



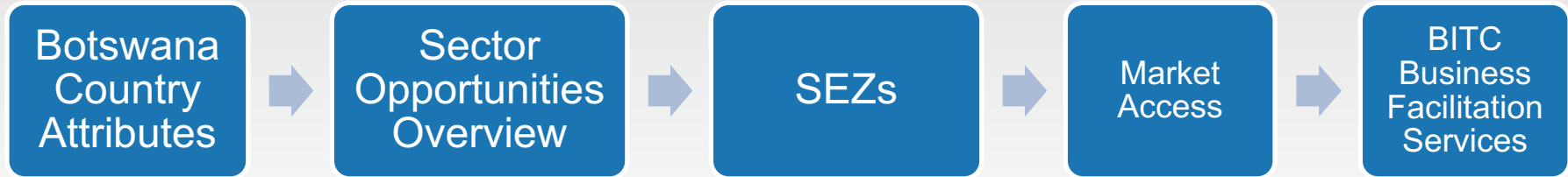
BOTSWANA INVESTMENT & TRADE CENTRE



DOING BUSINESS IN BOTSWANA

Reginald T. Selelo – Chief Operations Officer (A)
2018 Global Access Program (GAP) Conference
6th June 2018

Outline

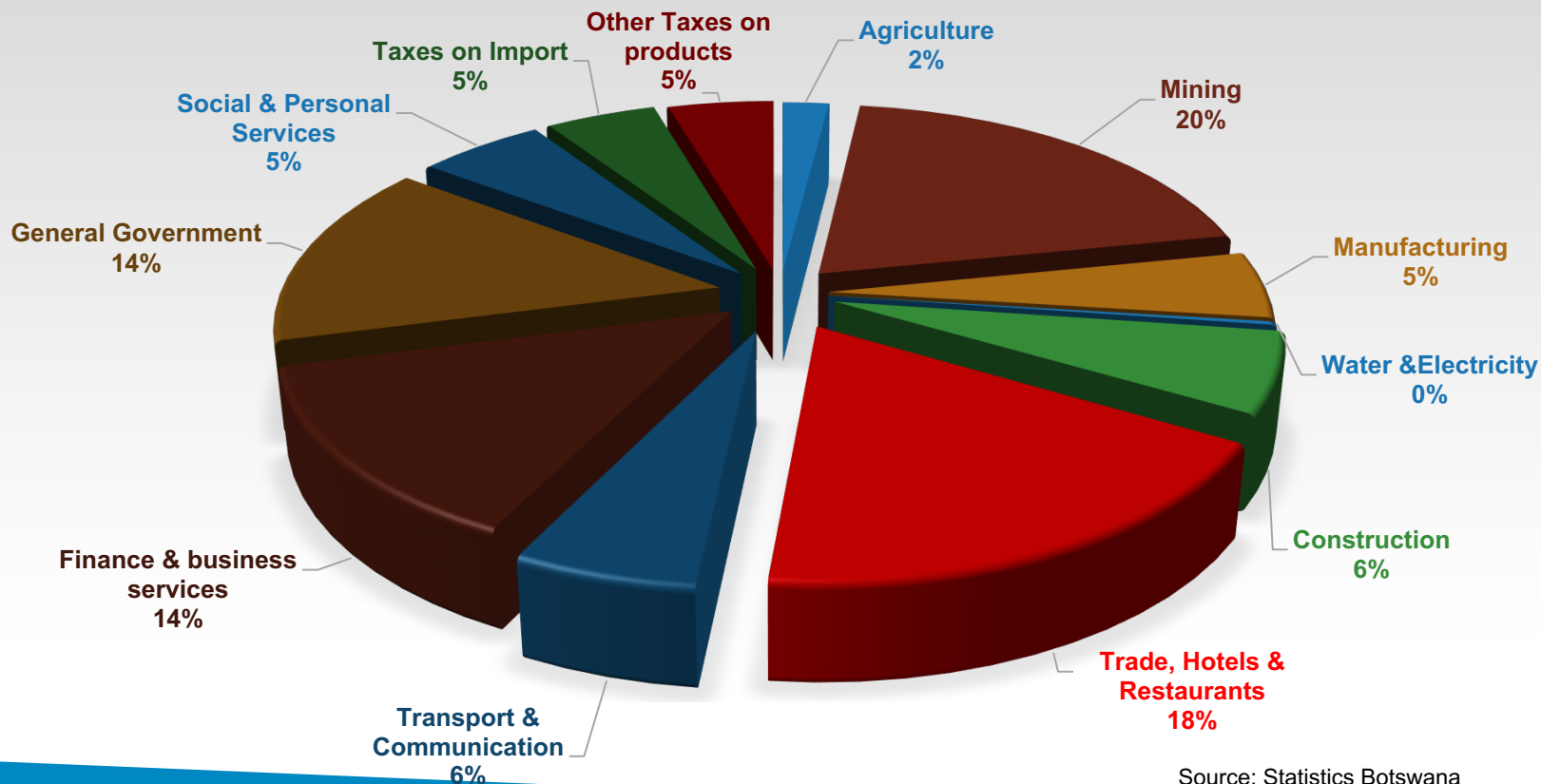


Botswana Macroeconomic Indicators

Population
2.262 Million
Borders
South Africa, Zimbabwe, Namibia, Zambia
Land
582 000 km ²
GDP
USD 16.0 Billion (2017)
GDP per Capita
USD 7 500 (2017)
Inflation
(3.2 % December 2017); 2.8% in 2017
Interest Rates
Bank rate 5.0%: Prime Lending Rate 5.5%
Key Export Products 2016 (Total merchandize exports = US\$7,361 million)
Diamonds, copper, nickel, Ignition wiring sets and other wiring sets for vehicles, boneless beef, soda ash, and copper ores and concentrates
Key Import Products 2016 (Total merchandize Imports = US\$6,138 million)
Non-industrial diamonds, petroleum products, Industrial diamonds

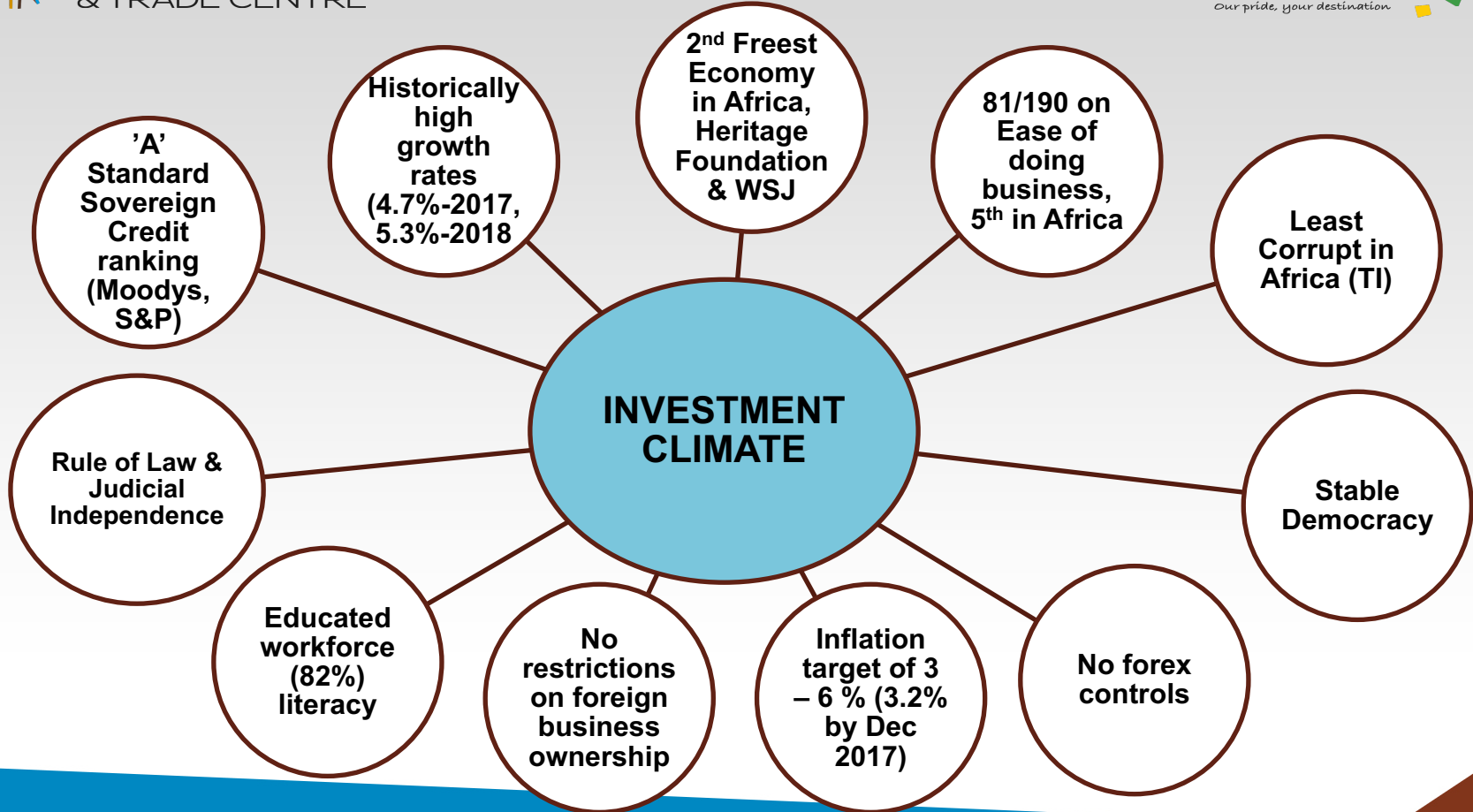


Contribution to GDP by Economic Activity 2016



Source: Statistics Botswana

Investment Climate



Pertinent Business Environment Strengths

- Zero tolerance to corruption – Transparency International Ranking
- Sound legal system and adherence to the rule of law
- Political stability
- Sustained periods of economic growth, and sound macro-economic discipline
- Labour market stability, predictable, with an 83% literacy rate
- Highest Investment Grade Sovereign credit rating in Africa,
 - A- by Standard & Poor's and A2 by Moody's
- No foreign exchange controls; full remittances & repatriation of profits and dividends;
- No restrictions on business ownership; can be 100% foreign owned

Competitive Tax Framework; 22% vs 23.5% Global Average

15% Corporate Tax

Manufacturing, IFSC, BIH

22% Corporate Tax

Non incentivised rate

25% Max Income Tax

Personal income

12% VAT

National Rate

Tax holiday

0 to 10 year tax break

200% Tax rebate

Training costs

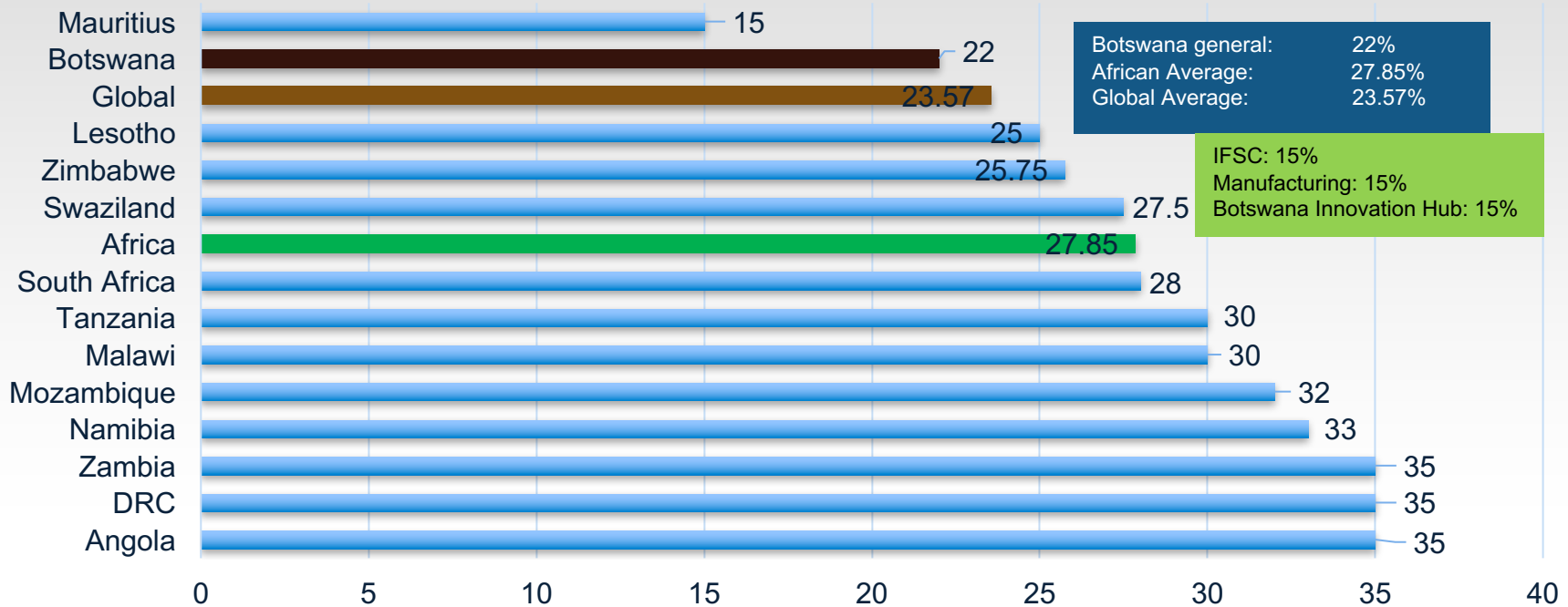
Duty exemption on importation of plant & machinery

No Foreign Ownership Restrictions

Expanding Double Taxation Treaty Network

Facilitation of Access to Land

Botswana's Corporate Tax Rate is Highly Competitive



Key Sector Opportunities

Commercialization of the agriculture & Agribusiness sector



- Leather
- Beef
- Primary
Production
- Agro Processing
- Feeds
- Ostrich Farming

Mining & Resource Beneficiation



- Soda Ash
- Coal
- Diamonds
- Base Metals

Manufacturing; import bill substitution



- High Import Bill
- Automotive
Components
- General
manufacturing;
almost all
products
consumed

Services



- ICT
- Financial &
business
- BPO

Premised on Accelerating Economic Diversification

Key Sector Opportunities

Infrastructure & Property Development



- **National Infrastructure; roads, bridges, water pipelines**
- **Residential & Commercial Property Development**

Energy



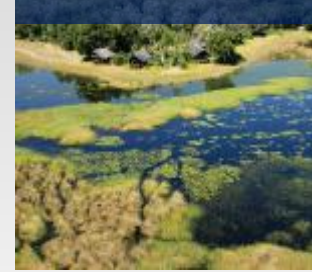
- **Solar**
- **Coal-bed methane (CBM)**
- **Biogas and biodiesel**
- **Coal to Liquids**

Transport and Logistics



- **Rail Projects:**
 - **Trans Kalahari Railway**
 - **Mosetse – Kazungula**
- **Aviation**

Tourism & Hospitality



- **Hotels & Lodges**
- **Tented Camps**
- **Air Charter Services**
- **Medical Tourism**

Premised on Accelerating Economic Diversification

Tax	IFSC Company	Non IFSC Company
CGT	Exempt (where ownership exceeds 25%)	25%
WHT	Exempt (when distributing to non residents)	7.5%
Corporate Tax Rate	15%	22%
VAT	Zero rated	12%
Unilateral Tax Credit	Up to 15% of taxes incurred where no DTA is in place,	0
VAT	Zero rated	12%

- 200% allowable deduction for training expenses
- No Exchange controls since 1999
- Ability to denominate share capital in major convertible currency of choice
- Access to Botswana's Growing Double Tax Avoidance Treaty Network

- SPEDU Region has a population of 203 000
- SPEDU hub, Selebi Phikwe Town est. in the 70s following discovery and mining and smelting of copper
- Government adopted initiatives to spur econ activity in commercial irrigation and Manufacturing

Fiscal

- 5% for first 5 years; 10% thereafter
- Zero customs duty on imported raw material
- Provide rebate of Customs duties and Value Added Tax under Schedule 4 - Rebate Item 470.03, and VAT Act Third Schedule - Item 470.03 for manufacturing done exclusively for export outside Common Customs Area (CCA)
- Provide rebate of Customs duties and Value Added Tax for importation of raw materials under Schedule 3 of the customs tariff and VAT Act.



SPEDU Incentives

Provision of Land

- Minimum 50 year Lease

Input Costs

- SPEDU Region will provide internet connectivity with bandwidth that promotes business competitiveness;
- Preferential ICT rates (telecommunications, data and voice rates) as already provided for IFSC companies

Government off-take

- Direct Government off-take on procurement of at least 30% (First preference in Government procurement provided the quantity, quality and price requirements are met), in line with Economic Diversification Drive (EDD)

SPEDU Region Labour Laws

- SPEDU Region Employer - Employee Relations (To provide work environment which promotes productivity and harmonious employer/ employee relations)

MARKET ACCESS

- **Southern African Customs Union (SACU)**
 - Duty free and quota free market access - 61 million consumers (Botswana, South Africa, Namibia, Lesotho and Swaziland)

- **Southern African Development Community (SADC) Trade Protocol**
 - Preferential market access to more than 293 million consumers in the SADC region

- **African Growth and Opportunity Act (AGOA)**
 - Duty free and quota free market access to the USA

- **Free Trade Agreement (FTA) between SACU and EFTA Countries**
 - Duty Free market access within the Non-EU European countries (Norway, Liechtenstein, Iceland and Switzerland)

- **Economic Partnership Agreement between SADC and the European Union (EU)**
 - Duty free and quota free market access to the European Union

Special Economic Zones

- Special Economic Zones to attract world class domestic and foreign investors by offering them:
 - developed infrastructure
 - state of the art technology
 - beneficial inter-sectoral linkages,
 - Economies of scale
 - specially trained skilled labour force
 - targeted economic incentives



- Mixed Use SEZ (SSKIA)
- International Finance & Tech City (Fairgrounds, Gaborone)
- Agropolis (Pandamatenga)
- Meat & Leather City (Lobatse)
- Mining & Logistics (Francistown)
- Base Metal Beneficiation (Selibe Phikwe)
- Horticulture (Tuli Block)
- Coal & Gas (Palapaye)

Invitation to Global Expo Botswana




30th October – 2nd November 2018
Gaborone International Convention Centre
(GICC), Botswana

**Theme | 'Seizing opportunities through
networking with global business leaders'**

BITC BUSINESS FACILITATION SERVICES (ONE STOP SERVICE CENTRE)

- **Business linkages / Facilitate engagements / Company visits**
- **Company Registration**
- **Acquisition of Work & Residence permits, Business visas**
- **Facilitation of Factory Space & Land Allocation**
- **Application for Incentives (IFSC, Manufacturing Approval Order and Development Approval Order (DAO))**
- **Tax and VAT Registration**
- **Opening Bank Account**
- **Aftercare Services: Monitoring, Renewals, Expansions etc.**

THANK YOU

GO  **BOTSWANA**
BOTSWANA INVESTMENT
& TRADE CENTRE

[Reginald Selelo](#)

[Chief Operations Officer \(A\)](#)

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

[Tel:+267 3633300](tel:+2673633300)

www.bitc.co.bw