



BOTSWANA COUNTRY PROFILE

2018



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COUNTRY FACT SHEET

COUNTRY	BOTSWANA
Capital	Gaborone
Language	Setswana and English
Location	bordered by South Africa to the south and southeast, Namibia to the west and north and Zimbabwe to the northeast
Area	581,730 sq km (224,607 sq miles)
Currency	Pula
Population	2,3 million
President	Ian Khama
Districts	Southern District, South-East District, Kweneng District, Kgatleng District, Central District, North-East District, North-West District, Ghanzi District and Kgalagadi District
GDP	2.9% (2016)
GDP per capita	\$6 972 (2016)
GNI per capita PPP	\$ 10 866 (year)
Inflation	2.8% (2016)
Government Bond Ratings	Moody's = A2 Stable S & P = A-
Main Exports	Diamonds, copper, nickel, soda ash, meat, machinery and electrical equipment
Main export partners	Asia, India, United Arab Emirates, Singapore, Israel and Hong Kong
Total exports	BWP 5635 (June 2017)
Main Imports	Foodstuffs, machinery and electrical equipment, vehicles and transport equipment, chemicals and rubber products, fuel and diamonds
Main Imports partners	South Africa, EU, Asia, Canada, Belgium
Total Imports	BWP 4489 (June 2017)
Ease of Doing Business	71
Global competitiveness	63
Road network	30 275.64km
Speed Limit	120km/h and 60km/h

LIST OF ACRONYMS

AEC	African Economic Community
AfDB	African Development Bank
AGOA	African Growth and Opportunity Act
BoB	Bank of Botswana
BWP	Botswana Pula
C-BRTA	Cross-Border Road Transport Agency
COMESA	Common Market for Eastern and Southern Africa
CMA	Common Monetary Area
DHA	Department of Home Affairs
EAC	East African Community
ESP	Economic Stimulus Programme
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GCI	Global Competitiveness Index
GCR	Global Competitive Report
GDP	Gross Domestic Product
IMF	International Monetary Fund
NTBs	Non- Tariff Barriers
OSBP	One Stop Border Post
PTA	Preferential Trade Agreement
PTCM	Protocol on Transport, Communication and Meteorology
RISDP	Regional Infrastructure Development Master Plan
SACU	Southern African Customs Union
SADC	Southern African Development Community
SARS	South Africa Revenue Services
SPS	Sanitary and Phytosanitary

SSA	Sub Saharan Africa
STASSA	Statistics South Africa
TBT	Technical Barriers to Trade
WTO	World Trade Organisation

EXECUTIVE SUMMARY

This Country Profile Report provides information on Botswana that is relevant to cross-border road transport operators, regulatory authorities and other stakeholders with an interest in cross-border business between Botswana and South Africa. The Report further provides an update of recent developments in Botswana with regard to the performance of the economy, the road transport environment including traffic legislation and policies that affect cross-border operations. It also covers the business environment in Botswana and outlines business opportunities.

The aim of the Cross-Border Road Transport Agency (C-BRTA) is to profile all the Southern African Development Community (SADC) member states with which South Africa has multi-lateral and bilateral cross-border road transport agreements or memorandums of understanding (MoUs). The long-term objective is to broaden the scope and profile of all the SADC member states with a purpose of providing cross-border road transport operators with information that is both informative and useful conducting doing business. The information will also be useful to aspirant cross-border operators, the trading community and regulatory authorities.

Botswana is a small, landlocked country in Southern Africa, bordered by South Africa to the south and southeast, Namibia to the west and north, and Zimbabwe to the northeast. The country covers an area of 581,730 km² (224,607 sq mi) with a population of 2,351,054 people which is equivalent to 0.03% of the total world population.

Botswana is stable, peaceful and transparent with zero tolerance for corruption. It boasts a sound legal system and adherence to the rule of law and is committed to sound fiscal policy and economic freedom. Botswana is ranked as the world's second most attractive investment location by New York University's Altman's Baseline Profitability Index (BPI), (2015); has the highest sovereign credit rating, and was named the 2nd freest economy in Africa (2017). According to the World Bank, Botswana is ranked at 71 for ease of doing business out of a total of 190 economies

Since independence, Botswana has had one of the fastest growth rates in per capita income in the world and maintained one of the world's highest economic growth rates until the global recession. Botswana provides investors with preferential access to SADC's entire marketplace of over 290 million people, duty-free and quota-free access to the European Union (EU) market and duty-free import of machinery and equipment for manufacturing purposes.

Road transport is the major mode of surface travel in Botswana, covering about 93% of the total volume of passenger transport. The railway, a single line, which runs from South to North on the eastern side of the country, together with air transport, are responsible for about 7% of passenger transportation.

Botswana's road infrastructure is put under strenuous condition having to act as the central nerve of transit traffic between her neighbours because Botswana is in the centre of the SADC Region. Since independence there has been a deliberate policy by the government through Roads Department under the Ministry of Works and Transport to provide road network to link all population centres, cities, towns and neighbouring countries.

Botswana has achieved impressive economic performance over the past four decades due to the prudent macroeconomic management, consistent economic policies, political stability and good governance. The country has maintained a high economic growth rate, resulting in accumulation of substantial foreign reserves and substantial investment in the development of our human resources. This therefore resulted in it creating vast opportunities for investment in the mining sector focusing on diamonds beneficiation and coal exploration, cargo, freight and logistics sector, leather and leather goods sector where the country has an abundance of raw hides and skins, automotive sector, agriculture sector and tourism sector.

1. INTRODUCTION AND BACKGROUND

1.1 Introduction

The aim of this Country Profile Report is to provide a consolidated platform for the dissemination of information that is useful to key stakeholders in the cross-border environment, particularly cross-border road transport operators, regulatory authorities and trading parties. The information articulated in this Report can be used to support informed decision making and identification of opportunities by operators and traders in respect of the Botswana segment of the cross border industry.

The Report also provides up to date information about Botswana focusing on the road transport environment, requirements for undertaking cross-border road transportation, corridor developments, road transport projects currently taking place in Botswana and the business environment specifically focusing on the ease of doing business. The objectives of the report are to:

- Provide relevant information that can be used by cross-border road transport operators in conducting their business;
- Help transport operators to understand better the countries that they do business in;
- Assist relevant stakeholders to know and understand the requirements of doing business in Botswana; and
- Provide information with respect to possible opportunities for South African cross-border road transport operators.

A qualitative approach was adopted through secondary research that relied on relevant publications, internet based resources and references. Planned semi-structured interviews and engagements with relevant departments in Botswana could not materialise due to time constraints.

The Report is structured as follows:

- Introduction and background;
- The overview of Botswana;
- The economic outlook looking at recent economic developments - summarises the data of imports and exports between South Africa and Botswana, documents required for trade and an assessment of the ease and cost of doing business;
- The road transport environment;
- Passenger transport; and
- Opportunities in Botswana.

1.2 Background

The C-BRTA is a regulatory authority founded in terms of the Cross-Border Road Transport Act No 4 of 1998 (C-BRT Act), as amended, for the purpose of facilitating unimpeded movement of persons and goods between South Africa and neighbouring countries in the region. The core mandate of the Agency is to:

- Improve the unimpeded flow of freight and passengers in the region;
- Introduce regulated competition in respect of cross-border passenger road transport;
- Reduce operational constraints for the cross-border road transport industry as a whole;
- Liberalise market access progressively in respect of cross-border freight road transport;
- Enhance and strengthen the capacity of the public sector in support of its strategic planning, enabling and monitoring functions; and
- Empower the cross-border road transport industry to maximise business opportunities and to incrementally regulate themselves to improve safety, security, reliability, quality and efficiency of services.

The C-BRT Act defines four core functions of the C-BRTA which are: regulatory, facilitation, advisory and law enforcement. With regards to its advisory function, the Agency is mandated to provide advice and up to date information to the Minister of Transport and other stakeholders in the cross-border value chain.

Additionally, there are other instruments that also provide the broader context of the mandate and functions of the Agency and these include the:

- SADC Protocol on Transport, Communications and Meteorology (PTCM);
- Memorandum of Understanding on Road Transportation in the Common Customs Area pursuant to the Customs Union Agreement between the Governments of Botswana, Lesotho, South Africa and Swaziland (SACU MoU);
- Memorandum of Understanding on the development and management of the Trans-Kalahari Corridor; and
- Bilateral Road Transport Agreements between South Africa and Malawi, Mozambique, Zambia and Zimbabwe.

The development of this Country Profile Report is therefore aligned to the mandate of the Agency and the overall goals of enhancing opportunities for cross-border road transport operators and ensuring that cross-border road transportation between Botswana and South Africa is conducted in a seamless way through providing relevant information.

2. OVERVIEW OF BOTSWANA

Botswana is a small, landlocked country in Southern Africa, bordered by South Africa to the south and southeast, Namibia to the west and north, and Zimbabwe to the northeast as shown in Figure 1 below. At 581,730 km² (224,607 sq mi) Botswana is the world's 48th-largest country and one of the most sparsely populated nations in the world. Figure 1 below shows the map of Botswana.

Figure 1: Map of Botswana

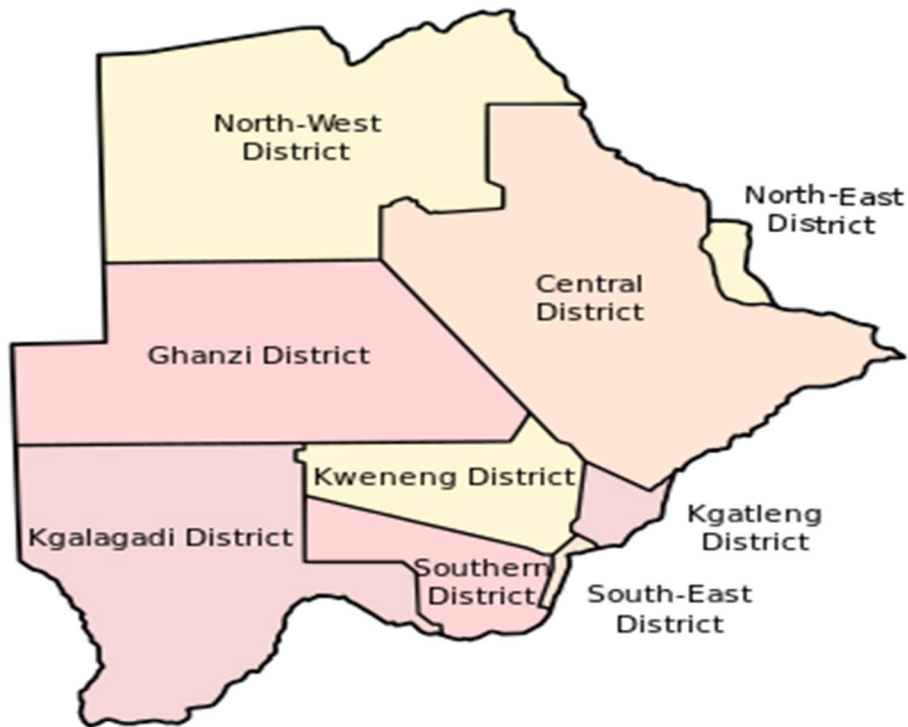


Source: www.worldatlas.com. Accessed on 11/09/2017

Botswana has a population of 2,351,054 based on the latest United Nations estimates; it is equivalent to 0.03% of the total world population. The population density in Botswana is 4 per Km² (11 people per mi²). 51.8 % of the population is urban (1,213,790 people in 2017).

Botswana has nine districts which are: Southern District, South-East District, Kweneng District, Kgatleng District, Central District, North-East District, North-West District, Ghanzi District and Kgalagadi District as depicted in Figure 2.

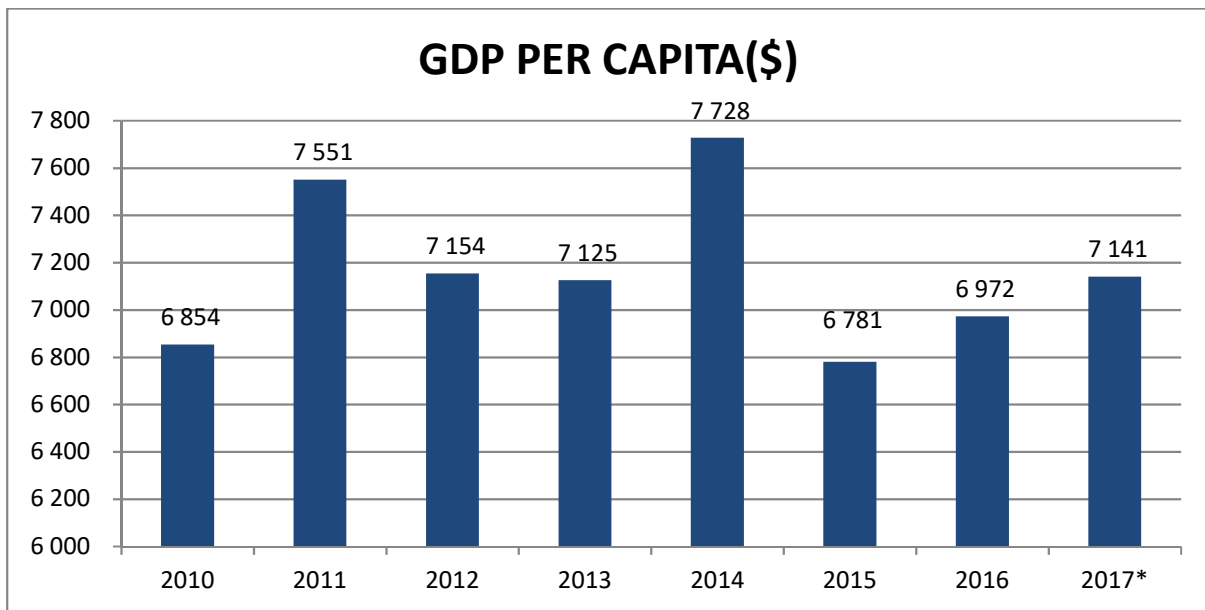
Figure 2: Districts of Botswana



Source: www.ontheworldmap.com. Accessed on 11/09/2017

The district with the highest population is the central district at 638 604 and Ghanzi has the least population of 43 370 people. The official languages of Botswana are Setswana and English. The currency of Botswana is the Pula (BWP). Botswana's GDP per capita decreased drastically in 2015 with a slight recovery in 2016 and is projected to continue with the recovery in 2017 as shown in Figure 3 below.

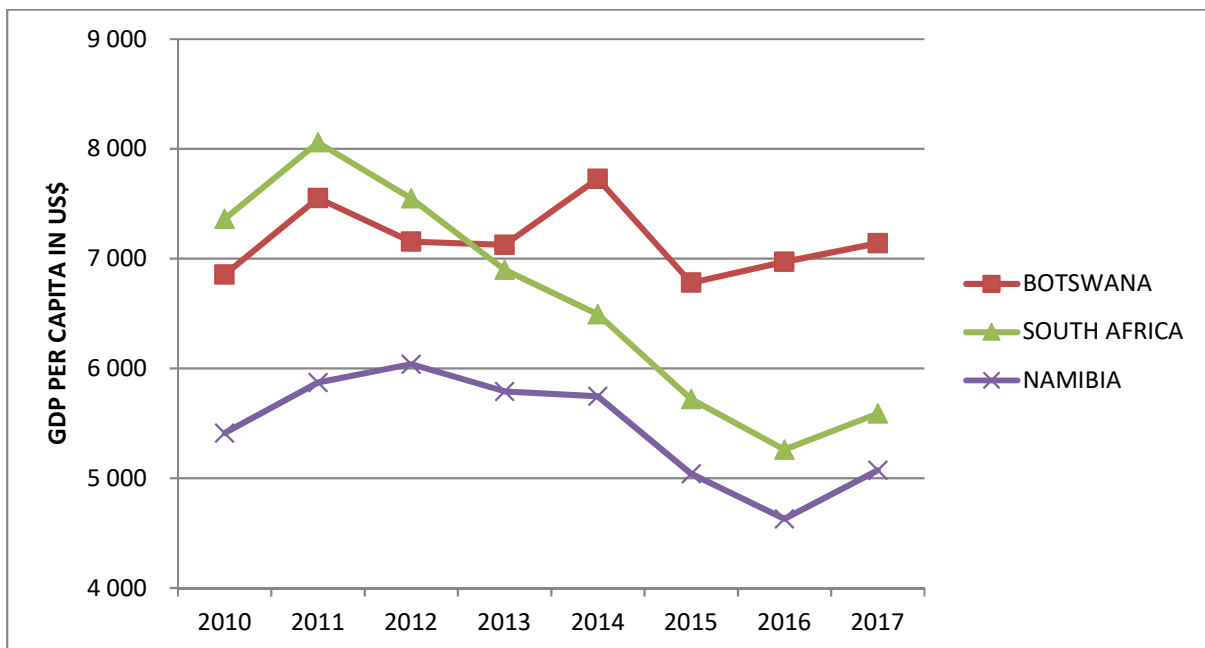
Figure 3: Botswana GDP per capita



Source: www.tradingeconomics.com; Accessed on 11/09/2017

The GDP per capita was \$6972 in 2016 making Botswana to be classified as a upper middle income economy according to the World Bank list of economies (July 2016). Through fiscal discipline and sound management, Botswana transformed itself from one of the poorest countries in the world to a middle-income country with a per capita GDP that is more than that of South Africa and Namibia as shown below in Figure 4.

Figure 4: Comparative GDP per capita



Source: WorldBank Statistics; Accessed on 11/09/2017

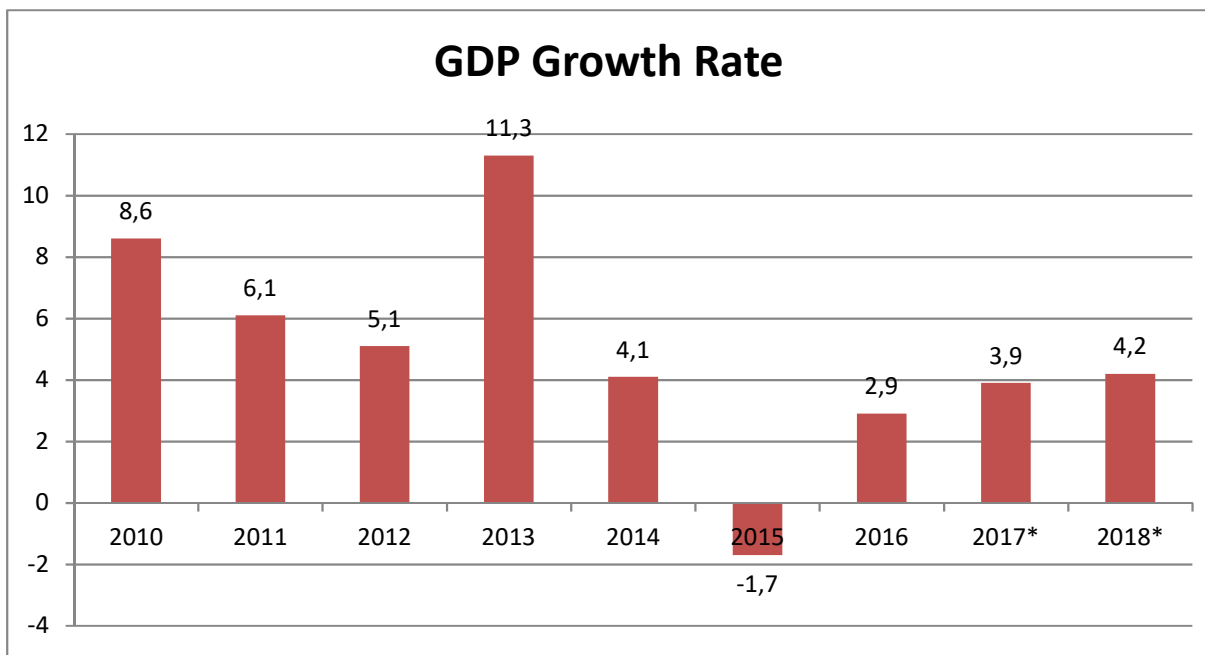
3. ECONOMIC OUTLOOK

3.1 Economy

Since independence, Botswana has had one of the fastest growth rates in per capita income in the world and maintained one of the world's highest economic growth rates until the global recession. Botswana is praised for the prudent management of its resource wealth, which has facilitated the transformation of the country from one of the poorest countries in the world to a middle-income country status in 1992. It has the fourth highest gross national income at purchasing power parity in Africa, giving it a standard of living around that of Mexico and Turkey.

Figure 5 below shows the performance of Botswana's economy between 2010 and mid-2018.

Figure 5: GDP Growth Rate



Source: Bank of Botswana, Accessed on 12/09/2017

Botswana's economy recovered from the 2008 global recession in 2010, but has only grown modestly since then, primarily due to the downturn in the global diamond market, though water and power shortages also played a role. The prevalence of HIV/AIDS is second highest in the world and threatens the country's impressive economic gains. In 2016, Botswana entered its fourth year of drought, detrimental to Botswana's small, but vital

agriculture sector, but diamond exports increased to their highest levels since 2013, buffering economic growth. As a result, the economy registered 2.9% growth in 2016.

The economy recovered in 2016, after it suffered two setbacks when economic growth contracted in 2014 and dipped into the negative 2015 because of weak demand for diamond exports and persistent electricity and water supply shortages as shown in Figure 5 below. Domestic growth was boosted in 2016 by both the expansion of mining activity, reflecting the recovery in diamond industry, and a sound performance of non-mining sectors.

Mining activity rebounded strongly, expanding by 13.3% in the 12 months to September 2016 after registering a sharp contraction of 37.9% during the corresponding period in 2015. The performance of the non-mining sectors remained sound, supporting domestic growth in 2016. All non-mining sectors registered positive growth exceeding 1.5% in the 12 months to September 2016. Growth was driven mainly by service-oriented sectors, notably water and electricity; trade, hotels and restaurants; and transport and communication, each posting robust growth of at least 5%. Manufacturing activity growth decelerated to 1.7% during the 12 months to September 2016 from 2.1% during the corresponding period in 2015.

Botswana's growth prospects for the medium term remain favourable registering 0.8% expansion in March 2017 and it is projected to pick up to 3.9% in 2017 and 4.2% in 2018. The optimistic outlook is based on the anticipated slight improvement in the mining sector and positive growth prospects for the non-mining sectors. The continued recovery depends on a continued rebound in the global diamond market, the expansion in construction activities in the context of the government's Economic Stimulus Programme (ESP), and improved reliability in electricity and water supply. The favourable outlook is also underpinned by reforms to further improve the business environment, currently being pursued by the government in the context of the National Doing Business Committee, which are expected to have positive spin-offs for manufacturing and industrialisation.

Botswana's economic prospects continue to improve in parallel with the brightening outlook in the diamonds market following a disappointing start to the year. In May, exports rose over 40% from April, driven in large part by stronger diamond exports, which represent 80%–90% of the country's exports. A drop in imports pushed the trade balance into surplus again. Despite the government's efforts to diversify the economy, the recovery is still heavily dependent on diamond exports.

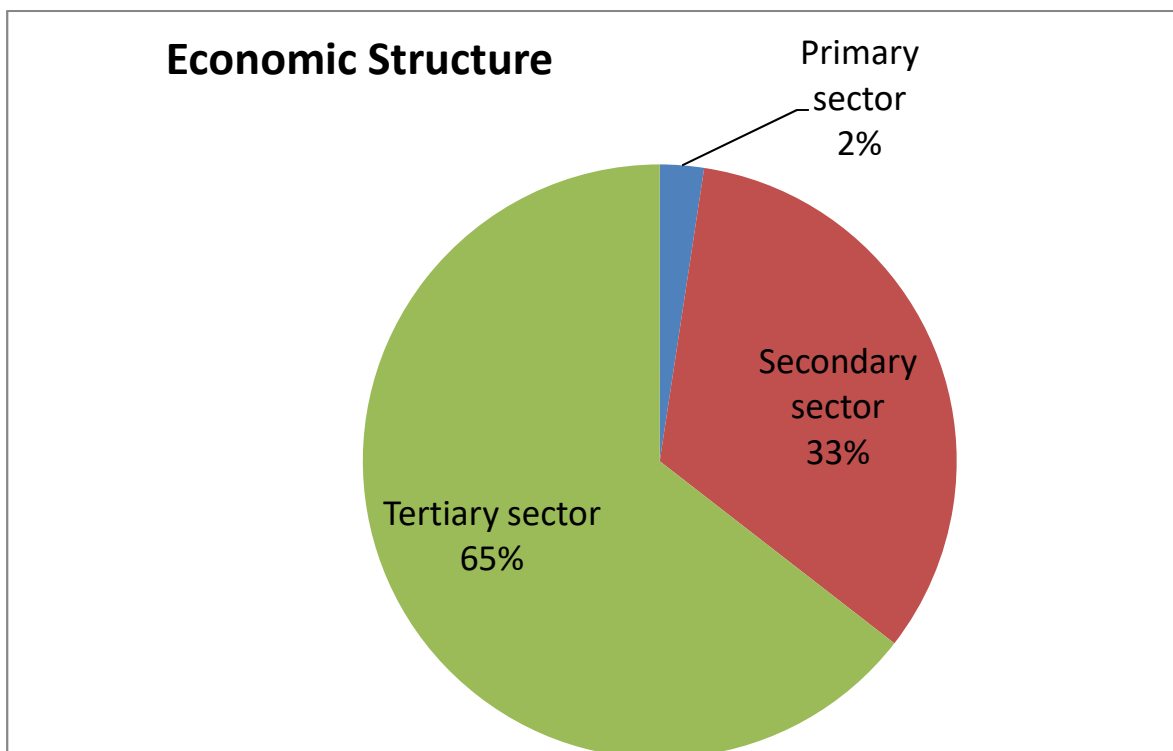
This makes Botswana to be vulnerable to external shocks due to its heavy reliance on one commodity – diamonds. Lower revenues from SACU relative to the pre-recession period, persistent drought, continued slow growth in South Africa, and the slow pace of reforms are

the other risks that need to be carefully monitored. To achieve economic diversification, Botswana needs to promote industrialisation by accelerating economic transformation from the primary sector to advanced manufacturing and services. Over the past four decades, the government has put in place policies and initiatives in support of industrial development and entrepreneurship. It has also stepped up efforts aimed at improving the quality and efficiency of public infrastructure to facilitate the growth of private sector investments and enhancing skills development.

3.2 Economic Structure

The primary sector is dominated by agriculture with limited forestry, hunting and fishing activities in the arid country. Farming is focussed on livestock (cattle) rearing. The agriculture industry accounted for 30% of GDP in the 1970s to 10.7% in 1980 to 2.4% in 2015 due to significant growth in mining production as shown in Figure 6 below.

Figure 6: GDP by sector



Source: World Bank: World Development Indicators; Accessed on 21/09/2017

However, despite agriculture only making a marginal contribution to GDP, it remains an important feature of the economy, given that more than half of the population lives in rural

areas and is dependent on subsistence crop and livestock farming and also in terms of agriculture's contribution to export earnings.

Industry represents a third of GDP with mining activity accounting for around 20% of national economic activity. Botswana was the world's third-largest diamond producer in the world (after the US and Australia) during 2016 and global leader De Beers moved its diamond sorting and auctioning to Gaborone in 2012. Within the industrial sector, the manufacturing sector made an estimated contribution of around 6.4% to GDP in 2015, with activities in this sector predominantly focused on textiles and apparel.

The tertiary sector has grown significantly over the past few decades, rising from less than 30% of GDP in the late 1980s to more than 50% of GDP since 2007. It remains the largest contributor to GDP, with an estimated contribution of 64.5% in 2015. The most important sub-sectors within the services industry were the retail & hospitality sub-sector, government services, and financial services contributing 18%, 17.1%, and 16.3% of GDP in 2015 respectively.

3.3 Credit Rating

Standard Global Ratings affirmed Botswana's sovereign debt ratings in October 2016, with the landlocked country's long and short-term foreign and local currency sovereign credit ratings kept stable at "A-" and "A-2", respectively with the negative outlook as shown in Table 1 below. This was due to the downside risks of the current diamond sector which is cyclical in nature. S&P noted that a sovereign debt rating downgrade could be precipitated by sustained depressed diamond production and prices. Although Botswana's sovereign debt rating outlook could be revised back to stable if the country's fiscal position does not deteriorate as S&P expects, or if economic diversification efforts prove to be more successful than anticipated.

The diamond mining industry is the country's main economic driver, contributing almost a third of Botswana's GDP. However, since the second half of 2015, diamond demand and sales has been soft due to a weaker global environment and declining pricing power of key diamond marketers. S&P expects Botswana to run fiscal deficits towards 2019. On the other hand, it is expected that the country will see current account surpluses.

Table 1: Sovereign Risk Ratings

SOVEREIGN RISK RATINGS		
S&P Global Ratings	Moody's Investors Service	Fitch Ratings
A-/negative	A2/Stable	Not Rated

Source: KPMG Economic Snapshot: 2016, Accessed on 21/09/2017

According to Moody's Investors Service, the creditworthiness of countries in Sub-Saharan Africa (SSA) has an overall negative outlook for 2017, reflecting the liquidity stress facing commodity-dependent countries, subdued economic growth and persistent political risk. SSA's economies continue to face commodity-induced liquidity stress in 2017, with recurring fiscal deficits amid challenging financing conditions. By the end of 2016, Moody's had downgraded a third of the region's 19 rated countries by an average of around two notches compared to 29 downgraded countries globally (22% of the 134 countries rated by Moody's) by an average of slightly more than one notch. Five of the seven countries in SSA in 2016 carry negative outlooks.

Moody's Investor Services kept Botswana's credit rating unchanged at "A2" with a stable outlook in September 2016. This reflects the government's strong balance sheet and the country's low debt burden. Moody's noted in its report that the stable outlook further reflects the rating agency's expectation that Botswana's track record of sound fiscal management and government effectiveness will ensure a gradual rebuilding of fiscal buffers that are now being used and will gradually also support transition to a more stable growth model. Botswana's political stability, policy predictability, solid governance and the successful implementation of forward-looking policies also reflects its high institutional strength. The country's fiscal strength is assessed as very high, pointing towards strong fiscal surpluses, as well as prudent fiscal management. The rating could come under pressure should the government's expansionary fiscal policy lead to a marked reduction of the country's fiscal reserves, which in turn may lead to a significant deterioration in Botswana's net asset position.

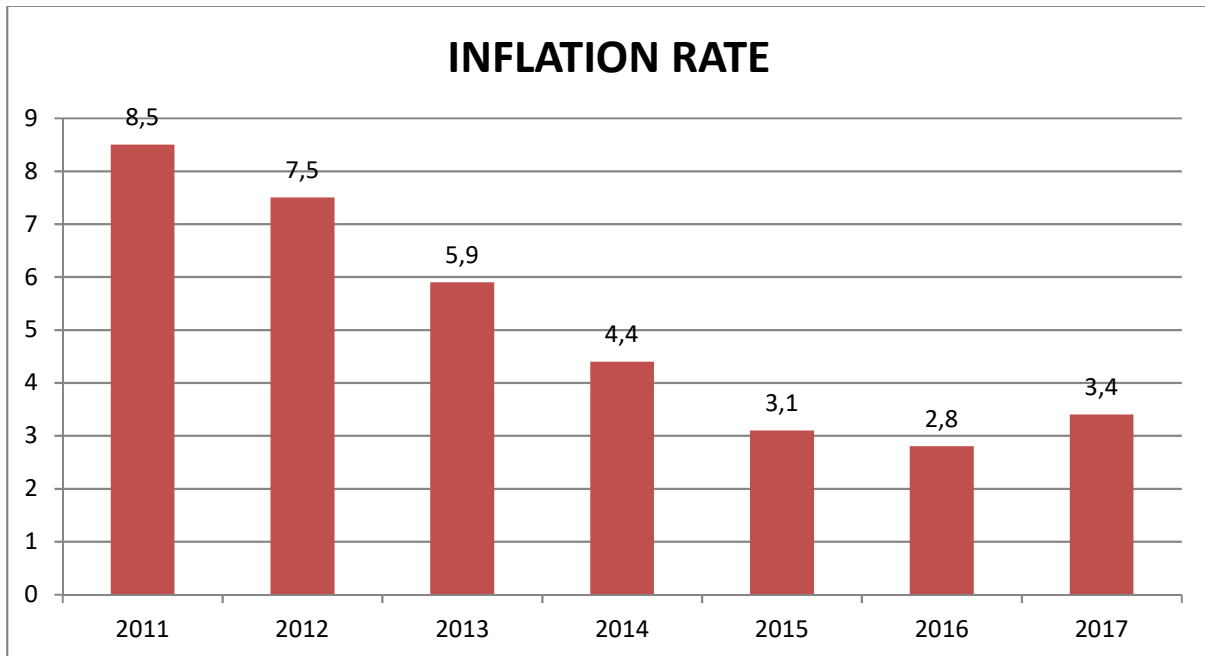
Botswana is currently not rated by Fitch Ratings

3.4 Monetary Policy

Botswana's overarching monetary policy's objective is to achieve price stability and safe guard financial stability at a range of 3% to 6%. Botswana's inflation tracks that of South Africa due to very close trade links between the two countries, the source of about two-thirds

of Botswana's imports. After peaking at 12.8% in 2008, inflationary pressures have eased sharply with inflation closing at 2.8% in 2016; lower than 3.1% in 2015 and 4.4% in 2014 as shown in Figure 7 below. Inflation was driven down by the drop in international fuel prices.

Figure 7: Botswana Inflation Rate



Source: Bank of Botswana, Accessed on 11/09/2017

Inflation increased (from 3% in December 2016 to 3.4 percent in July 2017), but remained within the Bank's objective range of 3 – 6 percent in the first six months of 2017, against the background of benign domestic demand pressures, modest wage growth and impact of the increase in administered prices, as well as favourable foreign price developments. The Bank's formulation and implementation of monetary policy will focus on entrenching expectations of low and sustainable inflation, through timely response to price developments, while ensuring that credit and other market developments are consistent with the maintenance of financial stability.

3.5 Trade Environment

Botswana remains a largely open economy with exports and imports each amounting to approximately 40 percent of GDP. However, trade remains heavily skewed in both product and direction. Largely unprocessed minerals dominate exports to a few markets in Europe and Asia, while imports of capital and consumer goods, including food mostly come from South Africa. Increasingly, however, there has been some progress in improving downstream activity in the mining sector. On the other hand, domestic economic growth has

resulted in increased imports of capital goods for infrastructure development and processing industries while consumption goods have dominated overall imports. The other notable changes in trade patterns are the increase in services trade (tourism in particular) and the importance of trade with emerging market countries in Asia, including India and China. At the same time however, the potential with respect to the cattle and textile industries appears to be uncertain, despite the existence of favourable trade arrangements and substantial government support.

The country's openness to trade and capital flows is supported by several policies and institutional arrangements. The foreign direct investment component of capital flows is critical as a source of new investment capital, promoting technology and skills transfer, enhancing market access and as a result, serving as a catalyst for the process of economic diversification and promotion of inclusive growth.

The thrust of Botswana's trade policy is pursuit of an outward looking strategy in order to support market expansion and easy access to imports. Among others, this strategy is fostered by an exchange rate policy that supports competitiveness of domestic industry, absence of exchange controls and trade agreements that facilitate market access and support local industries. In addition, efforts towards regional integration are aimed at easing constraints on regional trade and promoting efficiency, productivity and competitiveness in the context of broader market opportunities. The supportive institutional arrangements include: promotional entities (such as Botswana Investment and Trade Centre and Botswana Innovation Hub) that identify and promote opportunities for domestic industrial development, including services; access to external markets as well as those which ease administrative processes for establishing and facilitating effective conduct of local businesses; and favourable access to financing.

The country's industrial and privatisation policies and some of the initiatives in support of the agricultural sector are also outward looking, geared towards improving productive capacity, with a view to expanding exports and reducing dependency on imports (or increase the scope for choice between imports and local products). More recently, there are suggestions to promote selected manufacturing activities and services through the cluster/hub approach, including the establishment of special economic zones.

3.5.1 Botswana's Trade Agreements

Botswana continues to promote trade by pursuing free trade agreements with its neighbours as well as other developed and developing countries. The main Trade Agreements are outlined in Table 2 below:

Table 2: Botswana's main trade agreements

Type of Agreement	Countries	Main objectives	Products
CUSTOMS UNION			
Custom Union (SACU)	Botswana, Lesotho, Namibia, South Africa and Swaziland	Duty free movement of goods with a common external tariff on goods entering any of the countries from outside the SACU	All products
FREE TRADE AGREEMENTS (FTA's)			
Free Trade Agreement (SADC FTA)	Between 12 SADC Member States Angola, DRC and Seychelles not members	Tariffs and non-tariff barriers will be eliminated on substantially all trade between the members. 85% of trade in goods produced in the region moves across borders free of customs duties.	Most products
EFTA-SACU Free Trade Agreement (FTA)	SACU and the European Free Trade Association (EFTA) Iceland, Liechtenstein, Norway and Switzerland	Tariff reduction on selected goods	Industrial goods (including fish and other marine products) and processed agricultural products.
PREFERENTIAL TRADE AGREEMENTS (PTA's)			
SACU-Southern Common Market (Mercosur) PTA	SACU and Argentina, Brazil, Paraguay and Uruguay	The agreement creates the legal framework for improved trade relations between SACU and Mercosur as well as serving as a first step toward the creation of a free trade area between the two regions.	About 1,000 product lines on each side of the border
NON RECIPROCAL TRADE AGREEMENTS			
(Generalised	Offered	to	Products from developing countries Specified industrial and

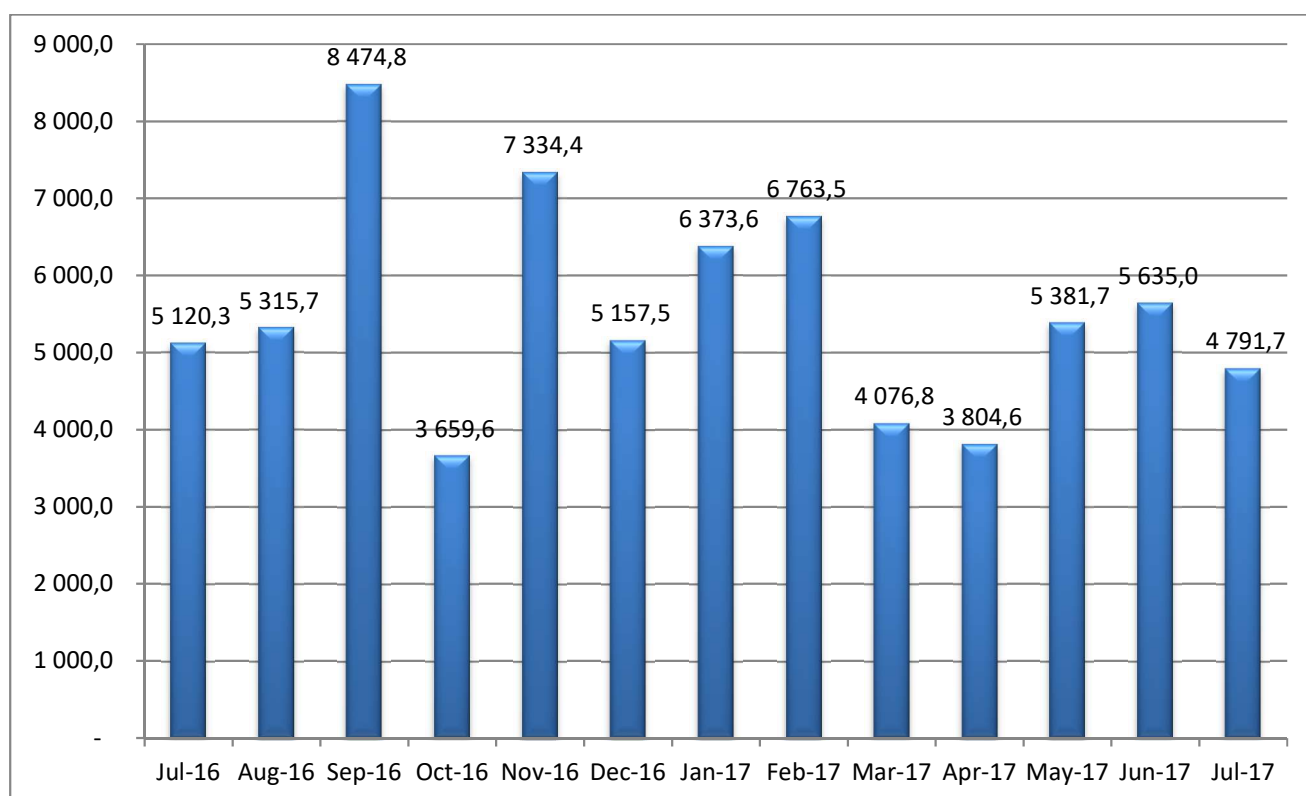
System of Preferences (GSP)	Botswana by the EU, Norway, US, Turkey, Japan Switzerland, Russia, Canada	qualify for preferential market access	agricultural products
Unilateral assistance measure (AGOA)	Granted by the US to 39 Sub-Saharan African (SSA) countries	Preferential access to the US market through lower tariffs or no tariffs on some products. Extended to 2025 under the Trade Preferences Enhancement Act of 2015	Duty free access to the US market under the combined AGOA/GSP programme stands at approximately 7,000 product tariff lines.
OTHER AGREEMENTS			
Cooperative framework agreement Trade, Investment, and Development Cooperation Agreement (TIDCA)	SACU and US	Makes provision for the parties to negotiate and sign agreements relating to sanitary and phyto-sanitary measures (SPS), customs cooperation and technical barriers to trade (TBT). It also establishes a forum of engagement of any matters of mutual interest, including capacity-building and trade and investment promotion.	None
CURRENT TRADE NEGOTIATIONS			
Preferential Trade Agreement	SACU and India	Tariff reductions on selected goods	SACU and India are in the process of exchanging tariff requests
Free Trade Agreement SADC-EAC-COMESA Tripartite FTA	26 countries	The Tripartite Framework derives its basis from the Lagos Plan of Action and the Abuja Treaty establishing the African Economic Community (AEC), which requires rationalisation of the continent's regional economic communities.	The Tripartite initiative comprises three pillars that will be pursued concurrently, in order to ensure an equitable spread of the benefits of regional integration, market integration, infrastructure and industrial development.

Source: done for the report

3.5.2 Exports from Botswana

During July 2017, total exports were valued at BWP 4791.7 million, showing a decrease of 15.0 percent (BWP843.3 million) from the June 2017 value of BWP 5635.0 million. This decrease was mainly due to the decrease of 19.8 percent (BWP1027.1 million) in Diamonds exports, from BWP 5187.3 million in June 2017 to BWP 4160.2 million in July 2017.

Figure 8: Total Exports



Source: *International Merchandise Trade Statistics: www.statsbots.org.bw Accessed on 22/01/2018*

Comparison of total exports value for July 2017 and July 2016 shows a decrease of 6.4 percent (BWP328.6, million) from BWP 5120.3 million to BWP 4791.7 million. The decrease is attributed to the drop in exports of Diamonds and Copper & Nickel. Diamonds, fell by 4.9 percent (BWP 212.8 million) from BWP 4373.0 million in July 2016 to BWP4160.2 million in July 2017. Copper & Nickel also recorded a decrease of 94.3 percent (BWP161.2 million) from BWP171.0 million in July 2016 to BWP9.8 million reported in July 2017, due to the closure of the mine in October 2016.

3.5.3 Exports by major trading partners

Total exports destined to Asia during 2017 were valued at BWP 2304.8 million; representing 48.1 percent of total exports (BWP 4791.7 million). Singapore and the United Arab Emirates (UAE) received 11.3 percent (BWP542.7 million) and 10.7 percent (BWP513.9 million) respectively, of total exports during the month under review. India, Israel and Hong Kong followed with 9.9 percent (BWP473.8 million), 7.3 percent (BWP350.8 million) and 5.3 percent (BWP255.5 million) respectively, of total exports during the month under review. Diamonds was the major commodity exported to Asia during the current period.

Exports destined to the SACU region were valued at BWP960.5 million, representing 20.0 percent of total exports during July 2017. South Africa and Namibia received exports accounting for 15.5 percent (BWP740.5 million) and 4.6 percent (BWP218.1 million) respectively, of total exports during the month under review. The major commodity exported to South Africa and Namibia was Diamonds, representing 41.8 percent (BWP309.8 million) and 89.2 percent (BWP194.5 million) of total exports to the respective countries as shown in Table 3 below.

Table 3: Total exports by country and commodity groups (million Pula)

Partner	Copper & Nickel	Diamonds	Gold	Hides & Skins	Iron Steel & Related	Machinery & Electrical Equipment	Meat	Plastic	Salt & Soda Ash	Textiles	Vehicles & Transport Equipment	Other Goods	Total
South Africa	-	309.8	-	5.0	25.4	189.2	61.2	35.3	43.9	17.9	7.3	45.5	740.5
Namibia	-	194.5	-	-	0.7	6.7	0.1	0.5	-	0.7	9.4	5.4	218.0
Swaziland	-	-	-	-	-	-	-	-	-	0.1	0.1	1.5	1.7
Lesotho	-	-	-	-	-	0.1	-	-	-	-	-	-	0.1
SACU	-	504.3	-	5.0	26.1	196.0	61.3	35.8	43.9	18.7	16.8	52.4	960.3
Zambia	-	-	-	-	1.2	5.9	-	3.6	10.3	0.6	4.2	4.2	30.0
Zimbabwe	-	-	-	-	0.1	1.7	-	0.5	6.7	0.3	3.5	10.5	23.3
Other SADC	9.8	-	-	-	-	-	1.8	-	1.0	0.4	0.3	0.8	14.1
SADC	9.8	504.3	-	5.0	27.4	203.6	63.1	39.9	61.9	20.0	24.8	67.9	1,027.7
Other Africa	-	-	-	-	-	3.6	-	-	-	-	0.2	0.3	4.1
Africa	9.8	504.3	-	5.0	27.4	207.2	63.1	39.9	61.9	20.0	25.0	68.2	1,031.8
Singapore	-	542.7	-	-	-	-	-	-	-	-	-	0.1	542.8
UAE	-	513.8	-	-	-	-	-	-	-	-	-	-	513.8
India	-	472.4	-	-	0.6	0.3	-	-	-	-	-	0.5	473.8
Israel	-	350.8	-	-	-	-	-	-	-	-	-	-	350.8
Hong Kong	-	251.7	-	-	-	-	-	-	-	-	-	3.9	255.6
Viet-Nam	-	113.3	-	-	-	-	-	-	-	-	-	-	113.3
Japan	-	48.5	-	-	-	-	-	-	-	-	-	-	48.5
Other Asia	-	548.3	-	-	-	-	-	-	-	-	-	0.7	549.0
Asia	-	2,298.8	-	-	0.6	0.3	-	-	-	-	-	5.2	2,304.9
Belgium	-	1051.3	-	-	-	-	-	-	-	-	-	-	1,051.3
France	-	66.5	-	-	-	-	-	-	-	-	-	-	66.5
Netherlands	-	-	-	-	-	0.2	23.1	-	-	-	-	-	23.3
UK	-	3.5	-	-	-	-	14.9	-	-	-	-	0.2	18.6
Other EU	-	-	-	-	-	0.7	12.2	-	-	-	-	0.2	13.1
EU	-	1,121.3	-	-	-	0.9	50.2	-	-	-	-	0.4	1,172.8
USA	-	153.9	-	-	-	1.0	-	-	-	-	-	0.1	155.0
Switzerland	-	45.7	45.3	-	-	-	-	-	-	-	-	-	91.0
Canada	-	36.4	-	-	-	-	-	-	-	-	-	-	36.4
Others	-	153.9	-	-	-	1.0	-	-	-	-	-	0.1	155.0
Total	9.8	4,160.4	45.3	5.0	28.0	210.4	113.3	39.9	61.9	20.0	25.0	74.0	4,791.9

Source: *International Merchandise Trade Statistics: www.statsbots.org.bw Accessed on 10/10/2017*

The EU region received exports valued at BWP 1172.7 million, representing 24.5 percent of total exports during the month under review. Belgium was the main destination for exports to the EU, having received 21.9 percent (BWP 1051.3 million) of total exports during July 2017, mainly attributed to Diamonds. As a percentage of exports destined to the EU, Belgium received 89.6 percent of total exports destined to the region.

The US received 3.2 percent (BWP155.0 million) of total exports during the month under review. The major commodity exported to the USA was Diamonds, representing 99.3 percent (BWP153.9 million) of total exports to that country, during July 2017.

The following export product groups represent the highest dollar value in Botswana global shipments during 2016.

- Gems, precious metals (87.9% of total exports)
- Nickel (4.4%)
- Electrical machinery, equipment (2.1%)
- Meat (1.7%)
- Inorganic chemicals (0.7%)
- Plastics, plastic articles (0.4%)
- Machinery including computers (0.3%)
- Salt, sulphur, stone, cement (0.2%)
- Vehicles (0.2%)
- Miscellaneous textiles, worn clothing (0.2%)

Electrical machinery and equipment was the fastest-growing among the top 10 export categories, up by 159.6% for the 7-year period starting in 2009. In second place for improving export sales was gems and precious metals which rose 109.6% led by diamonds. Botswana plastics and plastic articles posted the third-fastest gain in value up by 43.1%.

The leading decliner among the top 10 Botswana export categories was vehicles which plunged -85.6%. Overall, Botswana achieved a \$425.1 million trade surplus for 2016 reversing a -\$1.3 billion deficit during 2009.

Below are exports from Botswana that result in negative net exports or product trade balance deficits. These negative net exports reveal product categories where foreign spending on home country Botswana's goods trail Botswana imports.

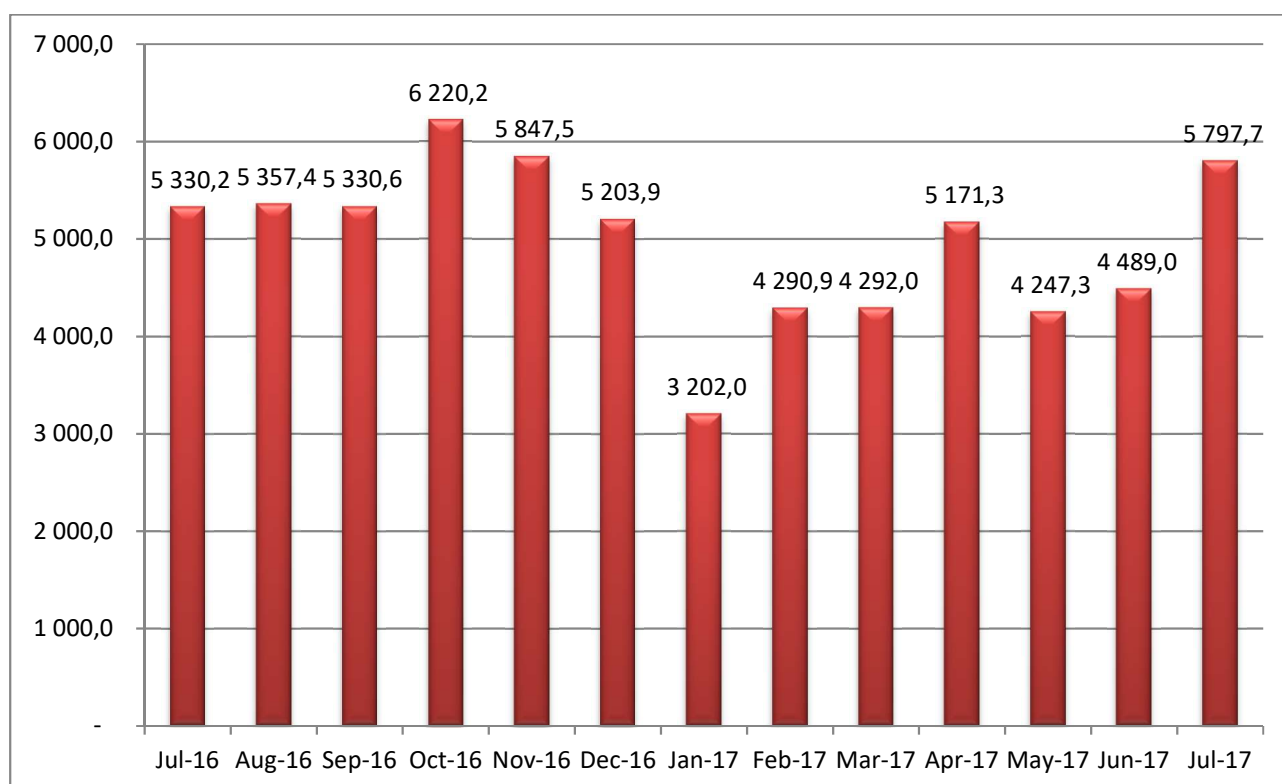
- Mineral fuels including oil: -US\$635 million (Up by 2% since 2009)
- Machinery including computers: -\$403.2 million (Down by -7.1%)

- Vehicles: -\$335.5 million (Down by -14.4%)
- Electrical machinery, equipment: -\$220.2 million (Down by -27.3%)
- Articles of iron or steel: -\$114.7 million (Down by -33.3%)
- Pharmaceuticals: -\$88.4 million (Down by -12.1%)
- Cereals: -\$84.2 million (Up by 15.1%)
- Ores, slag, ash: -\$76.2 million (Down by -378%)
- Furniture, bedding, lighting, signs, prefab buildings: -\$71.4 million (Down by -15.9%)
- Rubber, rubber articles: -\$66.9 million (Up by 0.4%)

3.5.4 Imports into Botswana

Botswana imports fuel, food, beverages and tobacco, machinery and electric equipment, chemical and rubber products and vehicles. During July 2017, total imports were valued at BWP 5797.7 million showing an increase of 29.2 percent (BWP 1308.8 million) from the June 2017 value of BWP 4489 million. This increase was mainly attributed to the increase in imports of commodities such as Fuel, Machinery & Electrical Equipment and Chemicals & Rubber Products to mention but a few. Fuel recorded an increase of 76.4 percent (BWP 497.9 million) from BWP651.4 million in June 2017 to BWP 1149.3 million currently. Machinery & Electrical Equipment increased by 72.1 percent (BWP 352.3 million) from BWP 488.9 million during June 2017 to BWP 841.2 million in July 2017. Chemicals & Rubber Products also contributed significantly to the increase, having recorded an increase of 66.6 percent (BWP 244.5 million) from BWP 367.3 million in June 2017 to BWP 611.8 million in July 2017.

Figure 9: Imports



Source: International Merchandise Trade Statistics: www.statsbots.org.bw Accessed electronically on 22/01/2018

Imports value for July 2017, compared to that of the same month in 2016 shows an increase of 8.8 percent (P467.5 million), from BWP 5330.2 million recorded during July 2016 to BWP 5797.7 million. The increase was attributed mainly to Fuel, Machinery & Electrical Equipment and Food, Beverages & Tobacco. Fuel recorded the highest increase of 71.2 percent (BWP477.8 million) from BWP671.4 million during July 2016 to BWP 1149.3 million in July 2017. Machinery & Electrical Equipment and Food, Beverages & Tobacco are some of the commodities groups which recorded a significant increase. Machinery & Electrical Equipment recorded an increase of 18.4 percent (BWP130.6 million), from BWP710.5 million during July 2016 to BWP841.2 million during the month under review, while Food, Beverages & Tobacco increased by 21.8 percent (BWP125 million), from BWP572.2 million during July 2016 to BWP697.3 million in July 2017.

3.5.5 Imports by major trading partners

Imports in July 2017 were valued at BWP 5797.7 million where SACU was the major source of imports into Botswana, accounting for 71.0 percent (BWP 4116.8 million) of total imports. South Africa was the main source of imports within the Union, with a contribution of 70.0 percent (BWP 4 059 million) to total imports during the month under review.

The major commodities imported from South Africa were; Fuel and Machinery & Electrical Equipment with contributions of 23.8 percent (BWP 964.9 million) and 16.8 percent (BWP 683.2 million) respectively to total imports from that country. Food, Beverages & Tobacco and Chemicals & Rubber Products followed with contributions of 16.3 percent (BWP 663.5 million) and 13.1 percent (BWP 532.0 million) respectively to total imports from South Africa as seen in Table 4 below.

Table 4: Total imports by country and commodity groups (million Pula)

Partner	Chemicals & Rubber products	Diamonds	Food & Beverages	Fuel	Furniture	Machinery & Electrical Equipment	Metals	Salt Ores	Textile & Footwear	Vehicles & Transport Equipment	Woods & Paper	Other Goods	Total
South Africa	532.0	3.3	663.5	964.9	70.1	683.2	271.1	50.9	202.8	305.3	135.3	176.6	4,059.0
Namibia	-	-	8.0	34.1	-	0.2	0.5	1.4	0.1	1.0	-	0.2	45.5
Swaziland	3.6	-	3.1	-	-	-	-	-	2.8	-	1.0	-	10.5
Lesotho	-	-	-	-	-	-	-	-	1.8	-	-	-	1.8
SACU	535.6	3.3	674.6	999.0	70.1	683.4	271.6	52.3	207.5	306.3	136.3	176.8	4,116.8
Zambia	0.4	-	6.7	-	-	-	6.5	0.2	-	-	0.1	1.0	14.9
Mozambique	-	-	0.2	149.1	-	-	-	-	-	-	-	0.4	149.7
Zimbabwe	0.4	-	8.9	1.1	-	-	1.3	-	0.6	0.1	3.0	0.8	16.2
Other SADC	0.2	-	1.0	-	-	-	-	-	-	-	-	-	1.2
SADC	536.6	3.3	691.4	1,149.2	70.1	683.4	279.4	52.5	208.1	306.4	139.4	179.0	4,298.8
Kenya	0.1	-	-	-	-	-	-	-	-	-	-	-	0.1
Other Africa	-	-	0.2	-	-	1.7	-	-	-	0.1	-	0.1	2.1
Africa	536.7	3.3	691.6	1,149.2	70.1	685.1	279.4	52.5	208.1	306.5	139.4	179.1	4,301.0
Israel	0.2	454.4	-	-	-	1.9	-	-	-	-	-	0.1	456.6
India	20.9	52.5	2.0	-	-	3.6	1.1	-	2.0	0.5	0.8	0.4	83.8
China	4.3	-	-	-	3.5	11.7	5.4	-	3.6	8.9	2.4	5.4	45.2
Other Asia	3.8	17.3	2.0	0.1	0.1	33.9	6.1	-	4.4	16.8	1.0	5.8	91.3
Asia	29.2	524.2	4	0.1	3.6	51.1	12.6	0	10	26.2	4.2	11.7	676.9
Belgium	0.9	201.8	0.4	-	-	0.5	-	-	-	-	0.1	-	203.7
Germany	4.9	-	0.1	-	-	42.6	4.5	-	0.7	-	0.1	14.3	67.2
UK	1.1	-	0.2	-	0.4	24.8	0.3	-	0.4	1.9	2.3	0.4	31.8
Netherlands	23.0	-	-	-	-	2.2	0.2	-	0.8	-	-	1.1	27.3
Other EU	14.00	-	0.2	-	-	24.60	4.20	-	0.1	6.0	1.0	0.9	51.00
EU	43.8	201.8	0.9	0	0.4	94.7	9.2	0	2	7.9	3.5	16.7	381.0
Canada	0.5	367.6	-	-	-	0.9	-	-	-	-	-	0.2	369.2
USA	1.3	22.2	-	-	0.1	4.1	0.2	-	0.7	0.8	0.2	1.8	31.4
Australia	0.1	-	-	-	-	0.5	-	-	-	0.9	-	22.8	24.3
Others	0.1	7.2	0.7	-	-	4.7	0	-	0.1	0	-	1.2	14.0
Total	611.7	1,126.3	697.2	1,149.3	74.2	841.1	301.4	52.5	220.9	342.3	147.3	233.5	5,797.7

Source: International Merchandise Trade Statistics: www.statsbots.org.bw Accessed electronically on 10/10/2017

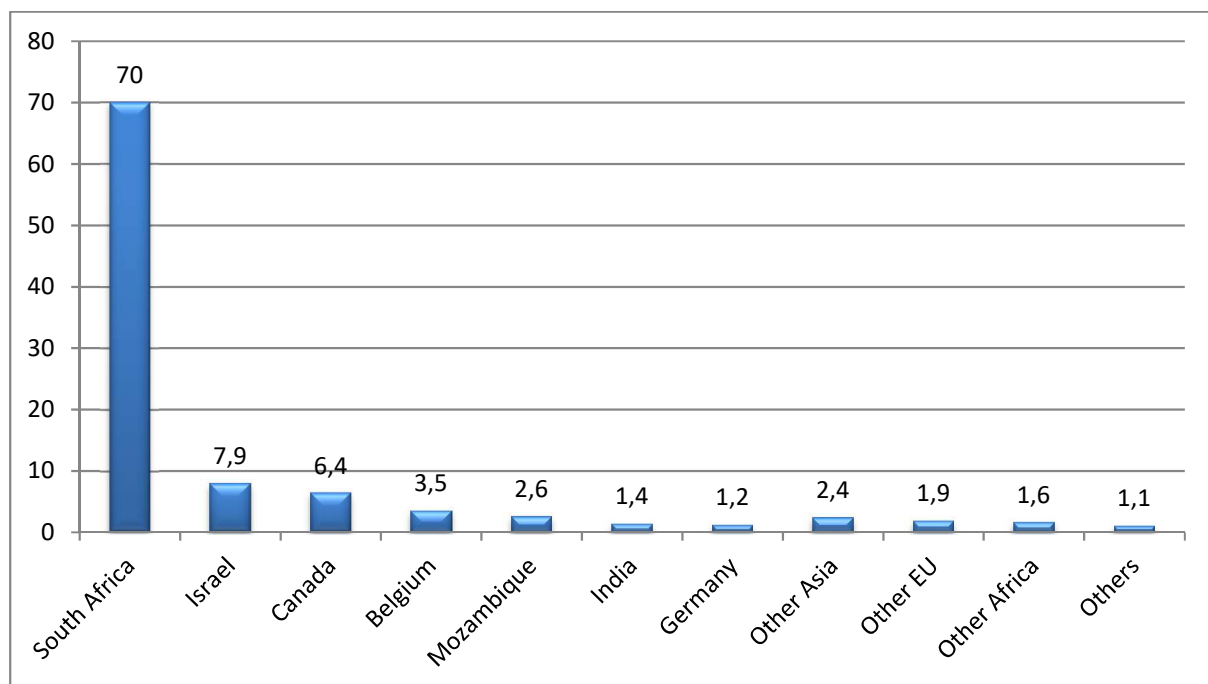
During July 2017, Asia supplied imports valued at BWP 676.8 million, accounting for 11.7 percent of total imports. Israel and India, were the main sources of imports from Asia, with 7.9 percent (BWP456.6 million) and 1.4 percent (BWP83.7 million) respectively. Diamonds

was the major commodity imported from Asia, at 77.5 percent (BWP524.2 million) of total imports from that regional block.

The European Union (EU) supplied imports valued at BWP380.9 million, accounting for 6.6 percent of total imports during July 2017. Belgium and Germany respectively supplied 3.5 percent (BWP203.7 million) and 1.2 percent (BWP67.2 million) of total imports.

Botswana's main imports partners are South Africa, Israel, Canada, Belgium and Mozambique as shown below in Figure 10.

Figure 10: Botswana's imports partners



Source: *International Merchandise Trade Statistics: www.statsbots.org.bw Accessed electronically on 22/01/2018*

3.5.6 Imports and Exports by mode of transport

The main modes of transport for Botswana international merchandise trade are road, air and rail. During July 2017, road transport accounted for more than half of the goods imported into Botswana in value terms. Imports valued at BWP 3963.2 million, representing 68.4 percent of total imports during the month under review, reached Botswana borders by road. Air and Rail transport accounted for 20.5 percent (BWP 1189.3 million) and 2.7 percent (BWP156.3 million) respectively, of total imports. Botswana exports mainly use air as means of transport when considering the value of exported commodities. The value of exports is highly

influenced by the value of diamonds, which are transported by air. Air Transport accounted for 87.8 percent (BWP 4206.9 million) of total exports out of Botswana during July 2017 as seen in Table 5 below. Road transport accounted for 10.1 percent (BWP486.2 million) of total exports during the month under review.

Table 5: Mode of transport for imports and exports

Transport Type	Imports		Exports	
	Value	%	Value	%
Rail	156.3	2.7	47.4	1.0
Road	3,963.2	68.4	486.2	10.1
Air	1,189.3	20.5	4,206.9	87.8
Other	489.0	8.4	51.3	1.1
Total	5,797.7	100.0	4,791.7	100.0

Note: Others; Comprises Unknown, Multi modal and Water transport

Source: International Merchandise Trade Statistics: www.statsbots.org.bw Accessed electronically on 22/01/2018

3.5.7 Document requirements for importation and exportation

3.5.7.1 Importation

Importations between SACU countries are free of Customs and Excise duty with all importations to the Union being at a Common Customs external tariff. The revenue collected from those duties is pooled and shared under an agreed mechanism. With the exception of goods originating in Malawi, import permits are required for goods entering Botswana directly from outside the SACU and are obtainable from the Department of International Trade, in the Ministry of Investment, Trade and Industry. The import permits are not transferable. All imported goods are subject to Value Added Tax of 12%. Customs duty is payable on imported goods as a percentage of their declared value. The rate of duty payable on goods imported into Botswana varies according to the commodity and the country of origin.

Importers are required to be registered with BURS for a TIN (Trader Information Number). The documents required for importation of goods are:

- Inland bill of lading;
- Commercial Invoice;
- Packing list;
- Customs Import Declaration; and

- VAT Deferral form.

3.5.7.2 Exportation

An export permit is required for certain goods. The goods must be declared to BURS at the point of exit. A declaration is made to BURS utilizing the services of a clearing agent who is registered with BURS and is accredited to use the ASYCUDA system. For customs clearance purposes, the exporter should submit the following documents:

- Bill of lading;
- Cargo Release Order;
- Commercial invoice;
- Packing List;
- Customs Export Declaration; and
- Transit Document.

3.6 Business Environment

Botswana's business environment is based on the Global Competitiveness Index (GCI) of the World Economic Forum, the Legatum Prosperity index and the Ease of Doing Business Report by the World Bank.

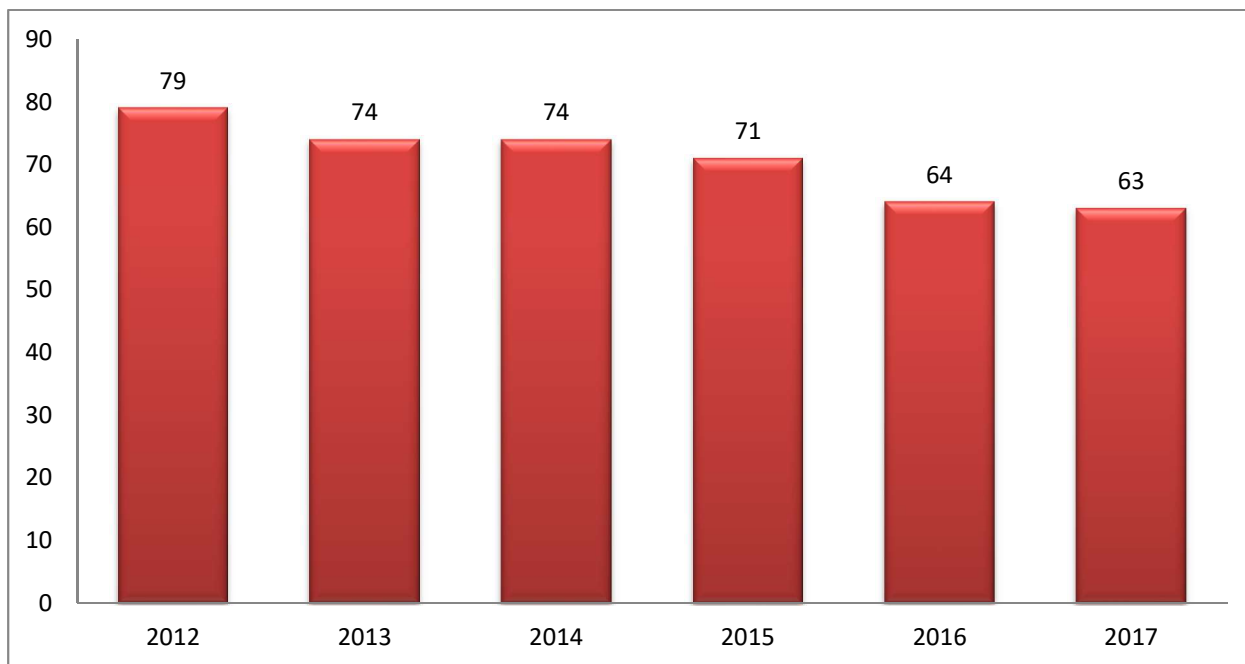
3.6.1 Global Competitiveness

Botswana is the 63rd most competitive nations in the world out of 137 countries ranked in the 2017-2018 edition of the Global Competitiveness Report published by the World Economic Forum which is an improvement from the previous year where the Country was ranked 64 out of 138 countries as shown in Figure 11 below. This reflects an upwards trend for Botswana since 2012, when it was ranked 80 in the world.

Mauritius is still Africa's most competitive economy, with the top 5 ranked according to the index:

- Mauritius ranked 45th globally with a score of 4.42;
- Rwanda ranked 58th globally with a score of 4.35;
- South Africa ranked 61st globally with a score of 4.32;
- Botswana ranked 63rd globally with a score of 4.30; and
- Morocco ranked 71st globally with a score of 4.24.

Figure 11: Botswana's Competitive Ranking

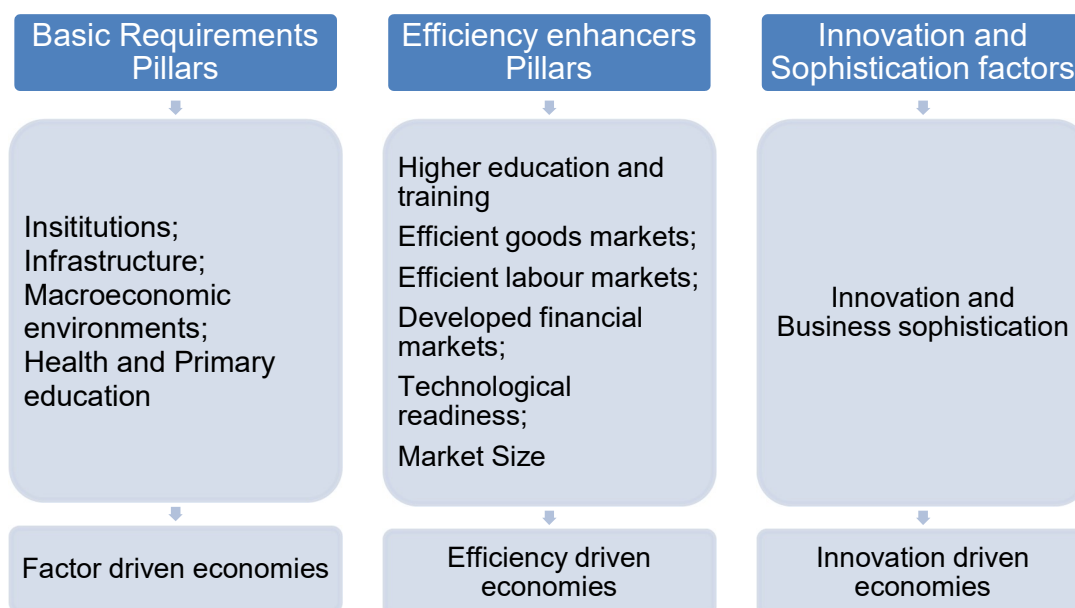


Source: Global Competitiveness Report, Accessed electronically on 10/10/2017

The GCR assesses the ability of countries to provide high levels of prosperity to their citizens depending on how productively a country uses available resources.

The GCR is based on the pillars of competitiveness which are shown below in Figure 12:

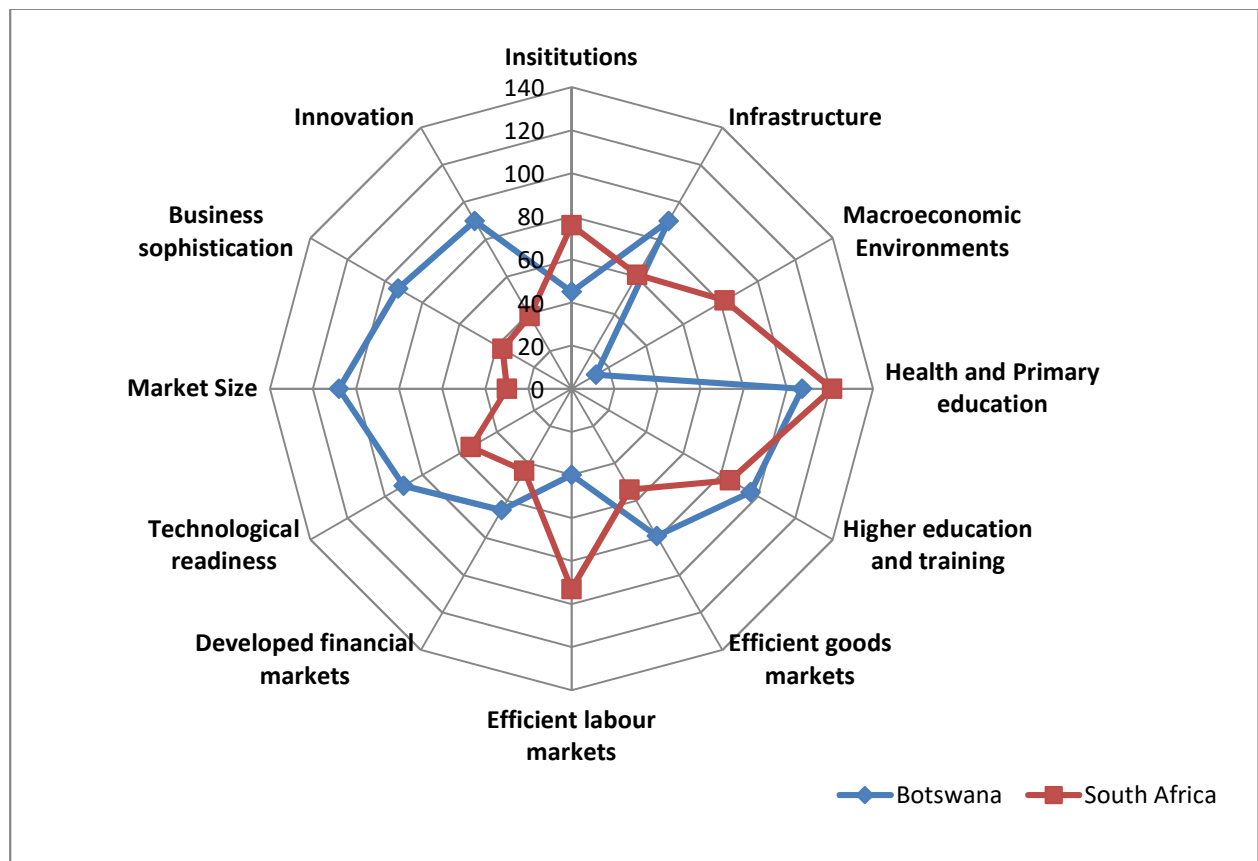
Figure 12: Global Competitiveness Index Framework



Source: Global Competitiveness Report, Accessed electronically on 10/10/2017

When comparing Botswana to South Africa on the pillars, Botswana out-performed South Africa on four indicators which are institutions, macroeconomics environments, health and primary education and efficient labour markets as shown on Figure 13 below.

Figure 13: Botswana vs. South Africa Indicator Rankings



Source: Global Competitiveness Report, Accessed electronically on 10/10/2017

Botswana’s competitiveness has improved in three of the twelve pillars used by WEF to assess competitiveness. A notable improvement is on the Goods Markets Efficiency pillar, jumping from 95th to 73rd in 2016 has now dropped 6 places to 79 in 2017.

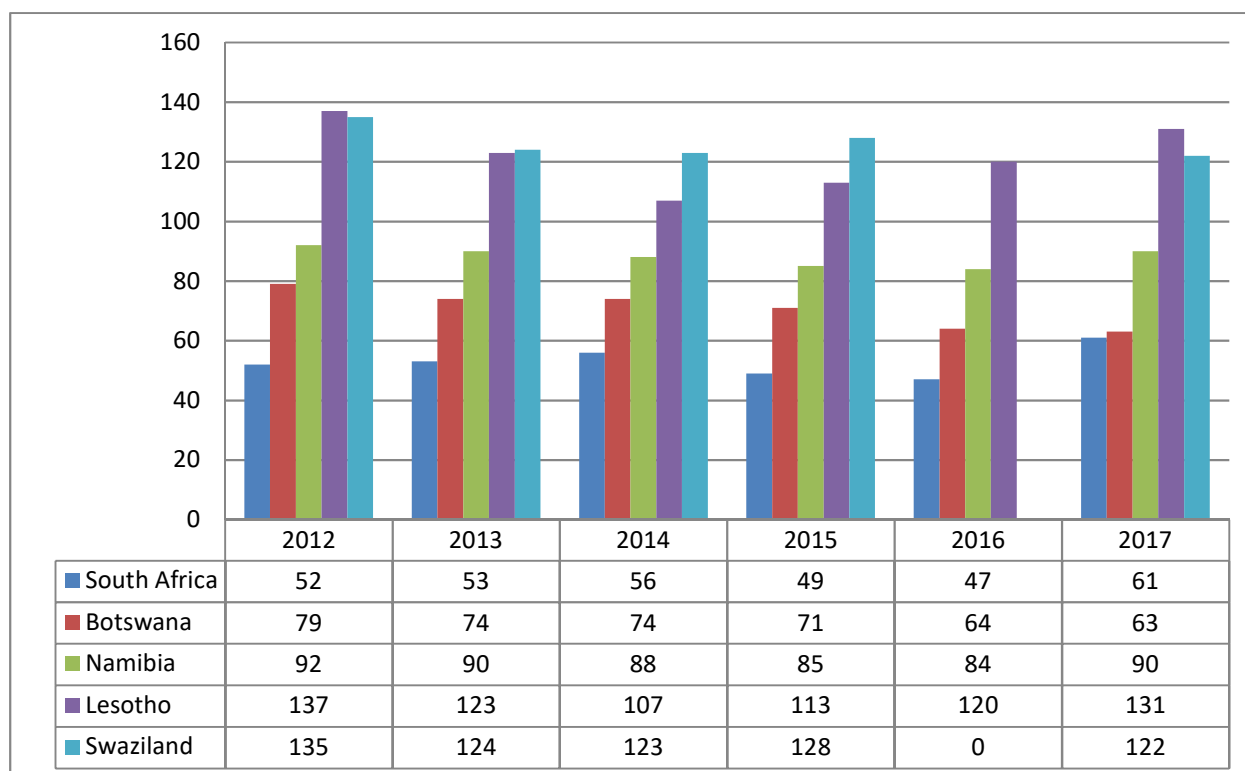
There was some improvement on the Health and Primary education pillar with a ranking of 107 compared to 113 of last year. Financial markets improved slightly from 66 to 65 and business sophistication saw an improvement from 100 in 2016 to 93 in 2017.

The establishment of the Innovation Hub is now starting to show some results as the Innovation Pillar has improved from 102 (2015) to 84 (2016) with a slight decrease in 2017 to 90. The Report shows that there has been some improvement in the capacity to Innovate, spending on Research and Development and University-Industry Collaboration in Research and Development. Botswana’s macro-economic environment is still considered among the best in the world ranked in the top 10 countries. In addition Botswana has been doing well in

the Institutions pillar for the past 6 years although the ranking decreased to 45 compared to 37 of 2016.

When comparing Botswana to other SACU Member states, Botswana is performing better than most of the SACU member states as shown in Figure 14 below. Botswana is the second performing country after South Africa

Figure 14: Swaziland vs. SACU Member States Ranking



Source: Global Competitiveness Report, Accessed electronically on 10/10/2017

3.6.2 The Legatum Prosperity Index

The Legatum Prosperity Index is a framework that assesses countries on the promotion of their citizens' flourishing, reflecting both wealth and wellbeing across nine pillars of prosperity and 104 variables. It captures the richness of a truly prosperous life and with it seeks to re-define the way national success is measured. The pillars are:

- The Economic Quality sub-index ranks countries on the openness of their economy, macroeconomic indicators, foundations for growth, economic opportunity and financial sector efficiency;
- The Business Environment sub-index measures a country's entrepreneurial environment, its business infrastructure, barriers to innovation and labour market flexibility;

- The Governance sub-index measures a country's performance in three areas: effective governance, democracy and political participation and rule of law;
- The Education sub-index ranks countries on access to education, quality of education and human capital;
- The Health sub-index measures a country's performance in three areas: basic physical and mental health, health infrastructure and preventative care;
- The Safety and Security sub-index ranks countries based on national security and personal safety;
- The Personal Freedom sub-index measures national progress towards basic legal rights, individual freedoms and social tolerance;
- The Social Capital sub-index measures the strength of personal relationships, social network support, social norms and civic participation in a country; and
- The Natural Environment sub-index measures a country's performance in three areas: the quality of the natural environment, environmental pressures and preservation efforts

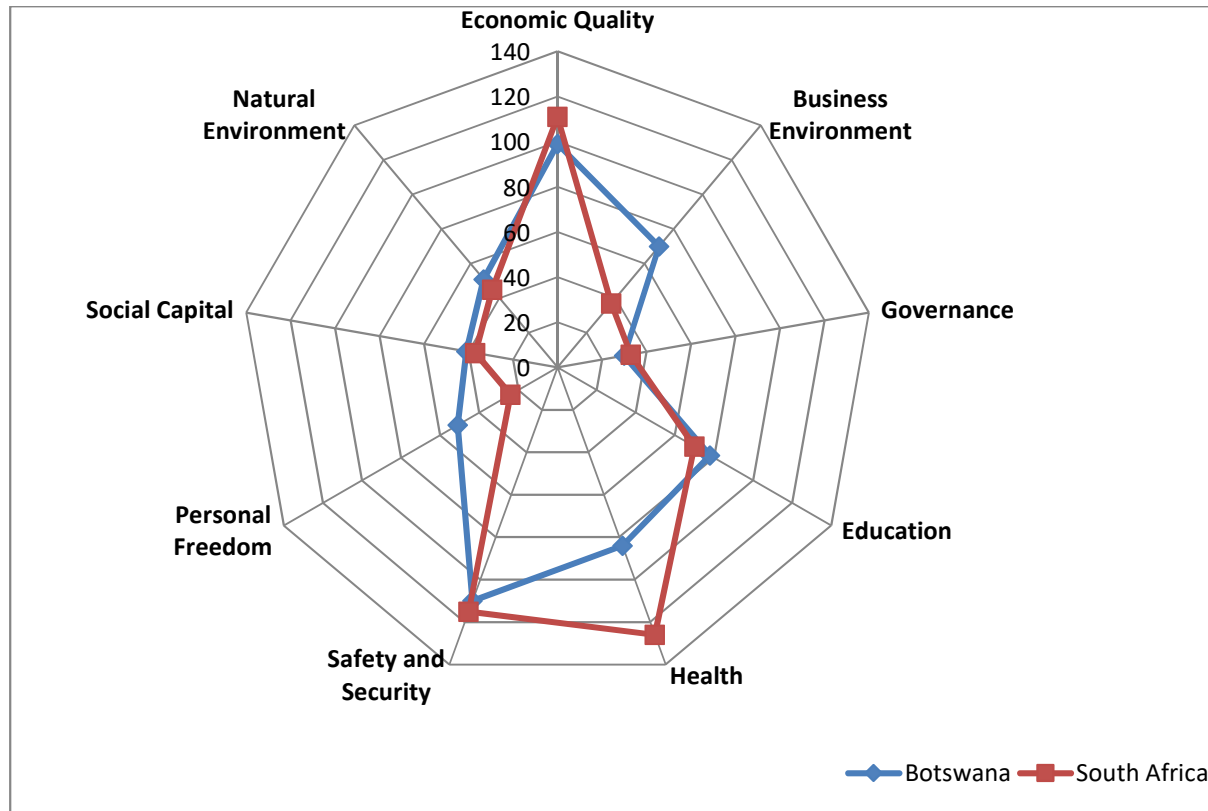
Africa's prosperity is growing yet still below world average and the gap between best and worst performing countries remains significant. Commodity-dependent economies struggle to convert wealth into prosperity. The majority of Sub-Saharan Africa has seen economic growth, though at a slower rate than in the past decade. However, many of the region's richest economies underperform significantly when prosperity delivery is measured against their wealth. Oil-rich Gabon and Angola, posting some of the largest prosperity deficits globally, are examples of such underperformance.

Similarly, Nigeria and the Republic of Congo struggle to deliver prosperity in spite of sizeable commodity endowments and are, in addition, afflicted by unstable political and security environments. Overall, economies across the continent remain in need of more diversification, in terms of quality of exports and revenue sources. Africa trails last in the field of health and education where the overall score of both sub-indices remains far below the average of other developing regions, crippling countries' chances of building a prosperous society.

Botswana is one the best performing African countries in the 2016 Prosperity Index because of good governance, free people, and strong society. As the continent's longest continuous multi-party democracy, it ranks in the global top 30 in the Governance sub-index, a personal freedom score that puts it just outside the global top 50, and a social capital score just

outside the global top 40. However, Botswana's prosperity is threatened by a poor security situation ranking just 110th in 2016 in the Safety and Security sub-index.

Figure 15: Botswana vs. South Africa Prosperity Index



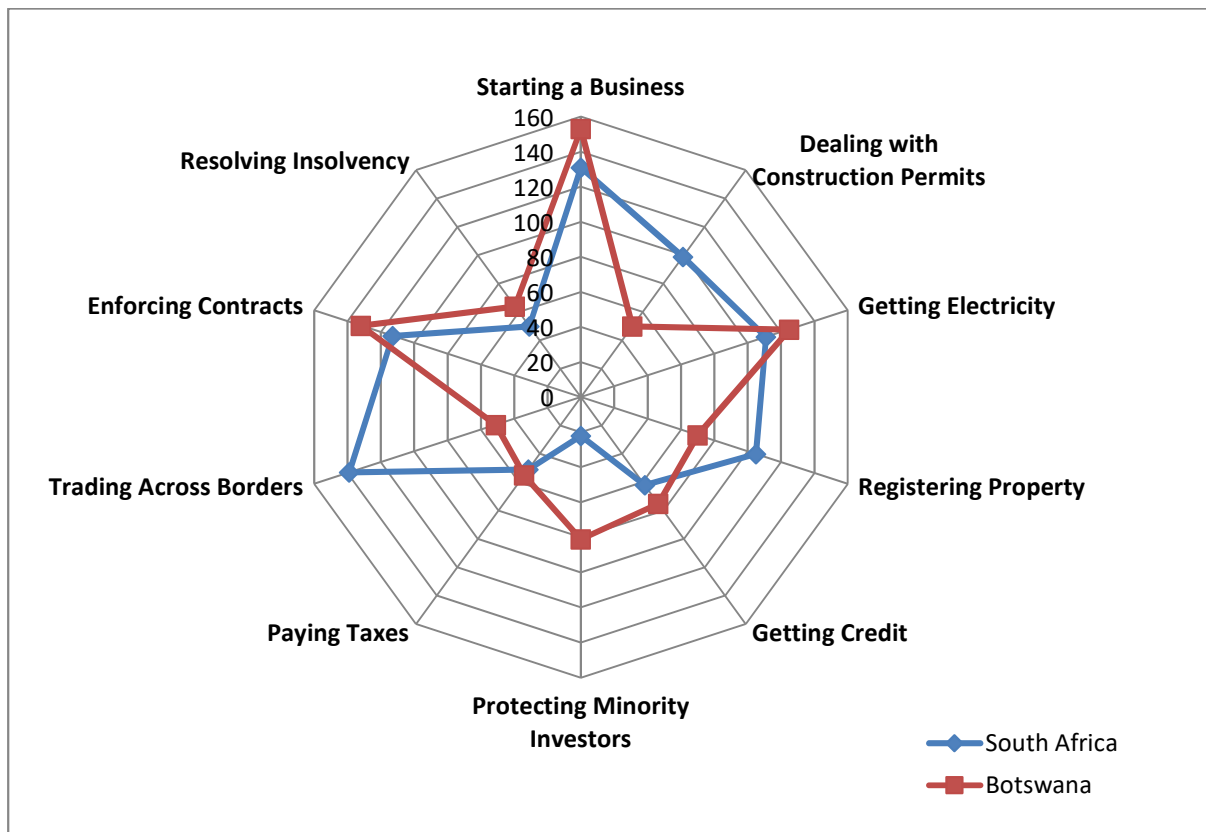
Source: Legatum Prosperity Index, Accessed electronically on 27/09/2017

Botswana is performing better than South Africa in three pillars which are economic quality, health and safety and security as shown in Figure 15 above.

3.6.3 Ease of Doing Business

According to the World Bank, Botswana was ranked at 70 in 2016 which was slightly better than the 2017 ranking of 71 for ease of doing business out of a total of 190 economies. The ease of doing business covers 10 themes and the ranking between Botswana and South Africa is depicted in Figure 16 below.

Figure 16: Botswana vs. South Africa Rankings



Source: World Bank, Doing Business 2017, Accessed electronically on 26/09/2017

When comparing Botswana with South Africa using the 10 themes, it shows that Botswana is performing better than South Africa in three areas namely trading across borders, dealing with construction permits and registering property.

This report only focuses on two themes namely starting a business and trading across borders.

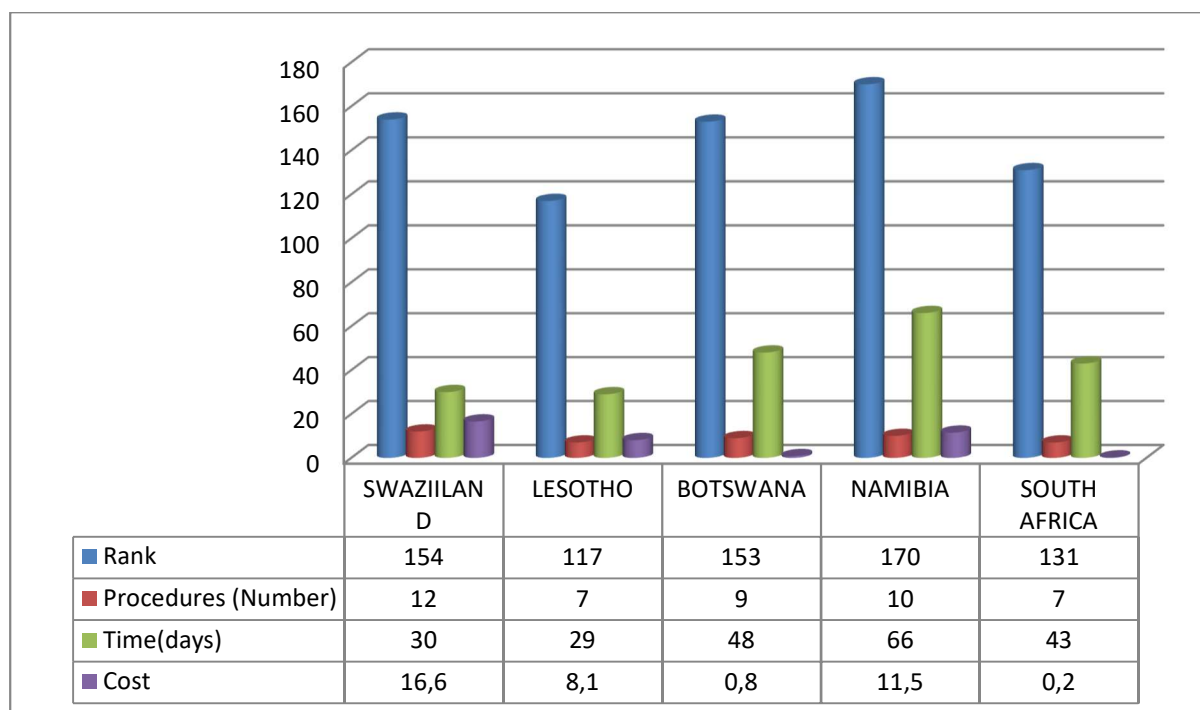
a) Starting Business

This indicator looks at the ease of starting a business taking into considerations procedures officially required by an entrepreneur and the time and cost required to complete these procedures. It assumes that all information is readily available to the entrepreneur and that there has been no prior contact with officials and that the entrepreneur will pay no bribes.

Botswana’s ranking on starting a business is 153 which amongst the SACU members is better than Namibia and Swaziland. The ranking is made up of the number of procedures, time in days and cost to start a business. The time it takes to start a business for Botswana

has a direct impact off the overall ranking. Figure 17 below shows the comparative ranking of starting a business for SACU countries.

Figure 17: Comparative Ranking for SACU



Source: World Bank, Doing Business 2017, Accessed electronically on 26/09/2017

Botswana has 9 procedures that an entrepreneur must complete to incorporate and register a new company as outlined in Table 6 below.

Table 6: Procedures required in registering a firm in Swaziland

No.	Procedure	Time to complete	Associated Costs
1	Reserve a unique company name The entrepreneur submits the Name Reservation Form (Form 1) to the Registrar of Companies and receives a notification within 3 days. Once approved by the Registrar, the company name is reserved for a period of 30 days. Agency: Companies and Intellectual Property Authority	3 days	BWP 20
2	Sign the declaration of compliance of statutory requirements for incorporation before a commissioner for oaths or company representative The company representative must submit the following	1 day	No charge

	documents: - <ul style="list-style-type: none"> Limited Liability Company Registration Form (Form 2). This form must be accompanied by the consent to act as shareholders, directors, auditors, company secretary and registered officers, along with copies of their national IDs or passports; Declaration of Compliance of Statutory Requirements (Form 3). This form must be accompanied by the particulars of the company secretary and his/her valid practicing license. <p>Agency: Companies and Intellectual Property Authority</p>		
3	Register the company at the Registrar of Companies, Ministry of Trade and Industry Submit a completed application form, along with the name reservation certificate and the declaration of compliance of statutory requirements for company registration. Agency: Companies and Intellectual Property Authority	Between 6 to 8 days	BWP 300 for the application to register a company and BWP 60 for the certificate of incorporation
4	Receive inspection of company premises The company premises will be inspected by the Health Department, Environment Department and Town Planning Department of Gaborone City Council to ensure compliance with minimum standards. Agency: Industrial Affairs Department, Ministry of Trade and Industry	7 days	No charge
5	Obtain an industrial license from the Industrial Affairs Department, Ministry of Trade and Industry; or obtain a trade license from the Gaborone City Council Agency: Gabron City Council, Ministry of Trade and Industry	3 weeks (simultaneous with previous procedure)	BWP 50 for industrial license if applied by self; BWP 1,500 by agent; BWP 100 for trade license if applied by self, BWP 2,000 by an agent
6	Open a bank account	1 day (simultaneous)	No charge

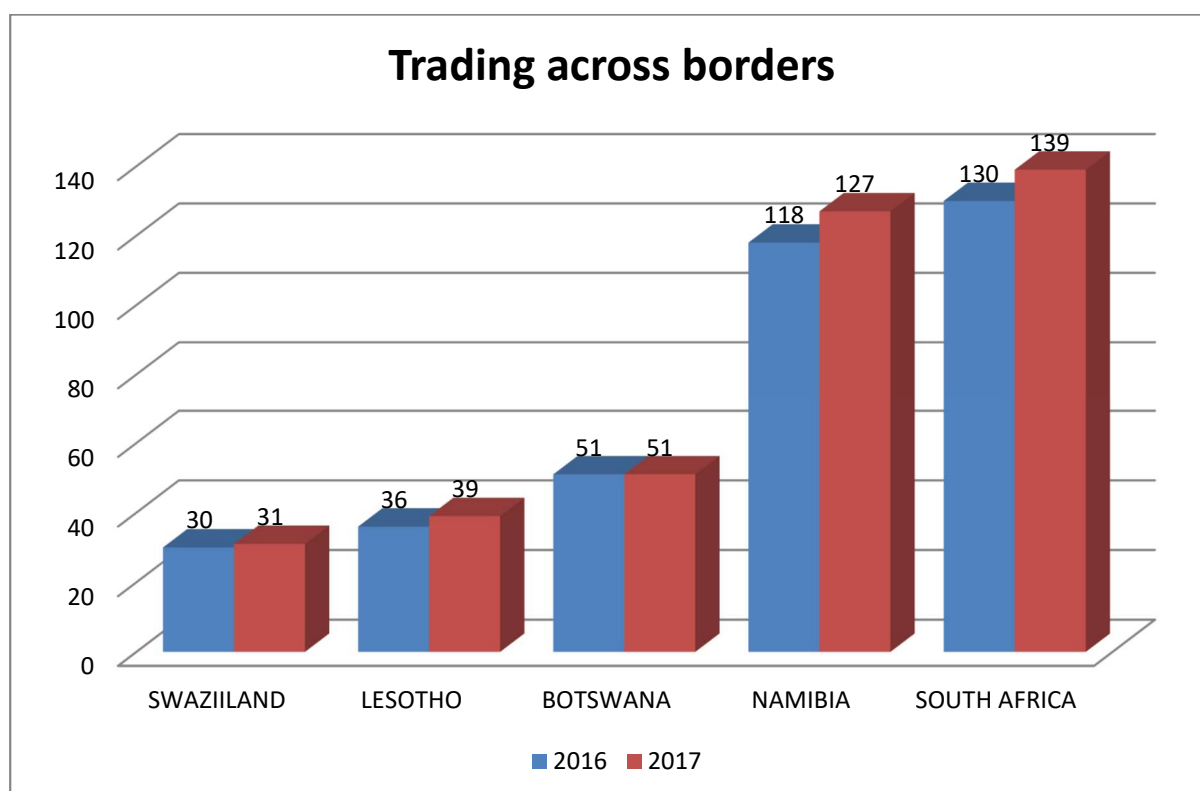
		with previous procedure)	
	Agency: Bank		
7	Obtain Tax Identification Number (TIN) from the Botswana United Revenue Services	7 days	No charge by self, BWP 1,500 by agent
	The company applies for a Tax Identification Number (TIN) number using the BURS form. The company then completes a taxpayer registration form to enrol in the employee withholding Pay-As-You-Earn tax (PAYE).		
	Agency: Botswana United Revenue Services (BURS)		
8	Register for VAT at the Department of Customs & Excise	7 days	No charge by self, BWP 1,500 by agent
	Agency: BURS		
9	Register employees for workplace injury insurance	2 days	No charge
	Agency: Insurance company		

Source: World Bank, Doing Business 2017, Accessed electronically on 26/09/2017

b) Trading across borders

Making trade between economies easier is increasingly important for business in today's globalised world. Excessive document requirements, burdensome customs procedures, inefficient port operations and inadequate infrastructure all lead to extra costs and delays for exporters and importers, stifling trade potential. Figure 18 below shows a ranking comparative between the SACU member states, and Swaziland and Lesotho are out-performing the other member states on this indicator at 31 and 39 respectively.

Figure 18: SACU Rankings



Source: World Bank, Doing Business 2017, Accessed electronically on 26/09/2017

South Africa is the worst performing country amongst the SACU member states on the trading across borders theme. The trading across borders rating is based on a set of specific predefined procedures. It is based on the time and cost to import and export focusing on both border and documentary compliance (excluding tariffs and the time and cost for sea transport) as shown in Table 7 below.

Table 7: Botswana vs. South Africa on Trading across borders

Indicator	Botswana	South Africa
Time to export: Border compliance (hours)	8	100
Cost to export: Border compliance (USD)	317	428
Time to export: Documentary compliance (hours)	24	68
Cost to export: Documentary compliance (USD)	179	170
Time to import: Border compliance (hours)	4	144
Cost to import: Border compliance (USD)	98	657
Time to import: Documentary compliance (hours)	3	36
Cost to import: Documentary compliance (USD)	67	213

*24 hours = 1 day therefore 100 hours = 4 days

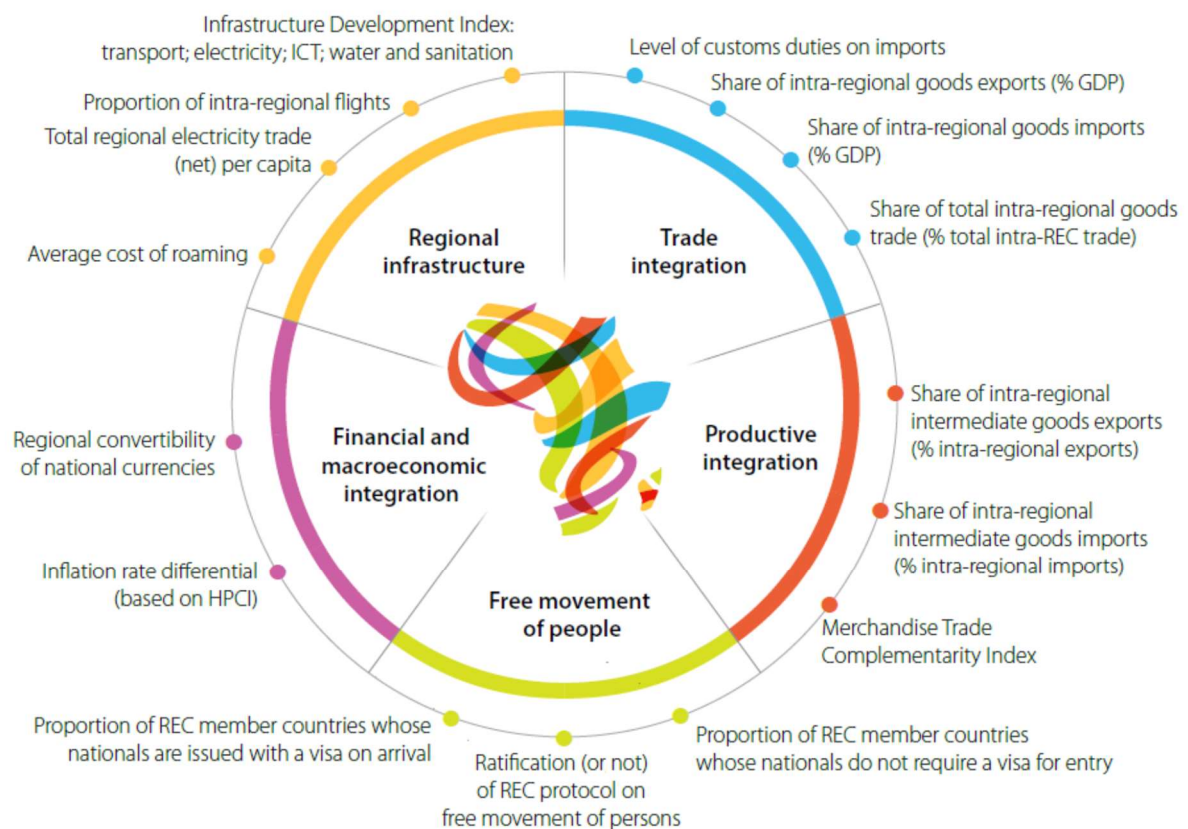
Source: World Bank, Doing Business 2017, Accessed electronically on 26/09/2017

Botswana exporting and importing became faster due to the introduction of a scanner by the country's customs authority and an upgrade of South Africa's customs declaration system, both at the Kopfontein–Tlokweng border post.

3.7 Regional Integration index

The Africa regional integration index is designed to measure the extent to which each country in Africa is meeting its commitments under the various pan-African integration frameworks, such as Agenda 2063 and the Abuja Treaty. The Index is made up of five Dimensions, which are the key socio-economic categories that are fundamental to Africa's integration. The index uses sixteen indicators which cut across the five dimensions which are based on the Abuja Treaty and its operational framework as set out in Figure 19 below.

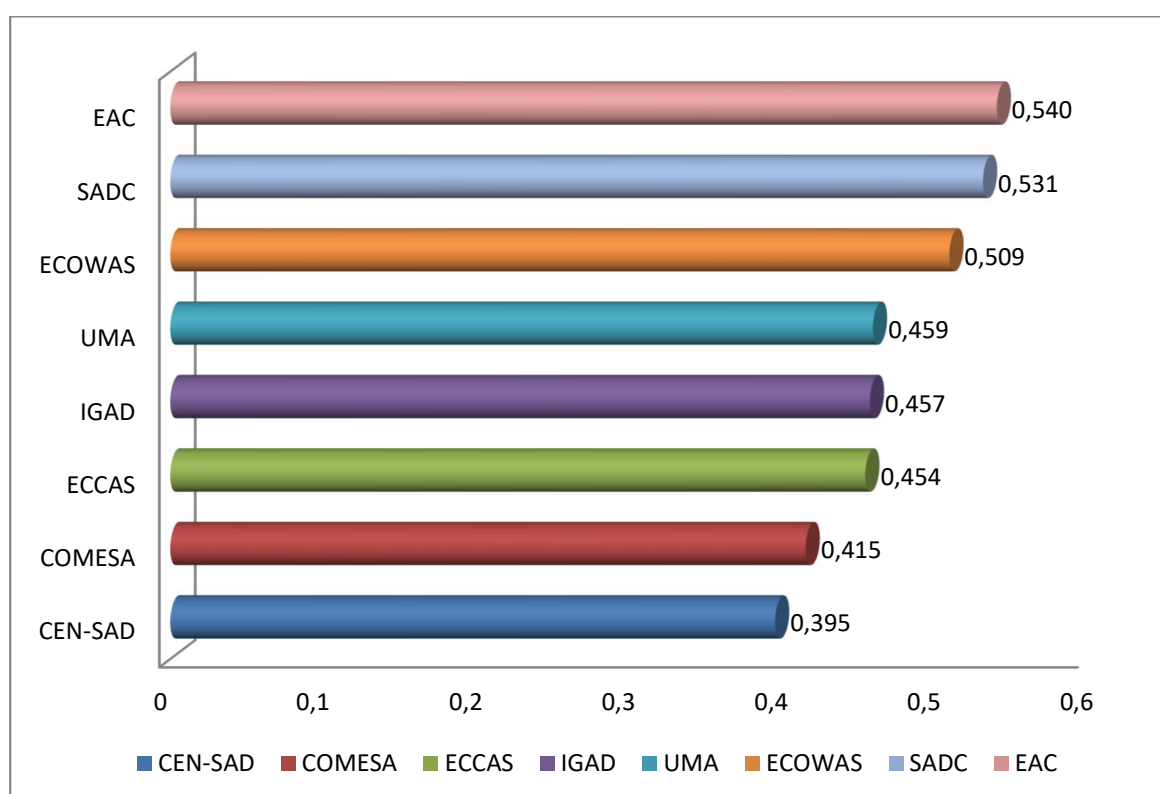
Figure 19: Index five dimensions and sixteen indicators



Source: Africa Regional Integration Index Report 2016; Accessed electronically on 17/10/2017

EAC is the top performing REC on regional integration with higher than average scores in all dimensions except for financial and macroeconomic integration. It is followed by SADC and ECOWAS as shown in Figure 20 below. UMA is one of the least integrated of the African communities and due to the distance between the member countries; COMESA has a low score in the 2016 African Regional Integration Index.

Figure 20: Overall scores on regional integration by REC

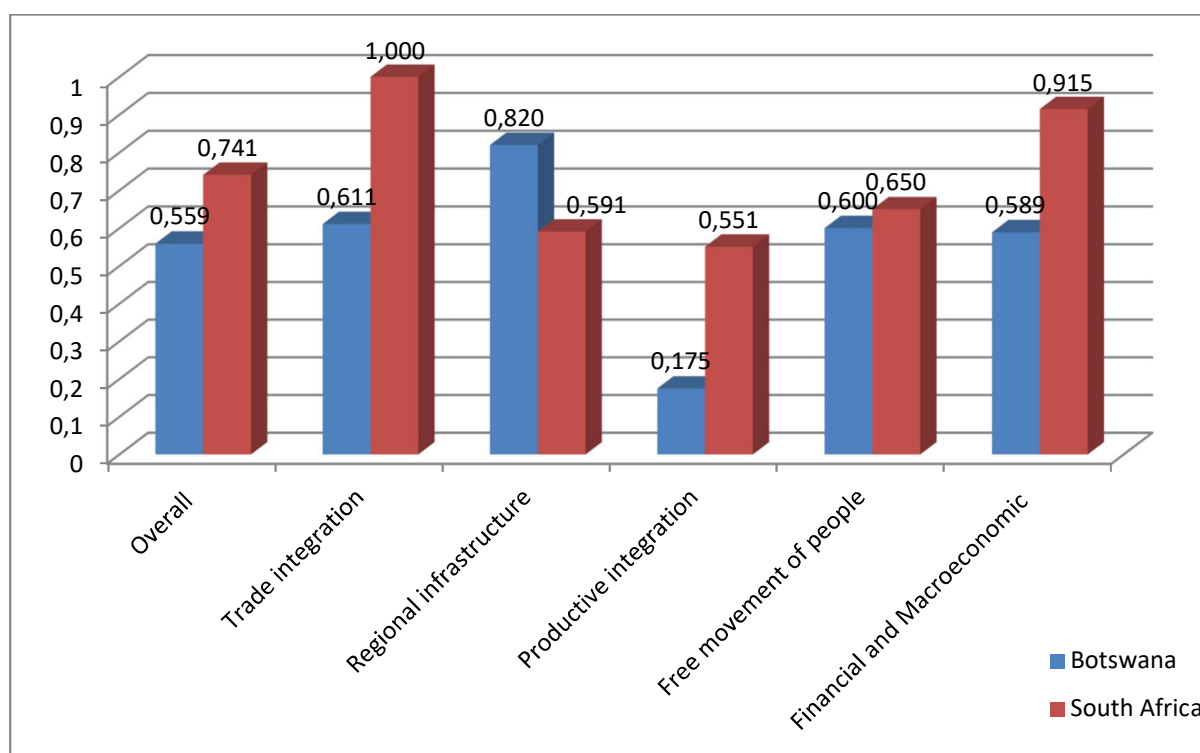


Source: Africa Regional Integration Index Report: 2016; Accessed electronically on 17/10/2017

Botswana ranks as one of the four high performers in the region in terms of regional integration, coming second after South Africa (Figure 21) although it is only contributing 2 percent to regional GDP. South Africa represents 61 percent of regional GDP and is first of the top performing countries followed by Zambia at 2.5 percent, Botswana and Namibia at 1.8 percent.

As number two, Botswana scores high on trade integration, regional infrastructure and financial and macroeconomic integration. The country has the region's highest score in regional infrastructure whose indicators are Infrastructure Development Index (transport, electricity, ICT, water and sanitation); proportion of intra-regional flights; total regional electricity trade (net) per capita and average cost of roaming.

Figure 21: Botswana vs. South Africa scores



Source: Africa Regional Integration Index Report: 2016: Accessed electronically on 17/10/2017

Botswana has made significant progress towards removing tariff barriers on imports from SADC members. The country's average applied tariff on imports from other SADC member States is only 0.00003 percent, the fourth lowest among the SADC members.. However, the country ranks thirty-second in Africa and ninth among SADC member States on the indicator on the ease of trading across borders (World Bank ease-of-doing business index). Despite this, Botswana scores higher than almost all other landlocked countries in Africa. The investment made by Botswana in trade infrastructure and in trade facilitation measures may account for this. Botswana scores fourth in SADC (score: 0.61) and trade integration and the best-performing country in SADC is South Africa with the score of 1.

The country's trade with other SADC member states as a proportion of GDP is reasonably high. At 8 percent of GDP, Botswana has the sixth-highest share of intra-SADC exports to GDP (excluding re-exports) among the 13 members of the bloc for which data was available. It also has the third-highest share of intra-SADC imports to GDP among the 15 members, amounting to 37 percent of GDP. However, trade between Botswana and other SADC member States may not be as high as it could be because of limited complementarity of goods. Botswana's performance in the trade complementarity index of the United Nations

Conference on Trade and Development vis-à-vis member countries of SADC could also be improved.

The Internet bandwidth per capita in Botswana, which is of one megabit per second per person, is the seventeenth-highest on the continent and the fourth-highest among SADC members. Internet bandwidth is important for communication as well as for supporting trade in services. Botswana has the twentieth-highest net electricity production capacity per capita, and the seventh-highest among SADC members. Access to electricity is essential for the industrial sector, the development of which promises to encourage intra-African trade. Botswana scores first in SADC for regional infrastructure (score: 0.82).

Botswana scores moderately in the free movement of people dimension relative to other SADC member countries. Nationals from 17 other African countries are allowed to enter Botswana without a visa or to obtain a visa on arrival. This places the country joint twenty-eighth across the continent and joint eighth out of the 15 SADC member States (Lesotho and Malawi) for this indicator, the best-performing country in SADC is Swaziland (score: 0.70).

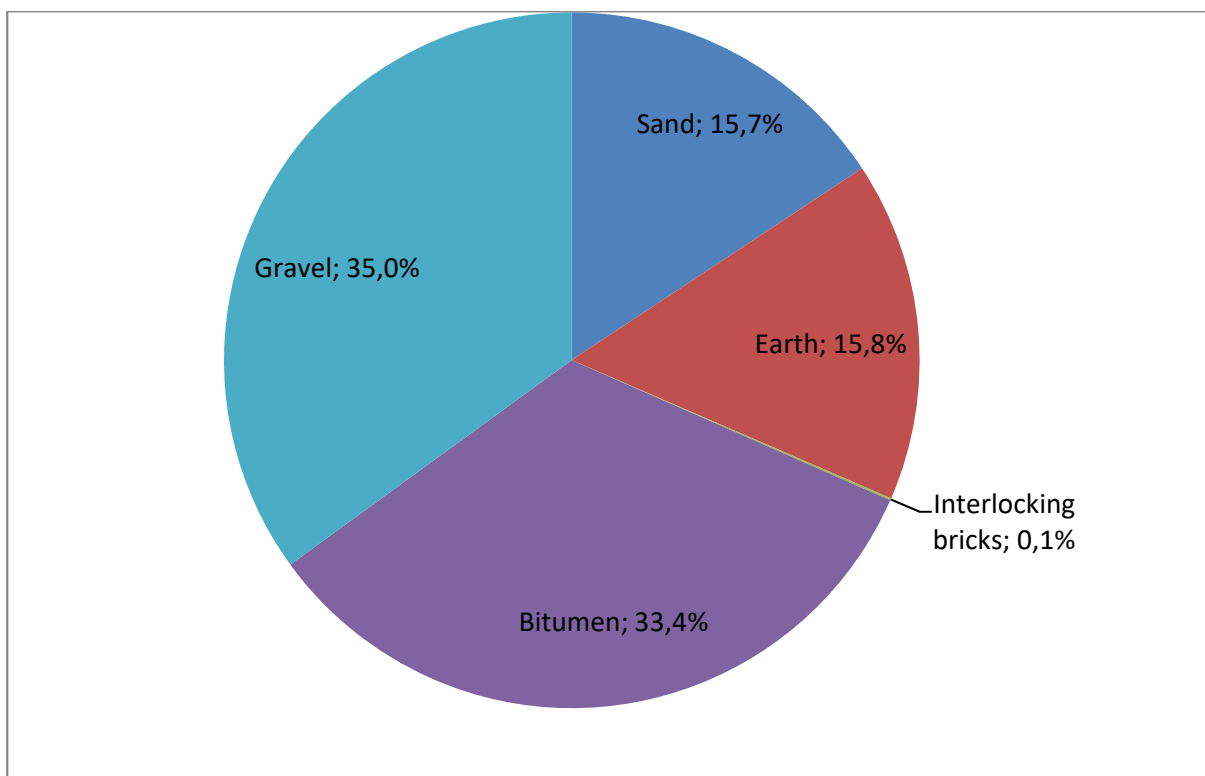
Its financial integration and macroeconomic score is among the top performers in SADC (third with the score of 0.59) and South Africa (score: 0.915) as the best performing country. Botswana is a low performer on the productive integration scoring 0.175 and fourteenth in SADC while the best-performing country is Zimbabwe (score: 0.74).

4. ROAD TRANSPORT ENVIRONMENT

4.1 Overview

Roads in Botswana are managed and maintained under two authorities, that is, the Local Authorities and the Central Government. Total road network in 2015 measured 30,275.64 km (broken down as shown in Figure 22 below) of which 18,507 km (61.1 percent) was under the care of Central Government while 11,768.64 km (38.9 percent) was maintained by local authorities.

Figure 22: Total Road Network (Percentage)



Source: Botswana Transport and Infrastructure Statistics Report, Accessed electronically on 23/10/2017

Roads maintained by Central Government remained constant at 18,507 km from 2013 to 2015. Out of this 18,507 km, 6,925 km (37.4 percent) is bitumen, 7,560 km (40.8 percent) gravel and 4,022 km (21.7 percent) is sand. Total road network maintained by Local Authorities in 2015 remained the same as in 2014; at 11,768.64 km. Local Authorities are in charge of access roads which are less than 10 km and all the internal roads. The Central District had more tertiary roads than other districts; it had 24.7 percent of total tertiary roads. The Kweneng District followed with 13.6 percent. The Southern and Kgatleng Districts were

next with 10.8 percent and 8.8 percent respectively. Most of the roads in these districts were mostly earth. Earth roads in the Central District constituted 49.1 percent of the total roads in the area while in Kweneng and Southern districts they constituted 58.1 percent and 68.9 percent respectively.

Botswana is a landlocked country in the centre of SADC Region; therefore its road infrastructure is put under strenuous condition having to act as the central nerve of transit traffic between her neighbours. Since independence there has been a deliberate policy by the government through Roads Department under the Ministry of Works and Transport to provide road network to link all population centres, cities, towns and neighbouring countries.

Road transport is the major mode of surface travel in Botswana, covering about 93% of the total volume of passenger transport. The railway, a single line, which runs from South to North on the eastern side of the country, together with air transport, are responsible for about 7% of passenger transportation.

4.2 Road Traffic Legislation

Relevant stakeholders are working together to enforce the traffic laws of Botswana, facilitating the free and orderly flow of traffic, and assisting in education of road users.

4.2.1 Speed Limits

The general speed limit is 120km per hour which drops to 80km/hour and 60km/hour within semi urban and urban or built up areas, respectively. The country is still using the Botswana Traffic Act progressing on harmonising with the SADC requirements.

4.2.2 Traffic Fines

Botswana's traffic flows on the left side on the road and the minimum driving age is 18 years. To rent a car, a driver must be at least 18 years old and have held his driving permit for 1 year. Drivers under 22 years of age may incur a young driver surcharge. It is mandatory to use seat belts at all times while driving. Using cell phones while driving is prohibited; the exception is cell phones with hands-free systems.

The International driving permit can be used for driving by foreign drivers for six months after arriving. Residents of Botswana are not allowed to use foreign registered vehicles in Botswana for more than fourteen days after importation. Foreign visitors coming from a

country outside the Southern African Common Customs Area are normally required to produce carnets or bill of entry in respect of their cars.

Fines are payable on the spot for foreigners' cars. The offenses and official road traffic fines for Botswana are outlined in Table 8 below.

Table 8: Traffic violations

TRAFFIC VIOLATION	AMOUNT (BWP)
Driving under the influence	Min 3000 – Max 5000 Possible imprisonment 18 – 24 months
Refusing to give blood/breath sample	Min 5000 – Max 10 000 Possible imprisonment 18 – 24 months
Exceeding speed limit	Min 120 plus P20 for every kilometre per hour exceeded but not more than P5 000
Defects in the car (hooter, tyre, worn out brakes)	Min 100 –Max 1000 Possible imprisonment 1 – 12 months
Failure to obey traffic signs and signals	Min 1000 –Max 5000 Possible imprisonment 15 – 60 months
Failure to obey traffic officer	Min 1000 –Max 5000 Possible imprisonment 12 – 60 months
Obstructing other road users	Min 1000, Max 2000 Possible imprisonment 12 - 24 months
Driving without license	Min 500, Max 3000 Possible imprisonment 6 - 18 months
Reckless driving	Min 2000, Max 10 000 Possible imprisonment 15 – 24 months
Causing death by dangerous driving	Min 10 000, Max 30 000 Possible imprisonment 5 – 10

4.2.3 Vehicle Dimensions and Weights Restrictions

Legal load limitations are imposed in order to protect the roads from the excessive damage caused by heavy loads. The load limitations are based on:

- The engine power of the vehicle and limitations specified by the vehicle;
- Tyre manufacturers;
- The damage or wear caused by an axle load to the road; and
- The load concentration applied by a group of axles or axle units to bridge structures.

Botswana has a National Legislation regarding overloading of vehicles. Due to the generally light pavement construction consisting of natural gravel base courses covered with a bituminous surface treatment, Botswana is concerned over the potentially deleterious effects overloaded vehicles can have on the overall condition of the network. In order to enforce axle weight limits, permanent weigh bridges have been set up on all the major border crossings. Portable, weigh in motion equipment's are also being used by the department to control the overloading within the country.

Botswana's axle load regulations compares favourably with the other SACU member states. Tables 9 and 10 below give an indication of the Axle, Gross Combination Mass and Dimensional limits for most cross-border partners:

Table 9 : Load Limits

LEGAL LOAD LIMITS ON GOODS VEHICLES

COUNTRY	STEERING AXLE	SINGLE AXLE	TANDEM AXLE	TRIDEM AXLE	COMBINATION AXLE
Botswana	7 700 kg	8 200 kg	16 000 kg	24 600 kg	50 200 kg
Lesotho		8 200 kg	16 400 kg	21 000 kg	49 000 kg
Namibia	7 700 kg	8 200 kg	16 400 kg	21 000 kg	48 400 kg
South Africa	7 700 kg	8 000 kg	16 000 kg	24 000 kg	56 000 kg
		(2 wheels)	(2 wheels)		
South Africa		9 000 kg	18 000 kg		
		(4 wheels)	(4 wheels)		
Swaziland	7 700 kg	8 200 kg	16 400 kg	21 000 kg	50 200 kg

The single axle for all the countries except for South Africa is harmonised. The tandem and tridem axle of three of the countries namely Lesotho, Namibia and Swaziland is also harmonised.

Table 10: Dimensional Limits

LEGAL DIMENSIONAL LIMITS ON GOODS VEHICLES

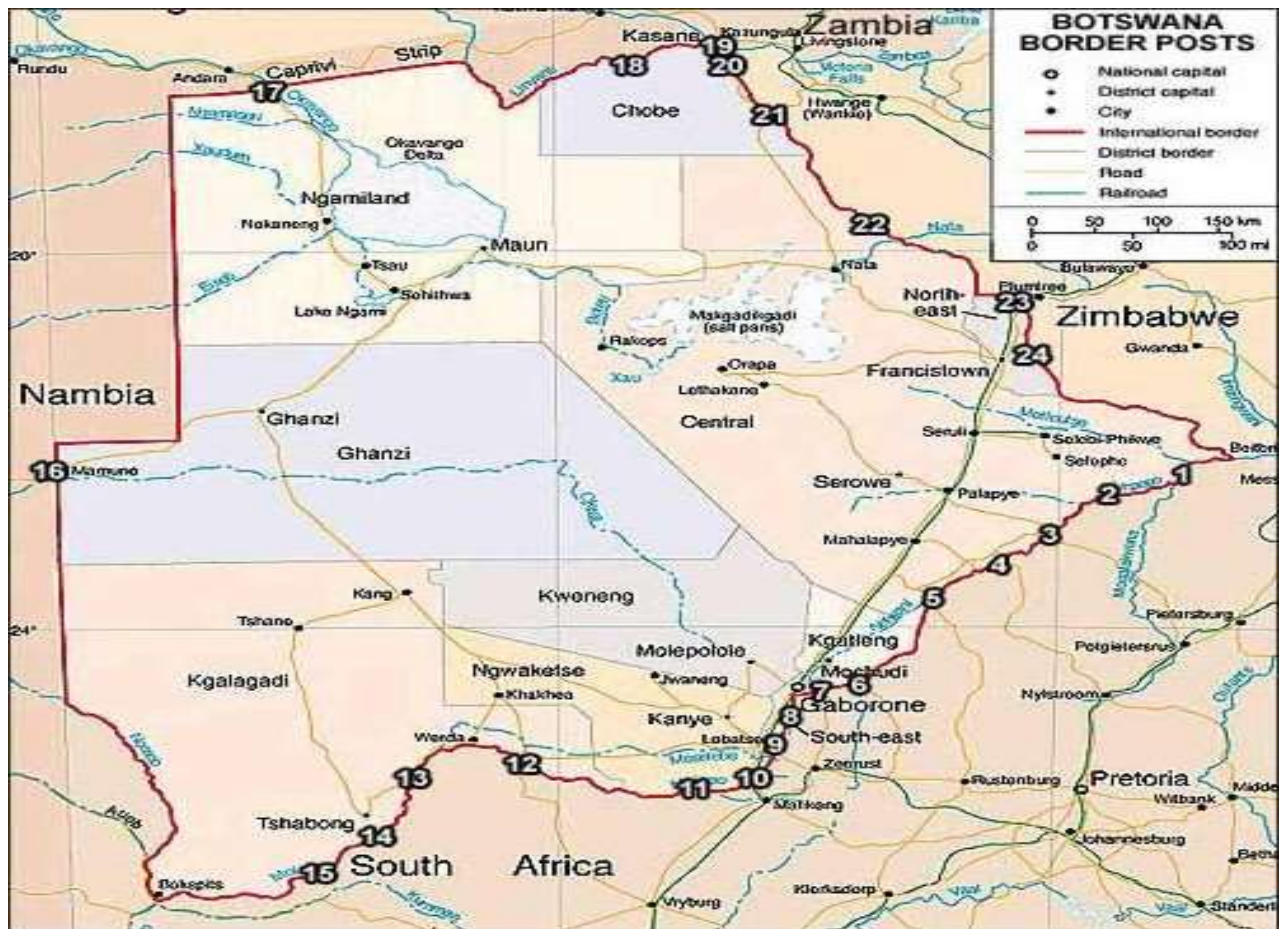
COUNTRY	OVERALL WIDTH	OVERALL HEIGHT	LENGTH OF RIGID	LENGTH OF ARTICULATED	LENGTH OF COMBINATION
Botswana	2,5 m	4,1 m	12,5 m	17,0 m	22,0 m
Lesotho	2,6 m	4,1 m	12,5 m	17,0 m	22,0 m
Namibia	2,5 m	4,1 m	12,5 m	17,0 m	22,0 m
South Africa	2,5 m	4,3 m	12,5 m	18,5 m	22,0 m
	(medium)				
South Africa	2,6 m				
	(heavy)				
Swaziland	2,5 m	4,1 m	12,5 m	17,0 m	20,0 m

The dimensional limits in SACU are harmonised, with exception to South Africa on the overall height and length of articulated.

4.2.4 Border posts

Botswana has several border posts that allow the country to link up with South Africa, Namibia, Zambia and Zimbabwe as shown in Figure 23 below.

Figure 23: Botswana border posts



Source: www.worldatlas.com. Accessed on 06/11/2017

The operating hours of the border posts are outlined in Table 10 below. Rates for crossing the borders are BWP50 for a single entry and BWP90 for a return trip;

- BWP20 for road fund tax (disc must be displayed, valid for one year); and
- BWP20 per trailer and BWP50 for third-party insurance.

Table 11: Botswana Border Posts and operating times

Countries	Border Post	Operating Times	Contact Number
Namibia - Botswana	Mamuno/Buitepos	07:00 – 24:00	6592013/6592064
	Muhembo/Shakawe	06:00 – 18:00	6875505
	Ngoma Bridge	07:00 – 18:00	6236002/6250736
	Impalila Island	07:00 – 18:00	71303418
Zambia-Botswana	Kazungula Ferry	06:00 – 18:00	2150420/651717
Zimbabwe-Botswana	Kazungula Road	06:00 – 18:00	2150320
	Pandamatenga	08:00 – 16:00	6232029
	Ramokgwebana - Plum Tree	07:00 – 20:00	2489266
	Matsiloje - Mphoengs	06:00 – 18:00	2483205

	Maitengwe	06:00 – 18:00	2986272
South Africa-Botswana	S Pont Drift - Mashatu	08:00 – 16:00	015-575 1056
	Platjan	08:00 – 16:00	015-575 1040
	Zanzibar	08:00 – 16:00	014-767 1024
	Groblersbrug / Martin's Drift	06:00 – 22:00	014-767 1019
	Parr's Halt – Stockpoort B	08:00 – 18:00	014-763 4586
	Sikwane - Derdepoort B	06:00 – 19:00	014-778 0725
	Tlokweng Gate - Kopfontein	06:00 – 24:00	018-365 9055
	Ramotswa - Swartkoppie	06:00 – 22:00	018-365 9010
	Pioneer Gate - Skilpadshek	06:00 – 24:00	018-366 0011
	Ramatlabama	06:00 – 22:00	018-390 2533
	Phitshane Molopo	07:00 – 16:00	067-548 7204
	Bray	07:00 – 16:00	053-937 0026
	Makopong	08:00 – 16:00	053-922 Ext 2011
	McCarthy's Rust	06:00 – 18:00	053-781 0285
	Middleputs	07:30 – 16:00	053-781 0212

The Pioneer Gate – Skilpadshek, the Tlokweng Gate- Kopfontein and the Mamuno – Buitepos are the only three border posts that operate until midnight. Buitepos border post connects with the Trans Kalahari Highway (A2) that runs through Botswana, Namibia and South Africa and is the busiest border gate. The Ramotswa – Swartkoppie border is a smaller and less-travelled border post, which typically means shorter queues and less hassle than the large commercial border posts at Tlokweng and Pioneer Gate.

Botswana has five posts with Zimbabwe, of which the two most important are the one on the road between Kasane and Victoria Falls, at Kazungula and the one on the main road from Francistown to Plumtree at Ramokgwebane. There's one border crossing to Zambia through a ferry across the Zambezi linking Kazungula with Zambia. This ferry costs BWP200 (USD30), Toll fee: USD20, Kazungula district fee: ZMK40.000, Carbon tax (up to 3000cc) ZMK150.000 and Third party insurance (30 day). Botswana has few border posts with Namibia and the most important of these is the post on the Trans-Kalahari Highway, the route between the towns of Ghanzi and Gobabis.

5. PASSENGER ROAD TRANSPORT

The commercial conveyance of passengers by road between South Africa and Botswana is carried out by taxis, buses and tour operators. All commercial passenger operators, both in South Africa and Botswana need to have valid cross-border road transport permit in order to transport passengers across the South African and Botswana borders.

The statistics used to analyse passenger volumes and trends was obtained from data collected by the Department of Immigration and Citizenship of the Statistics Botswana in 2015. The data used for analysis is comprised of mode of transport used, purpose of entry and point of entry and exit.

5.1 All Travellers

The country received a total of 2,501,616 arrivals in 2015 as seen in Table 12, showing an increase of 20.1 percent (419,095) from the 2014 figure of 2,082,521 and 2,491,386 departures in 2015. The gender distribution shows that males accounted for 63.2 percent (1,580,113). The highest percentage of arrivals was those “In-Transit” making almost a quarter of total arrivals at 24.2 percent (604,692). Followed by arrivals who came for “Business Purposes” with 22.5 percent (561,967) of total arrivals. Of all the 561, 967 arrivals who came for Business Purposes, residents of Zimbabwe accounted for 52.9 percent (297, 508).

Table 12: Distribution off Arrivals and Departures

Mode of Transport	Arrivals	Departures
Air	157,157	156,309
Road	2,344,459	2,335,077

Source: Tourism Statistics Annual Report 2015, Accessed electronically on 13/11/2017

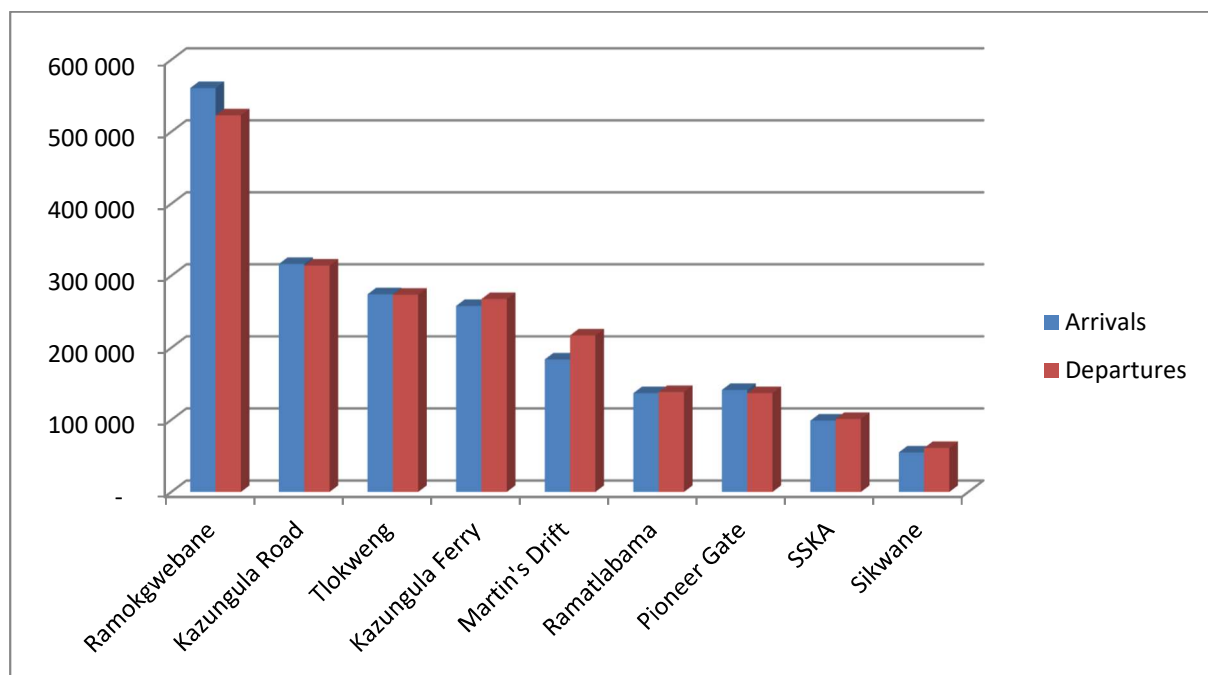
Of the total arrivals the Zimbabweans accounted for 38.7 percent (967,322) of the total 2,501,616 in 2015, showing an increase of 23.3 percent (182, 602) from the 2014 figure (784, 720). South Africans followed with 32.3 percent (808,118) showing a 34.6 percent (207, 731) increase, Zambians accounted for 8.1 percent (202,289) of total Arrivals in 2015, showing an increase of 7.4 percent (13, 938).

The United States of America, the United Kingdom and Germany, were the only significant sources of Arrivals from outside Africa, having accounted for 2.0 percent (49,451), 1.6 percent (41,011) and 1.3 percent (32,230) respectively.

Zimbabweans accounted for 39.7 percent (989, 998) of total Departures during 2015, followed by South Africans at 32.7 percent (814, 610). Zambian and Namibian nationals accounted for 7.3 percent (182, 272) and 6.7 percent (167,130) of total Departures in 2015 respectively. Nationals of the United States of America accounted for 2.0 percent (49, 430) while nationals of the United Kingdom and Germany contributed 1.6 percent (40, 844) and 1.3 percent (33, 154) to 2015 total Departures respectively.

Arrivals and Departures by Border Post show that the Ramokgwebane Border Post accounted for the highest number of arrivals having recorded 22.4 percent (560, 833) of total arrivals during the year. The Kazungula Border Post followed with 12.6 percent (316, 357) arrivals. The third busiest Border Post was Tlokweng Border Post, which recorded 11.0 percent (274, 265) of total arrivals in 2015 as shown in Figure 24 below.

Figure 24: Busiest Border ports



Source: Tourism Statistics Annual Report 2015, Accessed electronically on 13/11/2017

Sir Seretse Khama Airport received 4.0 percent (98, 963) of total arrivals, while Maun Airport received 1.4 percent (35, 744) of total arrivals during the year. Most Departures were through the Ramokgwebane Border Post during 2015, representing 21.0 percent (522, 784) of total Departures. Kazungula Road Border Post was the next busiest Border Post having recorded 12.6 percent (314, 088) Departures. Tlokweng and Kazungula Ferry Border Posts accounted for 11.0 percent (273, 574) and 10.7 percent (267, 653) of the total Departures respectively.

5.2 Tourists

Of the total 2,501,616 arrivals, 1, 660, 202 were tourists comprising 8.0 percent same-day visitors (132, 588) and 92.0 percent tourists' overnight visitors (1, 527, 614). The ten leading countries in the SADC Sub-continent accounted for 88.5 percent (1, 470, 012) of total tourists (1, 660, 200) during 2015. Amongst the 10 countries, Zimbabwe made a contribution of 45.6 percent (670, 427) followed by South Africa with 37.4 percent (549, 492) of the total tourists. Zambia and Namibia also made significant contributions, with 8.1 percent (119, 213) and 6.5 percent (95, 753) respectively. Other countries can be seen in Table 13 below.

Table 13: Top Ten Leading SADC Countries

Country of Residence	Number	Percentage
Zimbabwe	670,427	45.6
South Africa	549,492	37.4
Zambia	119,212	8.1
Namibia	95,753	6.5
Lesotho	13,453	0.9
Malawi	6,649	0.5
Swaziland	7,375	0.5
Tanzania	3,736	0.3
Mozambique	2,696	0.2
Angola	1,219	0.1

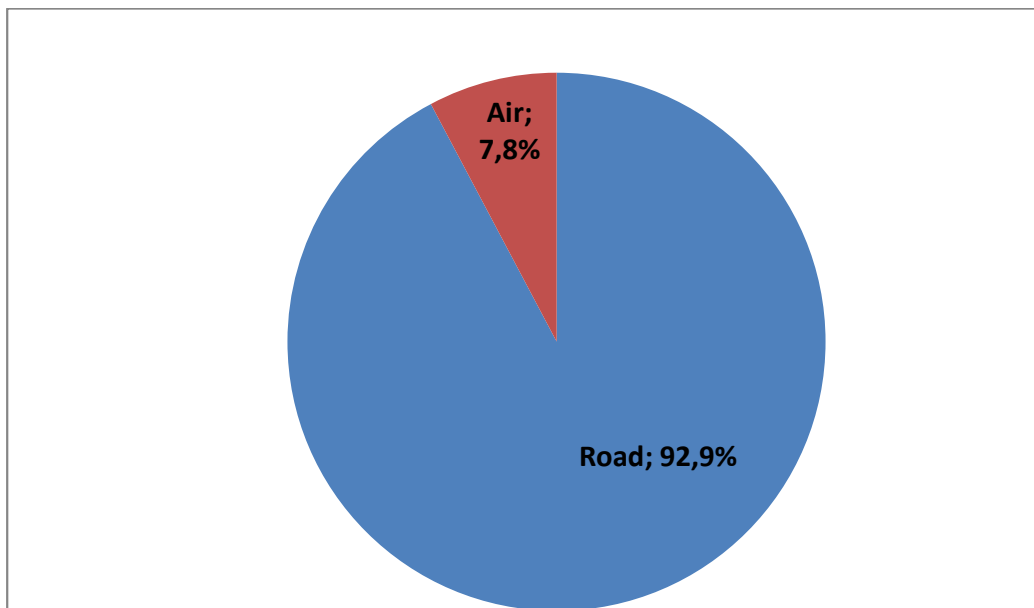
Source: Tourism Statistics Annual Report 2015, Accessed electronically on 13/11/2017

Zambia has the highest proportion of same-day visitors at 30.8 percent (36, 713) of total visitors from that country, followed by Namibia at 14.8 percent (14, 217) from the country. The high proportion of same-day visitors may be as a result of cross border trade. The majority of tourists from Zimbabwe came for business purposes with 43.8 percent (293, 559) of total visitors (670, 427).

5.3 Mode of Travel

Most tourists used road during 2015, with 92.2 percent (1, 531, 457) having arrived by road while air travel accounted for 7.8 percent (128, 745) of total inbound tourists (Figure 25). Maun Airport was the most used airport by holiday/leisure tourists, with 62.4 percent (32, 225) of total holiday air travellers (51, 603) having arrived through this airport. Sir Seretse Khama Airport experienced large volumes of business travellers at 92.2 percent (54, 902) out of total business air travel of 59, 556. Overall, the SSKA was the busiest point of entry among all airports, having accounted for 57.8 percent (74, 412) of all air travel.

Figure 25: Distribution of Tourists by Mode of Travel



Source: Tourism Statistics Annual Report 2015, Accessed electronically on 13/11/2017

5.4 Air Transport

This section deals with movement of aircrafts and air passengers both locally and internationally.

5.4.1 Aircraft Movements

A total of 14,824 movements were recorded during Q1 of 2017, showing a decrease of 19.6 percent when compared to 18,448 movements made in the previous quarter, Q4 2016. When compared to the same quarter of the previous year (Q1 2016), Q1 2017 registered a fall of 4.1 percent in aircraft movements.

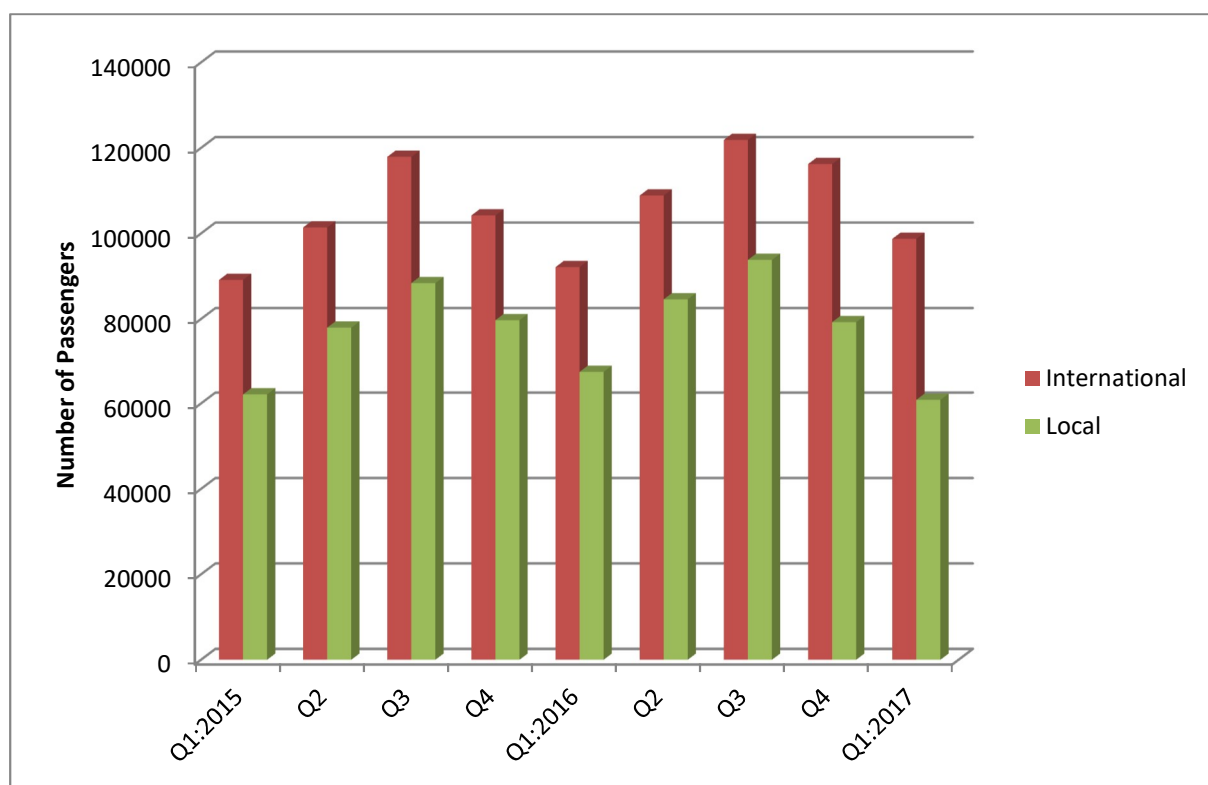
The bulk of aircraft movements recorded in Q1 2017 were domestic, constituting 73.1 percent while international aircraft movements accounted for 26.9 percent. In comparison to Q1 2016, international movements went down by 9.9 percent, domestic movements declined by 1.7 percent.

The bulk of aircraft movements were recorded in Maun, with 57.9 percent of total aircraft movements. For aircraft movements that occurred in Maun, 42.6 percent of them occurred in March while January and February recorded 29.8 and 27.6 percent respectively. Sir Seretse Khama International Airport (SSKIA) contributed 25.5 percent of total aircraft movements making it the second highest in aircraft movements. Airports which received the least number of aircraft movements were Selibe Phikwe and Ghanzi contributing only 0.1 and 0.2 percent respectively.

5.4.2 Air Passenger Movements

A decrease was recorded in air passenger movements recorded in Q1 2017 when compared to the previous quarter. A total number of 159,584 passenger movements were recorded in Q1 2017, which is a decline of 18.4 percent from 195,475 passenger movements recorded in Q4 2016 as shown in Figure 26 below. Compared to the same quarter in the previous year, Q1 2016, there was an increase of 0.04 percent. Most of the passenger movements were international (61.9 percent), while 38.1 percent were domestic. International passenger movements decreased by 15.0 percent, while domestic passenger movements declined by 23.2 percent.

Figure 26: Air passenger movement

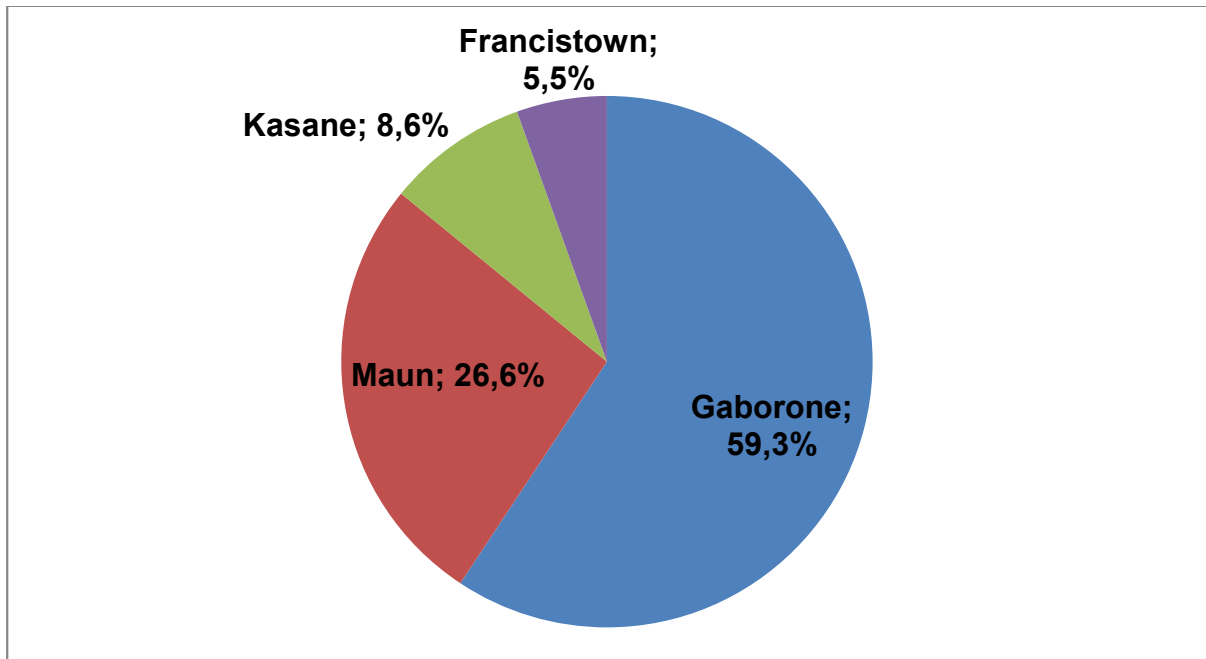


Source: Transport and Infrastructure Statistics Q1 2017; Accessed electronically on 26/10/2017

SSKIA handled most of the passenger traffic while Maun airport handled the bulk of aircraft movements. SSKIA contributed 59.3 percent of total passenger movements which was the highest in all airports. Most of these passenger movements were international movements with 79.0 percent of total international passenger movements. Maun recorded 49.0 percent of total domestic passenger movements.

All the airports recorded a decrease in the number of passenger movements when compared to the previous quarter, Q4 2016. SSKIA recorded a decrease of 13.0 percent, Maun airport declined by 25.1 percent as shown in Figure 27 below.

Figure 27: Air passenger traffic by airports



Source: Transport and Infrastructure Statistics Q1 2017; Accessed electronically on 26/10/2017

Kasane recorded a decrease of 31.6 while Francistown, Selibe Phikwe and Ghanzi went down by 11.2, 17.1 and 52.0 percent respectively. When compared to the same quarter of the previous year, Q1 2016, only SSKIA recorded an increase of 3.3 percent, while the rest of the airports recorded a decrease in passenger movements.

5.5 Rail Transport

This section covers goods and passengers transported by rail and the revenue generated from the conveyance of these goods.

5.5.1 Goods Traffic

Total traffic is derived from Botswana Total (total imports plus Botswana Origin (Botswana Origin is total exports plus local traffic) and Transit traffic (goods that pass through Botswana to other countries). Total goods transported in Q1 2017 were 379,101 net tonnes. This was a decrease of 17.1 percent when compared to the previous quarter, Q4 2016. When compared to the same quarter of the previous year, there was also a decrease of 44.7 percent in total rail goods traffic as seen in Table 14 below. Throughout the quarters of 2016 to 2017, total

imports have dominated, contributing more towards total traffic than total exports. Imported rail goods accounted for 38.5 percent of the total rail goods traffic in Q1 2017. Exports and locally transported goods constituted 34.7 percent and 15.5 percent of the total respectively. Transit traffic accounted for 11.3 percent of total traffic.

Table 14: Rail goods traffic (net tonnes)

Year	Quarter	Imports	Exports	Local traffic	Botswana Origin	Transit Traffic
2016	Q1	177,437	167,989	38,983	206,972	301,300
	Q2	181,667	160,470	70,929	231,399	31,000
	Q3	201,452	176,368	83,646	260,014	9,000
	Q4	154,552	156,788	71,821	228,609	74,000
2017	Q1	145,925	131,464	58,712	190,176	43,000

Source: Transport and Infrastructure Statistics Q1 2017; Accessed electronically on 26/10/2017

During Q1 of 2017, total traffic fluctuated from one month to another. In January 145,607 net tonnes of goods were transported, the net tonnage went down in the month of February to 90,414 net tonnes which is a decrease of 37.9 percent. In March goods transported went up to 143,080 net tonnes, a 58.2 percent increase when compared to the month of February. Most of the goods were transported during the month of January, registering 38.4 percent of the total goods traffic. The months of March and February registered 37.7 percent and 23.8 percent respectively.

Total revenue of 74.5 million was generated during quarter Q1 2017, registering a 10.7 percent decrease in revenue compared to the previous quarter, Q4 2016. The month of March generated the bulk of revenue in Q1 2017, contributing 40.5 percent of the total revenue. January and February contributed 38.4 and 21.1 percent of the total revenue respectively.

5.5.2 Rail Passengers

The passenger train carried 22,966 passengers during Q1 2017, compared to 41,655 carried in Q4, 2016 which is a decrease of 44.8 percent. The train carried more passengers in January registering 53.3 percent of passengers carried by train. The month of February and March recorded 24.4 and 22.4 percent respectively. Standard class contributed 75.4 percent of passenger train carried in Q1 2017. The revenue generated during this quarter, Q1 2017,

was BWP2,671,000 which was a decline of 36.6 percent compared to the BWP4,211,000 generated during the festive season.

5.6 Water Transport

Kazungula Ferry is used to move both goods and passengers to countries in the north mainly Angola, Democratic Republic of Congo (DRC), Zambia and Zimbabwe. A total of 96,914 people used the pontoon to cross into or out of the country; 77.2 percent were foreigners and the remaining 22.8 were Batswana. Out of the 22,118 Batswana who used the pontoon, 50.3 percent were entering the country and 49.7 percent were leaving the country. There was a decrease in the total number of people who used the pontoon when compared to the previous quarter's 130,788, the number decreased by 25.9 percent. When compared to the same quarter of the previous year, pontoon passengers declined by 9.9 percent.

The majority of the passenger movement was recorded during the month of March, which was 39.0 percent of the total passengers. During the same month in 2016, 39,810 passengers used the pontoon compared to the 37,764 passengers. This was a decline of 5.1 percent.

5.7 Road Transport

Road transport is the major mode of surface travel in Botswana, covering about 93% of the total volume of passenger transport. The railway, a single line, which runs from South to North on the eastern side of the country, together with air transport, are responsible for about 7% of passenger transportation.

The Department has established a number of permanent traffic census stations across the country and closely monitors the growth rate in terms of vehicle characteristic and axle load. The overall traffic growth rate is in the order of 10% per annum. It is difficult to predict the future growth rate with any degree of accuracy due to a wide range economic activities and continuous development of the infrastructure. However, it is expected to grow to 6 - 7% in the coming years.

The most rapid growth of traffic has been in the eastern part of the country where the road network has improved faster. Botswana also has cross border operations department which is mandated to coordinate cross boarder road transport operations between Botswana and

all countries that Botswana has signed bilateral agreements with, as well as regional bodies to which Botswana is party to, forwarding applications to neighbouring countries for consent, attend joint route management meetings and conduct general public transport inspections.

5.8 Cross-Border Operators profile

The number of permits issued by the C-BRTA for the Botswana route for freight in 2016/17 is 8267 which is a 0.04% increase from 8264 that was issued to 2015/16, taxi permits were 640, a 19% increase and bus permits showed a higher increase of 49% from 89 in 2015/16 to 133 in 2016/17. Table 15 below shows the number of permits issued to South African operators to operate between South Africa and Botswana.

Table 15: Operator permits issued in the period

FINANCIAL YEAR	FREIGHT PERMITS	BUS PERMITS	TAXI PERMITS
2015/2016	8264	89	537
2016/2017	8267	133	640

Source: the CBRTA, Accessed on 14/07/2017

The total of 84 958 permits were issued during the year, constituting 11.8% increase year on year and exceeding the annual target of 76 000.

There is Interkaap Ferreira Bus Service running from Pretoria to Gaborone and currently 15 taxi associations operating to 3 destinations in Swaziland. The associations are BOLDTA, CUTA, Greater Westonia, Johannesburg Botswana Long Distance, Kopanang Bahuruthi, Lenganeng, Mafikeng-Gaborone and RUSBOLDTA. The borders that are used by these taxi associations are Ramatlabama, Skilpadhek, Kopfontein and Martin's Drift. New entrants into the cross-border road passenger transport market are regulated by the C-BRTA Regulatory Committee which assesses whether the demand for such a service exists.

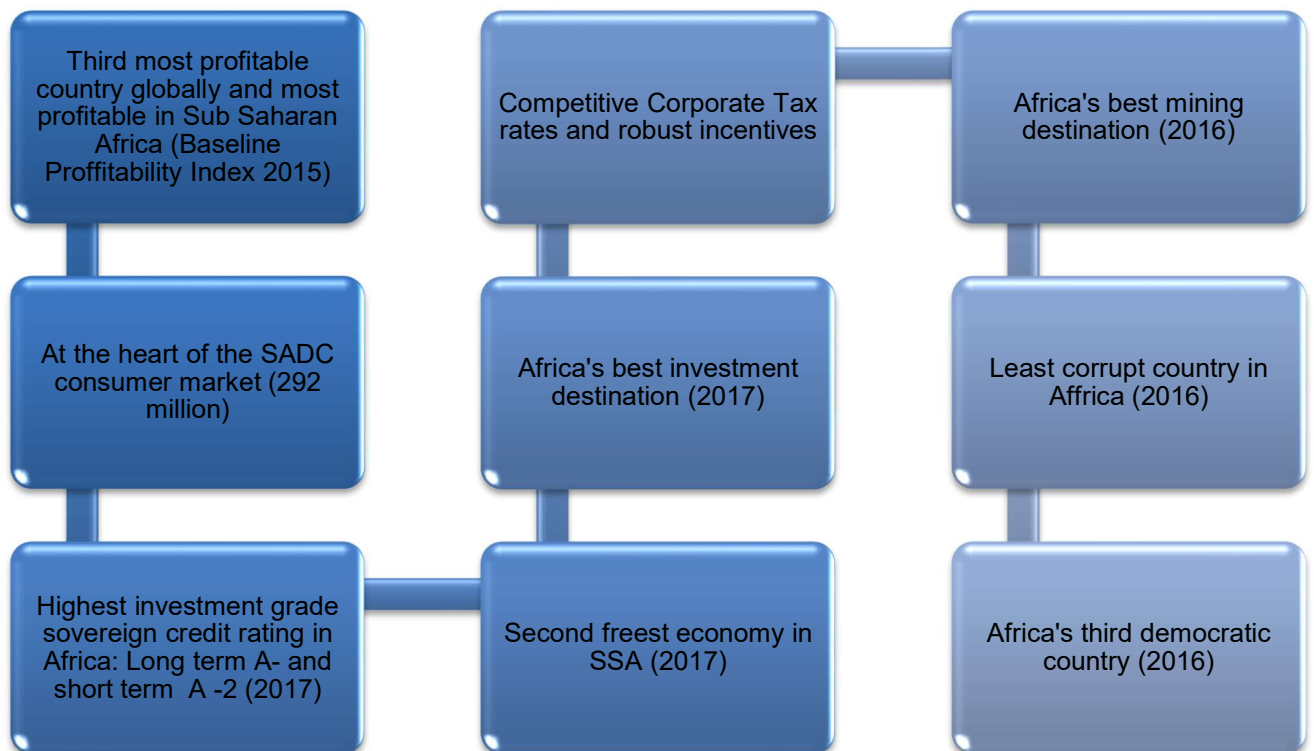
6. OPPORTUNITIES

Prior to identifying opportunities, here are some challenges that are encountered in Botswana:

- Road traffic congestion is growing at an alarming rate leading to more accidents;
- Poor road maintenance and upgrades;
- Due to the country's small population and low supply of skilled workers, Botswana does not have enough experienced managers and technical experts to help run many of the companies that would otherwise invest there. Foreign and local business managers noted continued difficulty obtaining work permits for foreign skilled workers and managers in 2016. This has caused many skilled workers to leave Botswana, and has chilled the appetite for foreign direct investment for many prospective businesses. In recognition of this concern, Botswana amended (May 2017) the immigration law to open up work visas and residence permits for foreigners;
- Regulatory constraints in certain sectors which have little or no relationship to the protection of the public interest, excessive red tape relating to licenses and permits, limited access to finance, the high cost of internet, poor customer service, and low worker productivity. The government's increasing number of state-owned enterprises and market holdings crowd the private sector;
- Government of Botswana procurement tenders are at times designed based on the goods and services available in the market, which disadvantages competitors that are not located in Botswana. High value tenders are also frequently broken up into smaller tenders, rendering it cost prohibitive at times for companies based outside of the country to compete.

Botswana achieved impressive economic performance over the past four decades due to the prudent macroeconomic management, consistent economic policies, political stability and good governance. The country has maintained a high economic growth rate, resulting in accumulation of substantial foreign reserves and substantial investment in the development of our human resources. Despite all the challenges identified above, Botswana has the following unique selling points as depicted below in Figure 28.

Figure 28: Botswana's selling points



Source: Botswana Investors Handbook, 2017

For those conducting or intending to conduct business in Botswana, the opportunities for investment are in the following sectors:

6.1 Mining sector

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

Opportunities in this sector include prospecting, expansion of existing mining projects and beneficiation of minerals.

6.1.1 Diamonds Beneficiation

Opportunities in the diamond sector are in diamond cutting and polishing, establishment of a rough and polished diamond trading facility and development of diamond jewellery manufacturing. Other opportunities present themselves in the following forms:

- Ancillary Support Services: These encompass the provision of specifically tailored services to the diamond sector such as banking, security, insurance, certification and brokerage services;
- Support and Outsourcing: Provision of general services which are not unique to the diamond industry, such as general security services, information technology and support, accounting and human resources services; and
- Economic Spin-offs: Industries that will benefit from the growth and activity in the diamond sector such as hotels, restaurants and transportation services.

6.1.2 Coal

Botswana has large untapped resources of semi-bituminous coal in various parts of the country estimated at 212 868 million tonnes of which reserves constitute 50 to 60% of this resource, making Botswana the 2nd largest producer after South Africa. Botswana coals occur within the Karoo Basin which covers an area of about 70% of the entire country.

Botswana has extensive, and largely unexploited, coal resources which when developed can form part of the Government's effort to diversify the economy. The following opportunities exist:

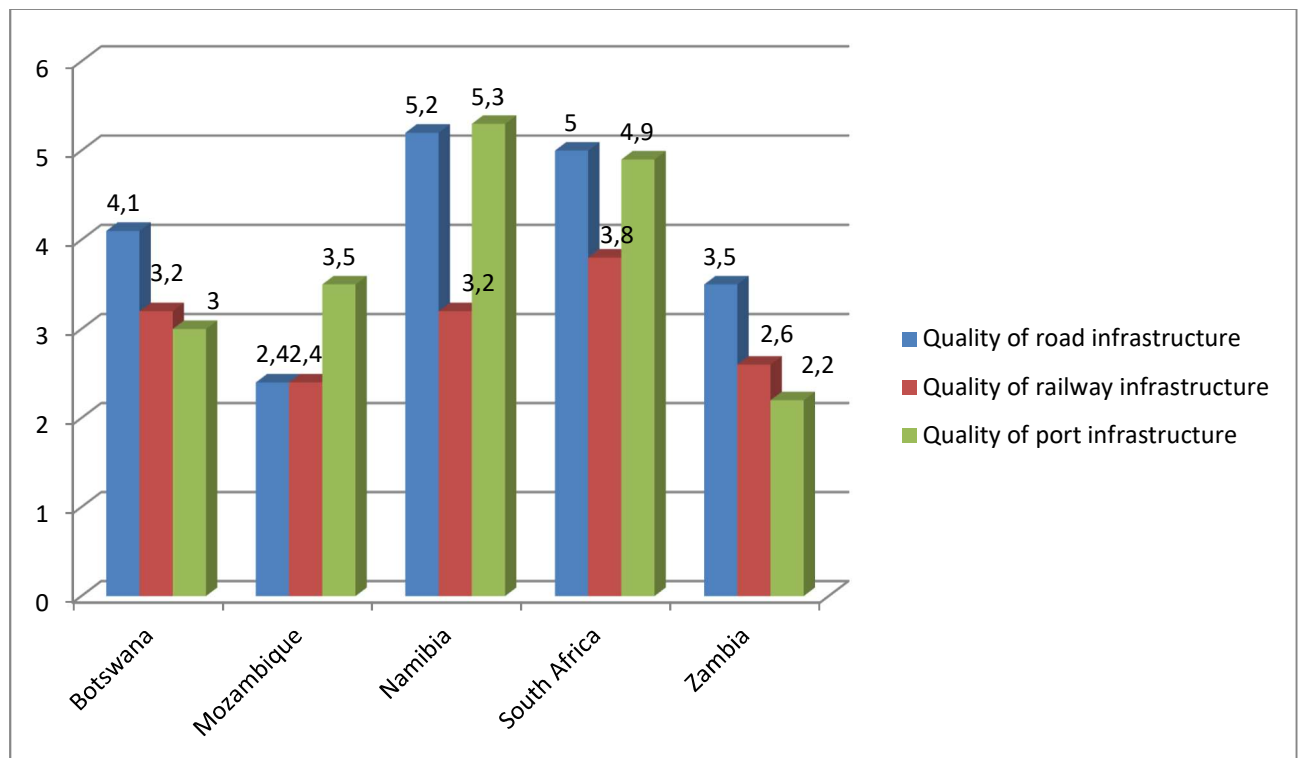
- Exploration & mining for export: Botswana has issued a number of coal licenses have to some investors and is willing to grant additional licenses for further exploration and mining with the intention to open 24 new mines;
- Electricity generation: Botswana has a major opportunity of becoming an energy hub for the region; as the region is in high demand for power. Opportunity is to refurbish and extend the existing Morupule Power Station, to build Greenfield coal fired power stations; and
- Development of a rail way line to reach the market in Trans-Kalahari through Namibia at an estimated cost of BWP136 billion

6.2 Cargo, Freight and Logistics sector

Botswana offers access to seven fast-growing markets and serves as the perfect location to leverage regional trade growth, with intraregional transport volumes expected to more than

double within the next two decades. According to the World Economic Forum, Botswana has the best landlocked infrastructure in Africa as shown in Figure 29 and the third best logistics operating environment in the region.

Figure 29: Botswana’s relatively competitive infrastructure



Source: WEF Global Competitiveness Report 2016/17

Despite Botswana’s relatively limited market size and landlocked positioning, its central location in SADC presents multiple opportunities for investors, which include:

- Botswana’s central location in SADC with a catchment area of 100 million potential consumers within a 1,500km radius, and a regional market of 292 million consumers, perfectly positions the country to capture regional consumer freight flows by offering bulk breaking, cargo consolidation, dry ports and cargo warehousing facilities.
- Botswana has 212 billion tonnes of coal deposits. The country expects to export between 72 million and 90 million tonnes per annum in 2024, substantially exceeding the current rail capacity of 4.2 million tonnes. To take advantage of these coal deposits, a number of opportunities exist:
 - Increasing the capacity of Botswana Railways;
 - Transporting coal to South Africa, Namibia and Mozambique for export; and
 - Transporting coal to the Morupule and Mmamabula power stations.

The topmost goods that are exported from Botswana to South Africa are machinery and mechanical appliances and diamonds. The topmost goods that are imported from South Africa are fuel and machinery & electrical equipment. Transport operators should consider opportunities for the transportation of these goods for growing market share and business operations.

6.3 Leather and Leather Goods sector

Botswana has an abundance of raw hides and skins locally. The country has an annual national herd size of 2.5-3.3 million cattle; with an average off-take ratio of 9% estimated only through the Botswana Meat Commission (BMC) annual throughput, yielding 200,000-300,000 hides per year. Opportunities for operators in this sector would include the exporting of leather garments, leather goods including bags, stitched leather seats for cars and other accessories. Also in processing raw hides and skins into finished products and establishing a wet blue leather tannery.

6.4 The Automotive sector

In recent years, Botswana has positioned itself as a supplier of vehicle parts and components to the region's automotive industry, resulting in a strong increase of vehicle part exports from Botswana.

Among the key opportunities in the sector are:

- Supply of parts & components to the automotive sector;
- Supply of replacement parts for vehicles of large-scale projects;
- Expansion of existing component manufacturing industries (e.g. batteries, ignition wiring sets); and
- Establishment of skills development/ training facilities for auto mechanics and technicians

6.5 Agriculture sector

Agriculture only comprises approximately 2.4% of GDP, but it is vital to livelihood for many citizens of Botswana who operate farms for subsistence. Livestock production, especially cattle, contributes an estimated 80% to the agricultural GDP.

The following opportunities are available:

- Investment to establish commercial farms;
- Tanneries for the export of processed hides and skins;
- Horticulture packaging; and

- Tomato paste production

6.6 Tourism sector

The country's unique natural resources provide it with a significant advantage in the tourism sector. Tourism plays a significant role in the national economy and exhibits enormous potential for future growth. The government is committed to growing the sector as part of its economic diversification strategy. Botswana seeks to broaden the tourism base by adding more product components and increasing the geographic spread of tourism. While Botswana tourism is focused on high-end tourism, the GOB is now interested in expanding into mid-range tourism.

Joint ventures opportunities exists for hotel expansions and start-ups along the Trans-Kalahari Highway, joining Botswana and Namibia, and development of lodges in Kgalagadi Trans frontier Park, Central Kalahari Game reserve, Makgadikgadi Pans National Park, and forest reserves surrounding Chobe National Park.

6.7 Health sector

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

The following opportunities were identified:

- Infrastructure improvements and equipment upgrades at several hospitals and medical facilities
- Development of two acute care referral hospitals, one referral psychiatric hospital (300 beds), seven district hospitals (bed capacity of 270 – 330), sixteen primary hospitals and three mine hospitals (50 to 90 beds), several clinics of different sizes across the country (some with 20–30 bed capacity)

- Two hospitals in Gaborone (up to 300 beds) and a smaller private hospital in Francistown
- Investment in the training of health personnel in areas such as commodity planning, forecasting, logistics and supply chain. Finally, the technology sector may find opportunity through Botswana's plans to strengthen its health information systems in order to improve the collection, dissemination and storage of data.

7. CONCLUSION

Botswana is a small, landlocked country in Southern Africa, bordered by South Africa to the south and southeast, Namibia to the west and north, and Zimbabwe to the northeast. At 581,730 km² (224,607 sq mi) Botswana is the world's 48th-largest country and one of the most sparsely populated nations in the world. It has a population of 2,351,054 which is equivalent to 0.03% of the total world population.

Since independence, Botswana has had one of the fastest growth rates in per capita income in the world and maintained one of the world's highest economic growth rates until the global recession. Botswana is praised for the prudent management of its resource wealth, which has facilitated the transformation of the country from one of the poorest countries in the world to a middle-income country status in 1992. It has the fourth highest gross national income at purchasing power parity in Africa, giving it a standard of living around that of Mexico and Turkey.

Botswana's heavy reliance on one commodity – diamonds makes it vulnerable to external shocks. Lower revenues from SACU relative to the pre-recession period, persistent drought, continued slow growth in South Africa, and the slow pace of reforms are the other risks that need to be carefully monitored. To achieve economic diversification, Botswana needs to promote industrialisation by accelerating economic transformation from the primary sector to advanced manufacturing and services.

Road transport is the major mode of surface travel in Botswana, covering about 93% of the total volume of passenger transport. Botswana has several border posts and a ferry crossing that allow the country to link up with South Africa, Namibia, Zambia and Zimbabwe.

Botswana has vast opportunities in infrastructure improvements and equipment upgrades at several hospitals and medical facilities, development of lodges and hotel along the Trans-Kalahari Highway, joining Botswana and Namibia, diamond cutting and polishing, establishment of a rough and polished diamond trading facility and development of diamond jewellery manufacturing and establishing a wet blue leather tannery.

8. CONTACT DETAILS OF RELEVANT AUTHORITIES

Table 16 below lists information on key stakeholders in the cross-border road transport environment for both South Africa and Botswana. Should a cross-border transport operator or any other stakeholder face any challenge or need assistance in the course of conducting cross-border business, it is recommended that they contact the following stakeholders.

Table 16: Contact Details

South Africa	Cross-border Road Transport Agency	012 471 2000
	SARS Customs	0800 00 7277
	DHA	013 793 7311
	SAPS	+27 (0) 12 393 1000
	Agriculture	012 319 6000
	SANRAL	012 844 8000
Swaziland	Ministry of Transport and Communications	+267 361 2000
	Ministry of Road Transport and Safety	+267 492 1687
	Botswana Unified Revenue Services	+267 363 8000
	Botswana Investment and Trade Centre	+267 363 3300
	Statistics Botswana	+(267) 367 1300
	Bank of Botswana	+267 74 575 132

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