

ANNEX 1: BOTSWANA

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1 ECONOMIC ENVIRONMENT

1.1 Main features of the economy

1.1. Botswana is a sparsely populated, landlocked country in Southern Africa, with a population of about 2.6 million in 2022 (Table 1.1). It is an upper-middle-income country that aspires to become a high-income country by 2036.¹ Its per capita GDP was USD 7,703 in 2022. Good management of its rich mineral wealth, particularly in diamonds, has led the economy to grow robustly in the past decades. Botswana is the world's second-largest producer of diamonds, which dominate its exports. Mineral revenue (primarily from diamonds) accounts for about 30% of government revenue. Botswana has been implementing a public investment and diamond-reliant growth model, where revenue from mineral wealth is reinvested in infrastructure, education, health, and social protection.

1.2. Services contributed to about 60% of GDP, and construction around 11% of GDP over the review period. With over 20% of GDP, mining and quarrying is the second-largest sector (Table 1.1). The share of the manufacturing sector, including mainly the processing of diamonds and of beef, as well as textiles, has been declining, from 8.1% in 2014 to 5.7% in 2022.² According to a World Bank study, low productivity, high transport costs, and the absence of economies of scale were all obstacles for the manufacturing sector to address.³

1.3. The agricultural sector's share of GDP remains small at about 1.9%. About 30% of the population live in rural areas, a large portion of whom are involved in subsistence crop and livestock farming. Botswana is topographically flat and arid, with the Kalahari Desert covering 70% of its territory. Agriculture is mostly rainfed and is thus vulnerable to drought or floods. Climate change also poses challenges to the water sector and tourism services, as the latter depends on water-based wildlife resources.

1.4. Other challenges to Botswana's economic development include maintenance of its infrastructure, high unemployment, and income inequality. Despite relatively high public investment, the quality of infrastructure has been falling, particularly in the railway network and electricity grid.⁴ Due to the capital-intensive nature of the mining and quarrying sector (accounting for 1.8% of total employment in 2022⁵), this diamond-led growth model does not generate sufficient jobs. Unemployment reached 23.6% in 2022 (Table 1.1), and youth unemployment reached 34.4% in 2021.⁶ This exacerbated Botswana's income inequality. With a Gini coefficient of 0.53 in 2015, Botswana is among the 10 most unequal countries in the world, according to the World Bank.⁷ The top 10% of the population holds 61.2% of financial assets.⁸

¹ Statistics Botswana, *Vision 2036*. Viewed at: <https://www.statsbots.org.bw/vision-2036-3>.

² Manufacturing provided 11% of formal jobs in 2021. World Bank (2022), *Creating Markets in Botswana – A Diamond in the Rough: Toward A New Strategy for Diversification and Private Sector Growth*, June. Viewed at: <https://elibrary.worldbank.org/doi/epdf/10.1596/3788>.

³ World Bank (2022), *Creating Markets in Botswana – A Diamond in the Rough: Toward A New Strategy for Diversification and Private Sector Growth*, June.

⁴ World Bank (2022), *Creating Markets in Botswana – A Diamond in the Rough: Toward A New Strategy for Diversification and Private Sector Growth*, June.

⁵ Bank of Botswana (2022) *Annual Report*. Table 1.2A. Viewed at: <https://www.bankofbotswana.bw/sites/default/files/publications/Annual%20Report%202022.pdf>.

⁶ IMF (2022), *Botswana: Staff Report for the Article IV Consultation*, IMF Country Report No. 22/247. Viewed at: <https://www.imf.org/en/Publications/CR/Issues/2022/07/25/Botswana-2022-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-521327#:~:text=This%202022%20Article%20IV%20Consultation,its%20pre%2Dpandemic%20output%20level>.

⁷ World Bank, *Gini Index – Botswana*. Viewed at: https://data.worldbank.org/indicator/SI.POV.GINI?end=2015&locations=BW&most_recent_value_desc=false&start=1985&view=chart.

⁸ World Bank (2022), *Inequality in Southern Africa: An Assessment of the Southern African Customs Union*. Viewed at: <https://documents1.worldbank.org/curated/en/099125303072236903/pdf/P1649270c02a1f06b0a3ae02e57ead7a82.pdf>.

Table 1.1 Selected macroeconomic indicators – GDP structure, 2014-22

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| GDP (current BWP billion) ^a | 138.9 | 137.1 | 164.4 | 166.6 | 173.7 | 179.9 | 171.4 | 207.7 | 251.8 |
| GDP (current USD billion) ^a | 15.5 | 13.5 | 15.1 | 16.1 | 17.0 | 16.7 | 15.0 | 18.7 | 20.4 |
| Real GDP growth (annual %) | 5.7 | -4.9 | 7.2 | 4.1 | 4.2 | 3.0 | -8.7 | 11.9 | 5.8 |
| GDP per capita (USD) | 6,845.2 | 5,870.2 | 6,412.7 | 6,704.9 | 6,949.0 | 6,690.4 | 5,876.0 | 7,223.2 | 7,703.4 |
| Population (million) | 2.3 | 2.3 | 2.4 | 2.4 | 2.5 | 2.5 | 2.5 | 2.6 | 2.6 |
| Unemployment rate (%) ^b | 18.9 | 19.3 | 19.3 | 19.6 | 19.8 | 20.1 | 21.0 | 23.1 | 23.6 |
| Trade/GDP (based on BoP) | 129.5 | 98.7 | 111.9 | 87.4 | 92.5 | 81.8 | 72.8 | 114.8 | 93.6 |
| Gross value added by economic activity (% of total value added at current prices)^a | | | | | | | | | |
| Agriculture, forestry & fishing | 1.9 | 2.0 | 2.0 | 1.9 | 2.2 | 2.2 | 2.3 | 1.9 | 1.9 |
| Mining and quarrying | 24.1 | 19.1 | 23.7 | 19.6 | 16.8 | 14.3 | 9.6 | 16.6 | 21.4 |
| Manufacturing | 8.1 | 7.5 | 6.7 | 6.4 | 6.4 | 6.4 | 6.0 | 5.5 | 5.7 |
| Water and electricity | 1.2 | 1.5 | 1.2 | 1.7 | 1.8 | 1.0 | 1.3 | 1.2 | 1.3 |
| Construction | 9.9 | 10.9 | 10.1 | 10.9 | 11.5 | 11.9 | 11.3 | 11.5 | 11.0 |
| Services | 54.9 | 59.0 | 56.1 | 59.4 | 61.3 | 64.3 | 69.5 | 63.3 | 58.8 |
| Wholesale and retail | 7.8 | 7.9 | 8.3 | 9.6 | 9.9 | 10.4 | 11.4 | 11.3 | 11.0 |
| Diamond traders | 3.3 | 2.0 | 2.5 | 2.1 | 1.8 | 1.3 | 0.8 | 1.7 | 2.0 |
| Transport and storage | 1.9 | 2.0 | 1.8 | 1.9 | 2.0 | 2.0 | 2.1 | 2.0 | 2.3 |
| Accommodation and food services | 2.7 | 2.9 | 2.7 | 2.8 | 2.9 | 3.0 | 2.3 | 1.8 | 1.8 |
| Information and communication technology | 2.5 | 2.7 | 2.5 | 2.7 | 2.7 | 2.8 | 3.1 | 2.8 | 2.6 |
| Finance, insurance and pension funding | 3.8 | 4.7 | 4.9 | 4.9 | 5.5 | 5.9 | 6.2 | 5.5 | 5.4 |
| Real estate activities | 4.4 | 5.0 | 4.5 | 4.9 | 5.1 | 5.2 | 5.4 | 4.8 | 4.3 |
| Professional, scientific and technical activities | 1.7 | 1.9 | 1.7 | 1.8 | 1.9 | 1.9 | 2.0 | 1.9 | 1.7 |
| Administrative and support activities | 1.7 | 1.9 | 1.7 | 1.8 | 1.8 | 1.9 | 1.9 | 1.7 | 1.6 |
| Public administration and defence | 14.8 | 17.6 | 15.5 | 16.2 | 16.8 | 18.6 | 21.9 | 18.9 | 16.7 |
| Education | 5.3 | 4.9 | 4.9 | 5.3 | 5.2 | 5.4 | 6.1 | 5.2 | 4.4 |
| Human health and social work | 2.7 | 2.9 | 2.8 | 3.0 | 3.1 | 3.3 | 3.8 | 3.4 | 2.9 |
| Other services | 2.3 | 2.6 | 2.3 | 2.4 | 2.5 | 2.5 | 2.5 | 2.3 | 2.1 |

a Provisional for the period 2020-22.

b Unemployment rate figures are from the World Bank's World Development Indicators. Viewed at: <https://databank.worldbank.org/source/world-development-indicators>.

Source: Statistics Botswana, *Statistical Publications*. Viewed at: <https://www.statsbots.org/bw/latest-publications>.

1.2 Recent economic developments

1.5. Botswana's economy grew on average at 3.2% annually from 2014 to 2019, with a contraction happening only in 2015 (Table 1.1). The economy contracted again in 2020 by 8.7% because of the COVID-19 pandemic. Real GDP growth rebounded by 11.9% in 2021 and continued to grow by 5.8% in 2022, thanks mainly to strong exports driven by higher prices for diamonds and increased copper production. Prudent macroeconomic management has also helped.

1.6. In April 2020, the Government approved a short-term COVID-19 Economic Response Plan and a medium- to long-term Economic Recovery and Transformation Plan (ERTP) to mitigate the effects

of the pandemic. Under the E RTP, the Government set up an Industry Support Facility with a budget allocation of BWP 1.3 billion.⁹ According to the IMF, the fiscal relief package was equivalent to 2.6% of GDP.¹⁰

1.7. Increased public expenditure enlarged the fiscal deficit to 9.5% of GDP in FY2020. However, this deficit narrowed and a small surplus (0.05% of GDP) was realized in FY2021 (Table 1.2). The fiscal surplus mainly resulted from higher diamond sales and hence higher mineral tax revenue. The increase in revenue from the VAT also reflected a change in the standard rate from 12% to 14% in April 2021 (Section 3.1.1).

Table 1.2 National government finance, FY2014-21

(% of GDP)

| | FY2014 | FY2015 | FY2016 | FY 2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|--|------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|
| Central government budget^a | | | | | | | | |
| Total revenue | 39.7 | 33.7 | 34.4 | 33.6 | 30.3 | 30.0 | 28.3 | 31.4 |
| Tax revenue | 36.6 | 31.9 | 30.5 | 31.6 | 28.9 | 26.5 | 25.5 | 28.2 |
| Customs | 11.1 | 11.2 | 7.1 | 10.6 | 8.4 | 7.7 | 9.4 | 6.5 |
| Excise ^b | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 0.04 |
| Mineral revenue ^c | 15.3 | 10.3 | 13.5 | 11.1 | 10.5 | 8.0 | 5.5 | 10.7 |
| Non-mineral income tax | 5.9 | 6.2 | 5.7 | 4.9 | 5.6 | 6.0 | 5.8 | 5.8 |
| Other taxes, of which: | 4.3 | 4.2 | 4.2 | 4.9 | 4.5 | 4.8 | 4.8 | 5.3 |
| Vehicle taxes | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 0.2 | 0.2 |
| Licence fees | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 |
| VAT | 4.1 | 3.9 | 4.0 | 4.6 | 4.2 | 4.5 | 4.5 | 5.0 |
| Non-tax revenue | 2.7 | 1.7 | 3.8 | 1.8 | 1.3 | 3.5 | 2.8 | 3.2 |
| Grants | 0.3 | 0.1 | 0.1 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Expenditure | 35.9 | 38.7 | 33.7 | 34.8 | 35.3 | 36.2 | 37.8 | 31.5 |
| Surplus/deficit | 3.8 | -5.0 | 0.7 | -1.2 | -5.0 | -6.2 | -9.5 | 0.05 |
| Total government debt (end of period) | 18.1 | 18.6 | 16.2 | 14.6 | 14.7 | 16.2 | 19.4 | 18.8 |
| External debt | 12.8 | 13.0 | 10.0 | 8.4 | 8.6 | 8.6 | 7.6 | 8.0 |
| Domestic debt | 5.3 | 5.6 | 6.2 | 6.1 | 6.2 | 7.6 | 11.7 | 10.8 |
| Government guaranteed debt | 5.4 | 6.4 | 5.9 | 5.1 | 4.7 | 4.9 | 5.0 | 3.6 |

n.a. Not applicable.

a Fiscal year runs from 1 April to 31 March.

b Since October 2021, excise tax has been reported separately from customs tax.

c Mineral royalties and dividends are included under mineral tax, and thus form part of tax revenue. The figures in the table for mineral revenue are different from those figures in Ministry of Finance publications, where mineral revenue is under non-tax revenue.

Source: Bank of Botswana (BoB), *Botswana Economic and Financial Statistics, May 2023*. Viewed at: <https://www.bankofbotswana.bw/publications>; World Bank, Databank. Viewed at: <https://databank.worldbank.org/home>.

1.8. The Bank of Botswana (BoB), the Central Bank, has set its monetary policy objective to achieve price stability, i.e. a sustained level of inflation within the medium-term objective range of 3% to 6%. In 2020, the BoB reduced the policy rate and eased regulatory limits on private lending to facilitate business activities (Section 4).

1.9. In 2021 and 2022, when annual inflation (largely imported) averaged 6.7% and 12.2%, respectively (Table 1.3), and was thus higher than the Central Bank's target, the BoB tightened its monetary policy by raising its monetary policy rate by a combined 101 basis points in April and June 2022.¹¹ It also introduced a new monetary policy rate (MoPR) in 2022: the seven-day BoB certificate (BoBC) rate replaced the bank rate, with a view to strengthening monetary policy transmission.¹²

⁹ Ministry of Finance and Economic Development (2020), *Implementation Guidelines for COVID-19 Industry Support Facility*, October. Viewed at: https://www.finance.gov.bw/images/COVID19/Industry_Support_Funds_Guidelines_AllSectors.pdf.

¹⁰ IMF Country Report No. 22/247.

¹¹ IMF Country Report No. 22/247.

¹² IMF Country Report No. 22/247.

Table 1.3 Money and interest rates, external sector, and balance of payments, 2014-22

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---------|---------|----------|----------|----------|----------|----------|---------|--------|
| Annual inflation (%) | 4.4 | 3.0 | 2.8 | 3.3 | 3.2 | 2.8 | 1.9 | 6.7 | 12.2 |
| Money and interest rates | | | | | | | | | |
| Broad money growth (annual percentage change) | 4.6 | 19.9 | 5.4 | 2.7 | 8.3 | 8.0 | 5.9 | 5.0 | 6.8 |
| Bank rate/MoPR (percentage per annum) | 7.5 | 6.0 | 5.5 | 5.0 | 5.0 | 4.8 | 3.8 | 3.8 | 2.7 |
| Repo rate (percentage per annum) | 7.0 | 5.5 | 5.0 | 4.5 | 4.5 | 4.3 | 3.8 | 3.8 | 2.7 |
| External sector | | | | | | | | | |
| BWP/USD (period average) | 9.0 | 10.1 | 10.9 | 10.3 | 10.2 | 10.8 | 11.5 | 11.1 | 12.4 |
| Nominal effective exchange rate (percentage change ^a) | -4.6 | -1.5 | -3.0 | 3.4 | 0.9 | -1.8 | -4.2 | 0.1 | -3.6 |
| Real effective exchange rate (percentage change ^a) | -2.8 | -0.1 | -2.3 | 4.4 | 1.6 | -1.2 | -4.4 | 3.5 | 1.5 |
| Current account/GDP | 11.1 | 2.2 | 8.0 | 5.6 | 0.4 | -6.9 | -10.3 | -1.4 | 2.9 |
| Total reserves (includes gold) (USD billion) | 8.3 | 7.5 | 7.2 | 7.5 | 6.7 | 6.2 | 4.9 | 4.8 | 4.3 |
| In months of imports of goods and services | 10.3 | 10.3 | 10.2 | 11.4 | 8.7 | 8.4 | 7.9 | 9.0 | .. |
| Balance of payments (USD million) | | | | | | | | | |
| Current account | 1,713.3 | 301.2 | 1,202.5 | 899.6 | 66.9 | -1,154.9 | -1,548.3 | -263.5 | 597.5 |
| Balance on goods | 720.4 | -702.4 | 1,475.8 | 812.9 | 486.2 | -1,065.8 | -1,967.5 | -652.2 | 547.6 |
| Balance on services | -245.7 | -206.6 | -167.8 | -189.7 | -316.2 | -401.3 | -899.4 | -683.8 | -354.4 |
| Balance primary income | -471.6 | -453.9 | -1,290.5 | -1,366.6 | -1,584.1 | -876.1 | 13.9 | -180.8 | -583.6 |
| Balance secondary income | 1,710.3 | 1,664.2 | 1,185.0 | 1,643.0 | 1,481.1 | 1,188.2 | 1,304.6 | 1,253.4 | 988.0 |
| Financial account | 1,126.1 | 1,256.1 | 966.9 | 1,250.6 | -303.8 | 436.0 | 642.7 | 442.4 | -116.4 |
| Net errors and omissions | 108.6 | 545.4 | -536.5 | -62.4 | -782.8 | 473.2 | 440.0 | 446.9 | -351.4 |
| Overall balance | 695.8 | -409.6 | -300.9 | -413.4 | -412.1 | -1,117.7 | -1,751.0 | -259.0 | 362.6 |

.. Not available.

a The minus sign indicates depreciation.

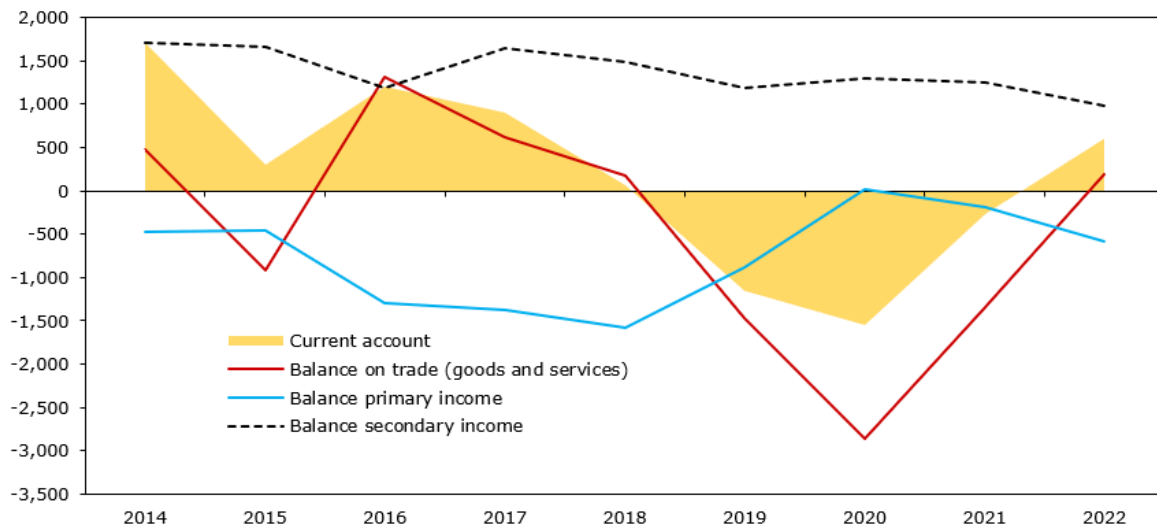
Source: BoB, *Botswana Economic and Financial Statistics, May 2023*. Viewed at: <https://www.bankofbotswana.bw/publications>; World Bank, Databank. Viewed at: <https://databank.worldbank.org/home>; and IMF data. Viewed at: <https://data.imf.org/>.

1.10. Botswana maintains its crawling-peg exchange rate regime, with the pula pegged to a basket of currencies comprising the South African rand and the IMF's SDR. Eighty percent of Botswana's foreign reserves (mainly unspent revenue from mineral resources) are kept in the Pula Fund, while the remaining 20% may be used as a short-term liquidity buffer. The Pula Fund is a sovereign wealth fund, 80% of which is deposited at the BoB and the other 20% with the Government and deposited in the Government Investment Account. The Government uses this Fund to finance the public budget including public procurement.

1.11. Over the review period, Botswana's current account had been in surplus until 2018 before turning into deficit. In 2022, higher diamond exports and the consequent trade surplus contributed to turn the current account deficit into a surplus (Table 1.3 and Chart 1.1).

Chart 1.1 Balance of payments – current account, 2014-22

(USD million)



Note: Provisional figures for 2022.

Source: BoB, *Botswana Economic and Financial Statistics*, February 2023. Viewed at: <https://www.bankofbotswana.bw/publications>.

1.12. The recent exogenous shocks (such as the pandemic, geopolitical conflicts, and climate change) further enhanced the awareness of the need for the diversification of the economy. In 2021, the Government introduced a "Reset and Reclaim Agenda" under its Vision 2036. The agenda aims at transforming Botswana into a high-income country by 2036 and creating jobs, by prioritizing public service reforms, promoting digitalization, and deepening value chain development (with initial sectoral focuses on minerals, tourism, food, and education). This is complemented by the E RTP, which contains a climate agenda aimed at reducing Botswana's dependence on carbon-intensive industries, enhancing energy-generation capacity, and strengthening climate resilience. The E RTP supports Botswana's efforts to pursue an outward-looking growth strategy that promotes exports and private-sector activity.¹³

1.13. Competition continues to be limited by, *inter alia*, the small size of the economy, the presence and dominance of SOEs in many sectors (Section 3.3.5.2), gaps in infrastructure, and difficulties in accessing finance and skilled labour.¹⁴ Moreover, Botswana has been restricting or prohibiting the importation of certain food and beverages with a view to encouraging local industrialization (Section 3.1.2). According to the IMF, this import substitution policy has "created shortages in the domestic market, increased prices, and reduced the welfare of domestic consumers".¹⁵

1.3 Trade performance and foreign direct investment

1.3.1 Merchandise trade

1.14. Trade plays a key role in the economy, and imports and exports of goods and services accounted for about 94% of GDP in 2022 (Table 1.1). Over the review period, Botswana's merchandise exports became more concentrated in diamonds, which accounted for 87.2% of total merchandise exports in 2022, up from 85.4% in 2014 (Chart 1.2 and Table A1.1). The share of live animals and their by-products fell slightly, while the shares of mineral products, and that of machinery and electrical equipment went up.

¹³ World Bank (2022), *Creating Markets in Botswana – A Diamond in the Rough: Toward A New Strategy for Diversification and Private Sector Growth*, June.

¹⁴ World Bank (2022), *Creating Markets in Botswana – A Diamond in the Rough: Toward A New Strategy for Diversification and Private Sector Growth*, June.

¹⁵ IMF Country Report No. 22/247, p. 15.

1.15. In 2022, the biggest merchandise export destination was the United Arab Emirates, with 27.2% of the total (up from 4.2% in 2014), followed by the EU-27 (18.9% in 2022), and India (15.2%). Botswana's exports to other SACU members, notably South Africa and Namibia, declined (Chart 1.3 and Table A1.2).

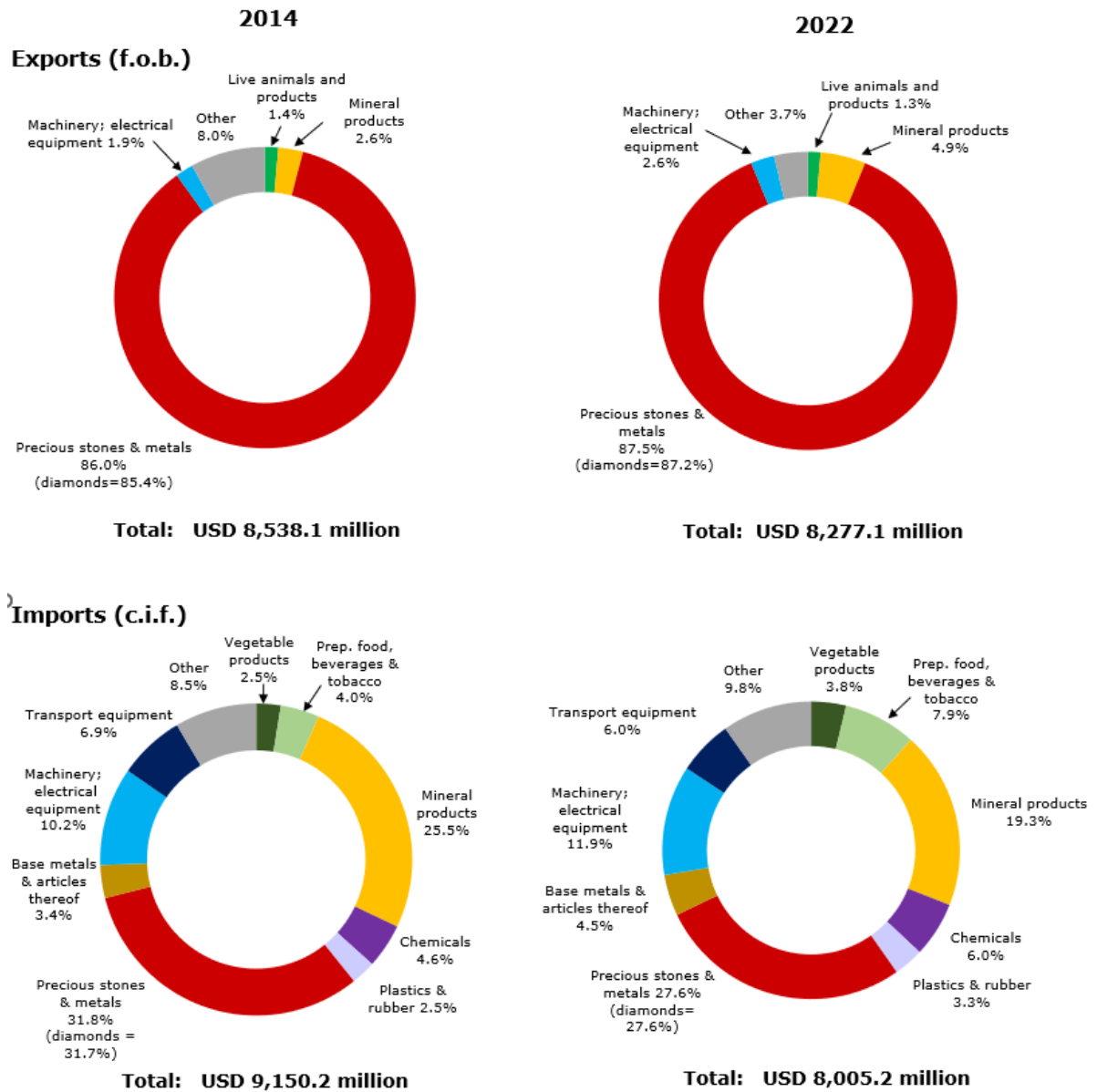
1.16. The change in export destinations reflects changes in diamond exports. In fact, over the years, the United Arab Emirates became the largest export destination for Botswana's diamonds, followed by Belgium and India (Chart 1.4). Hong Kong, China; Israel; Singapore; and South Africa remain important markets, although South Africa's share fell.

1.17. Botswana's import structure remained largely unchanged over the review period, and precious stones and metals (dominated by diamonds), mineral products, and machinery and electrical equipment were the largest three items (Chart 1.2 and Table A1.3). The share of precious stones and metals declined from 31.7% in 2014 to 27.6% in 2022, and that of mineral products declined from 25.5% to 19.3% during the same period, while the shares of the other main import items increased.

1.18. Botswana imports mainly from South Africa (62.8% of the total in 2022, down from 66.4% in 2014) (Chart 1.3 and Table A1.4). The share of imports from the EU-27 increased from 5% to 17% in 2021 but declined to 7.8% in 2022, while the shares of imports from India went up from 0.8% in 2014 to 4.4% in 2022, and the United Arab Emirates from 0.1% to 1.4%, respectively. Also, during the review period, Namibia's share fell from 11.5% to 7.2%, and Canada's share fell from 9.3% to 3.6%.

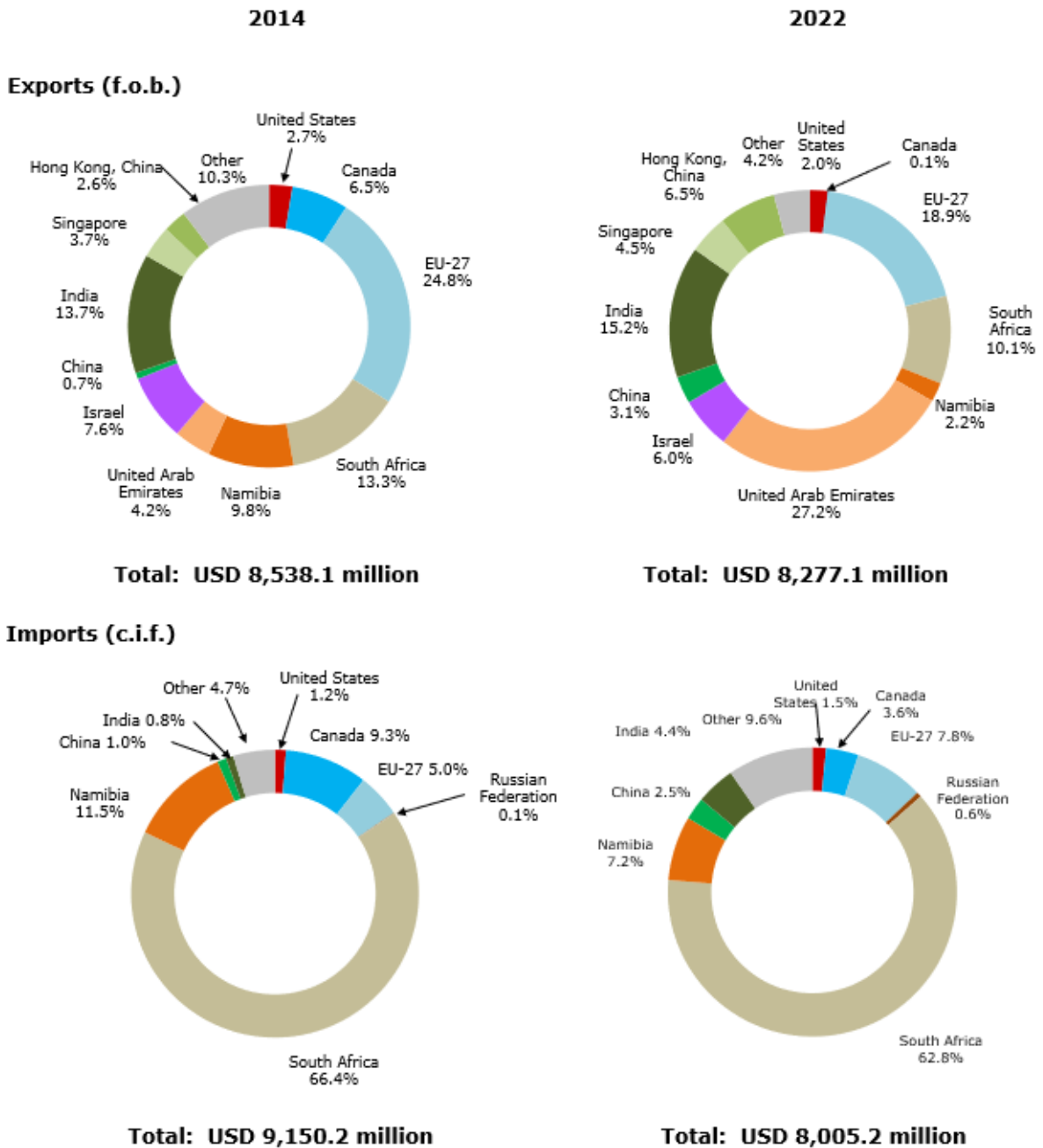
1.19. A large part of the changes in import structure is also linked with changes in diamond trade patterns. Over the review period, imports from Belgium and India went up, while those from South Africa, Namibia, and Canada shrank (Chart 1.4).

Chart 1.2 Product composition of merchandise trade by main HS section, 2014 and 2022



Source: WTO Secretariat calculations, based on UN Comtrade database.

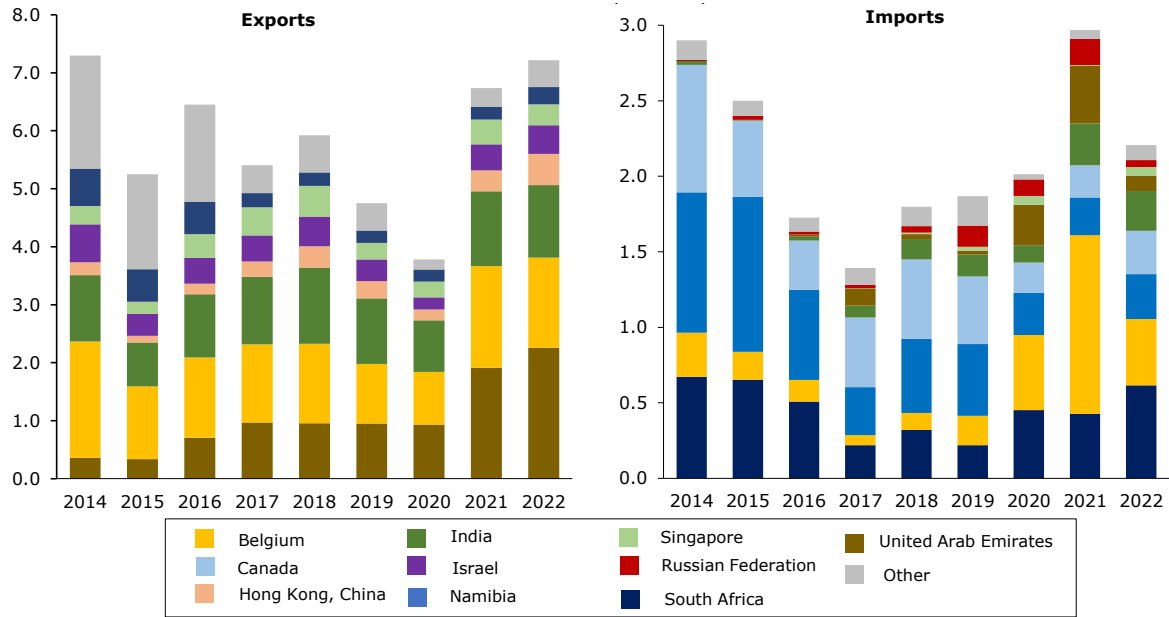
Chart 1.3 Direction of merchandise trade, 2014 and 2022



Source: WTO Secretariat calculations, based on UN Comtrade database.

Chart 1.4 Diamond trade, 2014-22

(USD billion)



Note: Diamond products refer to HS 7102.

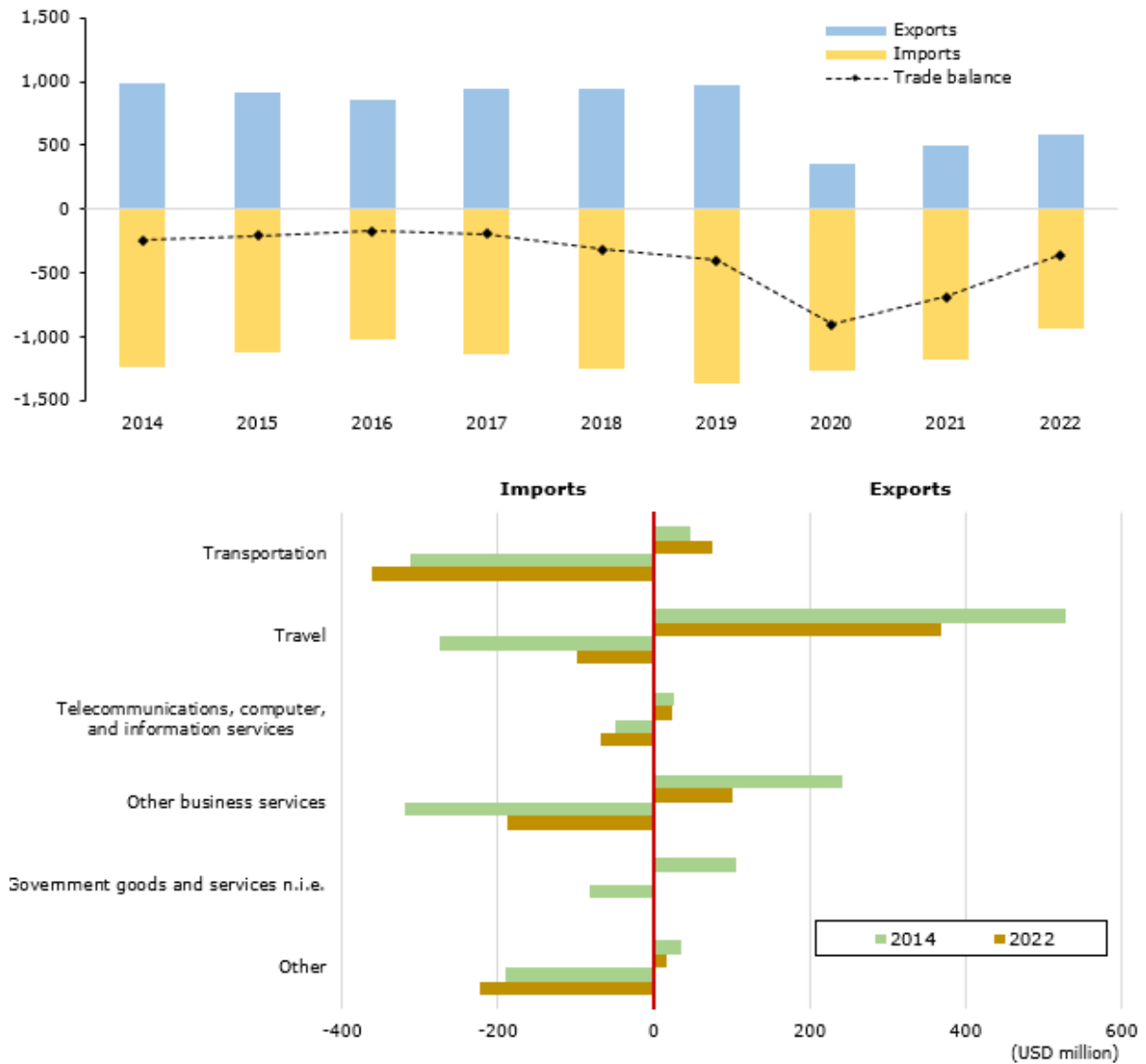
Source: WTO Secretariat calculations, based on UN Comtrade database.

1.3.2 Trade in services

1.20. Due to the COVID-19 pandemic and the related global travel restrictions, exports of services shrank by almost 50% in 2020, mainly on account of the fall in travel services exports (Chart 1.5). In 2022, they have not recovered to the pre-COVID-19 years. Imports of services were concentrated in transportation services; other business services; travel; and telecommunications, computer, and information services.

Chart 1.5 Trade in services, 2014-22

(USD million)



Note: Provisional figure for 2022.

Source: BoB, *Botswana Economic and Financial Statistics*, May 2023. Viewed at: <https://www.bankofbotswana.bw/publications>.

1.3.3 Foreign direct investment (FDI)

1.21. FDI inflows into Botswana shrank significantly in 2020 and started to recover in 2022, albeit at about half of the 2014 level (Table 1.4). FDI outflows registered negative figures in some years.

1.22. According to the World Bank, Botswana has not met expectations in attracting significant FDI in non-extractive industries. However, in recent years, FDI in the services industry (insurance and banking) has grown, with a particularly strong focus on business services.¹⁶ Botswana expects rapid recovery in FDI in sectors such as software and information technology (including artificial

¹⁶ World Bank (2022), *Creating Markets in Botswana – A Diamond in the Rough: Toward A New Strategy for Diversification and Private Sector Growth*, June.

intelligence, cybersecurity, gaming, and machine learning), life sciences (biotechnology, e-health, and medical technology), and renewable energy.¹⁷

Table 1.4 Foreign direct investment, 2014-22

(USD million)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| FDI inflow | 515.2 | 378.6 | 142.5 | 260.6 | 286.0 | 93.6 | 31.8 | -318.9 | 216.0 |
| FDI outflow | 111.4 | 183.2 | 169.7 | -0.9 | 82.1 | -19.8 | -68.3 | -32.9 | -42.2 |
| FDI stock in Botswana | 3,862.4 | 3,612.2 | 5,041.8 | 5,228.2 | 5,172.7 | 5,453.9 | 5,733.4 | 5,010.9 | 5,211.3 |
| FDI stock abroad | 854.6 | 892.8 | 949.0 | 1,187.7 | 915.7 | 1,012.4 | 1,114.6 | 1,164.4 | 1,005.6 |

Source: BoB, *Botswana Economic and Financial Statistics, May 2023*. Viewed at: <https://www.bankofbotswana.bw/publications>.

¹⁷ Botswana Investment and Trade Centre (BITC), *Annual Report 2020/21: Investment and Trade Reconceived*.

2 TRADE AND INVESTMENT REGIME

2.1 General framework

2.1. The 1966 Constitution of Botswana remains in force. A Presidential Commission of Enquiry was set up in December 2021 to undertake a comprehensive review of the Constitution, and it submitted its report with recommendations to the President in September 2022. As of April 2023, no further steps had been taken. The structure of government and the hierarchy of legal norms, as described in Botswana's previous Review, are unchanged.¹⁸

2.2. Regulatory Impact Assessments (RIA) were introduced in Botswana in November 2019 for a pilot phase of three years, focusing mainly on issues affecting businesses. However, due to the outbreak of COVID-19, full implementation was not realized, and a decision was made to continue implementation beyond the pilot period. Successful completion of current RIA projects will assist the Government in deciding whether to roll out RIA implementation to all other sectors of the administration.

2.3. Botswana has a dualist legal system that requires that international instruments be domesticated to be conferred binding force and effect. Thus, ratified international instruments do not confer actionable or binding rights or obligations until incorporated through domestication. Domestication is preceded by ratification, accession, acceptance, or approval of an international instrument. Thereafter, a Cabinet Directive authorizes the drafting of the domestication legislation. The Attorney General's Chambers drafts a Bill incorporating the international instrument's provisions, which is then submitted to Cabinet. If approved, a copy is presented in the Government Gazette 30 days before it can be presented to the National Assembly. The Bill then passes through the various stages (first reading, second reading, committee stage, and Presidential Assent) before it is finally enacted into an Act.

2.2 Trade policy formulation and objectives

2.4. Following rationalization of government ministries in 2022, the Ministry of Trade and Industry (MTI) (formerly the Ministry of Investment, Trade and Industry) leads the formulation of trade, industry, and investment policies and strategies, as well as coordination of their implementation. Among its functions, the MTI oversees internal and international trade relations, promotes export development, oversees the facilitation of investments, and develops initiatives to attract foreign direct investment (FDI), as well as promoting industrial development.¹⁹ The MTI's core functions are carried out through its specific departments (Table 2.1) and by the parastatals falling under its responsibility (Section 3.3.5.2).

Table 2.1 Main government institutions involved in trade policy formulation and implementation

| Institutions | Trade-related function |
|---|--|
| Policy development | |
| Ministry of Trade and Industry | |
| Department of Trade Development | Develops, implements, and monitors trade policy. Is responsible for the negotiation and implementation of multilateral, regional, and bilateral trade agreements. Is responsible for imports control and determining tariff exemptions. |
| Economic Diversification Drive Unit | Coordinates efforts to diversify the economy, including through: local government procurement policies; the use of preference margins; strategies to promote local production and consumption; export development and promotion; investment and finance initiatives; quality control, standards and production; and, technology development, innovation and transfer policies. |
| Department of Business Services | Assesses and implements the regulatory framework for investment, trade, and industrialization. |
| Department of Research and Policy Development | Carries out research, studies, business intelligence analyses. Disseminates results and statistics to inform policy and strategy formulation, as well as guide decision-making. |

¹⁸ WTO document WT/TPR/S/324/Rev.1, 5 February 2016.

¹⁹ MTI. Viewed at: <https://www.gov.bw/ministries/ministry-investment-trade-and-industry>.

| Institutions | Trade-related function |
|--|--|
| Policy implementation | |
| Ministries (e.g. MTI; Ministry of Agriculture; Ministry of Finance; and Ministry of Entrepreneurship) | Implement trade policies and trade agreements. |
| Parastatals (e.g. Botswana Investment and Trade Centre (BITC) and Botswana Unified Revenue Service (BURS)) | BITC – Implements trade policies by facilitating specific policy objectives such as export promotion and FDI facilitation. BURS – Focuses on facilitation of trade, border control, and tax collection. |

Source: MTI. Viewed at: <https://www.gov.bw/ministries/ministry-investment-trade-and-industry>.

2.5. The National Committee on Trade Policy and Negotiations (NCTPN) was rationalized in 2017 and merged into the Economic Diversification and Trade Council (EDTC).²⁰ As indicated by the authorities, the EDTC has not met regularly but has active technical committees on market access, trade facilitation, and trade in services. These technical committees provide fora for consultations on trade policy and trade negotiations between the Government and various stakeholders, including the private sector. There is no legal requirement for the Government to involve stakeholders in the formulation of trade policy.

2.6. Another avenue for stakeholder participation in economic development matters more generally is the High-Level Consultative Council (HLCC), chaired by the Head of State. The HLCC comprises government, private sector, and civil society representatives. It has a trade subcommittee, chaired by the Minister of the MTI, which is mandated to handle trade and trade-related issues. The HLCC meets twice per year, while the sectoral committees meet four times per year.

2.7. The Parliamentary Committee on Foreign Affairs, Trade and Security is the bridge between the MTI and parliament on the country's trade policies.

2.8. Botswana's overall trade policy objectives are articulated in the MTI's 2019 National Trade Policy (NTP) for Botswana. This policy replaces the 2010 Botswana Trade Policy and responds to developments in the global economy necessitating a policy shift to focus on strengthening key institutions; producing goods and services mainly targeted for global markets; and ensuring that producers are competitive at that level.²¹ The objective is to mainstream the NTP into other relevant national policies and strategies. Specific trade policy objectives are to (i) develop strategies that will make trade the main engine of growth of Botswana; (ii) diversify the export sector into non-traditional exports; (iii) develop a dynamic and competitive private sector that will be able to exploit emerging trade opportunities; (iv) increase and improve market access and international competitiveness for Botswana's goods and services; (v) advocate for and support carefully planned liberalization, restructuring, and simplification of both tariffs and non-tariff barriers; (vi) improve trade facilitation processes and procedures between Botswana and its trading partners; (vii) ensure sustainable utilization of natural resources in trade activities; (viii) mainstream all relevant citizen economic empowerment strategies and initiatives into trade policy activities; (ix) ensure that trade activities contribute towards sustainable job creation and poverty eradication; (x) ensure that Botswana trade rules and practices support regional integration and are WTO compatible; (xi) integrate Botswana into the world trading economy; and (xii) mainstream cross-cutting issues into Botswana's trade policy initiatives. The Policy also includes several guiding principles and strategic policy focus areas, sets out government measures to facilitate trade development, recognizes the importance of informal cross-border trade (IBCT) in contributing to economic activity, and indicates the Government's intention to encourage SMEs and women in trade, as well as promotes the formalization of IBCT. As indicated in the NTP, Botswana is developing a Trade in Services Strategy.²²

2.9. Botswana's National Export Strategy (NES) (2019-2024) is also being implemented and aims to assist Botswana firms to develop export competencies, access financial resources and market information, and achieve the competitiveness needed to access global markets. In implementing the

²⁰ According to the authorities, the NCTPN used to provide for consultations on trade policy and trade negotiations between the Government and various stakeholders, including the private sector. It was meant to operate at senior official level; however, participation was mainly from the junior level and apparently there was too much duplication of work with other bodies.

²¹ MTI, *National Trade Policy 2019: Industrialization, Diversification and Export Development for Global Competitiveness*. Not available online.

²² This document is not available online.

NES, the BITC facilitates existing and potential businesses to export, including through implementation of the Export Development Programme (Section 3.2.4).

2.10. Several other cross-sectoral national plans, strategies, and policies include trade as a relevant component (Table 2.2).

Table 2.2 National plans and strategies impacting trade policy

| National plans | Brief description |
|---|--|
| Vision 2036 | Overarching economic prosperity plan in which trade plays an important role for sustainable economic development, diversification, inequality reduction, and poverty eradication. |
| National Development Plan (NDP 11) | Broad economic development framework, covering the period 2017 to 2023. |
| Industrial Development Policy (2014) | Policy to expand the industrial base. |
| Aid for Trade Strategy (2016) | Strategy for trade-induced economic growth by enhancing competitiveness and diversifying exports. |
| National Entrepreneurship Policy (2019) | Policy for supporting an entrepreneurship culture focused on small, medium and micro enterprises (SMMEs) and export-oriented companies. |
| AGOA National Response Strategy (2015-2025), as revised in 2021 | Strategy to benefit from the export opportunities provided by the United States' African Growth and Opportunity Act (AGOA) initiative. It identifies the following key priority sectors: textiles and apparel; meat and meat products; handicrafts; jewellery and semi-precious stones; horticulture and agro-processing; and natural (indigenous) products. |
| Citizen Economic Empowerment Policy (2012) | Policy to benefit from the trade opportunities availed by the evolving trade environment and relations. |
| National E-Commerce Strategy (2021) | Aims to boost economic growth and raise Botswana's competitiveness. |

Source: Information provided by the authorities.

2.11. Some strategies aimed at responding to the economic and social consequences of the COVID-19 pandemic (e.g. the Economic Stabilization Package, the Economic Recovery and Transformation Plan, and the Reset and Reclaim Agenda (Section 1.2)) also have some trade implications, including with respect to facilitating imports of essential goods and medical products.

2.12. Over the review period, the following new or revised trade-related laws entered into force: the Customs Act (2018); the Excise Act (2018); the Competition Act (2018); the Industrial Development Act (2019); the Trade Act (2019); and the Public Procurement Act (2021).

2.3 Trade agreements and arrangements

2.3.1 WTO

2.13. Botswana joined the WTO on 31 May 1995. It accepted the 2005 Protocol Amending the TRIPS Agreement in June 2014, and the 2014 Protocol concerning the Agreement on Trade Facilitation (TFA) in June 2015. Under the TFA, Botswana notified all Category A, B, and C designations, as well as the indicative dates and definitive dates in Categories B and C.²³ As of June 2023, only notifications on the provision and progress of technical assistance were due.²⁴ Botswana is not party to any of the WTO's plurilateral agreements. It has not joined the Buenos Aires Ministerial Conference Joint Statement Initiatives on e-commerce, investment facilitation for development, and services domestic regulation. While Botswana did not support the Buenos Aires Declaration on Women and Trade, it participates in the Informal Working Group on Trade and Gender. It is not a participant in the informal working group on MSMEs.

²³ WTO TFA: Category B: Provisions that the Member will implement after a transitional period following the entry into force of the Agreement. Category C: Provisions that the Member will implement on a date after a transitional period following the entry into force of the Agreement and requiring the acquisition of assistance and support for capacity-building. This support will be made available through a range of partners, working in cooperation with the WTO.

²⁴ WTO TFA database, *Botswana*. Viewed at: <https://www.tfadatabase.org/en/members/botswana>.

2.14. Botswana has never participated in any trade dispute before the WTO's dispute settlement mechanism. It submits tariff and trade data annually to the WTO Integrated Database (IDB) and continues to make regular notifications to the WTO (Table 2.3). However, some notifications were outstanding as of 30 June 2023:

- Agriculture: use of special safeguard, export subsidies, and domestic support.
- Market Access: import licensing procedures, and quantitative restrictions; and customs valuation (checklist of issues)
- Rules: subsidies and countervailing measures (new and full notification under Article 25.1, and countervailing measures legislation), and state trading enterprises.

Table 2.3 Notifications to the WTO, 1 January 2014–31 July 2023

| WTO agreement | Description of requirement | Periodicity | Most recent notification |
|---|---|-------------------|---|
| Agreement on Agriculture | | | |
| Articles 5.7 and 18.2 (MA:5) | Annual use of the special safeguard provisions | Annual since 1996 | G/AG/N/BWA/33, 20/06/2018 |
| Article 18.2 (DS:1) | Domestic support | Annual since 1996 | G/AG/N/BWA/37, 13/10/2022 |
| Articles 10 and 18.2 (ES:1) | Export subsidies (volumes and outlays) | <i>Ad hoc</i> | G/AG/N/BWA/32, 20/06/2018 |
| Agreement on Rules of Origin | | | |
| Article 5 | New rules of origin | <i>Ad hoc</i> | G/RO/N/227, 12/07/2021 |
| Paragraph 4 of Annex II | Preferential rules of origin | | G/RO/N/158, 21/07/2017 |
| Agreement on Subsidies and Countervailing Measures | | | |
| Article 25 | Countervailing actions taken | Every 2 years | G/SCM/N/284/BWA; G/SCM/N/315/BWA, 26/03/2018 |
| Agreement on Technical Barriers to Trade | | | |
| Article 10.6 | Information about technical regulations, standards, and conformity assessment | Once | 126 notifications (G/TBT/N/BWA/38, 19/04/2016 to G/TBT/N/BWA/164, 19/01/2023) |
| Agreement on Customs Valuation | | | |
| Article 22 | Change of laws and regulations | <i>Ad hoc</i> | G/VAL/N/1/BWA/1, 28/11/2022 |
| Agreement on Import Licensing Procedures | | | |
| Article 7.3 | Import licensing procedures | Annually | G/LIC/N/3/BWA/1, 06/07/2021 |
| Articles 1.4(a) and/or 8.2(b) | Changes in administrative procedures | <i>Ad hoc</i> | G/LIC/N/1/BWA/1, 26/02/2018 |

Source: Compiled by the WTO Secretariat, based on notifications database.

2.3.2 Regional and preferential agreements

2.15. Botswana has signed some RTAs through SACU and SADC (Main Report, Section 2). In addition, it has trade agreements with Zimbabwe (signed in 1956 and amended in 1988 and 2010) and Malawi (also signed in 1956). However, bilateral trade with these two partners is mainly undertaken under the provisions of the SADC Protocol on Trade, except in cases where the rules of origin under the agreement between Botswana and Malawi are easier to comply with.

2.16. In February 2023, Botswana ratified the African Continental Free Trade Area (AfCFTA). Botswana's offer was done through SACU (Main Report, Section 2.4.2).

2.3.3 Other agreements and arrangements

2.17. Products originating from Botswana are eligible for non-reciprocal preferences, including lower tariffs or preferential tariff quotas under, *inter alia*, the United States' African Growth and Opportunity Act (AGOA), and the Generalized System of Preferences (GSP schemes) of Armenia, Australia, Japan, Kazakhstan, Kyrgyz Republic (including in the duty-free treatment scheme for LDCs), New Zealand, Norway, the Russian Federation, and the United States (Main Report, Section 2.5).

2.4 Investment regime

2.18. Botswana does not have a specific law on FDI; a draft investment facilitation law was completed in 2016 but has not been enacted.²⁵ At the time of Botswana's previous Review, it was noted that the many laws and regulations that regulate FDI, together with the administrative and bureaucratic bottlenecks that exist to obtain licences and permits, considerably compromise Botswana's competitiveness to attract FDI.²⁶ In an effort to address some of these issues, a new Trade Act was enacted 2019, replacing legislation previously in force. Changes were introduced to expedite the licensing process for businesses in areas where there are no health and safety issues.

2.19. Botswana applies restrictions on FDI under the Industrial Development Act, the Trade Act, the Liquor Act, and the Mines and Minerals Act mainly to support the development of local small-scale businesses and mining (Table 2.4).

Table 2.4 De jure FDI restrictions, 2023

| Activity | Legislative basis |
|---|---|
| The Industrial Development Act covers licensing and registration requirements for manufacturing enterprises. It gives the Minister the authority to reserve industrial licences for citizens of Botswana or companies wholly owned by citizens of Botswana (Article 5 and Article 16(2)(a)). This notwithstanding, joint ventures between citizens and non-citizens may be approved by the Minister responsible for medium and large enterprises. In such cases, the citizen partner must hold a 51% share in the joint venture. Under the Industrial Development Regulations (Article 11), the following items are restricted to citizens of Botswana or companies wholly owned by citizens of Botswana: bricks; burglar bars, gates and windows; candles; fencing materials excluding gum poles; floor polish; packaging; protective clothing; roof trusses; school furniture; school uniforms; screen printing and embroidery; signage, including electronic signage; traditional crafts; and traditional leather products. | Industrial Development Act, 2019 Industrial Development (Amendment) Regulations, 2020. |
| The Trade Act covers certification, licensing, and registration requirements for businesses operating in Botswana. It gives the Minister the authority to declare a trade or business to be reserved for citizens of Botswana or companies wholly owned by citizens of Botswana. This notwithstanding, joint ventures between citizens and non-citizens may be approved by the Minister responsible for medium and large enterprises (Article 17). Under the Trade Regulations, businesses that are restricted to citizens of Botswana or companies wholly owned by citizens of Botswana are agents ^a ; auctioneers; car washing businesses; cell phone shops; cleaning services; curio shops; dry clean depots; florists; general dealers ^b ; general hire services ^c ; imported pre-owned motor dealer businesses; Internet café or copy shop businesses; and laundromat businesses. | Trade Act No. 25, 2019; and Trade Regulations, 2020 |
| Establishments selling liquor, other than bars linked to hotels, may only be owned by citizens of Botswana or companies wholly owned by citizens of Botswana. | Liquor Act, 2003 |
| Small-scale mining is restricted to citizens of Botswana or companies wholly owned by citizens of Botswana. | Mines and Minerals Act, 1999 |

- a An "agent" is defined as a business that supplies goods for sale but does not keep any stock.
b A "general dealer" is defined as a business selling a wide range of groceries and general merchandise, including unscheduled medicines or drugs.
c "General hire services" are defined as a business that lets out small machinery, tools, and equipment, together with domestic and office implements.

Source: Information provided by the authorities.

2.20. There have been no changes to restrictions on the ownership and transfer of land over the review period. These are described in detail in Botswana's previous Review. In brief, freehold land, excluding for agriculture, is the only type of land that can be purchased by or transferred to foreign nationals. Freehold land accounts for around 3% of Botswana's total land area. State-owned land

²⁵ U.S. Department of State, *2021 Investment Climate Statements: Botswana*. Viewed at: <https://www.state.gov/reports/2021-investment-climate-statements/botswana/>.

²⁶ WTO document WT/TPR/S/324/Rev.1, 5 February 2016, Section 2.4.

and tribal land can be leased.²⁷ Under the 2019 Transfer Duty (Amendment) Act, the transfer duty on immovable property acquired by foreigners was reduced.

2.21. The BITC combines the role of investment and trade promotion authority and by managing "Brand Botswana".²⁸ Through the BITC's Botswana One Stop Service Centre (BOSSC), accredited investors are assisted with company registration; licence applications; visa and work permit applications; energy, telecommunications, and water supply contracts; registration for income tax and VAT; access to industrial and commercial properties; allocation of factory space; compliance with Environmental Impact Assessments (EIA); general advice on the business climate, regulatory regime, and investment opportunities; and opening a bank account online. Investors can also register their companies directly with the Companies and Intellectual Property Authority (CIPA) through the Online Business Registration System (OBRS).²⁹ The business registration process is expected to be done within 10 days.³⁰ In the context of the Government's SOE Rationalization Strategy II (Section 3.3.5.2), there are plans to merge the BITC with the Special Economic Zones Authority and the Botswana Tourism Organization, as well as to transfer the functions of SPEDU (Section 3.2.4), which include investment promotion, to BITC. Investment incentives are largely granted by the Special Economic Zones Authority (SEZA) or the Ministry of Finance (Sections 3.2.4 and 3.3.1).

2.22. Tax incentives to promote investment are available to International Financial Services Centre (IFSC) certified companies, companies accredited to an Innovation Hub, manufacturing companies, investments under a "Development Approval Order", companies investing in the SPEDU region³¹, and companies operating within Special Economic Zones (Section 3.3.1). There are no foreign exchange controls or restrictions on capital outflows.

2.23. The Government continues to implement its 2010 Investment Strategy, which aims to enable a conducive environment for both domestic and foreign companies. The Strategy is being reviewed with the aim of increasing Botswana's attractiveness for investment.³²

2.24. Botswana is a member of the Multilateral Investment Guarantee Agency and of the International Centre for the Settlement of Investment Disputes. It has bilateral investment treaties (BITs) in force with Germany and Switzerland and double taxation agreements (DTAs) in force with France, Mauritius, Namibia, the Russian Federation, South Africa, Sweden, the United Kingdom, and Zimbabwe. Several other BITs and DTAs have been signed but have not yet entered into force.

²⁷ WTO document WT/TPR/S/324/Rev.1, 5 February 2016, Section 2.4.

²⁸ BITC. Viewed at: <https://www.bitc.co.bw/>.

²⁹ CIPA, *Starting a Business in Botswana*. Viewed at: <https://www.cipa.co.bw/types-of-entities>.

³⁰ U.S. Department of State, *2022 Investment Climate Statements: Botswana*. Viewed at: <https://www.state.gov/reports/2022-investment-climate-statements/botswana/>

³¹ The SPEDU region comprises the Selebi-Phikwe East, Selebi-Phikwe West, Bobonong, Mmadinare, and Lerala-Maunatlala areas.

³² *Botswana Daily News* (2023), "Ministry Seeks to Make Botswana More Attractive", 21 March. Viewed at: <https://dailynews.gov.bw/news-detail/72142>.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures directly affecting imports

3.1.1 Customs procedures and requirements

3.1. Customs procedures in Botswana are regulated by the Customs Act (Act No. 33 of 2018) and the Excise Duty Act (Act No. 34 of 2018), which have replaced the Customs and Excise Duty Act. The two acts are supported by the customs and excise regulations that are undergoing revision to align with the WTO Agreement on Trade Facilitation (TFA). The authorities state that the revisions aim to simplify and streamline customs procedures; implement risk management in customs controls; enable electronic processing of declarations, registrations, and licences; and allow for electronic payments of customs fees. They also envisage the exchange of information among relevant institutions as a step towards setting up a national single window.

3.2. Importers need to register as a business or a company under the Companies Act, and obtain a trading licence under the Trade Act. All importers must register with the Customs and Excise Division of the Botswana Unified Revenue Service (BURS).

3.3. Botswana ratified the TFA on 18 June 2015. The current rate of implementation commitments stands at 87.8%, with a time-frame spanning from February 2017 to December 2027.³³ In 2019, Botswana notified to the WTO that in line with the TFA, the use of customs brokers is not mandatory. Customs clients decide if they wish to engage the services of a clearing agent, who must be licensed by BURS. The Customs Act provides for the registration, licensing, and regulation of customs brokers by BURS. One requirement for a Customs broker to be licensed is that at least one of the directors of the company must be a qualified clearing clerk, with a minimum of two years of work in Customs or related experience.³⁴

3.4. From 2017, Botswana changed its customs management system from ASYCUDA to a customized web application developed by Crimsonlogic Pte Ltd. When goods are imported into or exported from Botswana, they must be declared to Customs with a relevant customs form and supporting documents (e.g. import licence, invoice, and certificates of origin).³⁵ The form and the documents are processed electronically. The authorities indicate that, in 2022, 89.3% of imported goods went through the green lane (i.e. no documentary review or physical inspection), while 9.1% went through the yellow lane (documentary review) and 1.6% through the red lane (both documentary review and physical inspection).

3.5. Botswana does not require pre-shipment inspection (PSI). In 2021, Botswana notified to the WTO that it has no laws or regulations relating to PSI.³⁶

3.6. In November 2022, Botswana notified to the WTO its customs valuation legislation – the Customs Act.³⁷ In accordance with this Act, the primary base for customs value is the transaction value. When Customs does not accept the declared transaction value, the customs value is going to be, in sequence, the transaction value of identical goods, transaction value of similar goods, deductive method, computed value, and the fall-back method (i.e. any method consistent with the provisions of the WTO Agreement on Customs Valuation and of Article VII of the GATT 1994).

3.7. Botswana notified to the WTO that its non-preferential rules of origin are provided for under the Customs Act (sections 309-311).³⁸ Goods are considered as originating in a country or territory if they have been wholly obtained or produced in that country or territory, or if at least 25% of the production cost is accounted for by materials originating and work performed in that territory, the last process in the production or manufacturing has taken place in that territory, or any other process as prescribed by the MTI.

³³ WTO TFA database. Viewed at: <https://www.tfadatabase.org/en/members/botswana>.

³⁴ WTO document G/TFA/N/BWA/2, 22 October 2019.

³⁵ BURS, *Overview*. Viewed at: <https://www.burs.org.bw/index.php/customsexcisemain/customs-clearance/overview>.

³⁶ WTO document G/PSI/N/1/Rev.5/Add.1, 14 October 2021.

³⁷ WTO document G/VAL/N/1/BWA/1, 28 November 2022.

³⁸ WTO document G/RO/N/227, 12 July 2021.

3.8. Preferential rules of origin are applied by all SACU members under the Southern Africa Development Community (SADC) protocol on trade; the EPAs with the European Union and with the United Kingdom; and the RTAs with EFTA and with Mercosur (Main Report, Section 2.4). They are also applied under Botswana's bilateral trade agreements with Malawi and Zimbabwe. Under the Botswana-Malawi Trade Agreement, preferential treatment is granted to goods wholly obtained and manufactured in either country, with the exception of spirits (Article 7(6) of the 1956 Agreement).³⁹ In terms of the Botswana-Zimbabwe Trade Agreement, the rules of origin require a minimum 25% local content.⁴⁰

3.9. Tariffs, excise duties, and most rebates and drawbacks are harmonized within SACU (Main Report, Section 3.3).

3.10. Customs collects value added tax (VAT) and various levies at the border.

3.11. VAT is applied both on domestic and imported goods and services, including from other SACU members. The standard VAT rate was increased from 12% to 14% on 1 April 2021, but lowered to 12% again on 3 August 2022 (until 31 March 2023) with a view to reducing the impact of inflation on the economy. From 1 April 2023, the standard VAT rate returned to 14%.

3.12. According to the VAT Act, zero-rate VAT applies to following goods and services: exports of goods; sorghum or maize meal, millet grain and meal, wheat grain, maize cobs, flour, sugar, and Setswana beans; fuel (petrol, diesel oil, and illuminating paraffin); fertilizers, pesticides, and farming tractors; and international transport services. Domestic passenger transport services; financial, educational, and medical services; long-term residential letting; and the supply of prescription drugs are among the services that are exempt from VAT.⁴¹

3.13. Botswana collects the following levies on imported and domestically produced goods:

- Alcohol levy: 35% of the cost of intoxicating beverages, with a view to discouraging alcohol abuse;
- Tobacco levy: 30% of the cost of production or imports of tobacco and tobacco products;
- Fuel levy: imports of petrol and diesel are subject to a fuel levy of BWP 0.12 per litre for petrol and BWP 0.07 per litre for diesel. The levy is collected at point of entry and is used to finance the National Petroleum Fund (NPF) to stabilize the price of petroleum products in the domestic market;
- Plastic levy: BWP 0.10 per plastic shopping bag, to encourage consumers to use biodegradable bags instead;
- Levy on sugar-sweetened beverages: BWP 0.20 per gramme of sugar, on beverages with a sugar content in excess of 4 grammes per 100 ml, with a view to discouraging the consumption of sugar-sweetened beverages for health reasons;
- Levy on technical devices: 1% or 2% of the value of electronic devices that can store or manipulate music (Section 3.3.8.3.1);
- Wheat flour levy: 9% of the import value of wheat flour exceeding 12.5 kg.⁴² The levy, which was only collected on imports, was discontinued from 5 November 2021 in accordance with Statutory Order No. 92 of 2021.

³⁹ Malawi Investment and Trade Centre, *Trade Information Portal, Bilateral Trade Agreements between Malawi and Botswana*. Viewed at: <https://mitc.mw/trade/index.php/malawi-and-botswana.html>.

⁴⁰ BURS, *Botswana-Zimbabwe Trade Agreement*. Viewed at: <https://www.burs.org.bw/index.php/customsexcisemain/international-trade-agreements/botswana-zimbabwe-trade-agreement#:~:text=In%20terms%20of%20the%20Botswana,due%20and%20payable%20where%20applicab le.>

⁴¹ Second Schedule Exempt Supplies, Chapter 50:03 (Value Added Tax).

⁴² WTO document G/LIC/N/3/BWA/1, 6 July 2021.

3.14. Botswana is planning to introduce tax stamps on imported and locally produced alcoholic beverages and tobacco; according to the authorities, this is to improve traceability of the affected goods and reduce smuggling. The authorities state that the project is at the design stage.

3.1.2 Import prohibitions, restrictions, and licensing

3.15. In accordance with Article 35(1) of the Customs Act, goods are prohibited from importation into or exportation from Botswana if they are against, *inter alia*, public order, security, morality, or health; the protection of national treasures, intellectual property, or consumers; or combating money laundering or financing of an act of terrorism. Thus, the following products are prohibited from importation: narcotics, habit-forming drugs, and related substances in any form; military firearms, ammunition, and explosives; indecent and obscene materials such as pornographic books, magazines, films, videos, DVDs, and software; and semi-precious stones.⁴³

3.16. In addition, cigarettes with a mass of more than 2 kg per 1,000 cigarettes are prohibited from importation.⁴⁴ The First Schedule of the Plant Protection Regulations lists all plants that are prohibited from importation.

3.17. In 2018, Botswana notified to the WTO the legislation related to import licensing procedures⁴⁵, and in 2021 it notified its replies to a questionnaire on import licensing procedures (Table 3.1).⁴⁶

Table 3.1 Goods subject to import control measures, 2023

| Legislation | Description | Permit issuance agency | Purpose of control |
|--|--|--|---|
| Control of Goods, Prices and Other Charges Act | Cereal, pulses, horticulture | Department of Agribusiness Promotion, Ministry of Agriculture | Monitoring of imports – permits issued automatically and immediately on request |
| Diseases of Animals Act | Fish and fish products | Department of Animal Products, Department of Veterinary Services | Prevent the introduction, establishment, and spread of diseases |
| Plant Protection Act | Plants and plant products | Division of Plant Protection | Prevent the introduction, spread, and establishment of plant pests |
| Medicines and Related Substances Act | Medicines, medical devices, and cosmetics | Botswana Medicines Regulatory Authority | Promote and protect human and animal health |
| Precious and Semi-Precious Stones (Protection) Act | Rough diamonds | Diamond Hub | Kimberley Process Certification Scheme |
| Importation of Bees Act | Bees | Department of Animal Production | Prevent the introduction of the disease among bees known as "foul brood" |
| Fish Protection Act | Fishing boats | Department of Wildlife Conservation and National Parks | Control boats employed in fishing |
| Arms and Ammunition Act | Arms and ammunitions | Botswana Police Service | Public order and security |
| Wildlife Conservation and National Parks Act | Animal trophies and meat, and articles from them | Department of Wildlife Conservation and National Parks | Protect wildlife |

Source: WTO documents G/LIC/N/1/BWA/1, 26 February 2018; and G/LIC/N/3/BWA/1, 6 July 2021; and information provided by the authorities.

3.18. Validity of import permits varies, from not exceeding 30 days to 1, 2, 3, or 6 months. Unused permits are generally not transferrable, and there is no penalty for non-use of a permit.⁴⁷

⁴³ These include agate, amethyst, Botswana pink agate, jade, rose quartz, carnelian, chalcedony, crystal quartz, tourmaline, jasper, tanzanite, garnet, moss agate, tiger's eye, sodalite, aquamarine, azurite, and malachite. *Botswana Customs: Import Regulations by Customs*. Viewed at: <https://botswana.visahq.com/customs/#!import-regulations>.

⁴⁴ WTO document G/LIC/N/1/BWA/1, 26 February 2018.

⁴⁵ WTO document G/LIC/N/1/BWA/1, 26 February 2018.

⁴⁶ WTO document G/LIC/N/3/BWA/1, 6 July 2021.

⁴⁷ WTO document G/LIC/N/3/BWA/1, 6 July 2021.

3.19. The Government imposes import restrictions, through statutory instruments, for selected food and agricultural products, as well as some other products, to support local producers⁴⁸:

- Sugar: under S.I.s No. 14 of 2006 and No. 86 of 2008, the importation of pre-packed refined sugar requires an import permit from the Department of Trade Development (DTD)⁴⁹, unless the sugar is in minimum packages of 50 kg, with a view to encouraging domestic packaging. This does not apply to speciality sugar, and quantities not more than 12.5 kg of sugar imported for household consumption.
- Salt: under S.I. No. 10 of 2015, the importation of salt in quantities smaller than 100 kg requires an import permit from the DTD⁵⁰, with a view to encouraging domestic packaging. This does not apply to quantities of not more than 1 kg of table or coarse salt imported for household consumption, and to speciality salt.
- Bottled water: under S.I. No. 44 of 2018, the importation of bottled natural or mineral water of less than 10 litres requires an import permit from the DTD, with a view to encouraging domestic packaging.
- Baked goods: under S.I. No. 102 of 2020, the importation of baked goods is restricted with a view to promoting the development of the local baked goods sector. In the event of domestic shortage, an import permit may be issued (on request) by the DTD.
- Maize extruded snacks: under S.I. No. 55 of 2021, the importation of maize extruded snacks is restricted. If an applicant has bought at least 40% of maize extruded snacks from local suppliers, and wishes to import the remaining percentage, an import permit from the DTD may be issued; importers need to present receipt of local purchase.
- School uniforms: under S.I. No. 76 of 2021, the importation of school uniforms is restricted; the authorities indicate that this is to promote local industries.
- Wheat flour: under S.I. No. 92 of 2021, the importation of wheat flour is restricted, and import permits from the DTD are required. According to the authorities, this is to encourage economic diversification, and promote development of local millers.

3.20. Import permits for certain agricultural products are conditional on local purchases, according to the Control of Goods (Import Control) Regulations. Imports are authorized if the applicant submits proof (invoices for local purchase) that a specific amount has already been purchased in Botswana. Importers need to submit the proof to the Ministry of Agriculture to apply for an import permit (Section 4.1.2.1).⁵¹

3.21. The Government started to restrict the importation of 16 vegetable products from 1 January 2022, with a view to protecting and encouraging domestic production and food self-sufficiency (Section 4.1.2.1).⁵²

3.22. The First Schedule of the Control of Goods (Import Control) Regulations lists the following agricultural products as being restricted from importation: animal feed for poultry and livestock, banana, beetroot, butternut, cabbage, carrot, fresh milk, green pepper, maize, maize products, mango, onion, orange, potato, pulse, pumpkin, sorghum, sorghum products, sweet potato, tomato, watermelon, and wheat (Section 4.1.2.1). The Second Schedule lists the same products (apart from animal feed for poultry and livestock), with a specified weight per person. No permit is required for imports of these products if the weight does not go beyond the specified weight.

⁴⁸ Ministry of Finance and Economic Development (2021), *The 2021/2022 Budget-in-Brief*.

⁴⁹ WTO document G/LIC/N/3/BWA/1, 6 July 2021.

⁵⁰ WTO document G/LIC/N/3/BWA/1, 6 July 2021.

⁵¹ Control of Goods (Import Control) Regulations (under Section 3), 25 November 1985; S.I. 66, 2005.

⁵² This applies to imports from all sources and to the following products: tomatoes, carrots, beetroots, potatoes, cabbage, lettuce, garlic, onions, ginger, turmeric, chili peppers, butternuts, watermelon, sweet peppers, green corn, and fresh herbs.

3.1.3 Other measures affecting imports – TRIMS

3.23. Botswana notified to the WTO that, as per Article 6.2 of the Agreement on Trade-Related Investment Measures (TRIMS Agreement), trade-related investment measures may be found in the Botswana Investment and Trade Centre Act.⁵³

3.2 Measures directly affecting exports

3.24. According to the authorities, Botswana aims to diversify the economy through export-oriented industrialization into non-traditional sectors.

3.2.1 Export procedures and requirements

3.25. In general, customs requirements and procedures for exports from Botswana are similar to those for imports (Section 3.1.1). Exporters must register as a business or a company under the Companies Act, and obtain a trading licence under the Trade Act (for registered businesses or companies). All exporters wishing to export under trade agreements must register with BURS to certify origin of their products. The Customs Division in the BURS issues certificates of origin for exports from Botswana.

3.26. Rough diamonds exported from Botswana need to have a valid Kimberley Process Certificate issued by the Ministry of Minerals, Green Technology and Energy Security (Diamond Office).

3.2.2 Export taxes, charges, and levies

3.27. In accordance with the Cattle Export and Slaughter Levy Act No. 10 of 2005, exports of live cattle and locally slaughtered cattle (at the Botswana Meat Commission (BMC) abattoirs, municipal abattoirs, private abattoirs, and local butchers) are subject to a levy of BWP 30 per head. The authorities indicate that revenue from the levy is used to, *inter alia*, help exporters meet requirements of their destination markets.

3.2.3 Export prohibitions, restrictions, and licensing

3.28. Exports of unprocessed semi-precious stones are prohibited. According to the authorities, this is to ensure value addition through processing in Botswana.

3.29. A number of products require export permits for various reasons (Table 3.2).

Table 3.2 Goods subject to export permit, 2023

| Legislation | Description | Permit issuance agency | Rationale |
|---|--|---|---------------|
| Control of Goods (Import Control) Regulations, Second Schedule) | 10 kg per person: beetroot, butternuts, carrots, green pepper, mangoes, pumpkin, sweet potato, watermelon, tomatoes; 15 kg per person: onions and oranges; 20 kg per person: bananas, potatoes 25 kg per person: maize, maize products, pulses, sorghum, sorghum products, wheat 30 kg per person: cabbage 2 liters per person: fresh milk Permits are required for products which exceed the quantities specified above | Department of Agribusiness Promotion, Ministry of Agriculture | Food security |

⁵³ WTO document G/TRIMS/N/2/Rev.24/Add.5, 23 September 2015.

| Legislation | Description | Permit issuance agency | Rationale |
|--|---|---|----------------------------|
| Control of Goods (Import Control) Regulations, Third Schedule) | Castor beans, groundnuts, maize, maize products, millet, millet products, pulses, sorghum, sorghum products, sunflower seed, and wheat No permit is required for exports of maize, maize products, pulses, sorghum and sorghum products, and wheat if their weight is within the specified weight under the Second Schedule of the same Regulation | Permits are issued to holders of a valid trading licence, and/or SPS permits or certificates from the Botswana Bureau of Standards. Department of Agribusiness Promotion, Ministry of Agriculture Permits are issued to holders of a valid trading licence, and/or SPS permits or certificates from the Botswana Bureau of Standards | Food security |
| Control of Goods (Export of Grapple Plant) Regulations | Grapple plant or Devil's Claw (<i>Harpagophytum procumbens</i>) or any part thereof | Agricultural Resources Board | Protect indigenous species |
| Wildlife Conservation and National Parks Act | Wild animals or their products (trophy or meat) | Department of Wildlife and National Parks | Protect wildlife |

Source: Control of Goods (Import Control) Regulations (under Section 3), 25 November 1985; S.I. 66, 2005, and information from the authorities.

3.30. Under S.I. No. 153 of 2014, from 2015, Botswana restricts the export of ferrous and non-ferrous metal scrap and waste⁵⁴, with a view to improving accessibility of scrap metal by local foundries, including recyclers, mills, and smelters. Domestic foundries (currently, there is only one) purchase scrap metal at a price 28% below the international trading price. Scrap metal dealers must satisfy local demand before they can obtain an export permit. Exporters need to register with and obtain a permit from the Department of Industry Development.

3.2.4 Export support and promotion

3.31. Botswana notified the WTO Committee on Agriculture that it did not provide any export subsidies to agricultural products from FY2013/14 to FY2017/18.⁵⁵ The authorities state that this remains factual, i.e. no export subsidies have been provided to agricultural products since FY2017/18. The authorities indicate that they are in the process of updating WTO notifications (Section 4.1.2.3).

3.32. The Government's strategy on economic development – Vision 2036 (Table 2.2) – aims to develop Botswana as a high-income country by 2036, with an export-led economy underpinned by diversified, exclusive, and sustainable growth driven by high levels of productivity.⁵⁶ The Government plans to, *inter alia*, promote export-led growth by securing global markets for locally produced goods and services, and provide soft loans to existing businesses (the BWP 1.3 billion Industry Support Facility) (Section 4).⁵⁷

3.33. Botswana continues to develop its Special Economic Zones (SEZs) with the objective of diversifying both the industrial and export bases, and reducing its reliance on mineral exports. SEZs are categorized as free trade zones or commercial SEZs; export processing zones; enterprise zones;

⁵⁴ They refer to ferrous waste and scrap, re-melting scrap ingots of iron and steel (HS 7204); copper and brass waste and scrap (HS 7404); nickel waste and scrap (HS 7503); aluminium waste and scrap (HS 7602); zinc waste and scrap (HS 7902); tin waste and scrap (HS 8002); tungsten and articles thereof including waste and scrap (HS 8101); molybdenum and articles thereof including waste and scrap (HS 8102); tantalum and articles thereof including waste and scrap (HS 8103); and magnesium waste and scrap (HS 8104).

⁵⁵ WTO documents G/AG/N/BWA/22, 6 January 2016; G/AG/N/BWA/25, 6 January 2016; G/AG/N/BWA/26, 28 February 2017; G/AG/N/BWA/29, 10 November 2017; and G/AG/N/BWA/32, 20 June 2018.

⁵⁶ Statistics Botswana, *Vision 2036*. Viewed at: <https://www.statsbots.org.bw/vision-2036-3>.

⁵⁷ Ministry of Finance and Economic Development (2021), *The 2021/2022 Budget-in-Brief*.

free ports; and single factory economic zones.⁵⁸ In 2015, the Special Economic Zones Authority (SEZA) was set up, to regulate SEZs in Botswana.

3.34. Incentives to investors and developers licensed and operating in SEZs include:

- Corporate income tax: 5% for the first 10 years of operation in an SEZ, and 10% thereafter⁵⁹, compared with the standard corporate tax rate of 22%;
- VAT: 0% VAT on purchases of raw materials in the manufacture of goods for export;
- Transfer duty on land and property: exemption from transfer duty when acquiring immovable property for purposes of operating business in SEZs⁶⁰;
- Property tax: exemption for 5 years;
- Duty-free imports: specialized plants and machines for manufacturing purposes;
- Pre-built factory shells with access to electricity, water, sewage, and other facilities such as high-speed Internet and security services; and
- One-stop shop service: SEZA acts as a one-stop shop to help companies establish themselves in SEZs.

3.35. In accordance with SEZ Regulation 2019, investors applying for incentives must present a statement indicating their intention to engage in manufacturing or processing operations and to export 100% of their annual production or sales; exemptions may be granted by the Minister in charge of industry (Article 26).

3.36. The SEZ Regulation stipulates that the following businesses may be located in an SEZ: agrobusiness; manufacturing; warehousing, distribution or logistic services; or internationally traded services. Botswana has about nine SEZs, of which four are considered priority zones, with development of the other five to follow.⁶¹ The four priority SEZs aim at becoming an international diamond centre with a series of polishing and mineral beautification companies; a cluster for the fintech industry to increase financial inclusion; a meat value chain beyond cattle slaughtering for exports such as the processing of food and leather products; and an area integrating farming, agri-business, and food processing.

3.37. The Botswana Investment and Trade Centre (BITC) functions as Botswana's export promotion agency. It implements the Export Development Programme (EDP), which aims at increasing exports of products and services that add domestic value and contribute to the diversification of the economy. These exports include textiles and garments, meat and meat processing, jewellery making, furniture, arts and crafts, services, leather and leather products, glass and glass products, and chemicals.⁶² The BITC also works with the MTI to promote exports via management of Brand Botswana.⁶³

⁵⁸ KPMG (2021), "Botswana: Tax Incentives Include Reduced Tax Rate for Investors in Special Economic Zones", 12 November. Viewed at: <https://kpmg.com/us/en/home/insights/2021/11/tnf-botswana-tax-incentives-reduced-tax-rate-investors-sez.html>.

⁵⁹ S.I. No. 89 of 2021 (Income Tax (Special Economic Zones Development Approval) Order, 2021), promulgated on 22 October 2021.

⁶⁰ Transfer Duty (Amendment) Act, 2022; and Ministry of Finance and Economic Development (2023), *2023 Budget Speech*. Viewed at: <https://www.finance.gov.bw/images/speeches/2023BudgetSpeech.pdf>.

⁶¹ Oxford Business Group (2022), "SEZs: Botswana's Strategy for Investment Exports and Diversification", 20 July. Viewed at: <https://oxfordbusinessgroup.com/articles-interviews/sezs-botswanas-strategy-for-investment-exports-and-diversification>.

⁶² BITC, *Export Development Programme*. Viewed at: <https://www.bitc.co.bw/export/exporter-development-program>.

⁶³ UNDP (2021), *Simplification of Trade Agreements for the Private Sector – Guide to Exporting to the Southern African Development Community*. Viewed at: <https://www.undp.org/sites/g/files/zskgke326/files/migration/bw/Guide-to-Exporting-to-the-Southern-African-Development-Community.pdf>.

3.38. The Export Credit Insurance and Guarantee Company Botswana (Pty) Ltd (BECI) remains the only company in Botswana to provide export credit insurance covering both commercial and political risks. It also offers a selection of business growth tools such as construction bonds and guarantees.⁶⁴

3.39. In February 2020, the BECI introduced an Outward Investment Insurance (OII) scheme, to protect Botswana enterprises against risks of, *inter alia*, confiscation, expropriation, nationalization, embargo, civil strife, currency inconvertibility, and breach of contract by a sovereign entity.

3.3 Measures affecting production and trade

3.3.1 Incentives

3.40. In 2018, Botswana notified to the WTO that in 2013, 2014, 2015, and 2016 it did not grant or maintain within its territory any subsidy as defined in Article 1.1 of the Agreement on Subsidies and Countervailing Measures.⁶⁵

3.41. The Minister of Finance may issue Development Approval Orders (DAOs) to grant companies tax holidays (zero corporate income tax) for 5 to 10 years. Evaluation requirements for the issuance of a DAO are based on job creation and training plans for Botswana citizens, plans to localize non-citizen positions, participation by citizens in management and equities held by citizens, location of the proposed investment, and the effects of the projects on other economic activities, as well as on reducing local consumer prices.⁶⁶

3.42. For companies accredited by the BITC as international financial service centre (IFSC) companies, the standard corporate tax is reduced from 22% to 15%. In addition, they are exempt from capital gains tax and withholding tax, and are subject to zero-rate VAT. They are allowed to obtain a refund from the Botswana Human Resource Development Council (HRDC) of 200% of their expenditure on training.

3.43. Incentives are granted to general manufacturing companies and innovation hubs, in the form of 15% corporate tax; low personal income tax (maximum 25%); possible tax holidays for 5 to 10 years under the DAO; duty-free importation of machinery and equipment for manufacturing purposes; and 200% tax allowance for training costs.

3.44. The Citizen Entrepreneurial Development Agency (CEDA) provides funding and collateral for MSMEs, including loans ranging from BWP 500 to BWP 50 million at preferential rates for Botswana nationals, credit guarantees for MSMEs, mortgages for Botswana entrepreneurs, and training and mentoring.

3.3.2 Standards and other technical requirements

3.45. The regulatory framework governing standards and technical regulations is contained in the Standards Act No. 16 of 1995 and the Standards (Import Inspection) Regulations of 2008.⁶⁷ The Standards (Import Inspection) Regulations were reviewed in 2018 with the aim of addressing certain deficiencies including non-compliance with the WTO TBT national treatment principle, and a lack of effective sanctions. As of April 2023, the draft amendments to the regulation were undergoing legal vetting.

3.46. The Botswana Bureau of Standards (BOBS) is the national enquiry point under the WTO TBT Agreement. It is a member of the International Organization for Standardization, an Affiliate Plus member of the International Electrotechnical Commission, and a member of the African Organisation for Standardisation. It participates in SADC's TBT structures (SADCSTAN). Over the review period, BOBS has signed MOUs providing for inter-institutional cooperation with the Namibia Standards Institute, the Kenya Bureau of Standards, and the Turkish Standards Institute. BOBS has also signed the American Society for Testing and Materials (ASTM) Annex.

⁶⁴ BECI. Viewed at: <http://www.beci.co.bw/>.

⁶⁵ WTO document G/SCM/N/284/BWA, G/SCM/N/315/BWA, 26 March 2018.

⁶⁶ BITC, *Incentives for Investors*.

⁶⁷ Standards Act No. 16 of 1995 and Standards Regulations. Viewed at: <https://www.fao.org/faolex/results/details/en/c/LEX-FAOC091763/>.

3.47. In April 2022, the Parliament approved BOBS' National Quality Policy (NQP 2022).⁶⁸ This Policy aims to strengthen the national quality infrastructure and technical regulations framework to help secure market access for Botswana's products in foreign markets. Another aim is to be supportive of Botswana's broader industrial diversification and export strategies which are focused on developing quality products and services. It draws attention to several inadequacies in Botswana's TBT regime, related to fragmented procedures, regulatory overlap, and lack of enforcement of compliance. This has reportedly increased transaction costs and impeded trade. The NQP 2022 focuses on establishing an internationally recognized national accreditation body; building up Botswana's conformity assessment capacity; using Botswana standards in state purchases; reviewing and strengthening the National Technical Regulation Framework; introducing enhanced market surveillance and sanctions; ensuring that there are adequate technical regulatory authorities to implement technical regulations; and setting up a National Quality Policy Coordination Office. As indicated by the authorities, the Coordination Office has been set up and resides within the Ministry of Trade and Industry. Public education about the NQP is ongoing, and NQP implementation and communication plans have been approved.

3.48. The procedures for setting and reviewing standards are described in detail in Botswana's previous Review.⁶⁹ In brief, the standardization process includes needs identification, proposal, drafting, review, validation, approval, and publication. Standardization projects are initiated through requests from interested parties. Draft standards are reviewed by the technical committees and circulated for public comment for two months. Once comments are incorporated, the draft standard is sent to the Technical Advisory Committee for approval, and they are published in the national Gazette and thereafter in the Standards Catalogue. Botswana standards are based on standards developed by other national, regional, and/or international standardization bodies, and are adopted either as they are, or adapted to Botswana's cultural, climatic, or industrial or economic environment. As of September 2021, Botswana had 2,153 approved standards, 1,850 of which had been gazetted. The main areas where standards exist are construction (29%); electrical (12.7%); mechanical (11.2%); chemicals (12.8%); food and agricultural products (10.2%); and textiles (10.1%).

3.49. As highlighted in the NQP 2022, the process for developing technical regulations is not uniform across government regulatory authorities (these regulatory authorities include the BOBS as well as some other Ministries (a list of these other Ministries was not available)). It notes that this lack of consistency in developing technical regulations has led to notification gaps. The NQP 2022 also notes that some products subject to technical regulations fall under the responsibility of more than one regulatory authority; the resulting overlap in regulatory activities results in different product quality requirements and an increased cost to the supplier. The policy also reports that local products and imported products are often handled differently, and it recognizes that this violates one of the basic tenets of the WTO TBT Agreement.

3.50. With respect to the technical regulations developed by BOBS, standards are used as the basis for developing technical regulations. At least two months before making a recommendation for a standard to become compulsory, BOBS publishes a preliminary notice in the Gazette outlining the details of the technical regulation and inviting comments within a month of the publication of the preliminary notice. The titles of all technical regulations falling under BOBS' remit are listed in an annex to the Standards (Import Inspection) Regulations.⁷⁰ The Compulsory Standards Unit within BOBS' Department of Regulatory Compliance is responsible for enforcing the technical regulations for which it is responsible. As of June 2023, BOBS had 86 technical regulations in force. Most of these applied to electrical appliances (66.3% of total), followed by food (14.3%), mechanical products (10%); automotive products (6%), and chemical products (3.6%). Reportedly, over 60% of these are based on international standards. One technical regulation, on alcohol-based sanitizer, was issued under the 2020 Emergency Powers (COVID-19) Regulations.

3.51. Botswana has been very active in notifying new technical regulations. Over the period 1 January 2014 to 31 July 2023, it notified 126 such notifications to the TBT Committee (Table 2.3), compared to a total of 36 submitted prior to this period. As of April 2023, Members had not raised any specific trade concern in the TBT Committee about Botswana's technical regulations.

⁶⁸ This document is not available online.

⁶⁹ WTO document WT/TPR/S/324/Rev.1, 5 February 2016, Annex 1, Section 3.1.7.

⁷⁰ These regulations are not available online.

3.52. BOBS operates a Recognition Scheme whereby Recognized Inspection Bodies undertake inspections and testing of goods subject to technical regulations in the country of origin on BOBS' behalf prior to export. They also issue the requisite Certificate of Conformity. These entities include, *inter alia*, Bureau Veritas, Intertek Group, TÜV Rheinland, Certification and Inspection Group, South African Bureau of Standards, and Namibian Standards Institute. Recognized Inspection Bodies are required to pay an administration fee of 10% of the fees charged by these bodies to their clients for undertaking inspection services and a recognition fee of BWP 3,000 every financial year.⁷¹ According to authorities, the fees charged to users by Recognized Inspection Bodies are competitive; they are monitored (but not regulated) by BOBS to ensure fair participation that is non-monopolistic. As indicated in the NQP 2022, some regulatory authorities in Botswana accept test results from third-party laboratories; however, others insist on testing products in their own laboratories.

3.53. BOBS monitors its regulated goods at the border and charges a nominal administrative fee of BWP 150 for import application processes. According to the authorities, if tests are carried out prior to import and the results are presented at the time of application, no further testing is done. If a product is inspected and is suspected not to meet requirements, then it is given a conditional release with the requirement that goods are quarantined at a specific address, pending an investigation. Violations of technical regulations are liable for a fine of BWP 5,000 and imprisonment of three years.

3.54. Botswana does not have a national accreditation body; it relies on the services of the SADC Accreditation Service (SADCAS) based in Gaborone. The Government has a National Testing System composed of governmental, private sector, and parastatal laboratories that provide testing/conformity assessment services when required under the framework of MOUs signed with BOBS.⁷² Some of these laboratories are accredited, and others not. The Government may also send items for testing in laboratories located outside of Botswana in instances where there is no national capacity. Currently, the conformity assessment services provided by BOBS are subsidized by the Government; BOBS is exploring ways to put in place user pay mechanisms to improve its financial position.⁷³

3.55. As indicated in Botswana's previous Review, labelling requirements largely apply to food products and are contained in the following regulations: the Customs and Excise Duty Regulations, 1974 (as amended), the Standards (Import Inspection) Regulations, 2003 (as amended), the Labelling Control of Goods (Marking of Goods) Regulations, 1974, and the Labelling of Food Additives Regulations. Packaging requirements apply to cigarettes. Information was not available regarding any changes to labelling and packing requirements over the review period.

3.3.3 Sanitary and phytosanitary requirements

3.56. Botswana's SPS regime has remained substantially unchanged since the previous Review. The Ministry of Agriculture remains responsible for adopting and implementing SPS measures. Its Plant Protection Division, which is Botswana's National Plant Protection Organization (NPPO), implements the Plant Protection Act (Cap 35:02), and is the contact point for the International Plant Protection Convention (IPPC). The Department of Veterinary Services and the Department of Animal Production implement the Diseases of Animals Act (Cap 37:01). The Ministry of Health is responsible for food safety and is advised by the National Food Control Board, which comprises government officials from the Ministries of Health, Agricultural Development and Food Security, and Trade and Industry; the Botswana Bureau of Standards; and food industry and consumers.

3.57. Botswana's main SPS legislation includes the Plant Protection Act (Cap 35:02) and its regulations; the Diseases of Animals Act (Cap 37:01) and its regulations; the Livestock and Meat Industries Act (Cap 36:03) and its regulations; the Veterinary Surgeons Act (Cap 61:04); the Importation of Bees Act (Cap 49:02); the Food Control Act (Cap 65:05) and food labelling regulations; and the Public Health Act (Cap 63:01).⁷⁴

⁷¹ BOBS, *Annual Report 2020/21*. Viewed at: <https://bobstandards.bw/our-annual-reports/>.

⁷² U.S. International Trade Administration, *Botswana – Country Commercial Guide*. Viewed at: <https://www.trade.gov/country-commercial-guides/botswana-standards-trade>.

⁷³ NQP 2022.

⁷⁴ WTO document WT/TPR/S/324/Rev.1, 5 February 2016, Table 3.4.

3.58. The Ministry of Agriculture remains the national enquiry point and notification authority on SPS matters. Since 2014, Botswana has not submitted any SPS notification to the WTO. The authorities state that they are taking steps to ensure SPS notifications are submitted to the WTO by the end of 2023. Some of Botswana's TBT notifications cover issues related to SPS. For example, in a notification made in 2019, Botswana updated standards that specify, *inter alia*, compositional requirements to produce raw beef products intended for human consumption. The update took into consideration the Codex standard for contaminants and toxins in food and feed.⁷⁵ In 2022, Botswana updated standards specifying requirements to produce whole and dehulled sorghum grains for human consumption, and the Codex standard for pesticide residues in food (maximum residue limits) was taken into consideration.⁷⁶

3.59. In a communication to the WTO of September 2017, Botswana informed Members of a suspected outbreak of foot and mouth disease (FMD).⁷⁷ Towards the end of 2017, Botswana updated the situation regarding FMD to the WTO that the outbreak was contained and did not affect beef trade in the World Organization for Animal Health (WOAH)-recognized FMD-free zones of Botswana.⁷⁸ Botswana also developed a "purified" vaccine against FMD.⁷⁹

3.60. Phytosanitary measures are based on international standards or on a pest risk analysis, according to the Plant Protection Act and its regulations. Importers of plants and other plant-related material must obtain an import permit issued by the Plant Protection Division of the Ministry of Agriculture, and present an original phytosanitary certificate issued in the country of origin.

3.61. The Diseases of Animals Act regulates animal disease prevention and control. Import (or export) permits from the Department of Veterinary Services are required for the importation (or exportation) of animals and animal products. Botswana separates the WOAH-recognized FMD-free area (no buffalo may enter, as they may carry FMD virus) from the livestock-free areas (no livestock may enter), with a view to separating livestock and buffalo to prevent the spread of FMD.

3.62. Botswana has not yet developed regulations on biotechnology or genetically modified organisms (GMOs). The authorities state that the use of GMO seeds for crop production and feed is not allowed.

3.3.4 Competition policy and price controls

3.3.4.1 Competition policy

3.63. A new Competition Act, 2018 came into force on 2 December 2019. It repealed the Competition Act, 2009 and introduced the following changes:

- Renamed the competition authority as the Competition and Consumer Authority (CCA);
- Established the Competition and Consumer Board as the governing body of the CCA;
- Established the Competition and Consumer Tribunal to adjudicate over breaches of the Competition Act or any appeals;
- Expanded the general prohibition against abuse of dominant position, and included prohibitive behaviours such as predatory conduct, tying and bundling of products, loyalty rebates, margin squeeze, refusal to supply or deal with other enterprises (including a refusal to grant access to an essential facility), requiring or inducing any customer to not deal with other competitors, discriminating in terms of price or other trading conditions, and exclusive dealing;

⁷⁵ WTO document G/TBT/N/BWA/103, 10 May 2019.

⁷⁶ WTO document G/TBT/N/BWA/163, 27 October 2022. Botswana Bureau of Standards, Cereals Whole and dehulled sorghum grains for human consumption — Specification. FDS 26:2022.

⁷⁷ WTO document G/SPS/GEN/1572, 26 September 2017.

⁷⁸ WTO document G/SPS/R/88, 20 December 2017.

⁷⁹ Announced by the President of Botswana at the WTO's 2nd Presidential Lecture Series on 2 May 2023. The Botswana Vaccine Institute produces Aftovaxpur™, a "Purified Inactivated" FMD virus vaccine. Viewed at: <https://bvi-bw.com>.

- Extended criminal sanctions (a fine, imprisonment, or both) to officers or directors of an enterprise that contravenes the horizontal restrictive practice provisions of the Competition Act;
- Introduced provisions to impute personal liability to any director or officer contravening the resale price maintenance provisions of the Competition Act; and
- Introduced a financial penalty for failing to notify a merger or for implementation of a merger prior to its approval, calculated as a fine not exceeding 10% of the deal in consideration or the combined turnover of the parties involved in the merger, whichever is larger.⁸⁰

3.64. The Competition Law prohibits certain horizontal and vertical agreements as well as the abuse of dominant positions, and requires mergers above a certain threshold to be notified to the competent authority. It applies to all the economic activities within, or having effect within, Botswana, with the following exceptions: agreements related to intellectual property rights holders; enterprises operating on the basis of statutory monopoly; any practice relating to exports of goods from Botswana; conduct designed to achieve a non-commercial socio-economic objective; and collective bargaining by unionized workers.⁸¹

3.65. The CCA is responsible for preventing anti-competitive practices in the economy including in sectors with their own regulators. It has signed Memoranda of Understanding (MoUs) with, *inter alia*, the Botswana Communications Regulatory Authority (BOCRA)); Bank of Botswana; Botswana Energy Regulatory Authority (BERA); Non-Banking Financial Institutions Regulatory Authority (NBFIRA); and the Civil Aviation Authority. The MoUs provide for the establishment of a consultation mechanism between the CCA and sectoral regulators.

3.66. Where the CCA has reasonable grounds to suspect a restriction or distortion of competition may be occurring, it may initiate a market inquiry. Over the review period, it undertook market inquiries in, *inter alia*, the liquefied petroleum gas (LPG) market and found extreme market concentration in the upstream market with high profit margins; an ongoing inquiry in the pharmaceutical sector; inquiries on cartel conduct in abattoirs; tenders in public procurement projects of construction services, waste management, and government supplies; and the animal feed market.⁸²

3.67. The CCA expressed concern in relation to pyramid schemes, price gouging of essential products during the COVID-19 pandemic, and vehicle repair garages (use of substandard or defective spare parts, resistance to effect warranty terms, and unclear pricing practices). The CCA found that the Gaborone Container Terminal Propriety Limited (GABCON) abused its dominant position in the container haulage market, and the CCA entered into a settlement agreement with GABCON in March 2021.⁸³ The authorities indicate that from 2014 until the time of writing, a total of 126 anti-competition cases were dealt with by the CCA, among which about 70% were related to unilateral conduct, 25% to cartels, and 5% to resale price maintenance.

3.68. The CCA is involved in international frameworks on competition policy such as the International Competition Network (ICN). It is currently working with the OECD in undertaking an impact assessment on the effectiveness of the legislative framework on pricing and import restrictions in the grains sector. The authorities state that the CCA is active in collaborating with competition law agencies around the world, particularly in the SADC and Common Market for Eastern and Southern Africa (COMESA) regions.

3.3.4.2 Price controls

3.69. The Control of Goods, Prices, and Other Charges Act, 1973 allows the Government, through various ministries, to regulate and control the wholesale and retail prices of strategic goods, including

⁸⁰ Baker McKenzie (2021), *Africa Competition Guide – Botswana*. Viewed at: <https://resourcehub.bakermckenzie.com/en/resources/africa-competition-guide/africa/botswana>.

⁸¹ Competition Law, Section 3(3). Viewed at: <https://www.competitionauthority.co.bw/sites/default/files/Competition%20Act%202018.pdf>.

⁸² Baker McKenzie (2021), *Africa Competition Guide – Botswana*.

⁸³ Baker McKenzie (2021), *Africa Competition Guide – Botswana*.

petroleum products where a maximum retail price was set⁸⁴; water; electricity; train, certain bus, and taxi fares; certain mail and parcel deliveries; and telephone installation and certain telephone tariffs with their administered prices.

3.3.5 State trading, state-owned enterprises, and privatization

3.3.5.1 State trading

3.70. Botswana has not made any notifications regarding state trading enterprises since 1997; when it indicated that it had no state trading enterprises within the meaning of Article XVII:4(a) of the GATT 1994.⁸⁵ The authorities indicate that notifications in this area are under review and will be updated by December 2023.

3.3.5.2 State-owned enterprises and privatization

3.71. As at the time of the previous Review, there are several state-owned enterprises (SOEs) operating in Botswana. Among these, there are 22 "parastatals", which perform largely commercial activities.⁸⁶ In addition, there are other enterprises in which the State has a full or partial equity stake. SOEs are prevalent in the areas of transport, communications services, mining and energy, agriculture, and financial services (Table 3.3).

Table 3.3 Commercial SOEs in Botswana, 2023

| Sector | State participation (%) | Main activities |
|--|-------------------------|---|
| Transport | | |
| Air Botswana ^a | 100 | Air transport services |
| Botswana Railways ^a | 100 | Rail transport services |
| Financial services | | |
| Botswana Savings Bank ^a | | Commercial bank |
| Botswana Stock Exchange ^a | 100 | Stock exchange |
| National Development Bank ^a | 100 | Financial services |
| Botswana Development Corporation ^a | 100 | Development finance |
| Citizen Entrepreneurial Development Agency ^a | 100 | Financial services |
| Communications services | | |
| Botswana Fibre Networks ^a | 100 | Wholesale provider of telecommunications infrastructure |
| Botswana Postal Services ^a | 100 | Postal services and courier services |
| Botswana Telecommunications Corporation Limited ^a | 51 | Telecommunication services |
| Mining and energy | | |
| Botswana Oil Company ^a | 100 | Supply and distribution of petroleum products and management of storage facilities |
| Botswana Power Corporation ^a | 100 | Electricity generation, transmission, and distribution |
| Okovango Diamond Company ^a | 100 | Diamond mining |
| Minerals Development Company ^a | 100 | Mining Investment Holding Company |
| Debswana Diamond Mining | 50 | Diamond mining and coal mining |
| Botswana Ash (Pty) Ltd. | 50 | Soda ash and salt mining |
| Agriculture | | |
| Banyana Pty. Ltd. | 100 | Commercial cattle ranch |
| Botswana Agricultural Marketing Board ^a (BAMB) | 100 | Import/export, marketing, and storage of selected agricultural products; and sale of agricultural services and inputs |
| Botswana Meat Commission ^a | 100 | Cattle abattoir; canning and tanning; beef export; and transport |
| Other | | |
| Botswana Housing Corporation ^a | 100 | Property development |

⁸⁴ Control of Goods, Prices, and Other Charges (Petroleum Prices) Regulations, Section 3, 1 July 2000.

⁸⁵ WTO document G/STR/N/1/BWA, 11 February 1997.

⁸⁶ A full list of the 61 parastatals was viewed at: <https://www.gov.bw/parastatals>. These are entities established through Act of Parliament for a specific social or economic goal. They include, *inter alia*, 22 commercial entities, 15 regulatory entities, and 24 non-commercial entities.

| Sector | State participation (%) | Main activities |
|--|-------------------------|---|
| Water Utilities Corporation ^a | 100 | Provision of water to urban centres |
| Botswana Vaccine Institute ^a | 100 | Production and export of vaccines for animals |
| DTC Botswana | 50 | Diamond sorting, valuation, cutting and polishing |

a Indicates parastatals.

Note: Botswana Oil Company and BAMB have key storage functions, which are not strictly commercial functions.

Source: Government of Botswana, *Parastatals*. Viewed at: <https://www.gov.bw/parastatals>.

3.72. Over the review period, the Government sold a 49% stake in the Botswana Telecommunications Corporation Limited⁸⁷, and it divested itself of all its shares (25% of total) in the Botswana Building Society. In addition, BCL Limited (a parastatal mining company fully owned by the Government) was shut down and Tati Nickel Mining Company (Pty) Ltd in which the Government had a 15% share was liquidated (Section 4.2). The Minerals Development Company was established in 2015 (Section 4.2).

3.73. The Public Enterprises Evaluation and Privatization Agency (PEEPA) has the mandate to evaluate the performance of parastatals and to advise on and implement their commercialization and privatization. Progress has been slow in advancing the privatization agenda as set out in PEEPA's Corporate Strategy 2016-2021, due to the absence of centralized funding for privatization transitions and delays in appointing the PEEPA Board.⁸⁸

3.74. The main driving force behind privatization plans has been to reduce their burden on the government budget, considering the urgent need to restore fiscal balance. Subsidies to SOEs from the recurrent budget for FY2021/22 were BWP 4.08 billion, equivalent to about 2% of GDP. The proposed provision for FY2022/23 is BWP 4.02 billion (1.85% of projected GDP). Reportedly, subventions will be reduced in the coming years by requiring SOEs to cover their own costs as well as through improvements to SOE efficiency and SOE rationalization.⁸⁹

3.75. In December 2021, the Government approved the SOE Rationalization Strategy II, which aims to privatize, streamline, merge, or terminate the activities of various entities to reduce inefficiencies and duplication of work, as well to implement some privatizations. Implementation of the strategy started in FY2023/2024 (Table 3.4).

Table 3.4 SOE Rationalization Strategy, selected initiatives

| Initiatives | Form of restructuring | Progress as of February 2023 |
|--|-----------------------|--|
| Transform National Development Bank (NDB) into an agricultural bank | Rationalization | NDB has issued an invitation for expert advice |
| Restructure Citizen Entrepreneurial Development Agency to provide loan financing to non-agricultural SMMEs based on approved lending thresholds | Rationalization | To be fully pursued after NDB transformation |
| Restructure Botswana Development Corporation Limited to provide loan financing to non-agricultural sectors based on approved lending thresholds | Rationalization | To be fully pursued after NDB transformation |
| Restructure Botswana Railways into two units: rail operations (above rail) and rail infrastructure (below rail), and outsource marketing of above rail functions to the private sector | Rationalization | Funds are being sought for the procurement of an advisor for the project |
| Unbundle and corporatize generation and Botswana Power Corporation (BPC) to retain transmission and distribution operations. Private sector to market generation assets | Rationalization | The tender for the procurement of an advisor to unbundle BPC and corporatize generation is being finalized |
| Restructure NDB to bring in a strategic management partner | Privatization | To be fully pursued after NDB transformation |

⁸⁷ Reuters (2016), "Botswana Sells Stake in State Telecoms Firm", 14 March. Viewed at: <https://www.reuters.com/article/botswana-privatisation-idUSL5N16M42B>.

⁸⁸ PEEPA, 2018/19 Annual Report. Viewed at: <https://www.peepa.co.bw/about-12/>.

⁸⁹ 2022 Budget Speech. Viewed at: https://www.finance.gov.bw/images/DevelopmentandBudget/2022-23/2022_Budget_Speech-07_02_22_Final.pdf.

| Initiatives | Form of restructuring | Progress as of February 2023 |
|---|-----------------------|--|
| Restructure Air Botswana by bringing in a strategic partner | Privatization | World Bank has agreed to provide technical assistance to assess Air Botswana's viability |
| Privatize Botswana Savings Bank | Privatization | The project is still at a formative stage |
| Restructure BAMB by bringing in a strategic partner | Privatization | The project is still at a formative stage |

Note: This table contains only information on the rationalization/privatization of parastatals that operate on a commercial basis.

Source: Information provided by the authorities.

3.76. The Government has embarked upon the development of an SOE Ownership Policy to enhance oversight of SOEs by government Ministries and to provide mechanisms for enhancing accountability in the management of SOEs.⁹⁰ It has also drafted an SOE code of corporate governance and its implementation framework with a view to improving SOEs' performance. The IMF has recommended that audited financial statements of parastatals should be published regularly.⁹¹

3.3.6 Government procurement

3.77. Botswana is neither signatory to nor observer of the WTO plurilateral Agreement on Government Procurement.

3.78. The Government is the largest consumer of goods and services in Botswana. In FY2020/21, the Government spent more than USD 510 million (down from USD 741.8 million in FY2019/20) on public procurement, excluding micro procurements, which amounted to USD 27.63 million (down from USD 41.8 million in FY2019/20).⁹²

3.79. In 2021, Botswana's new public procurement law, the Public Procurement Act (PP Act) went into effect. It repealed the Public Procurement and Asset Disposal (PPAD) Act, 2001, and regulates public procurement of works, services, and supplies by all public procurement entities (including SOEs).⁹³ The authorities state that, compared with the PPAD Act 2001, the PP Act 2021 explicitly takes into account the Economic Inclusion Act, with a view to ensuring all economic stakeholders can participate in public procurement. The authorities also expect that, through the implementation of the PP Act 2021, the use of locally produced materials is encouraged.⁹⁴

3.80. Under the PP Act 2021, the public procurement regime is becoming more decentralized. In accordance with the Act, the Public Procurement Regulatory Authority (PPRA) was established in 2021 and has been operational since April 2022. Contractors wishing to participate in government tenders must register with the PPRA. It seems that foreign companies registered in Botswana may participate in public procurement, unless the purchase is under reservation.

3.81. The Act provides for reservation and price preference schemes for citizen and citizen contractors pursuant to the Government's "economic and social objectives" (Article 72).⁹⁵ According to Article 73, a procuring entity should unbundle a tender to promote participation of a citizen or citizen contractor. Article 76 further stipulates that, except as otherwise provided under this Act, all

⁹⁰ According to the authorities, the project is ongoing, having passed the situational analysis stage.

⁹¹ IMF (2022), *Botswana: Staff Report for the 2022 Article IV Consultation*, IMF Country Report No. 22/247. Viewed at: <https://www.imf.org/en/Publications/CR/Issues/2022/07/25/Botswana-2022-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-521327>.

⁹² International Trade Administration (2022), *Botswana – Country Commercial Guide – Selling to the Public Sector*. Viewed at: <https://www.trade.gov/country-commercial-guides/botswana-selling-public-sector>.

⁹³ Procurement at the local level is governed by the Local Authority Procurement and Asset Disposal Act (LAPAD Act), while procurement for parastatals is handled through their own procurement procedures, which are vetted by the Public Procurement and Asset Disposal Board (PPADB) to ensure that they conform to the principles of procurement in accordance with the PPAD Act.

⁹⁴ Ministry of Finance and Economic Development (2023), *2023 Budget Speech*. Viewed at: <https://www.finance.gov.bw/images/speeches/2023BudgetSpeech.pdf>.

⁹⁵ "Citizen contractor" means a natural person or an incorporated company wholly owned and controlled by persons who are citizens of Botswana.

works, services, and supplies procurement should be reserved for a citizen or citizen contractor. In particular, certain procurement activities are reserved for local producers or suppliers. These include:

- Procurement activity offered only by a 100% citizen-owned MSME;
- Goods manufactured locally by a 100% citizen contractor;
- Services provided by a citizen or a 100% citizen contractor;
- A procurement activity intended to promote innovation, local technology, and the commercialization of the procurement activity; and
- The creation of jobs, capacity-building, and skills transfer.

3.82. Procurement methods (Article 52) include open domestic/international bidding, restricted domestic/international bidding, request for quotation, micro procurement, and direct procurement. The authorities indicate that Botswana does not collect data on the value of procurement awarded using the different methods. According to Article 53 of the PP Act, open domestic bidding should be used except as otherwise prescribed.

3.83. The PP Act 2021 envisages the establishment of a National eProcurement System (Article 55).

3.3.7 Intellectual property rights

3.3.7.1 Overview

3.84. In 2022, Botswana was ranked 86th out of the 132 economies featured in WIPO's Global Innovation Index and was ranked in 2nd place in the top innovation economies in sub-Saharan Africa. While it performs relatively well in the categories of expenditure on education, new businesses, loans from microfinance institutions, and intellectual property payments, it is nevertheless not considered to have an innovation performance in line with its level of development.⁹⁶

3.85. Botswana is a net importer of intellectual property (IP). Exports of IP royalties and licensing fees were negligible over the period 2014-21, while imports are significant but fluctuating (Chart 3.1).

Chart 3.1 Charges for the use of intellectual property rights, 2014-22

(USD million)



Source: IMF data. Viewed at: <https://data.imf.org/>.

⁹⁶ WIPO, *Global Innovation Index 2022*.

3.86. In November 2022, the Government released the Botswana Intellectual Property Policy (BIPP).⁹⁷ This recognizes the importance of IP, hitherto absent from national development plans, in creating a knowledge-based economy that is among the overarching goals of Vision 2036 (Section 2). It draws attention to the potential for Botswana to leverage its IP assets, particularly in the areas of creative industries, traditional knowledge, and traditional cultural expressions. The BIPP has six pillars: (i) improve the governance framework for the protection of IP rights; (ii) facilitate availability and access to financing for IP generation, acquisition, and commercialization; (iii) promote IP awareness, education, and training; (iv) negotiate IP agreements; (v) develop entrepreneurship capacities in selected IP-driven sectors; and (vi) create institutional structures for IP development. Specific measures include (i) ensuring that government-funded R&D institutions develop and implement IP policies aligned to the BIPP; (ii) reviewing existing IP laws to harmonize them with the BIPP and developing legislation to protect new plant varieties; (iii) ensuring institutional coordination in IP enforcement, including border enforcement, *inter alia*, to encourage investment; (iv) establishing an IP committee as custodian of traditional knowledge and other aspects of IP; (v) creating financing mechanisms for IP generation and commercialization, through incentives for R&D and commercialization; (vi) establishing business incubators/accelerators for innovative and creative entrepreneurship and model IP business clusters; and (vii) putting in place policies and strategies to allow for the emergence of local large-scale IP enterprises. Priority is to be given to IP-driven agri-businesses, creative industries, the healthcare industry, the tourism sector, and the ICT sector. Botswana also plans to establish various institutions to support IP development, namely an IPP Coordinating Committee, the Botswana Association of IP Owners, and the Botswana Open Innovation Forum.

3.3.7.2 International context

3.87. Botswana is a member of the African Regional Intellectual Property Organization (ARIPO). Botswana acceded to two WIPO treaties over the review period: the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled (January 2017) and the Beijing Treaty on Audio Visual Performances (April 2020).⁹⁸

3.88. Over the review period, two RTAs have entered into force, which contain IP provisions. The Economic Partnership Agreement (EPA) between the United Kingdom, SACU, and Mozambique⁹⁹, and the EPA between the European Union and SADC (Section 2).¹⁰⁰ Both contain provisions on cooperation, information sharing, accession to IP conventions, and enforcement of protection.

3.3.7.3 Domestic IP regime

3.89. The Companies and Intellectual Property Office (CIPA) continues to implement Botswana's IP laws and is Botswana's WTO national enquiry point. The Customs Act, 2018 introduced IP-related provisions that allow the BURS to, on its own accord or upon application by the right holder, suspend release of suspected infringing goods until verification.¹⁰¹

3.3.7.3.1 Copyright

3.90. There have been no changes to copyright legislation, the Copyright and Neighbouring Rights Act (Act No. 6 of 2006), and the Copyright and Neighbouring Rights Regulations, 2007. The main provisions of the legal and regulatory framework are described in detail in Botswana's previous Review.¹⁰² According to the authorities, the Act is under review, *inter alia*, to (i) domesticate the Marrakesh VIP Treaty and the Beijing Treaty for audio-visual performances; (ii) include provision for

⁹⁷ Republic of Botswana, *Botswana Intellectual Property Policy 2022*. Viewed at: [https://inventa.com/uploads/63d7951a5b429_IP%20Policy%20BIPP%202022%20\(1\).pdf](https://inventa.com/uploads/63d7951a5b429_IP%20Policy%20BIPP%202022%20(1).pdf).

⁹⁸ WIPO, *Botswana*. Viewed at: <https://www.wipo.int/wipolex/en/members/profile/BW>.

⁹⁹ Economic Partnership Agreement between the Southern African Customs Union Member States and Mozambique and the United Kingdom of Great Britain and Northern Ireland. Viewed at: <https://www.sacu.int/docs/agreements/2021/SACU-Mozambique-UK-EPA-EN.pdf>.

¹⁰⁰ Economic Partnership Agreement between the European Union and its Member States and the SADC EPA States. Viewed at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2016:250:FULL&from=EN>.

¹⁰¹ Customs Act (2018), Section H. Viewed at: [https://www.botswanalaws.com/StatutesActpdf/2018actpdf/BotswanaAct2018/CUSTOMS%20ACT%20\(ACT%2033,%202018\).pdf](https://www.botswanalaws.com/StatutesActpdf/2018actpdf/BotswanaAct2018/CUSTOMS%20ACT%20(ACT%2033,%202018).pdf).

¹⁰² WTO document WT/TPR/S/324/Rev.1, 5 February 2016, Section 3.3.5.

artist resale rights; (iii) add a new section on expressions of folklore; (iv) add a new section providing for liability of Internet service providers; and (v) add a new section providing for application of voluntary registration.

3.91. The Copyright and Neighbouring Rights Act is administered by CIPA. The Copyright Society of Botswana (COSBOTS), *inter alia*, grants licences with the agreement of copyright owners for (i) the adaptation of works, performances, and sound recordings; and (ii) the use of works for publicity purposes. Since March 2022, it has also collected reprography tariffs for works performed by literary and visual artists. COSBOTS sets royalty rates, which since 2018 have been subject to the approval of CIPA. It is responsible for collecting royalties from users of protected works and distributing them to copyright owners. Distribution of royalties by COSBOTS has been challenging. As a result, CIPA and COSBOTS signed guidelines in March 2016 to regulate the redistribution of benefits and to ensure those benefits reach the artists to whom they are due.

3.92. Botswana continues to apply a copyright levy on blank sound and audio-visual carriers, compact discs, and equipment that can be used to copy protected materials. The rates are set out in the Fourth Schedule to the Copyright and Neighbouring Rights Regulations. The levies are either 1% or 2%, depending on the device. In 2022, the levies were extended to new items, namely cell phones; multi-function machines; facsimiles, iPads; MP4 players; photographic cameras; television cameras; televisions; cinematographic cameras; cinematographic projectors; laptops; tablets; video recording or reproducing apparatus; sound recording or reproducing apparatus; memory cards or smart cards; external hard drives; television decoders or set top boxes; drones; and CCTV cameras. For all other items, the existing rates remain unchanged, except for photocopiers, where the levy was reduced from 2% to 1%.¹⁰³

3.93. As indicated in the previous Review, all sound and audio-visual recordings made available to the public for commercial purposes must have a security device or hologram affixed to them; this may be purchased by accredited owners of the work or accredited importers, which requires an authorization from the copyright owner to import their works into Botswana. Accreditation costs BWP 40 and the security device costs BWP 0.30.¹⁰⁴

3.94. According to a 2016 study by CIPA on the contribution of copyright to the economy¹⁰⁵, the copyright industries contributed about 5.5% to value added, 2.7% to the labour force, 1.3% to exports, and 3.5% to imports. The study revealed that while copyright industries contribute significantly to value added, there are factors that inhibit growth, including shortcomings in the institutional framework (namely the Media Practitioners Act, the Sedition Act, and the Cinematograph Act) and weak associations. The report recommends revisions to laws, the development of a national anti-piracy strategy, increased support to industry associations, the formation of a national arts council to oversee sector development, and establishment of the Copyright Arbitration Panel as a matter of urgency. The National Arts Council of Botswana and the Copyright Arbitration Panel have both been established, and the arbitration rules have been developed and are pending approval. The Panel has been sitting for meetings.

3.3.7.3.2 Industrial property

3.95. The legal framework for industrial property comprises the Industrial Property Act (Act No. 8 of 2010) and the Industrial Property Regulations, 2012. The Act provides protection for patents, trademarks, industrial designs and utility models, layout designs of integrated circuits, geographical indications, and traditional knowledge and handicrafts. It also provides for protection of industrial property against unfair competition. The main provisions of the law are described in detail in Botswana's previous Review.¹⁰⁶ A review of the Industrial Property Act is ongoing; major issues include strengthening public health flexibilities, reinstating of patent rights, and establishing a Tribunal to address disputes.

3.96. Exhaustion of rights is provided for in the Industrial Property Act for patents (Section 25(1)), industrial designs (Section 54(5)), and trademarks (Section 82(1)). Compulsory licensing provisions

¹⁰³ *Government Gazette*, Vol. LX, No. 43, 22 April 2022.

¹⁰⁴ WTO document WT/TPR/S/324/Rev.1, 5 February 2016.

¹⁰⁵ CIPA (2019), *The Economic Contribution of Copyright Industries in Botswana*. Viewed at: <https://www.cipa.co.bw/wp-content/plugins/download-attachments/includes/download.php?id=2843>.

¹⁰⁶ WTO document WT/TPR/S/324/Rev.1, 5 February 2016, Section 3.3.5.

are also contained in the Act in the following sections: Section 31 for compulsory licences in the public interest or for competition; Section 32 for the importation of patented products by the Government or third parties; and Section 33 for compulsory licences for the failure to exploit a patent. Botswana has not issued any compulsory licences.

3.97. Applications for industrial property protection are contained in Table 3.7. The most frequent applications for IP protection have been for trademarks, largely by non-residents. Patent applications and patents granted have been scarce. One application for GI protection was received in 2014; there have been no recent applications.

Table 3.5 Trademarks, industrial designs, and patents, 2014-21

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Trademark applications | | | | | | | | |
| Resident | 359 | 418 | 519 | 464 | 606 | 603 | 663 | .. |
| Non-resident | 1,465 | 1,545 | 1,440 | 1,466 | 1,382 | 1,327 | 1,229 | .. |
| Total | 1,824 | 1,963 | 1,959 | 1,930 | 1,988 | 1,930 | 1,892 | 1,879 |
| Industrial design applications | | | | | | | | |
| Resident | 12 | .. | 19 | 15 | 27 | 16 | 0 | 18 |
| Non-resident | 33 | .. | 64 | 62 | 44 | 57 | 0 | 38 |
| Total | 45 | 46 | 83 | 77 | 71 | 73 | 0 | 56 |
| Patent applications | | | | | | | | |
| Resident | 4 | 3 | 1 | 3 | 0 | 2 | 2 | 3 |
| Non-resident | 5 | 5 | 6 | 4 | 3 | 0 | 2 | 0 |
| Patents granted | | | | | | | | |
| Resident | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-resident | 0 | 3 | 3 | 4 | 0 | 0 | 0 | 0 |
| Total | 0 | 4 | 3 | 4 | 0 | 0 | 0 | 0 |

.. Not available.

Source: WIPO IP Statistics Data Center. Viewed at: <https://www3.wipo.int/ipstats/keyindex.htm>.

3.3.7.3.3 Enforcement

3.98. There have been no changes to the enforcement, remedial, and penalty provisions contained in the Copyrights Act and the Industrial Property Act.

3.99. Over the period April 2016 to February 2022, CIPA conducted several raids and spot checks on establishments related to IP enforcement of sound audio-visual works. These resulted in the confiscation of 25,084 pirated works valued at BWP 2,064,000. Additionally, 21 arrests were made.

3.100. Since 2014, all IP enforcement activities under the Industrial Property Act have been related to trademarks. There was 1 infringement case, 3 applications for invalidation or removal of a trademark, and 10 trademark oppositions.

3.101. In the context of this Review, the authorities indicate that data are not gathered on customs seizures of IP-infringing goods.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture

4.1.1 Overview

4.1. Botswana's agricultural, forestry, and fishing sectors contributed about 1.9% to gross value added in 2022. Agriculture, Forestry and Fishing accounted for 9.5% of total employment in the same year.¹⁰⁷ The sector comprises the crop and livestock subsectors under communal (traditional) and commercial farming systems. Livestock dominates, mainly cattle and to a lesser extent goats, while arable farming is primarily for subsistence.¹⁰⁸ As indicated by the authorities, the average farm size is 16 ha for rain-fed crops and 4 ha for horticulture. Most recent data on agricultural production are from 2019.¹⁰⁹

4.2. Over the review period, the agriculture sector did not perform optimally due to recurring droughts that have impacted cereal production, loss of livestock due to straying and theft, and pests and diseases, including foot and mouth disease. Other challenges include limited R&D, insufficient infrastructure, underutilized land, market access limitations, and low productivity levels.¹¹⁰ Botswana is a net importer of agricultural products (Table 4.1).

Table 4.1 Trade balance in agricultural products, 2014-21

(USD million unless otherwise indicated)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|----------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| Trade balance | -534,809 | -550,647 | -544,917 | -559,450 | -645,327 | -733,268 | -734,486 | -831,705 |
| Exports | 171,375 | 148,587 | 127,731 | 106,522 | 121,027 | 96,505 | 86,051 | 132,443 |
| % total exports | 2.0 | 2.3 | 1.7 | 1.8 | 1.8 | 1.8 | 2.0 | 1.8 |
| Imports | 706,184 | 699,235 | 672,648 | 665,972 | 766,355 | 829,773 | 820,537 | 964,149 |
| % total imports | 7.7 | 8.7 | 11 | 12.5 | 12.1 | 12.6 | 12.6 | 11.4 |

Note: WTO definition of agriculture: HS Chapters 01-24 less fish and fishery products.

Source: WTO Secretariat calculations, based on UN Comtrade data.

4.3. In 2021, agriculture accounted for 1.8% of total exports. Over the review period there was a dramatic shift in the main products exported and export destinations. This was largely due to permission being granted in September 2019 to allow export of live animals, to mitigate the impact of operational difficulties at the Botswana Meat Commission (BMC) (Section 4.1.2). In 2014, frozen, fresh, and chilled beef (HS 0202 and HS 0201) accounted for 67.2% of the value of agricultural exports, with the main export destinations being South Africa, the United Kingdom, the Netherlands, Italy, and Greece. This dropped to 10.6% by 2021, mainly accounted for by a large decrease in exports to Europe. On the other hand, exports of live cattle increased from 1.7% of agricultural exports in 2014 to 60.4% in 2021 (Chart 4.1). In 2020, just over 96% of Botswana's exports of live cattle were exported to South Africa, with the remaining share going to Namibia. Botswana's exports of certain agricultural products, such as vegetables and bran, increased slightly over the review period, with exports going to South Africa (Chart 4.1).

4.4. In response to tightening global traceability rules, Botswana replaced the Livestock Identification and Traceability System (LITS) with a digital ear-tagging system, the Botswana Agricultural Information and Traceability System (BAITS), in 2014. It is a legal requirement that all cattle should be tagged within three months of birth and linked to the registered keeper on BAITS.

4.5. Botswana imports a range of agricultural products, mainly from South Africa, which accounted for 91.6% of Botswana's imports of agricultural products in 2020. The main products imported (in value terms) are maize and sugar. Notable trends over the review period included an increase in the imports of waters, as well as beer made from malt (Chart 4.1).

¹⁰⁷ Bank of Botswana (2022), *Annual Report*. Table 1.2A. Viewed at: <https://www.bankofbotswana.bw/sites/default/files/publications/Annual%20Report%202022.pdf>.

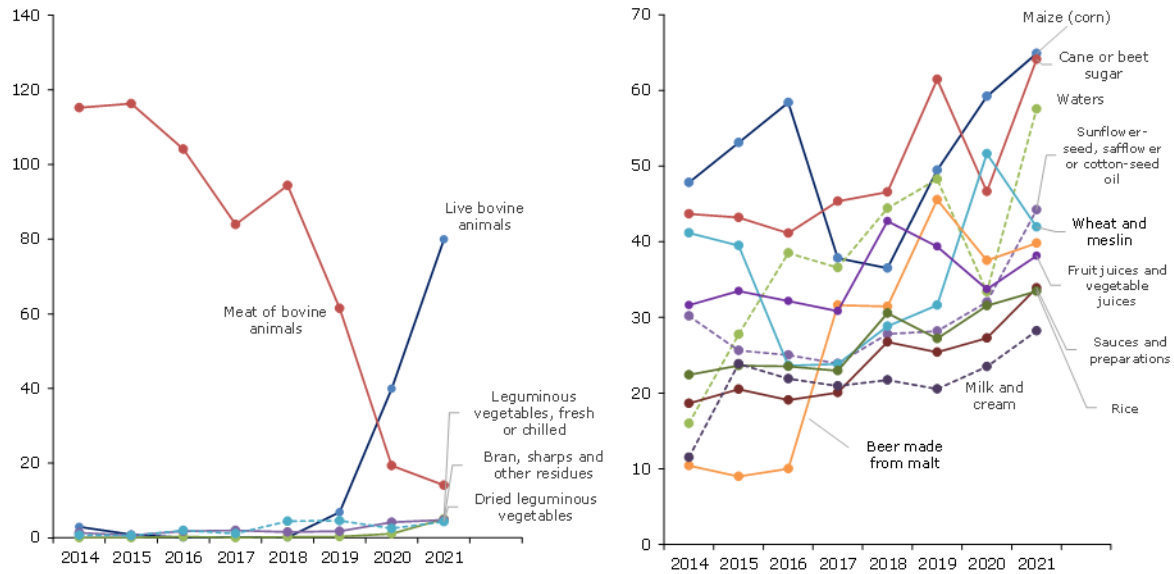
¹⁰⁸ WTO document WT/TPR/S/324/Rev.1, 5 February 2016.

¹⁰⁹ Statistics Botswana (2020), *Annual Agricultural Survey Report 2019*. Viewed at: <https://www.statsbots.org.bw/sites/default/files/publications/ANNUAL%20AGRICULTURAL%20SURVEY%20REPORT%202019%20TRADITIONAL%20SECTOR.pdf>.

¹¹⁰ National Development Plan 11 (NDP 11). Viewed at: <https://faolex.fao.org/docs/pdf/bot175398.pdf>.

Chart 4.1 Main traded agricultural products, 2014-21

(USD million)



Note: Beer made from malt (HS 2203); bran, sharps and other residues (HS 2302); cane or beet sugar (HS 1701); dried leguminous vegetables (HS 0713); fruit juices and vegetable juices (HS 2009); leguminous vegetables, fresh or chilled (HS 0708); live bovine animals (HS 0102); maize (corn) (HS 1005); meat of bovine animals (HS 0201, 0202); milk and cream (HS 0401); rice (HS 1006); sauces and preparations thereof (HS 2103); sunflower-seed, safflower or cotton-seed oil (HS 1512); waters (HS 2202); and wheat and meslin (HS 1001).

Source: WTO Secretariat calculations, based on UN Comtrade database.

4.1.2 Institutional and policy framework

4.6. The Ministry of Agriculture (MOA) (formerly the Ministry of Agricultural Development and Food Security) has overall responsibility for the sector. Its focus is on agricultural production. It has a mandate to enhance food security and agricultural development through, *inter alia*, product diversification, value addition, promotion of local products for local consumption, and establishing agriculturally based poverty eradication projects.¹¹¹

4.7. The BMC, a parastatal operating under the Ministry of Entrepreneurship, is responsible for buying and slaughtering cattle, processing cattle products (both meat and hides), and selling these products. The BMC Act (Part IV) stipulates that no persons other than the BMC can export cattle or cattle products unless they have obtained a permit from the Minister. The Act specifies that the Minister must issue such a permit with the concurrence of the BMC, except under exceptional circumstances when it is in the public interest.¹¹² According to the authorities, such permits have been issued a few times and extended for long periods. A similar instrument (waiver) was issued in 2019 (Section 4.1.1), allowing the export of live cattle for slaughter purposes; this has been renewed several times and is currently in operation until 31 December 2023. As indicated by the authorities, as of June 2023, 440,638 cattle had been exported to South Africa, Namibia, and the Democratic Republic of the Congo using this instrument. Export taxes apply (Section 3.2.2).

4.8. In 2019, the Botswana Meat Commission (Transition Act) was enacted¹¹³, and structures are being set up to operationalize it. The Act provides for registration of the BMC as a public company, the establishment of a new regulatory authority for the meat industry, and opening up of the meat

¹¹¹ Government of Botswana. Viewed at: <https://www.gov.bw/ministries/ministry-agricultural-development-and-food-security>.

¹¹² Botswana Meat Commission Act. Viewed at: <https://faolex.fao.org/docs/pdf/bot6480.pdf>.

¹¹³ Botswana Meat Commission (Transition) Act (Act No. 20 of 2019). Viewed at: <https://www.botswanalaws.com/Botswana2019Pdf/20of2019.pdf>.

export market to competition. Official data were not available on the financial situation of the BMC, or on the extent of capital injections by the Government.

4.9. The Botswana Agricultural Marketing Board (BAMB), another parastatal operating under the Ministry, continues to provide a market for locally grown grains (oilseeds, sorghum, maize, and millet) and pulses/beans. It has a role in providing farmers with a market of last resort, as well as in providing market information to farmers ahead of planting to help them plan production.¹¹⁴ The mandate of the BAMB was broadened in 2016 when it took over all Livestock Advisory Centres (LACs), which were previously managed by the Department of Veterinary Services. LACs sold livestock inputs such as animal drugs, medicines, dips, vaccines, livestock husbandry equipment, and poultry and livestock feeds. The authorities indicate that the MOA assesses Botswana's food security situation on an annual basis and may recommend promoting the production of certain products. The Government will then instruct the BAMB to purchase these products at a certain price, with the Government subsidizing the difference.

4.10. The BAMB may also import, export, transport, store, process, and sell any "scheduled produce" (maize, sorghum, and pulses). Import and export of these products are not restricted to the BAMB. Transport costs incurred by the BAMB are subsidized because of operating in remote areas, as notified by Botswana.

4.11. The BAMB has been mandated by the Government to manage Botswana's Strategic Grain Reserve, which comprises 30,000 metric tonnes (MT) of maize, 30,000 MT of sorghum, and 10,000 MT of beans. It is designed to sustain Botswana's requirements for six months. Stored products are sold at market prices and replenished. Plans are under way to restructure the BAMB (Section 3.3.5.2).

4.12. Agricultural policy is elaborated in both general and sector-specific strategies. Under Vision 2036 (Section 2), the main agriculture-related objective is to have a sustainable, technology-driven, commercially viable, disease-free agricultural sector that optimizes land and other resources. Under the National Development Plan 10 and within the framework of the Private Sector Development Project, value chain studies were undertaken for seven agricultural value chains (beef, horticulture, dairy, piggery, goat, poultry, and leather) and opportunities highlighted in these studies are at different levels of implementation under the responsibility of the Ministry of Entrepreneurship. In the context of the National Development Plan 11 (2017-2023) (NDP 11), the Government aims to improve food security and nutrition through improving access to productive resources (land, finance, inputs, infrastructure, and information) as well as to promote the practice of cluster farming and agro-ecological zones.¹¹⁵ Botswana also seeks to develop value chains, *inter alia*, in meat and meat products and fruits and vegetables as part of the SACU Strategic Plan.¹¹⁶ Botswana also continues to implement the 1991 National Policy on Agricultural Development, which aims to improve food security at the household and national levels, conserve agricultural and land resources for the future, diversify the sector, and mainstream disadvantaged groups into the sector.¹¹⁷ A review of this policy is ongoing. An Agro-Processing Strategy is being developed; the final report is expected by September 2023.

4.1.2.1 Border measures

4.13. As a SACU member, Botswana applies the Union's CET. Tariff protection to agriculture, hunting, forestry, and fishing (ISIC classification) averaged 3.7% in 2023, with tariffs ranging from zero to 44%. According to the WTO definition of agricultural products, the simple average applied tariff was 10.1%, with tariffs ranging from zero to 95% (Main Report, Section 3, Table A3.1). Tariff lines on agricultural products (WTO definition) attracting rates of more than 50% include poultry,

¹¹⁴ Market information typically includes market opportunities in the grain industry (crops that the market demands and price projections).

¹¹⁵ NDP 11. Viewed at: <https://faolex.fao.org/docs/pdf/bot175398.pdf>.

¹¹⁶ Ministry of Finance, 2023 Budget Speech. Viewed at: https://www.finance.gov.bw/images/speeches/Minister/2023BudgetSpeechDocs/2023_Budget_Speech_06_Feb_ruary_2023.pdf.

¹¹⁷ An overview of the Policy's objectives is contained in Botswana's previous Review (WTO document WT/TPR/S/324/Rev.1, 5 February 2016).

certain cheeses, and pineapple (Main Report, Section 3, Table 3.3). Several agricultural products are subject to non-*ad valorem* duties (Main Report, Section 3, Table 3.1).

4.14. Botswana administers tariff quotas for agricultural products within the framework of its RTAs (Main Report, Section 3.3.3) and under the SACU rebate facilities. With respect to the latter, the 2002 SACU Agreement stipulates that all members need to apply the same rebates, refunds, or drawbacks of customs duties on imported goods (Main Report, Section 3). However, a rebate facility is in place for those SACU members that do not produce the products that are produced in the region and subject to high CET rates. For Botswana, rebates were created for wheat (HS 1001) (excluding durum wheat) and dairy products (HS 04); according to the authorities, wheat is the most commonly used. The rebate system works in a similar way to a tariff quota with quantitative limits. A rebate can only be used if it is allowed by the agricultural authorities of the four BLNS countries (Botswana, Eswatini, Lesotho, and Namibia). Importation of products subject to a rebate is open to applicants on a first-come, first served basis. Imports of these products cannot be re-exported to other SACU members.

4.15. Botswana has used SACU provisions allowing for temporary protection of infant industries to levy an additional duty of 40% on imports of UHT milk; this was introduced in 2008 for a period of eight years, which elapsed in 2016. Botswana requested a further extension that was approved in 2016 and will elapse in 2024. The purpose of the extension is to complete the measures being undertaken to address the gaps identified in the dairy value chain in Botswana.

4.16. To protect and encourage domestic production and food self-sufficiency, the Government imposed import restrictions on 16 vegetable products effective 1 January 2022. The ban applies to imports from all sources and to the following products: tomatoes, carrots, beetroots, potatoes, cabbage, lettuce, garlic, onions, ginger, turmeric, chili peppers, butternuts, watermelon, sweet peppers, green corn, and fresh herbs. The restrictions were imposed under the provisions of the Control of Goods, Prices, and Other Charges Act and will be reviewed in two years to assess their effectiveness and relevance.

4.17. Imports of several agricultural products require a permit (unless imported in small quantities for personal consumption, e.g. 10 kg to 24 kg).¹¹⁸ The legal bases for this requirement are the Control of Goods, Prices and Other Charges Act and the Control of Goods (Import and Export of Agricultural Products) Regulations (First and Second Schedules).¹¹⁹ Permits are required to promote local production of staple food products; hence the products subject to import permits vary according to the circumstances. Permits are not granted when domestic supply is deemed sufficient, to ensure that local farmers can sell their produce. They are granted only when there are shortages in the domestic market.¹²⁰ Import permits for some of these products which, according to the authorities, are important for food security (e.g. grains, such as maize, maize meal, sorghum grains, and sorghum meal) are only issued upon proof of local purchases (through the presentation of valid invoices/other legal document that prove their purchases of local products).¹²¹

4.18. Botswana's wheat flour levy was discontinued in November 2021 (Section 3.1.1).

4.19. Various agricultural products and farming inputs and implements are VAT zero-rated (Section 3.1.1).

¹¹⁸ The First Schedule of the Regulations sets out products subject to import permit requirements: animal feed for poultry and livestock, bananas, beetroot, butternuts, cabbage, carrots, fresh milk, green pepper, maize, maize products, mangos, onions, oranges, potatoes, pulses, pumpkin, sorghum, sorghum products, sweet potatoes, tomatoes, watermelon, and wheat. The Second Schedule lists the same products (apart from animal feed for poultry and livestock), with a specified weight per person. No permit is required for imports of these products if the weight does not go beyond the specified weight.

¹¹⁹ Control of Goods, Prices and Other Charges Act. Viewed at: <https://www.gov.bw/sites/default/files/2020-03/CONTROL%20OF%20GOODS%20%2C%20PRICES%20AND%20OTHER%20CHARGES%20ACT.pdf>.

Subsidiary legislation to the Act was viewed at: <https://www.botswanalaws.com/consolidated-statutes/subsidiary-legislation/control-of-goods-prices-and-other-charges-subsidiary-legislation>.

¹²⁰ Control of Goods, Prices and Other Charges (Restriction on the Importation of Bread Loaves and Pie Pastries) Regulations under Section 3 (14 October 2003).

¹²¹ In the case of maize grain, 30% needs to be purchased locally, 70% in the case of maize meal, 50% for sorghum grain, and 70% for sorghum meal.

4.1.2.2 Domestic support

4.20. According to the WTO notifications by Botswana, domestic support fluctuated over the review period. The bulk of support was provided to the Integrated Support Programme for Arable Agriculture Development (ISPAAD) scheme, which provides support in the following areas: cluster fencing, provision of potable water, seeds and fertilizers, facilitation of access to credit, and the establishment of agricultural service centres.¹²² The other main support programme is the Livestock Management and Infrastructure Development II (LIMID) Programme, which provides subsidies for dipping facilities, handling facilities, water sources, and other farming inputs for low-income farmers (Table 4.2). Other special and differential treatment programmes include an artificial insemination subsidy and a transportation support services subsidy. The ISPAAD was recently restructured to help farmers of arable land. It is due to be terminated in FY2023/24 and replaced by a new programme called Temo-Letlotlo, which is focused on promoting national self-sufficiency in food production.

Table 4.2 Domestic support as notified by Botswana, FY2014/15-FY2020/21

(BWP million)

| | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Total domestic support | 710 | 620 | 384 | 912 | 599 | 657 | 761 |
| Green Box | 87 | 49 | 32 | 57 | 31 | 35 | 22 |
| Special and differential treatment programmes, of which: | | | | | | | |
| ISPAAD | 555 | 467 | 332 | 750 | 490 | 535 | 613 |
| LIMID | 63 | 99 | 16 | 82 | 74 | 82 | 126 |

Source: WTO documents G/AG/N/BWA/23, 5 January 2016; G/AG/N/BWA/27, 28 February 2017; G/AG/N/BWA/31, 14 November 2017; G/AG/N/BWA/34, 9 January 2019; G/AG/N/BWA/35, 25 July 2022; G/AG/N/BWA/36, 13 October 2022; and G/AG/N/BWA/37, 13 October 2022.

4.21. In 2022, Botswana introduced a subsidy scheme, the Horticulture Impact Accelerator Subsidy, for vegetable farmers to help them mitigate the impact of bad weather, increase production, and develop best practices. The Government set aside an initial amount of BWP 50 million for the programme. The subsidy provides for a loan at favourable terms or a 50% grant, requiring that the applicant should contribute the other 50%. The subsidy provides for inputs including shade houses, tunnels, pack houses, irrigation, and borehole equipment and implements.¹²³

4.22. Support to domestic agriculture producers is also provided through the Economic Diversification Drive, which obliges the Central Government, local authorities, and parastatals to purchase locally produced goods and services (Section 3.3.6).

4.1.2.3 Export measures

4.23. Exports of various agricultural products require permits under the Control of Goods (Import and Export of Agricultural Products) Regulations (Schedules 2 and 3) (Table 3.2).

4.24. Botswana made notifications that it granted no export subsidies to agricultural products from FY2015/16 to FY2017/18.¹²⁴ The authorities indicate that no such subsidies have been provided since Botswana's last notification, and that WTO notifications are being updated to reflect this and are expected to be up to date by end-2023.

4.2 Mining and energy

4.2.1 Mining

4.25. Mining continues to play a central role in Botswana's economy, although its contribution to gross value added declined over most the review period, dropping from 24.1% in 2014 to 9.6% at the height of the COVID-19 pandemic in 2020. It has since picked up, accounting for 21.4% of gross

¹²² National Development Bank (NDB). Viewed at: <https://www.ndb.bw/ispaad>.

¹²³ NDB, IAS. Viewed at: <https://www.ndb.bw/ias>.

¹²⁴ WTO documents G/AG/N/BWA/26, 28 February 2017; G/AG/N/BWA/29, 10 November 2017; G/SCM/N/284/BWA-G/SCM/N/315/BWA, 26 March 2018; and G/AG/N/BWA/32, 20 June 2018.

value added in 2022 (Table 1.1). Mining absorbed 1.8% of the labour force in 2022.¹²⁵ Diamond mining is the main activity and accounted for 97.5% of Botswana's total mining exports in 2021 (Table 4.3). Most minerals extracted are exported, and the mining sector contributes to the majority of Botswana's export earnings (Section 1).

Table 4.3 Principal indicators for mining, 2014-22

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|------|-------|------|------|------|------|-------|------|------|
| Contribution to GDP (% , at current basic prices) | 24.1 | 19.1 | 23.7 | 19.6 | 16.8 | 14.3 | 9.6 | 16.6 | 21.4 |
| Contribution to GDP (% , at 2006 constant basic prices) | 28.4 | 25.4 | 23.7 | 24.3 | 25.2 | 23.5 | 19.0 | 22.1 | 22.4 |
| Growth rate at 2006 prices (%) | 6.0 | -15.3 | 0.3 | 6.3 | 8.4 | -3.7 | -26.5 | 29.8 | 7.5 |
| Paid employees in mining (% of total paid employees) | 3.2 | 3.3 | 3.1 | 2.0 | 2.0 | 2.2 | 1.7 | 2.4 | ... |
| Exports (including re-exports) | | | | | | | | | |
| Mining (USD billion) | 7.8 | 5.6 | 6.7 | 5.4 | 6.0 | 4.8 | 3.8 | 6.9 | ... |
| Top 5 exports by HS 4-digit (% of total mining) | | | | | | | | | |
| 7102 Diamonds | 92.9 | 92.5 | 95.6 | 98.9 | 98.5 | 98.8 | 97.4 | 97.5 | ... |
| 710231 Non-industrial: unworked | 81.8 | 83.9 | 89.1 | 86.8 | 84.0 | 81.1 | 82.9 | 84.8 | ... |
| 710239 Non-industrial: other | 10.5 | 7.8 | 5.9 | 9.9 | 14.2 | 17.5 | 14.3 | 12.3 | ... |
| 7501 Nickel mattes | 4.5 | 5.6 | 3.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | ... |
| 2603 Copper ores and concentrates | 1.7 | 0.9 | 0.0 | 0.1 | 0.1 | 0.0 | 0.7 | 1.6 | ... |
| 7108 Gold | 0.6 | 0.5 | 0.6 | 0.7 | 0.7 | 0.8 | 1.3 | 0.5 | ... |
| 2501 Salt | 0.4 | 0.4 | 0.4 | 0.4 | 0.7 | 0.4 | 0.6 | 0.4 | ... |
| Top 5 mining exports (% of total exports) | 92.0 | 89.7 | 92.2 | 91.6 | 91.3 | 91.5 | 90.5 | 92.5 | ... |

Source: Statistics Botswana, *Statistical Publications*; Bank of Botswana, *Publications*; and UN Comtrade database.

4.26. As indicated in the previous Review, mineral rights are vested in the State. The Ministry of Minerals and Energy (formerly the Ministry of Mineral Resources, Green Technology and Energy Security) is responsible for the sector. Departments within the Ministry with mining-related responsibilities are (i) the Department of Mines, which is responsible for licensing and monitoring of mining operations; and for ensuring compliance with environmental, health, and safety standards and the related Acts and Regulations; (ii) the Mineral Affairs Division, which is responsible for the formulation, implementation, and monitoring of policies for the mining and minerals sectors; gathering market intelligence; and promoting investment in minerals; and (iii) the Diamond Hub, which is responsible for downstream development of diamonds (Section 4.3). The Minerals Development Company Botswana (Pty) Ltd (MDCB), a parastatal mining investment holding company, was established in 2015 to hold and develop all of Botswana's current and future mining interests. Its purpose is to optimize returns to the Government from its equity stakes in the mining industry, in a socially and environmentally responsible manner. It also seeks out new investment opportunities within and beyond Botswana.

4.27. The Government continues to own 50% of the shares in the Debswana Diamond Company Pty Ltd, with the other 50% held by De Beers. It is the largest diamond mining company in Botswana, operating four mines and accounting for 98% of Botswana's diamond production, 70% of exports, and 30% of tax revenues. Debswana's mining licences are valid until 2029. The Government is seeking to renegotiate or renew the 2011 sales and marketing agreement that currently entitles De Beers to 75% of the production from Debswana.

4.28. The Okavango Diamond Company (ODC) is a state-owned diamond trading company that markets up to 25% of the Debswana mines' run-of-mine production to facilitate secondary rough trading (Section 3.3.5.2). The Diamond Trading Centre Botswana, another 50:50 joint venture between De Beers and the Government undertakes sorting and valuation of diamonds. In 2023, the Government took a 24% stake in HB Antwerp, a Belgian diamond processing firm founded in 2020, as it seeks to gain more value from its diamonds. The ODC has signed a five-year agreement to supply rough diamonds to HB Antwerp as part of this deal.¹²⁶

¹²⁵ Bank of Botswana (2022), *Annual Report*. Table 1.2A. Viewed at: <https://www.bankofbotswana.bw/sites/default/files/publications/Annual%20Report%202022.pdf>.

¹²⁶ Reuters (2023), "Botswana Partners Gem Trader HB Antwerp, Seeks to Loosen De Beers' Grip", 27 March. Viewed at: <https://www.reuters.com/markets/commodities/botswana-partners-gem-trader-hb-antwerp-seeks-loosen-de-beers-grip-2023-03-27/>.

4.29. Since 2014, state-owned BCL Ltd was shut down and Tati Nickel Mining Company (Pty) Ltd, in which the Government had a 15% share, was liquidated.

4.30. The Mines and Minerals Act, 1999 continues to regulate mining and ancillary activities, including licensing for mineral prospecting and mining operations. As indicated in the 2023 Budget Speech, the Government is reviewing this law with a view to making Botswana a conducive environment for mining, ensuring proper management of resources, and including provisions for local beneficiation of minerals and meeting local needs for mining products.¹²⁷ Other laws relevant to the sector are the Diamond Cutting Act, 1979 and the Semi-Precious Stones Act, 1969. The Diamond Cutting Act Amendment Bill and the Precious and Semi-Precious Stones (Protection) Amendment Bill were passed by Parliament in August 2021. They aim to modernize the minerals legislation and to align it with policy aspirations on issues relating to ease of doing business, occupational health, safety, environment, and anti-money laundering and financing of terrorism issues.

4.31. A Minerals Policy was adopted in February 2022¹²⁸, which aims to (i) foster a competitive environment for investment in mining and beneficiation projects; (ii) ensure security of tenure and harmonization of the laws associated with minerals development (i.e. taxation, land, protected areas, and infrastructure); (iii) maintain a transparent fiscal regime for mining operations; (iv) ensure protection of the environment (based on the Environmental Management System) and public safety; (v) contribute to sustainable economic growth and livelihoods through value addition activities along the value chain and effective participation by citizens (i.e. as investors, suppliers, and service providers) and locally based companies; (vi) ensure sustainable development of mineral resources through monitoring of Natural Capital Accounting; and (vii) strengthen anti-corruption practices (i.e. Ministerial Anti-Corruption Policies). According to the authorities, the policy has been harmonized with regional mineral policies such as the SADC Protocol on Mining and the Africa Mining Vision 2050.

4.32. Botswana provides for the following mineral concessions: prospecting licences, retention licences, mining licences, and minerals permits for small-scale mining operations. The terms of any new application, renewal, transfer, or amendment of a mining licence for diamonds must be negotiated on the technical, financial, and commercial aspects of the proposed project, including government participation.¹²⁹ Botswana launched its mining cadastre (the National Integrated Geoscience Information System (NIGIS) which is housed in the Botswana National Geoscience Institute) in October 2022. It replaced the Samrad system for applying for mining and prospecting rights.¹³⁰ It became operational on November 2022. As of mid-2023, there were two diamond and eight other companies operating in the mining sector.

4.33. Royalties on mining products have not changed since the previous Review. Royalties for diamonds are 10% of gross market value, 5% for precious metals (e.g. gold and platinum), and 3% for all others minerals. Mining companies are taxed using a variable income tax rate based on a formula, with a minimum rate of 22% equivalent to the standard corporate income tax rate. Deferral of royalty payments may be granted in certain instances to assist struggling companies. The tax regime for diamond projects may also be negotiated on a case-by-case basis. In terms of the use of mining sector revenues, Botswana has employed a long-standing fiscal rule that recognizes that these revenues are based on a non-renewable resource and requires that mineral revenues be invested in physical assets, human capital, and financial assets, and not to be used for recurrent government spending. Mineral taxes, royalties and dividends remain an important source of Government revenue, accounting for between 21.5% to 44.2% of total government revenues over the review period (Table 4.4).

¹²⁷ Ministry of Finance, Budget Speech 2023. Viewed at: <https://www.finance.gov.bw/images/speeches/2023BudgetSpeech.pdf>.

¹²⁸ Ministry of Mineral Resources, Green Technology and Energy Security, *Botswana Minerals Policy 2022*. Viewed at: <https://bgi.org.bw/sites/default/files/Botswana%20Minerals%20Policy%202022.pdf>.

¹²⁹ For further details, see WTO document WT/TPR/S/324/Rev.1, 5 February 2016, Table 4.4.

¹³⁰ Botswana Mining Cadastre Portal. Viewed at: <https://portal.miningcadastre.gov.bw/page/landing>.

Table 4.4 Government revenues from the diamond industry, 2015/16-2021/22

(BWP million and fiscal year)

| Source of revenue | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Mineral tax | 5,263 | 7,213 | 5,578 | 6,056 | 4,544 | 3,315 | 7,868 |
| % of total mineral revenue | 36.5 | 32.1 | 29.9 | 32.8 | 31.2 | 34.6 | 33.8 |
| Mineral royalties and dividends | 9,175 | 15,283 | 13,108 | 12,412 | 10,011 | 6,258 | 15,376 |
| % of total mineral revenue | 63.5 | 67.9 | 70.1 | 67.2 | 68.8 | 65.4 | 66.2 |
| Total mineral revenue | 14,438 | 22,496 | 18,686 | 18,468 | 14,555 | 9,573 | 23,244 |
| % of total fiscal revenue | 32.2 | 44.2 | 35.3 | 36.2 | 30.3 | 21.5 | 37.7 |
| Total fiscal revenue (tax) | 44,859 | 50,847 | 52,992 | 51,057 | 47,967 | 44,434 | 61,591 |

Note: "Total mineral revenue" less "Mineral tax" equals "Mineral royalties and dividends".

Source: Statistics Botswana, *Statistical Publications*; and Ministry of Finance.

4.34. Botswana has over 210 billion tonnes of untapped coal reserves. As of November 2022, Botswana was producing about 2.9 million tonnes of coal per annum.¹³¹

4.2.2 Energy

4.35. The Ministry of Minerals and Energy is responsible for formulating and implementing national energy policies. The Botswana Energy Regulatory Authority (BERA), which started operations in 2017, is responsible for providing the regulatory framework for electricity, gas, coal, petroleum products, and all forms of renewable energy.¹³²

4.36. In 2021, the Ministry released its National Energy Policy (NEP) in which it sets out its objectives to create a secure and reliable energy system with capacity to supply energy to all the sectors of the economy and to significantly reduce energy-related atmospheric emissions by 2040. The policy seeks to ensure that energy is accessible to all, especially the low-income members of the community. The NEP facilitates the diversification of the national energy mix (i.e. electricity, oil and gas, biofuels, solar, and coal), and modernization and expansion of energy infrastructure by promoting renewable energy sources, especially solar and clean coal technologies. The policy aims to improve regional and international cooperation in energy trade (i.e. via the Southern African Power Pool (SAPP)) and overall development of the sector. It is aligned with the SADC Energy Protocol.¹³³

4.37. Botswana continues to rely largely on coal and hydrocarbons to meet its energy needs (Chart 4.2). The contribution of renewable energy to the electricity mix is minimal. No official information was available on whether the Government provides energy-related subsidies.

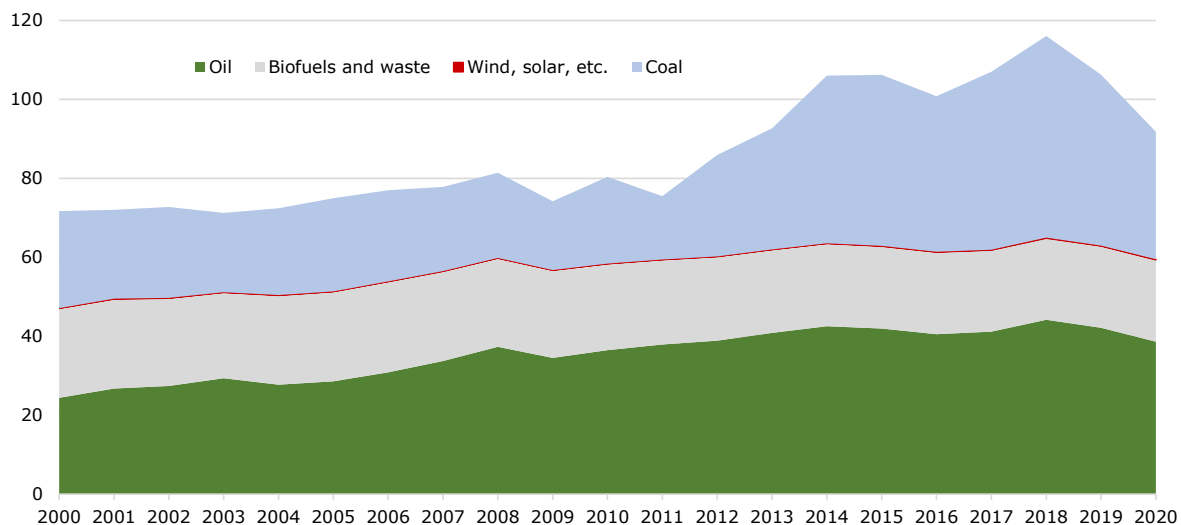
¹³¹ Botswana Mineral Investment booklet. Not available online.

¹³² BERA. Viewed at: <https://www.bera.co.bw/>.

¹³³ BERA (2021) *National Energy Policy*. Viewed at: <https://www.bera.co.bw/downloads/National%20Energy%20Policy%20Final%20April%202021.pdf>.

Chart 4.2 Total energy supply (TES) by source, 2000-20

(Unit: 1,000 TJ)



Source: International Energy Agency, *Botswana*. Viewed at: <https://www.iea.org/countries/botswana>.

4.2.2.1 Electricity

4.38. Regulation of the electricity sector is governed by the Botswana Energy Regulatory Authority Act (Act No. 13 of 2016)¹³⁴, the Electricity Supply Act (Act No. 21 of 1973 as amended by Act No. 20 of 2007¹³⁵), and the Botswana Power Corporation Act (Chapter 74:01136).

4.39. Electricity demand in Botswana stood at 662 MW in 2022. Demand is expected to grow to 1,017 MW by 2025. Botswana Power Corporation's (BPC) installed generating capacity is 892 MW. However due to overhauls/statutory outages at power station units, it currently generates about 360 MW. Approximately 180 MW of electricity is imported from interconnected utilities in Mozambique and Zambia. The BPC also imports electricity from the submarkets controlled by the SAPP. Projects to develop Botswana's electricity infrastructure include the Zimbabwe, Zambia, Botswana, Namibia (ZIZABONA) Transmission Line Project, which has made little significant progress, and a planned transmission line between Botswana and South Africa. Locally, Botswana is constructing the North West transmission line to increase electricity access within the country and facilitate cross-border connectivity.

4.40. The BPC continues to have a de facto monopoly on the generation of electricity and a de jure monopoly on the transmission, distribution, and sale of electricity. Amendments to the Electricity Supply Act in 2007 permitted independent power producers (IPPs) and suppliers to enter the market. As of May 2023, there was still no private sector participation. Nevertheless four Power Purchase Agreements have been approved: three 4 MW Photovoltaic (PV) Power Plants (one each in Lobatse, Ghanzi, Maun), and one 50 MW in Selibe-Phikwe. In addition, three IPPs have been issued licences to generate 3 MW PV in Bobonong, 1 MW PV in Shakawe, and 10 MW Coalbed Methane in SandVeld.¹³⁷ The Ministry of Minerals and Energy together with PEEPA have commenced a study to unbundle the BPC (Table 3.4).

¹³⁴ Botswana Energy Regulatory Authority Act, 2016. Viewed at: https://www.bera.co.bw/downloads/BERA_ACT_13_of_2016.pdf.

¹³⁵ Electricity Supply (Amendment) Act, 2007. Viewed at: [https://www.botswanalaws.com/StatutesActpdf/2007ACTpdf/ELECTRICITY%20SUPPLY%20\(AMENDMENT\)%20ACT,%2020%20OF%202007.pdf](https://www.botswanalaws.com/StatutesActpdf/2007ACTpdf/ELECTRICITY%20SUPPLY%20(AMENDMENT)%20ACT,%2020%20OF%202007.pdf).

¹³⁶ Botswana Power Corporation Act. Viewed at: <https://www.bpc.bw/about-us/PublishingImages/bpc-act/BPC%20Act.pdf>.

¹³⁷ To generate electricity, the BPC concludes a power purchase agreement with the IPP (this sets out conditions of sale, tariff, capacity, etc.). The IPP then needs to obtain a licence from BERA. Once licensed, the IPP may start construction and then undertake sales.

4.41. Persons who install rooftop solar panels may sell to the grid without needing a generation licence. Feed-in tariff guidelines were released in 2020, which cover pricing and capacity; these guidelines are being reviewed.

4.42. Electricity tariffs are set and adjusted by the Ministry of Minerals and Energy. Tariffs are generally adjusted annually. As at the time of the previous Review, tariffs comprise three charges: a fixed charge, which is the same for all but domestic consumers; an energy charge, which varies according to consumers; and a demand charge, which is levied on medium and large businesses (Table 4.5).

Table 4.5 Electricity tariffs, 2014 and 2021

| | Fixed charge (BWP/month) | | Energy charge (BWP/kWh) | | Demand charge ^a (BWP/kW/month) | |
|--------------------|-----------------------------|--------|----------------------------|--------|--|--------|
| | 2014 | 2021 | 2014 | 2021 | 2014 | 2021 |
| Domestic consumers | 21.98 | 34.02 | 0.7167 | 0.9839 | n.a. | n.a. |
| Small business | 66.53 | 105.77 | 0.4579 | 1.1905 | n.a. | n.a. |
| Medium business | 66.53 | 105.77 | 0.2348 | 0.8992 | 56.21 | 252.26 |
| Large business | 66.53 | 105.77 | 0.2117 | 0.8107 | 52.91 | 237.45 |
| Government | 66.53 | 105.77 | 0.5935 | 2.5183 | n.a. | n.a. |
| Water pumping | 66.53 | 105.77 | 0.4669 | 1.816 | n.a. | n.a. |

n.a. Not applicable.

Source: WTO document WT/TPR/S/324/Rev.1, 5 February 2016; and information provided by the authorities.

4.43. Access to electricity is low. Most of the population depend on biomass. Wood remains a major source of energy for rural and low-income urban communities and is mainly used for cooking, space heating, and lighting. However, the percentage of the population with access to electricity has increased from 65% in 2014 (45% in rural areas) to 68% in 2021.

4.2.2.2 Petroleum products

4.44. Botswana continues to rely solely on imports of petroleum fuels. According to the authorities, on a yearly basis, Botswana consumes on average around 1.3 billion litres of liquid fuels (petrol, diesel, and illuminating paraffin) and 23 million litres of aviation fuels. According to Comtrade data, in 2022, 82% were sourced from South Africa, and the remainder from Mozambique and Namibia.¹³⁸ As at the time of the previous Review, fuel security is of concern, due to limited supply routes, inadequate domestic storage capacity, and long-distance travel to supply products throughout Botswana. In addition, low levels of consumption in remote rural areas render deliveries unprofitable, discouraging companies from distributing.

4.45. The importation of petroleum products is open to competition. The state-owned Limited (BOL) is responsible for managing the Government's strategic reserves (to ensure the consumption equivalent of 15 days of fuel in case of supply disruption). It supplies the wholesale market and has recently started to import petroleum. It does not have a retail network. Several local and indigenous oil companies supply, distribute, and sell petroleum products.

4.46. Retail pump prices of petroleum products are determined by BERA, based on prices set in price-setting regions like Europe, the Arabian Gulf, and the Far East. Botswana uses the Basic Fuel Pricing (BFP) methodology used by other SACU members. This methodology is divided into three sections that collectively build up to the retail pump price. The first section of the pricing slate is the calculation of the free on board (f.o.b.) price. The second section is the calculation of the BFP, which includes the f.o.b. prices. The BFP is the average cost of the refined product from its source point to the Botswana border, including transportation costs. The last section comprises all government taxes and levies, industry operating and service costs, and industry (wholesale) and dealers (retail) profit margins.

¹³⁸ WTO Secretariat calculations, based on UN Comtrade database. Viewed at: <https://comtradeplus.un.org/>.

4.3 Manufacturing

4.47. The manufacturing sector contributed 5.7% to gross value added in 2022 (Table 1.1), and 7.1% of employment in the same year.¹³⁹ Processed minerals and precious stones (diamonds) dominate Botswana's exports of manufactured products, accounting for over 90% of exports in 2021.

4.48. Botswana's Industrial Development Policy (2014) envisages, *inter alia*, developing and diversifying the manufacturing sector, by promoting (i) resource-based manufacturing (both agriculture-based and mineral-based manufacturing); (ii) low-technology manufacturing with a view to supporting SMMEs to produce low-labour skill manufactured products such as textiles, clothing, and footwear; (iii) medium technology manufacturing involving automotive and engineering firms, either alone or in partnership with foreign-owned firms; and (iv) high-tech manufacturing in special economic zones (SEZs) in partnership with foreign firms. To achieve this, the Government intends to work together with stakeholders, *inter alia*, to upgrade and modernize industries and promote and facilitate the development of industrial clusters. Nevertheless, the policy recognizes more generally that industrial development and economic diversification have been hampered by high energy costs, an unreliable energy supply, inadequate telecommunications and transport infrastructure, inadequate or mismatched skills, nascent levels of R&D, and poor access to finance.

4.49. Botswana's Diamond Hub is charged with transforming Botswana into a competitive World Diamond Centre. It is responsible for downstream development of the diamond value chain, with particular emphasis on rough and polished diamond trading; cutting and polishing; jewellery manufacturing; and secondary trading of rough and polished diamonds. In 2022, Botswana had 39 operation diamond cutting and polishing factories, employing 4,097 people. There is no significant jewellery manufacturing industry in Botswana.

4.50. As indicated in the Main Report (Section 3.3.1), the ISIC sector with the highest tariff protection is manufacturing with a simple average applied tariff rate of 8.9% in 2023. The highest tariffs apply to clothing (Main Report, Section 3.3.1, Table 3.3).

4.51. As indicated by the authorities, there is a new focus in the President's Reset and Reclaim Agenda (Section 1.2) on value chain development by using Botswana's significant raw material base. In this regard, import restrictions have been introduced to support domestic manufacturing in certain activities, such as bottling of water, salt and sugar packaging, baked products, maize extruded snacks, and school uniforms (Section 3.1.2).

4.52. Support to domestic manufacturing companies is provided through the Economic Diversification Drive, which obliges the Central Government, local authorities, and parastatals to purchase locally produced goods and services (Section 3.3.6).

4.53. In terms of incentives, Botswana offers manufacturing companies a reduced corporate tax rate of 15% compared with the standard rate of 22%, subject to approval by the Ministry of Trade and Industry.¹⁴⁰ New manufacturing companies may also be eligible for a corporate income tax holiday for a period of 5 to 10 years under the Development Approval Order, provided they meet the required criteria. Approval from the Permanent Secretary for Finance and Development Planning is required.¹⁴¹ The legal basis for these incentives is Section 52(4)(g)(i) of the Income Tax Act. Other incentives, both fiscal and non-fiscal, are provided within the SEZs (Section 3.2.4).

¹³⁹ Bank of Botswana (2022), *Annual Report*. Table 1.2A. Viewed at: <https://www.bankofbotswana.bw/sites/default/files/publications/Annual%20Report%202022.pdf>.

¹⁴⁰ Go Botswana. Viewed at: <https://www.qobotswana.com/incentives-investors>.

¹⁴¹ Go Botswana. Viewed at: <https://www.qobotswana.com/incentives-investors>. The criteria against which applications are evaluated relate to the extent to which the proposed project provides opportunities for Botswana citizens including jobs, training, equity, and participation in management positions; the location of the investment; and the project's stimulation of other economic activities and its effect on reducing local consumer prices.

4.4 Services

4.4.1 Telecommunications

4.54. The information and communication sectors contributed 2.6% to gross value added in 2022 (Table 1.1) and accounted for around 1% of employment in the same year.¹⁴²

4.55. The Department of Digital Communications, Infrastructure and Business (DCIB), within the Ministry of Transport and Communications (MTC), remains responsible for developing, implementing, and monitoring telecom policies and infrastructure development strategies. The Botswana Communications Regulatory Authority (BOCRA) is in charge regulating telecom (as well as broadcasting and postal) services, for dealing with disputes, and investigating consumer complaints.¹⁴³

4.56. State-owned enterprises operating in the telecommunications sector are Botswana Telecommunications Corporation Ltd (BTCL), a telecommunications and Internet service provider (ISP), and Botswana Fibre Networks (BoFiNet), a wholesale provider of telecommunications infrastructure, responsible for improving broadband penetration (Section 3.3.5.2). In 2016, the Government sold a minority stake in BTCL, retaining a 51% shareholding. The BTCL was listed on the Botswana Stock Exchange on 8 April 2016.

4.57. The main law governing the telecommunications sector is the Communications Regulatory Authority (CRA) Act, 2012. There have been no amendments to this law over the review period. CRA Regulations were issued in 2022.¹⁴⁴

4.58. Digital transformation is a central part of Botswana's new development agenda as articulated in the Second Transitional National Development Plan (Section 2). In this regard, the main goal is to enable access to affordable information and telecommunications technology infrastructure. In 2018, a National Broadband Strategy was released, which provides for a coordinated approach to the implementation of an ICT ecosystem and the provision of quality, affordable services via high-speed broadband infrastructure.¹⁴⁵

4.59. Over the period there has been a steady growth in mobile-cellular, fixed-broadband, and mobile-broadband subscriptions, as well as in the share of individuals using the Internet. Fixed-telephone subscriptions have dropped significantly (Table 4.6).

Table 4.6 Selected telecom indicators, 2015-22

(Number, unless otherwise indicated)

| Indicator | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Fixed-telephone subscriptions | 161,641 | 161,641 | 140,873 | 140,202 | 140,202 | 140,722 | 139,930 | 90,518 |
| Mobile-cellular subscriptions | 3,405,887 | 3,460,331 | 3,226,389 | 3,181,591 | 3,353,337 | 3,778,701 | 3,876,773 | 4,243,124 |
| Fixed-broadband subscriptions | 34,435 | 38,574 | 68,587 | 75,359 | 42,098 | 56,970 | 83,910 | 111,851 |
| Mobile-broadband subscriptions | 1,360,236 | 1,360,236 | 1,404,065 | 1,523,545 | 1,752,245 | 2,037,359 | 2,273,363 | 2,435,484 |

¹⁴² Bank of Botswana (2022), *Annual Report*. Table 1.2A. Viewed at:

<https://www.bankofbotswana.bw/sites/default/files/publications/Annual%20Report%202022.pdf>.

¹⁴³ As indicated in the previous Review, BOCRA has signed an MOU with the Botswana Competition and Consumer Authority to ensure appropriate collaboration on issues that may impact both of their jurisdictions.

¹⁴⁴ Communications Regulatory Authority Regulations, 2022. Viewed at: https://www.bocra.org.bw/sites/default/files/documents/Communications_Regulatory_Authority_Regulations_2022_0.pdf.

¹⁴⁵ Ministry of Transport and Communications, *National Broadband Strategy 2018*. Viewed at: <https://www.bocra.org.bw/sites/default/files/documents/National-Broadband-Strategy-FINAL%28June2018%29.pdf>.

| Indicator | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------------------|-------|-------|-------|-------|-------|-------|------|------|
| Individuals using the Internet (%) | 37.31 | 39.36 | 41.41 | 58.00 | 61.00 | 64.00 | .. | .. |

.. Not available.

Source: Information provided by the authorities.

4.60. Telecom operators require a licence from BOCRA to operate in Botswana. A new ICT licensing framework was introduced in 2015. The revised framework was aimed at achieving, *inter alia*, technology neutrality, ease of market entry, and open access. The licences available under this sector include the Network Facilities Provider (NFP) Licence, Services and Applications Provider (SAP) Licence, and a Content Service Provider (CSP) Licence. The NFP Licence is issued to entities that own, operate, or provide any form of physical infrastructure used principally for carrying service and applications, as well as content. The SAP Licence is issued to entities that are non-infrastructure-based service providers and provide all forms of services and applications to end users using infrastructure of the NFP. A CSP Licence is issued to entities offering content material in the form of speech or other sounds, text, data, and images, whether still or moving, solely for television broadcasting.

4.61. There are three telecoms operators in Botswana: BTCL, Orange Botswana (Pty) Ltd, and Mascom Wireless Botswana (Pty) Ltd. For mobile telephony services, Mascom Wireless has a market share of 43%, Orange Botswana has 41%, and Botswana Telecommunications Corporation has 16%. For mobile-broadband, Orange Botswana is the market leader with a share of 49%, followed by Mascom Wireless (44%) and BTC (7%). There are also 115 licensed ISPs. There were not any new entrants, departures, or mergers and acquisitions in the telecommunications sector over the review period.

4.62. Botswana has a 10,600 km nationwide fibre technology infrastructure that connects about 206 of 399 localities to high-speed open access network, facilitated by the BoFiNet optic fibre rollout project.¹⁴⁶ BoFiNet is a consortium member of both the West Africa Cable System (WACS) and the East Africa Submarine Cable System (EASSy), with a shareholding of 4.5% and 4%, respectively. The WACS links South Africa with the United Kingdom along the west coast of Africa. The EASSy connects countries on the east coast of Africa, from South Africa up to Sudan, and has been extended to the United Kingdom. BoFiNet connects to the WACS in South Africa and Namibia and to the EASSy in South Africa. As indicated by the authorities, backbone fibre connectivity projects are ongoing to fill gaps identified in Botswana's National Broadband Strategy, and local access connectivity projects are ongoing through funding from the Government, the Universal Access and Services Fund (see below), village connectivity projects, and operators laying out their own fibre.

4.63. As indicated in the previous Review, tariffs charged by public telecom operators are regulated by BOCRA, and are determined based on the cost model and pricing framework it has developed. In 2016, BOCRA conducted a costing model to study the existing ICT services and develop an appropriate cost model and pricing principles suitable for the Botswana market. The costing model introduced a three-year reduction in termination rates to reach a converged rate of BWP 0.13 per minute. Tariffs on value-added services are set by the operators.

4.64. Interconnection agreements are negotiated between the public telecom operators, subject to BOCRA's approval. BOCRA may settle disputes between the parties to an interconnection agreement; decisions may be appealed to the High Court.¹⁴⁷ There were no changes to BOCRA's interconnection guidelines over the review period. As at the time of the previous Review, there is no number porting regime in place for fixed-line and mobile telecom services.

4.65. With respect to spectrum allocation, the authorities indicate that high priority spectrum (such as for international mobile telecommunications) is allocated through a competitive process. BOCRA puts forward bands of available spectrum for bidding. Bidders submit their business case, rollout plans, and financial capabilities, and the bidder with the most convincing submission is awarded the spectrum. Other spectrum, such as point-to-point, is assigned on a case-by-case basis through an

¹⁴⁶ BoB, *Annual Report 2021*. Viewed at: <https://www.bankofbotswana.bw/annual-reports>.

¹⁴⁷ BOCRA, *Guidelines on Interconnection for Botswana Telecommunications Sector*. Viewed at: https://www.bocra.org.bw/sites/default/files/documents/INTERCONNECTION_GUIDELINES.pdf.

application process. Botswana has migrated all broadcasting services from analogue to digital transmission and switched off all but one analogue transmitter.

4.66. BOCRA imposed a Universal Service and Access Levy on service providers, for the first time, effective 1 April 2014. The Levy was set at 1% of the operators' annual gross revenues and went into the Universal Access and Service Fund. The Fund provides financial assistance for delivery of communications services to unserved and underserved areas.¹⁴⁸ Universal service provisions also form part of operators' licensing conditions.

4.4.2 Financial services

4.67. Finance and insurance activities accounted for 5.4% of gross value added in 2022 (Table 1.1), and 1.4% of employment.¹⁴⁹ The financial sector is largely made up of banks and non-bank financial institutions (NBFIs), supervised and regulated by the Bank of Botswana (BoB) and Non-Bank Financial Institutions Regulatory Authority (NBFIRA), respectively. The size of the entire financial system was BWP 284 billion in December 2022, representing 112.8% of GDP. The NBFIs, dominated by pension funds in value terms, accounted for 55.6% of the financial sector assets in December 2022 compared to 44.4% for banks.¹⁵⁰

4.68. The BoB is responsible for financial stability. It, *inter alia*, regulates and supervises commercial banks and other financial institutions (i.e. statutory banks, bureaux de change, microfinance institutions, and credit bureaux). The Bank of Botswana (Amendment) Act, 2022, which came into effect on 14 February 2023, *inter alia*, enhanced the legal framework for the BoB's financial stability mandate, established a statutory Financial Stability Council (FSC), and provided for the establishment of a Deposit Insurance Scheme for Botswana (DISB). The FSC coordinates policy responses to risks including crisis management.¹⁵¹ An assessment of the stability of the domestic financial system is conducted bi-annually through the Financial Stability Report, which is published each May and November. The modalities to operationalize the DISB started in January 2023, and its establishment is expected to strengthen domestic crisis management and resolution frameworks.¹⁵²

4.69. The NBFIRA regulates, supervises, and enforces compliance of NBFIs such as pension funds, insurance companies, microlenders, and the stock exchange. The NBFIRA, together with the BoB and the Ministry of Finance, took part in the ongoing Joint IMF-World Bank-Botswana 2023 Financial Stability Assessment Programme aimed at enhancing the NBFIRA's prudential supervision approaches and identifying any structural reforms to the sector that may be deemed necessary.¹⁵³ A review of the NBFIRA Act is ongoing.

4.70. Botswana has made significant changes to its laws and regulations on financial services since 2014 (Table 4.7). A Securities (Amendment) Bill was published on 16 December 2022, to ensure consistency of definitions between the Securities Act and the NBFIRA Act.¹⁵⁴ The Insolvency (Amendment) Bill, 2023 was published in February 2023; the intention of the amendment is to harmonize the Insolvency Act with the Movable Property (Securities Interest) Act, 2022, and with international best practices, especially relating to the treatment of collateral in terms of creditors preference and claims of creditors. The authorities indicate that the National Clearance and Settlement Systems Act, 2002 is to be amended into a National Payments System Law to provide

¹⁴⁸ UASF, *Publications*. Viewed at: http://www.uasf.org.bw/?page_id=75434.

¹⁴⁹ Bank of Botswana (2022), *Annual Report*. Table 1.2A. Viewed at: <https://www.bankofbotswana.bw/sites/default/files/publications/Annual%20Report%202022.pdf>.

¹⁵⁰ Information provided by the authorities.

¹⁵¹ The FSC is chaired by the Governor and is composed of the Permanent Secretary in the Ministry of Finance, Chief Executive Officer of the Non-Bank Financial Institutions Regulatory Authority, Director of the Financial Intelligence Agency, and Director of Deposit Insurance Scheme.

¹⁵² BoB (2019; 2021), *Annual Reports*. Viewed at: <https://www.bankofbotswana.bw/annual-reports>.

¹⁵³ BoB (2015; 2017), *Annual Reports*. Viewed at: <https://www.bankofbotswana.bw/annual-reports>; and Non-Bank Financial Institutions Regulatory Authority (2021/22), *Annual Report*. Viewed at: <https://www.nbfira.org.bw/sites/default/files/NBFIRA%202022%20ANNUAL%20REPORT%20WEB%20PUBLISH ED.pdf>.

¹⁵⁴ The Bill explicitly defines securities infrastructure business to cover a wide array of businesses dealing with securities, including locally issued debentures and private bonds that were previously not regulated. The amendment empowers the NBFIRA to enforce and set governance and probity standards on individuals and institutions to enhance integrity in the NBFIs sector.

for the oversight, supervision, management, operation, administration, and regulation of payment, clearing, and settlement systems; the implementation of regional payment integration projects; and generally for matters connected with payment systems.

Table 4.7 Legal instruments and amendments to legislation on financial services

| Legal instruments and amendments | Amendment purposes |
|--|--|
| Retirement Funds Act, 2014 | Provide a regulatory framework for licensing funds; and ensure sustainability of the retirement funds and to further align the domestic laws with international standards |
| Securities Act, 2014 | Provide for the regulation and supervision of securities institutions and markets; and prohibit insider trading and other forms of market abuse |
| Botswana Stock Exchange (Transition) Act, 2015 | Provide for the registration of the Botswana Stock Exchange as a public company limited by shares under the Companies Act |
| Prudential Rules for Systemically Important Micro Lenders, 2018 | Regulate the establishment, operations, and business conduct of micro lenders |
| Electronic Payment Services (EPS) Regulations, 2019 | Provide a regulatory framework for the provision and usage of electronic payment services in Botswana, the administration of licences including infrastructure and operations, electronic payments transactions, and Money or Value Transfer Service; and promote an enabling environment for innovation in financial services delivery channels |
| Insurance Industry Act of 2015, Insurance Industry Regulations, 2019 | Align with risk-based supervision model adopted by NBFIRA (the prior Act was compliance based); and enhance and elaborate on provisions relating to regulation and supervision of the insurance industry |
| Credit Information Act, 2021 | Provide for the regulation of credit information sharing among credit providers |
| Virtual Assets Act, 2022 | Provide a regulatory framework for licensing of virtual assets businesses; and support the adoption of crypto assets by domestic firms and households |
| Banking Act, 2023 | Repeal and re-enact the Banking Act to align with international best practices; and ensure that Botswana's regulatory and supervisory standards are reflective of or responsive to domestic and foreign financial systems |

Source: NBFIRA and BoB.

4.71. A notable development in 2021 was the removal of Botswana from the Financial Action Task Force (FATF) list of countries subject to increased monitoring (grey listing).¹⁵⁵

4.72. In 2017, the BoB played a major role in ensuring the successful adoption of the web-based Customs Management System by the BURS. A new referencing algorithm was later developed in the Botswana Interbank Settlement System (BISS) to cater for settlement of BURS customs duty transactions.

4.73. As indicated by the authorities, four Botswana banks participate in the SADC Real Time Gross Settlement System (SADC-RTGS) (formerly known as SIRESS).¹⁵⁶ SADC-RTGS was launched in July 2013 to facilitate regional cross-border transactions and lower transaction costs. It is considered an important milestone towards regional trade facilitation and economic integration.¹⁵⁷ The SADC-RTGS has become open to the non-bank segment through the Transactions Cleared on an Immediate Basis (TCIB) Payment Scheme, a cross-border low value payment scheme that enables the immediate clearing of single credit "push" transactions, settled on a deferred basis. The TCIB service, which went live on 30 July 2021, is designed to be available on a 24/7/365 basis. Eligible banks and non-banks are allowed to participate in the TCIB payment scheme and transactions are settled daily through the SADC-RTGS system. In the scheme, transactions may be initiated via multiple channels such as through a mobile phone or through an agent used for cash-in and cash-out services.¹⁵⁸

¹⁵⁵ FATF, *Jurisdictions under Increased Monitoring – October 2021*. Viewed at: <https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Increased-monitoring-october-2021.html>.

¹⁵⁶ The four Botswana banks are First Capital Bank Ltd, Access Bank Botswana Ltd, First National Bank of Botswana Ltd, and Stanbic Bank Botswana Ltd.

¹⁵⁷ BoB (2014; 2016; 2017), *Annual Reports*. Viewed at: <https://www.bankofbotswana.bw/annual-reports>.

¹⁵⁸ BoB (2014; 2016; 2017), *Annual Reports*. Viewed at: <https://www.bankofbotswana.bw/annual-reports>.

4.4.2.1 Banking

4.74. Botswana has nine commercial banks, of which four are dominant in asset size (78.4% of the total) with assets valued at BWP 117 billion in 2022, and two statutory banks (Section 3.3.5.2) with assets valued at BWP 7.3 billion in 2022. The commercial banks' reserves amounted to USD 7.5 billion, i.e. about 18 months of import cover for goods and services.¹⁵⁹ The access to banking services ratio or the number of depositors to adult population was 82.1% in 2022.

4.75. The credit provided by commercial banks was BWP 73.2 billion in 2022, compared to BWP 3.9 billion by microlenders. There is a high concentration of loan financing to households (about 66% of total credit compared to 28% for business).

4.76. Recently, there has been a proliferation of digital and mobile wallets driven by incumbent banks and telecommunications companies that has facilitated direct provision of financial and payment services. According to the authorities, the number of active mobile money agents increased from 1,324 in 2019 to 4,552 in 2022. The number of registered mobile money accounts increased from 1,271,936 to 1,881,761 over the same period. The value of total mobile money cash-out increased from BWP 79 million in 2019 to BWP 641 million in 2022.

4.77. The licensing requirements and procedures for establishing a bank in Botswana are set out in the Banking Act. The company or bank branch must be locally incorporated in Botswana and the proposed banking establishment must have the prescribed initial minimum capital of BWP 5 million. If applicants are majority owned by holding companies or a part of a financial conglomerate, the parent entity should demonstrate capacity to be a source of financial strength for the applicant. Banks in Botswana are required to maintain a capital adequacy ratio at or above 12.5%.¹⁶⁰

4.78. Commercial banks are prohibited from engaging in insurance activities and from doing non-banking business or acquiring or holding shares in other financial institutions or any other company, with some exceptions.¹⁶¹ More generally, they are prohibited from engaging in activities that could undermine the safety of depositors' funds.¹⁶²

4.79. Application for a banking licence costs BWP 15,000, and the licence is renewable annually against payment of the prescribed fee as per the Banking Act.¹⁶³ Six applications for a commercial banking licence, one for an offshore investment bank, and one for a credit institution have been received since 2014. Five commercial bank applications, the offshore investment bank, and the credit institution were rejected.¹⁶⁴

4.80. As of mid-2023, there were nine licensed commercial banks, most of which are foreign-owned. In 2022, BBS Ltd was issued with a commercial bank licence to trade as BBS Bank Ltd, becoming the first indigenous commercial bank. This followed the demutualization of Botswana Building Society (BBS) in 2017.

4.81. Botswana did not schedule any specific commitments on banking services under the GATS.

4.4.2.2 Insurance

4.82. The insurance industry comprises life insurance, general insurance, reinsurance, and medical insurance funds. According to the Insurance Industry Act, 2015, An insurer cannot transact both

¹⁵⁹ BoB (2015; 2017), *Annual Reports*. Viewed at: <https://www.bankofbotswana.bw/annual-reports>; BoB (2021), *Banking Supervision Annual Report*. Viewed at: <https://www.bankofbotswana.bw/publication/banking-supervision-annual-report-2021>; and Non-Bank Financial Institutions Regulatory Authority (2021/22), *Annual Report*. Viewed at: <https://www.nbfira.org.bw/sites/default/files/NBFIRA%202022%20ANNUAL%20REPORT%20WEB%20PUBLISH%20ED.pdf>.

¹⁶⁰ BoB (2021), *Banking Supervision Annual Report*. Viewed at: <https://www.bankofbotswana.bw/publication/banking-supervision-annual-report-2021>.

¹⁶¹ These exceptions are set out in Sections 17(10) and 17(11) of the Banking Act.

¹⁶² WTO Services Trade Policy Database. Viewed at: <http://i-tip.wto.org/services/SearchApplied.aspx>.

¹⁶³ WTO Services Trade Policy Database. Viewed at: <http://i-tip.wto.org/services/SearchApplied.aspx>.

¹⁶⁴ The main reasons for rejection of applications were the proposal to use debt as capital, inability to demonstrate availability of own funds as back-up capital, complex ownership structures that could impede supervision, and negative reports on fitness and propriety of key stakeholders.

general and long-term insurance business, unless the insurer is licensed as a reinsurer.¹⁶⁵ An insurance company is also prohibited from engaging in capital markets activities (e.g. trading in securities, underwriting of securities) and banking activities.

4.83. An insurance company licensed in Botswana may cover risks abroad if the foreign jurisdiction laws allow. However, no insurance company licensed abroad can transact insurance business in Botswana. Insurance premiums are set by the insurers and are not regulated. Reinsurers are allowed to write both local and external business and may do any category or class of reinsurance business except where specially restricted.

4.84. The Insurance Industry Act, 2015 (as amended) provides for the licensing, governance, and regulation of all insurers, insurance brokers, insurance agents, and their representatives operating in Botswana. In 2021, the number of licensed entities by NBFIRA were 231, composed of 20 insurers, 4 reinsurers, 5 medical aid funds, 58 insurance brokers, and 144 corporate insurance agents. Licences were cancelled for various reasons including voluntary withdrawal and non-compliance.¹⁶⁶

4.85. Application for an insurance licence in Botswana costs BWP 25,000 and the licences are renewable annually by paying the prescribed fee as per the Insurance Industry Act, 2015 and Insurance Industry Regulations, 2019. As indicated by the authorities, over the review period only one life insurer licence application was rejected (in 2016) because of not meeting the licensing requirements.

4.86. As per the Industry Insurance Act, 2015 and Industry Insurance Regulations, 2019, the minimum capital requirement for a long-term insurer and reinsurer is that they must maintain a minimum capital target that is higher than BWP 10 million or an amount representing 25% of its operating expenses as defined and reported in the annual return estimated for the following year. A general insurer must maintain a minimum capital target that is higher than BWP 5 million or an amount representing 25% of operating expenses as defined and reported in the annual return estimated for the following year. An insurer must establish an office in Botswana with the approval of the regulatory authority and must appoint a principal officer who must be resident in Botswana.

4.87. As of 2015, the uptake of insurance services (30% of adult population) was below that of banking services (50% of adult population). Insurance penetration (ratio for Gross Written Premiums (GWP) by Life and General Insurers to nominal GDP) has been stagnant at around 3% since 2012. The life insurance business dominated the insurance sector with a market share of 73% in terms of GWP and 85% in terms of assets in 2021.¹⁶⁷

4.88. A proposal to establish a Deposit Protection Fund (DPF) for Botswana was endorsed by the Minister of Finance and Economic Development. In 2021, the BoB was formulating the legal, institutional, and operational frameworks for effective implementation of a DPF project, and Botswana became an associate member of the International Association of Deposit Insurers in the same year.¹⁶⁸

¹⁶⁵ General insurance business includes accident, health, and property insurance, while long-term insurance business includes disability and life insurance.

¹⁶⁶ Non-Bank Financial Institutions Regulatory Authority (2021/22), *Annual Report*. Viewed at: <https://www.nbfira.org.bw/sites/default/files/NBFIRA%202022%20ANNUAL%20REPORT%20WEB%20PUBLISH%20ED.pdf>.

¹⁶⁷ BoB (2017), *Annual Report*. Viewed at: <https://www.bankofbotswana.bw/annual-reports>; and Non-Bank Financial Institutions Regulatory Authority (2021/22), *Annual Report*. Viewed at: <https://www.nbfira.org.bw/sites/default/files/NBFIRA%202022%20ANNUAL%20REPORT%20WEB%20PUBLISH%20ED.pdf>.

¹⁶⁸ BoB (2021), *Annual Report*. Viewed at: <https://www.bankofbotswana.bw/annual-reports>; and Non-Bank Financial Institutions Regulatory Authority (2021/22), *Annual Report*. Viewed at: <https://www.nbfira.org.bw/sites/default/files/NBFIRA%202022%20ANNUAL%20REPORT%20WEB%20PUBLISH%20ED.pdf>.

4.89. In 2022, the NBFIRA issued corporate governance guidelines for insurers and reinsurers in an effort to standardize good corporate governance principles and practices across the insurance industry.¹⁶⁹

4.90. Botswana did not schedule any specific commitments on insurance services under the GATS.

4.4.3 Transport services

4.91. In 2022, transport and storage contributed 2.3% of gross value added (Table 1.1) and 2.8% of employment.¹⁷⁰

4.92. The Ministry of Transport and Public Works (previously the Ministry of Transport and Communications) is responsible for developing integrated transport services and appropriate infrastructure. It ensures that the sector achieves the objectives of the Transitional National Development Plan.¹⁷¹ Under the ministry, there are three transport parastatals (Botswana Railways, Air Botswana, and the Civil Aviation Authority of Botswana (CAAB)) (Section 3.3.5.2).

4.93. Transport access and infrastructure play significant roles in facilitating tourism in Botswana and are key priorities for tourism expansion in the 2021 tourism policy. The National Integrated Transport Policy White Paper, published in 2011, set out a transport sector vision for 2035/36.¹⁷² In 2015, the World Bank financed the Integrated Transport Project (ITP) for Botswana to improve the strategic planning of inter-regional transport and critical transport infrastructure.¹⁷³

4.4.3.1 Air transport

4.94. The main law governing air transport in Botswana is the Civil Aviation Act No. 2011. The Civil Aviation (Amendment) Act entered into force in June 2022 and introduces safety oversight elements (including surveillance, licensing, certification, authorization, and approval obligations) in compliance with the Chicago Convention.¹⁷⁴ The CAAB, a parastatal, regulates air transport services, provides air navigation services, and is responsible for managing all of Botswana's airports (see below) and public aerodromes.

4.95. Botswana has six state-owned airports: four international (Sir Seretse Khama International Airport (SSKIA), Maun International Airport, Kasane International Airport, and PG Matante International Airport) and two domestic (Selebi Phikwe Airport and Ghanzi Airport). Major infrastructure works over the review period included (i) construction of a terminal building at SSKIA; (ii) construction of an air traffic tower and a new passenger terminal building at Maun International Airport, as well as the renovation of the old terminal building; and (iii) completed construction of a landing strip and a new passenger terminal building at Kasane Airport. As indicated by the authorities, in 2022, over 1.3 million kg of cargo was transported by planes, significantly more than in previous years.

4.96. In December 2022, the CAAB adopted its ground-handling management rules, which set out the framework for the provision of ground-handling services by third-party ground handlers and self-handlers. As of mid-2023, there were two ground-handling companies in operation: Air Botswana (see below) and Aircraft Ground Handling, a local privately owned company.

4.97. The air transport sector was severely affected by the COVID-19 pandemic, with the number of international and domestic passenger flights dropping by 73.4% and 66.7%, respectively,

¹⁶⁹ Non-Bank Financial Institutions Regulatory Authority (2021/22), *Annual Report*. Viewed at: <https://www.nbfira.org.bw/sites/default/files/NBFIRA%202022%20ANNUAL%20REPORT%20WEB%20PUBLISH%20ED.pdf>.

¹⁷⁰ Bank of Botswana (2022), *Annual Report*. Table 1.2A. Viewed at: <https://www.bankofbotswana.bw/sites/default/files/publications/Annual%20Report%202022.pdf>.

¹⁷¹ Ministry of Finance (2023), *Botswana Budget Speech*.

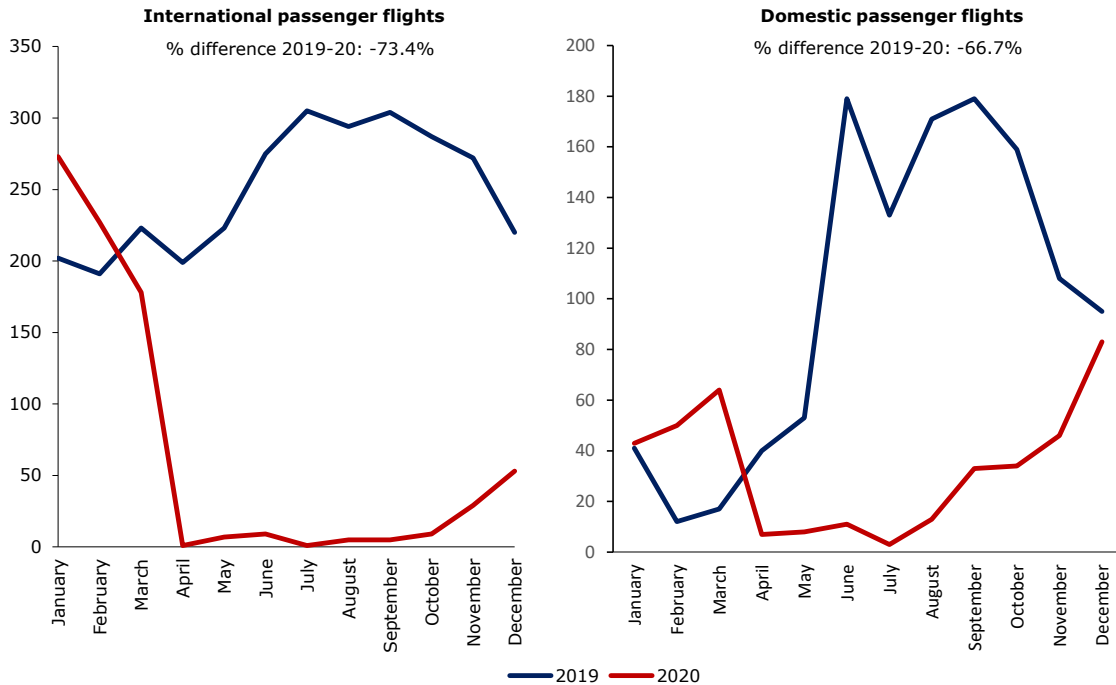
¹⁷² Ministry of Transport and Communications (2011), *National Integrated Transport Policy White Paper*. Viewed at: <https://www.yumpu.com/en/document/read/22051823/national-integrated-transport-policy-white-paper-government-of->.

¹⁷³ Bank of Botswana, *Annual Report 2015*. Viewed at: <https://www.bankofbotswana.bw/annual-reports>.

¹⁷⁴ Botswana Civil Aviation (Amendment) Act, 2022. Viewed at: <https://www.caab.co.bw/wp-content/uploads/Civil-Aviation-Amendment-Act-2022.pdf>.

between 2019 and 2020 (Chart 4.3). By the third quarter of 2022, aircraft movements had registered a significant recovery.¹⁷⁵ Government aid to the sector involved supporting salaries of employees at the CAAB and Air Botswana. The CAAB withheld fee increases to support local operators.

Chart 4.3 Impact of COVID 19 on air transport, 2019 and 2020



Source: ICAO, *Operational Impact on Air Transport*. Viewed at: <https://data.icao.int/coVID-19/operational.htm>.

4.98. The market entry and licensing requirements for air carriers have not changed since the last Review. Eligible carriers must be licensed under the Civil Aviation (Licensing of Air Services) Regulations. Licences may be obtained by a statutory corporation in Botswana or a company incorporated under the Companies Act; the company's principal place of business must be Botswana and the company needs to be majority owned by citizens of Botswana.¹⁷⁶ Licensing fees were increased in 2019; fee rates vary depending on the aircraft maximum take-off weight and the category of the licence.

4.99. As of mid-2023, there were two licensed scheduled commercial air companies in Botswana (Air Botswana and Mack Air), both of which serve domestic and international routes. Air Botswana services Maun-Johannesburg, Gaborone-Johannesburg, Kasane-Johannesburg, Gaborone-Harare, and Gaborone-Lusaka, while Mack Air services Kasane-Victoria Falls. There were eight licensed charter operators in Botswana. There are no requirements for government personnel or cargo to be transported on nationally registered airlines.

4.100. Air Botswana is fully government owned. Privatization of Air Botswana is ongoing. A project management committee comprising the Ministry of Transport and Public Works, Air Botswana, and the Public Enterprises Evaluation and Privatization Agency (PEEPA) has been constituted. The Government, as the shareholder, has appointed the World Bank as a transaction adviser, and a detailed study is ongoing to advise on the modalities of privatization and make recommendations. Air Botswana is continuing with its restructuring by unbundling the airline and establishing standalone units: the Air Botswana Holidays Section, Airline Training Organization (ATO), the

¹⁷⁵ In Q3 2019, there were 5,345 international aircraft movements and 24,085 domestic aircraft movements. Following a huge contraction in 2020 and a gradual recovery in 2021 and early 2022, by Q3 2022, there were 4,275 international aircraft movements and 16,668 domestic aircraft movements. Statistics Botswana, *Transport and Infrastructure Statistics, Quarter 3, 2022*. Viewed at: <https://www.statsbots.org.bw/sites/default/files/publications/Transport%20%20Infrastructure%20Stats%20Brief%20Q3%202022.pdf>.

¹⁷⁶ WTO document WT/TPR/S/324/Rev.1, 5 February 2016.

Maintenance Repair Organization, and the Aircraft Ground Handling company. Government grants to Air Botswana (including COVID-19 relief) over the period 2013-24 amounted to BWP 1.3 billion.¹⁷⁷

4.101. Botswana has signed bilateral Air Services Agreements with 12 partners. It also has MoUs in place to enable the provision of air services with a further 24 partners; 9 of which entered into force over the review period.¹⁷⁸ Botswana is a signatory to the Single African Air Transport Market (SAATM), which aims to facilitate the implementation of the Yamoussoukro Decision to establish a single unified air transport market in Africa.¹⁷⁹

4.4.3.2 Land transport

4.4.3.2.1 Road transport

4.102. Botswana had a road network of about 32,564 km with 32.3% bitumen and 32.9% gravel in 2021.¹⁸⁰ Botswana passed the Public Roads (Amendment) Bill 2022, which intends to amend the Public Roads Act to provide for the establishment of toll roads and collection of levies. Regional integration within the SADC is expected to increase road traffic and the Bill aims to benefit from that.

4.103. As indicated in its previous Review, Botswana has bilateral road transport agreements with Namibia, South Africa, Zambia, and Zimbabwe. The bilateral agreements between Botswana, Namibia, and South Africa were signed under the SACU umbrella. The main purpose of these agreements is to ensure the harmonization of transport regulations and the free flow of goods and passengers.

4.4.3.2.2 Rail transport

4.104. Botswana has a single railway link of nearly 900 km that traverses Botswana from Ramatlabama in the south to Ramokgwebana in the north. It forms a direct link between South Africa and some countries to the north (i.e. Angola, the Democratic Republic of Congo, Mozambique, Zambia, and Zimbabwe). Over the review period, the railway system was largely used to transport commodities such as copper, soda ash and salt, coal, and fuel. Passenger services were stopped in 2009, resumed in 2016, and then discontinued again during the COVID-19 pandemic and since that time.

4.105. The main law governing the rail subsector is the Railways Act; there were no amendments over the review period.

4.106. As indicated by the authorities, rolling stock is permitted to cross the border into neighbouring countries carrying freight; the locomotive power and train crews are changed at the nearest exchange point. A working agreement was reached in December 2022 to enable Botswana Railways locomotives to run through to Bulawayo in Zimbabwe and for National Railways of Zimbabwe to operate its locomotives to Francistown in Botswana.¹⁸¹

4.107. Botswana has major cross-border railway projects to South Africa, Namibia, and Zambia being structured for implementation on a public-private partnership basis.¹⁸² Botswana seeks to

¹⁷⁷ Information provided by the authorities.

¹⁷⁸ Since 2014, Botswana signed MoUs on air services with Eswatini, New Zealand, Chile, Oman, Spain, Switzerland, India, Italy, and Jordan.

¹⁷⁹ IATA, *The Single African Air Transport Market (SAATM)*. Viewed at: <https://www.iata.org/en/about/worldwide/ame/saatm/>.

¹⁸⁰ Statistics Botswana (2022), *Transport & Infrastructure Statistics Report 2021*. Viewed at: <https://www.statsbots.org.bw/sites/default/files/publications/Transport%20%26%20Infrastructure%20Statistics%20Report%202021.pdf>

¹⁸¹ *Railway Gazette International* (2022), "Botswana-Zimbabwe Through Working Agreement Signed", 20 December. Viewed at: <https://www.railwaygazette.com/freight/botswana-zimbabwe-through-working-agreement-signed/63199.article>.

¹⁸² Ministry of Finance (2022), *Botswana Budget Speech*.

benefit from the regionalization of the railways within the SADC and improve rail market share and services.¹⁸³

4.108. In 2022, Botswana, Zimbabwe, and Mozambique announced their agreement to invest in a feasibility study to construct a deep-water port in Maputo province, Mozambique, and a railway line that would link the three countries. The aim is to boost and facilitate trade between them, particularly the import and export of oil.¹⁸⁴ In the same year, an agreement was reached between Botswana Railways and Transnet Freight Rail to give Botswana more efficient access to South African ports. This project is to be funded by the two governments. Additionally, the two operators plan to build a connecting link from Mmamabula in Botswana to Lephalale in South Africa to facilitate the movement of commodities such as soda ash, iron ore, cement, fuel, container traffic, and coal¹⁸⁵; an expression of interest has been issued to finance and develop the project. A feasibility study is being undertaken to develop a rail link between Moseitse in Botswana and Livingstone in Zambia. An expression of interest is also being drafted for the Trans-Kalahari Railway connecting Botswana and Namibia.

4.4.4 Tourism

4.109. Tourism is one of the strategic services sectors being developed by Botswana to diversify its economy and create jobs, the objectives being 11.4% contribution to GDP and 40,000 employees in tourism by 2030.¹⁸⁶ The development of the tourism value chain (i.e. travel and hospitality) is aimed at creating investment opportunities in the tourism sector through, *inter alia*, the Kasane-Kazungula re-development project.¹⁸⁷ In 2021, Botswana was ranked 76th out of 117 economies (3.4 score out of 7 in 2015 and 3.7 score out of 7 in 2021) based on the World Economic Forum Travel and Tourism Development (Competitiveness) Index.¹⁸⁸

4.110. Botswana has abundant wildlife and wilderness resources with more than 17% of all available land set aside for National Parks and Wildlife Sanctuaries, and a further 23% of land for Wildlife Management Areas. The Trans-Frontier Conservation Areas aim to ensure that key ecological processes continue to function and are not limited by political boundaries within the SADC members.¹⁸⁹ The Botswana Land Policy, 2015 recognizes tourism as one of the engines of economic growth.

4.111. The period 2015-18 saw a steady increase in tourist arrivals, followed by a major drop in 2020 due to the COVID-19 pandemic and the imposition of inbound travel restrictions (Table 4.8).¹⁹⁰ Most tourist arrivals are from South Africa, Zimbabwe, and Zambia.

¹⁸³ Ministry of Transport and Communications (2011), *National Integrated Transport Policy White Paper*. Viewed at: <https://www.yumpu.com/en/document/read/22051823/national-integrated-transport-policy-white-paper-government-of->.

¹⁸⁴ Club of Mozambique (2022), "Botswana, Zimbabwe and Mozambique: \$3M for Techobanine Port and Railway Feasibility Study", 14 April. Viewed at: <https://clubofmozambique.com/news/botswana-zimbabwe-and-mozambique-3m-for-techobanine-port-and-railway-feasibility-study-watch-214249/>.

¹⁸⁵ *Railway Gazette International* (2022), "Botswana-South Africa Rail Enhancements Agreed", 10 August. Viewed at: <https://www.railwaygazette.com/infrastructure/botswana-south-africa-rail-enhancements-agreed/62325.article?adredir=1>.

¹⁸⁶ Botswana Tourism Policy, 2021.

¹⁸⁷ Ministry of Finance, 2023 Budget Speech. Viewed at: https://www.finance.gov.bw/index.php?option=com_content&view=article&id=585&catid=22&Itemid=108.

¹⁸⁸ Japan ranked 1st with a score of 5.2. World Economic Forum (2022). *Travel & Tourism Development Index 2021: Rebuilding for a Sustainable and Resilient Future*. Viewed at: https://www3.weforum.org/docs/WEF_Travel_Tourism_Development_2021.pdf?_ql=1*x30ao8*_up*MQ..&gclid=EA1aIQobChMI55zumNyS_wIVBP93Ch37GwQ2EAAYASAAEGL5ofD_BwE.

¹⁸⁹ Botswana Tourism Policy 2021.

¹⁹⁰ Most border posts were closed at the beginning of April 2020, with only a few opened to facilitate essential travel during 2020.

Table 4.8 Tourists and total arrivals, 2015-20

(Number)

| Arrivals | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------------|-----------|-----------|-----------|-----------|-----------|---------|
| Tourists | 1,660,200 | 1,712,234 | 1,774,960 | 1,830,274 | 1,555,399 | 358,225 |
| Other travellers | 841,416 | 689,552 | 530,245 | 757,237 | 805,435 | 142,209 |
| Total arrivals | 2,501,616 | 2,401,786 | 2,305,205 | 2,587,511 | 2,360,834 | 500,434 |

Source: Information provided by the authorities.

4.112. To cushion the industry against the effects of the COVID-19 pandemic, a nine-month wage subsidy for all licensed tourism enterprises and freelance personnel was introduced. BWP 200 million was allocated to the National Development Bank (NDB) to provide a loan facility to the tourism industry; loans were offered at a 0% interest rate with a repayment grace period of six months. The sector also received external support of over BWP 82 million from Germany towards various initiatives.¹⁹¹ Botswana introduced travels bubbles to allow for direct flights for travellers from COVID-19-free countries into tourist areas in Botswana to facilitate tourist travel.

4.113. Under the Ministry of Environment, (MET), the Department of Tourism is responsible for formulating, monitoring, and facilitating the implementation of policies and strategies for sustainable tourism development. The Botswana Tourism Organization, a Ministry parastatal, is responsible for tourism marketing, product and regional diversification, investment, and the grading and classification of tourist facilities. A Tourism Land Bank, under the Ministry, aims to help develop the sector by ensuring land is set aside for tourism activities.

4.114. The Tourism Act, 2009 remains in force. Schedule IV of the Act provides for minimum requirements for all tourist enterprises. In April 2021, a new Tourism Policy was approved (replacing the 1990 Tourism Policy). It aims to (i) help strengthen or harmonize the legal and regulatory environment; and (ii) align the tourism industry with the current trends, by creating linkages with other sectors, National Vision 2036, NDP 11, and Sustainable Development Goals. The policy seeks to create an enabling environment for Botswana as a tourism destination of choice and to promote private sector initiatives in tourism. It seeks to enable the land allocated through the tourism citizen economic empowerment model to be used as collateral to secure shareholding or partnerships (market access opportunity), and gives preferential allocation of 70% to new entrants and 30% to existing participants in the tourism sector. It also aims to improve all border entry port facilities and harmonize entry requirements on SADC standards to enable the establishment of one-stop-border entry points.

4.115. Licences are required for various types of tourist accommodation and tourism services. Licences fees are charged annually and range from BWP 300 to BWP 1,500. A tourist levy is collected on all licensed tourist establishments offering accommodation at a rate of BWP 10 per paying guest per day.

4.116. Botswana scheduled specific commitments on tourism services under the GATS.¹⁹²

¹⁹¹ BoB (2020). *Annual Report*. Viewed at: <https://www.bankofbotswana.bw/annual-reports>.

¹⁹² WTO document GATS/SC/109, 30 August 1995.

5 APPENDIX TABLES

Table A1.1 Merchandise exports by HS section/chapter/subheading, 2014-22

| HS section/ HS chapter/ subheading | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total exports (USD million) | 8,538.1 | 6,329.7 | 7,320.7 | 5,962.9 | 6,590.1 | 5,254.3 | 4,287.2 | 7,473.5 | 8,277.1 |
| | (% of total) | | | | | | | | |
| 1-Live animals and products | 1.4 | 1.9 | 1.5 | 1.5 | 1.5 | 1.3 | 1.4 | 1.3 | 1.3 |
| 2-Vegetable products | 0.1 | 0.1 | 0.2 | 0.1 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 |
| 3-Fats and oils | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4-Prepared food, beverages and tobacco | 0.3 | 0.2 | 0.1 | 0.2 | 0.2 | 0.2 | 0.3 | 0.2 | 0.2 |
| 5-Mineral products | 2.6 | 1.7 | 0.5 | 0.5 | 0.9 | 0.7 | 1.6 | 2.3 | 4.9 |
| 6-Chemicals and products thereof | 0.7 | 0.9 | 0.9 | 0.9 | 1.0 | 0.9 | 1.3 | 0.9 | 1.0 |
| 7-Plastics and rubber | 0.4 | 0.5 | 0.4 | 0.4 | 0.4 | 0.5 | 0.6 | 0.5 | 0.4 |
| 8-Raw hides and skins; leather, furskins and articles thereof | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 9-Wood, cork, straw | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 10-Pulp of wood; paper and paperboard | 0.1 | 0.1 | 0.2 | 0.2 | 0.3 | 0.1 | 0.1 | 0.1 | 0.1 |
| 11-Textiles and textile articles | 0.5 | 0.6 | 0.3 | 0.3 | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 |
| 12-Footwear, headgear, etc. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 13-Articles of stone, plaster, cement | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| 14-Precious stones and metals | 86.0 | 83.4 | 88.7 | 91.2 | 90.5 | 91.2 | 89.3 | 90.7 | 87.5 |
| HS 7102 Diamonds | 85.4 | 83.0 | 88.1 | 90.6 | 89.9 | 90.4 | 88.2 | 90.1 | 87.2 |
| HS 710231 Unworked or simply sawn, cleaved or bruted | 75.3 | 75.2 | 82.2 | 79.5 | 76.6 | 74.2 | 75.1 | 78.4 | 69.1 |
| HS 710239 Other | 9.6 | 7.0 | 5.5 | 9.1 | 12.9 | 16.0 | 13.0 | 11.4 | 17.6 |
| 15-Base metals and articles thereof | 4.7 | 5.6 | 3.6 | 0.4 | 0.4 | 0.6 | 0.5 | 0.5 | 0.5 |
| 16-Machinery, electrical equipment | 1.9 | 3.2 | 2.6 | 3.0 | 2.9 | 2.8 | 3.3 | 2.4 | 2.6 |
| 17-Transport equipment | 0.8 | 1.1 | 0.7 | 0.9 | 0.9 | 0.8 | 0.6 | 0.5 | 0.6 |
| 18-Precision equipment | 0.0 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.1 |
| 19-Arms and ammunition | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 20-Miscellaneous manufactured articles | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 |
| 21-Works of art, etc. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 |

Source: WTO Secretariat calculations, based on UN Comtrade database.

Table A1.2 Merchandise exports by destination, 2014-22

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total exports (USD million) | 8,538.1 | 6,329.7 | 7,320.7 | 5,962.9 | 6,590.1 | 5,254.3 | 4,287.2 | 7,473.5 | 8,277.1 |
| | (% of total) | | | | | | | | |
| Americas | 9.2 | 8.8 | 7.3 | 2.7 | 4.0 | 1.9 | 1.5 | 1.8 | 2.7 |
| United States | 2.7 | 2.5 | 2.3 | 2.2 | 3.3 | 1.5 | 1.4 | 1.5 | 2.0 |
| Other America | 6.5 | 6.3 | 5.0 | 0.5 | 0.7 | 0.4 | 0.1 | 0.3 | 0.7 |
| Anguilla | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.6 |
| Canada | 6.5 | 6.3 | 5.0 | 0.5 | 0.7 | 0.4 | 0.1 | 0.1 | 0.1 |
| Europe | 31.8 | 30.8 | 25.6 | 26.2 | 25.0 | 23.9 | 22.3 | 24.2 | 19.5 |
| EU-27 | 24.8 | 21.3 | 19.8 | 23.1 | 21.6 | 20.2 | 21.4 | 23.6 | 18.9 |
| Belgium | 23.5 | 19.8 | 18.9 | 22.6 | 20.8 | 19.5 | 21.2 | 23.5 | 18.8 |
| EFTA | 6.1 | 8.4 | 4.5 | 2.4 | 2.5 | 3.4 | 0.8 | 0.5 | 0.5 |
| Switzerland | 3.3 | 4.3 | 2.6 | 2.4 | 2.5 | 3.4 | 0.8 | 0.4 | 0.5 |
| Other Europe | 0.9 | 1.0 | 1.3 | 0.7 | 0.8 | 0.4 | 0.1 | 0.1 | 0.1 |
| Commonwealth of Independent States (CIS)^a | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 | 0.2 | 0.0 | 0.0 |
| Africa | 25.4 | 29.2 | 26.5 | 13.6 | 13.8 | 14.5 | 16.8 | 12.3 | 13.8 |
| South Africa | 13.3 | 15.5 | 13.6 | 9.9 | 9.2 | 9.9 | 13.3 | 9.1 | 10.1 |
| Namibia | 9.8 | 11.8 | 11.6 | 2.5 | 2.7 | 3.1 | 1.5 | 1.9 | 2.2 |
| Zimbabwe | 1.5 | 1.0 | 0.7 | 0.5 | 0.7 | 0.7 | 0.8 | 0.6 | 0.8 |
| Zambia | 0.5 | 0.7 | 0.4 | 0.5 | 0.6 | 0.5 | 0.9 | 0.5 | 0.4 |
| Middle East | 11.9 | 11.4 | 15.8 | 24.0 | 22.3 | 25.2 | 26.7 | 31.7 | 33.2 |
| United Arab Emirates | 4.2 | 5.3 | 9.7 | 16.4 | 14.5 | 18.1 | 21.8 | 25.6 | 27.2 |
| Israel | 7.6 | 6.0 | 6.1 | 7.6 | 7.8 | 7.1 | 4.9 | 6.0 | 6.0 |
| Asia | 21.7 | 19.9 | 24.9 | 33.4 | 34.9 | 34.4 | 32.4 | 30.0 | 30.8 |
| China | 0.7 | 0.6 | 0.6 | 0.3 | 0.0 | 0.0 | 0.0 | 1.3 | 3.1 |
| Japan | 0.1 | 0.1 | 0.2 | 0.3 | 0.4 | 0.5 | 0.2 | 0.3 | 0.4 |
| Other Asia | 20.9 | 19.2 | 24.1 | 32.8 | 34.6 | 34.0 | 32.2 | 28.5 | 27.2 |
| India | 13.7 | 12.4 | 15.1 | 19.5 | 20.0 | 21.5 | 20.8 | 17.3 | 15.2 |
| Singapore | 3.7 | 3.3 | 5.6 | 8.1 | 8.0 | 5.5 | 6.4 | 5.7 | 6.5 |
| Hong Kong, China | 2.6 | 1.9 | 2.5 | 4.4 | 5.7 | 5.8 | 4.3 | 4.9 | 4.5 |
| Viet Nam | 0.3 | 0.4 | 0.4 | 0.5 | 0.7 | 1.1 | 0.5 | 0.4 | 0.7 |
| Cambodia | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.2 | 0.2 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Memo: | | | | | | | | | |
| EU-28 | 25.7 | 22.3 | 21.0 | 23.8 | 22.4 | 20.6 | 21.5 | 23.6 | 19.0 |
| SACU | 23.1 | 27.3 | 25.2 | 12.4 | 12.0 | 13.0 | 14.9 | 11.0 | 12.3 |

a Commonwealth of Independent States, including certain associate and former member States.

Source: WTO Secretariat calculations, based on UN Comtrade database.

Table A1.3 Merchandise imports by HS section/chapter/subheading, 2014-22

| HS section/ HS chapter/ subheading | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total imports (USD million) | 9,150.2 | 8,048.0 | 6,102.7 | 5,339.3 | 6,333.0 | 6,569.7 | 6,508.4 | 8,459.4 | 8,005.2 |
| | (% of total) | | | | | | | | |
| 1-Live animals and products | 0.9 | 0.9 | 1.1 | 1.4 | 1.2 | 1.1 | 1.2 | 1.0 | 0.9 |
| 2-Vegetable products | 2.5 | 2.9 | 3.7 | 3.6 | 3.4 | 3.4 | 3.9 | 3.2 | 3.8 |
| 3-Fats and oils | 0.4 | 0.4 | 0.6 | 0.6 | 0.6 | 0.6 | 0.7 | 0.7 | 0.8 |
| 4-Prepared food, beverages and tobacco | 4.0 | 4.6 | 5.8 | 7.0 | 7.0 | 7.7 | 7.0 | 6.6 | 7.9 |
| 5-Mineral products | 25.5 | 23.1 | 15.2 | 15.6 | 14.1 | 13.5 | 13.9 | 12.8 | 19.3 |
| HS 27 Mineral fuels | 24.6 | 20.8 | 12.9 | 14.7 | 13.2 | 12.5 | 13.0 | 11.9 | 18.5 |
| HS 2710 Petroleum oils and oils obtained from bituminous minerals, other than crude | 22.7 | 19.3 | 10.3 | 13.5 | 12.8 | 10.7 | 9.5 | 9.7 | 16.8 |
| 6-Chemicals and products thereof | 4.6 | 5.2 | 7.0 | 7.2 | 5.9 | 6.0 | 6.7 | 6.4 | 6.0 |
| HS 30 Pharmaceutical products | 1.2 | 1.6 | 3.0 | 3.2 | 1.8 | 1.9 | 2.0 | 2.3 | 1.5 |
| HS 3004 Medicaments | 0.9 | 1.1 | 2.6 | 2.8 | 1.5 | 1.6 | 1.5 | 1.6 | 1.1 |
| 7-Plastics and rubber | 2.5 | 2.7 | 2.9 | 3.1 | 2.9 | 3.0 | 2.7 | 3.0 | 3.3 |
| HS 39 Plastics and articles thereof | 1.5 | 1.5 | 1.8 | 1.9 | 1.9 | 2.1 | 1.8 | 2.0 | 2.2 |
| 8-Raw hides and skins; leather, furskins and articles thereof | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 |
| 9-Wood, cork, straw | 0.7 | 0.8 | 1.1 | 1.2 | 1.1 | 1.1 | 1.0 | 1.1 | 0.9 |
| 10-Pulp of wood; paper and paperboard | 1.1 | 1.0 | 1.3 | 1.3 | 1.3 | 1.2 | 1.0 | 0.9 | 1.0 |
| 11-Textiles and textile articles | 1.8 | 1.9 | 2.2 | 2.3 | 2.1 | 1.8 | 1.5 | 1.6 | 1.8 |
| 12-Footwear, headgear, etc. | 0.7 | 0.7 | 0.8 | 0.8 | 0.8 | 0.6 | 0.6 | 0.6 | 0.6 |
| 13-Articles of stone, plaster, cement | 0.7 | 0.7 | 0.8 | 0.9 | 0.8 | 1.2 | 1.2 | 1.1 | 0.9 |
| 14-Precious stones and metals | 31.8 | 31.1 | 28.4 | 26.2 | 28.4 | 28.5 | 31.0 | 35.1 | 27.6 |
| HS 7102 Diamonds | 31.7 | 31.1 | 28.3 | 26.1 | 28.4 | 28.4 | 30.9 | 35.1 | 27.6 |
| HS 710231 Unworked or simply sawn, cleaved or bruted | 26.1 | 24.1 | 22.3 | 14.5 | 15.9 | 14.8 | 24.2 | 27.5 | 17.5 |
| HS 710239 Other | 1.3 | 1.1 | 0.7 | 2.7 | 4.4 | 6.8 | 3.7 | 5.3 | 6.8 |
| 15-Base metals and articles thereof | 3.4 | 3.6 | 4.6 | 4.5 | 4.5 | 5.0 | 4.0 | 4.7 | 4.5 |
| HS 73 Articles of iron or steel | 1.7 | 1.8 | 2.4 | 2.0 | 1.9 | 2.4 | 1.8 | 2.0 | 2.0 |
| 16-Machinery, electrical equipment | 10.2 | 11.5 | 13.7 | 13.1 | 13.1 | 12.4 | 11.1 | 11.0 | 11.9 |
| HS 84 Machinery and mechanical appliances; parts thereof | 6.3 | 6.8 | 8.2 | 7.7 | 7.6 | 6.7 | 6.0 | 6.6 | 7.3 |
| HS 85 Electrical machinery and equipment and parts thereof | 3.9 | 4.6 | 5.6 | 5.5 | 5.5 | 5.7 | 5.1 | 4.4 | 4.7 |
| 17-Transport equipment | 6.9 | 6.6 | 7.5 | 7.5 | 8.2 | 9.7 | 8.7 | 7.3 | 6.0 |
| HS 87 Vehicles | 6.2 | 5.7 | 6.4 | 6.3 | 7.0 | 8.6 | 8.4 | 7.1 | 5.6 |
| 18-Precision equipment | 0.8 | 0.9 | 1.3 | 1.3 | 1.3 | 1.1 | 1.3 | 1.1 | 1.1 |
| 19-Arms and ammunition | 0.1 | 0.0 | 0.3 | 0.0 | 0.9 | 0.4 | 0.7 | 0.0 | 0.0 |

| HS section/ HS chapter/ subheading | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|------|------|------|------|------|------|------|------|------|
| 20-Miscellaneous manufactured articles | 1.1 | 1.2 | 1.5 | 1.7 | 1.7 | 1.6 | 1.5 | 1.4 | 1.4 |
| 21-Works of art, etc. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 0.1 | 0.1 | 0.2 | 0.4 | 0.2 | 0.1 | 0.0 | 0.1 | 0.1 |

Source: WTO Secretariat calculations, based on UN Comtrade database.

Table A1.4 Merchandise imports by origin, 2014-22

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total imports (USD million) | 9,150.2 | 8,048.0 | 6,102.7 | 5,339.3 | 6,333.0 | 6,569.7 | 6,508.4 | 8,459.4 | 8,005.2 |
| | (% of total) | | | | | | | | |
| Americas | 10.6 | 7.4 | 6.6 | 10.5 | 9.7 | 8.8 | 4.0 | 3.6 | 6.5 |
| United States | 1.2 | 1.0 | 0.9 | 1.6 | 1.2 | 1.8 | 0.7 | 0.7 | 1.5 |
| Other America | 9.3 | 6.4 | 5.7 | 8.9 | 8.5 | 7.0 | 3.3 | 2.9 | 5.0 |
| Canada | 9.3 | 6.3 | 5.6 | 8.8 | 8.4 | 6.9 | 3.2 | 2.6 | 3.6 |
| Europe | 5.9 | 5.4 | 7.1 | 4.7 | 6.6 | 10.3 | 13.2 | 18.5 | 9.2 |
| EU-27 | 5.0 | 4.4 | 5.4 | 3.5 | 5.3 | 8.3 | 10.7 | 17.0 | 7.8 |
| Belgium | 3.4 | 2.6 | 2.6 | 1.4 | 2.1 | 3.3 | 7.8 | 14.2 | 5.6 |
| France | 0.2 | 0.2 | 0.7 | 0.2 | 0.9 | 2.8 | 1.3 | 1.0 | 0.7 |
| Germany | 0.8 | 1.1 | 1.4 | 1.0 | 1.1 | 0.7 | 0.6 | 0.6 | 0.2 |
| EFTA | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.9 | 2.0 | 1.0 | 0.6 |
| Switzerland | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.9 | 1.9 | 1.0 | 0.6 |
| Other Europe | 0.8 | 0.8 | 1.4 | 1.0 | 1.0 | 1.2 | 0.5 | 0.5 | 0.8 |
| United Kingdom | 0.7 | 0.7 | 1.3 | 0.9 | 0.9 | 1.1 | 0.4 | 0.4 | 0.6 |
| Commonwealth of Independent States (CIS)^a | 0.1 | 0.4 | 0.4 | 0.4 | 0.7 | 2.1 | 1.7 | 2.1 | 0.6 |
| Russian Federation | 0.1 | 0.4 | 0.4 | 0.4 | 0.7 | 2.1 | 1.7 | 2.1 | 0.6 |
| Africa | 79.0 | 81.9 | 78.1 | 73.2 | 73.2 | 68.8 | 67.4 | 61.4 | 72.4 |
| South Africa | 66.4 | 65.3 | 64.6 | 64.5 | 62.9 | 57.9 | 58.3 | 54.8 | 62.8 |
| Namibia | 11.5 | 14.5 | 10.5 | 6.6 | 8.2 | 7.9 | 7.6 | 4.7 | 7.2 |
| Zambia | 0.4 | 0.5 | 0.4 | 0.4 | 0.3 | 1.4 | 0.4 | 0.7 | 0.8 |
| Mozambique | 0.3 | 0.9 | 1.9 | 1.0 | 0.6 | 0.1 | 0.1 | 0.1 | 0.7 |
| Zimbabwe | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 | 0.7 | 0.4 | 0.5 | 0.3 |
| Middle East | 1.4 | 1.3 | 1.3 | 4.1 | 2.1 | 1.1 | 5.1 | 5.3 | 1.7 |
| United Arab Emirates | 0.1 | 0.4 | 0.3 | 2.3 | 0.7 | 0.5 | 4.3 | 4.8 | 1.4 |
| Israel | 1.3 | 0.9 | 0.9 | 1.8 | 1.4 | 0.3 | 0.6 | 0.5 | 0.2 |
| Asia | 3.0 | 3.7 | 6.6 | 7.0 | 7.8 | 8.8 | 8.6 | 9.1 | 9.7 |
| China | 1.0 | 1.3 | 1.5 | 1.4 | 1.8 | 1.9 | 2.5 | 2.3 | 2.5 |
| Japan | 0.4 | 0.5 | 0.6 | 0.7 | 0.7 | 0.8 | 1.1 | 0.9 | 0.7 |
| Other Asia | 1.5 | 1.8 | 4.5 | 5.0 | 5.2 | 6.0 | 5.0 | 5.9 | 6.5 |
| India | 0.8 | 0.8 | 2.6 | 3.5 | 3.4 | 4.2 | 2.7 | 4.8 | 4.4 |
| Singapore | 0.2 | 0.2 | 0.2 | 0.4 | 0.5 | 0.5 | 0.9 | 0.1 | 0.7 |
| Australia | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.6 |
| Hong Kong, China | 0.2 | 0.3 | 0.5 | 0.5 | 0.8 | 0.9 | 0.8 | 0.4 | 0.4 |
| Memo: | | | | | | | | | |
| EU-28 | 5.7 | 5.2 | 6.8 | 4.4 | 6.3 | 9.3 | 11.1 | 17.4 | 8.4 |
| SACU | 77.9 | 80.0 | 75.3 | 71.3 | 71.3 | 66.2 | 66.3 | 59.9 | 70.4 |

a Commonwealth of Independent States, including certain associate and former member States.

Source: WTO Secretariat calculations, based on UN Comtrade database.