

Botswana Trade, Investment & Tourism

March 2022

Executive Summary

This country fact sheet provides key trade, investment, and tourism related statistics for Botswana. Specifically, it shows global trade and investment flows including an analysis of top markets and products for Botswana in relation to the Western Cape, highlighting the largest and fastest growing products and sub-sectors. It also analyses tourism trends between Botswana and South Africa. The key highlights in the Botswana fact sheet are provided below:

Trade

- Botswana's services exports have risen significantly over the last 10 years, increasing by an estimated 39.25% from a value of ZAR5.97bn in 2011 to ZAR8.32bn in 2020.
- Botswana is ranked as the world's 116th largest exporter of goods (accounting for 0.4% of global exports) and 117th largest importer of goods (accounting for 0.3% of world imports).
- South Africa's trade with Botswana remained robust over the period under study with South Africa recording consistent trade surpluses.
- Botswana was the Western Cape's 6th largest export market and its 70th largest import market in 2021.
- The Western Cape has traditionally recorded a trade surplus with Botswana.

FDI

- Between 2003 and 2021, Botswana recorded a total of 55 inward FDI projects, which generated a total capital expenditure of ZAR12,661.93m and created an estimated 5,745 jobs.
- South Africa was Botswana's largest source market for FDI in terms of number of projects invested over the period 2003 to 2021.
- Botswana's outward FDI resulted in 140 capital projects invested globally, with a capital expenditure value of ZAR111,244.29m, which created 24 425 jobs worldwide.

Tourism

- Travellers from Botswana to Cape Town drastically decreased in January 2021, recording 4,425 arrivals from Botswana. This was a massive decline from the 44 122 travellers recorded in January 2020.
- Travelers from Botswana were led by those travelling for visiting friends and relatives, followed by shoppers and those travelling on holiday.

Table of Contents

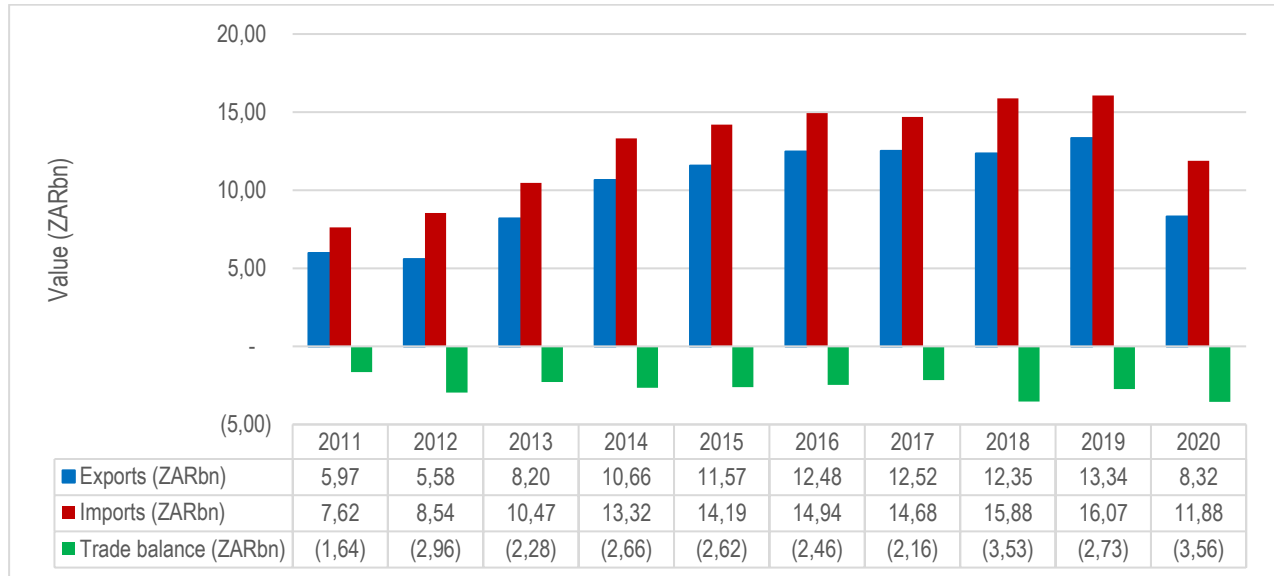
- 1. Trade 3
 - 1.1 Trade in Services 3
 - 1.2 Botswana's Global Trade in Products 4
 - 1.3 Trade with the Western Cape 6
 - 1.4 Tariffs 8
 - 1.5 Import Requirements and Documentation 9
 - 1.6 Logistics 10
- 2. Investments 12
 - 2.1 Global Investment into Botswana 12
 - 2.2 Global Investment from Botswana 14
 - 2.3 Investment Relations between South Africa and Botswana 16
 - 2.3.1 Foreign Direct Investment from Botswana into South Africa 16
 - 2.3.2 Outward FDI from South Africa to Botswana 17
 - 2.3.3 Foreign Direct Investment from Botswana into the Western Cape 19
 - 2.3.4 Foreign Direct Investment from the Western Cape to Botswana 19
- 3. Tourism 21
 - 3.1 Botswana tourist arrivals into South Africa and the Western Cape 21

1. Trade

1.1 Trade in Services

Over the past decade, the country's trade in services (TIS) has fluctuated, but on balance, Botswana's imports of services have been greater than its exports. On the export front, in 2020 total export services experienced a 37.62% year-over-year drop in total receipts, from ZAR13.34bn in 2019 to ZAR8.32bn in 2020. On the import front, total services recorded a 26.07% year-over-year decline in payments in 2020 partly due to the Covid-19 pandemic.

Figure 1: Botswana Global Trade in Services, 2011-2021



Source: Trade Map, 2022

Travel was the largest service export valued at ZAR8,246.878m followed by other business services (including merchandising and other trade-related services, operational leasing, miscellaneous business, professional, and technical services, and other services) at (ZAR2,200.22m) and finally by transport (ZAR766.46m).

The top 3 imported services are the same as the top 3 exports albeit in different positions. Other business services (includes merchandising and other trade-related services, operational leasing, miscellaneous business, professional, and technical services, and other services) were the largest import service into Botswana valued at ZAR3,781.26m, followed by transport services (ZAR3,759.37m), and travel (ZAR3,335.36m).

Table1: Top 10 service export and import products by Botswana

TOP 10 SERVICES EXPORTED BY BOTSWANA 2020				TOP 10 SERVICES IMPORTED BY BOTSWANA, 2020			
CODE	SERVICE	VALUE 2020(ZARm)	% GROWTH 2016-2020	CODE	SERVICE	VALUE 2020 (ZARm)	% GROWTH 2016-2020
4	Travel	8 246,78	-15,85%	10	Other business services	3 781,26	-19,37%
10	Other business services	2 200,22	-19,62%	3	Transport	3 759,37	-18,30%
3	Transport	766,46	-12,40%	4	Travel	3 335,36	-19,11%
12	Government goods and services n.i.e.	603,28	11,12%	8	Charges for the use of intellectual property n.i.e.	1 525,66	-11,05%
7	Financial services	560,01	198,66%	9	Telecommunications, computer, and information services	1 123,57	2,11%
5	Construction	351,48	-27,82%	12	Government goods and services n.i.e.	1 0439,65	-13,95%
6	Insurance and pension services	299,34	116,56%	7	Financial services	436,76	91,76%
9	Telecommunications, computer, and information services	298,07	-3,09%	5	Construction	348,01	-8,16%

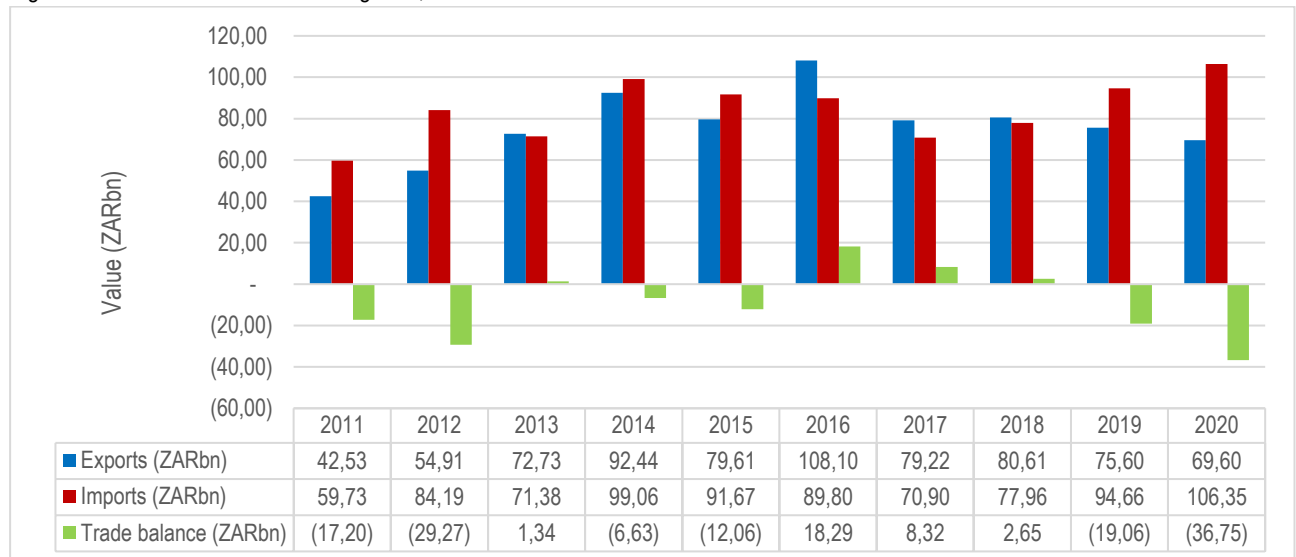
TOP 10 SERVICES EXPORTED BY BOTSWANA 2020				TOP 10 SERVICES IMPORTED BY BOTSWANA, 2020			
CODE	SERVICE	VALUE 2020(ZARm)	% GROWTH 2016-2020	CODE	SERVICE	VALUE 2020 (ZARm)	% GROWTH 2016-2020
2	Maintenance and repair services n.i.e.	6,11	42,86%	6	Insurance and pension services	290,44	-1,50%
8	Charges for the use of intellectual property	5,43	66,75%	11	Personal, cultural, and recreational services	238,87	-9,68%
TOTAL IMPORTS		8 319,33	-4,56%	TOTAL EXPORTS		11 878,17	-2,63%

Source: Trade Map, 2022

1.2 Botswana's Global Trade in Products

Botswana is ranked as the world's 116th largest exporter of goods (accounting for 0.3% of global exports) and 117th largest importer of goods (accounting for 0.4% of world imports). As evident in Figure 2 below, as the world battled the coronavirus pandemic and the associated disruption of global supply chains set in, Botswana's goods exports to the rest of the world fell from a value of ZAR75.60bn in 2019 to ZAR69.60bn in 2020. In contrast, the country's goods imports from the world increased by 12.35% y-o-y, from ZAR94.66bn in 2019 to ZAR106.35bn in 2020. The net effect being a significant widening of the deficit to a value of ZAR36.75bn in 2020, from ZAR19.06bn recorded in 2019.

Figure 2: Botswana Global Trade in goods, 2011-2020



Source: Trade Map, 2022

The United Arab Emirates (UAE) (ZAR15.00bn) was Botswana's largest export market and accounted for 21.50% of all its exports in 2020. Belgium (ZAR14.92bn), and India (ZAR14.59bn) were the second and third largest export destinations respectively. One would expect with Africa's interconnectedness, Botswana's main trading partners would be predominantly from the continent itself, however, this was not the case as seven nations in the top ten export partners were non-African countries. South Africa was the 4th largest export market for Botswana goods at a value of ZAR9.31bn in 2020.

Table2:Top ten destination markets for Botswana's exports, 2020

TOP 10 DESTINATION MARKETS FOR EXPORTS FROM BOTSWANA, 2020				
RANK	COUNTRY	VALUE 2020 (ZARbn)	% GROWTH 2016-2020	% SHARE 2020
1	United Arab Emirates	15,00	37,30%	21,5%
2	Belgium	14,92	-0,06%	21,4%
3	India	14,59	10,91%	21,0%
4	South Africa	9,31	-1,33%	13,4%
5	Singapore	4,24	21,13%	6,1%
6	Israel	3,40	-3,74%	4,9%
7	Hong Kong, China	3,05	21,94%	4,4%
8	Namibia	1,09	-17,15%	1,6%
9	United States of America	0,96	-5,63%	1,4%
10	Zambia	0,60	5,48%	0,9%
TOTAL EXPORTS		896,54	-0,67%	100.00%

Source: Trade Map, 2022

In 2020, South Africa was Botswana's largest import source market with imported goods to the value of ZAR62.33bn. This equated to 58.61% of all Botswana's imports. Belgium (ZAR8.30bn) was the second largest source market, with Namibia (ZAR8.11bn) in third. Four of Botswana's source markets were from Europe with the country sourcing its products from only two African countries within the top 10.

Table 3: Top ten source markets for imports by Botswana

TOP 10 SOURCE MARKETS FOR IMPORTS BY BOTSWANA, 2020				
RANK	COUNTRY	VALUE 2020 (ZARbn)	% GROWTH 2016-2020	% SHARE 2020
1	South Africa	62.33	2,53%	58,61%
2	Belgium	8,30	51,92%	7,80%
3	Namibia	8,11	-4,58%	7,63%
4	United Arab Emirates	4,63	236,32%	4,35%
5	Canada	3,39	-8,16%	3,19%
6	India	2,67	43,68%	2,51%
7	China	2,63	18,74%	2,47%
8	Switzerland	2,05	100,10%	1,92%
9	Russian Federation	1,60	63,91%	1,51%
10	France	1,44	135,01%	1,35%
TOTAL IMPORTS		692,67	-1,31%	100.00%

Source: Trade Map, 2022

Turning to products, diamonds were Botswana's largest export product. These constituted 88,21% of the country's export basket in 2020 at a value of ZAR61,393.62m. Botswana has a great comparative advantage in the production of insulated wires and cables (ZAR1,334.95), gold, (ZAR758.08m) and live bovine animals, (ZAR654.59m).

Diamonds were also the country's largest import product. These occupied 30.75% of the total payments worth ZAR32,702.97m in year 2020. This was followed by refined petroleum oils, and electrical energy at a value of ZAR10 176,28, and ZAR3 228,46 respectively.

Table 4: Top 10 export and import products from Botswana

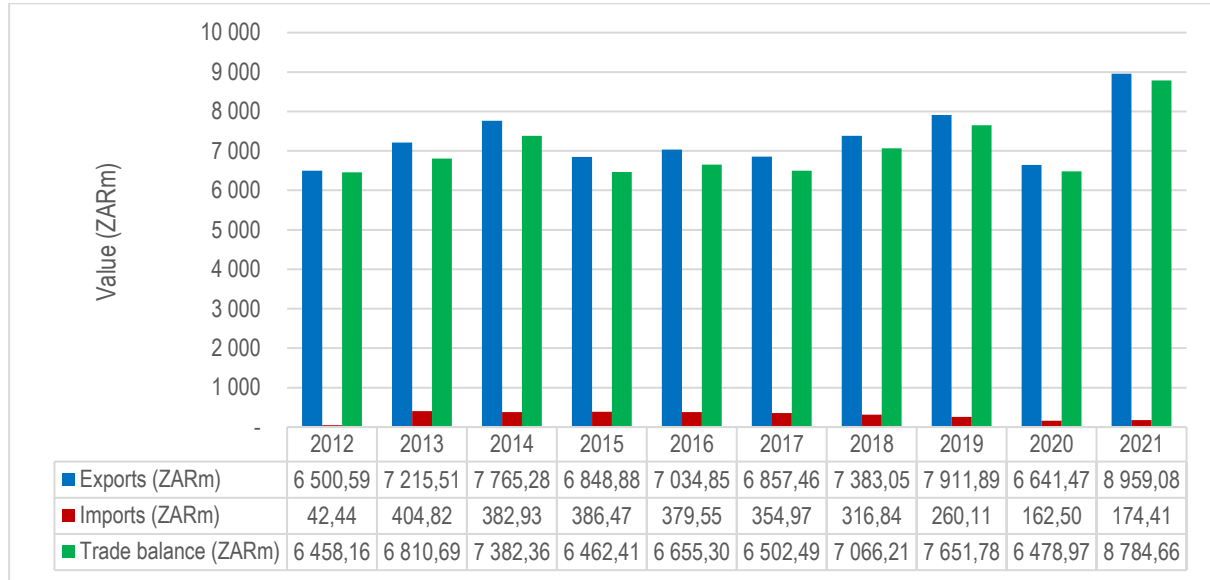
TOP 10 EXPORTS FROM BOTSWANA, 2020				TOP 10 IMPORTS INTO BOTSWANA, 2020			
RANK	PRODUCT	VALUE 2020 (ZARm)	% GROWTH 2016-2020	RANK	PRODUCT	VALUE 2020 (ZARm)	% GROWTH 2016-2020
1	Diamonds	61 393,62	0,89%	1	Diamonds	32 702,97	3,18%
2	Insulated "incl. enamelled or anodised" wire, cable	1 334,95	1,57%	2	Refined petroleum oils.	10 176,28	0,74%
3	Gold	758,08	18,43%	3	Electrical energy	3 228,46	-
4	Live bovine animals	654,59	-	4	Motor cars and other motor vehicles	2 483,95	4,22%
5	Carbonates and peroxocarbonates	654,36	9,76%	5	Tanks and other armoured fighting vehicles	2 475,39	-
6	Copper ores and concentrates	431,56	-	6	Motor vehicles for the transport of goods	1 927,32	7,28%
7	Salts	398,26	18,46%	7	Telephone sets	1 699,62	14,38%
8	Coal and briquettes	258,19	12,33%	8	Medicaments	1 578,28	18,25%
9	Tubes, pipes, and hoses	248,61	2,43%	9	Parts and accessories for tractors	1 035,03	2,49%
10	Frozen meat of bovine animals	231,05	-15,91%	10	Maize or corn	973,65	14,61%
TOTAL EXPORTS		69 600,90	-0,67%	TOTAL IMPORTS		692,67	-1,31%

Source: Trade Map, 2022

1.3 Trade with the Western Cape

Historic trade relations along with other trade agreements such as UK-SACUM act and AGOA have facilitated enhanced bilateral trade relations between South Africa and the Western Cape and Botswana. Trade between the province and Botswana has traditionally been skewed toward the Western Cape, with the province's trade balance with Botswana firmly in a surplus throughout the period under review. The Western Cape's exports to Botswana fluctuated over the past decade with total receipts ranging from ZAR6,500.59m in 2012 to ZAR8,959.08m in 2021. Total exports increased by 34.90% y-o-y to reach ZAR8,959.08m in 2021, up from ZAR6,641.47m in 2020, while imports followed a similar trend increasing by 7.33% y-o-y to a value of ZAR174.41m in 2021, up from ZAR162.50m in 2020.

Figure 3: Western Cape Trade with Botswana, 2012-2021



Source: Quantec; 2022

In 2021, refined petroleum oils (ZAR3,758.58m) were the Western Cape's largest export category to Botswana, accounting for 41.95% of the province's total export receipts earned from trade with Botswana. Exports of fruit juices were second (ZAR365.85m), while cigars, cheroots, cigarillos, and cigarettes (ZAR300.46m) completed the top three exports.

In turn, the Western Cape's largest import from Botswana in 2021 were live bovine animals (ZAR107.72m) accounting for 61.76% of all imports. Frozen meat of bovine animals (ZAR12.56m), and meat of bovine animals, fresh or chilled (ZAR7.99m) were the second and third largest imported products, respectively.

Table 5: Top 10 Western Cape export and import products from Botswana in 2021

TOP 10 EXPORTS FROM THE WESTERN CAPE TO BOTSWANA, 2021				TOP 10 IMPORTS BY THE WESTERN CAPE FROM BOTSWANA, 2021			
RANK	PRODUCT (HS4)	VALUE 2021 (ZARm)	% SHARE 2021	RANK	PRODUCT (HS4)	VALUE 2021 (ZARm)	% SHARE 2021
1	Refined petroleum oils	3 758,58	41,95%	1	Live bovine animals	107,72	61,76%
2	Fruit juices	365,85	4,08%	2	Frozen meat of bovine animals	12,56	7,20%
3	Cigars, cheroots, cigarillos, and cigarettes	300,46	3,35%	3	Meat of bovine animals, fresh or chilled	7,99	4,58%
4	Other fermented beverages	284,43	3,17%	4	Grain sorghum	6,56	3,76%
5	Milk and cream, not concentrated	168,72	1,88%	5	Tubes, pipes, and hoses	6,22	3,56%
6	Wine of fresh grapes	140,17	1,56%	6	Bran, sharps, and other residues	4,93	2,83%
7	Other footwear with outer soles	112,25	1,25%	7	Other moving, grading, levelling, and scraping machines	3,79	2,17%
8	Rice	106,65	1,19%	8	Recovered (waste and scrap) paper or paperboard	2,64	1,51%
9	Sauces and preparations therefor	105,30	1,18%	9	Precious stones (other than diamonds)	2,50	3,21%
10	Other articles of aluminium	100,50	1,12%	10	Coal and briquettes	2,36	3,18%
TOTAL EXPORTS		8 959,08	100,00%	TOTAL IMPORTS		174,41	100,00%

Source: Quantec; 2022

1.4 Tariffs

Tariffs imposed by Botswana on South African exports are listed below.

Table 6: Tariffs imposed by Botswana on South Africa exports.

TARIFFS IMPOSED ON SOUTH AFRICAN EXPORTS TO BOTSWANA, 2021					
HS CODE AND PRODUCT DESCRIPTION	TARIFF	HS CODE AND PRODUCT DESCRIPTION	TARIFF	HS CODE AND PRODUCT DESCRIPTION	TARIFF
H01: Live animals	0	H33: Essential oils, perfumes, cosmetics, toiletries	0	H65: Headgear and parts thereof	0
H02: Meat and edible meat offal	0	H34: Soaps, lubricants, waxes, candles, modelling pastes	0	H66: Umbrellas, walking-sticks, seat-sticks, whips	0
H03: Fish, crustaceans, molluscs, aquatic invertebrates	0	H35: Albuminoids, modified starches, glues, enzymes	0	H67: Bird skin, feathers, artificial flowers, human hair	0
H04: Dairy products, eggs, honey, edible animal product	0	H36: Explosives, pyrotechnics, matches, pyrophorics	0	H68: Stone, plaster, cement, asbestos, mica, articles	0
H05: Products of animal origin	0	H37: Photographic or cinematographic goods	0	H69: Ceramic products	0
H06: Live trees, plants, bulbs, roots, cut flowers	0	H38: Miscellaneous chemical products	0	H70: Glass and glassware	0
H07: Edible vegetables and certain roots and tubers	0	H39: Plastics and articles thereof	0	H71: Pearls, precious stones, metals, coin	0
H08: Edible fruit, nuts, peel of citrus fruit, melons	0	H40: Rubber and articles thereof	0	H72: Iron and steel	0
H09: Coffee, tea, mate and spices	0	H41: Raw hides and skins (other than fur skins) and leather	0	H73: Articles of iron or steel	0
H10: Cereals	0	H42: Articles of leather, animal gut, harness, travel goods	0	H74: Copper and articles thereof	0
H11: Milling products, malt, starches, inulin, wheat gluten	0	H43: Fur skins and artificial fur, manufactures thereof	0	H75: Nickel and articles thereof	0
H12: Oil seed, oleagious fruits, grain, seed, fruit,	0	H44: Wood and articles of wood, wood charcoal	0	H76: Aluminium and articles thereof	0
H13: Lac, gums, resins, vegetable saps and extracts	0	H45: Cork and articles of cork	0	H78: Lead and articles thereof	0
H14: Vegetable plaiting materials, vegetable products	0	H46: Manufactures of plaiting material, basketwork, etc.	0	H79: Zinc and articles thereof	0
H15: Animal, vegetable fats and oils, cleavage products,	0	H47: Pulp of wood, fibrous cellulosic material, waste	0	H80: Tin and articles thereof	0
H16: Meat, fish and seafood food preparations	0	H48: Paper & paperboard, articles of pulp, paper and board	0	H81: Other base metals, cermet's, articles thereof	0
H17: Sugars and sugar confectionery	0	H49: Printed books, newspapers, pictures	0	H82: Tools, implements, cutlery, of base metal	0
H18: Cocoa and cocoa preparations	0	H50: Silk	0	H83: Miscellaneous articles of base metal	0
H19: Cereal, flour, starch, milk preparations and products	0	H51: Wool, animal hair, horsehair yarn and fabric thereof	0	H84: Nuclear reactors, boilers, machinery	0
H20: Vegetable, fruit, nut food preparations	0	H52: Cotton	0	H85: Electrical, electronic equipment	0
H21: Miscellaneous edible preparations	0	H53: Vegetable textile fibres paper yarn, woven fabric	0	H86: Railway, tramway locomotives, rolling stock, equipment	0
H22: Beverages, spirits, and vinegar	0	H54: Manmade filaments	0	H87: Vehicles other than railway, tramway	0
H23: Residues, wastes of food industry, animal fodder	0	H55: Manmade staple fibres	0	H88: Aircraft, spacecraft, and parts thereof	0
H24: Tobacco and manufactured tobacco substitutes	0	H56: Wadding, felt, nonwovens, yarns, twine, cordage	0	H89: Ships, boats, and other floating structures	0
H25: Salt, sulphur, earth, stone, plaster, lime and cement	0	H57: Carpets and other textile floor coverings	0	H90: Optical, photo, technical, medical apparatus	0
H26: Ores, slag, and ash	0	H58: Special woven or tufted fabric, lace, tapestry	0	H91: Clocks and watches and parts thereof	0
H27: Mineral fuels, oils, distillation products,	0	H59: Impregnated, coated, or laminated textile fabric	0	H92: Musical instruments, parts, and accessories	0

TARIFFS IMPOSED ON SOUTH AFRICAN EXPORTS TO BOTSWANA, 2021					
HS CODE AND PRODUCT DESCRIPTION	TARIFF	HS CODE AND PRODUCT DESCRIPTION	TARIFF	HS CODE AND PRODUCT DESCRIPTION	TARIFF
H28: Inorganic chemicals, precious metal compound, isotopes	0	H60: Knitted or crocheted fabric	0	H93: Arms and ammunition, parts, and accessories thereof	0
H29: Organic chemicals	0	H61: Articles of apparel, accessories, knit or crochet	0	H94: Furniture, lighting, signs, prefabricated buildings	0
H30: Pharmaceutical products	0	H62: Articles of apparel, accessories, not knit or crochet	0	H95: Toys, games, sports requisites	0
H31: Fertilizers	0	H63: Other made textile articles, sets, worn clothing	0	H96: Miscellaneous manufactured articles	0
H32: Tanning, dyeing extracts, tannins, derivatives, pigments	0	H64: Footwear, gaiters and the like, parts thereof	0	H97: Works of art, collector's pieces, and antiques	0

Source: Trade Map, 2022

NOTE: Exporters should not take the HS2 tariff as conclusive and as the actual tariff that will be applied to the exported product. The tariffs indicated above are average tariffs and for products within the category it may be higher or lower than indicated. Where the tariff is zero it can be assumed that there is zero tariff applicable to all products within that HS code. Tariffs are determined according to the importing country's national tariff line from the HS6 level and upwards. Exporters are advised to visit www.macmap.org to determine the exact tariff applicable to the product at HS6.

1.5 Import Requirements and Documentation

Bilateral Trade Agreements between South Africa and Botswana

Southern African Customs Union (SACU)

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

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

African Growth and Opportunity Act

Botswana is a beneficiary of the U.S. African Growth and Opportunity Act, which runs until 2025 under the Trade Preferences Enhancement Act of 2015. Under AGOA, more than 6,500 product categories of goods are granted duty and quota free access to the U.S. market.

Southern African Development Community (SADC) Free Trade Protocol

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

The SADC Free Trade Area (FTA), though in place, is not yet implemented. In August 2008, Botswana was one of the twelve SADC members to sign the FTA. Angola and the Democratic Republic of Congo are yet to sign. Under the SADC FTA, tariffs and non-tariff barriers will be eliminated on substantially all trade between the members. The implementation of the FTA started in 2000 following the signing of the SADC Trade Protocol. Through the FTA, 85% of trade in goods produced in the region will move across borders free of customs duties. Trade liberalization has taken place at different rates, with the more developed member states (South Africa, Namibia, Botswana, Swaziland, and Lesotho) reducing tariffs at a faster rate (Export.gov, 2022).

World Trade Organization

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

SADC – EU Economic Partnership Agreement

On 10 June 2016, Botswana signed an interim Economic Partnership Agreement (EPA) with the European Union (EU). The EPA provides duty and quota free access on goods to the EU markets. Negotiations need to be completed on the treatment of services and new generation issues. Botswana remains the coordinator of the SADC EPA Group at Ministerial level.

China and India

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

Mercosur

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

Source: ITA, 2022

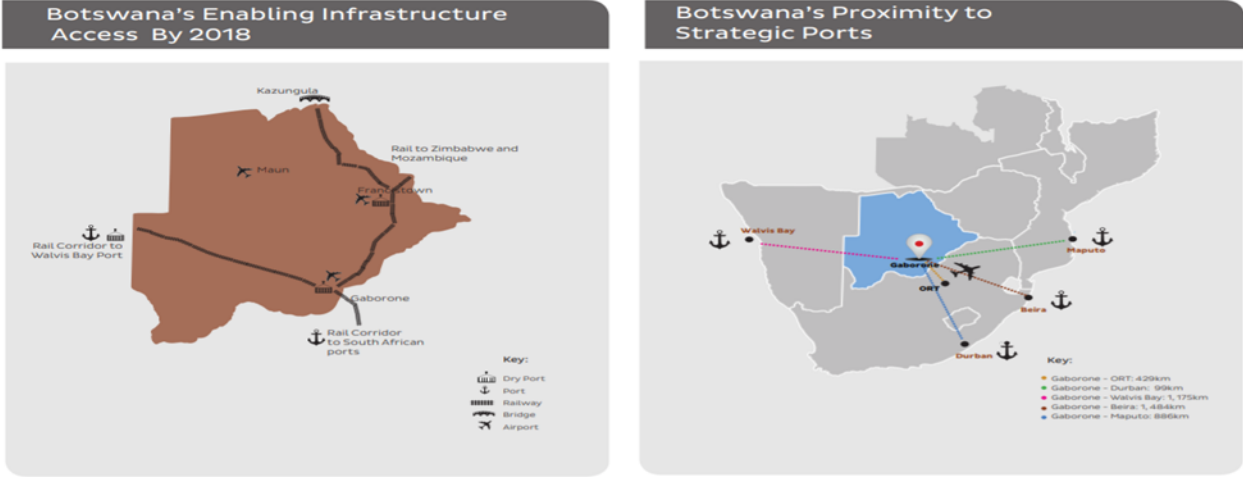
1.6 Logistics

Centrally located in SADC, Botswana offers land-linked access to seven fast-growing markets and serves as the perfect location to leverage regional trade growth, with intra-regional 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 and the third best logistics operating environment in the region. It provides an alternative route to SADC's other highly congested corridors, such as the route from South Africa through Zimbabwe and further north to Zambia and the Democratic Republic of the Congo (DRC), and can leverage favourable port, rail and road infrastructure in neighbouring South Africa and Namibia.

Botswana has committed significant investment to develop new and revitalise existing transport corridors making use of road, rail, airports, dry ports, and one-stop border posts. Worthy to note is the BWP1.4 billion Kazungula Bridge Project linking Botswana to Zambia and other SADC markets.

Botswana also offers the ideal sub-regional air freight and logistics satellite hub which can serve as an alternative distribution base for freight forwarders and cargo owners seeking to access the SADC region. Botswana is well-positioned to transport small volume, short lead-time cross-border cargo and freight via air rather than by road. Partnering with internationally established players will allow for access to extended networks.

Figure 4: Botswana's Enabling Infrastructure Access points and Proximity to Strategic Ports



Source: Frontier Advisory Analysis, 2015
 Source: Frontier Advisory Analysis, 2021

The table below shows the distance and time it takes goods to travel from Cape Town Port terminal to Botswana's main seaports.

Table 7: Distance from Cape Town to various port terminals in Botswana

CAPE TOWN PORT TERMINAL TO VARIOUS PORT TERMINALS IN BOTSWANA		
PORT	DISTANCE	TRANSIT TIME
Francistown BWFRW	3 151.14 km (1 701.48 M)	5 days 10 hours
Gaborone BWGBE	1950.65 km (1053.27 M)	3 days 9hours
Lobatse BWLOQ	1950.65 km (1053.27 M)	3 days 9hours
Selebi Phikwe BWPKW	3151.14 km (1701.48 M)	5 days 10 hours

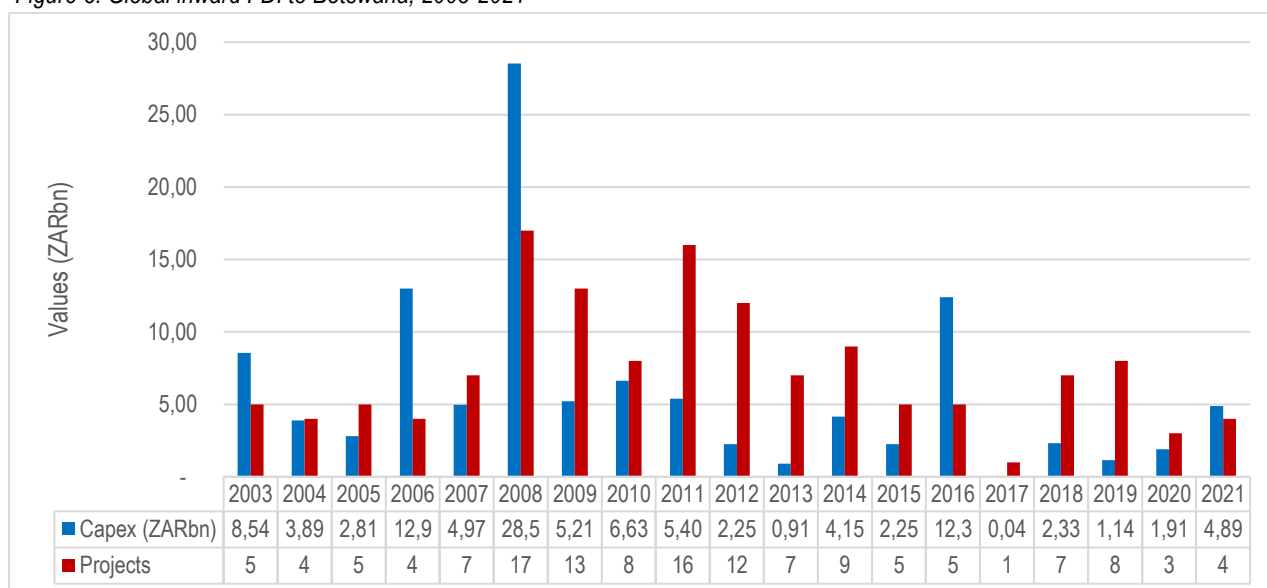
Source: Sea-rates; 2022

2. Investments

2.1 Global Investment into Botswana

Between January 2003 and December 2021, a total of 1,751 FDI projects were recorded into Botswana. These projects represent a total capital investment of ZAR1,499.27bn which is an average investment of ZAR855.90m per project. During the period, a total of 195 jobs were created.

Figure 5: Global inward FDI to Botswana, 2003-2021



Source: FDI Intelligence, 2022

The United States contributed the highest amount of investment projects from 2003 to December 2021 with (29) projects into Botswana, followed by Spain (17) and Brazil (13).

Table 8: Top 10 source markets for FDI into Botswana 2021

TOP 10 SOURCE MARKETS FOR FDI INTO BOTSWANA, 2003 – DEC 2021							
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (ZARbn)	% CAPEX	COMPANIES	% COMPANIES
1	United States	29	20,71%	9,49	8,53%	25	22,12%
2	Spain	17	12,14%	13,44	12,08%	14	12,39%
3	Brazil	13	9,29%	2,77	2,49%	10	8,85%
4	Germany	12	8,57%	3,86	3,47%	9	7,96%
5	France	9	6,43%	24,21	21,76%	8	7,08%
6	Canada	7	5,00%	20,41	18,35%	6	5,31%
7	United Kingdom	6	4,29%	2,60	2,33%	5	4,42%
8	Chile	5	3,57%	3,65	3,28%	3	2,65%
9	Mexico	5	3,57%	0,66	0,59%	2	1,77%
10	Italy	4	2,86%	0,58	0,52%	3	2,65%
TOTAL		140	100.00%	1,499.27	100.00%	113	100.00%

Source: FDI Intelligence, 2022

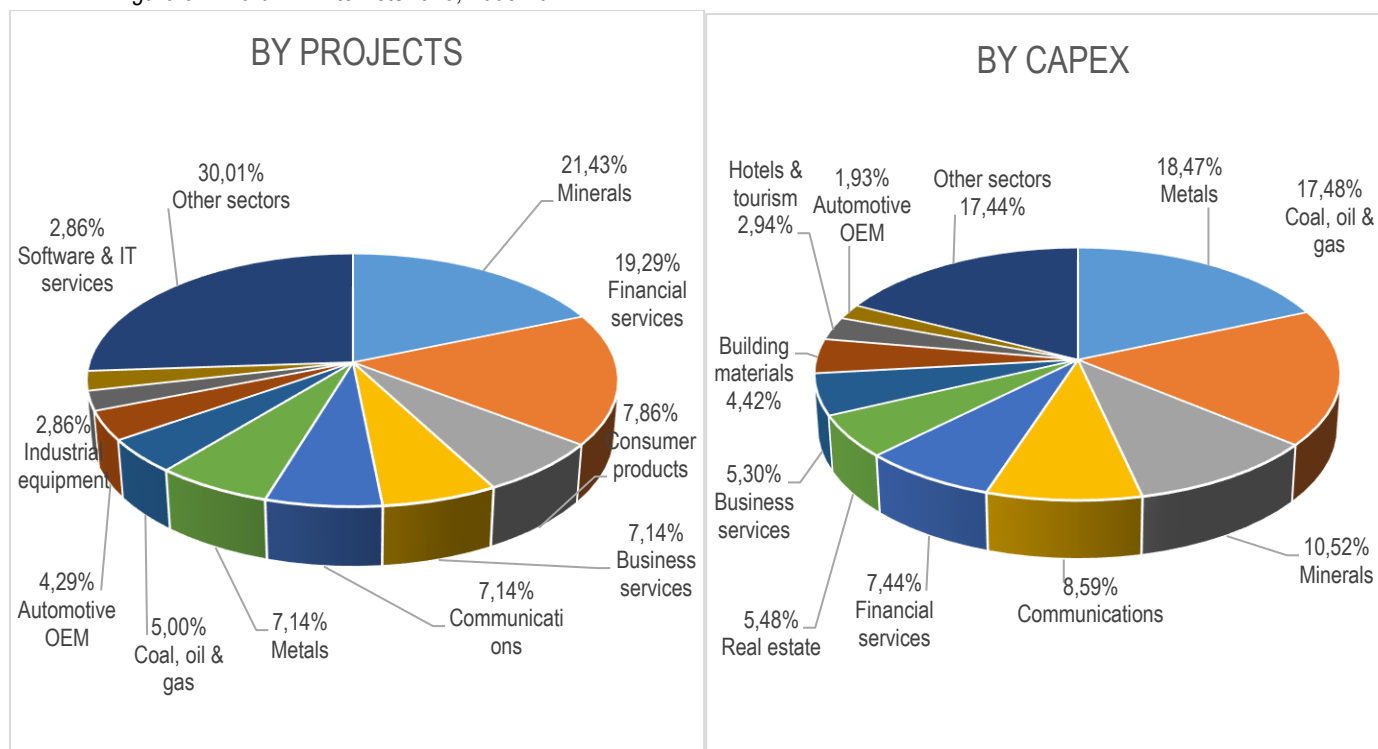
The two diagrams below represent inward investment into Botswana by the various sectors. When looking at sector investment by the number of projects, the following sectors received the most investment:

- Minerals: 21.43%.
- Financial services: 19.29%
- Consumer products: 7.86%

In terms of capital expenditure, the following sectors received the largest investment:

- Metals: 18.47%
- Coal, Oil and Natural Gas: 17.48%
- Minerals: 10.52%

Figure 6: Inward FDI into Botswana, 2003-2021



Source: FDI Intelligence, 2022

N.B. FDI into Botswana by projects saw other sectors landing 30.01% of investments. It is vital to note that 'other sectors' constitute the remaining sectors in Botswana that did not qualify to be in the top 10 list on landing investments.

The table below shows the largest companies investing into Botswana:

Over the period 2003 to December 2021, Kia Motors from South Korea was the top investing company into Botswana with 4 projects to the tune of ZAR499.17m worth of capital expenditure. This was followed by Debswana from South Africa investing into the minerals sector of Botswana with a total number of 3 projects worth ZAR2,175.06m. Notably, six of the top 10 investing companies into Botswana were from the African region.

Table 9: Top 10 companies into Botswana, 2003-2021

TOP 10 COMPANIES INTO BOTSWANA, 2003 – 2021					
RANK	INVESTING COMPANY	SOURCE COUNTRY	SECTOR	PROJECTS	CAPEX (ZARm)
1	Kia Motors	South Korea	Automotive OEM	4	499,17
2	Debswana	South Africa	Minerals	3	2 175,06
3	Orange Botswana	Botswana	Communications	3	3 101,47
4	Standard Chartered Bank Botswana	Botswana	Financial services	3	453,14
5	Suashish Diamonds	India	Minerals	3	1 055,88

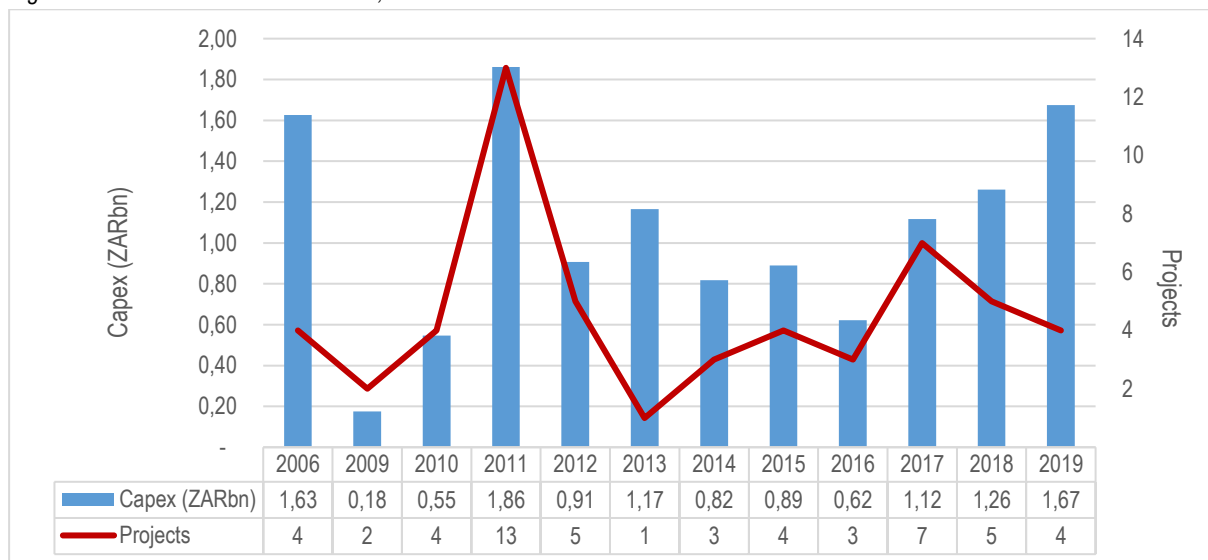
TOP 10 COMPANIES INTO BOTSWANA, 2003 – 2021					
RANK	INVESTING COMPANY	SOURCE COUNTRY	SECTOR	PROJECTS	CAPEX (ZARm)
6	African Diamonds	Ireland	Minerals	2	1 599,64
7	African Queen Mines	Botswana	Minerals	2	1 599,64
8	Builders Warehouse	United States	Consumer products	2	572,53
9	Capital Bank Limited	Malawi	Financial services	2	316,48
10	De Beers	South Africa	Minerals	2	949,43
TOTAL				140	111,24

Source: FDI Intelligence, 2022

2.2 Global Investment from Botswana

Between January 2003 and December 2021, a total of 532 outward FDI projects were recorded from Botswana. These projects represent a total capital investment of ZAR202.75bn which is an average investment of ZAR381.2m per project. During this period, a total of 54,210 jobs were created. The largest capital expenditure was recorded in 2020 amid the COVID-19 pandemic recording an estimated ZAR30bn with 19 projects, while the most projects were recorded in 2005 recording 66 projects.

Figure 7: Outward FDI from Botswana, 2003-2021



Source: FDI Intelligence, 2022

N.B Missing years from the chart entails that, no investments were recorded out of Botswana in those years.

Zimbabwe was the largest destination market for investments from Botswana with 13 projects and a value of ZAR2,357.75m capex. Zambia and South Africa followed receiving 12 and 9 projects respectively completing the top 3 destinations.

Table 10: Top 10 destination markets for FDI into Botswana, 2003 – 2021

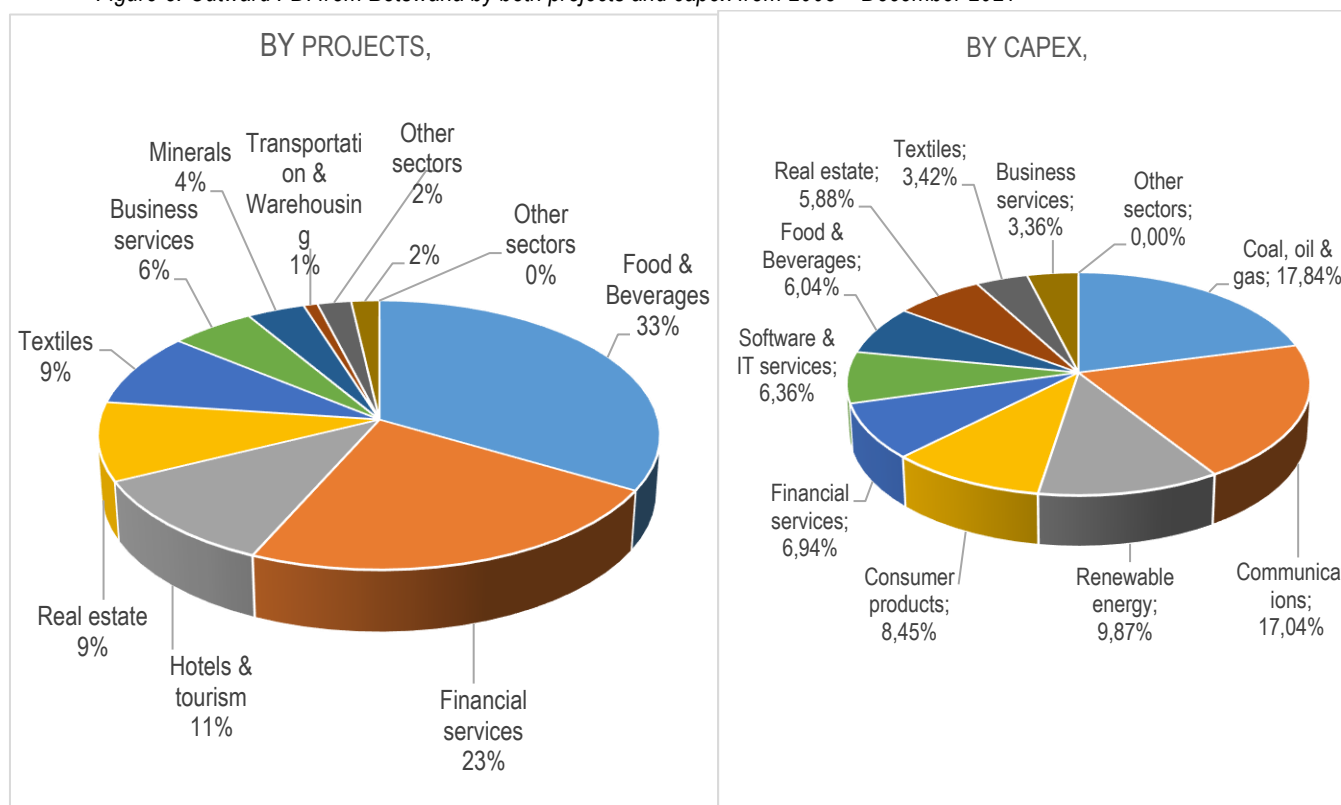
TOP 10 DESTINATION MARKETS FOR FDI INTO BOTSWANA, 2003 – DEC 2021							
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (ZARm)	% CAPEX	COMPANIES	% COMPANIES
1	Zimbabwe	13	23,64%	2 357,75	18,62%	4	22,22%
2	Zambia	12	21,82%	2 183,69	17,25%	5	27,78%
3	South Africa	9	16,36%	3 993,36	31,54%	4	22,22%
4	Mozambique	5	9,09%	841,54	6,65%	3	16,67%
5	Namibia	5	9,09%	739,40	5,84%	3	16,67%
6	Tanzania	5	9,09%	1 796,72	14,19%	5	27,78%
7	Kenya	2	3,64%	385,53	3,04%	1	5,56%
8	Ghana	1	1,82%	97,82	0,77%	1	5,56%
9	Netherlands	1	1,82%	12,95	0,10%	1	5,56%
10	UAE	1	1,82%	94,94	0,75%	1	5,56%
TOTAL		55	100.00%	12 661,93	100.00%	18	100.00%

Source: FDI Intelligence, 2022

The figures below show global outward FDI from Botswana by sector, for the period January 2003 to December 2021 by number of projects and capex. In terms of projects, food and beverages sector were the leading recipient sector with 33% followed by financial services (23%) and hotel and tourism services (11%).

In terms of capital expenditure coal, oil and natural gas (17.84%) received the most investment from Botswana companies. Communications (17.04%) and alternative/renewable energy (9.87%) sectors completed the top three recipients of outward investment from Botswana.

Figure 8: Outward FDI from Botswana by both projects and capex from 2003 – December 2021



Source: FDI Intelligence, 2022

The table below shows the largest outward investments by Botswana's companies between 2003 and December 2021. With 18 FDI projects, Choppies tops the list of the leading 10 companies from Botswana that invested in the rest of the world between 2003 and 2021. Banc ABC Zimbabwe (6 projects), and Banc ABC Zambia (5 projects) completed the list of the three companies from Botswana with the highest number of FDI projects across the globe during the period under review.

Table 11: Top 10 companies investing from Botswana 2003 -2021

TOP 10 COMPANIES INVESTING FROM BOTSWANA, 2003-DEC 2021					
RANK	INVESTING COMPANY	SOURCE COUNTRY	SECTOR	PROJECTS	CAPEX (ZARm)
1	Choppies	Botswana	Food & Beverages	18	3 494,20
2	Banc ABC Zimbabwe	Botswana	Financial services	6	819,96
3	Banc ABC Zambia	Botswana	Financial services	5	769,61
4	Choppies Zimbabwe	Botswana	Food & Beverages	5	854,49
5	Letshego Holdings (Micro Provident Botswana)	Botswana	Business services	4	632,95
6	Funeral Services Group (FSG)	Botswana	Business services	3	719,26
7	ABC Holdings (Banc ABC)	Botswana	Financial services	2	273,32
8	Banc ABC Mozambique	Botswana	Financial services	2	273,32
9	Air Botswana	Botswana	Transportation	1	117,96
10	Banc ABC Tanzania	Botswana	Financial services	1	158,24
TOTAL				55	12 661,90

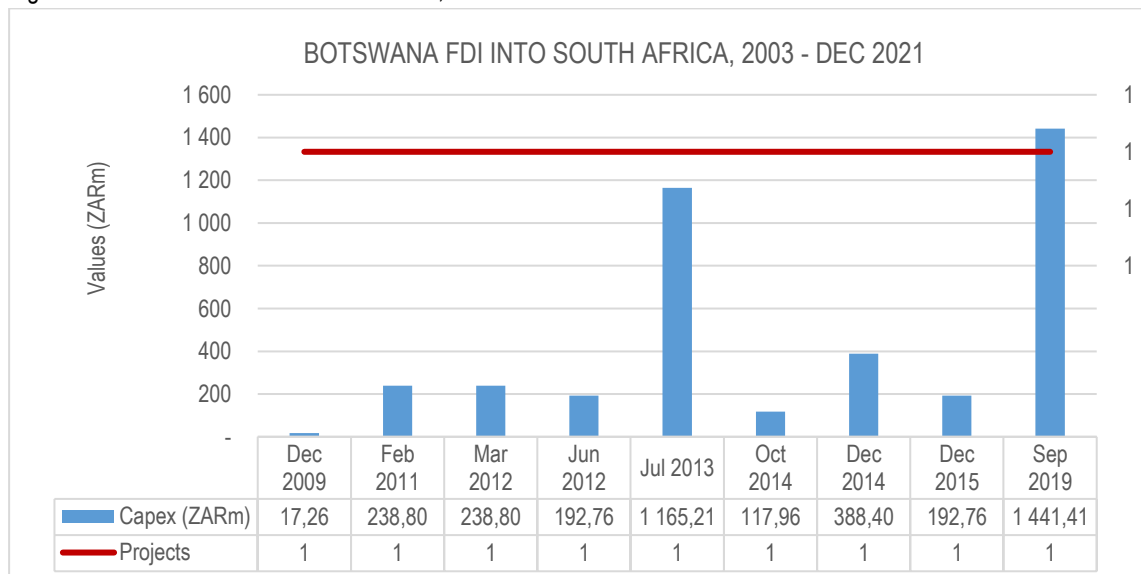
Source: FDI Intelligence, 2022

2.3 Investment Relations between South Africa and Botswana

2.3.1 Foreign Direct Investment from Botswana into South Africa

Between January 2003 and December 2021, nine FDI projects were recorded from Botswana to South Africa. These projects attracted a capital investment worth **ZAR3,993.36m**, resulting in the creation of 2,192 jobs. Most of these projects landed in the Hotels & tourism, Food & Beverages, Textiles and Transportation & Warehousing.

Figure 9: FDI from Botswana to South Africa, 2003 – December 2021



Source: FDI Intelligence, 2022.

Missing years from the chart entails that, no investments were recorded out of Botswana in those years.

Botswana construction firm, RDC Properties, ranked first in terms of capital investments. In June 2019, the company invested a total of ZAR1,44bn in capital expenditure in the South African hotel and tourism sector, creating an estimated 202 jobs. This was followed by Choppies through multiple projects from 2003 to 2021, with the most investments falling in the food and beverages sector.

Table 12: Companies from Botswana investing in South Africa, 2003 – December 2021

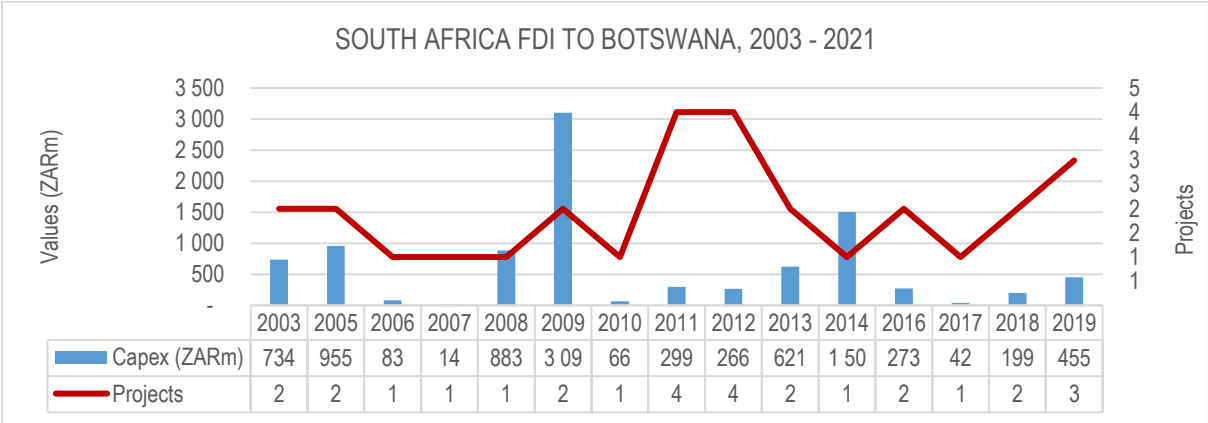
BOTSWANA FDI INTO SOUTH AFRICA, 2003 - 2021							
DATE	INVESTING COMPANY	DESTINATION STATE	INDUSTRY SECTOR	SUB-SECTOR	INDUSTRY ACTIVITY	CAPEX (ZARm)	JOBS
2019/09/01	RDC Properties	Gauteng	Hotels & tourism	Tourism	Construction	1 441,41	202
2015/12/01	Choppies	Not specified	Food & Beverages	Retail Trade	Retail	192,76	132
2014/10/01	Choppies	Northwest	Food & Beverages	Agribusiness	Logistics, Distribution & Transportation	388,40	164
2013/07/01	Air Botswana	Western Cape	Transportation & Warehousing	Transportation & Warehousing	Sales, Marketing & Support	117,96	22
2012/06/01	Northern Textile Mills (NORTEX)	Western Cape	Textiles	Wood, Apparel & Related Products	Manufacturing	1 165,21	1166
2012/03/01	Choppies	Northern Cape	Food & Beverages	Retail Trade	Retail	192,76	132
2011/02/01	Choppies	Northwest	Food & Beverages	Retail Trade	Retail	238,80	177
2009/02/02	Choppies	Northwest	Food & Beverages	Retail Trade	Retail	238,80	177

Source: FDI Intelligence 2022

2.3.2 Outward FDI from South Africa to Botswana

South African companies invested a total of 29 FDI projects in Botswana from 2003 to December 2021. Three of the companies that invested in Botswana were from Cape Town. Most of the investments from South Africa to Botswana landed in the retail, extraction, and sales, marketing & support

Figure 10; FDI from South Africa to Botswana, 2003 – December 2021



Source: FDI Intelligence 2022

N.B Missing years from the chart entails that, no investments were recorded out of South Africa to Botswana in those years.

De Beers from Johannesburg was the top company investing in Botswana. The company invested in the minerals sector an estimated 5 projects worth ZAR3,124.48m. This was followed by Debswana following a similar trend of focusing on the Botswana minerals sector an estimated 3 projects worth ZAR2,175.08m in capital expenditure.

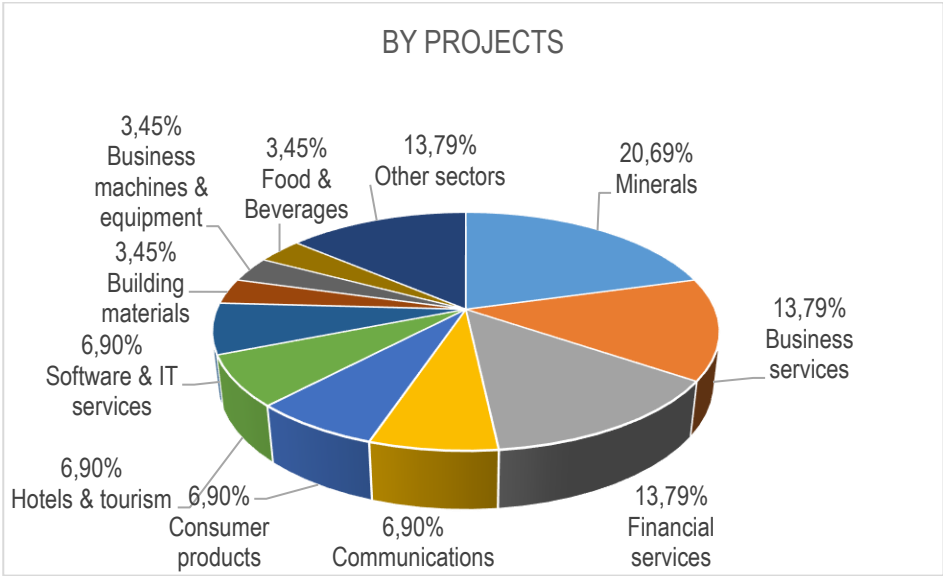
Table 12: FDI from South Africa to Botswana, 2003 – December 2021

FDI FROM SOUTH AFRICA TO BOTSWANA, 2003 – DECEMBER 2021						
DATE	INVESTING COMPANY	SOURCE CITY	INDUSTRY SECTOR	INDUSTRY ACTIVITY	CAPEX (ZARm)	PROJECTS
Nov 2019	De Beers	Johannesburg	Minerals	Retail	3 124,48	5
Nov 2019	Debswana	Johannesburg	Minerals	Extraction	2 175,06	3
Nov 2019	Melbro Holdings	Cape Town	Consumer products	Retail	83,43	2
Dec 2014	The Crazy Store	Cape Town	Consumer products	Retail	83,43	2
Mar 2011	4most	Centurion	Software & IT services	Business Services	83,43	1
Oct 2009	Absolut Tours & Safaris	Cape Town	Hotels & tourism	Sales, Marketing & Support	15,82	1
Oct 2009	Africa practice	Johannesburg	Business services	Headquarters	156,80	1
Sep 2009	Bowmans (Bowman Gilfillan)	Johannesburg	Business services	Business Services	310,72	1
Aug 2008	CNBC Africa	Johannesburg	Communications	Business Services	40,28	1
Feb 2008	Carrick Wealth	Cape Town	Financial services	Business Services	136,66	1
TOTAL					2,901.51	29

Source: FDI Intelligence, 2022

As shown in Figure 12 below, the mineral sector was the largest recipient of projects, accounting for 20.69% of total projects invested into Botswana by South Africa over the period 2003 to December 2021. Other sectors in Botswana which attracted a greater FDI by projects were business services and financial services all fetching 13.79% of the total projects received.

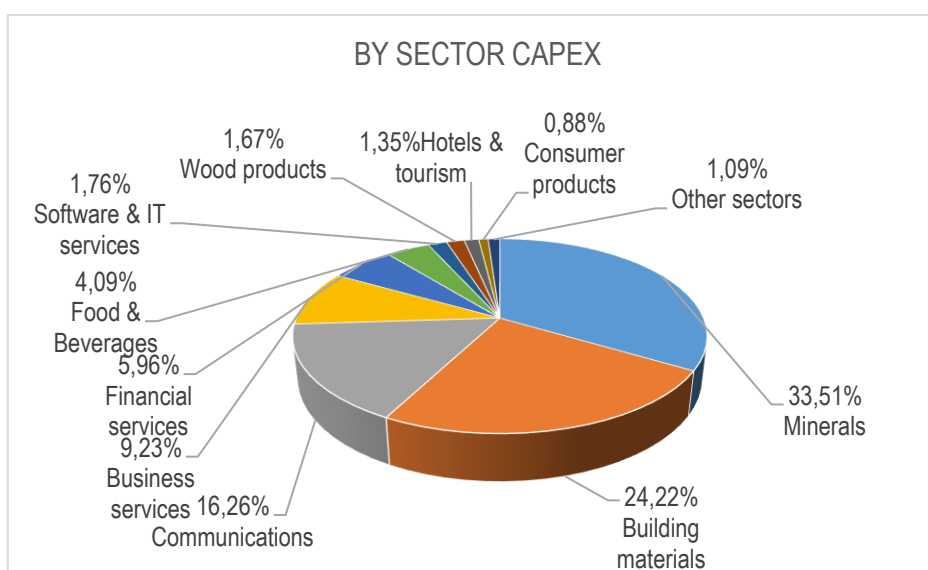
Figure 12; South Africa FDI into Botswana by sector projects, 2003 - 2021



Source: FDI Markets 2022

On the other hand, the Botswana mineral sector received the most FDI by Capex at 33.51%. This was followed by the building materials and the communications sector fetching, 24.22% and 16.26% respectively.

Figure 13: South Africa FDI into Botswana by sector capex, 2003 - 2021



Source: FDI Markets 2022

2.3.3 Foreign Direct Investment from Botswana into the Western Cape

Between January 2003 and December 2021, a total of 2 FDI projects were recorded from Botswana into the Western Cape. These projects represent a total capital investment of ZAR1,165.21m. During the period, a total of 1,188 jobs were created. The table below shows the companies from Botswana that invested in the Western Cape over the period under study.

Table 13: Western Cape inward FDI from Botswana

BOTSWANA FDI INTO WESTERN CAPE, 2003 - DEC 2021							
DATE	INVESTING COMPANY	DESTINATION STATE	INDUSTRY SECTOR	SUB-SECTOR	INDUSTRY ACTIVITY	CAPEX (ZARm)	JOBS
Oct-2014-	Air Botswana		Transportation & Warehousing	Transportation & Warehousing	Sales, Marketing & Support	117.96	22
Jul-2013-	Northern Textile Mills (NORTEX)		Textiles	Wood, Apparel & Related Products	Manufacturing	1,165.21	1166

Source: FDI Markets 2022

2.3.4 Foreign Direct Investment from the Western Cape to Botswana

Five Western Cape companies invested a total of 6 FDI projects in Botswana from 2003 to December 2021. These projects were worth ZAR 684.70m in capital expenditure at the same time creating 471 jobs. Table 14 gives a highlight of companies from the province that invested in Botswana over the period under study.

Table 14: Western Cape outward FDI to Botswana

WESTERN CAPE FDI INTO BOTSWANA, 2003 – 2021							
DATE	INVESTING COMPANY	DESTINATION STATE	INDUSTRY SECTOR	SUB-SECTOR	INDUSTRY ACTIVITY	CAPEX (ZARm)	JOBS
June-2019-	Shoprite	Kgatlang	Food & Beverages	Agribusiness	Logistics, Distribution & Transportation	388.40	164
Feb-2018-	The Crazy Store	Kgatlang	Consumer products	Retail Trade	Retail	41.72	115
Apr-2017-	The Crazy Store	Kgatlang	Consumer products	Retail Trade	Retail	41.72	115

WESTERN CAPE FDI INTO BOTSWANA, 2003 – 2021							
DATE	INVESTING COMPANY	DESTINATION STATE	INDUSTRY SECTOR	SUB-SECTOR	INDUSTRY ACTIVITY	CAPEX (ZARm)	JOBS
Oct-2016-	Carrick Wealth	Kgatleng	Financial services	Financial Services	Business Services	136.66	22
Aug-2012-	Absolut Tours & Safaris	Ngamiland	Hotels & tourism	Tourism	Sales, Marketing & Support	15.82	17
Jul-2011-	Clicks Group	Kgatleng	Pharmaceuticals	Retail Trade	Retail	60.42	38

Source: FDI Markets 2022

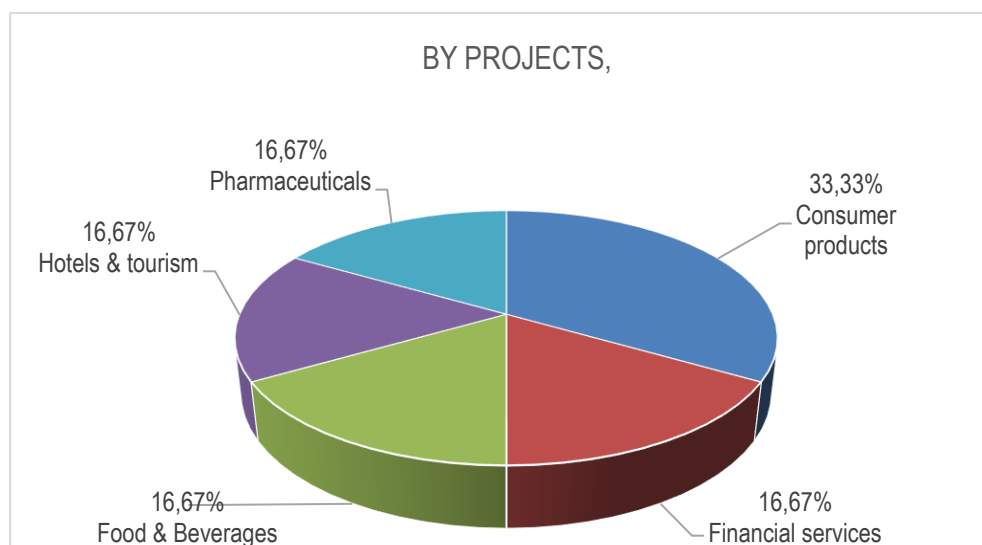
The two diagrams below represent outward investment from the Western Cape into Botswana by the various sectors. When looking at sector investment by the number of projects, the following sectors received the most investment:

- Consumer products 33.33%.
- Financial services & the remaining sectors all contributed:16.67%

In terms of capital expenditure, the following sectors received the largest investment:

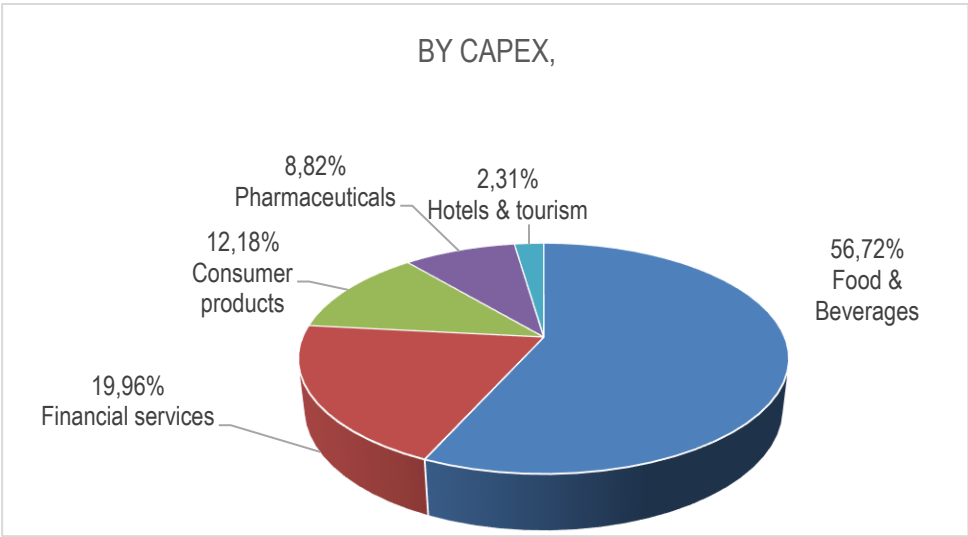
- Communications: 26.89%
- Coal, Oil and Natural Gas:16.39%
- Transportation & Warehousing: 7.59%

Figure 14: Outward FDI from the Western Cape to Botswana by sector projects



Source: FDI Markets 2022

Figure 15: Outward FDI from the Western Cape to Botswana by sector Capex



Source: FDI Markets 2022

3. Tourism

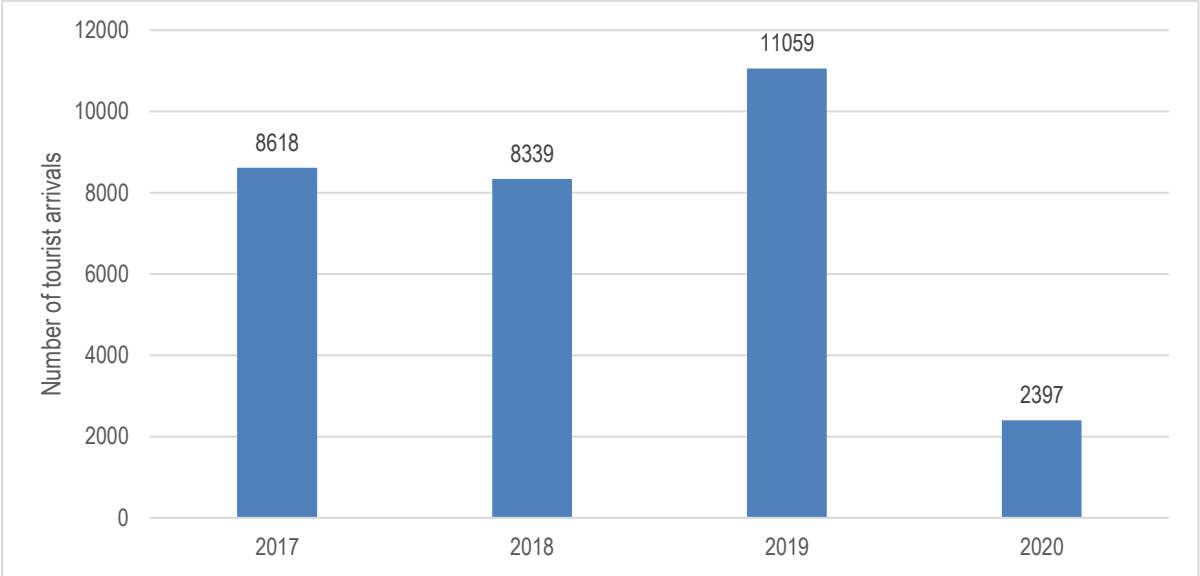
3.1 Botswana tourist arrivals into South Africa and the Western Cape

According to the latest tourism report released by South African Tourism (SAT, 2021), global tourism suffered its worst year on record in 2020, with international tourist arrivals dropping by 74% according to data from the World Tourism Organizations (UNWTO) World Tourism Barometer. This was due to the COVID-19 pandemic and the travel restrictions that followed. The consequent dramatic fall in demand meant that there were 1.1 billion fewer international tourist arrivals in 2020 than 2019.

The COVID-19 pandemic has undoubtedly had a devastating impact on the tourism economy. Countries the world-over shut their borders to curb the spread of the virus, and this has since had devastating effects on the global travel industry. As a result, travellers from Botswana to Cape Town drastically decreased in January 2021, recording 4,425 arrivals from Botswana. This was a massive decline from the 44 122 travellers recorded in January 2020.

Botswana travellers primarily enjoy shopping, the outdoors, visiting the beach and natural attractions. They also kept busy enjoying the nightlife and business ventures. Most travellers are most impressed with South Africa’s beautiful scenery, wildlife and the hospitality and friendliness of people. They typically visit the Western Cape, Gauteng, and Mpumalanga province and their length of stay in the country is on average 14 nights.

Figure 15: Botswana Tourist Arrivals to the Western Cape 2017 – 2020



Source: SAT, 2022

For more information on this publication and other Wesgro publications please contact research@wesgro.co.za or for more publications visit the Wesgro publications portal on our website at <http://wesgro.co.za/publications>

DISCLAIMER

Wesgro has taken every effort to ensure that the information in this publication is accurate. We provide said information without representation or warranty whatsoever, whether expressed or implied. It is the responsibility of users of this publication to satisfy themselves of the accuracy of information contained herein. Wesgro cannot be held responsible for the contents of the publication in any way.

© Wesgro, 2022.