



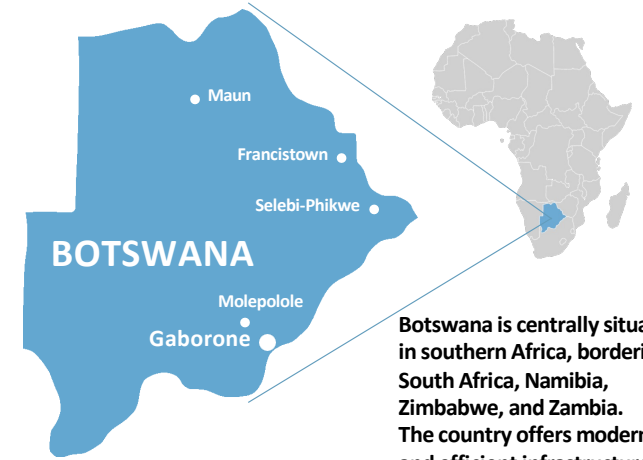
Manufacturing - Automotive & E-mobility

Sector fact sheet on investment opportunities

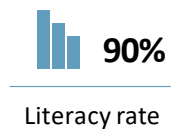
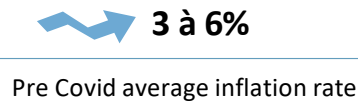
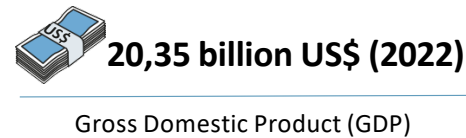
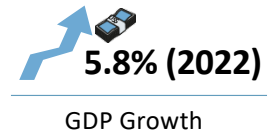
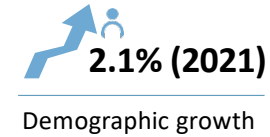
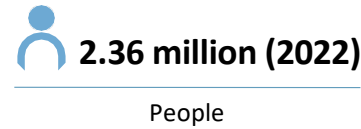


Botswana at a Glance

- Area: 600,370 km²
- Capital: Gaborone (227,333 inhabitants)
- Currency: Pula (BWP) - 14 BWP/US\$
- Languages: English (official language) and Tswana (national language)
- Time Zone: GMT+2
- Climate: Subtropical



Botswana is centrally situated in southern Africa, bordering South Africa, Namibia, Zimbabwe, and Zambia. The country offers modern and efficient infrastructures.





Why invest in Botswana?

● Botswana opens the door to a massive market

- We provide investors with preferential access to the Southern African Development Community's (SADC) entire marketplace of around 380 million people;
- Botswana provides duty free access to South Africa, Namibia, Lesotho and Eswatini;
- Botswana provides duty-free and quota-free access to the European Union (EU) market; and
- Africa Continental Free Trade Agreement with over 1.3 billion people.

● Botswana has an established track record of prudent macro-economic management

- Ranked 1st globally In Macroeconomic Stability (Global Competitiveness Report WEF 2019); and
- Highest sovereign rating in Africa:

Standard & Poor's (S&P)

BBB+/A-2 for long-term and short-term obligations in foreign currency and national currency.

Moody's

A3 for credit rating of Botswana with a stable outlook.

● Conductive business environment

- 3rd freest economy in Sub Saharan Africa out of 47 countries, with regulatory environment encourages growth, and openness to foreign investment and trade promotes competitiveness and resilience (Heritage Foundation, 2023); and
- Prudent fiscal and monetary policies that boost business confidence and guarantee high fiscal strength (Bank of Botswana, 2023).

● Botswana offers attractive incentives for investors

- No restrictions on business ownership;
- 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%; and
- Provide up to 100% duty rebate for customs duties on imported raw materials for manufacturing under schedule 3 of the Customs Act

Why Doing Business in Botswana?

● Political and economic stability

- Botswana is one of the most stable, democratic, and transparent countries in Africa, with an independent judicial system and a low level of corruption compared to other regions in Africa. It is a country that demonstrates good financial capacity and has a low level of risk.

Corruption perceptions index **60/100**

(2nd ex aequo in the Sub-Saharan Africa, average regional score for sub-Saharan Africa 32/100)

● Sustainable, Inclusive High-Growth National Strategy

Botswana is committed to a strategy of transitioning towards a diversified, sustainable, and inclusive economy by:

- Promoting productive sectors and improving the business environment;
- Investing in education to enhance skill levels and bridge the gap between labor supply and private sector demand;
- Developing infrastructure (energy, transportation, telecommunications) and strengthening related services to enhance economic competitiveness.

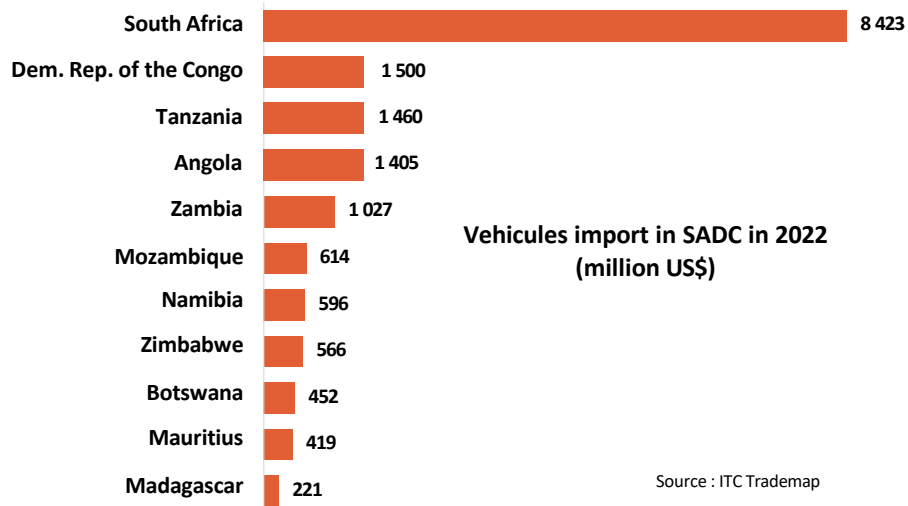
● Sound institutional and regulatory reforms

Botswana has committed to a program aimed at improving its business climate by:

- Implementation of the Economic and Recovery Transformation Plan (ERTP);
- Establishment of the Investment and Trade Centre (BITC) to assist foreign investors and the Special Economic Zones Authority (SEZA);
- Membership in the International Centre for Settlement of Investment Disputes (ICSID) and the 1958 New York Convention;
- Botswana's commitment to reducing greenhouse gas emissions by 15% by 2030 through ongoing renewable energy projects outlined in the Integrated Resource Plan (IRP);
- Adoption of a climate change policy in 2021, which aims to promote access to carbon markets, climate financing, and clean technologies.



Why the automotive sector?



Local capacities

- Emerging local industry in vehicle assembly and spare parts manufacturing
- Automotive dealerships and independent garages offer maintenance, repair, and spare parts sales services throughout the country

Commitment to a Green Botswana

Botswana is committed to improving its environmental footprint. Therefore, there is a growing interest in more environmentally friendly vehicles, such as electric cars and hybrid vehicles

Compounded Annual Growth Rate 20-23

SADC **35%**

World **12%**





Investment opportunities

Vehicle Assembly

Botswana has established itself as a hub for vehicle assembly, particularly for light commercial vehicles and trucks. Investment in vehicle assembly plants can contribute to job creation, technology transfer, and regional market access. Collaborate with automotive manufacturers or explore opportunities for local vehicle assembly partnerships.

Automotive Component Manufacturing

Investing in the manufacturing of automotive components can support the local assembly operations and cater to both domestic and regional markets. This includes manufacturing components such as engines, transmissions, electrical systems, braking systems, suspension parts, and body parts. Evaluate the potential for local sourcing of components and consider partnerships with global component manufacturers.

Electric Vehicles (Evs)

Investing in the manufacturing of automotive components can support the local assembly operations and cater to both domestic and regional markets. This includes manufacturing components such as engines, transmissions, electrical systems, braking systems, suspension parts, and body parts. Evaluate the potential for local sourcing of components and consider partnerships with global component manufacturers.

Aftermarket Services

Investing in the manufacturing of automotive components can support the local assembly operations and cater to both domestic and regional markets. This includes manufacturing components such as engines, transmissions, electrical systems, braking systems, suspension parts, and body parts. Evaluate the potential for local sourcing of components and consider partnerships with global component manufacturers.

Logistics and Distribution

Efficient logistics and distribution networks are crucial for the automotive industry. Investing in transportation and warehousing infrastructure, third-party logistics (3PL) services, and supply chain management can enhance the movement of vehicles, components, and spare parts across Botswana and the region.

Vehicle Financing and Leasing

The demand for vehicle financing and leasing services is on the rise in Botswana. Consider investing in vehicle financing companies, leasing services, or collaborating with financial institutions to provide automotive financing options. Tailor your offerings to cater to individuals, businesses, and fleet owners.

Used Vehicle Market

The demand for vehicle financing and leasing services is on the rise in Botswana. Consider investing in vehicle financing companies, leasing services, or collaborating with financial institutions to provide automotive financing options. Tailor your offerings to cater to individuals, businesses, and fleet owners.

Training and Skills Development

Investing in automotive training and skills development programs can contribute to building a skilled workforce for the automotive industry in Botswana. Establish vocational training centers, partner with educational institutions, or provide specialized training programs to develop automotive technicians, engineers, and other industry professionals.

Vehicle Recycling and Disposal

As sustainability becomes increasingly important, investing in vehicle recycling and disposal facilities can address the environmental challenges associated with end-of-life vehicles. Establish recycling centers for vehicle components, fluids, and materials, ensuring compliance with environmental regulations.

Automotive Technology and Innovation

Collaborate with technology providers and research institutions to drive innovation in the automotive sector. Explore opportunities in connected vehicles, autonomous driving technologies, vehicle telematics, and other emerging automotive technologies.



Investment opportunities

Botswana faces limited market size, African Continental Free Trade Area demand presents opportunities for investors in automotive and component sectors. According to the World Economic Forum “The continent’s auto industry, valued at \$30.44 billion in 2021, is expected to grow to \$42.06 billion by 2027 a nearly 40% increase in value”.

Among the key opportunities in the sector are:

- Supply of parts & components to South Africa’s automotive sector
- Supply of replacement parts for vehicles of large-scale projects (e.g. coal, agricultural projects)
- Expansion of existing component manufacturing industries (e.g. batteries, ignition wiring sets)
- R&D services for the automotive sector (e.g. extreme weather & terrain testing)

South Africa’s automotive sector presents a promising opportunity for regional suppliers to supply components and parts, as the country’s automotive manufacturers under the SAAM 2035, the objective is to produce 1% of global vehicle production, or 1,4 million vehicles, per annum by 2035, which should substantially improve the country’s status and global vehicle production ranking.

- Diversification of after-sales services for private & commercial vehicles
- Establishment of skills development/training facilities for auto mechanics and technicians
- Development maintenance service offering for cross-border/regional vehicles



Investment opportunities

The sector's most promising opportunity is the supply of inputs to the automotive sector in neighbouring South Africa, Africa's largest vehicle market and manufacturer. South Africa's automotive manufacturers strategy aims to produce over a million vehicles in 2035 ,providing regional suppliers with ample opportunities to supply components and parts.

South Africa's Top 10 Automotive Component Imports (USD million) 2018-2022

Parts Category	2018	2019	2020	2021	2022
Tyres	402.33	386.55	299.56	421.00	423.26
Automotive tooling	2,900	235.20	381.78	310.75	375.11
Engine parts	266.94	274.29	266.44	306.92	364.80
Engines	106.35	133.63	120.74	146.01	206.10
Transmission shafts/Cranks	133.44	135.95	131.43	154.68	193.46
Stitched leather seats/parts	146.07	152.48	112.38	154.18	185.55
Wiring harnesses	135.14	141.74	104.40	127.59	159.65
Gauges /Instruments/parts	144.75	138.09	129.79	140.10	146.07
Filters	94.22	93.59	91.45	99.12	117.35
Brake parts	81.84	105.47	84.35	97.17	117.03
Other	2072.67	2158.47	1899.07	2335.84	2688.96
Total	3854.46	3955.47	3621.40	4293.37	4977.35

Electric Car Batteries

As uptake of electric vehicles (EVs) increases, the EV-battery market represents an opportunity for Botswana to become a player. Owing to the strategic natural resources endowment, notably diamonds, but also copper, manganese, bronze, silver, coal and nickel. Botswana can play a key role in global energy transition regarding energy storage and electric mobility, especially lithium-ion batteries.

Strategic Infrastructure for Electric Mobility

- Development of electric charging stations
- Renewable energy generation: solar, electric and hydrogen-based technologies

Source: BITC, from South Africa's Automotive Export Manual 2023