

# Botswana independence day

## New growth opportunities help invigorate republic

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AMBASSADOR-DESIGNATE OF BOTSWANA

This Sept. 30, Botswana Day, marks the 44th anniversary of the establishment of the Republic of Botswana. On behalf of President Ian Khama, the government and the people of Botswana, I wish to express our sincere and heartfelt greetings to Their Imperial Majesties Emperor Akihito and Empress Michiko, Prime Minister Naoto Kan, the government and the people of Japan.



This important day in our nation's history affords us an opportunity to assess our progress, challenges and opportunities in our ambitious but realistic endeavor to transform our nation into a globally competitive economy that delivers prosperity and development with dignity for all Botswana. In trying to meet the challenges of the 21st century, Botswana continues to be guided by our time-honored values of tolerance, consultation, rule of law and respect for each other, as well as our national principles of democracy, development, dignity, unity, self-reliance and "botho" (respect for oneself and others).

Since independence, Botswana's economy has enjoyed phenomenal economic growth and national development mainly due to prudent macroeconomic management and good governance. Exceptional growth rates spanning well over a 30-year period since independence moved Botswana from one of

the poorest countries in the world to middle-income status.

The discovery and mining of diamonds after independence in time established Botswana as the No. 1 producer of diamonds in value terms in the world and indeed availed the country much needed revenues for social development initiatives. At present, mining contributes about 40 percent of Botswana's gross domestic product (GDP) and accounts for around 75 percent of its export earnings. This overdependence on one sector has caused the government to explore other avenues for diversifying the economy through creating a conducive environment for foreign direct investment.

Due to the recent global financial and economic crises, Botswana experienced an unprecedented loss of national income. Global demand plunged, particularly for luxury goods such as diamonds, and so did government revenue that Botswana uses to finance development projects. The crises threatened to stall the hard-earned progress that Botswana made toward achieving the aspirations of our national Vision 2016. Our ambitious national Vision 2016, although synonymous with the U.N. Millennium Development Goals, preceded the latter.

Although our economy entered the crisis from a position of considerable strength because of past prudent macroeconomic management, the big challenge remains finding ways to resume rapid economic growth while broadening the sources of growth beyond the mineral sector. The government of Botswana continues to

identify new opportunities for economic growth and find additional sources of government revenue.

The government is fostering strategic initiatives and productive investments with the private sector and development partners, such as Japan, to transform Botswana's economy into one which is globally competitive, more diversified and resilient to external shocks, such as the recent global crises. These initiatives include, *inter alia*, strengthening public financial management; letting the private sector lead the way to encourage entrepreneurship and investment; rationalizing commercial services currently provided by the government; privatizing selected partially state-owned entities; and making greater use of public-private partnerships (PPP). This mobilization of greater private sector participation in the economy will allow the government to focus more on providing the required regulatory oversight while making use of private sector financial resources and expertise.

In an effort to transform the

economy, improve productivity, alleviate poverty, stimulate employment creation, diversify the economic base and enhance long-term economic growth, the government continues to find alternative sources of economic growth besides diamonds. To date, we have introduced "hub" initiatives, which are basically megaprojects that focus attention on specific high-return opportunities. These hubs cover the mineral beneficiation, alternative energy sources, transport, agriculture, health, education, innovation and technology sectors.

In all these areas, the limited resources available to the government means it must deliver more with less. The government of Japan in partnership with my government are working together to deliver on some of the megaprojects, e.g. infrastructure (Kazungula Bridge project), agriculture (Zambezi Agro Commercial Integrated Development project), water (North-South Water Carrier project) and energy (Morupule Power Station project and rural solar electrification) — to mention only a few.

Major infrastructural interventions in mineral beneficiation, alternative energy sources, rural electrification, base metal exploration, agriculture, tourism, innovation and technological research areas will in the long run serve private sector demand for further investment opportunities. In pursuing foreign direct investment, we continue to offer a number of comparative advantages that makes Botswana an enviable and attractive destination for investment.

The private sector in Botswana continues to have the benefit of a stable, business-friendly environment; a peaceful country; a liberalized market; political and macroeconomic stability; the absence of foreign exchange controls, including free repatriation of profits; a low rate of taxation in comparison to many countries (15 percent corporate tax for manufacturing and International Financial Services Center (IFSC) accredited companies); stable banking institutions that ensure adequate financial resources to cope with exogenous shocks to the econo-

my; superior sovereign credit ratings (A+ until recession, now A-); tax rebates for the training of employees; duty-free and quota-free access to the EU market; duty-free access to Southern African Customs Union (SACU) member states (South Africa, Namibia, Lesotho and Swaziland); preferential access to markets of 14 Southern African Development Community countries (SADC, which is headquartered in Botswana); benefits from the Africa Growth & Opportunity Act (AGOA), which allows new opportunities for duty-free and quota-free access to U.S. markets; an official policy of zero tolerance to corruption (Botswana is ranked the most transparent African country and is ranked the fourth best African country in terms of investment risk); good industrial relations, including non-militant trade unions; an educated and adaptable workforce; and access to foreign reserves.

However, for all its positive attributes as a stable, peaceful and moderately prosperous country with an excellent investment climate and in-



Precious gem: Botswana is the world's leading producer in value terms of diamonds. EMBASSY OF BOTSWANA

vestment opportunities, Botswana is still largely unknown in Japan. My embassy therefore has the mammoth task of building a critical mass of understanding about Botswana among the people of Japan. Fortunately, President Khama will make his first official visit to Japan as head of state from Oct. 17 to 20. The visit affords us another opportunity to raise our profile in Japan, as well as to further deepen and enhance the cordial bilateral cooperation that subsists between Botswana and Japan.

During the visit we will also be holding an Investment Roundtable with the support of Keidanren; an exhibition that

will highlight Botswana's natural wonders including her sparkling diamonds, her outstanding wildlife and tourist destinations; and an exciting Botswana Cultural Evening at the Akasaka Civic Center, featuring a traditional dance troupe and a contemporary band from Botswana.

Let me take this opportunity on behalf of the people and government of Botswana to express our gratitude to Japan for its continued support toward our development efforts. Your continued support is even more critical in these difficult times than ever before when resources are hard to come by.

"Pula."

Congratulations  
to the People of  
the Republic of Botswana  
on the 44th Anniversary of  
Their Independence Day



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Culture: Baskets made in Botswana, with traditional designs depicting animals and nature, are widely regarded as some of the finest in Africa. EMBASSY OF BOTSWANA