botswana is centralized. The [Public Procurement and Asset Disposal Board \(PPADB\)](#) awards government tenders valued within a range of 50 and 100 million (approximately \$4.7 million to \$9.5 million). The tender process generally follows relevant regulations and procedures. The PPADB's Complaints Review Committee reviews PPADB decisions challenged by stakeholders. The PPADB publishes decisions concerning awarded tenders, prequalification lists, and newly registered contractors on its web site and in the Government Gazette. Although lobbying the PPADB directly is prohibited, foreign businesses may contact the individual government departments which request the creation of PPADB tender offers to discuss the products and services they offer.

The government is the largest consumer of goods and services in the country. In the 2014/2015 fiscal year the GOB spent more than \$370 million in public procurements and the PPADB adjudicates an average of 13 procurements per week. There has been a reduction in tenders adjudicated by PPADB as it has increased the financial threshold of the ministerial tender committees and district administrative tender committees in building up towards the objective of devolving its authority to tender committees over time and focus more on oversight. Ministerial Tender Committees

and District Administration Committees collectively handled close to 200 adjudications per week. [The National Development Plan, Version 11](#) outlines key government projects through 2023 valued at 101.4 billion Pula. The largest include defense equipment procurements to modernize the Botswana Defense Force, water transportation and treatment infrastructure, power grid investments, land servicing, and transportation infrastructure.

[The U.S. Embassy in Botswana](#) can assist in making initial business contacts with government officials through paid commercial services. Investors should be aware that increasing government procurement requirements contain preference schemes for Botswana citizen-owned businesses and locally-based businesses. Consult the investment climate chapter for further details. Note that unless otherwise specified, many bids are required to be registered with the PPADB, this however does not apply to foreign companies unless the company has registered to operate as a local company. The U.S. Embassy offers a service whereby U.S. companies interested in bidding on projects in Botswana can have tender documents delivered to them.

## **Distribution & Sales Channels**

Botswana is a landlocked country at the center of the Trans-Kalahari Corridor which connects Johannesburg through Botswana to the port of Walvis Bay in Namibia. Botswana is also part of the North-South Corridor which connects the port of Durban through Botswana to Zambia and Dar es Salaam. The major transport corridor is the North-South railway to and from the port of Durban. The GOB is working to develop Namibia's Walvis Bay as an alternative due to delays at Durban, although this is not currently a well-developed route. In the bid to also improve regional integration and the ease of doing business, the GOB, in partnership with the Government of Zambia, is constructing the Kazungula Bridge across the Zambezi River. The multi-million pula bridge will be a gateway to other SADC countries and together with the one-stop shop that will be implemented at the border post, it is expected to eliminate congestion and improve efficiency.

Most goods enter Botswana through Gaborone, the capital city. However, other points of commerce include Lobatse, Francistown, Maun, and Kasane. Roads are typically good, although driving at night can be dangerous due to livestock sometimes wandering onto the roads and should be avoided.

The vast majority of U.S. products sold in Botswana enter as re-exports from South Africa. Many U.S. companies maintain regional distributorships in South Africa, which supply the rest of the SADC region.

### **Express Delivery**

Express delivery of products is available and reliable throughout the country, delivering within 24 hours. Most of the express companies operate internationally so it is easy to do business and interact with international companies. Some of the express delivery companies operating are DHL, FedEx, Botswana Couriers & Logistics, Express Mail Service (Operated by Botswana Post), and Sprint Couriers.

### **Selling Factors and Techniques**

English is the official language, but Setswana is the traditional language and remains predominant in social and business interactions. Depending on the scale or target consumer, marketing materials may need to be translated into Setswana.

### **eCommerce**

Internet usage is on the rise and is now used by some 15% of the population according to the Global Information Technology Report, which ranked Botswana 101 out of 139 in its Networked Readiness Index. The Government has sought to lower the cost of internet usage by offering substantial discounts to internet providers to lease government-owned fiber-optic cables. Mobile broadband service using cellular technology is available, and coverage is generally good, but it is slow. DSL service through fixed lines and a relatively good national fiber backbone is somewhat reliable but it is expensive relative to U.S. internet costs. Although the connection to the Seacom (Africa East Coast) has been completed and Botswana has access to the ACE (Africa West Coast) undersea cable, internet speeds continue to be slow. The GOB recently partially privatized the state-owned Botswana Telecommunications Corporation.

Much of Botswana uses copper telephone wire infrastructure to access the Internet, which limits connections to 2 megabits per second (Mbps), however connections can rise to over 1,000 Mbps. Botswana Fiber-Optic Networks (Bofinet), the state-owned enterprise that controls the country's fiber optic network, is providing the infrastructure connection upgrades to diplomatic missions and businesses, and will subsequently connect residences with the goal of completing the upgrade in 2020.

Point of sales for credit card transactions are numerous and widely available with reliable connections to processing centers.

The government passed the Electronic Communications and Transactions Bill in April 2014. The Bill will enable the facilitation and regulation of electronic communications and transactions, streamlining commercial and bureaucratic procedures. The GOB earmarked \$15 million for the implementation of this bill in

its 2014/2015 budget. Subsequent to this an Electronic (Evidence) Records Act was enacted by parliament in 2014.

## **Trade Promotion and Advertising**

Newspapers and radio are the most common advertising media in Botswana, though as more citizens access the internet through mobile devices in the coming years, advertising via internet will become more important to vendors.

South African satellite television broadcasts reach the major cities and can provide a venue for products marketed throughout the region. The national television station, BTV, and the Gaborone television station, E-Botswana, may also promote useful means for advertising.

### **Major Newspapers**

[Mmegi](#)

[Sunday Standard](#)

[The Botswana Gazette](#)

[The Botswana Guardian](#)

[The Business Weekly & Review](#)

[The Daily News](#)

[The Midweek Sun](#)

[The Patriot](#)

### **Advertising Contact Information**

The Advertiser – Printing and Publishing Services

P/Bag 0081, Gaborone

Phone: (267)-391-4788

Fax: (267)-391-4595

Email: [advertiser@info.bw](mailto:advertiser@info.bw)

Advertisers interested in wide, local and English language coverage may wish to contact:

Radio Botswana at the Department of Information and Broadcasting

P/Bag 0060, Gaborone

Phone: (267) 395-2541

Fax: (267) 395-2541.

### **Private Radio Stations**

### [Duma FM 93.0](#)

Box 1823 Gaborone  
Phone: (267)-350 -0130

### [Gabz FM 96.2](#)

Bag B0319, Gaborone  
Phone: (267)-395-6962

### [Yarona FM 106.6](#)

Box 1607, Gaborone  
Phone: (267)-391-1066

## **Television Advertising**

The government-owned Botswana television station (BTV) offers some advertising. Interested advertisers should contact the Department of Information and Broadcasting at the above address. The E-Botswana television station offers advertising for the Gaborone market and can be contacted at the address below.

### *Contact Information*

The E-Botswana Television Station  
Box 921, Gaborone  
Phone: (267)-395-7654  
Fax (267) 390-1875  
Email: [info@ebotswana.co.bw](mailto:info@ebotswana.co.bw)

## **Trade Magazines**

[Beneath Botswana](#) is a locally produced trade magazine for the mining industry and [Discover Botswana](#) is a Botswana tourism trade magazine which showcases tourism resources and investment opportunities.

## **Marketing and Advertising Agencies**

### [Alliance Media Botswana](#)

### [Continental Outdoor Media](#)

Dialogue Saatchi & Saatchi – Email: [kefilwe@dialoguesaatchi.com](mailto:kefilwe@dialoguesaatchi.com)

### [Horizon Ogilvy and Mather](#)

Marketing Communications – Email: [mascom@info.bw](mailto:mascom@info.bw)

Media Communications – Email: [vich@medcom.bw](mailto:vich@medcom.bw)

### [Optimum McCann-Erickson](#)

## **Pricing**

Currently there is a Value Added Tax (VAT) of 12% charged on most sales of goods and services. Sales of petrol, diesel, paraffin, maize and sorghum meal, financial, educational, and health services are exempt from VAT.

Companies are free to set prices inclusive of VAT. Most goods are free of price controls, with a few exceptions such as maize meal, petroleum, diesel, and illuminating paraffin.

## **Sales Service/Customer Support**

Service and after-sales support for imported products sold in Botswana are typically spotty. A distributor will find a distinct market advantage in providing a full range of after-sales support through an authorized representative; for producers with important brand reputations to protect, strong after-sales support including parts and service in Botswana will be essential.

## **Protecting Intellectual Property**

Several general principles are important for effective management of intellectual property (“IP”) rights in Botswana. First, it is important to have an overall strategy to protect your IP. Second, IP may be protected differently in Botswana than in the United States. Third, rights must be registered and enforced in Botswana, under local laws. For example, your U.S. trademark and patent registrations will not protect you in Botswana. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works in accordance with international agreements.

Granting patents registrations are generally based on a first-to-file [or first-to-invent, depending on the country basis]. Similarly, registering trademarks is based on a first-to-file [or first-to-use, depending on the country], so you should consider how to obtain patent and trademark protection before introducing your products or services to the Botswana market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in Botswana. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in the Botswana law. A list of local lawyers is available at the [U.S. Embassy in Botswana’s webpage](#).

While the U.S. Government (USG) stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and

enforcing their IP in a timely fashion. In no instance should U.S. Government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Projects and sales in Botswana require constant attention.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Botswana and U.S.-based. These include:

[Biotechnology Innovation Organization \(BIO\)](#)

[International Anti-Counterfeiting Coalition \(IACC\)](#)

[International Intellectual Property Alliance \(IIPA\)](#)

[International Trademark Association \(INTA\)](#)

[National Association of Manufacturers \(NAM\)](#)

[Pharmaceutical Research and Manufacturers of America \(PhRMA\)](#)

[The Coalition against Counterfeiting and Piracy](#)

[The U.S. Chamber of Commerce](#)

## **IP Resources**

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT**, or visit [STOPfakes.gov's website](#).
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please [visit the "Resources" section of the STOPfakes website](#).
- For more information about registering for copyright protection in the United States, contact the [U.S. Copyright Office](#) at: **1-202-707-5959**.

For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), call the U.S. Patent and Trademark Office (USPTO) at 1-800-786-9199 or visit [USPTO's website](#).

## **Due Diligence**

Due diligence can be conducted in Botswana by engaging a local attorney. Many of the global accounting firms have offices in Gaborone and can also provide due diligence services. The [US Embassy in Botswana](#) offers the International Company Profile which, while not a detailed due diligence, offers background check information on companies.

## **Contact Information**

### [Delloitte & Touche](#)

Phone: (267)-375-1611

### [Ernst & Young](#)

Phone: (267)-397-4078

## **Local Professional Services**

[American Business Council in Botswana](#)

[Botswana Development Corporation](#)

[Botswana Investments and Trade Centre](#)

[Botswana Telecommunications Corporation](#)

[Business Botswana](#)

[Ernst & Young](#)

[International Financial Services Center](#)

## **Principle Business Associations**

Business associations that are available and accepting international companies, including U.S. companies for membership, are as follows:

### [Business Botswana](#)

Formerly known as Botswana Confederation of Commerce and Industry, is the longest existing business association having been registered in 1971. The organization recently changed its name, and its mandate has expanded to make sure that all private sector groupings are included and served better. The organization advocates for an enabling business environment and promotes good industrial relations and governance. Membership in Business Botswana is open to all businesses in Botswana.

### [American Business Council in Botswana \(ABC\)](#)

ABC is the bilateral U.S.-Botswana commercial association in country. It was founded in 1994 and it is an affiliate of the U.S. Chamber of Commerce. It seeks to strengthen U.S.-Botswana commercial ties and handles policy advocacy on behalf of U.S. business. It is open to all companies that have interest in doing business with the U.S., including U.S. companies operating in Botswana.

### **Limitations on Selling U.S. Products and Services**

Limitations and local preferences arise from numerous sources. Botswana's 2003 Trade Act reserves licenses for 35 sectors for Botswana citizens only. The Ministry of Investment, Trade and Industry (MITI) has historically granted exceptions for large foreign-owned chain stores, but now requires applicant companies to negotiate a localization agreement as a requirement for approvals. The 35 restricted sectors include butcheries, gas stations, liquor stores, general trading establishments, supermarkets (excluding chain stores), auctioneers, cleaning services, curio shops, funeral homes, laundromats, hairdressers, boutiques, fresh produce vendors, bars (other than those related to hotels), some government construction projects under a certain dollar amount, maintenance of roads and railway tracks, certain types of manufacturing activities including the production of furniture for schools, welding, and bricklaying. The law allows foreigners to participate in these sectors as minority joint venture partners in medium sized businesses. Foreigners can hold the majority share if they obtain written approval from the trade minister.

In 2015 MITI introduced a program to give locally-based small companies a 15% preferential price margin in GOB procurement, with mid-sized companies receiving a 10% margin, and large companies 5%. The directive applies to 27 categories of goods and services ranging from textiles, chemicals, and food, in addition to a broad range of consultancy services. At the GOB's urging, some private sector companies practice local preferences. For example, in 2014 the GOB and the Chamber of Mines created a committee to oversee the purchase of mining supplies with a 10% preference towards those produced locally. Projects that are labeled under the "Economic Stimulus Program" may be subject to additional localization requirements.

Procurement practices in Botswana favor companies with operations in Botswana's market. GOB procurement tenders are at times designed based on the goods and services available in the market, which disadvantages competitors that are not located in Botswana. High value tenders are also frequently broken up into smaller tenders, rendering it cost prohibitive at times for companies based outside of the country to compete. Common usage of hard copy tender announcements and short deadlines for bid submissions also present advantages to locally-based companies.

## **Web Resources**

[Botswana Development Corporation](#)

[Botswana Investment and Trade Centre](#)

[Botswana Telecommunications Corporation](#)

[Business Botswana](#)

[Exporters Association of Botswana](#)

[Government Tenders](#)

# Leading Sectors for U.S. Exports & Investments

## Agriculture

### Overview

Agriculture only comprises approximately 2.4% of GDP, but it is vital to livelihood for many citizens of Botswana who operate farms for subsistence. Livestock production, especially cattle, contributes an estimated 80% to the agricultural GDP. President Khama has directed the Ministry of Agricultural Development and Food Security to increase domestic food production, and ministry officials report they are developing an incentives package to attract investors and improve commercial viability in the sector.

Livestock and cattle raising and grazing is by far Botswana's primary agricultural product and export. The cattle population is currently estimated at 2.1 million. Livestock production exceeds domestic needs and the country has exported range-fed beef to the European Union. The development of a modern cattle farming and slaughter industry (and the corresponding development of a market for U.S. feed stocks, ingredients and technology) is limited by the government's monopoly on meat processing plants, exports, livestock prices, as well as outbreaks of Foot and Mouth Disease especially in the north eastern part of the country. The GOB is seeking new market opportunities abroad with particular interest in the Middle East market.

The crop sub-sector is dominated by the growth of cereals, but is limited by constrained productivity in the sector, unreliable water supply, and the fact that desert and poor soils cover 70% of the country. In 2015/2016, national cereal production totaled 54,374 metric tons (MT), supplying only 18% of domestic demand. Sorghum comprises 72% of national cereal production, followed by maize (17%) and millet (6%). Botswana also produced 14,000 MT of beans, 2,000 MT of groundnuts and 1,800 MT of sunflowers in 2015. Horticulture production is focused in the southeast, with a small annual production valued at \$14 million in 2013, primarily consisting of potatoes, tomatoes, cabbage and oranges.

Botswana consumes about 4,000 tons of fish per year and out of this quantity only 300 tons are produced locally and 3,700 tons are imported from neighboring countries. Efforts to augment fish production through aquaculture, such as the construction of fish hatcheries to supply fish seed to over-fished reservoirs, are being explored and may provide a niche market for incoming investors. The sector also supplies raw materials for agro-based industries such as meat processing, tanning, milling, oil, soap, and brewing.

USDA's [Foreign Agricultural Service \(FAS\)](#) in Pretoria prepares more than 50 reports each year on the agricultural situation by commodity sector in South Africa. Some reports highlight opportunities for U.S. farm exports. For U.S. exporters of agricultural products, it may be useful to start by reviewing the [Exporter Guide for South Africa](#).

For other sector reports please look at the [FAS' online Attaché report](#).

### **Contact Information**

Foreign Agricultural Service  
U.S. Embassy Pretoria, South Africa  
Phone: +27-12-431 4235  
Fax: +27-12-342 2264  
Email: [agpretoria@fas.usda.gov](mailto:agpretoria@fas.usda.gov)

### **Leading Sub-Sectors**

Grains, dairy farming, pet foods, health foods, food service, leather, and fish farming are the leading agricultural sub-sectors.

### **Opportunities**

The GOB is seeking to attract private sector investment to establish commercial farms, tanneries for the export of processed hides and skins, a poultry hatchery, breeder stock and poultry abattoirs, and pig feed production and breeder stock. In 2015, Parliament approved a Special Economic Zones (SEZ) law to streamline investment in sector-targeted geographic areas in the country. The GOB plans to operationalize a Selibe-Phikwe SEZ to focus on horticulture, additional SEZs in Lobatse for beef and leather, and another to target agriculture in Pandamatenga.

The Zambezi Agro-Commercial Development Project in the North of the country will develop infrastructure and agricultural production on a large commercial scale. In addition to job creation, this project intends to encourage private investment in the agricultural industry. The Government of Zimbabwe has raised objections to the GOB's plans to divert water to irrigate this project.

There is considerable potential for the development of entrepreneurial fish farming. Currently it is not conducted on a commercial scale and is confined mainly to the Chobe River and Okavango Delta.

### **Web Resources**

[Botswana Unified Revenue Service](#)

[Ministry of Agricultural Development and Food Security](#)  
[Ministry of Investment, Trade, and Industry](#)  
[U.S. Foreign Agricultural Service](#)

## **Energy Overview**

The Southern African Power Pool is also facing an electricity shortage and Botswana has export potential given its central geographic location in the region. The GOB is investing in national and regional grid infrastructure in order to facilitate this. With 212 billion tons of coal, coal-fired plants remain the foundation of the GOB's energy framework. The GOB has awarded contracts to increase the Morupule B coal-fired plant's production to 1,200 MW and private companies are seeking to expand coal-fired production with projects exceeding 3,000 MW for export.

The Morupule B expansions are being carried out as independent power producer (IPP) projects. The first 300 MW expansions are to be carried out by South Korean company Posco in a joint venture with Japanese company Marubeni. The second expansion was awarded to a joint venture between the South Korean firms KEPCO and Daewoo. Previous IPP projects have not succeeded due to regulatory framework challenges; however production in Botswana for export by an IPP is permitted by the 2007 Amendment to the Electricity Supply Act. To create a more enabling environment, the GOB passed a law to establish an energy regulator in 2016 and is currently working to stand up the agency.

Morupule B's current capacity is 600 MW, but it has faced technical challenges and at times has been closed for repairs or operated at partial capacity. The GOB instituted an electricity rationing systems for residences and businesses. Rationing and additional unplanned power cuts were severe for parts of 2015 but were infrequent in 2016. The Bank of Botswana report forecasts a strong consistent supply of electricity needs for 2017.

Botswana has tremendous potential for solar energy utilization, with an annual Direct Normal Irradiation equivalent of 3,000 kWh/m<sup>2</sup>/a in most parts of the country with an average insolation on a horizontal surface of 21MJ/M<sup>2</sup>. In September 2016 the GOB renamed its energy the Ministry of Mineral Resources, Green Technology and Energy Security to signal new commitment to introducing renewable energy into its mix. A medium-scale (1.3MW) project was developed outside of Gaborone, but solar applications in Botswana are primarily used for solar water heating and small-scale electricity generation using PV technology, the latter mainly for rural applications.

In 2015 the GOB issued a tender for expressions of interest (EOIs) for parties to operate, maintain, and decommission (at the end of its life cycle) a scalable solar power plant in Botswana. The EOI signaled new interest from the GOB in

introducing solar energy into its energy mix, although the concept has long been included in the GOB's national strategies and plans. In his 2016 State of the Nation Address, President Khama stated a 100 MW solar tender was forthcoming based on the EOI exercise, and he announced going forward the GOB would place greater emphasis on green technology. Ministry officials are discussing developing up to 300MW in solar power in the next 15 years. Two new solar EOIs were released in June of 2017; one for a 100 megawatt solar plant to service Gaborone and a second solar-hybrid project to service 20 Botswana villages.

The government-owned Botswana Power Corporation (BPC) is extending the provision of electricity to rural villages. As of 2016, 76% of villages were connected to the grid and the GOB was on track to connect an additional 4%. The GOB plans to provide electricity to the remaining 20% through renewable energy projects.

### **Power Africa**

Launched in 2013, Power Africa is a market-driven, U.S. Government-led public-private partnership to double access to electricity in sub-Saharan Africa. It also serves as a one-stop shop for private sector entities seeking tools and resources to facilitate doing business in Africa's power sector. In 2016, the Electrify Africa Act unanimously passed both houses of Congress and was signed into law, institutionalizing Power Africa and establishing two goals; to add 20,000 MW of generation capacity and expand electricity access to 50 million people in sub-Saharan Africa by 2020. In bringing together more than 140 of the world's top companies, development institutions, and financial entities, Power Africa employs a transaction-centered approach to directly address key constraints to project development and investment in the power sector. These interventions aim to de-risk investments and accelerate financial close -- from facilitating project bankability with financing and risk mitigation, to providing technical and transaction support, to engaging with host-government counterparts. Learn more about the project at [USAID's Power Africa toolbox webpage](#) or other opportunities offered by the initiative at [USAID's Power Africa's webpage](#). Power Africa is currently in negotiations with the GoB to establish an MOU on the development of electricity generation including especially methane from coal generation and solar PV.

### **Leading Sub-Sectors**

Energy equipment, solar heating systems, solar photovoltaic equipment, and engineering services are the leading energy sub-sectors.

### **Opportunities**

The GOB's newfound openness to IPP and solar projects as well as investment in grid infrastructure provides opportunities to develop energy projects for domestic use and export.

Substantial natural gas reserves exist in Northeast Botswana. Once fully developed, the natural gas deposits could generate substantial downstream opportunities for new natural gas intensive equipment and services.

**Web Resources**

[Botswana Investment & Trade Centre](#)

[Botswana Power Corporation \(BPC\)](#)

[BPC Tenders](#)

[Department of Customs and Excise](#)

[Ministry of Investment, Trade, and Industry](#)

[Ministry of Mineral Resources, Green Technology and Energy Security](#)

## **Medical Equipment and Pharmaceuticals**

### **Overview**

Botswana is facing major challenges in addressing health threats such as HIV/AIDS, malaria, and tuberculosis. To improve service delivery in the health sector, the government has prioritized human resources development, technology and supply chain capacity. The government also seeks to improve health care infrastructure and provide and upgrade medical and surgical equipment. Currently there is no pharmaceutical production capacity in Botswana, however companies are engaged in the importation and packaging of bulk drugs.

For the 2017/18 financial year, health care is scheduled to account for roughly 12.1% of the government's budget, or P7.2 billion. Over the past several years, in part due to generous financial assistance from the United States under the President's Emergency Plan for AIDS Relief (PEPFAR), Botswana has made giant strides in the response to HIV/AIDS. Health sector improvements include construction of new and rehabilitated health facilities, the introduction of data collection and storage technologies and other innovations such as telemedicine. Botswana's Ministry of Health and Wellness is planning a series of hospital infrastructure improvements, including improvements to several district medical facilities. Due to shortages of trained healthcare professionals, the government may seek to outsource several health services. To meet this shortage, the Government of Botswana with the University of Botswana has built a 450-bed academic teaching hospital with a planned opening in late 2017.

### **Leading Sub-Sectors**

The leading medical equipment and pharmaceuticals sub-sectors highlight the provision of construction, medical technology and surgical equipment, the supply of drugs and commodities, and supportive healthcare services for treatment of HIV/AIDS and related infections.

### **Opportunities**

Infrastructure improvements and equipment upgrades at several hospitals and medical facilities are planned as part of the government's infrastructure development plans. The Ministry of Health is planning to issue an open tender for the warehousing and distribution functions of their medical supply chain. The current CMS contract was due to end in April 2017 but has been extended until December 2017 to allow for the tendering process that is behind schedule. The Ministry of Health has pledged to implement an open and transparent process adhering to international standards of public-sector procurement. The government also intends to develop a local pharmaceutical production capacity. Some

international companies have shown interest in expanding regional production capacity by opening facilities in Botswana. Currently there are two pharmaceutical companies that are engaged in the importation of bulk drugs for packaging and distribution in the country; with plans to manufacture here in the future.

Other opportunities may include investment in the training of health personnel in the country, particularly in areas such as commodity planning and forecasting, as well as logistics and supply chain. Finally, the technology sector may find opportunity through Botswana's plans to strengthen its health information systems in order to improve the collection, dissemination and storage of data.

### **Web Resources**

[Ministry of Health](#)

[Ministry of Investment, Trade and Industry](#)

[PEPFAR Botswana](#)

[The United States President's Emergency Plan for AIDS Relief \(PEPFAR\)](#)

## **Mining and Minerals**

### **Overview**

For the past four decades the mining sector accounted for roughly 85% of national foreign exchange earnings, one-third of government revenue, and a quarter of GDP. Botswana's mining industry consists mainly of diamonds and mining currently accounts for about a third of government revenue. Other minerals mined include nickel-copper, coal, soda ash, gold, silver, semi-precious stones, and granite, and Botswana also has untapped uranium, lead and zinc reserves which companies are seeking to exploit.

In 2014 Botswana and Namibia signed an agreement to establish a jointly run company that will supervise the construction of the Trans-Kalahari Railroad. The project, which has been under consideration for years, is estimated to cost upwards of \$15 billion to build and was proposed as the export route for Botswana's coal reserves, estimated at 212 billion tons. The GOB is now looking at converting the project from a coal railway to a multi-commodity line in an effort to attract investors.

U.S.-based companies have captured a sizable portion of the mining equipment market. Mining equipment is supplied by distributors mainly located in South Africa and recorded as imports from the country of supply and not as imports from the country of origin, hence the understated value of imports from the U.S. All heavy equipment and machinery are imported, as there is no local production or assembly. Local distributors tend to focus on light industrial non-specialized equipment for mines, e.g., switches, pumps, cleaning equipment, rather than heavy mining equipment. Distributors report that mines in Botswana, in general, are interested in purchasing high quality, long-lasting industrial equipment with robust warranties and therefore are less price-sensitive than most industries in the country.

In 2014 the GOB and the Chamber of Mines created a committee to oversee the purchase of mining supplies with a 10% preference towards those produced locally. Compliance is not legally required but strongly recommended. The De Beers Group and its affiliated mines employ this practice, and it is regarded as an industry standard.

### **Leading Sub-Sectors**

Mining equipment, services, mineral prospecting, and consulting are leading mining sub-sectors. Botswana wants to capture more of the diamond production value chain including trading, cutting, and polishing.

### **Opportunities**

The Diamond Hub, established in 2008, aims to attract diamond technology companies and has four areas of concentration: diamond cutting and polishing, establishment of a rough and polished diamond trading facility, development of diamond jewelry manufacturing, and support industries. In 2016, OPIC approved a \$125 million loan guarantee facility to stimulate diamond processing in Botswana in partnership with Barclays and Lazare Kaplan. The De Beers Group relocated its diamond sorting and sales facility from the United Kingdom to Botswana. In 2015, Parliament approved a Special Economic Zones (SEZ) law to streamline investment in sector-targeted geographic areas in the country. The two Gaborone area SEZs will be multi-use but focus on diamond processing and financial services, and the GOB plans to implement these SEZs first under the new policy. The GOB also plans to operationalize a Selibe-Phikwe SEZ to focus on mineral processing.

#### **Web Resources**

[Botswana Unified Revenue Services \(BURS\)](#)

[Debswana](#)

[Ministry of Investment, Trade and Industry](#)

[Ministry of Minerals, Energy and Water Resources \(MMEWR\)](#)

## **Telecommunications**

### **Overview**

Botswana has a reasonably developed telecommunications system, although slow internet and high data costs remain a business constraint. The Botswana Telecommunications Corporation (BTC) provides landline services and competes with cellular consortiums Mascom Wireless (an affiliate of South Africa's MTN), and Orange for cellular service. The cellular market is performing well with especially strong penetration and coverage. Botswana has one of the highest cell phone penetration rates in Africa.

Internet usage is on the rise and is now used by some 15% of the population according to the Global Information Technology Report, which ranked Botswana 101 out of 139 in its Networked Readiness Index. This will change in the medium term as internet access via mobile devices expands. The government divested BTC of its fiber-optic assets and given them to another state-owned company, Botswana Fiber Network (BoFinet) with the hope that BTC will be forced to compete for broadband access along with other private companies. In 2016 the government also sold 49% of BTC to the public. The government hopes that this strategy will ultimately lower prices. Botswana Communications Regulatory Authority (BOCRA) has been engaging the major public operators to reduce tariffs of telecommunications and internet services at both wholesale and retail level to reflect the underlying costs of providing the services, and so far the wholesale internet bandwidth tariffs/prices have been declining.

DSL service provided by BTC is expensive, though reasonably reliable. Dedicated bandwidth, essential for some businesses, is expensive but the Government is trying to lower costs. There are no restrictions on the provision of voice over internet protocol by value-added network service providers. The Ministry of Information, Science, and Technology has the authority to issue licenses for telecom services including mobile telephones, data communications, payphones, sale of telecommunications equipment, and internet services. No restrictions apply to foreign partnerships in mobile services.

BTC began offering 49% of its shares for sale to Botswana citizens in January 2016, signifying the first privatization move by the GOB despite its longstanding privatization commitments. The sale of BTC stock had been delayed approximately a dozen times. The GOB will retain 51% ownership and foreigners are not permitted to buy stock.

The government has invested \$38 million into the development of the West Africa Cable System, an undersea cable connecting southern and western African countries to the United Kingdom via Portugal. BoFiNet also continues to extend their fiber backbone to cover other areas in the country.

### **Leading Sub-Sectors**

Communications services, including Internet service provision, telecommunications equipment, and software are the leading telecommunications sub-sectors.

### **Opportunities**

U.S. exports of telecommunication equipment to Botswana stood at \$1.7m in 2011, but this figure does not reflect those products exported to South Africa and imported to Botswana by South African distributors.

### **Web Resources**

[Botswana Telecommunications Authority](#)

[Botswana Telecommunications Corporation](#)

[BTC Tenders Page](#)

[Ministry of Infrastructure, Science, and Technology](#)

[Ministry of Investment, Trade, and Industry](#)

## **Travel and Tourism**

### **Overview**

Industry participants both in Botswana and abroad have noted that the country's unique natural resources provide it with a significant advantage in the tourism sector. Tourism plays a significant role in the national economy and exhibits enormous potential for future growth. The GOB estimates travel and tourism account for about 16.3% of GDP, although some business analysts estimate this difficult to quantify sector accounts for as little as 5%. The government is committed to growing the sector as part of its economic diversification strategy. Botswana seeks to broaden the tourism base by adding more product components and increasing the geographic spread of tourism. While Botswana tourism is focused on high-end tourism, the GOB is now interested in expanding into mid-range tourism. Providing quality service remains the main challenge.

The government encourages new investments and joint ventures in tourism and continues to play a major role in the development of tourism projects. New hotels and conference facilities have opened in the past few years, increasing the country's ability to host international conferences and events. The government continues to upgrade infrastructure in wildlife-Protected Areas (natural parks and game reserves). Government regulators continue to approve the opening of lodge sites within four of the largest national parks.

While there are now two to three high-quality hotel and conference facilities in Gaborone, there are occasionally shortages in hotel rooms in the capital during major conferences and summits. There is presently insufficient capacity if Botswana hopes to expand business-related travel within the capital city, although some assess the hotel market in Gaborone to be saturated based on recent hotel development projects and current visit volumes.

The Botswana Tourism Organization (BTO) is responsible for all operational functions of the tourism sector such as marketing, investment promotion, and the grading of tourism facilities to international standards.

### **Leading Sub-Sectors**

Eco-tourism, midrange tourism excursions, hotels, lodges and restaurants are the leading travel and tourism sub-sectors.

### **Opportunities**

Joint ventures are being sought for hotel expansions and start-ups along the Trans-Kalahari Highway, joining Botswana and Namibia, and development of lodges in

Kgalagadi Transfrontier Park, Central Kalahari Game reserve, Makgadikgadi Pans National Park, and forest reserves surrounding Chobe National Park.

A memorandum of understanding on the establishment of a trans-frontier conservation area, commonly referred to as the Limpopo/Shashe Transfrontier Conservation Area (TFCA), was signed on June 22 2016. This is a unique partnership between the governments of Botswana, South Africa, and Zimbabwe, the private sector, and the local communities with the objective of creating new opportunities for eco-tourism. The TFCA was later renamed to Greater Mapungubwe Transfrontier Conservation Area on June 19, 2009. The Greater Mapungubwe is a similar concept with the Kavango Zambezi Trans-Frontier Conservation Area that seeks to connect Protected Areas in Zambia, Botswana, Namibia, Zimbabwe and Angola. Member countries are working to simplify travel between Protected Areas in the five-country region (the “Univisa”), the implementation of which is expected to greatly expand ecotourism in Botswana and the region.

#### **Web Resources**

[Botswana Tourism Organization](#)

[Hospitality & Tourism Association of Botswana](#)

[Ministry of Environment, Wildlife, and Tourism](#)

[Ministry of Investment, Trade, and Industry](#)

[The Tourist \(Botswana Tourism Magazine\)](#)

# **Customs, Regulations & Standards**

## **Trade Barriers**

Apart from restrictions on licensing for some business operations, which are reserved for Botswana companies (see Chapter 6), there are few tariff based barriers to trade with Botswana. Importers will be required to obtain an import permit from the relevant Ministry or Department. Other non-tariff barriers include import permit requirements for a variety of food products, seasonal trade bans on selected agricultural goods, a state monopoly on beef exports, difficulties in obtaining work permits and residency (see above market challenges) and increasing local procurement preferences.

## **Import Tariffs**

In general, goods imported into Botswana from outside the Southern African Customs Union - SACU (Botswana, Lesotho, Namibia, South Africa, and Swaziland) attract customs duties at rates outlined in the Customs Tariff Book. Customs duties are paid against a prescribed form (SAD 500), which is a declaration form, formally known as a bill of entry. A tariff book and goods codebook is available for sale at all regional Customs and Excise offices. It is not currently available via the internet.

The Southern African Development Community (SADC) is an inter-governmental organization that promotes socio-economic cooperation and integration and political and security cooperation among the fifteen member states. The SADC Free Trade Area (FTA) was launched in August 2008. The FTA is not yet in force and SADC members are reducing their tariffs at different rates. If the effect is successful, it will allow for free movement of goods and services produced within the region, but each member state will still have its own external tariff to non-member states of SADC.

The Botswana Unified Revenue Services, with assistance from USAID's Southern African Trade Hub, developed a draft amendment to the Customs and Excise Duty Act with the view of streamlining procedures and lowering importing and exporting costs. The draft is currently pending review by the Attorney General's Office.

## **Import Requirements and Documentation**

With the exception of goods originating in Malawi, import permits are required for goods entering Botswana directly from outside the SACU and are obtainable from the Department of International Trade, in the Ministry of Investment, Trade and Industry. The import permits are not transferable. Permits are usually granted upon request, and Botswana's abolition of foreign exchange controls in February 1999 means there is no difficulty in obtaining sufficient foreign currency to cover transactions.

All imported goods are subject to Value Added Tax of 12%. Goods exported from Botswana are not subject to VAT. The SAD 500 is the only form required for external trade.

Many shippers report excessive delays in shipping times across SADC borders, with significant economic impacts. Although work has been done to improve transit procedures and simplify bonding requirements, progress is slow.

### **U.S. Export Controls**

Relatively few exports require an export license. Licenses are required in certain situations involving national security, foreign policy, short-supply, nuclear non-proliferation, missile technology, chemical and biological weapons, regional stability, crime control, or terrorist concerns. License requirements are dependent upon an item's technical characteristics, the destination, the end-use, and other activities of the end-user. For information related to U.S. Export controls, please visit the [U.S. Department of Commerce's webpage](#).

### **Temporary Entry**

Equipment that is imported on a temporary basis for a given project is eligible for a general tariff rebate. All equipment warranty and non-warranty, and parts thereof imported on a temporary basis should be imported under a bond, the amount of which is equivalent to customs duties and/or the applicable VAT. The bond is valid for a limited period only, as follows: equipment attracting VAT is covered by a three (3) month bond while equipment attracting customs duties is covered by a six (6) month bond. Applicable customs duties and/or VAT become due and payable once the bond period expires. An expired bond will be called in to satisfy outstanding customs duties and/or VAT. A bond form can be collected from the headquarters of the Botswana Unified Revenue Service and lodged with any recognized commercial bank or insurance company in Botswana.

### **Labeling/Marking Requirements**

There are specific requirements for providing information regarding preparation of goods. Law and policy prohibit the use of information that would mislead purchasers. This is applicable to pre-packaged goods that are to be delivered as such to the ultimate consumer. It also affects foods supplied to restaurants, hospitals, etc. The Botswana Bureau of Standards conducts periodic inspections to verify compliance with this compulsory standard specification.

### **Prohibited & Restricted Imports**

Prohibited imports include habit-forming drugs and obscene literature (pornographic magazines and videotapes). Importation of certain agricultural products and plants requires approval from the Ministry of Agriculture before

obtaining the import permit from the Department of Trade and Consumer Affairs. Imports of fresh pork and beef are banned; import permits are granted only on processed pork products. Poultry imports are permitted only in the uncommon event that there is a domestic market shortage. Imports of some vegetables, meat, and dairy products are seasonally banned.

## **Customs Regulations**

### **Contact Information**

#### [Botswana Unified Revenue Service](#)

Commissioner Customs & Excise

Mr. K. Morris

Phone: (267)-363-9503

Fax: (267)-316-3955 | (267)-395-1918

Email: [kmorris@burs.org.bw](mailto:kmorris@burs.org.bw)

## **Standards for Trade**

### **Overview**

[The Botswana Bureau of Standards \(BOBS\)](#) is a parastatal organization that develops and implements national Botswana standards. Separate government ministries, parastatals, and private companies can develop standards specifically for their own institutions, however, only BOBS is recognized by the International Organization for Standardization (ISO) and has the authority to create national standards. The procedures used in the development of standards comply with the World Trade Organization's Code of Good Practice for the development of standards.

Botswana's standards regime consists of compulsory and voluntary standards. Compulsory standards affect human health, safety, environment or export, which BOBS monitors to ensure compliance. BOBS enforces compulsory standards on seven products: petroleum gas, poultry feed, pre-packaged goods for consumers, cereals/sorghum grains for consumption, cattle feeds, garments, and drinking water. Voluntary standards are not binding or legally required, but compliance may increase product competitiveness.

Altogether, there are more than 600 Botswana standards that have been published for different sectors in Botswana. A standards catalogue is now available to the public at the BOBS Information Department. Any foreign entity or company that is accredited in its home country is allowed to certify products in Botswana.

## **Standards**

BOBS is the sole organization that develops national standards, and it has an annual plan of standards. The National Food Control Board is the only other organization in Botswana that develops an annual plan. BOBS sends its plan annually to the ISO.

## **NIST Notify U.S. Service**

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries.

[Notify U.S.](#) is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets.

## **Testing, Inspection, and Certification**

The Botswana Bureau of Standards (BOBS), the national standards body, provides conformity assessments in testing, certification, and inspections. The government-created National Testing System (NTS) is made up of all government, private, and parastatal laboratories. Through a Memorandum of Agreement with BOBS, these laboratories do testing for the Government whenever it is needed. Whenever BOBS receives a request for testing or calibration, the request is passed on to a relevant laboratory. However, according to the Director of Standards, BOBS has well-equipped laboratories and continues to equip others to carry out testing, though they still send some requests outside the country.

Any public or private body whose product satisfies all the requirements of a Botswana product standard can apply to BOBS for the product to be certified. Samples of the product are then tested to verify its conformance to the requirements of the product standard, and if the results are acceptable, the product can then obtain the BOBS certification mark.

There are benefits to product certification. The construction industry is one of the major users of standards in Botswana. The Government of Botswana has insisted that materials and products for construction must be BOBS-certified. No waivers are available for compulsory standards.

Botswana has no mutual recognition agreements (MRA's) on standards with U.S. organizations.

The Government has no national accreditation body. Laboratory reports are sent to the accreditation boards in South Africa, Mauritius, or the United Kingdom. The

SADC countries established a regional accreditation organization called the Southern African Development Committee for Accreditation Services (SADCAS).

### **Publication of Technical Regulations**

The Government Gazette publishes proposed and final regulations. There are two ways that an interested party can comment on proposed regulations. The 1995 Standards Act stipulates that for two months prior to standardizing a product, BOBS must publish a preliminary notice of the proposed standard in the Gazette and circulate it among countries that participate in trade of the particular product, or are affected by the standard. An interested party is able to comment or send an objection to BOBS during this period. Also, before requiring a government ministry to place a compulsory standard on a product, BOBS notifies the public of its intent. At that point, before a recommendation becomes a technical regulation, interested parties are able to comment. In the future, BOBS is considering sending each of its draft compulsory standards to all WTO members.

### Contact Information

Botswana Bureau of Standards

### **Physical Address**

Plot No. 55745  
Block 8, Gaborone  
Main Airport Road

### **Postal Address**

Private Bag B048  
Gaborone, Botswana

Phone: (267)-390-3200

Fax: (267)-390-3120

Email: [infoc@hq.bobstandards.bw](mailto:infoc@hq.bobstandards.bw)

### **Trade Agreements**

Recognizing the problems that its small domestic market ultimately poses for investors, Botswana continues to promote trade by pursuing free trade agreements with its neighbors as well as other developed and developing countries.

### **Southern African Customs Union (SACU)**

Botswana is a member of the Southern African Customs Union (SACU) along with South Africa, Lesotho, Namibia, and Swaziland. SACU is a duty free trading area with a common external tariff. With the exception of certain foodstuffs, import permits are not required for goods entering Botswana from other SACU members.

Botswana's membership in SACU allows investors to take advantage of selling duty free in the far larger South African market. The SACU Secretariat based in Namibia is responsible for implementing the SACU Agreement as well as improving economic performance of the union's member states. U.S.-SACU Free Trade Agreement negotiations were suspended in April 2006, largely due to divergent views on the scope for the agreement. Instead of a free trade agreement, the United States and SACU negotiated a Trade, Investment, and Development Cooperation Agreement (TIDCA) that would establish a forum for consultative discussions on a wide range of trade and investment issues. A Consultative Group will oversee the implementation of the TIDCA and provide a framework for working on a range of interim-trade-related agreements, cooperative programs, and other trade development steps that would set the platform for future free trade agreement negotiations.

### **Southern African Development Community (SADC) Free Trade Protocol**

The Southern African Development Community's (SADC) objective is to pursue a common integration plan based on economic, political, and trade interests members are: Angola, Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

The SADC Free Trade Area (FTA), though in place, is not yet implemented. In August 2008, Botswana was one of the twelve SADC members to sign the FTA. Angola and the Democratic Republic of Congo are yet to sign. Under the SADC FTA, tariffs and non-tariff barriers will be eliminated on substantially all trade between the members. The implementation of the FTA started in 2000 following the signing of the SADC Trade Protocol. Through the FTA, 85% of trade in goods produced in the region will move across borders free of customs duties. Trade liberalization has taken place at different rates. The more developed member states (South Africa, Namibia, Botswana, Swaziland and Lesotho) have reduced tariffs at a faster rate.

### **World Trade Organization**

Following its accession to the General Agreement on Tariffs and Trade (GATT), Botswana became a member of the World Trade Organization (WTO) in 1995.

### **SADC – EU Economic Partnership Agreement**

Botswana has signed an interim Economic Partnership Agreement (EPA) with the European Union (EU). The EPA provides duty and quota free access on goods to the EU markets. Negotiations need to be completed on the treatment of services and new generation issues.

### **China and India**

Botswana, as part of SACU, launched free trade negotiations with both China and India. The negotiating parties have exchanged lists of goods that would benefit from lower tariffs.

### **Mercosur**

SACU signed a Preferential Trade Agreement (PTA) on the 16th of December 2004 with the South American customs union known as Mercosur, comprised of: Argentina, Brazil, Paraguay, and Uruguay. The agreement creates the legal framework for improved trade relations between SACU and Mercosur as well as serving as a first step toward the creation of a free trade area between the two regions.

### **African Growth and Opportunity Act**

Botswana is a beneficiary of the U.S. African Growth and Opportunity Act, which has now been extended to 2025 under the Trade Preferences Enhancement Act of 2015. The amendment also extended the duty free treatment under the Generalized System of Preferences from 2015 to December 2017. Under AGOA, more than 6,500 product categories of goods are granted duty and quota free access to the U.S. market. For more information please see the [AGOA's webpage](#) or the [Southern Africa Global Competitiveness Hub's website](#).

### **Licensing Requirements for Professional Services**

Botswana's 2003 Trade Act reserves licenses for 35 sectors for citizens, including butcheries, general trading establishments, gas stations, liquor stores, supermarkets (excludes chain stores), bars (other than those associated with hotels), certain types of restaurants, boutiques, auctioneers, car washes, domestic cleaning services, curio shops, fresh produce vendors, funeral homes, hairdressers, various types of rental/hire services, laundromats, specific types of government construction projects under a certain dollar amount, certain activities related to road and railway construction and maintenance, and certain types of manufacturing activities including the production of furniture for schools, welding, and bricklaying. The law allows foreigners to participate in these sectors as minority joint venture partners in medium sized businesses. Foreigners can hold the majority share if they obtain written approval from the trade minister.

The Ministry of Investment, Trade, and Industry, which administers the citizen participation initiative, has taken an expansive interpretation of the term chain stores, so that it encompasses any store with more than one outlet so that they are applying the citizen participation requirements to any business with more than one store. This broad interpretation has resulted in the need to apply for exemptions for certain supermarkets, simple specialty operations, and general trading stores. These exemptions have generally been granted in the past and many large general merchandise markets, restaurants, and grocery networks are owned by foreigners as

a result. However, the GOB now requires applicant companies to negotiate localization agreements as a requirement for exemptions.

## **Web Resources**

[AGOA](#)

[Botswana Bureau of Standards](#)

[Botswana Investment and Trade Centre](#)

[Botswana Unified Revenue Service](#)

[Ministry of Investment, Trade and Industry](#)

[Southern Africa Trade and Investment Hub](#)

[Southern African Development Community](#)

[U.S. Export Controls](#)

[World Trade Organization](#)

# Investment Climate Statement

## Executive Summary

Botswana has a population of 2.2 million and is centrally located in Southern Africa, enabling it to serve as a gateway to the region. Botswana has historically enjoyed high economic growth rates and its export-driven economy is highly correlated with global economic trends. Development has been driven mainly by revenue from diamond mining, which has enabled Botswana to provide infrastructure and social services. . Economic growth was lower than expected in 2015 because of a downturn in the diamond market, but improved in 2016 with a GDP growth of 4.3 percent. In recent years inflation remained at the bottom end of the central bank's 3 to 6 percent spectrum. According to the Government of Botswana (GOB), investments within Botswana totaled \$5.2 billion in 2014. Botswana is classified as an upper middle income country by the World Bank based on its per capita income of \$6,460.

Botswana is a stable, democratic country with an independent judiciary system. It maintains a sound macroeconomic environment, fiscal discipline, a well-capitalized banking system, and a crawling peg exchange rate system. Moody's and S&P rate Botswana's sovereign debt as A2 and A-, respectively. Botswana has minimal labor strife. It is a member state to both the ICSID convention and the 1958 New York convention. Corruption in Botswana remains less pervasive than in other parts of Africa; nevertheless, foreign and national companies have commented on increasing tender-related corruption. The World Bank ranked Botswana 71 out of 190 economies in the category of Ease of Doing Business in 2017. It rose in the 2016 World Economic Forum's Global Competitiveness Index to 64 out of 138.

The GOB created the Botswana Investment and Trade Centre (BITC) to assist foreign investors, offer low tax rates, and abolish foreign exchange controls. Its topline economic goals are to diversify the economy, create employment, and transfer skills to Botswana citizens. GOB entities, including BITC, use these criteria in determining whether to provide assistance to foreign investors. The GOB is currently drafting an investment facilitation law with UNCTAD support. The GOB has committed to streamline business-related procedures, and remove bureaucratic impediments based on World Bank recommendations as part of a business reform roadmap. Under this framework it introduced some electronic tax and customs processes in 2016 and 2017. The GOB is also setting up a Special Economic Zones authority to streamline investment in sector-targeted geographic areas in the country.

Foreign and local business managers observe difficulties obtaining work permits for foreign skilled workers and managers. Permit issues combined with local skills deficits and relatively low labor productivity are the foremost business constraints in Botswana. Limitations on foreign participation in the market exist and institutionalized preferences of procuring goods and services from local sources are increasing in Botswana. These preferences arise from various GOB directives and implementing regulations, and are at times specified in tenders. By law 35 service

sectors are restricted to Botswana citizens. The Ministry of Investment, Trade and Industry (MITI) generally granted exceptions for large foreign-owned chain stores but since 2016 has only granted approvals in cases where they reached a localization agreement with the applicant company.

Table 1 – Botswana Investment Climate Data

Measure	Year	Index/Rank
<a href="#"><u>TI Corruption Perceptions Index</u></a>	2016	35 of 176
<a href="#"><u>World Bank’s Doing Business Report “Ease of Doing Business”</u></a>	2017	71 of 190
<a href="#"><u>Global Innovation Index</u></a>	2016	90 of 128
<a href="#"><u>U.S. FDI in partner country (\$M USD, stock positions)</u></a>	2015	19.0
<a href="#"><u>World Bank GNI per capita</u></a>	2015	6,460

## **Openness To, and Restrictions Upon, Foreign Investment**

### **Policies toward Foreign Direct Investment**

The GOB publicly emphasizes the importance of attracting foreign direct investment. It is currently drafting an investment facilitation law, as recommended by the 2014 OECD investment review. UNCTAD is providing technical assistance in support of the legislation. The GOB has launched initiatives to promote economic activity and foreign investment in specific areas, including the establishment of hubs to promote economic growth in the agriculture, diamond, education, health, and transportation sectors. Additional investment opportunities in Botswana include large water, electricity, transportation, and telecommunication infrastructure. Economists have also noted Botswana’s considerable potential in the mining, mineral processing, energy, cattle, tourism, and financial services sectors. BITC, the GOB’s investment and trade promotion authority, assists foreign investors with projects that will diversify Botswana’s economy away from diamond mining, create employment, and transfer skills to Botswana citizens.

### **Limits on Foreign Control and Right to Private Ownership and Establishment**

Botswana’s 2003 Trade Act reserves licenses for 35 sectors for citizens, including butcheries, general trading establishments, gas stations, liquor stores, supermarkets (excludes chain stores), bars (other than those associated with hotels), certain types of restaurants, boutiques, auctioneers, car washes, domestic cleaning services, curio shops, fresh produce vendors, funeral homes, hairdressers, various types of rental/hire services, laundromats, specific types of government construction projects under a certain dollar amount, certain activities related to road and railway construction and maintenance, and certain types of manufacturing activities including the production of furniture for schools, welding, and bricklaying. The law allows foreigners to participate in these sectors as minority joint venture partners in

medium sized businesses. Foreigners can hold the majority share if they obtain written approval from the trade minister.

The MITI, which administers the citizen participation initiative, has taken an expansive interpretation of the term chain stores, so that it encompasses any store with more than one outlet. This broad interpretation has resulted in the need to apply exemptions to certain supermarkets, simple specialty operations, and general trading stores. These exceptions were generally granted prior to 2015 and many large general merchandise markets, restaurants, and grocery networks are owned by foreigners as a result. Since 2015, the GOB has denied some exception requests, but reports they have approved some based on localization agreements directly negotiated between the ministry and the applying company. These agreements reportedly include commitments to purchase supplies locally and capacity building for local workers and industry.

### **Other Investment Policy Reviews**

In December of 2014, the Organization for Economic Cooperation and Development (OECD) released [an Investment Policy Review on Botswana](#).

Botswana has been a World Trade Organization (WTO) member since 1995. As a member of the Southern African Customs Union, the WTO last conducted [a trade policy review on Botswana](#) in 2009.

### **Business Facilitation**

To operate a business in Botswana, one needs to register a company with the GOB's Companies and Intellectual Property Authority (CIPA). The registration forms can be downloaded online from [MITI's website](#). According to CIPA the company registration process takes about 14 days, and it takes approximately 48 days to complete additional required registrations such as tax registrations, opening bank accounts, and obtaining necessary licenses and permits. The World Bank ranked Botswana 71 out of 190 for ease of starting a business.

[BITC](#), the GOB's investment promotion agency, was designed to serve as a one-stop shop to assist investors to set up a business and find a location for operation. BITC's ability to streamline procedures varies based on GOB entity and bureaucratic requirements. BITC's criteria for support for investment projects is whether the project will diversify the economy away from dependence on diamond mining, and whether it will create jobs for and transfer skills to Botswana citizens.

Botswana has a number of incentives and preferences for both citizen-owned and locally-based companies. Foreign-owned companies can benefit from local procurement preferences which are usually required for government tenders. MITI instituted a program in 2015 to give locally-based small companies a 15 percent preferential price margin in GOB procurement, with mid-sized companies receiving a 10 percent margin, and large companies a 5 percent margin. Under this policy, MITI defines large companies as having less than 5 million pula (\$475,000) in

annual turnover reflected in their financial statements, medium companies with 5,000,001 to 19,999,999 pula (\$475,000 – \$1,900,000) in turnover, and large companies with 20 million pula (\$1.9 million) or more. The directive applies to 27 categories of goods and services ranging from textiles, chemicals, and food, in addition to a broad range of consultancy services.

For the Companies Act registration purposes, enterprises are classified as follows: Micro Enterprises — less than 6 employees including owner and annual turnover of up to 60,000 pula (\$5,700) ; Small Enterprises — less than 25 employees and annual revenue between 60,000 and 1,500,000 pula (\$5,700 – \$142,500); Medium Enterprises — less than 100 employees and an annual revenue between 1,500,000 and 5,000,000 pula (\$142,500 – \$475,000); Large Enterprises — more than 100 employees and an annual revenue between 5,000,000 pula (\$475,000) or more. This classification is used for the purposes of permitting foreigner participation as minority shareholders in medium-sized enterprises in the 35 business sectors reserved for citizens.

### **Outward Investment**

The GOB neither promotes nor restricts outward investment.

### **Bilateral Investment Agreements and Taxation Treaties**

The U.S. and the Southern Africa Customs Union (SACU), which includes Botswana, signed a Trade, Investment, and Development Cooperative Agreement (TIDCA) in 2008. The TIDCA establishes a forum for consultative discussions, cooperative work, and possible agreements on a wide range of trade issues, with a special focus on customs and trade facilitation, technical barriers to trade, sanitary and phytosanitary (SPS) measures, and trade and investment promotion.

SACU has Free Trade Agreements with Iceland, Liechtenstein, Norway, Switzerland, and the European Free Trade Association. The preferential trade agreement between SACU countries and MERCOSUR (Argentina, Brazil, Paraguay and Uruguay) was signed by MERCOSUR and SACU states in December 2008 and April 2009 respectively. The PTA establishes fixed preference margins as a first step towards the creation of a free trade area between SACU and MERCOSUR. Botswana has ratified the Agreement and is awaiting remaining Member States to complete ratification for the agreement to be implemented.

For more information on the Southern African Customs Union's tariff regime see the [World Trade Organization's \(WTO\) 2015 SACU report](#).

Botswana is also a member of [the Southern African Development Community \(SADC\)](#), and is currently implementing the SADC Protocol on Trade.

On June 10 2016, Botswana signed an Economic Partnership Agreement (EPA) with the European Union as part of SADC EPA Group. The EPA guarantees access to the

EU market without any duties or quotas for Botswana, and gives asymmetric access to the SADC EPA Group.

Botswana has a trade agreement with Zimbabwe which provides duty-free access for goods that meet the 25 percent local content requirement, this will include and not limited to live animals, meat and meat products, veterinary medicines, paper and articles including packaging, food items, blankets, building materials, etc.

### **Bilateral Taxation Treaties**

Botswana has not signed a double taxation treaty with the United States. However, it has double taxation agreements with Barbados, Mozambique, India, Namibia, South Africa, the United Kingdom, Sweden, Mauritius, Zimbabwe, France, Lesotho, Swaziland and the Seychelles. In 2016 the GOB began introducing electronic tax filing as part of its business reform roadmap. On February 6, 2017, the GOB announced it would review their taxation system to improve and simplify it.

### **Legal Regime**

#### **Transparency of the Regulatory System**

Bureaucratic procedures necessary to start and maintain a business tend to be open, though slow, and regulatory procedures can be cumbersome to navigate. Foreign investor complaints generally focus on the inefficiency and/or unresponsiveness of mid-level and low-level bureaucrats in the government. The government has introduced a Performance Management System to improve the service and accountability of government employees. Unfair business practices or conduct can be reported to the Competition Authority which seeks to level the playing field for all business operators and foster a conducive environment for business. Bills in Botswana, including investment laws, go through a public consultation process and are made available for public comment. Bills are also debated in Parliament whose sessions are open to the public.

The Companies Act of 2004 requires all companies registered in Botswana to prepare annual Financial Statements on the basis of generally accepted accounting principles. It further requires that every public company including non-exempt private companies, prepare their Financial Statement in accordance with the International Financial Reporting Standards.

The Public Procurement and Asset Disposal Board (PPADB) oversees all government tenders. Prospective government contractors are required to register with the PPADB. The PPADB maintains a process by which tender decisions can be challenged, and a bidder can also challenge a tender procedure in the courts. The PPADB publishes its decisions concerning awarded tenders, prequalification lists, and newly registered contractors.

The PPADB Act calls for preferential procurement of citizen-owned contractors for works, service and supplies, as well as specific, disadvantaged women's

communities, though it states that such preferences must be time-bound, phased in and out as necessary, and consistent with the country's external obligations and its "market-oriented, macroeconomic framework." When a procuring entity wishes to reserve a tender for citizen-only participation, it is required to publish a notice to that effect either in the bid document or the pre-qualification notice.

### **International Regulatory Considerations**

Botswana is a member of the Southern Africa Customs Union (SACU) and the Southern African Development Community (SADC). Neither have authority over member state national regulatory systems. Botswana is a member of the WTO and notifies all draft technical regulations to the WTO's Technical Barriers to Trade (TBT) Committee on Technical Barriers to Trade.

### **Legal System and Judicial Independence**

The local Constitution provides for an independent judiciary system. The legal system of Botswana is based on Roman-Dutch law as influenced by English common law. This type of system cohabits with legislation, judicial decisions, and local customary law. The courts enforce commercial contracts, and the judicial system is widely regarded as being fair, though high-profile cases challenging the Executive's role in judicial appointments and the recently ended suspension of four high court judges have generated speculation that judicial independence has eroded. Both foreign and domestic investors have equal access to the judicial system. Botswana does not have a dedicated commercial court. The Industrial Court set up by the Trade Dispute Act of 2004 primarily addresses labor matters.

The GOB is planning to create a corps of commercially specialized judges within the civil court system. Under the new system, commercial cases will be overseen by these commercial judges in order to expedite handling and ensure relevant expertise.

Some U.S. litigants have reported that the time taken to obtain and enforce a judgment in a commercial dispute is unreasonably long. The turnaround time for civil cases is approximately two years. In an effort to create more efficient adjudications, the government has established land tribunal, industrial, small claims, and corruption courts. During the past several years, some dockets have improved but progress has been uneven.

Local laws are accessible through the [Botswana Attorney General's Office website](#). It can take up to 24 months for a law, once passed, to appear on the web site.

### **Laws and Regulations on Foreign Direct Investment**

Under Botswana's Company Act, foreigners who wish to operate a business are required to register as well as obtain the relevant licenses and permits as prescribed by the Trade Act of 2008.

Licenses are required for a wide spectrum of businesses, including banking, non-bank financial services, transportation, medical services, mining, energy provision, and alcohol sales. Although amendments to the Trade Act have eliminated the catch-all miscellaneous business license category, investors have reported on local authorities insisting a business apply for a license even when it does not fall within the established categories. In addition, some businesses have observed the enforcement of licenses, as well as the time taken for inspections to comply with licensing requirements, varies widely across local government authorities. The GOB shortened its processes to obtain a construction permit from 110 days to 100 days by eliminating the requirement to submit a rates clearance certificate to obtain a building permit.

### **Competition and Anti-Trust Laws**

Botswana has developed anti-trust legislation and policies to ensure appropriate competition in the business environment. Under the Competition Act, the Competition Authority is now monitoring mergers and acquisitions. During the year 2015/2016 the Authority dealt with a number of cases to address the non-competitive business conduct and included bid rigging cases. The Competition Authority is empowered to reject mergers when they are deemed not to be in the public best interest. It has interpreted this ability to mean that it can prohibit mergers when the end result is the concentration of a majority of shares in the hands of foreign investors.

### **Expropriation and Compensation**

Section 8 of the country's Constitution prohibits the nationalization of private property. The GOB has never pursued a policy of forced nationalization and is highly unlikely to adopt one. The Acquisition of Property Act provides a process for any expropriation, including parameters to determine market value and receive compensation. The 2007 Amendment to the Electricity Supply Act allows the GOB to revoke an Independent Power Producer's license and confiscate the operations with compensation for public interest purposes.

### **Dispute Settlement**

#### *ICSID Convention and New York Convention*

Botswana has ratified the convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention). It is also a member state to the International Centre for the Settlement of Investment Disputes (ICSID convention), and the Multilateral Investment Guarantee Agency (MIGA).

#### *Investor-State Dispute Settlement*

There are no known investment disputes involving U.S. persons. Botswana accepts international arbitration to settle investment disputes. Judgments by foreign courts recognized by the GOB are enforceable under the local courts where the appropriate bilateral agreements between the countries exist.

## *International Commercial Arbitration and Foreign Courts*

There are no known complaints about transparency or discrimination by local courts in Botswana.

### **Bankruptcy Regulations**

Botswana's commercial and bankruptcy laws are comprehensive. Secured and unsecured creditors enjoy similar rights under bankruptcy proceedings to those they would enjoy in the United States.

### **Industrial Policies**

#### **Investment Incentives**

Botswana has several mechanisms in place to attract foreign direct investment (FDI). The BITC provides assistance to local and foreign investors. BITC is responsible for promoting foreign direct investment, investor aftercare, and the promotion of locally-manufactured goods in export markets. It assists investors with company registration, land acquisition, factory shells, utility connections, and work and residence permits for essential staff. Requests by investors for investor support from BITC and other agencies are evaluated based on the extent to which the proposed project assists in the government's diversification efforts, contributes to the growth of priority sectors, and provides employment and training to Botswana citizens. The government also makes grants available to investors who partner with citizens and will extend credit to investors presenting proposals that have undergone appropriate due diligence and that have completed a feasibility study. Foreign investors are encouraged to transfer technology to Botswana and skills to Botswana citizens with a view to preparing them for promotion into management positions.

Botswana offers a relatively low tax rate of 22 percent on corporate taxable income and 7.5 percent withholding tax on all dividends distributed. The MITI can grant manufacturing companies the reduced level of 15 percent taxable income.

Companies can pay the reduced rate of 15 percent of profit with accreditation from the Innovation Hub or the International Financial Services Centre on approved operations.

The Minister of Finance and Economic Development has the authority to issue development approval orders which are used for specific projects, which include providing tax holiday and education and training grants. The Minister must be satisfied that the proposed project will be beneficial to Botswana's economy. Any firm, local or foreign, may apply for a Development Approval Order through the Permanent Secretary at the finance ministry. Applications will be evaluated against the following criteria: job creation for Botswana citizens, the company's training plans for Botswana citizens, the company's plans to localize non-citizen positions, Botswana citizen participation in company management, amount of equity held by Botswana citizens in the company, the location of the proposed investment, the

project's effect on the stimulation of other economic activities, and the project's effect on reducing local consumer prices. The MITI also offers rebates on imported materials for manufactures that produce products for export.

In 2017, Parliament approved a special incentive packet for Selibe-Phikwe geared to promote economic growth and diversification. Some of the incentives include reduced corporate tax of 5 percent for the first 5 years and 10 percent thereafter (versus the 22 percent national tax rate), zero customs duty on imported raw materials, rebates for customs duty and value added tax for any exports outside the Southern African Customs Union, and a minimum of 50 years on land leases (instead of the standard lease of 25 years).

### **Foreign Trade Zones/Free Ports/Trade Facilitation**

Botswana currently has no domestic free trade zones or free ports. In 2015, Parliament approved a Special Economic Zones (SEZ) law to streamline investment in sector-targeted geographic areas in the country including two Gaborone area SEZs (multi-use, diamond processing, and financial services); two Selibe-Phikwe SEZs (mineral processing and horticulture); and additional SEZs in Lobatse (beef, leather, biogas); Palapye (energy); Pandamatenga (agriculture); and Francistown (mining and logistics). The Special Economic Zones Act is available for sale in hard copy at the GOB bookshop and BITC is acting as the interim SEZ secretariat. The GOB is preparing to stand up the SEZ authority and has appointed a Board of Directors to drive this establishment. The Botswana Unified Revenue Services has also introduced an electronic Customs Management System to replace the Automated System for Customs Data. This will pave the way for the National Single Window, an electronic trade platform that makes trading more secure and efficient.

### **Performance and Data Localization Requirements**

Performance requirements are not imposed as a condition for establishing, maintaining or expanding an investment in Botswana. Foreign investors are encouraged, but not compelled, to establish joint ventures with citizens or citizen-owned companies.

Foreign investors wishing to invest in Botswana are required to register the company in accordance with the Companies Act and comply with other applicable legislation. Investors are encouraged, but not required, to purchase from local sources. The GOB does not require investors to locate in specific geographical areas, use a specific percentage of local content, permit local equity in projects, manufacture substitutes for imports, meet export requirements or targets, or use national sources of financing for private-sector investments. However, GOB entities, including BITC, use the criteria of diversifying the economy, creating employment, and transferring skills to Botswana citizens in determining whether to provide assistance to foreign investors.

As a matter of policy, the GOB encourages foreign firms to hire qualified Botswana nationals rather than expatriates. The granting of work permits for foreign workers may be made contingent upon establishment of demonstrable localization efforts. The government may additionally require evidence that a local is being trained to assume duties currently being fulfilled by foreign worker, specially focused at the middle-management level. The GOB offers incentives to companies that train local employees, including the deduction of 200 percent of training expenses when training is carried out by an accredited institution.

Foreign and local business managers noted increasing difficulty obtaining work permits for foreign skilled workers and managers in 2016. They assess this, combined with local skills deficits and constrained labor productivity, to be the foremost business constraints in Botswana. In 2012, Botswana implemented a Points Based System to evaluate work permits, in response to complaints that immigration authorities lacked the necessary expertise to properly evaluate applications for individuals with certain skill sets. This resulted in complaints the system was too stringent. Foreign expatriates report inconsistent procedures and requirements for work permits. BITC reports the investors they support have high approval rates and are afforded priority in the permitting process and some U.S. investors have resolved immigration challenges with BITC support. MITI has instituted a work permits appeal process in an effort to encourage investment and address the work permit challenge.

Select grants are available to foreign investors who partner with Botswana citizens. The Citizen Entrepreneurial Development Agency has established a venture capital fund to provide equity to citizens and ventures between citizens and foreign investors. The majority of Botswana government loans and grants are designed specifically for citizen-owned contracting firms or for small enterprises and are therefore not available to foreign investors.

The government is the largest procuring entity in the country. It has directed central government, local authorities and state-owned enterprises to purchase all products and services from locally-based manufacturers and service providers. However the goods and services have to be locally available, competitively priced, and meet tender specifications in terms of quality standards as certified or recognized by the Botswana Bureau of Standards. Local preferences arise from numerous sources. In 2015 MITI instituted a program in 2015 to give locally-based small companies a 15 percent preferential price margin in GOB procurement, with mid-sized companies receiving a 10 percent margin, and large companies a 5 percent margin. The directive applies to 27 categories of goods and services ranging from textiles, chemicals and food, and abroad range consultancy services. In 2014 the GOB and the Chamber of Mines created a committee to oversee the purchasing of mining supplies with a 10 percent preference towards those produced locally. The 2012 Citizen Economic Empowerment Policy also emphasized the preference for local companies

and the GOB's Public Procurement and Asset Disposal Board registers citizen-owned companies for preference purposes.

In order for a foreign firm to qualify with the Department of Industrial Affairs as a locally-based manufacturer or service provider to sell goods or services to the government of Botswana, the firm first must be registered with the Registrar of Companies and possess a relevant license or waiver letter. Few of these procedures can be completed online and in practice companies see the need to hire an agent on the ground to handle registrations. Tenders are generally designed based on the products available in the local market and with locally-based companies in mind. In addition, many tenders require local registration as a prerequisite for bids and the GOB frequently breaks up large scale projects into a series of tenders. All of these factors make it difficult to compete for tenders from outside Botswana.

## **Protection of Property Rights**

### **Real Property**

Property rights are enforced in Botswana. The GOB plans to streamline and standardize property registration procedures. Botswana is ranked 71 out of 190 by the World Bank in the Registering Property category. There are three main categories of land in Botswana: freehold, state land, and tribal land. Tribal and state land cannot be sold to foreigners. There are no restrictions on the sale of freehold land, but only about 5 percent of land in Botswana is freehold. In the capital city of Gaborone, the number of freehold plots is limited.

State land represents about 25 percent of land in Botswana. On application to the Department of Lands, both foreign-owned and local enterprises registered in Botswana may lease state land for industrial or residential use. Commercial use leases are for 50 years and residential leases are for 99 years. Waiting periods tend to be long for leasehold applications, but subleases from current leaseholders are available. In 2014, the GOB changed its implementing regulation to allow companies with less than five employees to operate in residential areas if their operations do not pose a health or safety risk to residents.

Tribal land represents 70 percent of land in Botswana. To obtain a lease for tribal land, the investor must approach the relevant local Land Board. Processes are unlikely to be streamlined or consistent across Land Boards.

Since independence, the trend in Botswana has been to increase the area of tribal land at the expense of both state and freehold land. Landlord-tenant law in Botswana tends to be moderately pro-landlord.

In addition to helping investors who meet its criteria obtain appropriate land leaseholds, BITC has also built factory units for lease to industrialists with the option to purchase at market value.

## **Intellectual Property Rights**

Botswana's legal Intellectual Property Rights (IPR) structure is adequate, although some improvements are needed. The key challenge facing the GOB is effective implementation. The Companies and Intellectual Property Authority (CIPA) was established in 2014 in order to strengthen Botswana's IPR regime, and has established improved interagency cooperation and implementation as a priority. IPR infringement does occur in Botswana, primarily through the sale of counterfeit items in low-end sales outlets. In the year 2016, CIPA cooperated with the Botswana Police to seize 4,654 counterfeit CDs and DVDs valued over \$3.5 million. The U.S. government is continuing working with the GOB to modernize and improve enforcement of IPR. Botswana is not listed in USTR's 2017 Special 301 Report.

IPR are protected under the Industrial Property Act of 2010, which provides protections on patents, trademarks, utility designs, handicrafts, traditional knowledge, and geographic indicators. The 2000 Copyright & Neighboring Rights Act also protects art and literary works and the 1975 Registration of Business Names Act oversees corporate name and registration procedures. Other IPR-related laws include the Competition Act, the Value Added Tax Act, the Botswana Penal Code, the Customs and Excise Duty Act, the Monuments and Relics Act, the Broadcasting Act, and the Societies Act.

Botswana is a signatory to the Beijing Treaty on Audiovisual Performances, the Hague Agreement Concerning the International Deposit of Industrial Designs, the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, the Convention establishing the World Intellectual Property Organization (WIPO), the WIPO Copyright Treaty, the WIPO Performances and Phonograms Treaty, the Patent Cooperation Treaty, the Berne Convention for the Protection of Literary and Artistic Works and the Paris Convention for the Protection of Industrial Property.

Intellectual Property is registered through CIPA. This Authority comprises of three offices: the Companies and Business Office, the Industrial Property Office and the Copyright Office. For additional information about treaty obligations and points of contact at local IP offices, please see [WIPO's country profiles](#).

### *Resources for Rights Holders*

Goitseone Montsho  
Economic/Commercial Specialist  
Phone: +267 373-2431

Email: [MontshoG@state.gov](mailto:MontshoG@state.gov)

[U.S. Embassy in Botswana Legal Assistance webpage](#)

## **Financial Sector**

### **Capital Markets and Portfolio Investment**

The government encourages foreign portfolio investment, although there are limits on foreign ownership in certain sectors. It also embraces the establishment of new and diverse financial institutions to support increased foreign and domestic investment and to fill existing gaps where finance is not commercially available. There are nine commercial banks, one merchant bank and one offshore bank, one statutory deposit-taking institution, and one credit union operating in Botswana. All have corresponding relationships with U.S. banks. Additional financial institutions include various pension funds, insurance companies, microfinance institutions, stock brokerage companies, asset management companies, statutory finance institutions, collective investment undertakings, and statutory funds. Historically, commercial banks have accounted for 92 percent of total deposits and 98 percent of total loans in Botswana. A large portion of the population does not participate in the formal banking sector.

### **Money and Banking System**

The central bank, the Bank of Botswana, acts as banker and financial advisor to the government and is responsible for the management of the country's foreign exchange reserves, the administration of monetary and exchange rate policies, and the regulation and supervision of financial institutions in the country. Monetary policy in Botswana is widely regarded as prudent and the government has successfully managed to maintain a sensible exchange rate and a stable inflation rate, generally within the target of 3 to 6 percent.

Banks may lend to non-resident controlled companies without seeking approval from the Bank of Botswana. Foreign investors usually enjoy better access to credit than local firms do. In July 2014 USAID's Development Credit Authority, in collaboration with the Barclays Bank of Botswana, implemented a program to allow Small and Medium Enterprises (SME) to access up to \$15 million in loans in an effort to diversify the current economy.

The local Stock Exchange (BSE) has 32 publicly traded companies. As of the end of 2015 there were 22 companies on the Domestic Board and 10 companies on the Foreign Equities Board. In addition, four exchange traded funds are listed on the exchange. The total market capitalization for listed companies was \$42.1 billion, though one company constitutes the majority of that figure, with a market capitalization of some \$35 billion. The BSE is still highly illiquid compared to larger African markets and is dominated by mining companies which adds to index volatility. Laws prohibiting insider trading and securities fraud are still under development.

The government has legitimized offshore capital investments and allows foreign investors, individuals and corporate bodies, and companies incorporated in

Botswana to open foreign currency accounts in specified currencies. The designated currencies are U.S. dollar, pound sterling, euro, and the South African rand. There are no known practices by private firms to restrict foreign investment participation or control in domestic enterprises. Private firms are not permitted to adopt articles of incorporation or association which limit or prohibit foreign investment, participation or control.

In general, Botswana exercises careful control over credit expansion, the pula exchange rate, interest rates, and foreign and domestic borrowing. Banking legislation is largely in line with industry norms for regulation, supervision, and payments, and its anti-money laundering and combating the financing of terrorism regime is improving.

The Non-Bank Financial Institutions Regulatory Authority (NBFIRA) was established in 2008 and provides regulatory oversight for the non-banking sector. It extends know-your-customer practices to non-banking financial institutions and is intended to help deter money laundering and terrorist financing. NBFIRA is also responsible for regulating the International Financial Services Centre, a hub charged with promoting the financial services industry in Botswana.

## **Foreign Exchange and Remittances**

### *Foreign Exchange*

There are no foreign exchange controls in Botswana or restrictions on capital outflows through financial institutions. Commercial banks are required to ensure customers complete basic forms indicating name, address, purpose and other details prior to processing funds transfer requests or loan applications. The finance ministry monitors data collected on the forms for statistical information on capital flows, but the form does not require government approval prior to the processing of a transaction and does not delay capital transfers.

To encourage portfolio investment, develop domestic capital markets, and diversify investment instruments, non-residents are able to trade in and issue Botswana pula-denominated bonds with maturity periods of more than one year, provided such instruments are listed on the Botswana Stock Exchange (BSE). Botswana's Letlole Saving Certificate (equivalent to a U.S. Treasury bond) can be purchased only by Botswana citizens. Foreigners can hold shares in BSE-listed Botswana companies.

Travelers are not restricted to the amount of currency they may carry, but they are required to declare to customs at the port of departure any cash amount in excess of 10,000 pula (\$1,200). There are no quantitative limits on foreign currency access for current account transactions.

Bank accounts denominated in foreign currency are allowed in Botswana. Commercial banks offer accounts denominated in U.S. dollars, pounds, euros, and

South African rand. Businesses and other bodies incorporated or registered domestically may open accounts without prior approval from the Bank of Botswana. The government also permits the issuance of foreign currency denominated loans.

Upon disinvestment by a non-resident, the non-resident is allowed immediate repatriation of all proceeds including profits, rents, and fees.

The Botswana pula has a crawling peg exchange rate and is tied to a basket of currencies comprised of the South African rand, whose weighting has been adjusted from 50 percent to 45 percent in January 2017, with the IMF's Special Drawing Rights (consisting of the U.S. dollar, the Euro, pound, Japanese yen, and the newly added Chinese renminbi) comprising the remaining 55 percent. The upward rate of crawl was also reduced from 0.38 percent to 0.26 percent. Under the regular five year review of the composition of the SDR, the IMF added the Chinese renminbi to the pool. The pula continues to be heavily influenced by movements of the South African rand against the U.S. dollar. There is no difficulty in obtaining foreign exchange. Shortages of foreign exchange that would lead banks to block transactions are highly unlikely.

#### *Remittance Policies*

There are no restrictions or limitations placed on foreign investors in converting, transferring, or repatriating funds associated with an investment.

#### **Sovereign Wealth Funds**

The Bank of Botswana maintains a long-term sovereign wealth fund, known as the Pula Fund, in addition to a regular foreign reserve account providing basic import cover. The Pula Fund, with an estimated value of some \$6.1 billion, was established under the Bank of Botswana Act and forms part of the country's foreign exchange reserves, which are primarily funded by diamond revenues. The Pula Fund is wholly invested in foreign currency-denominated assets and is managed by the Bank of Botswana Board with input from recognized international financial management and investment firms. All realized market and currency gains or losses are reported in the Bank of Botswana's income statement. Botswana is among the founding members of the International Forum of Sovereign Wealth Fund and was one of the architects of the Santiago Principles in 2008. For more information see the [Bank of Botswana's Santiago Principles case study](#).

#### **State-Owned Enterprises**

State-owned enterprises (SOEs), known as "parastatals," are majority or one 100 percent owned by the government. There is a published list of SOEs available at [Botswana's government webpage](#) with profiles of financial and development SOEs. Some SOEs are state-sanctioned monopolies, including the Botswana Meat Commission, the Water Utilities Corporation, Botswana Railways, and the Botswana Power Corporation.

Private and government-owned enterprises are governed by the same business registration and licensing laws. No law or regulation prohibits or restricts private enterprises from competing with SOEs. Botswana law requires SOEs to publish annual reports and, depending on how they are constituted, SOEs are audited by private sector accountants or the Auditor General. GOB ministries together with their respective SOEs are compelled on an annual basis to appear before Parliamentary Public Accounts committee to provide reports and answer questions regarding their performance. Some SOEs are not performing well and have been embroiled in scandals involving alleged fraud and mismanagement.

Botswana is not party to the Government Procurement Agreement within the framework of the WTO.

### **Privatization Program**

The GOB has committed to privatization on paper. It stood up a task force in 1997 to privatize all of its state-owned companies and formed a Public Enterprises Evaluation and Privatization Agency (PEEPA) to oversee this process. Implementation of its privatization commitments has been limited to the January 2016 sale offer of 49 percent of the stock of the state-owned Botswana Telecommunications Corporation to Botswana citizens only. In February 2017, the GOB issued an Expressions of Interest for the privatization of its national airline. Conversely, the GOB has created new SOEs such as the Okavango Diamond Company, the Mineral Development Company, and Botswana Oil Limited in recent years.

### **Responsible Business Conduct**

Responsible Business Conduct (RBC) is recognized and embraced by government, some foreign and local firms, and customers, although Botswana is not an adherent of the OECD's RBC Guidelines for Multinational Enterprises and has not specified its definition of RBC. Large companies in the mining, communications technology, food supply, and financial services sectors have established RBC programs, sponsor projects and support local nonprofit concerns. However, the ethos has not taken hold in many smaller firms. The U.S. Embassy worked with the local chamber of commerce, Business Botswana, on the issue of corporate social responsibility and ethical compliance to help enlist companies to sign onto a Corporate Code of Conduct that covers conflicts of interest, bribery, political interference, political party funding, procurement and bidding, and issues surrounding residence and work permits. To date more than 300 firms have signed the Code of Conduct.

The Companies Act also sets out the expectations of business conduct and governance for directors and shareholders for both private and public companies. Botswana is not a member of the Extractive Industries Transparency Initiative. Mineral contracts and licenses are governed under the Botswana's Mines and Minerals Act and associated regulations. Botswana's laws and procedures for

awarding mining contracts are fairly well developed. Mining licenses are required to undergo a public comment period before they are awarded, and that rule is followed.

## **Corruption**

Botswana has a reputation for a relative lack of corruption and a willingness to prosecute corrupt officials. Transparency International ranks Botswana as the least corrupt country in Africa (35<sup>th</sup> worldwide). Investors with experience in other developing nations describe the relative lack of obstruction or interference by law enforcement or other government agents as among the country's most important assets. Nevertheless, private sector representatives now note rising corruption levels in government tender procurements.

The major corruption investigation body is the Directorate on Corruption and Economic Crimes (DCEC). Anecdotal reports on the DCEC's effectiveness vary. The DCEC has embarked on an education campaign to raise public awareness about the cost of corruption and is also working with Government departments to reform their accountability procedures.

Corruption is punishable by a prison term of up to 10 years, a fine of \$50,000, or both. High level officials have been prosecuted. Allegations that the Director of Intelligence and Security Services escaped corruption charges because of his personal connections have circulated widely in Botswana media since 2014. The Directorate of Public Prosecutions applied for a withdrawal of corruption charges against Minister of Investment, Trade and Industry Vincent Seretse in March 2015 citing the grounds that key witnesses were unavailable. The charges stemmed from alleged tender manipulation in 2008 when he was CEO of SOE Botswana Telecommunication Company.

The 2000 Proceeds of Serious Crime Act expanded the DCEC's mandate to include combatting money laundering. The 2009 Financial Intelligence Act provides a comprehensive legal framework to address money laundering and establishes a financial intelligence agency (FIA). The FIA, which operates under the Ministry of Finance and Development Planning, cooperates with various institutions, such as Directorate of Public Prosecutions, Botswana Police Service, Bank of Botswana, the Non-Banking Financial Institutions Regulatory Authority, the DCEC, and foreign FIAs to uncover and investigate suspicious financial transactions. Botswana is a member of the Eastern and Southern Anti-Money Laundering Group, a regional standards-setting body for ensuring appropriate laws, policies, and practices to fight money laundering and the financing of terrorism.

Botswana is not a party to the OECD Anti-bribery Convention but is a party to the 2005 UN Anticorruption Convention.

*Resources to Report Corruption*

Ms. Rose Seretse  
Director  
Directorate on Corruption and Economic Crime  
Madirelo Extension 6, Gaborone, Botswana  
Phone: (267)-391-4002 | (267)-360-4200  
Email: [dcec@gov.bw](mailto:dcec@gov.bw)

Ms. Bridget John  
Executive Director  
Public Procurement & Asset Disposal Board  
Private Bag 0058, Gaborone, Botswana  
Phone: (267)-360-2000  
Email: [webmaster@ppadb.co.bw](mailto:webmaster@ppadb.co.bw)

Mr. Abraham Sethibe  
Director  
Financial Intelligence Agency  
Private Bag 0190, Gaborone, Botswana  
Phone: (267)-399-8400  
Email: [asethibe@gov.bw](mailto:asethibe@gov.bw)

One can also reach out to the Minister of the relevant Ministry for a particular tender and provide a copy of the complaint to the Public Procurement & Asset Disposal Board Executive Director.

### **Political and Security Environment**

The threat of political violence is considered low in Botswana. Public demonstrations are rare and seldom turn violent. The most recent large-scale strike, which involved public sector employees, occurred in April to June 2011 and was not violent. In September 2015, roughly 200 people participated in a peaceful march organized by an opposition political party to protest water shortages in the capital. In August 2016, police forcefully dispersed a small demonstration protesting unemployment outside the National Assembly. In February and March 2017, some student-led protests occurred at tertiary institutions necessitating police deployment, but were not overtly political. There were multiple reports of police brutality, including the use of rubber whips and rubber bullets.

### **Labor Policies and Practices**

Botswana has high unemployment (estimated to be 20 percent) with youth unemployment including those not actively seeking, as high as 50% and a constricted worker skills base. Employers can expect to engage in significant training efforts, depending on the industry. Retention of workers and absenteeism can pose problems. In addition, managers often cite workforce productivity as a point of frustration. The lack of trained local citizen professionals is generally resolved by the use of expatriates if they can secure work permits. There is minimal

labor strife in Botswana. In 2015, there were a handful of small and peaceful strikes, the most notable of these was by a portion of Botswana Unified Revenue Service (BURS) officials, but as with most unions across sectors, only a portion of BURS officials were unionized, allowing the GOB to maintain customs operations.

The Employment Act provides basic guidelines for employment in Botswana. The legislation sets requirements for a minimum wage, length of the workweek, annual and maternity leave, hiring and termination. Standards set by the Act are consistent with international best practice as described by ILO model legislation and guidelines.

Health and safety laws, embodied in the Factories Act of 1973, provide basic protection for workers from unsafe working conditions. Minimum working conditions required on work premises include cleanliness of the premises, adequate ventilation and sanitation, sufficient lighting and the provision of safety precautions. Health inspectors and the Botswana Bureau of Standards carry out periodic checks at both new and operating factories.

Employment-related litigation occurs and is both an example of trust in the court system and a cost to doing business in Botswana. Considerable expense and frustration can be avoided if an employer observes the provisions of the Employment Act, relevant labor regulations, and prudence in advance of potential litigation. Before a potential litigant goes to one of eleven labor courts, the parties must attempt mediation through the Department of Labor. Court cases over severance terms for employees laid off due to fluctuating market conditions are also common. Section 25 of the Employment Act allows employers to terminate contracts for the purpose of reducing the size of the work force, known as redundancy, using the first-in-last-out principle. This method of terminating contracts is separate from firing for serious misconduct as specified by Section 26 of the act. The GOB has social safety net programs in place to assist the unemployed and destitute.

Collective bargaining is common in government and the private sector and the Labor Commissioner can grant collective bargaining authority upon request. The largest unions are comprised of public sector workers. Although workers have a right to strike, those engaged in certain categories of “essential” services, including air traffic control, electricity services, fire services, the Bank of Botswana, health services, and sewage services are not permitted to strike. When the GOB tried to add diamond workers, veterinarians, and teachers to this list in the wake of a public sector strike in 2011, the public sector union sued the government to be taken off the list. The union won the case in April 2014.

In August 2016 Parliament passed a Trade Disputes Act with a list of services deemed “essential” and barred from striking that exceeds international labor standards. The Botswana Federation of Public Sector Unions, representing approximately 76,000 public sector employees, filed a case in the Gaborone High Court against the GOB in December 2016 challenging the Act. The case is ongoing as

of March 2017. The ILO has indicated Botswana may be referred to the Committee of Application Standards during the 2017 International Labor Conference in July.

### **OPIC and Other Investment Insurance Programs**

The Overseas Private Investment Corporation (OPIC) makes insurance available for projects in Botswana. In June 2016 OPIC signed a \$125 million loan guarantee with Barclays Bank Botswana which represents the first tranche of the approved \$250 million guarantee facility for the diamond industry. The purpose of the guarantee was to develop a robust lending market to Botswana’s emerging cutting and polishing industry. In 2015, OPIC hosted a finance workshop in Gaborone and corporations in Botswana benefit from OPIC financing.

Botswana is a member of the Multilateral Investment Guarantee Agency (MIGA). MIGA offers investors protection against inconvertibility or transfer of currency, expropriation, breach of contract, and war and civil disturbance.

The Botswana Export Credit Insurance and Guarantee Ltd. allows investors to purchase coverage against certain events and losses such as the insolvency and inability of buyers to pay for purchases, unanticipated import restrictions, or the blockage by the buyer’s country of foreign exchange transfer.

### **Foreign Direct Investment and Foreign Portfolio Investment Statistics**

Estimates of U.S. FDI in Botswana varied from \$12 to 19 million in 2014, comprising approximately 0.1 percent of GDP.

*Table 2: Key Macroeconomic Data, U.S. FDI in Botswana*

	<b>Host Country Statistical Source</b>		<b>USG or International Statistical Source</b>		<b>USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other</b>
<b>Economic Data</b>	<b>Year</b>	<b>Amount</b>	<b>Year</b>	<b>Amount</b>	
<b>Host Country Gross Domestic Product (GDP) (\$M USD)</b>	2015	\$14,590	2015	\$14,390	<a href="#">World Bank</a>
<b>Foreign Direct Investment</b>	<b>Host Country Statistical source</b>		<b>USG or International Statistical Source</b>		<b>USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other</b>

<b>U.S. FDI in partner country (\$M USD, stock positions)</b>	2014	\$12	2015	\$19	<a href="#">BEA</a>
<b>Host country's FDI in the United States (\$M USD, stock positions)</b>	N/A	N/A	2015	\$-1	<a href="#">BEA</a>
<b>Total inbound stock of FDI as % host GDP</b>	2014	0.08%	2015	0.13%	N/A

Table 3: Sources and Destination of FDI

<b>Direct Investment from/in Counterpart Economy Data</b>					
<b>From Top Five Sources/To Top Five Destinations (US Dollars, Millions)</b>					
<b>Inward Direct Investment</b>			<b>Outward Direct Investment</b>		
Total Inward	1.88	100%	No data available		
Africa	0.94	50%			
Europe	0.82	44%			
Asia Pacific	0.03	1.5%			
North and Central America	0.03	1.5%			
Other	0.06	3%			

"0" reflects amounts rounded to +/- USD 500,000.

According to the Bank of Botswana, investment in Botswana totaled 53 billion pula (\$ 5.04 billion) in 2014, of which 34 billion pula (\$3.23 billion) were non-FDI investments. Africa (50 percent) and Europe (44 percent) accounted for most of the 19 billion pula (\$1.8 billion) influx of FDI. Within these regions, South Africa and Luxemburg were the predominant players, accounting for 6.2 and 5.3 billion pula (\$590 million and \$504 million) respectively. Little data on FDI sources is available for countries and regions with limited investments in Botswana. The mining sector continued to dominate Botswana's FDI, accounting for 45 percent of inflows.

Table 4: Sources of Portfolio Investment

No data available.

### **Contact for More Information on the Investment Climate Statement**

Goitseone Montsho  
Economic/Commercial Specialist  
Phone: (267)-373-2431

Email: [MontshoG@state.gov](mailto:MontshoG@state.gov)

# **Trade & Project Financing**

## **Methods of Payment**

The most common method of payment for imports from the U.S. is through Letters of Credit, bank drafts or bank transfers. TransUnion offers credit check services on the retail side and the Credit Reference Bureau (CRB) performs credit checks on the banking side.

## **Banking Systems**

Botswana's banking sector consists of a central bank (Bank of Botswana) and nine commercial banks: Barclays Bank Botswana, Standard Chartered Bank Botswana, First National Bank Botswana, Bank of Baroda Botswana Ltd., Stanbic Bank Botswana, Capital Bank, African Banking Corporation, Bank Gaborone, State Bank of India, and Bank of India. All nine banks are either majority or wholly foreign owned. While Barclays remains Botswana's largest bank, First National Bank Botswana, growing rapidly, has overtaken Standard Chartered as the second largest.

There are a growing number of investment and corporate finance institutions, including the African Banking Corporation of Botswana, Andisa Bank, Investec Group, and Mazars Corporate Finance, which specialize in structured trade finance, treasury operations, and investment banking. All are geared towards financing for existing and new businesses. However, most commercial banks do not finance start-ups but rather finance existing businesses either for expansion or acquisition, and also have high collateral requirements that make it difficult for many to access their financing. The financial institutions are now improving the range of services they provide, including a new emphasis on small and medium-sized enterprises. The U.S. government has also, through USAID's Development Credit Authority (DCA), introduced a loan guarantee scheme that is administered through the Barclays Bank of Botswana to assist small and medium enterprises. In 2016, OPIC approved a \$125 million loan guarantee facility to stimulate diamond processing in Botswana in partnership with Barclays and Lazare Kaplan. In 2008 the government established the Non-Banking Financial Institution Regulatory Authority to ensure that the non-banking financial sector operates in an efficient and orderly manner.

The central bank, known as the Bank of Botswana, is responsible for monetary policies, central banking services, supervision of financial institutions, issuing of bank notes, implementing exchange rate policies, administering exchange controls, and foreign exchange reserves management. The bank's financial statements comply with international standards. Short-term finance, including pre- and post-shipment credit, is readily available through the commercial banking system at

market rates of interest. Export credit insurance is available through the Botswana Export Credit Insurance (BECI) agency.

The provisions for U.S. and other foreign firms borrowing in Botswana are liberal while local banks remain highly liquid. The country's commercial banks, however, have difficulty making long-term credit available due to the short maturity nature of their deposits and small capital bases.

### **Foreign Exchange Controls**

There are no exchange controls in Botswana.

### **U.S. Banks and Local Correspondent Banks**

There are currently no U.S. financial lending institutions in the country but all nine commercial banks mentioned above have correspondent relationships with U.S. banks.

### **Project Financing**

The Botswana Development Corporation (BDC), Rand Merchant Bank (RMB), and National Development Bank (NDB) provide local project financing. In addition, the Citizen Entrepreneurial Development Agency (CEDA) operates a Venture Capital Fund to provide equity capital to citizens as well as ventures between citizens and foreign companies.

### **Multilateral Development Banks**

There are no multilateral development banks in Botswana.

The [Overseas Private Investment Corporation](#)'s (OPIC) finance and insurance programs are available for Botswana. [U.S. Export-Import Bank](#) resources are also available for both trade financing and project financing in Botswana.

### **Financing Web Resources**

[Export-Import Bank - Country Limitation Schedule](#)

[Export-Import Bank of the United States](#)

[OPIC](#)

[SBA's Office of International Trade](#)

[U.S. Agency for International Development](#)

[U.S. Trade and Development Agency](#)

[USDA Commodity Credit Corporation](#)

# **Business Travel**

## **Business Customs**

Botswana business and GOB counterparts tend to be more reserved and formal than in the U.S. business world. Many are distrustful of outsiders and there is a rising anti-foreigner sentiment throughout the country. Formality and respect for protocol are valued in Botswana and facilitate good relationships. Respect for elders is important in Botswana culture. The use of first names generally takes longer, and it is a good idea to wait until your contact from Botswana initiates the practice. It is best to re-confirm business meetings 24 hours in advance directly with the person you are to meet. Even carefully arranged meetings may sometimes start late, be cancelled without notice, or be delegated to another person. Business meetings may be interrupted by telephone conversations. Although odd for an American businessperson, these occurrences are not indications of a lack of respect or interest in your business proposal. Business decisions take months or even years in Botswana. In addition, governments and businesses often do not take business proposals seriously if they are not provided by an individual or company physically located in Botswana.

## **Travel Advisory**

For updated information on travel alerts and warning warnings, please visit the [U.S. Department of State's Travel Advisory webpage](#).

## **Visa Requirements**

A valid U.S. passport is required for entry into Botswana. No visa is required for U.S. citizens staying in Botswana up to 90 days. As of this writing there is a \$30 proposed tourism entry fee planned for Botswana (supposed to be implemented June 1, 2017). The GOB maintains some entry restrictions for periods up to a month related to travelers arriving from Ebola affected countries, although these restrictions are not always published.

A work permit is required to work in Botswana, and companies report that this process takes increasingly long and they are faced with rising denial rates. International and local companies observe that this is particularly problematic due to skill shortages in Botswana's labor market.

Some international companies have found the process of applying for an exemption to the work permit requirement to be faster than applying for a work permit. A company can request a three to five year exemption for the following top executives of their companies, with support from the Botswana Investment and Trade Center (BITC):

1. Chief Executive Officer
2. Production Manager
3. Technical Manager
4. Operations Manager
5. Sales and Marketing Manager
6. Financial Manager

Approved International Financial Services Centre companies are also permitted to use this process for the following:

1. Chief Executive Officer
2. Head of Treasury
3. Head of Accounting Department
4. Head of Risk Management

U.S. Companies that require travel of foreign business persons to the United States should be advised that the issuance of a visa to the United States is not guaranteed and eligibility for a visa under U.S. law is determined by the Consular Officer.

#### **Contact Information**

[U.S. Embassy in Botswana](#)

#### **Currency**

Botswana Pula (BWP) is the commonly accepted currency. However there are a few outlets like gas stations, supermarkets (i.e. Spar, Choppies) that accept the South African Rand and some hotels do take U.S dollars. Credit and debit cards are accepted in all the major stores, hotels, gas stations and food outlets. ATMs are also spread across the country in major cities, towns, big villages, hotels, and at the airports, and accept Visa, Maestro, and MasterCard. American Express, Discover, and Diners Club cards are not frequently accepted.

One can easily exchange foreign currency for local currency through the local banks or currency-exchange agencies.

#### **Telecommunications/Electric**

The Botswana Telecommunications Corporation maintains a de facto monopoly on most voice services, and maintains the country's fixed-line services exclusively. The high cost and inconsistent reliability of Internet service, including at the principal hotels in town, has fueled an infrastructure development initiative and discussions on further liberalization of the telecommunications industry. DSL service is available.

Promotional videotapes should be in the PAL-I format. Power runs on 220V.

## Transportation

Although major roads are generally in good condition, the combination of long, tedious stretches of two-lane highways, high speed limits, and the occasional presence of large animals on the roads make for dangerous driving conditions overall. Driving at night on rural highways should be avoided. Taxis are available in towns but are infrequent and are often not present at the airport. Gaborone has several 24-hour door-to-door taxi services but these can be unreliable. Major hotels provide periodic shuttle bus service to the downtown area, but arranging transfers between business appointments is often difficult. Renting a car is recommended if you have a busy appointment schedule in Gaborone. The rental agencies will provide a driver for an additional charge, an option some may wish to consider as traffic moves on the left in Botswana.

## Language

English is the official language of government and business in Botswana. Setswana is the predominant indigenous language and the first language of most of Botswana.

## Health

Inoculations are not required for visitors to Botswana. Malaria prophylaxis is necessary for those traveling north of Mahalapye especially in the Central Kalahari, Chobe, Tuli Block, Ngamiland, and northern game parks and reserves, and the Bobirwa area in the east. Tap water in the major towns is generally not safe to drink. Medical facilities in Gaborone and Francistown are adequate, even though in some cases there has been need to transfer patients to neighboring South Africa. In the rest of the country, they are limited. Health providers often expect immediate cash payment for health services. U.S. medical insurance is not always valid outside the country. Some hospitals in Botswana accept British United Provident Association (BUPA) medical aid cards. Although BUPA is originally a UK based company, it operates in over 190 countries including America.

## Local Time, Business Hours, & Holidays

Table 5: Botswana 2017 Official Holidays

Date	Holiday
January 1, 2017	New Year's Day
April 14, 2017	Good Friday
April 17, 2017	Easter Monday
May 1, 2017	Labor Day
May 25, 2017	Ascension Day
July 1, 2017	Sir Seretse Khama Day
July 17, 2017	President's Day
July 18, 2017	Public Holiday
September 30, 2017	Botswana Day

October 2, 2017	Public Holiday
December 25, 2017	Christmas Day
December 26, 2017	Boxing Day

Many businesses and GOB offices close or operate with minimal staffing in December, January, and the week of Easter.

Local government/business hours are commonly from 7:30-12:45 and 1:45-4:30, and GOB offices often close on Fridays after lunch. Please see the [U.S. Embassy in Botswana's website](#) for updates.

Local time is 7 hours ahead of Eastern Standard Time from November-April, and 6 hours ahead from May-October.

### **Temporary Entry of Materials and Personal Belongings**

All persons arriving in Botswana are expected to declare all recently purchased goods in their possession to a custom official on a baggage declaration form (Form J). Baggage searches may be conducted to check for illicit goods. [Visitors should check for updated guidance on Botswana's entry requirements webpage.](#)

#### **What You Must Declare**

- All recently purchased goods acquired outside Botswana in one's possession, including items received as gifts, such as wedding or birthday presents.
- Items one bought in any duty-free shop including such items bought duty-free on aircraft or ship.
- Items one intends to sell or use in one's business.
- Items one is bringing home for someone else.
- Repairs or alterations to any items or vehicle one took abroad and then brought back, even if the repairs/alterations were performed free of charge.

#### **To Avoid Delays with Baggage Declarations**

- If one is unsure of the goods and values, the GOB instructions are to declare and ask for assistance from the customs officer.
- Produce all receipts and sales slips for goods purchased outside Botswana.

Customs duties are not charged on the following goods imported as accompanied or un-accompanied passengers' baggage:

- Personal effects, sporting and recreational effects, new or used –
  - imported by non-residents of Botswana for their own use;
  - imported by persons making a bona-fide change of residence to Botswana;

- exported by residents of Botswana for their own use while abroad and subsequently re-imported by such residents. The goods must be identifiable as those exported from Botswana.

The following articles and consumables (excluding any goods the importation of which is prohibited), declared at the place where the traveler enters Botswana and not imported on behalf of other persons or by way of trade, may be admitted free of duty and, where applicable, Value Add Tax (VAT).

- Cigarette or pipe tobacco - 250 gms
- Cigarettes - 200
- Cigars - 20
- Eau de Toilet - 250 ml
- Other new or used goods of a total value not exceeding (from outside SACU) - 3000 UA\*
- Other new or used goods of a total value not exceeding (from SACU) - 500 UA\*
- Perfume - 50 ml
- Spirits and other alcoholic beverages - 1 litre
- Wine - 2 litres

\*UA is equivalent to One South African Rand.

Additional goods imported from outside SACU, new or used of a total value not exceeding 12 000 UA\* per person, excluding the consumable items detailed above, are admissible at a flat rate of 20%, if the owner so elects.

### **Other Baggage Declaration Information**

- Duty will be payable at the applicable rates where travelers import goods exceeding the above allowances. Travelers importing goods for business or commercial purposes will not qualify for the above allowances;
- The concession for new and used goods specified above do not apply to such goods imported by residents of Botswana returning after an absence of less than 48 hours;
- With the exception of those relating to tobacco and alcoholic products, the concessions may be claimed by children under the age of 18 years, whether or not their parents or guardians accompany them, provided the goods are for use by the children themselves.

### **Travel Related Web Resources**

[Botswana Investment & Trade Centre](#)

[Government of Botswana](#)

[Hospitality and Tourism Association of Botswana](#)

[U.S. Department of State Travel Advisory for Botswana](#)  
[U.S. Embassy, Gaborone, Consular Section](#)