

BOTSWANA BUSINESS FORUM, GABORONE, JUNE 11 2008

Speech by
Assistant Minister of Trade and Industry, Hon Gobopang Lefhoko

It is a great pleasure for me to have been requested to speak on this important topic, which addresses the core mandate of the Ministry of Trade and Industry. I have been advised to keep my speech short and I will indeed be very brief.

Botswana's economic strategy has been directed towards rapid growth and economic diversification. Botswana's economy is heavily dependent on production and export of minerals and meat, with no value addition through processing. The current strategy is to diversify the economy towards export of manufactured goods and services production of jewellery, leather products, glass and other downstream products. We, therefore, see the ongoing process of liberalisation of trade at the regional and global level as broadening the opportunities for economic diversification.

Botswana's industrial process has been undertaken within the framework of the Industrial Development Policy and priorities determined by the National Development Plans. The common themes underlying these documents have been consistent with our major economic strategy that I have just alluded to.

Through this policy, Government has undertaken to encourage establishment of highly productive and efficient export industries based on, to the extent possible, local natural resources and integrated with foreign markets and modern technology.

We continue to negotiate market access for products made in Botswana through bilateral, regional and multilateral arrangements. In addition, we are in the process of expanding our network of bilateral investment treaties to further minimise any political risks that international investors consider in setting up their businesses in the country.

Botswana's geographical position as a landlocked country presents major challenges for exports destined for overseas markets due to high transportation costs. However, we are motivated by the success of countries faced with similar situations such as Luxembourg and Switzerland which have based their industrialisation strategies on manufacturing of high value products which are least affected by such costs.

Another challenge that Botswana faces as an investment destination is its small population base of 1.7 million people. When large investors consider coming to Botswana, the first thing they consider is who is going to buy their products. Our strategic location in the Southern African Development Community (SADC) region offers opportunities for Botswana to be an ideal trade and services hub as it is the epicentre of the community. In view of the up-coming launch of the SADC Free Trade Area before the end of this year, investors stand to benefit by using our location as a spring board to access the larger regional market. The 14 SADC countries offer a market of over 200 million people and have a combined gross domestic product of approximately 300 billion US dollars. Botswana is therefore a 'place to be' to supply this extensive market.

Trade corridors are being developed in the region. The Southern African Trade Competitiveness Hub here in Gaborone is working relentlessly to harmonise import and export procedures in the region. This exercise is at an advanced stage and will include clearance procedures relating to seaports and airports in all countries in the region.

The Government of Botswana is working on several transport projects - transport hubs - aimed at improving the transport infrastructure both in Botswana and in the context of the entire SADC region.

These include the planned bridge over the Zambezi River to connect with the countries up North. The Government is also working with Namibia to establish a dry port at Walvis Bay, along with the proposed Trans-Kalahari Railway line. There is a proposal to liberalise air transport and to expand aviation infrastructure in order to attract long haul flights to Botswana.

To facilitate establishment of businesses in Botswana, several pieces of legislation have had to be reviewed. The Companies Act now provides a simple, efficient and cost effective framework for company registration. The Trade and Liquor Act has been split into two separate Acts in order to improve the regulation of trade. The Industrial Development Act has also been revised to provide for decentralisation and more frequent issuance of licenses for small and medium enterprises to Local Authorities. The Act also provides for permanent licensing replacing the ones that used to need annual renewal.

Botswana's trade balance largely reflects its position as one of the world's largest producers of diamonds. Since the first diamond exports in 1974 the trade balance has been positive. Most recently, since 2002, Botswana's total exports have more than doubled to 33.33 billion pula, with imports estimated at 20 billion. With the opening of the Diamond Trading Company Botswana, we expect these figures to grow, the creation of more jobs and of down stream business linkages.

Through market access resulting from the African Growth and Opportunity Act of the United States, exports of textiles and clothing have increased as investor who established in Botswana started to benefit from the market opportunities created. We, however, lament the fact that Botswana have not taken full advantage of this opportunity. There are over 6,500 product lines eligible to enter the US under this Act but Botswana has so far only managed to benefit from exports of a few lines.

In conclusion, I sincerely thank Capital Securities for organising this important event. It has given us an opportunity to inform both domestic and international private sector stakeholders of our commitment to partner with them in an effort to make Botswana a vibrant and diversified economy - and an investment destination of choice.

I thank you.

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