

# CARGO, FREIGHT & LOGISTICS IN BOTSWANA

INVESTOR FACTSHEET





## Overview Of Botswana

Botswana is strategically located in the heart of the Southern African Development Community (SADC) – a region with more than 250 million people. Underpinned by good governance and a zero-tolerance to corruption, it is one of the most stable and investor-friendly economies in Africa. Although its economy has been anchored on resource endowments, particularly diamonds, the country is lauded as a developmental success story on the continent.

Botswana has created an enabling environment for capital and business to thrive and support its strategic focus to diversify the economy into value-adding sectors that will serve a fast-emerging regional market. As a result it is the fourth most competitive economy in Africa, and one of the easiest African countries to do business in on the continent.

### Botswana: Quick Facts

Indicator	
Population	2.1 million
Area	581,730 km <sup>2</sup>
Capital	Gaborone
Business language	English
GDP/capita	U\$ 7,136 (PPP) 4.9% (2014) 4.2% (2015e)
Change in CPI	7.9% (2012) 5.9% (2013) 4.4% (2014)
Corruption Perception Index Rank	31 (out of 175 countries)

Source: IMF, 2015, Transparency International, 2015, Bank of Botswana, 2015 & BITC

#### LEAST CORRUPT COUNTRY IN AFRICA

SOURCE: TRANSPARENCY  
INTERNATIONAL, 2015

#### BEST SAFETY AND RULE OF LAW IN AFRICA

SOURCE: ILAG, 2014

#### 2ND FREEST ECONOMY IN AFRICA

SOURCE: HERITAGE FOUNDATION, 2014

#### COMPETITIVE CORPORATE TAX RATES, INCENTIVES

SOURCE: TRANSPARENCY INTERNATIONAL, 2014

#### 3RD EASIEST PALCE TO DO BUSINESS IN SADC

SOURCE: WORLD BANK, 2014

#### 3RD BEST GOVERNED COUNTRY IN AFRICA

SOURCE: ILAG, 2014

#### 5TH MOST COMPETITIVE ECONOMY IN AFRICA

SOURCE: WEF, 2015

#### 4TH HIGHEST HUMAN DEVELOPMENT IN AFRICA

SOURCE: ILAG, 2014

## Botswana's Cargo, Freight & Logistics Industry Overview

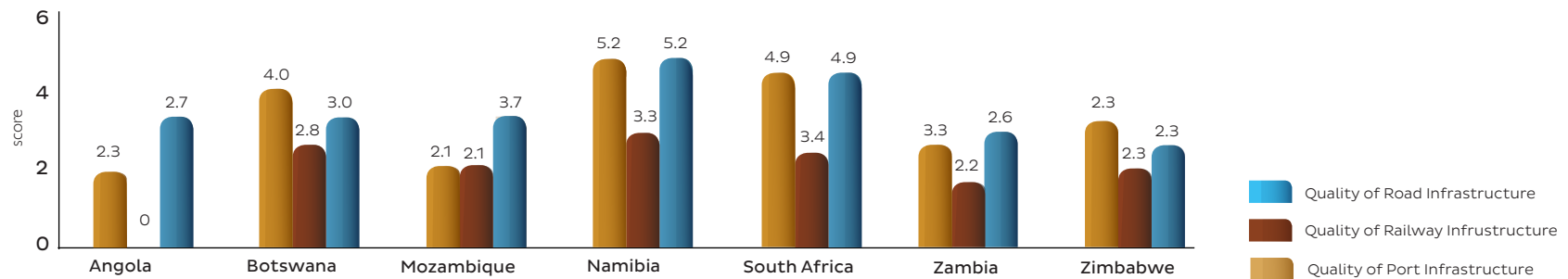
Centrally located in SADC, Botswana offers land-linked access to seven fast-growing markets and serves as the perfect location to leverage regional trade growth, with intra-regional transport volumes expected to more than double within the next two decades. According to the World Economic Forum, Botswana 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 is able to 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 of note is the P1.4 billion Kazungula Bridge Project linking Botswana and Zambia and opening up possibilities of accessing SADC further up by road.



### Botswana's Relatively Competitive Infrastructure In SADC



Source: WEF Global Competitiveness Report, 2014 - 2015 Bank of Botswana, 2015 & BITC

Score: 1 - 7 (higher average score means higher degree of competitiveness)

## Opportunities In The Botswana Cargo, Freight & Logistics Sector

Despite Botswana's relatively limited market size and landlocked positioning, its central location in SADC presents multiple opportunities for investors seeking to tap the cargo, freight and logistics sector in the region.

Among the key opportunities in the sector are:

### 270 Million Consumers:

- 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 270 million consumers, perfectly positions the country to capture regional consumer freight flows by offering bulk breaking, cargo consolidation, dry ports and cargo warehousing facilities. According to GAIN, combined trade volumes in Southern, Central and Eastern Africa are expected to reach 4.9 trillion tonnes by 2044.

### Coal Deposits:

- 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.

### Emerging East-West Corridors:

- The Trans-Kalahari Corridor from Walvis Bay Port to Johannesburg via Gaborone will provide an alternative to the highly congested Durban Port. The corridor will enable Botswana to attract cargo away from traditional entry ports in South Africa, making Botswana the ideal transshipment and consolidation hub in SADC.
- The planned Techobanine Corridor will serve as a heavy haul rail corridor between Botswana and Mozambique via Zimbabwe, supporting Botswana's future coal exports through a deep water port in the Matutuine district of Maputo province, Mozambique, unlocking further trade opportunities with Asia.

### Adding to the North-South Spine:

- The Kazungula Bridge Development will provide a road and rail bridge land link between Botswana and Zambia, facilitating the export of bulk commodities from Katanga province, DRC and the transport of coal from Botswana to copper smelters and refineries in Zambia and the DRC. Following the expected completion in 2018, Kazungula will be the fastest link between the South African coast and the DRC.

### Courier and Express Freight:

- Botswana's air infrastructure is International Civil Aviation Organisation (ICAO) compliant, is less congested than OR Tambo International Airport and has offers a more competitive fee structure. Botswana has the capacity to serve as a satellite hub complementing South Africa and to service niche sectors and underserved routes, and thus to expand its air freight and air passenger volumes. Botswana's growing tourism market will be aligned to growing cargo and logistics capacity and opportunities within the country.



## Botswana's Value Proposition In The Cargo, Freight & Logistics Industry

Botswana's innovative intra-regional corridor developments and interconnectivity of road, rail and air cargo provide a model platform to access local, regional and international markets. Three freight villages, the operational dry port in Gaborone (GABCON) and the planned

dry ports in Francistown (FRANCON) and Palapye (PALCON), provide bonded customs facilities and advanced material handling equipment and systems reducing lead times and enhancing efficiency for logistics operators.

### Services And Value Proposition Of Dry Ports In Botswana

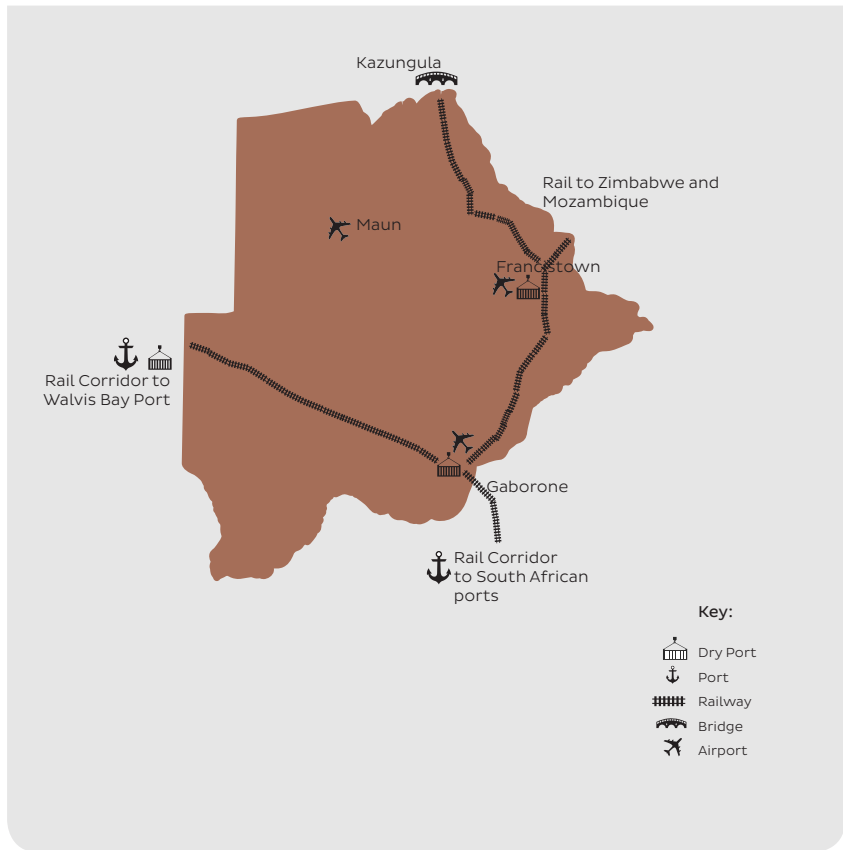
Dry Port	Service and Value Proposition
GABCON	<ul style="list-style-type: none"> <li>• Consolidation and deconsolidation hub, with the capacity to handle 1,600 TEUs per month</li> <li>• Supports manufacturing activities in Gaborone</li> <li>• Targeting local, regional and international markets</li> <li>• Close proximity to Gaborone's airfreight hub</li> <li>• Close geographic location to South Africa</li> <li>• Complete one-stop shop service offering</li> </ul>
FRANCON	<ul style="list-style-type: none"> <li>• Consolidation and deconsolidation hub</li> <li>• Will provide ease of access to landlocked regional markets</li> <li>• Focus on beneficiation of bulk commodities sourced from mining and other agriculture initiatives in the DRC, Zambia and Zimbabwe</li> <li>• In the long term, connection directly to the Trans-Kalahari Railway (TKR) line creating a direct and functioning East-West link between Kazungula and Walvis Bay</li> </ul>
PALCON	<ul style="list-style-type: none"> <li>• Consolidation hub supporting mining activities in Botswana's coal fields</li> <li>• Strategically positioned as the sourcing hub for bulk mining commodities destined for ports at Durban, Maputo, Richards Bay and Walvis Bay</li> <li>• Focus on development of capabilities to support additional manufacturing and beneficiation SEZs with links to coal, copper and iron ore mining activities</li> </ul>



Botswana also offers the ideal sub-regional air freight and logistics satellite hub which can serve as alternative distribution base for freight forwarders and cargo owners seeking to access the SADC region. Botswana is well-positioned to transport small volume,

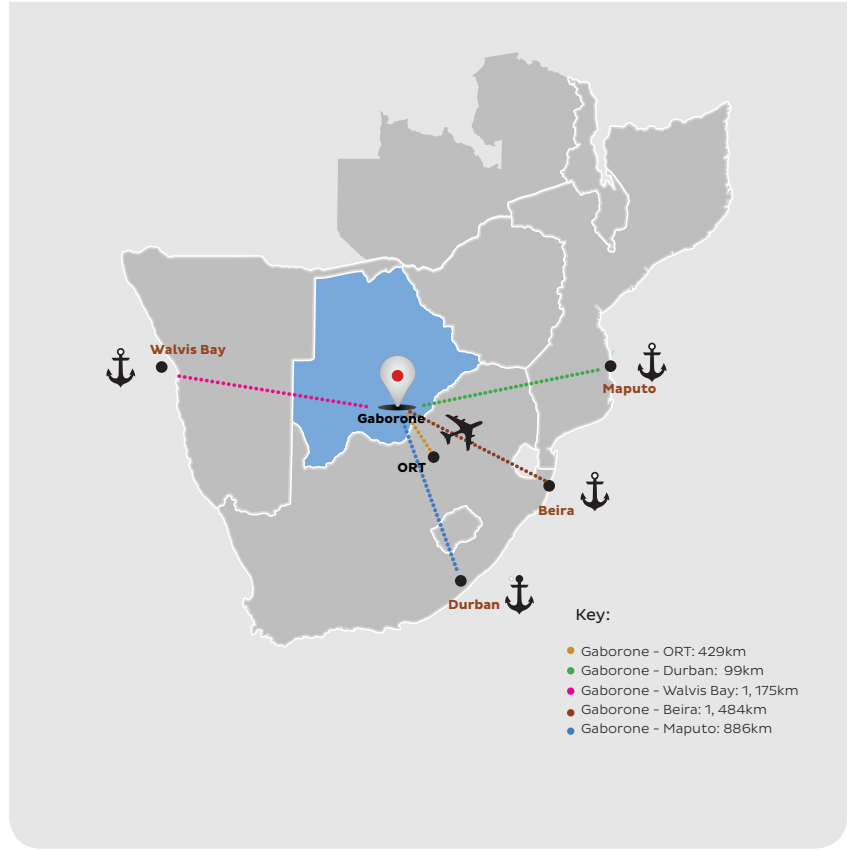
short lead-time cross-border cargo and freight via air rather than by road. Partnering with internationally established players will allow for access to extended networks.

### Botswana's Enabling Infrastructure Access By 2018



Source: Fronteir Advisory Analysis, 2015

### Botswana's Proximity to Strategic Ports



Source: Fronteir Advisory Analysis, 2015

## Industry Drivers of Botswana's Cargo, Freight & Logistics Sector

Manufacturing, Mining and Mining Services

**Cold Chain:** Agriculture, Horticulture, Healthcare and Pharmaceuticals

Services Sector including Tourism and Business Travel

Consumer Goods (FMCG's and Durables)

- Consolidation
- Deconsolidation
- Distribution
- Transport Services
- Handling
- Warehouse Management and Integrated Systems

Industries that will drive freight flow growth in the short to medium term are export bulk commodities particularly coal but also iron ore, copper from Zambia and the DRC, and to some extent agricultural exports. The government's prioritisation of other sectors including leather, automotive and component manufacturing, mining, and

tourism will lead to the development of synergies between these sectors and the logistics industry. This may be very beneficial as input and transport costs are expected to be lowered in the short to medium term.

## Key Supporting Institutions

Supporting the development of the cargo, freight and logistics sector is the Transport Hub, which coordinates key projects, initiatives and policy interventions to encourage investment and entrepreneurship within the sector. The Transport Hub engages key stakeholders and prospective investors to understand their needs in order to create an enabling environment conducive to

doing business within the cargo, freight and logistics sector. The Transport Hub also co-ordinates engagement between investors and the Ministry of Transport and Communications, the Ministry of Minerals, Energy and Water Resources and the Civil Aviation Authority of Botswana.



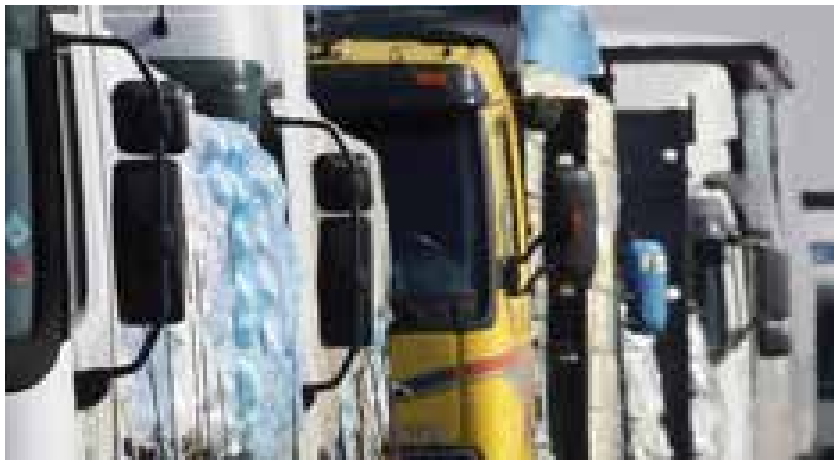
## Departments and Units Governing Transport and Logistics in Botswana

Department/Unit	Function
Department of Road Transport and Safety	Established to promote and regulate both public transport and freight road transport. The department has implemented a number of projects in accordance with its mandate.
Central Transport Organisation	Responsible for providing and maintaining the Botswana Government fleet used by all ministries and departments.
Directorate of Accident Investigation (DAI)	The DAI is responsible for Civil Aviation accident investigation as well as the publication of reports, implementation of measures and safety recommendations.
Roads Department	The Roads Department's primary function is the provision of safe, cost effective and efficient roads infrastructure in an environmentally sustainable manner.
Transport Hub	Established to identify and coordinate key projects and policy interventions required in the transport sector in order to develop Botswana as a transport hub within the SADC.
Civil Aviation Authority Of Botswana (CAAB)	Responsible for the regulation of air transport, providing air navigation services, managing airports and advising government on all aspects of civil aviation.

Source: Ministry of Transport and Communication, 2014



## Robust Investment Incentives



Botswana offers many incentives for investors. These include:

- No foreign exchange controls; remittance and full repatriation of profits and dividends
  - No restrictions on business ownership
  - Duty-free import of machinery and equipment for manufacturing purposes
  - Customs duty exemption on raw materials for goods going outside of SACU
  - A liberal tax regime: 22% corporate and 25% personal tax, with 15% corporate tax for manufacturing and IFSC- registered companies (lowest taxes in the SADC region)
  - Negotiable tax holiday (up to 10 years maximum)
  - Deductible training rebate of 200%
- Beyond incentives and as one of the most business-friendly and stable countries in the region, Botswana provides investors with a conducive and welcoming operating environment. A high degree of safety and security as well as a strong focus on the rule of law gives Botswana an edge over its regional peers.

## How The BITC Can Assist You Go Further With Your Investment

Botswana Investment and Trade Centre (BITC) is an integrated Investment and Trade Promotion Authority with an encompassing mandate of investment promotion and attraction; export promotion and development including management of the Nation Brand.

The organisation plays a critical role of driving Botswana's economic growth through attraction of FDI, domestic investment, facilitation of expansions and further spearheads the growth of exports by promoting locally manufactured goods to regional and international markets. BITC drives wealth creation for Botswana by creating platforms that will ensure increased citizen participation in the economy and create sustainable job opportunities.

Of great importance within the role of the BITC is building and maintaining a positive and impressive image of Botswana locally and internationally.

Through this encompassing mandate, BITC is committed to assist you through a one-stop-shop with the following services to ensure your ease of setting up and doing business in Botswana:

- Company and business registration
- Trade and business license applications
- Entry visas, work and residence permits
- Work permit exemptions
- Connection of utilities e.g. power, telecommunications and water
- Income tax and VAT registration
- Access to industrial and commercial land
- Facilitation of construction permits
- Allocation of BITC factory space (subject to availability)
- Environmental Impact Assessment (EIA) compliance
- Provision of information on the Botswana business climate, regulatory regime and investment opportunities
- Opening a bank account



## Contact Details

BITC is ready to facilitate your investment. For further information and inquiries related to Botswana and opportunities in the Cargo, Freight & Logistics Sector please contact:

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