



MASTERING YOUR MARKET UNDER AFCFTA - BOTSWANA



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OVERVIEW OF BOTSWANA

Botswana is a landlocked country located in the southern region of Africa which has boundaries with countries like Namibia, South Africa, Zimbabwe, Zambia and Angola with a landscape defined by the Kalahari Desert and Okavango Delta. Botswana has a population of over 2 million which makes the 48th largest country in the world. Despite its geographical position, Botswana has had one of the fastest growth rates in per capita income in the world. By one estimate, it has the fourth highest gross national income at purchasing power parity in Africa. Having a good purchasing power, this African market is a place to explore by African exporters under AfCFTA.

ECONOMIC SNAPSHOTS

Botswana is completely landlocked and it is located north of South Africa and predominantly a Christian country. The official language of Botswana is English although 77.3% speak Setswana. It has an upper middle income level with a total GDP of over \$18 billion USD in which agriculture industry and services accounts for 1.8%, 27.5% and services 70.6% respectively in 2019. It - GDP per capita is estimated at \$7,660 USD in 2019 while the household consumption of the GDP was 48.5%. Inflation rate is at - 2.7% (2019 est), the literacy level



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ECONOMIC SNAPSHOTS

stands at 88.50%, while the level of urbanization is 71.6% as at 2021. Botswana’s population below 25 years is 39.67% and above 25-54 year is 39.67%. The major products produced livestock, maize, sorghum, millet, beans, groundnuts, diamonds, cooper, salts, soda ash, coal , iron ore, silver , textile and beef processing.



MARKET CHALLENGES

In Africa, one of the major challenges of business owners is the lack of unfavourable or strict policies on the part of the government.

The challenges a company who wants to business in Botswana will face is the difficulty of obtaining work permits. Hence, discouraging foreign direct investment. There is also the problem of delays in customs clearance.

Due to Botswana small population and low supply of skilled workers, there are no experienced managers and technical experts to help run many companies that would otherwise invest in the country. Also, regulatory constraints in certain sectors, excessive red tapes relating to licenses, permits, limited access to finance, and the high cost of internet.



IMPORT PRODUCTS

In 2019, the total import volume of the Botswana amounts to about \$6.76 billion. Some of the items imported and the amount include the following:

1. Precious Metals— \$1.78B
2. Mineral products - \$966M
3. Machines - \$855M
4. Transportation- \$737M
5. Foodstuff - \$512M
6. Chemical product- \$393M
7. Metals- \$350M
8. Vegetable Products\$213M
10. Plastics & Rubber \$192M
11. Textiles- \$157M
12. Miscellaneous- \$98.5M
13. Instruments- \$95.9M
14. Paper goods- \$95.9M
15. Animal Products-\$85.6M
16. Wood products- \$69M
17. Stone & Glass- \$59.1M
18. Footwear - \$49.5M
19. Animal & Veg.- \$38.5M
20. Art & Antiques- \$428K

The total service import volume of Botswana in 2019 is about \$1.17 billion and some of the services imported include the following:

1. Transportation- \$260M
2. Other business- \$262M
3. Travel- \$227M
4. Govt. services— \$144M
5. Royalties- \$106M
6. Computer & Info-\$77.8M
7. Financial Service-\$30.3M
8. Const. Serv. \$24.1M
9. Insurance serv.- \$20.1M
10. Personal -\$16.5M

MARKET OPPORTUNITIES

With all the likely challenges business in Botswana, there are lots of opportunities that can be maximized by Nigerian businesses in the export market. Botswana offers low tax rates and has no foreign exchange controls. Labour strife is minimal. Botswana also designed a one-stop shop to assist investor to setup businesses, obtain work permit and scale the excessive red tapes. With special incentives from the government for business. In order to stimulate economic growth.

Which are; 5% corporate tax for the first five years and 10% thereafter, zero customs duty on imported raw materials, rebates for customs duty and VAT for any exports outside SACU, a minimum of 50 years on land leases and 30% off take of any business set up in the area.

MARKET ENTRY

There are many pathways of gaining entrance into the Botswana market one of which is the use of local partners. This is necessary because the government of Botswana favours Botswana citizen-owned or locally based companies. This method will increase the business chances of obtaining loans, grants and other forms of local financ-

-ing. The local partner to choose from must be one who has sound knowledge of the industry, business culture. Having a physical presence is encouraged as government officials and business managers often do not take business proposals seriously if they are not provided by an individual or company physically located in Botswana. The Botswana

Investment and Trade Center also assist investors will create jobs. IT companies may consider approaching the Botswana Innovation Hub in order to facilitate market entry. (www.bih.co.bw). In addition, there are specific requirements for labeling of goods. .

IMPORT DOCUMENTATIONS

All goods imported into Botswana directly from outside SACU requires an import permits with the exception of Malawi. This permit is obtainable from the Department of International Trade, in the Ministry of Investment, Trade and Industry. Permits are usually granted upon request and this im-

-port permits are not transferable. All imported goods are subject to Value Added Tax (VAT) of 12%. The SAD 500 is the only form required for external trade. The abolishment of foreign exchange controls in 1999, means not limited to obtaining foreign exchange to over transactions. Goods

imported into Botswana from outside the Southern African Customs Union (SACU) attracts customs duties at rates outlined in the customs tariff book. The duties are paid against a prescribed form (SAD 500) which is the declaration form, formally known as a bill of entry.

SELLING FACTORS

Botswana is strategically positioned as the center of the Trans-Kalahari corridor which connects Johannesburg through Botswana to the port of Walvis Bay in Namibia. With its links to other southern African countries, the market for selling imported goods has widened significantly.

The Botswana Government is completing multi-million dollar bridges that would serve as a one-stop gateway to other SADC countries, eliminating congestion and improving efficiency and effectiveness. Aside from the transportation and logistics network infrastructure existing in

Botswana, there is also Business Botswana which assists exporting companies trying to establish in Botswana as a source for qualified agents and distributors. In addition to this, the use of radio, television, and newspapers are also more effective in reaching consumers.

PAYMENT & EXCHANGE

Companies investing in Botswana or importers generally have little to no constraints getting foreign exchange or getting payment from Botswana. This is made possible because of the abolition of foreign exchange control in February,

1999 by the government of Botswana. Exportation and importation are done through the SAD 500 which is required for legal transactions.

BUSINESS CULTURE

Respect for elders is imported into Botswana culture. The use of first names generally takes longer, and it is a good idea to wait until your contact from Botswana initiates the practice.

It is best to reconfirm a business meeting 24 hours in advance directly with the person you are to meet. Meetings may sometimes start late, be cancelled without

notice, or be delegated. Business meetings may be interrupted by phone conversations. This is not an indication of lack of respect or interest. Business decisions take months or even years in the country. The government and businesses often do not take business proposals seriously if they are not physically presented in Botswana.



“While generally open to foreign participation in the economy, Botswana reserves some sectors for citizens.”



IN CONCLUSION

Botswana market offer a huge opportunity for importer and African businesses under AfCFTA.

Any business looking to enter the Botswana market must be ready to put structure in place for a successful venture. It is also important to note

that there is a need for collaboration with agents and partners or setting up physically in the country in order to enjoy all the benefits issued by the government; such as low tax rates, and easy accessibility to labour and also the less restric-

-tion on foreign exchange.

Finally, Botswana market also gives businesses the opportunity to trade with other countries in the SADC region.

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