



REPUBLIC OF BOTSWANA

STATEMENT BY

HIS EXCELLENCY MR. FESTUS G. MOGAE  
PRESIDENT OF THE REPUBLIC OF BOTSWANA

AT THE

WILSON CENTRE

Master of Ceremonies

The US Ambassador to Botswana, Mr. Joseph Huggins.

Other Senior American Officials here present

My Honourable Minister of Trade and Industry,  
Mr. Jacob Nkate

My Honourable Minister of Health, Mrs. Joy Phumaphi,

Corporate and Non-Government Leaders

Distinguished Ladies and Gentlemen

1. First, let me express my gratitude to the Corporate Council on Africa for helping to organize this evening's gathering. Before me I see a number of unfamiliar as well as familiar faces. This encourages me to hope that we may find mutual profit in becoming better acquainted. In saying "we", I am here not only referring to prospective investors and my own officials. Also with us tonight are a large number of private sector representatives from my own country, as well as a few outside individuals who I know are already familiar with some of the opportunities Botswana has to offer. I believe such a mix of experience should promote fruitful dialogue.

2. Our coming together here is a small reflection of the good relations that have long existed between the peoples, as well as governments, of the U.S. and Botswana. In this respect one of the familiar faces I see before me is the U.S. Ambassador to my country, Mr. Joseph Huggins. Yesterday afternoon, at U.S.-Africa Business Summit special session

on “Doing Business in Botswana”, Mr. Huggins was kind enough to suggest that Botswana offered potential American investors in Africa a unique “package”. I thought I would take this opportunity to briefly outline some of the qualities that constitute this package.

3. In highlighting a few aspects of Botswana’s business environment I shall try to refrain from simply reciting a praise poem of my country’s world class successes over the past four decades. This has been done many times before. Instead, I wish to share with you what I perceive to be some of the challenges, as well as opportunities, we all face in promoting greater economic partnership between our two countries.

4. I know that at least some of you are already familiar with our general status as a long established multi-party democracy that, since gaining independence in 1966, has achieved both sustained economic growth and human

development. This has resulted in the rapid transformation of our society from being one of the world's five least developed nations into a middle income nation.

5. In terms of both human development and material infrastructure we currently rank either at or near the top in Africa in almost all fields. As a result we have often been cited by our admirers as a model of what is possible through good governance that is rooted in sound economic management, as well as an unswerving respect for human rights and the rule of law (including respect for the sanctity of legal contracts).

6. As much as we in Botswana appreciate such accolades, we know that they are not sufficient to attract the sort of investment we will need in today's competitive global economy. I, along with my private sector compatriots, have come to the U.S. this week not because we believe that we are the best in Africa, but rather because we are prepared

to do whatever it takes to be among the best in the world. We want to do this so that our people's quality of life is second to none. To achieve our vision of a prosperous and productive nation that provides all of its citizens with the opportunity to succeed in the global economy we know that we need global partners such as you.

7. Our record of sustained economic growth is certainly part of the package that we have to offer to potential investors. We have been and remain one of the fastest growing economies in the world. Whereas, our economy enjoyed the world's highest economic growth rate during the first three decades after our independence, averaging about 10% per annum, our current projection is for 5-6% annual growth over the next five years.

8. As much as I might wish for even higher growth, I do take some comfort in our current rate of economic expansion. What is of concern to my colleagues and I is

that, up until now, our economic growth has been largely driven by our minerals sector, more especially our diamond mines. Despite past efforts to diversify into other endeavors, our economy remains narrowly based and therefore inherently vulnerable. For this reason we are determined to find new and creative ways to further reduce our diamond dependence. Hopefully, some of you will join us in meeting this challenge.

9. Another part of the Botswana package has been our long tradition of prudent management. I believe that we are continuing to do many things right. This is not because outside institutions has ever put pressure on Botswana, but because we are democracy whose leaders are at all times held accountable to the people. I promised not to sing Botswana's praises, but I would ask you to nonetheless consider the following:

- For almost four decades now Botswana has maintained an unblemished record of openness, accountability, social harmony and respect for human rights. These qualities are, perhaps, part of the reason why it was reported at the recent World Economic Forum meeting in Durban that we were ranked number one in Africa in terms of “good governance”. It also helps to explain why Transparency International has rated us as being not only the least corrupt country in Africa but also among the least corrupt nations in world.
- Our economic policies have all along been based on the belief that it is the market, rather than the state, which ultimately allocates resources most efficiently. Accordingly, we have tried to liberalise the economy to further remove bureaucratic constraints on private investment and enterprise, for example, by abolishing all exchange controls.



- In keeping with global trends, we have committed ourselves to further accelerated privatization, as well as regulatory liberalisation, in such areas as transport and telecommunications.
- We have also committed ourselves to building SMART partnership between our public and private sectors. This is reflected in the now routine, structured, consultations that take place between government and the domestic private sector at the highest levels.
- While our telecommunications infrastructure already ranks among the best in Africa we are in the process of fasttracking the further investments needed to ensure that we can compete with the best the world has to offer in terms of broadband connectivity.

- Our fiscal and monetary policies have over many years been focused on maintaining low inflation as well as high rates of economic growth.
- By exercising such fiscal restraint, we have also built up our foreign exchange reserves, which are, on a per capita basis, among the highest in the world. We have also avoided contracting debt obligations in excess of our debt service capacity.
- Our credit ratings by Standard and Poor and Moody's are not only the highest in Africa, but also among the highest in the world.
- Over the years, we have also made a major effort to ensure that our government institutions become increasingly efficient, as well as transparent.

- Through the Africa Growth and Opportunity Act we already have enhanced access to the America Market, which we hope will be extended.
- Through the Cotonue Partnership Agreement we also have enhanced access to the European Union market.
- As a member of the Southern African Customs Union (SACU) we have open access to the South African market, as well as those of Lesotho, Namibia, and Swaziland. While this last example of our commitment to open trading can be considered an advantage, it also means that we must constantly compete with well-established businesses from across our borders, most especially with those based in South Africa.
- We are now hoping that a free trade agreement between SACU and the U.S. can be reached sooner rather than

later. This could further enhance our capacity to serve a hub for regional investment.

- We have one of, if not the, highest literacy rates in Africa, due in no small measure to our commitment to provide all of our citizens with at least tens years of primary and secondary education. Our workforce increasingly educated workforce is thus to a great extent able to communicate in English.

10. I wish that I could tell you that these and other mostly positive aspects of our package have already attracted sufficient levels of foreign direct investment. But, in reality such a statement would be misleading.

11. If we are creative, there are undoubtedly additional prospects for further economic diversification in such conventional areas as agricultural production, industrialization, and the encouragement of tourism. With

regard to the later we have devoted almost one fifth of our territory to Game Parks and Reserves, which are the homes of our unique wildlife heritage. But, while our tourist industry continues to expand there are some practical limits on how many visitors we can realistically accommodate, in order to balance the demands of further commercial growth with the need for conservation.

12. One new initiative that I also wish to briefly share with you is our ongoing efforts to become a regional financial services centre. To achieve we have instituted some additional measures, including:

- The creation of an International Financial Services Company that stands ready to assist foreign companies;
- An effective tax rate to 15% on all companies registered under the International Financial Services Act, and have guaranteed to maintain that rate for a least 20 years;

- The enactment of Collective Investment Undertakings legislation to provide a conducive framework for the growth of the unit trusts sector. We have also amended the legislation applicable to insurance to facilitate the application to the insurance industry of the benefits available under the International Financial Services Act;
- As well as the fastracking that I have already alluded to of additional investment towards the upgrading our already all digital telecommunications capacity.

13. In addition to Government and the International Financial Services Centre Company there are a number of other agencies, authorities, and non-government organisations that play a proactive role in our outreach efforts. These include, in particular the Botswana Export Development and Investment Agency or Bedia, which is here tonight.

14. Also represented here is the Botswana Council of Commerce, Industry and Manpower (BOCCIM), which plays a leading role in private sector lobbying of Government and the Hospitality and Tourism Association of Botswana (HATAB).

15. I would also be remiss if I did not at least take note of the existing public initiatives, both public and private to protect our workforce from the menace of HIV/AIDS. In these efforts we are especially indebted to both the U.S. Government and many non-government organisations in this country, some of whom are with us tonight.

16. Let me now encouraging any of you to please let us know how else we can help you take advantage of what Botswana has to offer?

17. I thank you all

