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# AGOA

African Growth and Opportunity Act

## NATIONAL AGOA RESPONSE STRATEGY FOR BOTSWANA



September 2017



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DISCLAIMER: The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

## **National AGOA Response Strategy for Botswana**

This document was prepared following a multiple stakeholder consultation process facilitated by the Botswana Ministry of Investment, Trade and Industry with assistance from the USAID Southern Africa Trade and Investment Hub.

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## Executive Summary

The African Growth and Opportunity Act (AGOA) is a non-reciprocal unilateral trade preference program that provides duty-free access into the United States (U.S.) for qualifying exports from eligible Sub-Saharan African countries. The current 10-year extension of AGOA from 2015 to September 2025 recommends that each AGOA-beneficiary country develops an AGOA utilization (response) strategy. Botswana, through the Ministry of Investment, Trade and Industry (MITI) has decided to develop a National AGOA Response Strategy to enable the country to take advantage of, and realize the full potential of the AGOA trade initiative.

This strategy document is divided into seven major sections: Introduction, Background, Situation Analysis, Potential Sectors for Support under AGOA, Proposed Strategic Activities to Address Identified Challenges, Implementation Plan, and Monitoring & Evaluation (M&E) Framework.

The Introduction Section highlights the specific objectives of the AGOA Response Strategy for Botswana as follows: to advise the Government of Botswana (GoB) on how to more systematically take advantage of AGOA; identify policy responses in targeted sectors to capacitate current and potential exporters in Botswana to increase exports under AGOA; develop an ongoing consultative mechanism between the public and private sector players; and to attract investment into identified sectors that can benefit from international trade.

The Background Section provides an overview of AGOA indicating that the AGOA unilateral trade preference program accords duty-free treatment to virtually all products exported by beneficiary SSA countries to the US. Over 6,400 product lines are eligible that is more than 1,800 new tariff line items in addition to the 4,600 items enjoying duty-free status on the U.S. Generalized System of Preferences (GSP) program.

In June 2015, AGOA was renewed by 10 years to September 30, 2025. The renewal through the AGOA Extension and Enhancement Act of 2015 covers the third country fabric (TCF) provision, which is a special rule that allows lesser-developed beneficiary countries duty-free/quota-free access into the U.S. for apparel made from fabric imported from non-AGOA beneficiary countries. To be eligible, the President determines that the country has met or is making continual progress toward establishing a market-based economy; rule of law, political pluralism, and right to due process; elimination of barriers to U.S. trade and investment; economic policies to reduce poverty; a system to combat bribery and corruption; and protection of internationally recognized worker rights.

The Situation Analysis Section of this strategy reviews the economic performance of Botswana. The analysis indicates that the economy performed relatively well between 2011 and 2013, with real Gross Domestic Product (GDP) growing at 6.2%, 4.8% and 5.9% during the three years respectively. In 2014, growth in the mining sector was 4.5%, down from the exceptional 23.9% registered in 2013. This was mainly due to the general decline in commodity prices and a weakened demand for diamonds. The non-mining sector also registered a lower growth at 4.4% in 2014 compared to 6.8% in 2013, as water and electricity challenges continued to affect most sectors of the economy. The section highlights that the business environment in Botswana has continued to maintain a favorable and steady investment climate since 2010, except for the Ease of Doing rankings that have persistently declined from number 50 out of 189 countries in 2010 to 72 in 2016.

This section shows the main sources of comparative advantage for Botswana to include a well-established financial sector; availability of natural resources; central location of the country in SADC; access to markets; political and macro-economic stability; absence of foreign exchange controls; potential for beneficiation of minerals and other primary products; relatively educated and adaptable workforce; and respect for the rule of law and private property rights.

The study highlights that Foreign Direct Investment (FDI) for Botswana increased from P49.5 billion in 2014 to P53.5 billion in 2015 with the mining and finance sectors being the biggest beneficiaries in 2014 at 44.6% and 35.7% respectively. Africa was the major source of investment in Botswana accounting for 49.9%, led by South Africa with 32.6% while the U.S. contributed only 0.6%. The bulk of investment from Europe was from Luxembourg with 27.9% due to the major mining investors in Botswana. On exports, throughout the years, Botswana essentially exported two commodity items to the U.S., textiles/apparel and stone/glass (predominately diamonds). Despite the duty free, quota free benefits accorded under AGOA, coupled with the TCF provision, Botswana's textile/apparel exports to the U.S. have not increased over the years. In fact, textile exports actually fell by 15% between 2009 and 2015. However, the situation and SWOT analyses show that Botswana has a lot of positives to build on in its efforts to increase utilization of AGOA.

The Section on Potential Sectors for Support under AGOA identified Handicrafts (Arts and Crafts); Horticulture and Agro-processing; Jewelry and Semi-Precious Stones; Leather and Leather Products; Natural (Indigenous) Products; Meat and Meat Products; and Textiles/Apparel as priority sectors that could be developed to increase exports to the US. An overview of each of the sectors is provided highlighting the potential for growth and capacity for export development and more importantly, some statistics to show the size of the U.S. market and the potential demand for products from the sector. Furthermore, each sector overview concludes with a decision matrix to illustrate the reasons for selecting the sector.

The Section on Proposed Strategic Activities to Address Identified Challenges discusses the challenges and constraints identified from the stakeholder consultations and through the analysis of several documents. These are categorized as general and sectorial challenges to allow ease identification of suggested activities to address them. The overarching challenges that Botswana needs to address to improve its utilization of the AGOA preferential program are inadequate awareness, insufficient investment from the U.S., high cost of production and transport, poor competitiveness, and compliance with U.S. regulations. This section concludes with a list of specific strategic objectives based on the sectorial challenges, opportunities and interventions aimed at helping Botswana achieve its broad objective for the National AGOA Response Strategy.

The Implementation Plan Section outlines the proposed activities with performance indicators, budget and time frames for implementation of the strategic objectives. The document concludes with an M&E Section which outlines that the National AGOA Response Strategy for Botswana is a living document involving a long-term dynamic process of continual monitoring, feedback and update. This section also proposes an institutional structure to ensure effective implementation of the strategy and emphasizes the requirement by the AGOA Extension to have the National AGOA Response Strategy reviewed every two years.



## **1.0 Acronyms and Abbreviations**

ABI	Automated Broker Interface
ACTE	African Competitiveness and Trade Expansion initiative
AGOA	African Growth and Opportunities Act
AMS	Automated Manifest System
ANSI	American National Standards Institute
APHIS	Animal and Plant Health Inspection Service
AWEP	African Women's Entrepreneurship Program
B2B	Business to Business
BCA	Botswana College of Agriculture
BEMA	Botswana Exporters & Manufacturers Association
BHM	Botswana Horticultural Market
BITC	Botswana Investment and Trade Centre
BMC	Botswana Meat Commission
BSE	Bovine Spongiform Encephalopathy
BTCA	Botswana Textile and Clothing Association
CBERA	Caribbean Basin Economic Recovery Act
CBP	Customs and Border Protection
CCB	Craft Council of Botswana
CDE	Centre for the Development of Enterprise
COMESA	Common Market for Eastern and Southern Africa
CPSC	Consumer Product Safety Commission
DBRR	Doing Business Reforms Roadmap
EAC	East African Community
EDD	Economic Diversification Drive
EDTC	Economic Development and Trade Council

EPAs	Economic Partnership Agreements
ESP	Economic Stimulus Package
EU	European Union
FAO	Food and Agriculture Organization
FAP	Financial Assistance Policy
FAQ	Frequently Asked Questions
FDA	Food and Drug Administration
FDI	Foreign Direct Investments
FF&V	Fresh Fruit and Vegie
FMD	Foot-and-Mouth Disease
FSIS	Food Safety and Inspection Service
FTA	Free Trade Area
GAO	Government Accountability Office
GDP	Gross Domestic Product
GNI	Gross National Income
GOB	Government of Botswana
GSP	Generalized System of Preferences
HACCP	Hazardous Analysis and Critical Control Point
HTS	Harmonized Tariff Schedule
IDP	Industrial Development Policy
ITC	International Trade Centre
LDC	Lesser Developed Country
M&E	Monitoring and Evaluation
MITI	Ministry of Investment, Trade and Industry
MOA	Ministry of Agriculture

NAFTA	North American Free Trade Agreement
NES	National Export Strategy
NFTRC	National Food Technology Research Centre
NIST	National Institute of Standards and Technology
NPAB	Natural Products Association of Botswana
NTBs	Non-Tariff Barriers
OECD	Organization for Economic Co-operation and Development
OTEXA	Office for Textiles and Apparel
PSDP	Private Sector Development Program
PSDS	Private Sector Development Strategy
QI	Quality Infrastructure
RECs	Regional Economic Communities
ROO	Rules of Origin
SABI	Southern Africa Baobab Initiative
SACU	Southern African Customs Union
SADC	Southern Africa Development Community
SMMEs	Small, Micro and Medium Enterprises
SPEDU	Selibe-Phikwe Economic Diversification Unit
SPS	Sanitary and Phytosanitary
SSA	Sub-Saharan Africa
TCB	Trade Capacity Building
TCF	Third Country Fabric
TCIB	Textile and Clothing Institute of Botswana
TORs	Terms of Reference
UK	United Kingdom

UNCTAD	United Nations Conference on Trade and Development
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
USG	United States Government
USITC	United States International Trade Commission
USTR	United States Trade Representative
VAT	Value Added Tax
VCAD	Value Chain Analysis and Development
WIBA	Women in Business Association
YTD	Year to Date

## 2.0 Introduction

The African Growth and Opportunity Act (AGOA) is a non-reciprocal unilateral trade preference program that provides duty-free access into the United States (U.S.) for qualifying exports from eligible Sub-Saharan African countries. The current 10-year extension of AGOA from 2015 to September 2025, which is the longest in the history of the trade deal with Sub-Saharan Africa (SSA), recommends that each AGOA-beneficiary country develops an AGOA utilization strategy. Botswana, through the Ministry of Investment, Trade and Industry (MITI) has decided to develop a National AGOA Response Strategy to enable the country to take advantage of, and realize the full potential of the AGOA trade initiative. The AGOA extension underscores the importance of the robust trade between the U.S. and SSA and it introduces measures designed to make the agreement more responsive to unique circumstances in each country.

At the peak of Botswana's exports under AGOA, the country had over 10 companies exporting to the US. Currently, only one apparel company is consistently exporting significant volumes under this facility. It is therefore imperative that Botswana increases utilization of the trade preference program.

Following a request from MITI, the United States Agency for International Development (USAID) has agreed to assist the Government of Botswana (GoB) in developing a national AGOA utilization strategy, known as the National AGOA Response Strategy. In the Southern Africa Development Community (SADC) region, countries such as Lesotho, Madagascar and Malawi and far afield, Ethiopia, Ghana and Kenya, among others, have since developed national AGOA strategies while others are at various stages of developing this important strategic document.

### 2.1 Objectives of the National AGOA Response Strategy for Botswana

The specific objectives of this strategy are:

- a) To advise the GoB on how to systematically take advantage of AGOA;
- b) To identify policy responses in targeted sectors to capacitate current and potential exporters in Botswana to increase exports under AGOA;
- c) To develop an ongoing consultative mechanism between the public and private sector players; and
- d) To attract investment into identified sectors that can benefit from international trade.

The above specific objectives for Botswana are in line with the AGOA broader objective of deepening U.S. trade and investment ties with the region. The two focus areas for the AGOA unilateral trade preference program are to increase exports from AGOA eligible countries to the U.S. and to encourage investment by U.S. companies into SSA.

The Botswana AGOA Response Strategy provides a prioritized roadmap for developing Botswana's export competitiveness under AGOA, which should ultimately result in developing other export markets. The AGOA strategy is a response to the National Trade Policy for Botswana. The strategy complements, and is part of, the country's National Export Strategy (NES). It also recognizes other efforts by the country like the Doing Business Reforms Roadmap (DBRR) and Implementation Plan, the Economic Diversification Drive (EDD) Strategy,

the Private Sector Development Strategy (PSDS), Industrial Development Policy (IDP) for Botswana, Export Development Program and the Textiles and Clothing Strategy, among others.

### **3.0 Background**

#### **3.1 Overview of AGOA**

On May 18, 2000 the U.S. Congress enacted AGOA in order to help spur market-led economic growth and development in SSA and to deepen U.S. trade and investment ties with the region. AGOA accords duty-free treatment to virtually all products exported by beneficiary SSA countries to the US. According to the United States Trade Representative (USTR), “AGOA has been the cornerstone of America’s economic engagement with sub-Saharan Africa”. The signature trade initiative provides the most liberal access to the U.S. market.

Over 6,400 product lines are eligible, that is more than 1,800 new tariff line items (including some apparel, footwear, wine, luggage, handbags, watches, certain motor vehicle components, chemicals, steel and many others) in addition to the 4,600 items enjoying duty-free status on the U.S. Generalized System of Preferences (GSP) program.

Since its enactment, AGOA has had six amendments. On 29 June 2015 the U.S. President signed the AGOA Trade Preferences Extension Act of 2015 into law, renewing AGOA by a further 10 years to September 30, 2025. The AGOA renewal through the AGOA Extension and Enhancement Act of 2015 covers the Third Country Fabric (TCF) provision, which is a special rule that allows lesser-developed beneficiary countries<sup>1</sup> duty-free/quota-free access into the U.S. for apparel made from fabric imported from non-AGOA beneficiary countries. Although not considered to be a lesser developed country (LDC), Botswana qualifies for the TCF provision together with Namibia and Mauritius following the granting of the lesser-developed beneficiary countries status under AGOA.

AGOA has been credited with creating an estimated 300,000 jobs. Lesotho, a successful apparel exporter under AGOA, estimates that employment in manufacturing rose from 19,000 in 1999 to 45,700 in June 2011 (<https://agoa.info>). While oil/energy has been the biggest beneficiary sector, a number of non-oil sectors have registered significant exports under AGOA, especially automotive and parts, primary metals and textiles and apparel. The AGOA facility has increased non-oil exports from sub-Saharan African countries from US\$1.4 billion in 2001 to US\$4.1 billion in 2015, even though total exports from SSA have dipped due to a decrease in oil and commodity prices. In addition, AGOA has been credited with trade and development provisions, promoting export diversification, and for encouraging the regional integration agenda.

The United States Government (USG) financially supports most of the trade capacity building (TCB) efforts related to AGOA, such as the African Competitiveness and Trade Expansion (ACTE) initiative, the three African Trade Hubs, and the Trade Africa Initiative. There is increasing realization that tariff exemptions are not enough and SSA needs investment. In response to that, the USG has of late changed the outlook of some support institutions. For instance, all the three USAID Trade Hubs have been renamed to incorporate an investment

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<sup>1</sup> Lesser-developed countries are those with a per capita gross national product of less than US\$1500 a year in 1998 as measured by the World Bank. AGOA IV grants lesser-developed beneficiary country status to Botswana and Namibia. Public Law 110-436 of October 16, 2008 redesignates lesser-developed beneficiary country status to Mauritius, qualifying all three countries for the Special Rule.

component (i.e. the East Africa Trade and Investment Hub, based in Nairobi, Kenya, the Southern Africa Trade and Investment Hub<sup>2</sup>, and the West Africa Trade and Investment Hub, based in Accra, Ghana). Over the years more emphasis has been put on increasing exports, the changing economic conditions in SSA deserve policy shift towards private sector investment and increasing two-way trade. Investment in Africa from the U.S. has been minimal especially compared to the investment from other parts of the world. In textiles and apparel, for instance, China has been the biggest investor in SSA.

Williams (2015), argues that unlike other U.S. preference programs, AGOA directs the President to target U.S. government technical assistance and TCB in AGOA beneficiary countries to provide support for increasing the number of reverse trade missions, increasing trade in services, addressing critical agricultural policy issues and building capabilities of African states to participate in the World Trade Organization (WTO), among other activities. AGOA also includes assistance for developing private sector business associations and networks among U.S. and SSA enterprises.

While ample assistance has been provided to facilitate increased utilization of the AGOA program, only a handful of countries are utilizing the program with significant impact. Of non-oil exports, apparel has been one of the few sectors that has benefited from AGOA, and involving the most number of beneficiary countries. South Africa accounts for the most diverse range of products than other AGOA countries, which include vehicles and agricultural produce. Aggregate exports to the U.S. from AGOA-eligible countries in 2016 (YTD to June) is US\$9,520 billion, of which AGOA-eligible exports are US\$4,250 billion, representing 45% of total U.S. exports from AGOA-eligible countries. The USG is looking to foster an enabling environment to build export capacity and private sector-led growth in Botswana.

While the USG is committed to sustained and improved trade with SSA, currently there is no certainty to the continuation of AGOA after 2025. Several ideas have been discussed including graduating the dispensation to a more reciprocal model similar to the Economic Partnership Agreements (EPAs) which provide some reciprocity with the European Union (EU). However, the U.S. will continue to engage and compete in the emerging markets of SSA.

On an annual basis, the U.S.-SSA hold a Trade and Economic Cooperation Forum, commonly known as the AGOA Forum, to dialogue trade and investment issues. The 15<sup>th</sup> AGOA Forum was held in Washington, D.C. from September 22-26, 2016, under the theme “*Maximizing AGOA Now while Preparing for the Future Beyond AGOA.*”

### 3.2 AGOA Eligibility Criteria

The U.S. President each year designates a SSA country as eligible to benefit from the AGOA trade preference, and to be eligible, the President determines that the country has met or is making continual progress toward establishing:

- a) A market-based economy;
- b) Rule of law, political pluralism, and right to due process;
- c) Elimination of barriers to U.S. trade and investment;
- d) Economic policies to reduce poverty;
- e) A system to combat bribery and corruption; and

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<sup>2</sup> At the time of writing this report, the Southern Africa Trade and Investment Hub was under procurement.

- f) Protection of internationally recognized worker rights.

Furthermore, the country must not engage in activities undermining U.S. national security or foreign policy interests and gross violations of internationally recognized human rights.

The U.S. Government Accountability Office (GAO)<sup>3</sup> reports that as of 1 January 2015, 39 SSA countries were eligible for AGOA benefits with 10 SSA countries being ineligible. Of the 39 AGOA eligible countries, Seychelles becomes the first country to graduate out of AGOA, and will cease to be an AGOA beneficiary as of January 2017. According to The Whitaker Group (2015), Seychelles has become a high income country as defined by the World Bank and so has become too wealthy to qualify for GSP<sup>4</sup> which is a precondition for benefits under AGOA. Seychelles was one of the two SADC countries not benefiting from the TCF provision alongside South Africa.

### 3.3 Highlights of the AGOA Extension and Enhancement Act (2015)

The AGOA Extension and Enhancement Act (2015) promotes compliance with eligibility criteria by providing greater flexibility to the Administration to withdraw, suspend, or limit benefits under AGOA if it is determined that such action will be more effective than termination. Below are highlights of the Extension and Enhancement Act:

- a) US trade capacity building agencies are expected to work with, and provide appropriate resources to assist the development and implementation of the biennial AGOA utilization strategies, which will be published by both the AGOA countries and USTR;
- b) USTR should consider requesting the Regional Economic Communities (RECs) to prepare biennial AGOA utilization strategies, to encourage greater regional integration;
- c) The U.S. President may, at any time, initiate an *out-of-cycle* review of whether an AGOA beneficiary country is making continual progress in meeting eligibility requirements;
- d) There is a 60-day notification period prior to termination of the designation of a country as an AGOA beneficiary, and the U.S. President has to notify Congress and the country concerned; and
- e) The Act emphasizes promoting the role of women in social and economic development in SSA.

## 4.0 Situational Analysis

### 4.1 Review of Economic Performance of Botswana

Botswana did extremely well to recover from the 2008 global economic crisis. Real Gross Domestic Product<sup>5</sup> (GDP) growth was at a low of -4.8% in 2009 before picking to 6.6% in 2010. During this time, the most hard-hit sectors were mining and manufacturing. In 2009, real GDP by economic activity declined by 20.8% and 4.8% for the mining and manufacturing sectors respectively. However, the economy was able to significantly recover in 2010 and 2011, with all

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<sup>3</sup> AGOA Report to Congressional Requesters, February 2015

<sup>4</sup> AGOA countries presently closest to the cutoff point for graduation from GSP are Mauritius with a Gross National Income (GNI) per capita of US\$9,710 in 2014, Botswana (US\$7,240) and South Africa (US\$6,800).

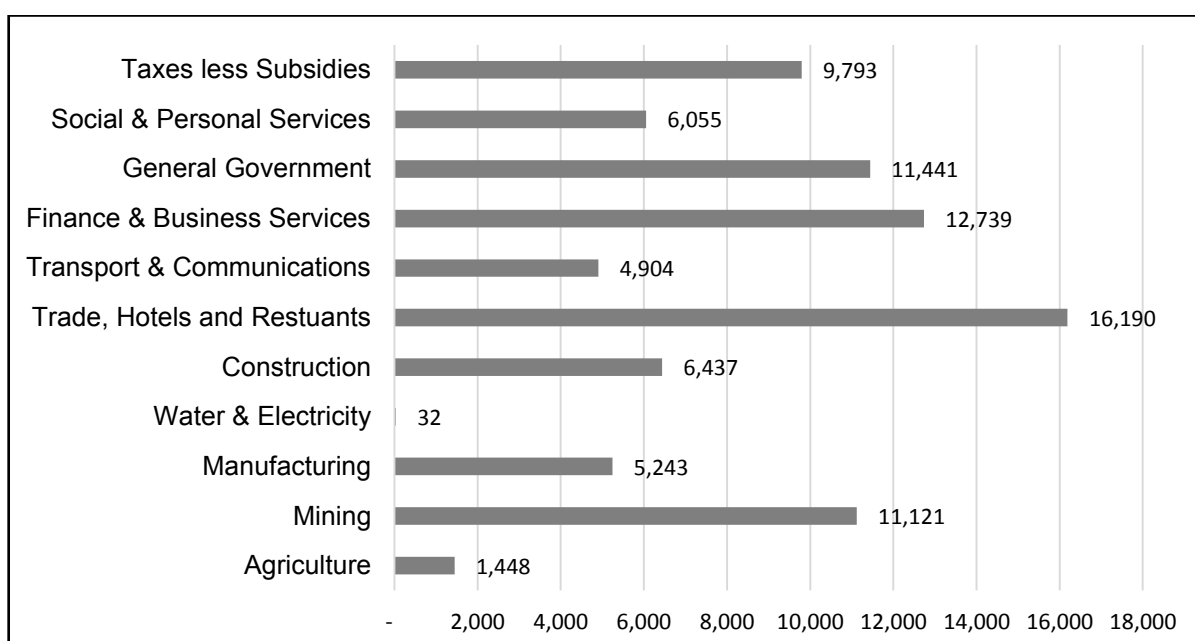
<sup>5</sup> The level of a gross domestic product after changes in inflation have been taken into account



economic sectors contributing positively to real GDP. The major contributors to the 2011 real GDP growth were construction and manufacturing industries which increased by 25.4% and 12.1% respectively. The increase in manufacturing mainly resulted from textiles, which recorded an increase of 26%<sup>6</sup>.

The Botswana economy performed relatively well between 2011 and 2013, with real GDP growing at 6.2%, 4.8% and 5.9%<sup>7</sup> during the three years respectively. However, real GDP was 3.2% in 2014, with modest growth in both the mining sector and non-mining sectors. In 2014, growth in the mining sector was 4.5%, down from the exceptional 23.9% registered in 2013. This was mainly as a result of the general decline in commodity prices and a weakened demand for diamonds. The non-mining sector also registered a lower growth at 4.4% in 2014 compared to 6.8% in 2013, as the water and electricity challenges continued to affect most sectors of the economy.

**Figure 1: 2015 Sectorial Contributions to GDP (P Million)**



Source: Statistics Botswana, GDP, Fourth Quarter of 2015

Although the mining output declined by 14% in 2015 due to a slowdown in the sector, the mining sector continues to be an important engine of growth for Botswana, contributing 24% and 18.3%<sup>8</sup> to Gross Value Added to GDP in 2014 and 2015 respectively (see Figure 1 for 2015 figures). On the other hand, the water and electricity sectors also showed significant decline between 2014 and 2015, with value added declining from P299 million to P32 million due to continued water and electricity supply challenges. As a result, growth in other non-mining

<sup>6</sup> Statistics Botswana, National Accounts Report 2011

<sup>7</sup> Statistics sources: Statistics Botswana Annual Report 2013/14 and 2014/15, Republic of Botswana 2016 Budget Speech

<sup>8</sup> Statistics Botswana, Gross Domestic Product, Fourth Quarter of 2015.

sectors also decreased, reflecting the effect of the water and electricity shortages on domestic economic activity<sup>9</sup>. As a result of the above anticipated water and electricity shortages, the 2016 Budget Speech projects non-mining sectors to further slowdown during the 2016/17 financial year.

The continued vulnerability of the mining sector clearly demonstrates an urgent need to diversify the economy of Botswana. In an effort to diversify and grow the economy particularly the manufacturing sector, several trade arrangements such as AGOA have been put in place to unlock export opportunities. Unfortunately, in Botswana only the textile and apparel sector has so far significantly benefited from the AGOA trade facility since it came into effect. The low utilization is mainly due to supply side constraints. There is therefore an urgent need to explore opportunities offered by trade initiatives and to develop appropriate strategies to harness the benefits they offer, hence the development of the National AGOA Response Strategy for Botswana.

## 4.2 Overview of Business Environment in Botswana

**Table 1: Botswana's Competitiveness Indicators 2010-2016**

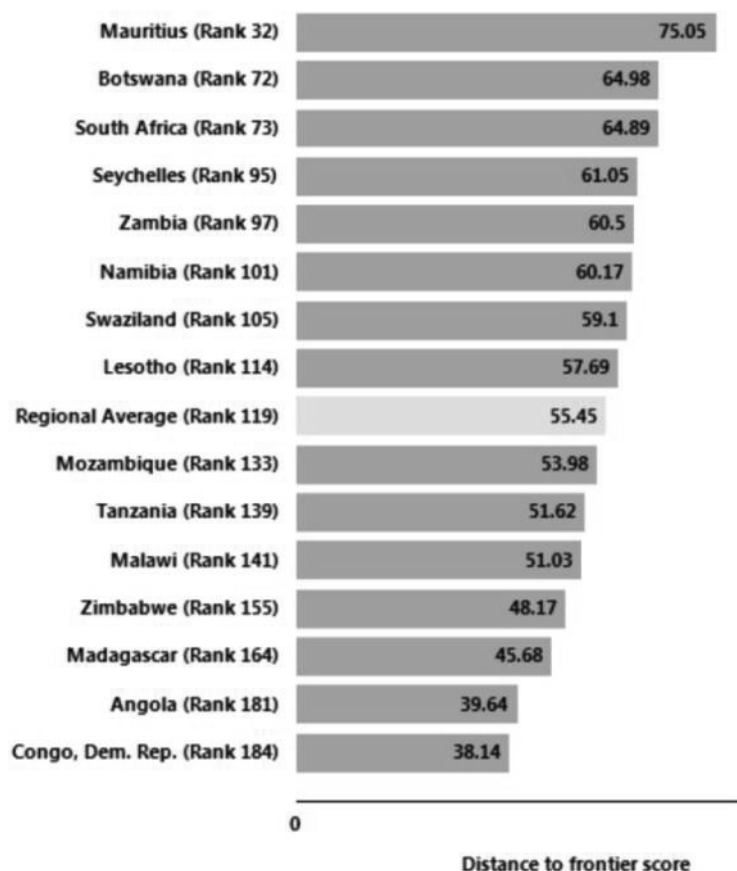
Indicator	No. of Countries	2010	2011	2012	2013	2014	2015	2016
Ease of Doing Business	+/-189	50	52	54	59	56	72	72
Global Competitiveness Index	+/-144	66	76	80	79	74	74	71
Index of Economic Freedom	+/-178	28	40	33	30	27	36	30
Corruption Perception Index	+/-174	33	32	30	30	31	28	-

Sources: Index of Economic Freedom (various years), Global Competitiveness Report (various years), 2015 World Bank Doing Business Report (various years) and Transparency International Corruption Perception Index Report (various years)

World Bank (2014) highlights promoting and addressing the nature of institutional reforms needed to improve a country's competitiveness as the distinguishing feature of the doing business indicators. Botswana has continued to maintain a favorable and steady investment climate since 2010 except for the Ease of Doing rankings that have persistently declined from being ranked 50 out of 189 countries in 2010 to 72 in 2016 (see Table 1). Botswana is struggling on Starting a Business (143), Enforcing Contracts (128) and Getting Electricity (122). Although the country is still considered to have one of the most competitive business environment in the region, the continued slide in the Ease of Doing Business rankings has been a major concern to both the Government and the private sector. However, while Botswana's ranking on the Ease of Doing Business continues to slide, the Botswana is the highest ranked country in Southern African Customs Union (SACU) and the second highest ranked in SADC after Mauritius (see Figure 2).

**Figure 2: 2016 SADC Ranking on Ease of Doing Business**

<sup>9</sup> Republic of Botswana 2016 Budget Speech



Source: World Bank Doing Business (2016), Regional Profile 2016 SADC

In a concerted effort to create a business friendly environment and improve the country's international competitiveness rankings, hence increase the chances of attracting Foreign Direct Investment (FDI) into the country, in 2015 Botswana developed a DBRR and Implementation Plan. The DBRR is being implemented under the coordination of MITI with emphasis on the following 8 of the 11 Ease of Doing Business Indicators:

- a) Starting a business;
- b) Dealing with construction permits;
- c) Getting electricity;
- d) Registering property;
- e) Getting credit;
- f) Paying taxes; and
- g) Trading across borders.

Botswana continues to do well in governance issues and high factor productivity, which are major channels through which an environment conducive to investment can be created. A private sector friendly policy environment is essential in achieving the much needed economic diversity. The country has managed to keep a relatively stable Global Competitiveness Index

ranking, ranging from position 71 to 80 between 2011 and 2016, out of 144 countries (see Table 1 above). Substantial improvement in this ranking was achieved between 2015 and 2016, moving from position 74 to 71. This could be an indication that some of the reforms currently being undertaken are bearing fruit. Botswana has also done well on the Index of Economic Freedom, particularly in areas such as Trade Freedom, Fiscal Freedom and Monetary Freedom. Most importantly, the country has throughout the years continued to be rated as the least corrupt country in the region with the latest ranking putting Botswana at position 28 out of 174 countries. It must however be noted that there is rising concern around the private sector regarding perceived corruption, which the country needs to investigate with the view to nip it in the bud before it grows.

The country has also done well on macroeconomic stability which has been underpinned by the IDP for Botswana. The main objective of the IDP is to provide policy space for promoting industrialization and global competitiveness. The IDP has been driven by economic themes within the context of the country's economic development priorities and competitiveness strategies such as the EDD Strategy, the PSDS, NES, Investment Strategy, National Trade Policy, Botswana Excellence Strategy and National Development Plans, among others. A major part of the IDP is to improve congruence between macroeconomic and microeconomic policies and to achieve coherence in order to draw synergies between various Government policies.

As noted in the IDP, "the challenge for Botswana in world competitiveness and industrialization is twofold":

- a) Overcome the competitiveness challenges and break into the global value chains and supply networks in order to become a global industry player; and
- b) Develop strategies that will allow her to catch-up with the emerging market economies, the newly industrialized countries, all the way to the industrialized countries' industry".

The IDP has also identified a number of issues that are pertinent to the country's ability to compete locally, regionally and internationally and therefore needs to be addressed to attract investment and achieve economic growth. The key issues have been identified as<sup>10</sup>:

- The shrinkage of economic distance due to advances in technological progress resulting in the revolution in road, rail and air transport as well as the revolution in information and communication technology;
- Rapid technical change which calls for all firms to adopt new skills, upgrade their production structures, develop modern infrastructure as well as flexible and adaptable institutions suitable for today's industrial activities;
- Investment in technology adaptation and innovation in order to move up the technology ladder as well as the product sophistication ladder;
- The ease and rapid movement of productive resources across countries which makes comparative advantage based on natural resources like cheap Labor and raw materials less important as sources of competitiveness;
- The development of sophisticated supply-chains and distribution networks driven by multinationals that operate their businesses under intricate webs of contractual and non-contractual relations, which makes it difficult for new firms to enter such supply-chains;

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<sup>10</sup> Industrial Development Policy for Botswana, Government Paper No 3 of 2014

- The changing patterns of competitive advantage in response to the relocation of processes and the forces of innovation;
- The growth in information-intensive manufacturing in which value added services include activities like research, design, engineering, marketing and networking. This increases even the competitiveness of landlocked economies whose transport costs are generally high; and
- Liberalization of trade, such as the general removal of tariff and non-tariff barriers to trade which have resulted in an increasingly free and competitive industrial environment.

#### 4.3 Comparative advantage for Botswana

Comparative advantage is the ability of a country to produce a good or service at a lower opportunity cost<sup>11</sup> than competitors while absolute advantage is the ability of a country to produce more of a good or service than competitors, using the same amount of resources (<http://phase1.nccr-trade.org/images/stories/mira/comparative>). The basis for trade is comparative advantage, not absolute advantage.

The main sources of comparative advantage for a country include climate and natural resources; relative abundance of Labor and capital; technology; institutions and external economies; import controls; and increasing returns and division of Labor. The main sources of comparative advantage for Botswana under AGOA are outlined below:

- A well-established financial sector:* Botswana boasts of a strong and stable financial services sector with several international and regional banks providing investor confidence and access to credit for business enterprises. Sutton and Jenkins (2007) argue that financial services are fundamental to economic growth and development. Banking, savings and investments, insurance and debt and equity financing help private citizens save money, guard against uncertainty and build credit while enabling businesses to start, expand, increase efficiency and compete in local and international markets. Botswana's stable banking institutions ensure adequate financial resources to cope with exogenous shocks to the economy with a support structure for the private sector as the main engine of growth.
- Availability of natural resources such as land, minerals and wildlife:* The quantity/quality of natural resources such as abundant supply of land and good climate especially for ranching, and mineral resources give Botswana comparative advantage.
- Central location of the country in SADC:* Botswana's central location in SADC makes it accessible to a market of more than 200 million people in the region providing a ready market for locally produced products and an opportunity for regional value chains.
- Access to markets:* While Botswana has a small population of around two million people, its membership to both SACU and SADC as well as being in the Tripartite Free Trade Area (FTA) consisting of the Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC) and SADC provides access to a huge market with a total of 26 countries and a combined population of over 600 million people.

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<sup>11</sup> The highest-valued alternative that must be given up to engage in an activity

- e) *Political and macro-economic stability*: Botswana is a peaceful democracy which enjoys political stability and good governance as well as a stable macro-economic environment. The country is one of the few in Africa to experience sustained record of economic growth based on prudent management over the years.
- f) *Absence of foreign exchange controls*: Relaxed foreign exchange controls allow easy movement of capital and repatriation of profits.
- g) *Availability of business development and promotion services*: The country has a functional business support mechanism to attract investment, enable growth and access to markets.
- h) *Commitment to sound fiscal policy and economic freedom*: Botswana's hyper prudent fiscal policy has helped to diversify foreign exchange earnings and prevent the volatility that typifies many resource-based economies.
- i) *Low rate of taxation when compared to many countries*: The country's low taxation regime benefits businesses as it improves profitability and allows reinvestment and expansion.
- j) *Potential for beneficiation of minerals and other primary products*: Botswana's value addition of natural resources, helps create employment, improved foreign currency earnings and creates both downstream and upstream industries such as the Diamond Technology Park.
- k) *Preferential trade agreements that provide duty free, quota free market access into countries such as the U.S. and the EU*: This provides a competitive edge for local entities in international markets against competition from countries without similar preferential arrangement and helps attract investment in new projects.
- l) *Relatively educated and adaptable workforce*: Botswana has a high literacy rate. About 83% of those over 15 years can read and write. This can be ascribed to the various education assistance programs offered by the government such as the tertiary education financing for local and foreign placement of students, the Back to School initiative and on-the-job training. The programs help increase the pool of skilled manpower.
- m) *Respect for the rule of law and private property rights*: Botswana is among some of the countries well known for observing the rule of law with an independent and effective judiciary system. According to Minchin and Kelly (2015), the importance of adherence to the rule of law in providing an attractive investment climate can never be overemphasized. The Heritage Foundation as cited by the Global Property Guide ([www.globalpropertyguide.com/africa/botswana/property-rights-index](http://www.globalpropertyguide.com/africa/botswana/property-rights-index)) ranks Botswana joint highest on the Property Rights Index with Cape Verde in Africa, scoring 70%. This reflects the degree to which Botswana's law protects private property rights and enforces its property rights laws.

It is important to note that comparative advantage is a dynamic concept meaning that the sources of comparative advantage can change over time. However, comparative advantage is often a self-reinforcing process. For instance, a country can develop a new comparative advantage in a product either because they find ways of producing it more efficiently or they create a genuinely new product that finds a growing demand locally and internationally.

#### 4.4 Analysis of FDI in Botswana

**Table 2: Four Types of FDI**

Type of FDI	Factors influencing locating decisions
Natural resource-seeking	Availability, cost and quality of resources, as well as processing and marketing; infrastructural development; availability of joint venture partners.
Market-seeking	Size, growth of domestic and regional markets, cost of labour, infrastructure quality, institutional competence, agglomeration economies and service support, macro-economic policies of host government.
Efficiency-seeking	Production costs, skilled and professional labour, industrial competitiveness quality of infrastructure and institutions, macro-economic policies, knowledge and innovation development, cluster specialisation (eg science and industrial parks).
Strategic asset-seeking	Availability of knowledge-related assets (eg technology and management expertise), markets and geographical dispersion of such assets, price and availability of synergistic assets to foreign firms, and access to different cultures, institutions and systems.

Source: The Trade Beat (2014)

As highlighted elsewhere in this report, one of the two main areas of the AGOA broader objective is to deepen U.S. investment ties with the SSA region. FDI inflows into host countries are determined by a variety of factors, including the economic attractiveness of host countries, profitability of the investment, various policy and institutional elements and business facilitation measures (UNCTAD, 2009). Generally, countries which are benefitting from structural reforms or are in the process of reforms and have strong demographics, high economic growth rates have been successful in attracting continued FDI. USITC (2014) reports that AGOA has had a positive impact on FDI inflows, particularly in the textile and apparel sector in Kenya, Lesotho, Mauritius, Swaziland and Botswana, and also in South Africa's automotive industry.

Simply put, FDI is an investment made by a company in one country into a company based in another country. It is measured by the value of inflows and many policy makers believe it to be a catalyst for economic growth (Suleiman et al 2013). Usually besides transfer of ownership, FDI includes managerial skills and technology transfer. Table 2 above highlights the four general types of FDI and the factors influencing locating decisions, which are all favorable for Botswana.

Botswana has over the years enjoyed some of the highest economic growth rates in the world, supported by an export-led economic mainly driven by diamonds. The GoB continues to make efforts to facilitate FDI especially in key sectors with a view to diversify the economy and reduce dependence on the diamond industry. Strategic to such efforts was the establishment of the Botswana Investment and Trade Centre (BITC) whose major role is to spearhead the country's initiatives on encouraging foreign and local investment. According to BITC, the organization

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 ([www.gobotswana.com](http://www.gobotswana.com)). As part of its commitment towards attracting investment, Botswana offers the following incentives for investors:

- a) Customs duty exemption on raw materials for goods going outside of SACU;
- b) Deductible training rebate of 200%;
- c) Duty-free import of machinery and equipment for manufacturing purposes;
- d) Liberal tax regime;
- e) Negotiable tax holiday for up to a maximum of 10 years;
- f) No foreign exchange controls and allows remittance and full repatriation of profits and dividends; and
- g) No restrictions on business ownership.

BITC highlights agriculture, education, mining, services, energy, resource-based industries and infrastructure as key sectors for investment.

**Table 3: FDI Position for Botswana (P Million)**

Period	2010	2011	2012	2013	2014	2015
FDI	21,582	30,958	37,476	44,874	49,499	53,484

Source: Bank of Botswana Statistics Report for 2015

Table 3 shows the FDI position for Botswana between 2010 and 2015 which indicates that during that period, FDI in Botswana increased from P21.8 billion in 2010 to P53.4 billion with an increase of 8.1% from P49.5 billion in 2014 to P53.5 billion in 2015. The mining and finance sectors had the largest shares of FDI in 2014 at 44.6% and 35.7% respectively (see Table 4).

**Table 4: Level of Foreign Investment in Botswana by Industry in 2014 (P Million)**

Industry	Direct Investment	Other Investment	Total
Mining	8,531	6,415	14,945
Manufacturing	466	277	743
Finance	6,832	2,266	9098
Retail and wholesale	1,143	1,025	2,168
Electricity, gas and water	0	6,602	6,602
Real estate and business services	292	18	310
Transport, storage and communications	155	41	196
Construction	38	0	38
Hospitality	122	26	148
Public administration	0	15,861	15,861
<b>Total</b>	<b>19,131</b>	<b>33,722</b>	<b>52,853</b>

Source: Bank of Botswana (2015)

Africa was the major source of investment in Botswana accounting for 49.9%, led by South Africa with 32.6%. Europe contributed the second largest investment in Botswana in 2014 with



43.5% while the U.S. contributed 0.6%. The bulk of investment from Europe was from Luxembourg with 27.9% due to the major mining investors in Botswana.

#### 4.5 Analysis of Exports Performance for Botswana

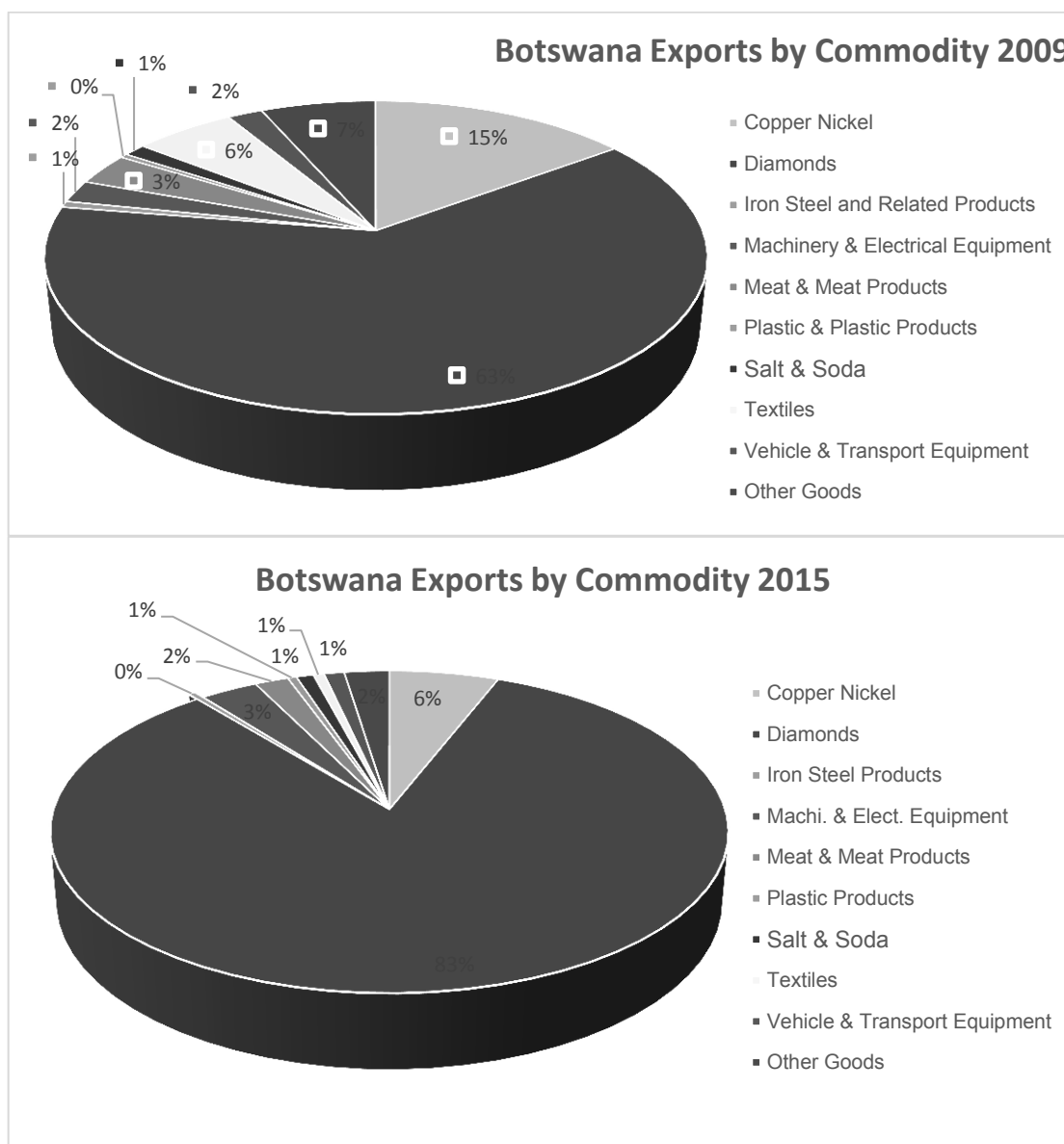
**Table 5: Botswana Exports by Region 2009-2015 (P Million)**

	2009	2010	2011	2012	2013	2014	2015
<b>Total Exports</b>							
SADC	5,040	5,918	7,554	8,329	19,579	19,252	18,534
COMESA	1,510	1,555	1,828	1,341	1,550	1,469	1,078
EU	14,429	19,458	26,088	29,668	29,433	19,615	14,026
ASIA	1,641	2,567	3,389	3,960	8,141	25,682	19,763
USA	321	385	427	553	882	2,036	1,606
<b>TOTAL</b>	<b>24, 243</b>	<b>31,896</b>	<b>40,029</b>	<b>45,816</b>	<b>66,402</b>	<b>76,207</b>	<b>63,293</b>
<b>None Mineral Exports</b>							
SADC	3,393	4,062	5,358	4,340	4,660	3,965	4,806
COMESA	648	802	1,075	776	693	763	764
EU	685	526	51	77	517	832	733
ASIA	77	48	68	73	73	97	75
USA	127	101	146	160	73	173	189

Source: Statistics Botswana

Despite the government's concerted efforts to promote economic diversification, the structure of exports hasn't changed much over the years. Diamonds still account for the majority of exports, accounting for 79% and 83% in 2012 and 2015 respectively followed by Copper Nickel with only less than 10% of total exports in both years. The manufacturing sector still continues to account for very little, with all manufactured products accounting for between 1% and 5%. This signifies a highly concentrated mineral-led economy with a high dependency on a single product, diamonds. Therefore, efforts to diversify the economy remain very critical.

**Figure 3: Botswana Exports by Commodity 2009 and 2015**



Source: Statistics Botswana

Table 5 shows that Botswana's exports to all regions are dominated by mineral exports (also see Figure 3) with non-mineral exports only accounting for 10.4% of total exports in 2015. It is however positive to note that total exports increased from P24.2 billion in 2009 to P63.3 billion in 2015. The EU remained the biggest market for Botswana exports until 2013 when Asia and the SADC region dominated the export market. This was mainly as a result of the relocation of the Diamond Trading Company from London to Gaborone, enabling diamonds to be exported to both regions directly from Botswana. Despite the AGOA trade preference facility, exports to the U.S. have remained minimal throughout the years, only reaching a maximum of P2.04 billion in 2014.

In contrast, according to Trading Economics (<http://www.tradingeconomics.com/lesotho/exports>), Lesotho's primary exports are 40% clothing and 22% diamonds as well as vehicles parts, water, wool and tobacco. Lesotho's main export partners are the U.S. (35%) and South Africa (30%) followed by Belgium and Canada. On the other hand, Ethiopia mainly exports gold (21% of total exports), coffee (19%), live animals, oilseeds, flowers and khat. US imports from Ethiopia include coffee, Niger seeds, returns, and apparel.

#### 4.5.1 General Exports to the US

**Figure 4: Botswana's Main Export Commodities to the U.S. (P Million)**



Botswana has long identified the manufacturing sector as a priority sector for economic growth and diversification. This is mainly because of its Labor intensity as well as its potential to grow the Small and Medium Enterprise (SME) sector, which in turn is a major source of entrepreneurial and industrial development as well as economic growth. To stimulate industrial growth, the GoB has developed a number of initiatives to create a conducive environment, all underpinned by the IDP. The Botswana Industrial Development Policy (2014) provides a high level framework for policies, initiatives, laws and regulations governing the development of industry. The main objective of the policy is to expand Botswana's industrial base through the development of diversified, sustainable and globally competitive industries.

Throughout the years, Botswana basically exported two commodity items to the U.S., textiles/apparel and stone/glass, which is predominately diamonds. Despite the duty free, quota free benefits accorded under AGOA, coupled with the TCF provision, Botswana's textile/apparel exports to the U.S. have not increased over the years. In fact, textile exports actually fell by 15% between 2009 and 2015. The largest decline being in 2013 (see Figure 4 above).

Diamond exports on the other hand have shown significant growth, albeit from a very low base. This is probably because until recently, most of Botswana diamonds have been sold through the Diamond Trading Company in the United Kingdom (UK). Figure 4 shows significant growth in

stone/glass (diamond) exports from 2011 to 2014. However, 2015 witnessed a fall mainly due to the depressed mineral market.

#### 4.5.2 Botswana Export Performance under AGOA

From the 6,400 product lines offered under AGOA, non-energy products with the highest export potential to the U.S. can be broadly categorized using USITC categories as: agricultural products (meat and meat products, horticulture and agro-processing), forest products (natural/indigenous products), textiles and apparel, footwear (leather and leather products), miscellaneous manufactures (handicrafts, jewelry), minerals and metals (granite, semi-precious stones, jewelry).

However, imports from AGOA beneficiary countries constitute about 1% of total U.S. imports and are largely concentrated in energy-related products.

**Table 6: Botswana's AGOA Exports per Sector Since 2010**

	2010 US\$000s	2011 US\$000s	2012 US\$000s	2013 US\$000s	2014 US\$000s	2015 US\$000s	2016 US\$000s (YTD Jan-Jul)
Textiles/Apparel	11,559	15,475	10,400	5,900	9,458	8,251	2,889
Chemicals and Related Products	5						
Misc. Manufactures	3	1,588					
Machinery						5	
Forest Products						3	
Total AGOA	11,567	17,063	10,400	5,900	9,460	8,259	2,889
<b>Total to the US</b>				<b>277,714</b>	<b>317,999</b>	<b>225,286</b>	<b>181,701</b>
<b>% of AGOA Exports</b>				2.12%	2.97%	3.67%	1.59%

Source: USITC, from official statistics of the U.S. Department of Commerce, and consultant's calculations

Although the U.S. imports around 1% of its total textile/apparel requirements from SSA, textiles/apparel are the top non-oil export under AGOA for a number of countries. This is largely because several textile/apparel items are accorded high tariff exemptions of up to 32% under AGOA. Notably, Lesotho, Kenya and Mauritius have over the years used the AGOA facility to good effect. Of the three regions in SSA, in 2015 East Africa led the pack on textiles/apparel exports under AGOA with 67%, followed by Southern Africa with 32% and lastly West Africa with 1%.

Textiles/apparel has been Botswana's main AGOA beneficiary sector (see Table 6 above), constituting between 90-100% of total AGOA exports. During its peak, Botswana had over 10 textiles/apparel firms exporting under AGOA. Today only one company, Carraparel, is consistently exporting under the facility although it has significantly scaled down to less than 400 employees from a total workforce of 1,200 employees during its peak. Of the over 10 textiles/apparel firms that operated from Botswana, some companies have shifted focus towards South Africa while some have relocated with others having closed down.

Botswana's AGOA exports have not increased beyond 2012 levels dropping from a peak of US\$17.1 million in 2011 to US\$8.26 million in 2015. Jewelry (stones/glass) exports, shown as Misc. Manufactures in Table 6 were over US\$1.59 million in 2011. The sector has shown some potential under AGOA. While average AGOA exports from SSA constitute 45-50% of total exports to the U.S., Botswana's are less than 4% from 2013 to date.

**Table 7: All AGOA Exports (Comparison with Ethiopia and Lesotho)**

	AGOA 2013 US\$000's			AGOA 2014 US\$000's			AGOA 2015 US\$000's			AGOA 2016 (YTD Jan-Jul) US\$000's		
	BWA	Ethiopia	Lesotho	BWA	Ethiopia	Lesotho	BWA	Ethiopia	Lesotho	BWA	Ethiopia	Lesotho
Textiles & Apparel	5,855	12,063	320,807	9,458	15,837	288,892	8,251	20,340	299,314	2,889	17,375	132,142
Footwear	1	19,241			19,140			19,032			11,723	
Agric. Products		3,818			5,555			7,799			4,513	
Forestry		2			13		3	19			19	
Chemicals & Related Products		10			15			24			23	
Minerals & Metals		33			21			35			66	
Machinery	73	11			7		5	3			3	
Transport Equipment								21			0	
Electronic products				3	5							
Misc. Man.		135			403			731			432	
	5,929	31,495	320,807	9,461	40,996	288,892	8,259	48,004	299,314	2,889	34,154	132,142

Source: USITC, from official statistics of the U.S. Department of Commerce

In comparison, according to the Lesotho Ministry of Trade and Industry, Cooperatives and Marketing, although Lesotho has not been successful in attracting U.S. investment, it has benefited in export growth driven by the textiles/apparel sector. Lesotho exports to the U.S. increased from about US\$130 million in 2001 to a peak of about US\$448 million in 2004 before tapering off to a current average of US\$300 million as depicted in Table 7. Also, through the development of the textiles/apparel industry, the country achieved its objective of stimulating light manufacturing industry. Currently, the industry accounts for around 50% of total exports from a peak of 83% in 2002. Textiles/apparel currently surpasses government as the largest employer in Lesotho. However, like Botswana, export diversification continues to be one of the main challenges for the country.

On the other hand, a review of Ethiopia's performance under AGOA shows that AGOA exports have grown in volume and product mix increasing over the years from a very low base of US\$215,000 in 2001 to US\$48 million in 2015 and US\$34.2 million in 2016 (YTD January-July). At the same time, AGOA opened up new export opportunities for Ethiopia. The country exports non-traditional items such as textiles/apparel, leather products, hand made goods, in increasing volume to the U.S. market under AGOA. The textile industry is now the largest manufacturing industry in the country with more than 14 state-owned and private major textiles/apparel factories. The textile industry is said to employ around 30,000 workers and constitutes 36% of the entire manufacturing industry. Textiles/apparel exports have grown from US\$163,000 in 2001 to US\$20 million in 2015 and its footwear exports stood at US\$19 million in 2015 and at US\$12 million YTD (January-July 2016). Ethiopia's textiles/apparel industry is also buoyed by relatively low Labor costs.

Botswana's textiles/apparel and leather sector could learn from Ethiopia's success in terms of investment and export market development. Lesotho is the highest exporter of textiles/apparel to the U.S. in SADC and has established arguably one of the largest textiles/apparel manufacturing industries in SSA.

#### 4.5.3 Initiatives by Ethiopia and Lesotho to Increase Investment and Exports under AGOA

The commendable success for both Ethiopia and Lesotho in increasing exports under AGOA can be largely attributed to the two countries' efforts on creating a conducive environment to allow different industries to operate, continuously investing and improving the business environment as well as partnering with industries to establish the necessary infrastructure and facilities which may be too expensive for individual companies to set up on their own. The countries promoted citizen entrepreneurship and facilitated linkage programs between small, micro and medium enterprises (SMMEs) and large businesses. The two countries have also benefited from a sustained and effective investment drive to countries where there are potential investors. More specifically, the two countries implemented initiatives outlined in Table 8.

**Table 8: Ethiopia and Lesotho Initiatives under AGOA**

Ethiopia	Lesotho
<ul style="list-style-type: none"> <li>a) Subsidize land rent in industrial zones</li> <li>b) Provide generous credit schemes</li> <li>c) Have five-year tax holidays on profits</li> <li>d) 100% exemption from payment of duties on imported capital goods and raw materials for the production of exports</li> <li>e) Designated both the textiles/apparel and leather industries as top priority industries</li> <li>f) Creation of strong linkages with agricultural sector through use of inputs from livestock and cotton sectors which are labor intensive and have low barriers to entry</li> <li>g) Promotion of foreign investment capital and technological capabilities</li> <li>h) Simplified acquisition of work permits by lowering application costs</li> <li>i) In addition to low electricity rates, the government is constructing separate grids for new industrial zones</li> </ul> <p>Source: Berg, Hedrich and Russo (2015)</p>	<ul style="list-style-type: none"> <li>a) Offer subsidized rents to apparel investors for at least the first five years of operations</li> <li>b) Provide long term rental leases to investors with option to sublease</li> <li>c) Simplified and centralized rental and regulatory processes with the management of rentals subcontracted to a private firm</li> <li>d) Attract foreign investors by providing industrial zones and serviced factory shells to avoid cumbersome processes</li> <li>e) Concentrated on the promotion of textiles/apparel to develop sector-specific skills</li> <li>f) Coordination of labor and skill development</li> <li>g) Established a One Stop Business Facilitation Centre that covers most aspects of company operations</li> <li>h) Investment Promotion Agency provides: <ul style="list-style-type: none"> <li>• <i>Company Support on:</i> Business registration procedures; permits and manufacturing licenses acquisition; site visits and selection of suitable sites; business services provision; and industrial relations if disputes arise with workers</li> <li>• <i>Manage Incentive Schemes by providing:</i> Unimpeded access to foreign exchange; export finance facility; short and long term loans; and import Value Added Tax (VAT) credit facility for local purchase of raw materials and capital goods</li> <li>• <i>Oversee Tax Management:</i> No tax on income generated from exports outside</li> </ul> </li> </ul>

	<p>SACU and on dividends to local or foreign shareholders; have a permanent maximum manufacturing tax rate of 10% on profits; and allows free repatriation of profits</p> <ul style="list-style-type: none"> <li>• <i>Investment Attraction</i>: Information dissemination to targeted investors and organize trade missions to targeted markets and investors</li> </ul> <p>Source: Shakya, Queen Elizabeth House</p>
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#### 4.6 Regional AGOA Exports Analysis

Of the 15 SADC Member States, the Democratic Republic of Congo and Zimbabwe have never been eligible for AGOA while Swaziland was suspended from the program effective January 2015. Madagascar was suspended from AGOA in 2009 before the suspension was lifted in 2014. As highlighted in the section on overview of AGOA above, Seychelles will be graduated out of AGOA in January 2017.

**Table 9: Regional AGOA Exports**

Country	Total Exports (US\$000's)				AGOA Exports (US\$000's)			
	Total 2014	Total 2015	Total 2015 YTD (Jan-Jul)	Total 2016 YTD (Jan-Jul)	AGOA 2014	AGOA 2015	AGOA 2015 YTD (Jan-Jul)	AGOA 2016 YTD (Jan-Jul)
1. Angola	5,477,548	3,009,896	1,637,013	1,643,288	4,384,113	1,830,569	974,096	1,049,502
2. Botswana	317,999	225,286	130,269	181,701	9,460	8,259	5,210	3,064
3. Lesotho	361,252	329,809	175,022	166,414	288,975	299,367	155,548	157,904
4. Madagascar	217,448	322,267	207,744	235,235	3,537	43,570	18,829	50,725
5. Malawi	80,259	60,556	28,757	28,937	59,777	49,708	22,179	14,639
6. Mauritius	401,353	394,888	225,765	191,511	226,803	218,079	123,387	109,641
7. Mozambique	99,848	109,897	63,513	72,623	8,704	8,568	46	9,120
8. Namibia	256,220	110,529	59,690	66,941	407	204	15	1,086
9. Seychelles	3,891	5,839	3,945	2,635	0	0	0	4
10. South Africa	8,278,624	7,436,989	4,293,803	3,890,174	3,116,064	2,858,203	1,550,951	1,685,861
11. Swaziland	81,527	19,915	2,824	2,815	77,175	NE	NE	NE
12. Tanzania	86,236	106,686	76,979	116,236	18,280	28,598	15,567	19,465
13. Zambia	55,646	58,609	36,528	37,311	4,644	3,739	3,235	1,760
<b>Total</b>	<b>15,717,851</b>	<b>12,191,166</b>	<b>6,941,852</b>	<b>6,635,821</b>	<b>8,197,939</b>	<b>5,348,864</b>	<b>2,869,063</b>	<b>3,102,771</b>

Source: USITC, [https://pubapps2.usitc.gov/africa/total\\_gsp\\_agoa\\_import\\_suppliers.jsp](https://pubapps2.usitc.gov/africa/total_gsp_agoa_import_suppliers.jsp)

Table 9 above shows regional AGOA exports from each of the AGOA beneficiary country in the SADC region from 2014-2016 (YTD January-July). Over 54% and 47% of exports to the U.S. from SADC were under AGOA in 2014 and 2015 respectively with South Africa being the highest AGOA exporter and the most diversified in SSA. South Africa and Angola's exports constituted 91.4% of the total AGOA exports in 2014 and 87.6% in 2015. This is mainly because of the oil, automotive and mineral exports from these two countries. Apart from apparel and energy products, South Africa exports a wide range of goods with vehicles becoming the country's major export under AGOA making South Africa arguably the biggest AGOA beneficiary. It is interesting however, to note that although oil remains the top U.S. import under

AGOA, oil imports from the region to the U.S. are said to have fallen by about 80% (nearly \$40 billion) since 2011.

Of the 13 AGOA eligible SADC countries, Botswana was the 7<sup>th</sup> best exporter in 2014 with a total of US\$9.5 million (2%) and 8<sup>th</sup> out of 12 SADC countries (excluding Swaziland) in 2015 with a total of US\$8.3 million (1.8%) exports. On total exports, Botswana performed dismally compared to other SADC countries with less than 1% during the two years with US\$318 million against US\$15.7 billion in 2014 and US\$225 million compared to US\$12.2 billion in 2015.

#### 4.7 Benefits under AGOA

AGOA has been touted as a significant and fundamental shift in U.S. policy towards Sub-Saharan African countries and the cornerstone of the United States' economic engagement with SSA over the years. Consequently, the 10-year AGOA Extension to September 2025 is an opportunity for AGOA beneficiary countries to ramp up their investment and trade promotion efforts. The AGOA Extension emphasizes the need to “boost trade and investment between Sub-Saharan Africa” and focuses on regional integration, economic development and diversifying sources of growth, eliminating barriers to trade and investment as well as the promotion of the role of women in social and economic development. AGOA provides more liberal access to the U.S. market than any other U.S. unilateral trade preference arrangement and reinforces African reform efforts. At the core of AGOA regulations are the tariff benefits that provide duty-free access to the U.S. market for products from eligible SSA countries in addition to provisions that allow for duty-free and quota-free treatment for eligible textiles/apparel products. Also, through the AGOA program's eligibility criteria, it has helped to encourage the governance and economic reforms needed to support economic growth and encourage investment. Potential benefits for Botswana from the AGOA unilateral trade preference program include:

- a) *Tariff advantage*: Exports from Botswana will have a significant tariff advantage over those from non-AGOA eligible countries, making Botswana products more competitive, e.g. some tariffs exemptions in the textiles/apparel sector under AGOA are as high as 30%.
- b) *Wide range of eligible products*: The AGOA Extension offers an increased range of eligible products (over 6,400 products lines) which allows a more diversified exports to U.S. by Botswana (see section below on proposed sectors) as well as an opportunity to develop local value chains.
- c) *Opportunity for regional integration*: AGOA facility provides an opportunity to create regional integration through the development of value chains, production sharing and collaboration to meet volumes required by the U.S. market and for pitching the region as one big market.
- d) *Capacity building of associations and institutions*: Local institutions will build their capacity and strengthen their process through technical assistance and TCB provided by the various U.S. support agencies such as the regional trade and investment hubs and others whose mandate is to provide technical assistance in AGOA beneficiary countries to facilitate increased utilization of the program.



- e) *Promotion of women in social and economic development*: The AGOA Extension and Enhancement Act, encourages the promotion of women in social and economic development. Increased participation of women in labor will help increase the quantity and quality of available labor for industries involved in international trade.
- f) *Job creation*: AGOA has been credited with the creation of over 300,000 jobs in SSA since its inception hence increased utilization of AGOA by Botswana will result in more job opportunities for Botswana.
- g) *Long term relationships*: Local companies that utilize AGOA will be exposed to the U.S. market and create strategic alliances and other relationships with their U.S. counterparts, which might continue after the expiry of the AGOA facility.
- h) *Giving local companies international exposure*: Participation in the U.S. market under AGOA gives companies the much needed experience for entering other international markets.

#### 4.8 General Constraints under AGOA

Despite the above possible benefits from the AGOA preference program, the U.S. market has largely remained unexploited over the years. Several factors limit SSA countries from effectively utilizing the AGOA facility including limited skilled labor, low levels of technological innovation, lack of economies of scale, high-cost and unreliable energy (USITC, 2014). In addition, poor infrastructure, especially transport and non-tariff barriers (NTBs) such as cumbersome administrative regulations and customs procedures negatively impact the competitiveness of most products from SSA particularly from the landlocked countries such as Botswana. Below are some of the general limitations to effective utilization of the AGOA unilateral trade preference program specific to Botswana:

- a) Inadequate awareness on the AGOA program and the requirements of the U.S. market;
- b) High cost of compliance with technical regulations, standards and quality certification;
- c) High production costs especially due to the cost of utilities (water and electricity) and labor;
- d) Inadequate pool of skilled technical manpower coupled with challenges in obtaining work permits for the required number of expatriates;
- e) Poor competitiveness due to distance to market, limited production capacity, and inconsistent quality of products;
- f) Stringent procedures, technical regulations and quality standards in the U.S. market; and
- g) Unavailability of raw materials, material varieties, and the required factory facilities.

In an effort to overcome some of the constraints on exporting under AGOA and to improve utilization of the program, USAID through the then Southern Africa Trade Hub provided online resources via the [agoa.info](http://agoa.info) website, which included:

- a) A list of AGOA-eligible products;

- b) A guide on exporting to the U.S. for small foreign companies;
- c) A guide on doing business with the U.S.;
- d) Regular updates on AGOA issues; and
- e) Information on Sanitary and Phytosanitary (SPS) measures in the US.

#### 4.9 AGOA SWOT Analysis

Following the above situation analysis, the section below summarizes the strength, weaknesses, opportunities and threats (SWOT) for Botswana (see Table 10). The SWOT analysis helps to develop strategic responses for the identified weaknesses and threats for Botswana while taking advantage of the strengths and opportunities to increase utilization of the AGOA facility.

**Table 10: SWOT Analysis of Botswana**

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• A supportive government that is willing to cooperate with private sector and civil society in developing the country,</li> <li>• Absence of foreign exchange controls,</li> <li>• Abundant natural resources such as land, Labor, minerals and wildlife,</li> <li>• Access to a market of over 200 million people in the SADC region,</li> <li>• Availability of credit for business enterprises,</li> <li>• Availability of institutions offering essential support services,</li> <li>• Botswana has maintained a positive economic growth rate except for 2005-2009,</li> <li>• Commitment to sound fiscal policy and economic freedom,</li> <li>• Comprehensive strategies and policies to facilitate business,</li> <li>• Functioning democracy,</li> <li>• Good reputation from all critical international bodies,</li> <li>• High literacy rate for the population (over 80% of the population aged above 15 years can read/write),</li> <li>• Highest ranked in SACU and second best ranked in SADC on the World Bank Ease of Doing Business at 72 out of 189 countries,</li> <li>• Least corrupt country in the region ranked 28 out of 178 countries on the Transparency International Corruption Perception Index,</li> <li>• Low rate of taxation, inflation and a stable currency, the strongest in SACU,</li> <li>• Non militant Labor force with infrequent/no strikes,</li> <li>• Organizations and entrepreneurs who are keen to</li> </ul>	<ul style="list-style-type: none"> <li>• Challenges with energy, water and internet connection,</li> <li>• Developing private sector struggling to be competitive,</li> <li>• Difficulty and high cost of standards and quality certification,</li> <li>• Distance from the market and high number of NTBs as a land-linked country,</li> <li>• High cost of Labor, water and energy,</li> <li>• High cost to import raw materials and export finished products,</li> <li>• High dependence on government for orders and incentives,</li> <li>• High levels of protection for local entrepreneurs,</li> <li>• Inadequate awareness on available support services,</li> <li>• Inadequate coordination of policies resulting in poor implementation,</li> <li>• Inadequate incentives to drive economic development and to improve competitiveness especially for ailing sectors,</li> <li>• Inadequate required technical and management skills for some sectors,</li> <li>• Inadequate research and development,</li> <li>• Non availability of raw materials in the region for some industry sectors,</li> <li>• Over reliance on government assistance,</li> <li>• Poor accountability from support</li> </ul>

<p>explore the U.S. market using the opportunity presented by the AGOA facility,</p> <ul style="list-style-type: none"> <li>• Political and macro-economic stability, with a record of economic growth based on prudent management,</li> <li>• Positive governance issues and high factor productivity which are major contributors to a conducive business environment,</li> <li>• Potential for beneficiation of minerals and other primary products,</li> <li>• Preferential trade agreements that provide duty free, quota free market access into the U.S. and the EU,</li> <li>• Presence of business development and promotional services,</li> <li>• Private sector friendly policies,</li> <li>• Prudent economic and political management,</li> <li>• Relatively educated and adaptable workforce,</li> <li>• Respect for the rule of law and private property rights,</li> <li>• Sound economic management and long standing political stability,</li> <li>• Strong business support structures and government backing,</li> <li>• Strong infrastructure development programs,</li> <li>• Superior sovereign credit ratings and stable banking institutions supported by a strong private sector,</li> <li>• Track record of good corporate governance and political stability, and</li> <li>• Well-funded and managed support institutions.</li> </ul>	<p>institutions,</p> <ul style="list-style-type: none"> <li>• Poor productivity,</li> <li>• Small domestic market with a population of around two million people,</li> <li>• Strict work permits application for expatriates based on a point based system, and</li> <li>• Undiversified economy depending on diamonds.</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Build capacity of local institutions and strengthen their processes through technical assistance and TCB provided by the various U.S. agencies,</li> <li>• Creation of regional integration through the development of value chains, production sharing and collaboration to meet volumes required by the U.S. market,</li> <li>• Pitching the region as one big market and as a sourcing destination,</li> <li>• Development of specific sectors with potential to export to the U.S. market,</li> <li>• Exposure to the U.S. market and possibility to create strategic alliances and other relationships with U.S. counterparts, which might continue after the expiry of AGOA,</li> <li>• Access to a huge market consisting of 26 countries with a combined population of over 600 million people due to membership of SACU, SADC and the tripartite FTA,</li> <li>• Over 6,400 products lines for export under AGOA,</li> <li>• Prospects for increased FDI from the U.S. and other</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Cumbersome administrative procedures and customs regulations especially at the border with South Africa,</li> <li>• Delays in the provision of essential support services in starting and operating a business,</li> <li>• Inconsistent supply and high cost of water and electricity,</li> <li>• Over dependency on South Africa for markets, raw materials and transport routes,</li> <li>• Political and economic instability in the region can destabilize Botswana's economic development and investment prospects,</li> <li>• Stringent procedures, technical regulations and quality standards in the U.S. market, and</li> <li>• Uncertainty about the future of the AGOA program after September 2025</li> </ul>

parts of the world due to the AGOA program,	
<ul style="list-style-type: none"><li>• Abundant natural resources for ranching, mining, horticulture and manufacturing, and</li><li>• Willingness by the GoB to work with private sector and civil society to develop the country's export potential and competitiveness</li></ul>	

## 5.0 Potential Sectors for Support under AGOA

The AGOA National Response Strategy for Botswana is being developed when the country already has or is in the process of developing and implementing several other national strategies and policies aimed at economic and export development. Therefore, the AGOA strategy complements the efforts already underway to implement the national strategies. These efforts and strategies include, among others:

- a) Botswana Export Development Program;
- b) National Export Strategy;
- c) Economic Diversification Drive Strategy;
- d) National Development Plan;
- e) National Development Strategy; and
- f) Private Sector Development Strategy.

The Daily News (2016) quotes the Minister of Investment, Trade and Industry speaking at a seminar on AGOA held in Gaborone in April 2016 to have stated that through the AGOA utilization strategy, Botswana would be able to explore and develop potential sectors to expand exports and be competitive in the U.S. markets and the rest of the world. In line with this statement, this section suggests sectors with potential for development which can be supported to increase utilization of the AGOA preference program. These potential sectors to be supported under the AGOA program have been selected based on information gathered during the study underpinned by the comparative advantage for Botswana as well as the potential for export and development for the sector based on existing or previous performance. The selection of the sectors was also informed by the eligibility of the products from the sector under AGOA and the potential demand from the U.S. market. Each selected sector is supported by a decision matrix based on a weighting centered on whether the sector is already included in the EDD/NES, has capacity/potential for development, potential for regional integration, possibility for contributing to job creation/poverty reduction and potential U.S. market/demand with a possible total score of 100. All proposed sectors scored above 60%. Furthermore, each proposed sector is concluded with a table detailing the eligibility and statistics for the sector under AGOA. In addition, section 5.2 below discusses products from Botswana that are already being exported or have previously been exported to the U.S. and indicates market entry requirements into the U.S. as well as possible interventions to increase exports under AGOA. Appendix 1 provides a list of frequently asked questions (FAQ) on AGOA and the answers.

The sectorial approach helps to identify and propose appropriate strategic action to increase exports and diversification of product lines under AGOA. This approach dovetails with Botswana's EDD efforts "to develop priority sectors through the maximization of local content; promotion of technology transfers and innovation, the transfer of modern management know-

how, development of the SMME sector and the attraction of foreign direct investment (FDI)”<sup>12</sup>. Knowing the priority sectors with export potential for the U.S. market facilitates the identification of challenges faced by private sector under the AGOA program and helps to identify feasible strategies to address these challenges as outlined in the next section of this document.

Based on the situation and SWOT analyses above, Botswana has a lot of positives to build on in its efforts to increase utilization of AGOA. Using the methodology outlined above, the following sectors have been identified as priority sectors that could be developed to increase exports to the U.S. under AGOA and efforts could be made to attract investment from the U.S. into these sectors:

- a) Handicrafts (Arts and Crafts) Sector;
- b) Horticulture and Agro-processing Sector;
- c) Jewelry and Semi-Precious Stones Sector;
- d) Leather and Leather Products Sector;
- e) Natural (Indigenous) Products Sector;
- f) Meat and Meat Products Sector; and
- g) Textiles/Apparel Sector.

An overview of each of the above sectors is provided below highlighting the potential for growth and capacity for export development and more importantly, some statistics to show the size of the U.S. market and the potential demand for products from the sector. As highlighted above, each sector overview concludes with a decision matrix to illustrate the motivation for considering the sector.

## 5.1 Potential Sector Overview

### 5.1.1 Handicrafts (Arts and Crafts) Sector Overview

Like in most countries in the region, the Botswana Handicrafts Sector mainly consists of women groups and individuals, mostly in rural and semi-rural settings. The main arts and crafts products in Botswana include basketry, pottery, wovens, woodcarvings, bone carvings, leatherwork, Bushmen craft, jewelry and fine art. Botswana Tourism Organization states that Botswana baskets are widely regarded as some of the finest in Africa, and certainly the best in southern Africa (<http://www.botswanatourism.co.bw/arts-and-crafts>). There is great potential for developing the rural based handicraft industry of the country and the development of exports from the sector, resulting in improved quality of life for rural Botswana as well as the effective management and utilization of the country's natural resources. The products with the biggest potential from this sector are baskets, Bushman products, Ostrich beaded jewelry and leatherworks.

The UNESCO Creative Economy Report 2013 confirms the creative economy as one of the most rapidly growing sectors of the world economy and a highly transformative one in terms of income generation, job creation and export earnings. The term “creative economy”, which

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<sup>12</sup> Economic Diversification Drive Medium to Long-Term Strategy 2011 – 2016 (July 2011)

includes arts and crafts, was popularized in 2001 to cover 15 industries extending from the arts to science and technology. Figures published by UNCTAD in May 2013 show that world trade of creative goods and services totaled a record US\$624 billion in 2011. The growth in this sector more than doubled from 2002 to 2011 with an average annual growth rate of 8.8% during that period. Growth in developing-country exports of creative goods was even stronger, averaging 12.1% annually over the same period. A key local player in the sector interviewed during consultations estimates that arts and crafts generate P200 million annually in Botswana. However, the 2008 Creative Economy Report suggested that due to limited support of the industry in Africa and the fact that most of the cultural-industry production on the continent takes place in the informal sector, Africa contributed less than 1% to world exports of creative goods.

According to a study by the then USAID Southern Africa Trade Hub (2014)<sup>13</sup>, the U.S. is Botswana's biggest and only constant export market for basket and wicker works but exports have been in fluctuation since 2008 and in decline since 2010 (see Table 11). Over the years, other markets have included Canada, Australia, Japan, South Africa and the EU. It is important, however, to note that the U.S. is the biggest importer of basket and wickerwork, accounting for over 35% of the global market and the market continues to grow with about 6% growth during the past five years.

**Table 11: Botswana Exports of Basketwork to the US and rest of the world**

Exports (US\$'000)		2001	2005	2007	2008	2009	2010	2011	2012
4602 Basketwork, wickerwork and other article made up from plaiting materials	World	7	37	5	15	6	21	20	11
	USA	3	1	1	14	5	10	5	5

Source: Trademap, last accessed March 2014

In Botswana, what lacks is the coordination of production and market access activities. For instance, in South Africa, the marketing houses handle all the marketing aspects, coordinate the production and manage the quality of the products to ensure effective production and marketing for the country. In order for this sector to grow in Botswana, instead of supporting individual producers, it is important for the country to collaborate with marketing houses for effective marketing and distribution.

Fortunately, the country already has a thriving marketing house with many years of experience and expertise in marketing crafts from Botswana. Also, the region can be harnessed to develop the sector. A private owned company since 1993, Botswanacraft Marketing Company<sup>14</sup> has grown to be Botswana's largest retailer and exporter of handicrafts and now directly employs over forty locals and indirectly creates work for numerous rural craft producers throughout the

<sup>13</sup> Report of the Revision of the Study to Identify Technical Capacity Constraints that Affect SACU Export Access into the US Market under TIDCA and their Mitigation Measures, April 2014

<sup>14</sup> Botswanacraft was established in 1970 by the Botswana Development Corporation to develop the rural based handicraft industry of the country.

country. Both the company's knowledge of the crafts sector in Botswana and the region as well as the market requirements coupled with its already existing network worldwide particularly in the U.S. can be pivotal in developing the sector for increased exports. The Company is dedicated towards improving the quality of life for rural Batswana and the management and utilization of the country's natural resources (<http://www.botswanacraft.bw>). It complements locally made products by importing handicrafts from the southern African region and other developing countries, which can also be critical in developing regional value chains, adding variety to the product and ensuring that production demands by the market are easily met. At the same time, the sector has an association, the Craft Council of Botswana, which can be a vital conduit for reaching out to its members for communication, awareness creation and capacity building activities. Below is a decision matrix for the sector, also see Table 12 for details on eligibility and statistics for AGOA exports for this sector.

<b>Decision Matrix: Handicrafts /Arts and Crafts Sector</b>						
<b>Weight</b>	<b>EDD/NES Sector (40%)</b>	<b>Capacity /Potential (20%)</b>	<b>Regional Integration Potential (10%)</b>	<b>Job Creation and Poverty Reduction (10%)</b>	<b>U.S. Market/ Demand (20%)</b>	<b>Total</b>
<b>Scoring</b>	<b>20%</b>	<b>15%</b>	<b>5%</b>	<b>5%</b>	<b>15%</b>	<b>60%</b>
<b>Explanation</b>	Though not an EDD sector, it is an NES recommended sector. A product may be on EDD sector, yet not AGOA eligible (like diamonds).	There is potential, capacity issues can be addressed through better coordination and training.	Regional integration is vital for this sector. This will facilitate market access and ensure increased required product volumes.	Handicrafts create jobs, though at a slower pace and helps generate income for rural communities.	The market is there, Botswana has even exported certain items. Market access can be improved (see Table 12 for details on potential demand under AGOA and the section on sector strategy).	

Key: 40% = where the sector is identified as a priority sector in both the EDD and NES documents; 20% = where the sector has both capacity and potential for export development and investment; 10% = where the sector has high potential for regional integration; 20% = where the sector has high potential for job creation and poverty reduction; 20% = where the statistics show high demand for products from the sector on the U.S. market.

**Table 12: Statistics for Some of the Handicrafts Products Eligible under AGOA**

<b>HTS Code</b>	<b>Description</b>	<b>U.S. Imports 2015 (US\$000's)</b>		<b>Key Source Countries</b>	
		<b>Total</b>	<b>GSP + AGOA</b>	<b>SSA</b>	<b>Other</b>
			<b>GSP</b> <b>AGO</b>		

46029000	Basketwork, wickerwork and other articles made directly from plaiting materials or from articles of heading 4601, nesoi; loofah articles MFN rate, 3.5% Country of origin; no special programs claimed (\$163,452.7, 79.6%) NAFTA (\$873.9; 0.4%), Caribbean Basin Economic Recovery Act of 1983 (CBERA)	205,278.2	40,912.5		Madagascar (\$29.9), Senegal (\$17.9), Kenya (\$5.0), Uganda (\$5.0), South Africa (\$4.8), Ghana (\$3.3), Botswana (YTD 2016: \$6.1)	China (61.7%), India, Vietnam, Thailand, Canada, Taiwan
46021980	Basketwork and other articles, nesoi, of vegetables materials, nesoi MFN rate, 2.3% Country of origin; no special programs claimed (\$21,010.2; 59.8%), NAFTA (\$7,373.5; 21.0%)	35,107.6	6,208.0 (17.7%)		Rwanda (\$158.1), South Africa (\$54.1), Kenya (\$38.5), Ghana (\$28.9), Cote d'Ivoire (\$22.6), Tanzania (\$14.2), Ethiopia (\$10.0), Madagascar (\$6.0), Senegal (\$4.0), Uganda, Nigeria, Malawi (\$11.7, YTD 2016)	China (51.3%), Canada, Philippines, Mexico, Indonesia, Vietnam, India
46021945	Basketwork and other articles, nesoi, of willow or wood MFN Text Rate; 6.6%	4,530.1	4.9 (0.1%)			China (99.1%) Vietnam, Hong Kong, India
46021918	Baskets and bags of vegetable material, nesoi MFN Text Rate, 4.5% Country of origin; no special programs claimed. (77.3%) CAFTA, US/Morocco FTA, NAFTA	89,633.3	20,236.7 (22.6%)		Ghana (\$1,697.6; 1.9%), Togo, Madagascar, Senegal, Kenya, Uganda, Swaziland, Rwanda, Tanzania, South Africa, Ethiopia, Zimbabwe	China Vietnam Philippines Indonesia
46021916	Baskets and bags of palm leaf other than wickerwork MFN Text Rate, 5% Country of origin; no special programs claimed. (734.4; 34.0%) US/Morocco FTA NAFTA, Panama-USA FTA	2,161.0	1,340.1 (62.0%)		Senegal (\$120.5; 5.6%), Madagascar, South Africa, Uganda, Zimbabwe, Kenya, Tanzania	Philippines (40.9%), Vietnam, China, India
46021912	Baskets and bags, nesoi, whether or not lined, of willow, MFN Text Rate, 5.8% Country of origin; no special programs claimed (99.9%).	27,253.0	19.8 (0.1%)		South Africa (2013; \$2.2)	China (98.8%), UK, France, Hong Kong, Taiwan, Vietnam
46021245	Basketwork and other articles, nesoi, of rattan Country of origin; no special programs claimed (\$2,896.9; 73.5%)	3,939.0	1,042.1 (26.5%)		Tanzania (\$55.2; 1.4%) Swaziland (2013, \$18.6)	China (57.5%), Philippines, Indonesia, Vietnam
46021216	Baskets and bags of rattan other than wickerwork MFN Text Rate, 5% Country of origin; no special programs claimed. (\$58.9%)	10,006.3	4,106.0 (41.0%)		Madagascar (\$189.8; 1.9%), Ghana, Swaziland, Rwanda, RSA, Senegal	Philippines (31.6%), Vietnam, China, Indonesia
46021145	Basketwork and other articles, nesoi, of one or more of bamboo MFN Text Rate, 6.6%, Country of origin; no special programs claimed (\$17,388.7; 66.3%), NAFTA (32.9%)	26,209.3	194.5		Botswana (\$3.2), Ethiopia (\$2.4), Ghana (YTD 2016, \$93.2), South Africa (2014, \$2.3)	China (58.3%), Mexico, Vietnam, Taiwan
46021109	Baskets and bags of bamboo other than wickerwork MFN Text Rate, 10% Country of origin; no special programs	18,658.9	364.7 (2.0%)		Ghana	China (85.2%), Vietnam, Indonesia, Philippines



	claimed (98.0%), US/Morocco FTA, CAFTA					
69120035	Ceramic (o/than porcelain or china) household table and kitchenware, in sets in which aggregate val. Of arts. /US note 6(b) n/o \$38 MFN Text Rate, 9.8% Country of origin; no special programs claimed (\$2,661.9, 99.2%), US/Australia FTA	2,682.9	18.1			China (91.1%), United Kingdom, Thailand, France, Brazil, Poland, Japan, Italy
69120039	Ceramic (o/than porcelain or china) household table and kitchenware, in sets in which aggregate val. Of arts. /US note 6(b) o/\$38, MFN Text Rate, 4.5% Country of origin; no special programs claimed (99.9%), Peru-U.S. FTA, CBERA, NAFTA	144,721.3		\$11.9 (2013), \$161.9 (YTD 2016)	Ethiopia (2014, \$2.1) South Africa (2013, \$11.9), and (YTD2016, \$161.9)	China (84.5%), United Kingdom, Portugal, Malaysia
69120041	Ceramic (o/than porcelain or china) household steins w/pewter lids, decanters, punch bowls, spoons & rests, salt/pepper sets, etc. MFN Text Rate, 3.9% Country of origin; no special programs claimed (97.1%)	34,237.2	981.8 (2.9%)		Republic of South Africa (YTD2016, \$6.3)	China (88.3%), Germany, Thailand, Italy, Poland, Japan, Portugal
69120044	Ceramic (o/than porcelain or china) household mugs and steins w/o attached pewter lids MFN Text Rate, 10% Country of origin; no special programs claimed (90.2%)	223,819.0	21,087.8 (9.4%)		Cameroon, South Africa, Mauritius	China (83.8%), Thailand, Portugal, Mexico, Taiwan, Italy, Poland
69120045	Ceramic (o/than porcelain or china) household table/kitch. ware, n/in specif. sets, cups o/\$5.25/dz, saucers o/\$3/dz, etc., MFN Text Rate, 4.5% Country of origin; no special programs claimed. (99.6%) Korea-U.S. FTA, NAFTA), Colombia-U.S. FTA, Peru-U.S. FTA	159,897.1	\$3.5 (2014) \$7.4 (YTD 2016)	\$74.6 (2013) \$129.6 (2014) \$37.9 (2015)	South Africa (\$49.1), Cameroon (\$9.9), Zimbabwe (2014, \$2.1), Ethiopia (YTD 2016, \$7.4)	China, Portugal, Italy, Indonesia, Thailand, Japan, Poland

USITC: [https://dataweb.usitc.gov/scripts/tariff\\_current.asp](https://dataweb.usitc.gov/scripts/tariff_current.asp)

### 5.1.2 Horticulture and Agro-processing Sector Overview

The Horticulture and Agro-processing Sector in Botswana is still very much at infancy stage. According to Chatterji, Hatzipetros and Oagile (2015), the Food and Agriculture Organization (FAO) estimates global Fresh Fruit and Vegie (FF&V) production in 2010 to be 1.6 billion tons, of which Africa accounted for 9%. In the year ending April 2013, Botswana's horticulture sector's output was reported to have accounted for P143 million (approximately US\$14 million), or 0.1% of GDP.

The Botswana Agricultural Marketing Strategy (2011-2016) listed the principal horticultural products as fruit (water melons and tomatoes) and vegetables (lettuce, onions, butternut, carrots and cabbage). There were also plans to explore flower production in the vicinity of the Zambezi River.

Several challenges face the Horticulture and Agro-processing Sector in Botswana including:

- Quality issues related to meeting SPS requirements both for South Africa and the U.S. market;
- Delays by the South African customs authorities and unavailability of direct flights to the U.S. market;

- c) Low production volumes and limited product lines (farmers are not able to meet local demand);
- d) Lack of marketing skills and market information;
- e) The sector is dominated by a large number of small farms, most of whom are part-time owners, and lacking farming skills (Chatterji et al, 2015);
- f) While the Botswana College of Agriculture (BCA) offers a relatively good level of theoretical education, students are offered very limited practical experience desired by the sector;
- g) Botswana's land allocation policy, contributes to the low utilization of FF&V allocated land; and
- h) For most farms, water is not widely available and water quality is often not appropriate for farming.

Considering the distance to the AGOA market coupled with the issues of perishability of the products involved and the high cost of appropriate transport, watermelons would stand a better chance, as opposed to produce like lettuce and tomatoes. In 2015, the U.S. imported fresh watermelons (entered during December 1 to March 31), worth US\$74.8 million, and those entered during the period April 1 through November 30 worth US\$247.8 million. These were mainly coming from North and Central America. However, Botswana farmers would need to be guided in terms of the right varieties sellable in the U.S. that is the smaller seedless varieties.

Recently, the National Food Technology Research Centre (NFTRC), established an agro-processing plant in Selebi-Phikwe, to process horticultural products particularly tomatoes. NFTRC estimates the horticultural industry to be valued at P700 million hence the need to set up the agro processing plant. The value-addition activities would help reduce farm-level wastage which the Ministry of Agriculture (MoA) estimates at 20-25% on average with some FF&V such as tomatoes and lettuce, reaching up to 50%.

The Selebi-Phikwe Economic Diversification Unit (SPEDU) and NFTRC plan to establish international markets once the domestic market is satisfied (Kelebeile, 2015). Other notable agro-processing companies include Kelosika (Pty) Ltd, a producer of supplementary food products that has invested towards attaining the Hazard Analysis and Critical Control Point<sup>15</sup> (HACCP) and ISO 22000<sup>16</sup> certifications, targeting the export market. NFTRC, the Botswana Horticultural Market (BHM) and the Agriculture Hub (established in 2008) have key roles to play in this sector in terms of encouraging value addition, product quality improvements through testing infrastructure, food technology and processing improvements, commercialization of agriculture in Botswana and information dissemination to enhance farmer incomes. The U.S. Food and Drug Administration (FDA) regulate food, beverages, and dietary supplements intended for consumption in the U.S. by humans or animals. According to the U.S. FDA Bioterrorism Act, registration is required for all facilities that manufacture, process, pack, or store food, beverages, or dietary supplements that may be consumed in the U.S. by humans or animals. Companies located outside the U.S. must designate a U.S. Agent for U.S. FDA communications.

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<sup>15</sup> HACCP is a system that helps food business operators look at how they handle food and introduces procedures to make sure the food produced is safe to eat

<sup>16</sup> ISO 22000 is a Food Safety Management System that can be applied to any organization in the food chain, farm to fork

Below is a decision matrix for the sector, also see Table 13 for details on eligibility and statistics for AGOA exports for this sector.

<b>Decision Matrix: Horticulture and Agro-processing Sector</b>						
<b>Weight</b>	<b>EDD/NES Sector</b>	<b>Capacity /Potential</b>	<b>Regional Integration Potential</b>	<b>Job Creation and Poverty Reduction</b>	<b>U.S. Market/ Demand</b>	<b>Total</b>
	<b>(40%)</b>	<b>(20%)</b>	<b>(10%)</b>	<b>(10%)</b>	<b>(20%)</b>	
<b>Scoring</b>	<b>20%</b>	<b>15%</b>	<b>5%</b>	<b>10%</b>	<b>20%</b>	<b>70%</b>
<b>Explanation</b>	Horticulture is an EDD priority sector.	There is potential, once land earmarked for horticulture is effectively utilized coupled with improved investment in agro-processing	For example, piggy-bagging on South Africa's horticulture exports would help increase competitiveness and market access for local products	The sector creates jobs, and more can be expected through new investments. The sector also generates income for rural communities.	In 2015, the U.S. imported fresh tomatoes (US\$1.081b); juice other than tomato (US\$39.5m); dried tomatoes (US\$20.398); and fresh watermelons (US\$247.8m).	

Key: 40% = where the sector is identified as a priority sector in both the EDD and NES documents; 20% = where the sector has both capacity and potential for export development and investment; 10% = where the sector has high potential for regional integration; 20% = where the sector has high potential for job creation and poverty reduction; 20% = where the statistics show high demand for products from the sector on the U.S. market.

**Table 13: Statistics for some of the Horticulture and Agro-processing Products Eligible under AGOA**

<b>HTS Code</b>	<b>Description</b>	<b>U.S. Imports 2015 (\$000's)</b>			<b>Key Source Countries</b>	
		<b>Total</b>	<b>GSP + AGOA</b>		<b>SSA</b>	<b>Other</b>
			<b>GSP</b>	<b>AGO</b>		
08071130	Watermelons, fresh, if entered during the period from December 1, in any year, to the following March 31, inclusive MFN Rate, 9% (Ad Valorem Rate) times (Value). NAFTA (\$44,171.6; 59.0%) CAFTA (\$30,293.4; 40.5%), Panama-U.S. FTA (\$347.3; 0.5%), Country of origin; no special programs claimed (\$9.4)	74,863.6	42.0 (0.1%)			Mexico, Guatemala, Honduras, Nicaragua, Panama, Costa Rica, Brazil, Dominican Republic
08071140	Watermelons, fresh, if entered during the period April 1 through November 30, inclusive. MFN Text Rate, 17% (Ad Valorem Rate) times (Value)	247,812.4				Mexico, Guatemala, Canada, Panama, Brazil, Costa Rica, Nicaragua
07099310	Pumpkins, fresh or chilled. MFN Text Rate, 11.3%. NAFTA, \$ 6,036.0, CAFTA, \$4,116.9, Panama-U.S. FTA (\$607.7), CBERA (\$394.9), US/Chile FTA (\$44.1), Country of origin; no special programs claimed. (\$9.2)	\$ 11,305.6	(11.0 in 2013, and \$5.0 in 2014)			Canada, Costa Rica, Panama, Trinidad & Tobago, Mexico, Honduras, Jamaica
07051120	Head lettuce (cabbage lettuce), fresh or chilled, if entered June 1 to October 31, inclusive, in any year	60,526.9				Mexico \$41,439.6 (68.5%), Canada, Peru, Italy, Guatemala,

	MFN Text Rate, 0.4 cents/kg. NAFTA, (\$60,423.4), Peru-U.S. FTA ( 76.8), MFN Text Rate, 3.7 cents/kg					Reunion, Ecuador, Israel, Chile, Netherlands, Belgium, Republic of Korea, Spain
07051140	Head lettuce (cabbage lettuce), fresh or chilled, if entered Nov. 1 through May 30, inclusive, in any year NAFTA \$71,955.2 (99.9% ), Peru-U.S. FTA, Korea-U.S. FTA, Country of origin; no special programs claimed, US/ Free Trade Area Implementation Act of 1985.	\$ 72,047.4				Mexico, Canada, Peru, Rep. of Korea, Netherlands, Ecuador
21032040	Tomato sauces, nesoi. MFN Text Rate, 11.6% NAFTA, Country of origin; no special programs claimed, CAFTA, Peru-U.S. FTA	\$ 42,459.4				Canada \$14,914.6 (35.1%), Mexico, Italy
07129085	Dried vegetables nesoi, and mixtures of dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared. MFN Text Rate 8.3% Country of origin; no special programs claimed. \$ 44,911.7 (69.2%), US-Chile FTA, NAFTA, CAFTA, Korea-U.S. FTA, Peru-U.S. FTA, CBERA, US-Israel FTA	64,932.4	4,962.2		South Africa, Ghana, Nigeria, Cote d'Ivoire, Ethiopia, Guinea, Cameroon, Kenya	China \$30,859.6 (47.5%), Chile, Germany, Mexico, Hungary, Ecuador, India, Poland, Egypt, Republic of Korea, Uzbekistan, Japan, Hong Kong
07129078	Tomatoes, dried, whole, other MFN Text Rate 8.7% Country of origin; no special programs claimed. \$20,278.0 (99.4%), US-Chile FTA, NAFTA, CAFTA, US-Israel FTA	20,398.2				Turkey \$15,001.8 (73.5%), China, Italy, Uzbekistan, Chile
20098980	Juice of any single vegetable, other than tomato, concentrated or not concentrated MFN Text Rate 0.2 cents/liter Country of origin; no special programs claimed. \$33,280.4 (84.2%), US-Chile FTA, Korea-U.S. FTA, CBERA, NAFTA	39,530.3	3,702.1 (9.4%)		Nigeria	China \$17,309.3 (43.8%), France, Chile, Turkey, Italy, New Zealand, Germany, Thailand, Switzerland, Poland, Hong Kong, UK
07020020	Tomatoes, fresh or chilled, entered during Mar. 1 to July 14, or the period Sept. 1 to Nov. 14 in any year. MFN Text Rate 3.9 cents/kg. NAFTA, CAFTA, Country of origin; no special programs claimed, Colombia-U.S. FTA, US-Israel FTA	1,081,361.7				Mexico \$907,890.9 (84.0%), Canada, Guatemala, Dominican Republic

USITC: [https://dataweb.usitc.gov/scripts/tariff\\_current.asp](https://dataweb.usitc.gov/scripts/tariff_current.asp)

### 5.1.3 Jewelry and Semi-Precious Stones Sector Overview

While diamonds are not AGOA eligible, Botswana has potential to export granite under AGOA. Botswana granite has fascinating colors and textural patterns. One Botswana Company, Teco is already exporting granite to the UK and has appointed a UK distributor. According to USITC, the U.S. imported US\$6.1 million worth of granite (cut into blocks or slabs of a rectangular/square shape, HTS code 25161200). South Africa exported US\$122,400 worth of granite in 2015, while Namibia exported US\$26,200 in 2013. Masa Semi-Precious Stones in Bobonong tumbles, cuts and polishes semi-precious stones consisting of Agate Nodules, Aquamarine, Amethyst, Azurite and Botswana Pink. At the same time, Botswana also has potential to resume and increase Jewelry exports to the US. In 2015, the U.S. imported Jewelry articles of precious or semi-precious stones, valued over US\$40 per piece (HTS code 71162015), worth US\$33.3 million. Kenya, Mali, South Africa and Zambia are occasional suppliers of this category of jewelry made from precious/semi-precious stones.

Shrenuj Botswana, an investor from India, is the only company that has tapped into the opportunity by exporting US\$1.59 million worth of locally made jewelry to the U.S. under AGOA in 2012. Unfortunately, the company did not export again afterwards. The reasons for stopping further exports are not clear but there are strong indications that the company is willing to resume exports to the U.S. and has the capacity do so if and when a market is found.

Below is a decision matrix for the sector, also see Table 14 for details on eligibility and statistics for AGOA exports for this sector.

Decision Matrix: Jewelry and Semi-Precious Stones						
Weight	EDD/NES Sector (40%)	Capacity /Potential (20%)	Regional Integration Potential (10%)	Job Creation and Poverty Reduction (10%)	U.S. Market/ Demand (20%)	Total
Scoring	20%	20%	5%	10%	15%	70%
Explanation	Jewelry is an NES recommended sector. However, a product (like diamonds) may be on the EDD/NES list, yet not AGOA eligible.	Botswana has granite deposits estimated to last for the next 100 years. There are current exporters and new investments in this sector. Already, semi-precious stones are being exported to Germany and South Africa.	South Africa, Namibia and Zimbabwe have granite deposits while Zambia has semi-precious stones.	The sector creates jobs, and more can be expected through new investments.  The sector also generates income for rural communities.	In 2015, the U.S. imported US\$6.1 million of granite (HTS 25161200) and US\$33.3m worth of Jewelry (HTS 71162015) (see Table 14).	

Key: 40% = where the sector is identified as a priority sector in both the EDD and NES documents; 20% = where the sector has both capacity and potential for export development and investment; 10% = Where the sector has high potential for regional integration; 20% = where the sector has high potential for job creation and poverty reduction; 20% = where the statistics show high demand for products from the sector on the U.S. market.

**Table 14: Statistics for Some of the Jewelry and Semi-Precious Stones Products Eligible under AGOA**

HTS Code	Description	U.S. Imports 2015 (US\$000's)			Key Source Countries	
		Total	GSP + AGOA		SSA	Other
			GSP	AGO		
25161200	Granite merely cut into blocks or slabs of a rectangular (including square) shape. NTR/MFN rate, 2.8% (ad valorem). Country of origin; no special programs claimed; \$ 2,542.1; 41.4% North American Free Trade Agreement (NAFTA); \$ 700.0; 11.4%	6,143.9	2,901.8 (47.2%)		South Africa (\$122.4) Namibia (\$26.2 in 2013)	India; China; Canada; Italy; Brazil; Spain
71031040	Precious stones (other than diamonds) and semi-precious stones, simply sawn or roughly shaped. Meanwhile, attracts 10.5% ad valorem duty under Normal Trade Relations (formerly MFN)	1,358.5	1,084.7		South Africa, Namibia	Brazil, Uruguay, China, Pakistan, India, Australia, Germany, Thailand,
71039950	Precious or semi-precious stones, nesoi, worked, whether or not graded, but not strung (ex. Ungraded temporarily strung), mtd. Or set. Meanwhile, attracts 10.5% ad valorem duty under NTR/MFN	12,263.9	6,348.8		Madagascar, DRC, South Africa, Tanzania, Ethiopia, Zambia	Brazil, China, Australia, India, Uruguay, Canada, Mexico, Thailand, Pakistan
71162005	Jewelry articles of precious or semi-precious stones, valued not over \$40 per piece.	335,276.7	30,867.3		Rwanda, Kenya, DRC, South Africa	China, Thailand, Vietnam, India,

	Meanwhile, attracts 3.3% ad valorem duty under NTR/MFN					Mexico, Italy, Indonesia, Rep. of Korea, Brazil
71162015	Jewelry articles of precious or semi-precious stones, valued over \$40 per piece. Meanwhile, attracts 6.5% ad valorem duty under NTR/MFN	33,302.0	7,366.3		Zambia, Kenya, Mali, South Africa	China, India, Thailand, Hong Kong, Italy, United Kingdom, France, Mexico, Pakistan, Colombia, Turkey, Vietnam, Germany, Israel
71162030	Semiprecious stones (except rock crystal), graded and strung temporarily for convenience of transport. Meanwhile, attracts 2.1% ad valorem duty under NTR/MFN	10,938.7	2,356.2		Republic of the Congo, South Africa, Zambia, Madagascar	China, India, Hong Kong, Brazil, Italy, Taiwan, Germany, United Kingdom, Pakistan
71162035	Semiprecious stone (except rock crystal) figurines. Meanwhile, attracts 4.5% ad valorem duty under NTR/MFN	5,454.7	2,070.9		Kenya, DRC, South Africa	China, Brazil, India, Pakistan, Peru, Hong Kong, Mexico, Uruguay, France, Canada, Ecuador
71162040	Semiprecious stone (except rock crystal) articles (other than jewelry and figurines). Meanwhile, attracts 10.5% under NTR/MFN	12,772.9	6,982.1		Madagascar, South Africa, Kenya, DRC	Brazil, China, India, Mexico, Uruguay, Italy, Austria, Germany, Pakistan, Indonesia

USITC: [https://dataweb.usitc.gov/scripts/tariff\\_current.asp](https://dataweb.usitc.gov/scripts/tariff_current.asp)

#### 5.1.4 Leather and Leather Products Sector Overview

This sector is included in the EDD Strategy as part of the GoB's drive to diversify the economy. The sector also has potential for downstream industries that will involve small enterprises and women participation. The findings of the leather sector component of the study on Value chain analysis in emerging sectors (2015) undertaken under the PSDP indicated that Botswana's leather sector is a by-product of the meat industry with 350,000 hides and 80,000 sheep and goat skins produced annually. Kgalagadi, Central, North and Kwaneng districts account for 50% of hide and skin production but most small stock animal skins go to waste because of inadequate slaughtering and collection. Since wet blue production was discontinued for environmental reasons in 2006, hides and skins are mostly exported in semi-processed form (wet salted, soaked, pickled). Tanning is mostly done by 300 artisanal SMEs and only less than 3% of hides and skins are processed into final leather products. Economically, Botswana currently derives very little benefits from the sector because of low-value exports. Opportunities lie in upgrading product quality (wet blue tannery) and leather goods manufacturing.

The key features of the leather value chain are that the sector has several actors including hide and skin producers, collectors, processing and manufacturing for footwear, bags and other items. The sector provides a total of 1,260 jobs of which 57% is in slaughtering and 14% in manufacturing with a total value of semi-processed leather estimated at P39 million. As is the case with most if not all of the sectors identified in this study for export development under AGOA, the overall productivity for this sector is low and lacks competitiveness due to high cost of utilities and inputs, cost of compliance with standards and quality requirements and distance to the market, among others. For instance, although 82% of vegetable materials used by artisanal tanners are sourced locally, all chemical inputs are mainly imported from South Africa.

Realizing the prospect for the sector to be developed into a thriving industry with potential to export a variety of products, the GoB has approved a project to develop a Leather Park in Lobatse and has already committed P250 million of the P450 million required to construct the Park. The money from government is for the nonprofit making aspects of the project, which include the establishment of an effluent treatment plant while the balance will come from a private sector partner. The government has indicated that it will not be involved in the running of the project which it leaves to the private sector partner, along the DeBeers Model.

However, this is not a low-hanging fruit for AGOA, as the necessary developments are still a long way to go before production actually commences. Estimations are that, all things being equal, construction of the Leather Park will commence in April 2017, scheduled for completion by end of 2018. Therefore, production will not begin before 2019, starting with Phase 1 which will only do finished leather before going on to Phase 2 which will be producing leather products such as footwear, wallets, belts and handbags etc. The good news, however, is on full production the local market would only consume 20-30% of the production leaving the balance for export. The park will produce 9,300 square meters of leather, of which 50% will be for footwear.

Besides the leather from cattle hides, consideration should also be given to crocodile and ostrich skin as well as game. Dzoma, Sejoie and Segwagwe (2008) report that there are at least three crocodile farms in Botswana, then stocking an average of over 5,000 animals. The stock has since increased as one of the farms, Krokavango Crocodile Farm, reports own stock of almost 8,000 captive-bred crocs on-site. A new project set up recently in the Bobirwa region, an extension of South Africa crocodile enterprise, has a stock complement of 18,000 animals, targeted for the European market.

According to the report, crocodile farming should be encouraged in Botswana since a lucrative market for crocodile products already exists. The main product traded from a crocodile is the crocodile skin. Crocodile meat, which is a by-product, is popular in tourist areas. The raw skins are sold to South Africa as a result of the absence of a tannery, and used for purses, belts etc. The challenge is mainly on quality, as the overseas luxury brand market has stringent quality requirements. Botswana could learn from Ethiopia's success in this sector, whose footwear and leather exports under AGOA grew from US\$630,000 in 2011 to US\$19 million in 2015.

Below is a decision matrix for the sector, also see Table 15 for details on eligibility and statistics for AGOA exports for this sector.

<b>Decision Matrix: Leather and Leather Products Sector</b>						
<b>Weight</b>	<b>EDD/NES Sector</b>	<b>Capacity /Potential</b>	<b>Regional Integration Potential</b>	<b>Job Creation and Poverty Reduction</b>	<b>US Market/ Demand</b>	<b>Total</b>
	<b>(40%)</b>	<b>(20%)</b>	<b>(10%)</b>	<b>(10%)</b>	<b>(20%)</b>	
<b>Scoring</b>	40%	10%	10%	10%	10%	80%
<b>Explanation</b>	This is an EDD/NES identified sector.	The sector has great potential, yet currently low capacity, in both	There is potential for regional integration, as only 20-30% of	There is room for downstream industries and farmers can realize	In 2015, the U.S. imported various leather products	

		crocodile and other livestock leather.  Though there is great potential for the sector, the Leather Park project may take time before it becomes operational.	production is estimated for local consumption with the rest earmarked for the export market.	more value from selling improved quality animal hides.	including reptile leather (HTS Code 42022130/ 41032020) (see Table 15).  Botswana has been exporting its unprocessed hides to South Africa with its Crocodile leather also destined for the luxury market in the same country.	
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Key: 40% = where the sector is identified as a priority sector in both the EDD and NES documents; 20% = where the sector has both capacity and potential for export development and investment; 10% = Where the sector has high potential for regional integration; 20% = where the sector has high potential for job creation and poverty reduction; 20% = where the statistics show high demand for products from the sector on the U.S. market.

**Table 15: Statistics for Some of the Leather Products Eligible under AGOA**

HTS Code	Description	U.S. Imports 2015 (US\$000's)			Key Source Countries	
		Total	GSP + AGOA		SSA	Other
			GSP	AGO		
41120030	Sheep or lamb skin leather, without wool on, not fancy, prepared after tanning or crusting, other than of heading 4114 MFN Text Rate 2%, Ad Valorem Country of origin; no special programs claimed \$7,923.3 US-Israel FTA, NAFTA, Korea-U.S. FTA	7,989.3	2.7	38.0	Ethiopia \$84.7, South Africa \$1.5 (YTD, Jan-Jun 2016)	Italy \$4,566.8, France, Spain, Turkey, China, Iraq
42021100	Trunks, suitcases, vanity & all other cases, occupational luggage & like containers, surface of leather, composition or patent leather MFN Text Rate 8%, Ad Valorem Country of origin; no special programs claimed \$106,150.8, NAFTA, Colombia-U.S. FTA, Korea-U.S. FTA , Peru-U.S. FTA	111,427.9	17.1 (YTD 2016, Jan-Jun)	4.0 (2013), 72.8 (2014), 145.1 (2015), 131.4 (YTD2016, Jan-Jul)	Ethiopia \$1.8 (2013), \$71.5 (2014), \$89.6 (2015), South Africa \$ 80.2, Mauritius \$ 11.8, Zimbabwe \$ 11.2, Tanzania \$ 10.4, Kenya, Sierra Leone, Nigeria, Uganda, Burkina Faso, Senegal, Niger, Madagascar, Ghana, Mali	China \$50,141.7 (45.0%), Vietnam, Italy, France, India, Mexico, Spain, Colombia, United Kingdom, Philippines
42022130	Handbags, with or without shoulder strap or without handle, with outer surface of reptile	70,645.3		668.1 (2013),	South Africa \$741.8 (2013),	Italy \$32,861.4 (46.5%), France,



	leather MFN Text Rate 5.3%, Ad Valorem Country of origin; no special programs claimed \$60,840.7 Colombia-U.S. FTA, US/Singapore FTA, US/Israel FTA, NAFTA, Korea-U.S. FTA, CAFTA, US/Australia FTA			1,622.4 (2014), 431.5 (2015)	\$1,632.1 (2014), \$478.3 (2015), Zimbabwe \$ 13.9, Zambia \$5.2, Madagascar \$ 0.5, Cote d'Ivoire \$2.2 (2014), Togo \$3.4 (2014), Mauritius \$0.4 (2014)	Colombia, China, Singapore, United Kingdom
64031940	Sports footwear, nesoi, w/outer soles rubber/plastics/leather/comp. leather & uppers of leather, n/welt, for men/youths/boys MFN Text Rate 4.3%, Ad Valorem Country of origin; no special programs claimed. \$ 17,295.4 (98.8%), NAFTA, US/Israel FTA	17,508.8		3.4 (2013), \$1.6 (YTD2016 Jan-Jul)	South Africa \$10.1, Ethiopia \$2.9 (2013), \$1.6 (YTD2016 Jan-Jul), Botswana \$0.5 (2013)	China \$ 6,299.5 (36.0%), Italy, Germany, Vietnam, Portugal, Indonesia, Poland, Taiwan, Thailand, Romania
64042060	Footwear w/outer soles of leather/comp. leather & uppers of textile, nesoi MFN Text Rate, 37.5% Ad Valorem Country of origin; no special programs claimed \$ 21,322.3 (87.9%), NAFTA, US/Morocco FTA, US/Israel FTA, Colombia- U.S. FTA, Korea-U.S. FTA, Peru-U.S. FTA	24,260.1		1.3	Nigeria \$10.7, Kenya \$ 1.3, Cameroon \$16.4 (2013)	Italy \$16,764.0 (69.1%), Mexico, China, Spain, Morocco, France, Brazil, Thailand, Portugal
64042040	Footwear w/outer soles of leather/comp. leath., n/o 50% by wt. rub./plast. or rub./plast./text. & 10%+ by wt. rub./plast., val. o/\$2.50/pr MFN Text Rate 10%, Ad Valorem Country of origin; no special programs claimed \$ 144,071.6 (99.0%), CAFTA, US- Morocco FTA, NAFTA, Peru-U.S. FTA, Korea-U.S. FTA, US -Israel FTA	145,549.7		5.3 (YTD 2016, Jan- Jun)	Nigeria \$ 5.3, Niger \$0.6, Ethiopia \$5.3 (YTD 2016, Jan-Jun)	China \$62,884.5 (43.2%), Italy, Spain, United Kingdom, Thailand, Brazil, Russia
41071250	Grain split whole upholstery leather of bovines (not buffalo) nesoi and equines, w/o hair on, prepared after tanning or crusting, not 4114 MFN Text Rate, 2.8% Ad Valorem Country of origin; no special programs claimed, \$ 39,928.6, Korea-U.S. FTA, NAFTA, Colombia-U.S. FTA,	63,233.4	21,033.7		South Africa, \$ 48.2 (2013), \$ 120.0 (2014) and \$54.9 (2015) Namibia \$5.4 (2013)	Italy \$ 20,752.2, Brazil, Germany, Thailand, Switzerland, Uruguay, Sweden, Republic of Korea, Argentina, Mexico, United Kingdom, China
41032020	Raw hides and skins of reptiles, vegetable pre-tanned but not further prepared. Italy\$2,400 in 2015. South Africa \$300 in 2014, Indonesia \$1,200 in 2014.	2.4	0.3 (2014)			Italy
41062110	Hides and skins of goats or kids, without hair on, tanned but not further prepared, wet blue MFN Text Rate, 2.4%, Ad Valorem Rate country of origin; no special programs claimed, \$ 19.9	19.9				Germany, 19.9 France
41062190	Hides and skins of goats or kids, without hair on, tanned but not further prepared, in the wet state other than wet blue MFN Text Rate, 2.4%, Ad Valorem Rate Country of origin; no special programs claimed, \$ 256.0, Peru-U.S. FTA, Colombia- U.S. FTA	925.8	\$669.8			India, Pakistan, Italy, Argentina, Taiwan, Peru
41041120	Tanned whole bovine skin and hide leather (not upper/lining), w/o hair on, unit surface area n/o 2.6 sq m, in the wet state MFN Text Rate, 2.4%, Ad Valorem Rate Country of origin; no special programs claimed, \$349.6 NAFTA, \$ 44.2	393.7				Brazil, \$ 130.0, Spain, Austria, Mexico, Germany, Pakistan, Italy, Belgium
41041920	Whole bovine skin leather (not upper or lining), w/o hair on, surface n/o 2.6 sq m, tanned but not further prepared, in the wet state or imports by statistical suffix (HTS10) MFN Text Rate, 2.4%, Ad Valorem Rate Country of origin; no special programs claimed, \$ 93.9, NAFTA	93.9				Italy, Brazil, United Kingdom, Uruguay, Republic of Korea
41044120	Crust whole bovine hide and skin leather (not	1,395.5				Uruguay, \$ 496.2,

	upper or lining), w/o hair on, surface n/o 2.6 sq m, tanned but not further prepared MFN Text Rate, 2.4%, Ad Valorem Rate Country of origin; no special programs claimed, \$1,363.0, NAFTA, Korea-U.S. FTA, CAFTA					Hong Kong, China, Italy, Brazil, Germany, India, Canada, Netherlands, Mexico, Switzerland, Pakistan, United Kingdom
41044140	Crust full grain unsplit/grain split bovine (ex. buffalo) nesoi/equine hides/skins upper/sole leather, w/o hair, tanned not further prepared MFN Text Rate, 5%, Ad Valorem Rate Country of origin; no special programs claimed, \$153.9, NAFTA	157.3	\$163.6 (2013)			Italy, \$ 97.4, Argentina, France, China, Mexico, United Kingdom, Sweden
41044920	Crust whole bovine hide and skin (not upper or lining leather), w/o hair on, surface n/o 2.6 sq m, tanned but not further prepared, nesoi MFN Text Rate, 2.4%, Ad Valorem Rate Country of origin; no special programs claimed, \$146.6, NAFTA	147.8				Pakistan, \$62.0, Italy, Republic of Korea, Spain, Brazil, Uruguay, Vietnam, Mexico, Slovak Republic
41071120	Full grain unsplit whole bovine leather (not upper/lining), w/o hair on, not fancy, n/o 2.6 m2, prepared after tanning or crust, not head 4114 2.4%, Ad Valorem duty Country of origin; no special programs claimed, \$435.2, NAFTA, Colombia-U.S. FTA	470.1				Italy, \$263.4, India, Mexico, France, Brazil, United Kingdom, China, Thailand
41071130	Full grain unsplit whole bovine leather (not upper/lining), w/o hair on, fancy, n/o 2.6 m2, prepared after tanning or crusting, not head 4114 MFN Text Rate, 3.6%, Ad Valorem Rate Country of origin; no special programs claimed, \$173.3, NAFTA, Korea-U.S. FTA	181.9				Italy, \$ 157.2, Hong Kong, Mexico, Germany, Netherlands
41071140	Full grain unsplit whole buffalo leather, without hair on, surface over 2.6 sq m, prepared after tanning or crusting, not heading 4114 MFN Text Rate, 2.5%, Ad Valorem Country of origin; no special programs claimed, \$151.7	1,427.3	1,275.5		Zimbabwe, \$1.3 (2014)	India, 1,303.5, Singapore, Italy, Bangladesh
41071150	Full grain unsplit upholstery leather of bovines (not buffalo) nesoi and equines, w/o hair on, prepared after tanning or crusting, not 4114 MFN Text Rate, 2.8%, Ad Valorem Country of origin; no special programs claimed, Korea-U.S. FTA	194,052.6	101,262.1		Sierra Leone, 94.4 (2015), Namibia, \$250.7 (2014)	Brazil, \$70,612.6, Uruguay, \$30,635.9, Italy, China, Argentina, Mexico, United Kingdom, Austria, Sweden, Slovak Republic
41071220	Grain split whole bovine skin leather (not upper or lining), w/o hair, not fancy, n/o 2.6 sq m, prepared after tanning or crusting, not 4114 MFN Text Rate, 2.4%, Ad Valorem Rate Country of origin; no special programs claimed, \$4,193.9, NAFTA, Korea-U.S. FTA, Colombia-U.S. FTA	4,945.6				Germany, \$ 2,736.8, Mexico, Brazil, Italy, Uruguay, China, Argentina
41071240	Grain split whole buffalo leather, without hair on, unit surface area over 2.6 sq m, prepared after tanning or crusting, not of heading 4114 MFN Text Rate, 2.5% Ad Valorem Country of origin; no special programs claimed, NAFTA	876.8	833.4			India, \$831.5, Austria, France, Italy, Mexico
41120060	Sheep or lamb skin leather, without wool on, fancy, further prepared after tanning or crusting, other than of heading 4114 MFN Text Rate 2%, Ad Valorem Country of origin; no special programs claimed \$5,689.7, NAFTA, Korea-U.S. FTA, US-Israel FTA	6,611.4	862.1		South Africa \$6.1 (2013)	Italy 4,471.2, Turkey, France, Spain, Poland, Mexico,
41142030	Patent leather MFN Text Rate 2.3%, Ad Valorem Country of origin; no special programs claimed \$1,852.8 (95.1%) NAFTA, Korea-U.S. FTA	1,948.5				Italy \$1,685.4 (86.5%), China, Mexico, France
42029910	Cases, bags and sim. containers, nesoi, of	26,945.7	160.3		South Africa	China \$23,913.0

	mat. (o/t leather, shing. of plas., tex. mat., vul. fib., or paperbd.), pap. cov., of plastic MFN Text Rate 3.4% Ad Valorem Country of origin; no special programs claimed. \$ 26,247.7 (97.4%), NAFTA, CAFTA,				\$0.4 (YTD2016 Jan-Jul)	(88.7%), Hong Kong, Philippines, Mexico, Taiwan
42031020	Articles of apparel, of reptile leather MFN Text Rate 4.7% Ad Valorem Country of origin; no special programs claimed \$3,011.7 (97.9%), NAFTA, Korea-U.S. FTA, Colombia-U.S. FTA, CAFTA	3,076.1	48.2 (1.6%)		South Africa \$24.8 (0.8%)	Italy \$2,167.0 (70.4%), France, China, Indonesia, Hong Kong
42034030	Clothing accessories nesoi, of reptile leather MFN Text Rate 4.9% Ad Valorem Country of origin; no special programs claimed \$160.3 (65.2%), US/Australia FTA, Colombia-U.S. FTA, NAFTA	245.9	85.3		South Africa \$18.8 (7.6%), Zimbabwe	Italy \$72.4 (29.4%), India, China, Pakistan, France, United Kingdom, Colombia, Hong Kong
42050060	Articles of reptile leather, nesoi MFN Text Rate 4.9% Ad Valorem Country of origin; no special programs claimed. \$360.8 (85.5%), Colombia-U.S. FTA, NAFTA	422.0	16.8		Zimbabwe \$4.6, South Africa \$0.6	Italy \$186.0 (44.1%), France, Colombia, Mexico, China, Germany
64031930	Golf shoes, w/outer soles rubber/plastics/leather/comp. leather & uppers of leather, n/welt, for men/youths/boys MFN Text Rate 8.5% Ad Valorem Country of origin; no special programs claimed \$50,890.1 (99.8%), NAFTA, US/Morocco FTA, Korea-U.S. FTA	50,976.7			Cameroon \$1.8 (2014)	China \$45,204.0 (88.7%), Portugal, Vietnam, Thailand
64034030	Footwear w/outer soles of rubber/plastics/leather/comp. leather & uppers of leather, w/protective metal toe-cap, welt MFN Text Rate 5%, Ad Valorem Country of origin; no special programs claimed. \$ 184,579.7 (88.1%), CAFTA, NAFTA	209,489.7				China \$139,717.8 (66.7%), Bangladesh, Dominican Republic, Vietnam, Indonesia, Mexico
64061010	Formed uppers for footwear, of leather/composition leather, for women, misses, children and infants MFN Text Rate 10% Ad Valorem Country of origin; no special programs claimed \$87.5 (95.8%), NAFTA, CAFTA	91.3			Tanzania \$5.9 (YTD2016, Jan-Jul)	India, Italy, Brazil, China, Vietnam, Germany, Mexico
64061005	Formed uppers for footwear, of leather/composition leather, for men, youths and boys MFN Text Rate 8.5% Ad Valorem NAFTA, Country of origin; no special programs claimed. CAFTA	374.1				Mexico \$291.7 (78.0%), India, Republic of Korea, Italy, China, Dominican Republic
42022160	Handbags, with or without shoulder strap or without handle, with outer surface of leather, composition or patent leather, nesoi, n/o \$20 ea. MFN Text Rate 10% Country of origin; no special programs claimed NAFTA, Colombia-U.S. FTA, Korea-U.S. FTA, AGOA \$20.0 (2013), \$30.1 (2014)	93,617.1		40.6 \$17.3 2016YTD (Jan-Jun)	Ethiopia \$54.6, Kenya \$2.9, Mali \$1.6, South Africa \$1.4, The Gambia, Burkina Faso, Niger, Nigeria, Cameroon, Uganda, Senegal	China \$71,887.7 (76.8%), Vietnam, India, Philippines, Mexico
42022190	Handbags, with or without shoulder strap or without handle, with outer surface of leather, composition or patent leather, nesoi, over \$20 ea. MFN Text Rate 9% Country of origin; no special programs claimed \$1,574,730.2 (99.5%) NAFTA, Korea-U.S. FTA, Colombia-U.S. FTA	1,583,435.8	\$5.5 YTD2016 (Jan-Jun)	605.8 (2015) 341.1 (2016YTD)	South Africa \$370.3, Ethiopia \$300.2, Mauritius \$191.9, Kenya, Madagascar, Rwanda, Nigeria, Lesotho, Zimbabwe, Namibia, Togo, Cameroon, Zambia, Mali, Tanzania.	China \$631,686.1 (39.9%), Italy, France, Vietnam, Philippines, Spain, Indonesia, India
42022910	Handbags w. or w/o shld. strap or w/o handle of mat. (o/t leather, shing. of plas., tex. mat.,	1,211.5	6.1		Kenya, Senegal,	China \$661.4 (54.6%), Italy,

	vul. fib. or paperbd.), paper cov., of plas. MFN Text Rate 5.3% Country of origin; no special programs claimed \$1,044.8 (86.2%), NAFTA, CAFTA, Colombia-U.S. FTA				Ghana, Mali	Mexico, Taiwan, Hong Kong, Guatemala
42023130	Articles of a kind normally carried in the pocket or handbag, with outer surface of reptile leather MFN Text Rate 3.7% Country of origin; no special programs claimed \$7,492.3 (97.1%)	\$ 7,714.1	\$105.1	\$0.4 (YTD 2016 Jan-Jun)	South Africa \$68.7, Zimbabwe, Mali, Mauritius	Colombia-U.S. FTA, NAFTA, Korea-U.S. FTA, UA-Singapore FTA, US-Israel FTA, Peru-US FTA
42023160	Articles of a kind normally carried in the pocket or handbag, with outer surface of leather, composition or patent leather, nesoi. MFN Text Rate 8% Country of origin; no special programs claimed. \$ 548,110.3 (99.3%), NAFTA, Korea-U.S. FTA, Colombia-U.S. FTA, CAFTA, Peru-U.S. FTA, US-Australia FTA, US-Morocco FTA, US-Chile FTA	\$551,766.7		118.8	South Africa \$137.8, Kenya, Mauritius, Ethiopia, Zimbabwe, Madagascar, Swaziland, Ghana, Uganda, Mali, Cameroon, Malawi, Eritrea, Nigeria, Seychelles	China \$216,079.0 (39.2%), India, Italy, Vietnam, France, Thailand, Philippines, Spain
42029110	Golf bags, with outer surface of leather or composition leather. MFN Text Rate 4.5%. Country of origin; no special programs claimed	81.1				Taiwan, Japan, China
42029190	Cases, bags and containers nesoi, other than golf bags, with outer surface of leather, of composition leather. MFN Text Rate 4.5% US-Morocco FTA, Country of origin; no special programs claimed, Korea-U.S. FTA, Colombia-U.S. FTA, NAFTA, CAFTA			152.7	South Africa, Madagascar, Ethiopia, Kenya, Mauritius, Rwanda	Turkey, Vietnam, Netherlands, Australia, Argentina

USITC: [https://dataweb.usitc.gov/scripts/tariff\\_current.asp](https://dataweb.usitc.gov/scripts/tariff_current.asp)

### 5.1.5 Natural (Indigenous) Products Sector Overview

According to the 2016 State of the Specialty Food Industry report produced by the Specialty Food Association and Mintel, specialty food sales reached US\$120.5 billion in the U.S. in 2015. The candy and individual snacks category was valued at US\$2.2 billion ([https://www.specialtyfood.com/media/filer\\_public/](https://www.specialtyfood.com/media/filer_public/)). The specialty food industry includes baked goods, ingredients, beverages, condiments, cereal, game, sauces, snacks, spreads.

This sector, considered an emerging sector in Botswana, includes specialty foods (marula snacks, baobab pulp based products) and marula oil, unique to Botswana and Southern Africa. Wild Fruits of Africa (Gabane) produces marula-based snacks, and has invested in meeting U.S. FDA requirements while Kgetsi ya Tsie (Pty) Ltd produces 800 litres of marula oil, soap and jam. Botswana boasts of morula, african medlar (*mmilo*), indigenous melon (*lerotse*), baobab (*mowana*) among others, which are used for the production of foods (snacks, health bars, jam and jellies, dressings, dried nuts and bake mixes), beverages (teas, juices and alcohol) and oils (cosmetic oils and essential oils).

In 2011, the then USAID Southern Africa Trade Hub assisted regional specialty foods companies through: a) bringing experts from the U.S. to address them on the U.S. market requirements, and b) taking export-ready firms to the Summer Fancy Food Show in the US. Several beneficiaries from this assistance reported having received orders and potential business with the US.

The main issues with this sector are volumes and quality. However, there are opportunities for regional collaboration in the sector since Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe all produce products from indigenous plants like morula and baobab. Working with the trade association of the natural products industry in Southern Africa,

PhytoTrade Africa would enhance collaborative efforts in the natural foods area. The former USAID Southern Africa Trade Hub gave a US\$100,000 grant to PhytoTrade to assist baobab and baobab products based products to access the U.S. market through Southern Africa Baobab initiative (SABi). A similar approach could be pursued, working with PhytoTrade Africa. As highlighted in 5.1.2 above, USFDA requires registration for all facilities that manufacture, process, pack, or store food, beverages, or dietary supplements for consumption by humans or animals in the US. Companies located outside the U.S. must designate a U.S. agent for U.S. FDA communications.

Below is a decision matrix for the sector, also see Table 16 for details on eligibility and statistics for AGOA exports for this sector.

<b>Decision Matrix: Natural (Indigenous) Products</b>						
<b>Weight</b>	<b>EDD/ NES Sector</b>	<b>Capacity/ Potential</b>	<b>Regional Integration Potential</b>	<b>Job Creation and Poverty Reduction</b>	<b>U.S. Market/ Demand</b>	<b>Total</b>
	<b>(40%)</b>	<b>(20%)</b>	<b>(10%)</b>	<b>(10%)</b>	<b>(20%)</b>	
<b>Scoring</b>	<b>0</b>	<b>20%</b>	<b>10%</b>	<b>10%</b>	<b>20%</b>	<b>60%</b>
<b>Explanation</b>	This is not an EDD/NES nominated sector.	While there are several small producers with great capacity for production and potential for export growth, their efforts are not effectively coordinated.	There is room for regional integration working with PhytoTrade Africa.	The sector has good potential to create jobs, support rural development, reduce poverty and empower local communities.	Specialty food is a US\$120.5 billion industry in the US with the candy and individual snacks category accounting for US\$2.2 billion.	

Key: 40% = where the sector is identified as a priority sector in both the EDD and NES documents; 20% = where the sector has both capacity and potential for export development and investment; 10% = Where the sector has high potential for regional integration; 20% = where the sector has high potential for job creation and poverty reduction; 20% = where the statistics show high demand for products from the sector on the U.S. market.

**Table 16: Statistics for Some of the Natural (Indigenous) Products Eligible under AGOA**

<b>HTS Code</b>	<b>Description</b>	<b>U.S. Imports 2015 (US\$000's)</b>			<b>Key Source Countries</b>	
		<b>Total</b>	<b>GSP + AGOA</b>		<b>SSA</b>	<b>Other</b>
			<b>GSP</b>	<b>AGOA</b>		
04090000	Natural honey NTR (MFN) Rate, 1.9 cents/kg	583,801.9	1,084.7		Cote d'Ivoire, Ethiopia, Ghana, South Sudan, South Africa, Cameroon	India, Argentina, Vietnam, Brazil, Ukraine, Canada, Thailand, Uruguay, Mexico, New Zealand, Turkey, Taiwan, Dominican Republic, Germany, Burma, France, Spain
15219020	Bleached beeswax	1,782.3	\$10.0(2014), \$6.4 (2016 YTD)		South Africa	Canada, China, France, Germany, Netherlands, Brazil

15159080	Fixed vegetable fats and oils and their fractions nesoi, whether or not refined, not chemically modified. MFN Text Rate 3.2% Country of origin; no special programs claimed. \$56,501.5 (44.0%), NAFTA, US-Australia FTA, US-Chile FTA	128,318.2	\$16,243.0		Kenya \$1,947.6, South Africa \$272.8, Ghana \$202.9, Madagascar, Niger, Nigeria, Uganda	Mexico \$33,663.0 (26.2%), France, Italy, Canada, China, Spain, Thailand, Australia, Brazil, Chile, UK, Turkey, Indonesia, Netherlands, Morocco, India
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USITC: [https://dataweb.usitc.gov/scripts/tariff\\_current.asp](https://dataweb.usitc.gov/scripts/tariff_current.asp)

#### 5.1.6 Meat and Meat Products Sector Overview

A report on the strategic value chain analysis and development (VCAD) of Botswana's beef sector<sup>17</sup> conducted by the Centre for the Development of Enterprise (CDE) and the International Trade Centre (ITC) in 2014 indicates that the sector is not only critical for Botswana's rural population but it also constitutes an important source of export earnings hence its inclusion in the EDD Strategy for the country. The beef sector is one of the sectors where Botswana has great comparative advantage in terms of abundant availability of natural resources such as land, a vast number of cattle and the natural skill and interest in rearing cattle. According to Botswana Meat Commission<sup>18</sup> (BMC), the country currently has over 300 million cattle of which 30-40% is owned by commercial farmers while the balance belongs to communal farmers. However, BMC believes that to be more competitive and to increase value, the sector should not be volume but value driven. Although there are at times issues concerning the quality of beef from communal farmers and preferred cuts by the EU market, the selling point for Botswana beef is that most of the cattle are naturally raised (free ranch) on the country's pastures resulting in high quality grass-fed beef.

That said, however, Botswana is considered to be a relatively small exporter of beef compared to other beef producers. In 2013, Botswana's total beef exports were US\$116.6 million, representing a world export market share of 0.3% with the country ranked 22<sup>nd</sup> and 28<sup>th</sup> in the world in exporting frozen and chilled beef, respectively (Centre for the Development of Enterprise and the International Trade Centre, 2014). The U.S. is a significant importer of beef accounting for 6.9% of total fresh or chilled beef imports and 9.3% of frozen (see Table 17). This shows that there is a substantial market for beef in the U.S. especially aided by benefits of the AGOA program.

**Table 17: US and Global imports of Beef and Beef Sectors (US\$'000)**

Imports (US\$'000)	Global 2007	US 2007	Market share (%)	Global 2011	US 2011	Market share (%)
1. Meat of bovine animals, fresh or chilled	16182475	1253902	7.7	20416452	1420457	6.9
2. Meat of bovine animals, frozen	10197708	1658459	16.6	15997636	1506986	9.3

<sup>17</sup> Botswana CDE and ITC partnership project on value chains Beef value chain findings, strategy and proposed interventions, October 2014

<sup>18</sup> Botswana Meat Commission is a government owned entity that enjoys a national monopoly for beef exports from Botswana

3. Edible offal of red meat (bovine only)	1856377	115594	6.2	2881888	139962	4.8
4. Bovine meat cured	159691	16879	10	284482	2019	0.7

Source: USAID Southern Africa Trade Hub Report, 2014

Currently, besides the EU market which only imports the hind quarter, the majority of Botswana's beef, mainly the fore quarter is exported to South Africa with some going to Angola and Madagascar. There is also a ready market for processed/canned meat products as well as for game and related products.

In 2015, the U.S. imported US\$216.6 million worth of "Prepared or preserved beef in airtight containers, other than corned beef, not containing cereals or vegetables (Corned beef not AGOA eligible)" (HTS code 16025020). The bulk of the imports come from Brazil, New Zealand, Uruguay, Argentina, Mexico and Canada.

According to the U.S. Customs and Border Protection (CBP), "the importation of fresh, dried or canned meats or meat products is generally not allowed from most foreign countries into the United States. This includes products that have been prepared with meat". Beef and beef products from countries not known to be infected with Bovine Spongiform Encephalopathy (BSE) and Foot-and-Mouth Disease (FMD) generally are enterable, provided they are unopened and bear the commercial label indicating the country of origin and meat type. USDA Animal and Plant Health Inspection Service (APHIS) ([http://www.aphis.usda.gov/import\\_export/index.shtml](http://www.aphis.usda.gov/import_export/index.shtml)) provides a listing of disease outbreaks in different areas of the world. USDA's Food Safety and Inspection Service (FSIS) is responsible for ensuring that domestic and imported meat is accurately labeled. Foreign countries that export meat to the U.S. are required to establish and maintain inspection systems that are equivalent to those of the US. FSIS audits foreign inspection systems and re-inspects meat at the port-of-entry to ensure that foreign countries have maintained equivalent inspection systems. Foreign countries undergo a stringent review process before they become eligible to export meat to the US. Countries are not required to adopt an identical inspection system rather they must have an equivalent one. The evaluation of a country's inspection system to determine eligibility involves two steps, i.e. a document review and an on-site audit. The document review is an evaluation of the country's laws, regulations, and other written information, focusing on five risk areas: sanitation controls, animal disease controls, slaughter and processing controls, residue controls, and enforcement controls (<http://www.fsis.usda.gov/wps/portal/fsis/topics/food-safety-education/get-answers/food-safety-fact-sheets/>).

Below is a decision matrix for the sector, also see Table 18 for details on eligibility and statistics for AGOA exports for this sector.

Decision Matrix: Meat and Meat Products						
Weight	EDD/NES Sector	Capacity /Potential	Regional Integration Potential	Job Creation and Poverty Reduction	US Market/ Demand	Total

	(40%)	(20%)	(10%)	(10%)	(20%)	
Scoring	40%	15%	5%	10%	10%	80%
Explanation	This is an EDD/NES priority sector.	There is huge potential, however, for this to be realized, there is a need for awareness among producers country-wide on the importance of producing quality beef, aided by commercialization of farming by current subsistence farmers consisting of about 60-70% of the Botswana's total cattle population.	Botswana can benchmark from Namibia whose meat has recently been accepted into the U.S. market under AGOA. Also, there is the possibility to collaborate with other countries in the region to increase capacity and/or access into the U.S. markets.	The bigger the export market, the better for the upstream and downstream industries.	Table 17 shows that the U.S. is a large importer of all types of meat and meat products.  For instance, in 2015, the U.S. imported prepared/preserved beef worth US\$216.6 million.	

Key: 40% = where the sector is identified as a priority sector in both the EDD and NES documents; 20% = where the sector has both capacity and potential for export development and investment; 10% = Where the sector has high potential for regional integration; 20% = where the sector has high potential for job creation and poverty reduction; 20% = where the statistics show high demand for products from the sector on the U.S. market.

**Table 18: Statistics for Some of the Meat and Meat Products Eligible under AGOA**

HTS Code	Description	U.S. Imports 2015 (US\$000's)			Key Source Countries	
		Total	GSP + AGOA		SSA	Other
			GSP	AGO		
02085000	Meat and edible meat offal of reptiles, fresh, chilled or frozen NTR/MFN rate, 6.4% (Ad Valorem Rate) times (Value)	98.3				Vietnam (\$95.7; 97.4%), Malaysia (\$2.6; 2.6%)
02012002	High-qual. Beef cuts w/bone in, processed, fresh or chld., 54escry in gen. note 15 of the HTS NTR/MFN rate, 4%, ad valorem	0.0	0.0			
02012004	Bovine meat cuts (except high-qual. Beef cuts), w/bone in, processed, fresh or chld., 54escry in gen. note 15 of the HTS NTR/MFN Rate 10% ad valorem	0.0				
02012010	High-qual. Beef cuts, w/bone in, processed, fresh or chld., 54escry in add. US note 3 to Ch. 2. MFN Text Rate, 4% NAFTA US\$1,871.8, Country of origin; no special programs claimed, \$14.1	1,885.9				Mexico, Canada, New Zealand, Japan, Australia
02012030	Bovine meat cuts (except high-qual. Beef cuts), w/bone in, processed, fresh or chld., 54escry in add. US note 3 to Ch. 2	4,064.5				Mexico, Canada, Costa Rica, Australia



	MFN/NTR rate, 10% USUS\$4,064.5 via the North American Free Trade Agreement (NAFTA)					
02013002	High-qual. Beef cuts, boneless, processed, fresh or chld., 55escry in gen. note 15 of the HTS NTR/MFN /Text Rate, 4% (Ad Valorem Rate)	1,309.9				Japan, Mexico. Canada
02013004	Bovine meat cuts (except high-qual. Beef cuts), boneless, processed, fresh or chld., 55escry in gen. note 15 of the HTS MFN Text Rate, 10%. (Ad Valorem Rate) times (Value) North American Free Trade Agreement (NAFTA) \$ 88.6.	88.6				Canada, Mexico, Nicaragua
02013010	High-qual. Beef cuts, boneless, processed, fresh or chld., 55escry in add. US note 3 to Ch. 2 NTR /MFN rate, 4%, Ad Valorem Rate (Value) North American Free Trade Agreement (NAFTA) \$11,780.9 (87.0%). Country of origin; no special programs claimed. \$1,541.8	13,540.0				Mexico, Japan, Canada, Uruguay, Chile
02013030	Bovine meat cuts (except high-qual. Beef cuts), boneless, processed, fresh or chld., 55escry in add. US note 3 to Ch. 2 NTR/MFN rate, 10% (Ad Valorem Rate) times (Value) NAFTA US\$19,279.1; CAFTA \$249.9	19,534.0				Canada, Mexico, Nicaragua
02022002	High-qual. Beef cuts w/bone in, processed, frozen, 55escry in gen. note 15 of the HTS. NTR/MFN Rate, 4% (Duty calculation: (Ad Valorem Rate) times (Value))	0.0				
02022004	Bovine meat cuts (except high-qual. Beef cuts), w/bone in, processed, frozen, 55escry in gen. note 15 of the HTS. MFN Text Rate, 10%. Duty calculation: (Ad Valorem Rate) times (Value)	0.0				
02022010	High-qual. Beef cuts, w/bone in, processed, frozen, 55escry in add. US note 3 to Ch. 2 MFN Text Rate, 4%. Duty calculation: (Ad Valorem Rate) times (Value)	159.3				All NAFTA: Canada, Mexico
02022030	Bovine meat cuts (except high-qual. Beef cuts), w/bone in, processed, frozen, 55escry in add. U.S. note 3 to Ch. 2 NAFTA and CAFTA: MFN Text Rate, 10%. Duty calculation: (Ad Valorem Rate) times (Value)	354.0				Canada, Nicaragua, Costa Rica
16010040	Sausages and similar products of beef, beef offal or blood; food preparations based on these products, in airtight containers MFN Text Rate, 3.4%: Duty calculation@Ad Valorem Rate) times (Value)	118.3				Canada, Brazil, Mexico
16025020	Prepared or preserved beef in airtight containers, other than corned beef, not containing cereals or vegetables. (NB: Corned beef not AGOA eligible) MFN Text Rate: 1.4%. Duty calculation: (Ad Valorem Rate) times (Value) Country of origin; no special programs claimed (\$205,507.0, 94.9%), GSP (\$9,435.1; 4.4%), NAFTA 0.8%	\$ 216,641.1				Brazil, New Zealand, Uruguay, Argentina, Mexico, Canada

USITC: [https://dataweb.usitc.gov/scripts/tariff\\_current.asp](https://dataweb.usitc.gov/scripts/tariff_current.asp)

### 5.1.7 Textiles/Apparel Sector Overview

Under AGOA, textiles/apparel products remain one of the largest non-oil categories benefiting several SSA countries. In 2014, U.S. apparel imports were US\$82.7 billion, of which US\$30.7 billion came from China, US\$9.2 billion from Vietnam, and less than US\$1 billion from AGOA beneficiary countries. During the same period, Botswana only accounted for US\$9.5 million. Despite this low amount of exports compared to other AGOA eligible countries, the

textiles/apparel sector is still the only sector that is significantly exporting under AGOA in Botswana.

Fibre2Fashion correctly characterizes the textiles/apparel industry as strategic: generating low-skilled and youth oriented jobs, employing more women (80%), and providing a livelihood. Yet from the over 10 companies that used to export under AGOA, only one company still takes advantage of the AGOA trade preference program. Most textiles/apparel companies in Botswana now focus on the South African market, taking advantage of the SACU arrangement.

Some of the local companies that expressed interest in pursuing the AGOA market if the necessary support is provided include: B&M Garments, Carapparel, Contemporary Lines, Dinesh Textiles, Marine Garments, Kalahari Fashions, Premier Clothing, Rising Sun, Western Apparel, Everybody Knitting, and Fascinating Botswana.

As highlighted elsewhere in this strategy, below are some of the challenges experienced by this sector:

- a) High costs (transportation, power and water costs);
- b) Distance/speed-to-market;
- c) Lack of export incentives; and
- d) Low productivity levels in a sector hinged on very low profit margins and stiff competition from Asia.

In their study, Grynberg and Motswapong (n.a) emphasized that it was fundamental that appropriate policies and interventions be put in place to secure the sector's growth, development and competitiveness. Botswana's clothing and textile sector has failed to take full advantage of AGOA. In comparison, Ethiopia and Lesotho have investment and export friendly incentives extended to the sector. Closer home, South Africa also has a number of industry-designed menus of incentives. To a large extent, growth in the textiles/apparel sector relies on Government spending, and export market development would make economic sense. Some of the initiatives that can be taken to support this sector include (also see Section 6 on challenges and proposed strategies as well as the implementation plan on Section 7):

- a) Helping reduce time (delays) and costs of transportation;
- b) Participating at international trade events such as the MAGIC Show (Las Vegas, USA), Source Africa (Cape Town, South Africa), Origin Africa (East Africa), Destination Africa (Egypt), among others;
- c) Profiling the potential exporters, and sharing profiles with the Botswana diplomatic mission in the US;
- d) Supporting training initiatives;
- e) Buyer-seller linkage programs, involving inviting U.S. and South African buyers to Botswana in particular, and the region in general; and
- f) Introducing incentives like duty incentives and rebates on sourcing of raw materials (ENCA/ANA 2016).

The newly formed Botswana Textile and Clothing Association (BTCA), representing about 40 textiles/apparel firms in the country, anticipates a boost to the sector's efforts and increased utilization of AGOA, resulting in growth and sustainability of the sector. However, the association needs to be capacitated. In realization of the importance of supporting the industry's

efforts to overcome a chronic shortage of skilled workers and to nurture a competent workforce with specialized skills in the textiles/apparel sector, the GoB approved the establishment of the Textile and Clothing Institute of Botswana (TCIB), the first of its kind in the country (Fibre2Fashion, 2016).

In addition to the visa requirements, other considerations for importing textiles/yarns/fabric, wearing apparel, made-up goods include Consumer Product Safety Commission (CPSC) requirements for flammability. Wearing apparel must have labels specifying content and instructions for care. All textiles/apparel must have either labels indicating the country of origin or, if this is not feasible, (yarn, thread, wool) be packaged in such a way that country of origin is discernable to the ultimate purchaser ([https://help.cbp.gov/app/answers/detail/a\\_id/205/~regulations-for-importing-textiles](https://help.cbp.gov/app/answers/detail/a_id/205/~regulations-for-importing-textiles)).

Below is the decision matrix for the sector, also see Table 19 for details on eligibility and statistics for AGOA exports for this sector.

<b>Decision Matrix: Textiles and Apparel Sector</b>						
<b>Weight</b>	<b>EDD/NES Sector</b>	<b>Capacity /Potential</b>	<b>Regional Integration Potential</b>	<b>Job Creation and Poverty Reduction</b>	<b>U.S. Market/ Demand</b>	<b>Total</b>
	<b>(40%)</b>	<b>(20%)</b>	<b>(10%)</b>	<b>(10%)</b>	<b>(20%)</b>	
<b>Scoring</b>	<b>40%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>20%</b>	<b>90%</b>
<b>Explanation</b>	The Textiles/ Apparel Sector is an EDD/NES priority sector.	Botswana has capacity for apparel products with the lack of textile capacity being augmented by the TCF provision.	The sector has room for regional integration and there are opportunities to sub-contract on cut, make and trim (CMT), while building capacity.	The sector is considered to be one of the biggest and easiest for job-creation albeit at lower levels. Over 90% of employees in this sector are women.	U.S. apparel imports in 2014 were US\$82.7 billion and products from the sector have some of the highest duties to be saved under AGOA (see Table 18).	

Key: 40% = where the sector is identified as a priority sector in both the EDD and NES documents; 20% = where the sector has both capacity and potential for export development and investment; 10% = Where the sector has high potential for regional integration; 20% = where the sector has high potential for job creation and poverty reduction; 20% = where the statistics show high demand for products from the sector on the U.S. market.

**Table 19: Statistics for Some of the Textiles and Apparel Products Eligible under AGOA**

<b>Duty</b>	<b>HTS Code</b>	<b>Knit or Crochet</b>	<b>Not Knit or Crochet</b>	<b>HTS Item Description (Truncated)</b>	<b>Fiber Content</b>
28.2%	6103.10.30	X		Men's or boys' suits, ensembles, suit-type jackets, blazers, trousers, bib and brace overalls, breeches and shorts (other than swimwear)	of synthetic fibers

28.2%	6103.43.15 & 6103.49.10	X		Men's or boys' trousers, breeches and shorts	of synthetic or artificial fibers
28.2%	6104.33.20.00	X		Women's or girl's suit-type jackets and blazers	of synthetic fibers
24.0%	6104.39.10.00	X		Women's or girl's suit-type jackets and blazers	of artificial fibers
28.2%	6104.63.20	X		Women's or girl's trousers, bib and brace overalls, breeches and shorts	of synthetic fibers
28.2%	6104.69.20	X		Women's or girl's trousers, breeches and shorts	of other textile materials
32.0%	6105.20.10.00	X		Men's or boys' shirts	of man-made fibers
32.0%	6106.20.20	X		Women's or girls' blouses	of man-made fibers
32.0%	6109.90.10	X		T-shirts, singlets, tank tops and similar garments	of man-made fibers
32.0%	6110.30.30	X		Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles	of man-made fibers
28.2%	6111.30.10.00	X		Babies' trousers, breeches, and shorts, except those imported as sets	of synthetic fibers
32.0%	6111.30.20.00	X		Babies' blouses and shirts, except those imported as sets	of synthetic fibers
32.0%	6111.30.30.00	X		Babies' T-shirts, singlets and similar garments, except those imported as parts of sets (239)	of synthetic fibers
30.0%	6111.30.40.00	X		Babies' sweaters, pullovers, sweatshirts, waistcoats (vests), and similar articles, except those imported as parts of sets (239)	of synthetic fibers
26.0%	6111.90.40.00	X		Babies' sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, except those imported as parts of sets	of other textile materials, of artificial fibers
28.2%	6112.12.00 & 6112.19.10	X		Track suits	of synthetic or artificial fibers
21.6%	6112.19.80	X		Track suits	of other textile materials
28.2%	6112.20.10	X		Ski suits	of man-made fibers
25.9%	6112.31.00	X		Men's or boys' swimwear	of synthetic fibers
24.9%	6112.41.00	X		Women's or girl's swimwear	of synthetic fibers
28.2%	6114	X		Other garments, tops	of man-made fibers
32.0%	6114.30.20	X		Other garments, bodysuits and body shirts	of man-made fibers
49.7¢/kg + 19.7%	6201.13.10.00		X	Men's or boys' overcoats, car coats, capes, cloaks and similar coats	of man-made fibers, containing 36% or more by weight of wool or fine animal hair
27.7%	6201.13.40		X	Men's or boys' overcoats, car coats, capes, cloaks and similar coats	of man-made fibers, other
27.7%	6201.93.35		X	Men's or boys' anoraks (including ski-jackets), windbreakers and similar articles (including padded, sleeveless jackets)	of man-made fibers, other
27.7%	6202.13.40		X	Women's or girls' overcoats, car coats, capes, cloaks & similar coats	of man-made fibers
27.7%	6202.93.50		X	Women's or girls' anoraks (including ski-jackets), windbreakers & similar articles (including padded, sleeveless jackets)	of man-made fibers, containing 35% or more by weight of wool or fine animal hair, other
27.3%	6203.12.20		X	Men's or boys' suits, ensembles, suit-type jackets, blazers, trousers, bib & brace overalls, breeches and shorts (other than swimwear)	suits of worsted wool fabric, made of synthetic fibers, other
52.9¢/kg + 21%	6203.19.20		X	Men's or boys' suits	of artificial fibers, containing 36% or more by weight of wool or fine animal hair (443)
22.0%	6203.33.10		X	Men's or boys' suit-type jackets and blazers	of synthetic fibers, containing 36% or more by weight of wool or fine animal hair
27.3%	6203.33.20		X	Men's or boys' suit-type jackets and blazers	of synthetic fibers, other
22.0%	6203.39.10		X	Men's or boys' suit-type jackets and blazers	of other textile materials of artificial fibers, containing 36% or more by weight of wool or fine animal hair
27.3%	6203.39.20		X	Men's or boys' suit-type jackets and blazers	of other textile materials, of artificial fibers, other
27.9%	6203.43.40		X	Men's or boys' trousers, bib and brace overalls, breeches and shorts	of synthetic fibers
27.9%	6203.49.20		X	Men's or boys' trousers, breeches and shorts	of other textile materials, other
35.3¢/kg + 25.9%	6204.13.20		X	Women's or girls' suits	of synthetic fibers, other

35.3¢/kg + 25.9%	6204.19.20.00		X	Women's or girls' suits	of other textile materials, of artificial fibers, other (644)
46.3¢/kg + 21%	6204.33.40		X	Women's or girls' suit-type jackets & blazers	of synthetic fibers, containing 36% or more by weight of wool or fine animal hair
27.3%	6204.33.50 & 6204.39.30		X	Women's or girls' suit-type jackets & blazers	of synthetic or artificial fibers
28.6%	6204.63.35 & 6204.69.25		X	Women's or girls' trousers, bib & brace overalls, breeches and shorts	of synthetic or artificial fibers
20%	6205.20.20		X	Men's or boys' shirts	of cotton, other
29.1¢/kg + 25.9%	6205.30.20		X	Men's or boys' shirts	of man-made fibers, other
26.9%	6206.40.30		X	Women's or girls' blouses, shirts, and shirt-blouses	of man-made fibers, other
22.0%	6209.30.10.00		X	Babies' blouses and shirts, except those imported as parts of sets (239)	of synthetic fibers
28.6%	6209.30.20.00		X	Babies' trousers, breeches and shorts, except those imported as parts of sets (239)	of synthetic fibers
27.8%	6211.11.10		X	Men's or boys' swimwear	of man-made fibers
27.7%	6211.20.28		X	Men's or boys' anoraks (including ski-jackets), windbreakers and similar articles (including padded, sleeveless jackets) imported as parts of ski-suits	not of wool or fine animal hair (434)
28.1%	6211.20.38		X	Men's or boys' trousers and breeches, imported as parts of ski-suits, other	not of wool or fine animal hair
28.0%	6211.20.58		X	Women's or girls' anoraks (including ski jackets), windbreakers and similar articles (including padded, sleeveless jackets) imported as parts of ski-suits	not of wool or fine animal hair (435)
28.6%	6211.20.68		X	Women's or girls' trousers and breeches imported as parts of ski-suits	not of wool or fine animal hair (448)
28.1%	6211.20.38		X	Men's or boys' trousers and breeches imported as parts of ski-suits	not of wool or fine animal hair (447)
28.0%	6211.20.58		X	Women's or girls' anoraks (including ski-jackets), windbreakers and similar articles (including padded, sleeveless jackets) imported as parts of ski-suits, other	not of wool or fine animal hair (435)
28.6%	6211.20.68		X	Women's or girls' trousers and breeches imported as parts of ski-suits	not of wool or fine animal hair (448)

Artificial: of cellulose; synthetic: of polymers or small molecules such as those from petrochemicals; other textile materials – includes metallic fibers

Source: USAID Southern Africa Trade Hub, October 2012

## 5.2 How a Product Qualifies for AGOA Duty-Free Treatment

According to [agoa.info](https://agoa.info/about-agoa/product-eligibility.html): <https://agoa.info/about-agoa/product-eligibility.html>, a product qualifies for AGOA duty-free treatment under the following conditions:

- The product must be included in the list of GSP-eligible articles, or included in the list of new AGOA products, or be a qualifying apparel/textile item;
- It must be imported into the U.S. directly from an AGOA beneficiary country or pass through another country in a sealed container and addressed to a location in the US;
- It must be the growth, product, or manufacture of the AGOA beneficiary country by fulfilling the relevant Rules of Origin (ROO) requirements for general or apparel items respectively;
- If foreign materials are imported into the AGOA country first to be used in the production of an AGOA-eligible product, the sum of the cost of the materials produced in the AGOA beneficiary country, plus the costs of processing, must equal at least 35% of the product's value when the product is sold for export into the US;

- e) In the case of clothing/apparel, the 35% rule does not apply directly, instead, the goods need to comply with the respective ROO requirements; and
- f) The U.S. importer must request duty-free treatment under AGOA on the relevant customs entry form (Form 7501) by placing a “D” in column 27 in front of the U.S. tariff number that identifies the imported article.

### 5.3 Botswana Products with Potential for Export under AGOA

Table 20 contains a list of products from Botswana that are already being exported or have previously been exported to North America. Therefore, there is need to assess the potential to increase exports of the AGOA eligible products from this list to the US. The products are categorized using a “robot system” as follows:

- a) Green = products with high potential for export under AGOA;
- b) Orange = products whose potential for export under AGOA require further investigation; and
- c) Red = products exported to the U.S. market but are not AGOA eligible, these can be considered for investment and export development under MFN/Normal Trade Relations (NTR).

Besides showing the duty exemption under the AGOA facility for each of the AGOA eligible product (green and orange), the table also highlights requirements for the products to enter the U.S. market, proposed interventions to meet the requirements and the suggested organization(s) to lead the implementation of the interventions.

**Table 20: Botswana Products with Potential for Export under AGOA**

		Duty	Market Requirements	Proposed Interventions	Responsibility
<b>Products Most Eligible for Export Under AGOA</b>					
<b>HS020130</b>	<b>Meat of bovine animals, fresh/chilled, boneless</b>				
02013002: High-quality. beef cuts, boneless, processed, fresh or chilled, descr in gen. note 15 of the HTS		4%	Compliance with USDA/FDA standards and technical regulations	<ul style="list-style-type: none"> <li>Engage USDA/FDA to establish technical requirements for beef exports to the U.S. and identify possible technical assistance as well as where the assistance could be sourced.</li> <li>Conduct reverse trade and investment missions to the U.S. to investigate the market and potential investment in the value chain.</li> <li>Training and capacity building on SPS issues, compliance with Food Safety (ISO 22000 including HACCP), Laboratory Management System (ISO 17025) certification and accreditation</li> <li>Benchmark with other countries already exporting such as Namibia</li> <li>Encourage a shift from subsistence farming to commercial ranching</li> </ul>	BOBS, BMC, MOA, SADCAS
02013004: Bovine meat cuts (except high-qual. beef cuts), boneless, processed, fresh or chilled, descr in gen. note 15 of the HTS		10%			
02013010: High-qual. beef cuts, boneless, processed, fresh or chilled, descr in add. US note 3 to Ch. 2		4%			
02013030: Bovine meat cuts (except high-qual. beef cuts), boneless, processed, fresh or chilled, descr in add. US note 3 to Ch. 2.		10%			

				<ul style="list-style-type: none"><li>Capacity building on how to manage animals in communal areas</li></ul>	
HS020230	Meat of bovine animals, frozen, boneless				
02023002: High-qual. beef cuts, boneless, processed, frozen, descr in gen. note 15 of the HTS		4%	Compliance with USDA/FDA standards and technical regulations	<ul style="list-style-type: none"><li>Engage USDA to establish technical requirements for beef exports to the US and identify possible technical assistance as well as where the assistance could be sourced.</li><li>Conduct a trade and investment mission to the U.S. to investigate the market and potential investment in the value chain</li><li>Training and capacity building on SPS issues, compliance with Food Safety (ISO 22000 including HACCP), Laboratory Management System (ISO 17025) certification and accreditation</li><li>Benchmark with other exporting countries such as Namibia</li><li>Encourage a shift from subsistence to commercial ranching</li><li>Capacity building on how to manage animals in communal areas</li></ul>	BITC, BOBS, BMC, MOA, SADCAS
02023004: Bovine meat cuts (except high-qual. beef cuts), boneless, processed, frozen, descr in gen. note 15 of the HTS		10%			
02023006: Bovine meat cuts, boneless, not processed, frozen, descr in gen. note 15 of the HTS		4.4c/kg			
02023010: High-qual. beef cuts, boneless, processed, frozen, descr in add. US note 3 to Ch. 2		4%			
02023030: Bovine meat cuts (except high-qual. beef cuts), boneless, processed, frozen, descr in add. US note 3 to Ch. 2		10%			
02023050: Bovine meat cuts, boneless, not processed, frozen, descr in add. US note 3 to Ch. 2		4.4c/kg			
16025020: Prepared or preserved beef in airtight containers, other than corned beef, not containing cereals or vegetables.		1.4%			
HS170410	Chewing gum, whether or not sugar-coated 17041000: Chewing gum, not containing cocoa, whether or not sugar-coated. MFN Text Rate 4%	4%	Compliance with USDA/FDA standards and technical regulations	<ul style="list-style-type: none"><li>Conduct a trade and investment mission to the U.S. to investigate the market and potential investment in the value chain</li><li>Training and capacity building on SPS issues, compliance with Food Safety (ISO 22000 including HACCP), Laboratory Management System (ISO 17025) certification and accreditation</li></ul>	BITC, BEMA BOBS, BMC, MOA, SADCAS
HS711320	Articles of jewelry and parts thereof , of base metal clad with precious metal				
71132010: Base metal clad w/precious metal, rope, curb & like articles in continuous lengths, suitable for use in jewelry manufacture		7%	Quality, standards and technical regulations	<ul style="list-style-type: none"><li>Encourage the industry to form a representative body (association) to facilitate ease provision of TCB technical assistance by agencies.</li><li>Facilitate participation of sector players to participate in regional and international exhibitions particularly in the US.</li><li>Organize Business to Business (B2B) matchmaking for sessions during exhibitions.</li><li>Facilitate trade and investment reverse missions to identify business opportunities.</li><li>Provide funding in the form of grants or soft loans for women entrepreneurs.</li></ul>	BITC, BEMA, BOBS, Botswana chamber of Mines (BCM)
71132021: Base metal clad w/gold rope necklaces and neck chains.		5.8%			
71132025: Base metal clad w/gold mixed link necklaces and neck chains		5.8%			
71132029: Base metal clad w/gold necklaces and neck chains, nesoi		5.2%			
71132030: Base metal clad w/precious metal clasps and parts thereof		5.8%			

71132050: Base metal clad w/precious metal articles of jewelry and parts thereof, nesoi		5.2%			
HS732599	Cast arts. of iron (excl. non-malleable cast iron)/ steel, n.e.s. 73259950: Steel, cast articles nesoi	2.9%	Compliance with the U.S. CBP requirements	<ul style="list-style-type: none"><li>Identify CBP requirements and provide necessary capacity building support to industry</li></ul>	BITC, BEMA, BCM
HS811299	Gallium, hafnium, indium, niobium (columbium) and rhenium, ad arts. thereof, n.e.s. in 81.12				
81129910: Germanium nesoi and articles thereof		4.4%	Compliance with the U.S. CBP requirements	<ul style="list-style-type: none"><li>Identify CBP requirements and provide necessary capacity building support to industry</li></ul>	
81129920: Vanadium, nesoi, and articles thereof		2%			
81129990: Articles of gallium, hafnium, indium, niobium or rhenium, nesoi		4%			
Products Requiring Further Investigation on Potential for Export under AGOA					
HS410190	Bovine (incl. buffalo)/ equine hides & skins (excl. of 4101.20 & 4101.50), incl. butts, bends & bellies (fresh/salted/dried/limed/pickled/othw. presvd.) [see complete text #39]				
41019035: Raw buffalo hides and skins (other than whole), pre-tanned but not further prepared		2.4%	<ul style="list-style-type: none"><li>Quality requirements</li><li>Environmental and SPS compliance</li></ul>	<ul style="list-style-type: none"><li>Capacitate value chain players such as abattoirs, tanneries and the leather products manufacturers</li><li>Engage local or regional U.S. government agencies to understand available TCB programs and how to access them</li><li>Engage the market to better understand export market requirements</li><li>Provide required capacity building and training</li><li>Work with farmers to create awareness of the value of quality leather specially to reduce the amount of damaged leather due to branding and teak bites</li></ul>	BOBS, BEMA, MOA, BMC, BITC
41019040: Raw bovine hides and skins (other than whole), vegetable pre-tanned but not further prepared.		5%			
41019050: Raw bovine hides and skins (other than whole), pre-tanned (other than vegetable pre-tanned) but not further prepared		3.3%			
41019070: Raw equine hides and skins (other than whole), pre-tanned but further prepared		3.3%			
HS410390	Raw hides & skins, n.e.s. in Ch.41 (fresh/salted/dried/limed/pickled/othw. presvd. but not tanned/parchment-dressed/furth. prepd.) [see complete text #43]				
41039013: Raw hides and skins of goat or kid (not excluded by note 1(c) to chapter 41), pre-tanned (other than vegetable) but not prepared. MFN Text Rate 3.7%		3.7%	Quality requirements Environmental and SPS compliance	<ul style="list-style-type: none"><li>Capacitate value chain players such as abattoirs, tanneries and the leather products manufacturers</li><li>Engage local or regional U.S. government agencies to understand available TCB programs and how to access them</li><li>Engage the market to better</li></ul>	BOBS, BEMA, MOA, BMC, BITC
41039020: Raw hides and skins of animals nesoi (other than those excluded by note 1(b) or 1(c) to chapter 41), pre-		3.3%			



tanned but not further prepared MFN Text Rate, 3.3%				<ul style="list-style-type: none"> <li>understand export market requirements</li> <li>Provide required capacity building and training</li> <li>Work with farmers to create awareness of the value of quality leather specially to reduce the amount of damaged leather due to branding and teak bites</li> </ul>	
<b>HS854430</b>	<b>Ignition wiring sets and other wiring sets of a kind used in vehicles/ aircraft/ships</b>				
85443000: Insulated ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships		5%	Compliance with SHEQ requirements	<ul style="list-style-type: none"> <li>Engage market to identify requirements and provide necessary capacity building and training to ensure compliance with the requirements</li> </ul>	BOBS, BEMA, BITC
<b>HS850710</b>	<b>Electric accumulators, incl. separators therefor, whether or not rect. (incl. square), lead-acid, of a kind used for starting piston engines</b>				
85071000: Lead-acid storage batteries of a kind used for starting piston engines		3.5%	Compliance with SHEQ requirements	<ul style="list-style-type: none"> <li>Engage market to identify requirements and provide necessary capacity building and training to ensure compliance with the requirements</li> </ul>	BOBS, BEMA, BITC
<b>HS253090</b>	<b>Mineral subs., n.e.s. in Ch.25</b>				
25309020: Natural micaceous iron oxides		2.9%	Compliance with SHEQ requirements	<ul style="list-style-type: none"> <li>Engage market to identify requirements and provide necessary capacity building and training to ensure compliance with the requirements</li> </ul>	BOBS, BEMA, BITC
HS283620 28362000	Disodium carbonate	1.2%	Compliance with SHEQ requirements	<ul style="list-style-type: none"> <li>Engage market to identify requirements and provide necessary capacity building and training to ensure compliance with the requirements</li> </ul>	BOBS, BEMA, BITC
HS380590 38059050	Terpenic oils produced by the distillation/ oth. treatment of coniferous woods (excl. of 3805.10 and 3805.20); crude dipentene; sulphite turpentine & oth. crude para-cymene	3.7%	Compliance with SHEQ requirements	<ul style="list-style-type: none"> <li>Engage market to identify requirements and provide necessary capacity building and training to ensure compliance with the requirements</li> </ul>	BOBS, BEMA, BITC
HS681011	Building blocks & bricks, of cement/concrete/art. stone, whether or not reinforced	3.2%	Compliance with safety, environment and quality requirements	<ul style="list-style-type: none"> <li>Engage market to identify requirements and provide necessary capacity building and training to ensure compliance with the requirements</li> </ul>	BOBS, BEMA, BITC
HS854060 85406000	Cathode-ray tubes n.e.s. in 85.40 Cathode-ray tubes nesoi	3%	Compliance with U.S. FDA Radiation Emitting Electronic Device Performance Standards Need to designate U.S. based agent for service of process Submit a report to FDA to obtain FDA Accession Number	<ul style="list-style-type: none"> <li>Engage U.S. FDA to understand requirements</li> <li>Provide necessary capacity building and training to ensure compliance with the requirements</li> </ul> <p>Organize market entry support such participation at selected exhibitions</p>	BOBS, BEMA, BITC

			for each device before marketing the device in the US		
HS710812	Gold (incl. gold plated with platinum), in unwrought forms (excl. powder)				
71081250: Gold, nonmonetary, unwrought (o/than gold bullion and dore)		4.1%	Quality, standards and technical regulations	<ul style="list-style-type: none"> <li>Facilitate participation of sector players to participate in regional and international exhibitions particularly in the US</li> <li>Organize B2B matchmaking for sessions during exhibitions</li> <li>Facilitate trade and investment reverse missions to identify business opportunities</li> </ul>	BITC, BEMA, BOBS, BCM
<b>Products not AGOA Eligible but can be Considered for Investment and Export Development under MFN/NTR</b>					
HS580220	Terry towelling & sim. woven terry fabrics (excl. narrow fabrics of 58.06), of textile mats. other than cotton				
HS710221	Industrial diamonds, unwkcd./simply sawn/cleaved/bruted				
HS750110	Nickel mattes				
HS780200	Lead waste & scrap				
HS490700	Unused postage/revenue/sim. stamps of current/new issue...; stamp-impressed paper; banknotes; cheque forms; stock, share/bond certificates... [see complete text #84]				
HS710239	Diamonds, non-industrial other than unwkcd./simply sawn/cleaved/bruted				
HS710231	Diamonds, non-industrial, unwkcd./simply sawn/cleaved/bruted				
HS120600	Sunflower seeds, whether or not broken				
HS130219	Vegetable saps & extracts (excl. of 1302.11-1302.14) 13021991: Vegetable saps and extracts nesoi				
HS230110	Flours, meals & pellets of meat/meat offal; greaves 23011000: <i>Flours, meals, and pellets, of meat or meat offal unfit for human consumption; greaves (cracklings).</i>				
HS270119	Coal other than anthracite & bituminous, whether or not pulverised but not agglom.				

	27011900: Coal, other than anthracite or bituminous, whether or not pulverized, but not agglomerated.				
HS610331	Men's/boys' ensembles, knitted or crocheted, of wool/fine animal hair 61033100				
HS610461	Women's/girls' trousers, bib & brace overalls, breeches & shorts (excl. swimwear), knitted or crocheted, of wool/fine animal hair 61046100				
HS620349	Men's/boys' trousers, bib & brace overalls, breeches & shorts (excl. swimwear; excl. knitted or crocheted), of oth. textile mats. (excl. of 6203.41-6203.43) None of its sub-categories is AGOA eligible: 62034910 / 62034915 / 62034920 / 62034940 / 62034980				
HS620469	Women's/girls' trousers, bib & brace overalls, breeches & shorts (excl. swimwear; excl. knitted or crocheted), of textile mats. other than wool/fine animal hair/cotton/synth. Fibres None of its sub-categories is AGOA eligible: 62046910 / 62046920 / 62046925 / 62046940 / 62046960 / 62046990				
HS620990	Babies' garments & clothing accessories (excl. knitted or crocheted), of textile mats. other than wool/fine animal hair/cotton/synth. Fibres None of its sub-categories is AGOA eligible: 62099005 / 62099010 / 62099020 / 62099030 / 62099050 / 62099090				
HS610210 HS61021000	Women's/girls' overcoats, car-coats, capes, cloaks, anoraks (incl. ski-jackets), wind-cheaters, wind-jackets & sim. arts., knitted or crocheted (excl. of 61.04), of wool/fine animal hair Women's/girls'				

	overcoats, carcoats, capes, windbreakers and similar articles, knitted or crocheted, of wool or fine animal hair				
HS610341	Men's/boys' trousers, bib & brace overalls, breeches & shorts (excl. swimwear), knitted or crocheted, of wool/fine animal hair				
61034110: Men's or boys' trousers, breeches and shorts, knitted or crocheted, of wool or fine animal hair					
HS731021	Cans to be closed by soldering/crimping, for any mat. other than compressed/liquefied gas, of iron/steel, of a cap. of <50 l, whether or not lined/heat-insulated but not fitted with mech./thermal equip.				
HS840710	Spark-ignition recip./rotary int. comb. piston engines for aircraft 84071000: Spark-ignition reciprocating or rotary internal combustion piston engines for use in aircraft				
HS630260	Toilet linen & kitchen linen, of terry towelling/sim. terry fabrics, of cotton				
HS580810	Braids in the piece 58081010 / 58081040 / 58081050 / 58081070 / 58081090				
HS550931	Yarn other than sewing thread, of synth. staple fibres, cont. 85%/more by wt. of acrylic/modacrylic staple fibres, single yarn, not put up for retail sale  55093100: Yarn (not sewing thread) cont. 85% or more by weight of acrylic or modacrylic staple fibers, singles, not put up for retail sale				
HS630691	Camping gds. (excl. of 6306.41), of cotton  63069010: Camping goods, nesoi, of cotton 63069050: Camping goods, nesoi, of textile materials other than of cotton				
HS722220	Bars & rods of stainless steel, not further worked than cold-formed/cold-finished				

HS720421	Waste & scrap of stainless steel				
HS39	Plastics and articles thereof.				
HS250100	Salt (incl. table salt & denatured salt) & pure sodium chloride, whether or not in aqueous solution/cont. added anti-caking/free-flowing agents; sea water  25010000: Salt & pure sodium chloride, whether or not in aqueous solution or cont. added anticaking or free-flowing agents; sea water				
HS551411	Woven fabrics of polyester staple fibres, cont. <85% by wt. of such fibres, mixed mainly or solely with cotton, of a wt. >170g/m2, plain weave, unbleached/bleached  55141100: Plain weave fabrics of poly staple fiber, < 85% wt polyester staple fibers, mixed mainly/solely w/cotton, wt ov 170 g/m2, unbleached/bleached				

Key: Green = Products most eligible for export under AGOA; Orange = Products requiring further investigation on potential for export under AGOA; and Red = Products not AGOA eligible but can be considered for investment and export development under MFN/NTR.

## 6.0 Proposed Strategic Activities to Address Identified Challenges

Several stakeholders were consulted during the study (see Appendix 2) who generally agreed that while the AGOA preferential program affords significant opportunities for Botswana to export to the U.S. market and to attract investment from the U.S. and from other parts of the world to take advantage of AGOA, there are several shortfalls that Botswana would need to address in order to maximize the benefits under the program.

The challenges and constraints identified from the stakeholder consultations and through the analysis of several documents are categorized here as general and sectorial challenges to allow ease identification of suggested activities to address them. The overarching challenges that Botswana needs to address to improve its utilization of the AGOA preferential program are inadequate awareness, insufficient investment from the U.S., high cost of production and transport, poor competitiveness, and compliance with U.S. regulations.

- a) *Inadequate awareness*: There is a need to create sufficient awareness of the AGOA program country-wide mainly in areas with the priority sectors to highlight the benefits of the program as well as how and where interested stakeholders can be assisted and can get more information to ensure that they make informed decisions. At the same time, a lot of

stakeholders are not aware of the available service providers in Botswana and how the service providers can assist them.

- b) *Insufficient investment from the US:* Botswana has so far not managed to attract the anticipated amount of investment from the US. For instance, of the total P49.5 billion invested in Botswana in 2014, the U.S. only contributed 0.6%. Instead, some of the initial investment in the textiles/apparel sector which was mainly from Asia has since relocated. The most frequently cited reason for this was an inadequate incentive framework.
- c) *High cost of production:* The input cost of producing goods in Botswana is high compared to other countries in the region. This is mainly due to the high cost of water, electricity and Labor. Other challenges are inappropriate skills, high cost of technology and a small domestic market.
- d) *Lack of competitiveness:* This is said to be caused by high cost of production and transport, low productivity, poor and inconsistent product quality, and lack of suitable skills required by industry. Productivity is low in Botswana when compared to other middle income countries. Inappropriate work ethics, the education system, inappropriate skills, low investment in training, lack of training incentives and schemes were identified to be the main reasons for low Labor productivity across the board.
- e) *High cost of transport:* This is mainly due to the distance from the required raw materials and the market. The high cost of transporting raw materials to Botswana and for moving goods from Botswana to the AGOA market especially heavy goods such as furniture affect competitiveness as the cost is quite substantial.
- f) *Compliance with U.S. technical regulations:* Stakeholders cited stringent market requirements and quality standards by the U.S. market as the main challenges under AGOA. However, the GoB has established several institutions to provide support services on training and mentoring, quality improvement, market information and financial services, the issue here is inadequate awareness by stakeholders of the existence of these support services as well as where and how to access them.

While Botswana has a multitude of excellent policies and strategies it has developed over the years to mitigate against the above and other challenges, most of these policies and strategies are often not fully implemented or not implemented at all with the often cited reasons for the failure being lack of funding, poor coordination among the institutions, no commitment and/or political will as well as poor or no effective monitoring and evaluation process to ensure implementation.

The general strategic activities below are mainly for implementation by the GoB through its various agencies and the private sector with civil society playing a supporting role.

## 6.1 General Strategic Activities

General Challenges and Possible Strategic Activities to Address the Challenges	
Challenges	Possible Strategic Activities
1. Inadequate awareness	a) A country-wide awareness campaign on AGOA supported by representatives of some of the service providers particularly those that are export development oriented, would be an ideal starting point for the implementation phase of the AGOA strategy.

	<ul style="list-style-type: none"> <li>b) The AGOA awareness campaign should be anchored by a robust information dissemination structure to continuously provide stakeholders, locally and in the U.S. market, with the required information.</li> </ul>
2. Insufficient investment from the US	<ul style="list-style-type: none"> <li>a) Investigate the expected investment package by the targeted potential investors in the U.S. and review the package of available investment to identify gaps with the view to bridge the identified gaps.</li> <li>b) Most critically, attract foreign investors by providing industrial zones and serviced factory shells to avoid cumbersome procedures and processes to minimise barriers to entry.</li> <li>c) Simplify acquisition of work permits for essential employees required by industry.</li> <li>d) Identify and address critical enabling environment constraints, including major trade/transit related NTB's and infrastructure service policy and regulatory constraints that may be limiting FDI expansion.</li> </ul>
3. High cost of production	<ul style="list-style-type: none"> <li>a) Introduce productivity and quality programs to provide training on productivity and quality to improve efficiency and for multi-skilling of the workforce.</li> <li>b) Encourage a continuously improving business friendly environment involving private sector in coordination of Labor and skill development. Also, work with the business sector in developing immigration regulations that are sensitive to business needs for Labor requirements e.g. consider sector specific requirements and guarantee or expedite renewal of existing work permits.</li> <li>c) Adopt production based and capacity building incentives. However, the incentives should not be in violation of WTO regulations. Some of the incentives to be considered are funding of benchmarking visits and short/medium term attachments to targeted organizations in the US. Also, provide funding for training especially on train the trainer programs for quicker multiplier effect and engage consultants to help improve productivity and quality related programs. In addition, provide incentives targeted at encouraging factories to upgrade their equipment and to introduce automation, e.g. reducing import duties.</li> <li>d) Explore ways to cushion the production sector from the high cost of water and electricity.</li> </ul>
4. High cost of transport and logistics	<ul style="list-style-type: none"> <li>a) Encourage businesses to cooperate on transport through a cross sectorial industry approach on transportation of raw materials and finished products to cut down on empty return trips thus reducing the cost of transport and increasing the competitiveness of local products.</li> <li>b) Implement trade facilitation tools, for instance, expedite the</li> </ul>

	<p>implementation of a National Single Window for Botswana and streamline custom procedures at borders especially with South Africa to minimise delays at the borders to reduce the time and cost of doing business.</p> <p>c) Explore the possibility of using alternative transport or routes to the market e.g. investigate the pros and cons of using Walvis Bay in Namibia.</p> <p>d) Expedite the elimination of NTBs to reduce border delays and increased costs resulting from the delays.</p>
5. Lack of competitiveness	<p>a) Develop and introduce local business linkage programs between SMEs and large organizations to promote private sector development, create a local market for SMEs, and get SMEs to develop a business culture through working with already established organizations and to develop appropriate business ethics and skills in producing consistent product quality before entering the export market. For a linkage program to succeed there must be political will and adequate support from the top. Haslach, Dube, Raff and Mead (1992) observed that no linkage initiative would succeed without total support of senior management of the large corporations taking part, especially in terms of monetary support to do such things as creating small business development divisions or to subsidize training of the small entrepreneurs with whom relations are formed. It must be noted, however, that generally a business linkage initiative is a long-term project which needs financial support and perseverance for it to work.</p> <p>b) Work with the national standards body and other service providers to implement required quality programs.</p> <p>c) Identify and facilitate implementation of export inclined incentives.</p> <p>d) Reinvigorate the Buy Botswana program starting with ensuring that government doesn't import anything that can be supplied by local producers at competitive prices and quality, to increase market opportunities for local producers.</p> <p>e) Establish an AGOA desk at the Botswana Embassy in the U.S. or capacitate the existing set up to increase demand for imports/exports under AGOA.</p> <p>f) Hire a consultant/firm or open an office to act as a link between the market and the suppliers by identifying market requirements and providing that information back to producers in Botswana. Having a representative in the U.S. would help expedite the understanding of the market by local organizations thus improving competitiveness.</p> <p>g) USG agencies and the GoB to provide support for the organization of an annual AGOA/AWEP Trade Show and Expo in the U.S. to bring</p>



	AGOA exporters/importers together to market their products and participate in B2B matchmaking starting from 2018.
6. Compliance with U.S. technical regulations	<p>a) As outlined in 5f) above, the representative based in the U.S. can help to identify issues for compliance in targeted sections of the U.S. market and communicate that information back to relevant organizations in Botswana.</p> <p>b) Identify relevant standards and regulations which Botswana needs to comply with. Also, help identify possible training and those who can assist with the training.</p>

## 6.2 Sectoral Strategic Activities

<b>Handicrafts Sector</b>	
<b>Challenges</b>	<b>Possible Strategic Activities</b>
1. Difficulty in coordinating supplies	<p>a) Capacitate trading houses</p> <p>b) Capacitate the handicrafts association</p> <p>c) Develop a database of producers</p> <p>d) Establish a warehouse for stock</p>
2. Skills not being passed on to younger generation	<p>a) Include arts and crafts as part of the syllabus in schools from primary to senior level</p> <p>b) Provide training in vocational schools</p> <p>c) Create awareness on the economic and cultural values of the sector</p>
3. Low capacity to meet volumes for export market	<p>a) Encourage marketing houses to consolidate and manage production by different producers</p> <p>b) Facilitate collaboration among producers in-country and regionally</p> <p>c) Train producers on productivity improvement</p> <p>d) Provide grants and soft loans for women</p>
4. Difficulty in accessing the U.S. Market	<p>a) Profile the sector for the export market</p> <p>b) Intensify export promotion and contact promotion missions in the U.S. (e.g. at the New York International Gift Fair, Santa Fe)</p> <p>c) Identify dedicated agent(s)/distribution partners in the US</p> <p>d) Provide export development support towards trading houses, that understand the markets</p> <p>e) Provide research and development to ensure development of the required products</p>
<b>Horticulture and Agro-processing Sector</b>	
<b>Challenges</b>	<b>Possible Strategic Activities</b>
1. Difficulty in meeting stringent U.S.	<p>a) Create adequate awareness on required regulations and standards including SPS requirements</p> <p>b) Understand the standards required by the market</p>

market regulations and standards	<ul style="list-style-type: none"> <li>c) Provide the necessary capacity building and training, engaging volunteer experts from the US</li> <li>d) Capacitate service providers such as Botswana Bureau of Standards (BOBS), SADC Accreditation Service (SADCAS), research institutes and testing laboratories</li> </ul>
2. Lack of production capacity	<ul style="list-style-type: none"> <li>a) Effective use of land earmarked for horticulture purposes</li> <li>b) Provide required training</li> <li>c) Align available training with sector requirements</li> <li>d) Increase agro processing capacity</li> <li>e) Provide grants and soft loans for start-ups, SMEs and women entrepreneurs</li> <li>f) Create awareness on existing government incentive Programs for horticulture, such as assistance in purchasing of irrigation equipment and production inputs</li> <li>g) Provide assistance on key infrastructure required for the success of the industry, particularly road networks and electricity</li> <li>h) Encourage the development of regional and national cropping plans to avoid over supply of products during peak seasons</li> <li>i) Capacitate farmer's associations to encourage dialogue and cross cross-pollination of ideas</li> </ul>
3. Distance from the market	<ul style="list-style-type: none"> <li>a) Improve the local transport infrastructure</li> <li>b) Explore alternative routes to the market</li> <li>c) Consider combining products to reduce transport cost</li> <li>d) Facilitate the provision of faster methods of getting produce to the market especially the high perishable ones to maintain value</li> <li>a) Encourage retailers to adopt the EDD initiative by supporting local farmers</li> <li>b) Capacitate marketing houses such as Botswana Horticulture Market and the processing plant at SPEDU to consolidate and market farmer's produce</li> <li>c) Establish farmers' markets in strategic areas to increase marketing outlets</li> </ul>
<b>Jewelry and Semi-Precious Stones Sector</b>	
<b>Challenges</b>	<b>Possible Strategic Activities</b>
1. Inadequate information on both the local industry and U.S. market needs	<ul style="list-style-type: none"> <li>a) Encourage the industry to form a representative body (association) to encourage dialogue and facilitate provision of required assistance</li> <li>b) Engage stakeholders in the sector to establish available types of semi-precious stones and to ascertain production potential</li> <li>c) Create awareness of existing market potential in the US</li> <li>d) Work with local or regional U.S. government agencies to understand available TCB programs and how to access them</li> </ul>

2. Inadequate investment in the sector	<ul style="list-style-type: none"> <li>a) Facilitate trade and investment reverse missions to identify business opportunities</li> <li>b) Provide funding in the form of grants or soft loans for women entrepreneurs</li> </ul>
3. Lack of knowledge of market requirements	<ul style="list-style-type: none"> <li>a) Organize/include sector players on government missions to the US</li> <li>b) Organize B2B matchmaking for sessions during exhibitions</li> <li>c) Get support from BITC or commission a U.S based firm to provide required market intelligence</li> </ul>
4. Lack of exposure to international markets	<ul style="list-style-type: none"> <li>a) Facilitate sector players to participate in regional and international exhibitions particularly in the US</li> <li>b) Profile the sector and sector players for the export market</li> </ul>
<b>Leather and Leather Products Sector</b>	
<b>Challenges</b>	<b>Possible Strategic Activities</b>
1. Lack of production capacity	<ul style="list-style-type: none"> <li>a) Ensure timely implementation of the Leather Park project</li> <li>b) Capacitate value chain players such as abattoirs, tanneries and the leather products manufacturers</li> <li>c) Facilitate investment into value addition infrastructure and downstream leather processing opportunities</li> <li>d) Engage local or regional U.S. government agencies to understand available TCB programs and how to access them</li> </ul>
2. Inadequate local market	<ul style="list-style-type: none"> <li>a) Explore external markets opportunities</li> <li>b) BITC to provide required market intelligence or commission a U.S based firm to assist</li> </ul>
3. Stringent export market quality requirements	<ul style="list-style-type: none"> <li>a) Engage the market to better understand export market requirements</li> <li>b) Create adequate awareness on export market requirements</li> <li>c) Conduct benchmarking visits to selected countries such as Ethiopia and the US</li> <li>d) Provide required capacity building and training</li> <li>e) Capacitate service providers</li> </ul>
4. Poor quality of raw materials	<ul style="list-style-type: none"> <li>a) Work with farmers to create awareness of the value of quality leather specially to reduce the amount of damaged leather due to branding and teak bites</li> </ul>
<b>Natural (Indigenous) Products Sector</b>	
<b>Challenges</b>	<b>Possible Strategic Activities</b>
1. Inadequate volumes	<ul style="list-style-type: none"> <li>a) Use existing government facilities to build capacity and to increase investment in the sector</li> <li>b) Encourage regional integration collaborative efforts in the natural foods area</li> <li>c) Participate in trade and investment missions to identify opportunities</li> </ul>

	d) Provide grants and soft loans for start-ups, SMEs and women entrepreneurs, other disadvantaged groups and minority owned businesses
2. Inconsistent quality of products	a) Capacitate producers on standards and quality issues, include benchmarking on other success stories such as the Shea Butter Sector in West Africa b) Conduct benchmarking visits to selected countries to learn from their experiences
3. Low market access and acceptance	a) Create awareness in the US b) Profiling the sector c) Securing regulatory approval in the US d) BITC to provide necessary market intelligence or commission a U.S based firm to assist
<b>Meat and Meat Products Sector</b>	
<b>Challenges</b>	<b>Possible Strategic Activity</b>
1. Quality of beef from communal farmers	a) Create awareness to communal farmers to understand the value of good health animals and when to get best value b) Encourage a shift from subsistence to commercial ranching c) Provide capacity building on how to manage animals in communal areas
2. Stringent export market quality requirements	a) Engage the market to better understand export market requirements b) Create adequate awareness on export market requirements c) Provide required capacity building and training, including engaging volunteer experts' programs
<b>Textiles/Apparel Sector</b>	
<b>Challenges</b>	<b>Possible Strategic Activity</b>
1. Inadequate factory facilities and poor investor after care services	a) Provide more factory shells with all the required facilities e.g. water, electricity etc. (plug and play) b) Outsource management of the factory shells to a private operator to improve the service
2. Inadequate skilled managerial manpower	a) Coordinate skills development b) Review Botswana education curriculum to align with industry needs c) Develop a skills transfer program to ensure skills transfer by expatriates to locals d) Capacitate vocational and technical training institutes such as TCIB and ensure sustainability
3. Low productivity levels	a) Provide more innovative incentives to encourage increased productivity b) Provide productivity training to operators c) Provide training for line supervisors

	d) Facilitate equipment upgrade
4. Inadequate industry incentives	a) Identify and implement appropriate essential industry incentives b) Conduct benchmarking visits to selected countries to learn from their experiences
5. Inadequate investment in the sector	a) Conduct investment missions to targeted countries b) Facilitate an investment friendly environment

The sectorial approach to challenges allows a sector-specific assessment of issues leading to the development of more precise strategic objectives which improve the chances to effectively resolve these issues.

The country should explore the feasibility of Asian and South African textile/apparel firms locating or investing in Botswana with a view to accessing the AGOA preferences and hence penetrating the U.S. market. As outlined in the EDD Strategy, Botswana needs to develop globally competitive sectors, diversify exports through a vibrant and globally competitive private sector and provide goods and services that comply with local and international standards. Given the potential of AGOA, it is paramount that Botswana approaches the AGOA market in a more strategic manner.

### 6.3 Suggestions to Facilitate Faster Clearance of Exports to the US

Below is a list of suggested ways to facilitate faster clearance merchandise to U.S. (Source: <https://www.cbp.gov/sites/default/files/documents/Importing>):

- a) Include all information required on your customs invoices;
- b) Prepare your invoices carefully, type them clearly and allow sufficient space between lines. Keep the data within each column;
- c) Ensure that your invoices contain the information that would be shown on a well-prepared packing list;
- d) Mark and number each package so it can be identified with the corresponding marks and numbers appearing on your invoice.
- e) Show a detailed description on your invoice of each item of merchandise contained in each individual package.
- f) Mark your goods legibly and conspicuously with the country of origin unless they are specifically exempted from country-of-origin marking requirements, and with such other marking as is required by the marking laws of the US;
- g) Comply with the provisions of any special laws of the U.S. that may apply to your goods, such as laws relating to food, drugs, cosmetics, alcoholic beverages, radioactive materials etc.;
- h) Observe the instructions closely with respect to invoicing, packaging, marking, labeling, etc., sent to you by your customer in the US;
- i) Work with CBP to develop packing standards for your commodities;

- j) Establish sound security procedures at your facility and while transporting your goods for shipment;
- k) Consider shipping on a carrier participating in the Automated Manifest System (AMS); and
- l) If you use a licensed customs broker for your transaction, consider using a firm that participates in the Automated Broker Interface (ABI).

#### 6.4 Specific Strategic Objectives for the Botswana AGOA Response Strategy

The broad strategic objective of this national strategy is to ensure increased utilization of the AGOA trade preference program by Botswana through export-led growth and increased investment. The specific strategic objectives below, which are based on the sectorial challenges, opportunities and interventions highlighted above, are aimed at helping Botswana achieve its broad objective for the National AGOA Response Strategy.

- 1) Establish an effective National AGOA Response Strategy institutional structure.
- 2) Create adequate awareness on the AGOA facility and U.S. market needs.
- 3) Create awareness on existing government incentive programs.
- 4) Coordinate skills development to develop relevant industry skills that are public-private sector driven.
- 5) Capacitate local quality infrastructure to improve competitiveness.
- 6) Facilitate an investment friendly environment.
- 7) Conduct investment missions to the U.S. and other targeted countries to attract investment.
- 8) Capacitate priority sectors and support associations to increase production capacity and to improve the quality of products.
- 9) Facilitate regional integration in identified sectors to address production capacity issues and to develop markets for local products.
- 10) Engage local and regional U.S. government agencies for technical assistance and TCB programs and how to access them.
- 11) Facilitate reduction of cost of production.
- 12) Identify and implement essential industry incentives to improve export competitiveness.
- 13) Implement trade facilitation tools to alleviate time and cost of doing business.
- 14) Improve coordination of local suppliers to address challenges with production capacity and cost of transport.
- 15) Strengthen export development programs.
- 16) Increase access to the U.S. market by selected local products with potential for export under AGOA (see Table 20 above).
- 17) Continue to develop infrastructure and reduce cost of production.

- 18) Provide exporters with regional and international databases according to products and sectors.
- 19) Increase productivity of priority sectors for exports under AGOA.
- 20) Develop a skills transfer program to ensure skills transfer by expatriates to locals.
- 21) Provide grants and soft loans for start-ups, SMEs and women entrepreneurs and businesses owned by other disadvantaged groups.

The proposed activities with performance indicators, budget and time frames for implementation of the above strategic objectives are outlined in the Implementation Plan section below.

## **7.0 Implementation Plan**

The implementation plan is divided into general and sector specific interventions to facilitate implementation and for effective monitoring and evaluation.

## 7.1 General Implementation Plan

Strategic Objective	Activities (Initiatives)	Performance Indicator (Measure)	Target (Output)	Resource Assessment		Responsibilities		Time Frame		
				Budget (BWP)	Financier	Lead Institution	Support Institution	S	M	L
1) Establish an effective National AGOA Response Strategy institutional structure	a) Formal confirmation of the proposed structure (see Figure 6 on Section 8 for the suggested institutional structure) b) Drafting of job specifications (Scope of Work) for the proposed AGOA office personnel c) Appointment of required staff for the AGOA office d) Confirmation of the agreed arrangement for the U.S. presence for the AGOA representation	a) Progress with implementation of the AGOA Response Strategy b) Number of activities/initiatives implemented from the AGOA Response Strategy	a) Effective implementation of the AGOA Response Strategy b) Increased volume of exports under AGOA c) Increased volume of FDI in the priority sectors for the AGOA Strategy	70,000	MITI, donor organizations	MITI/AGOA Reference Group	MFED	✓		✓
2) Create adequate awareness on the AGOA facility and U.S. market needs	a) Hold periodic sector specific awareness workshops on AGOA b) Circulate trade information to exporters	a) Number of workshops organized per year, number participants at each workshop and feedback received from workshop participants	a) Number of entities participating in trade missions/workshops per year b) Number of investors per priority	120,000	MITI, donor organizations	MITI/ Botswana AGOA Office	BITC/Botswana Embassy in Washington	✓	✓	





	creation roadshows by related service providers c) Media campaigns on available incentives	show/ workshops held	c) The frequency of media coverage on AGOA.						
4) Coordinate skills development to develop relevant industry skills that are public-private sector driven	a) Conduct sector skills audit to identify gaps b) Capacitate sector specific vocational and tertiary education c) Review education curriculum to include requisite skills per sector d) Improve on-job training programs	a) Number of graduates with relevant industry skills per sector b) Industry satisfaction with available skills	a) Number of adequately skilled graduates b) Productivity level of hired graduates	55,000	MYSEC	MYSEC, BQA	Ministry of Higher Education, Vocational Colleges, Universities and Ministry of Employment and Labor,	✓	✓
5) Capacitate local quality infrastructure (QI) to improve competitiveness	a) Conduct needs assessment for QI organizations and develop a program to address the needs for QI in the country such as capacitating standards development organizations and accreditation facilities b) Develop mechanisms for	a) Number of QI programs developed. b) The mechanisms for enhancing quality developed and the number of activities on improving the legal and regulatory framework for technical regulations c) Number of meetings between AGOA priority	a) Enhanced QI and better competitiveness of local firms. b) Improvement in the participation of local firms in standards/quality related issues c) Increase in level of support in programs on	90,000	BOBS, BITC, LEA, CEDA, BDC, SADCAS, donor organizations	BOBS, SADCAS	BITC, LEA, CEDA, BDC	✓	✓



investment missions to the U.S. and other targeted countries to attract investment	sectors and develop database thereof b) Identify potential investment missions to the U.S. and other countries, profile the sectors and stakeholders for each mission c) Identify missions and sources for funding to support targeted participants	investment missions b) Number of firms participating in investment missions	enquiries and actual investments achieved through company mergers, companies investing in Botswana b) Total value of U.S. and other FDI in AGOA priority sectors	50,000	companies, donor organizations	BITC, BNPC, LEA, CEDA, BOBS, BQA	Marketing Houses, AGOA Priority Sector Associations		
8) Capacitate priority sectors and support associations to increase production capacity and to improve the quality of products	a) Facilitate stakeholders to form associations b) Identify capacity needs for each association and provide necessary interventions	a) Number of sector associations formed or assisted b) Sector specific capacity needs identified c) Number workshops and the number trained participants per sector per year	a) Increase in the number of associations b) Increase in production capacity per AGOA priority sector c) Increase in products certified to local standards	50,000	All participating companies/individuals, donor organizations	BITC, BNPC, LEA, CEDA, BOBS, BQA	Marketing Houses, AGOA Priority Sector Associations	✓	✓
9) Facilitate regional integration of identified sectors to address production capacity	a) Develop a database of sector related associations and players in the regional b) Identify production capacity and	a) Identified production capacity and needs per sectors in the region b) Volume of possible production output for each sector	a) Statistics on available production quantities in the region and potential regional market for local	50,000	MITI, donor organizations	BITC, LEA, BNPC	Sector associations	✓	✓

issues and to develop markets for local products	needs for each sector in the region c) Study the regional value chains where necessary	locally and in the region c) Potential regional market requirements per sector d) Regional value chain studies contacted	a) products. Regional value chain linkages facilitated		Donor agencies and participants	MITI, AGOA Office	BITC, sector associations		
10) Engage local and regional U.S. government agencies for technical assistance and TCB programs and how to access them	a) Identify technical assistance required to facilitate export development and to increase investment in Botswana b) Identify local and regional U.S. agencies offering required technical assistance and TCB c) Conditions for accessing the support from the U.S. agencies	a) Identified local and regional U.S. agencies offering relevant technical assistance and TCB b) Support required per AGOA Priority Sector from U.S. agencies	a) Number of technical assistance programs provided per sector b) Number of participants and/or firms assisted and amount of technical assistance provided	-				✓	✓
11) Facilitate reduction of cost of production	a) Identify major contributors to cost of production per sector b) Identify tools to reduce cost of production for each sector	a) Percentage reduction in production costs	a) Increased volumes of production b) Improved competitiveness due to reduced cost of production	60,000	AGOA Priority Sectors	MITI-DIA	LEA, CEDA, BPC, WUC	✓	✓
12) Identify and implement	a) Identify available and possible incentives for	a) Number of required incentives per	a) Number of incentives provided per	60,000	MITI, other government agencies and donors	BITC, AGOA Office	MITI	✓	✓

essential industry incentives to improve export competitiveness	each priority sector	priority sector	sector						
b) Identify required sector specific incentives c) Assess the feasibility of providing required incentives	b) Available incentives per AGOA priority sector c) Conditions and approved budget for the incentives	b) Number of beneficiaries per sector Improved production capacity and competitiveness							
13) Implement trade facilitation tools to alleviate time and cost of doing business	a) Implement relevant trade facilitation tools b) Identify customs administration procedures that require improvement c) Implement the relevant mechanisms to reduce time and cost of doing business	a) Number and effectiveness of trade facilitation tools implemented b) Number of administration procedures targeted for improvement	a) Reduced time and cost of doing business b) Improved efficiency at ports and borders c) Improved competitiveness	50 0,000	MITI	BURS, Botswana Clearing and Freight Forwarding Association	BITC, trade associations	✓	✓
14) Improve coordination of local suppliers to address challenges with production capacity and cost of transport	a) Investigate available suppliers and evaluate supply constraints for each AGOA Priority Sector b) Access production capacity constraints for each AGOA Priority Sector c) Provide relevant instruments to address identified supply	a) Number of local suppliers available in the country and constraints faced b) Production capacity for quality products in the country c) Available capacity building tools to improve production capacity d) Possible alternative transport options	a) Improvement in supplier value chains to increase production b) Reduced cost of transport for local products c) Improved accessibility of products to relevant markets both locally and regionally	80,000	MITI	MITI	MTC, BURS, LEA, Transport Association of Botswana, Clearing and Freight Forwarding Association	✓	✓







under AGOA (see Table 20 above)	benchmarking visits to the U.S. and attachments of relevant personal to targeted organizations in the US c) Partner with U.S. institutions such as American National Standards Institute (ANSI), National Institute of Standards and Technology (NIST) and ASTM International to improve capacity on standards and quality d) Identify customs constraints on access to U.S. market	regulations and standards c) Required benchmarking visits to the US d) Number of staff attached to targeted organizations in the US to understudy standards, quality and market requirements e) Number of partnerships of local companies and U.S. institutions	products resulting in increased access of local products into the U.S. market c) More exporters equipped with substantial requisite knowledge of the U.S. market						
17) Continue to develop infrastructure and reduce cost of production	a) Review essential infrastructure to identify areas that need attention and prioritize the requirements based on importance and availability of required funds	a) Number of identified essential infrastructure development projects to facilitate export development and increased investment b) Number of collaborative	a) Reduced cost of production, increased competitiveness and improved investment in AGOA Priority Sectors	300,000	Ministry of Science and Infrastructure Development, Ministry of Transport and Communications	Ministry of Transport and Communications	BITC, BURS, Ministry of Transport and Communications	✓	✓



ensure skills transfer by expatriates to locals	b) Engage stakeholders to agree on a mechanism to transfer essential skills from expatriates to locals during their attachment to the firm	b) The skills transfer mechanism/ program to be used and the duration	b) achieved through the skills transfer program Number of local workers with skills required by priority sectors firms						
21) Provide grants and soft loans for start-ups, SMEs, women entrepreneurs and businesses owned by other disadvantaged groups	a) Review the AGOA Priority Sectors to identify opportunities for projects requiring assistance b) Develop a mechanism for providing and managing the grants/loans program	a) Number of possible opportunities for SMEs and women owned businesses per sector b) Demand for support and the available budget for grants/loans for such projects c) Number of assisted start-ups, SMEs and women	a) Increased participation in AGOA Priority Sectors by start-ups, SMEs, women entrepreneurs and businesses owned by other disadvantaged groups	500,000	MITI, Ministry of Gender Affairs	MITI, Ministry of Gender Affairs	CEDA, LEA	✓	✓

Key: S – Short Term (one year); M – Medium Term (three years) and L- Long Term (seven years)

Source: Adapted from Botswana National Export Strategy (2010-2016)

## 7.2 Sectorial Implementation Plan

Strategic Objective	Activities (Initiatives)	Performance Indicator (Measure)	Target (Output)	Resource Assessment		Responsibilities		Time Frame		
				Budget (BWP)	Financier	Lead Institution	Support Institution	S	M	L
Handicrafts Sector										
1) Productivity and appreciation of arts and crafts	a) Include arts and crafts as part of the	a) Number of arts and crafts courses, modules	a) Increased productivity due		Ministry of Higher Education and Skills Development	Ministry of Higher Education and Skills	MYSC, BITC		✓	✓

by the youth	syllabus in schools from primary to senior level	or subjects in each level of education	improved appreciation of handicrafts		Marketing Houses and donor agencies	Development			
2) Improve marketing and production of handicrafts	a) Encourage marketing houses for crafts to consolidate and manage production by different producers b) Provide support to capacitate targeted producers c) Identify U.S. based agent(s) /distribution partners	a) Number of handicrafts marketing campaigns conducted b) Types and number of capacity building programs provided as well as participants involved c) Number of identified producers for marketing purposes	a) Increased sales in arts and crafts		Marketing Houses and donor agencies	Arts and Crafts Association of Botswana, Craft Council of Botswana,	BITC, LEA, CEDA	✓	✓
3) Facilitate collaboration among producers in-country and regionally	a) Identify craft producers, locally and regionally b) Identify range of products produced and capacity to increase production	a) Number of collaborating producers, locally and regionally b) Types of products produced and volume of production	a) Increased sources for handicraft products leading to improved capacity to meet potential rise in demand b) Increased volume of products sold		Marketing Houses and donor agencies	Arts and Crafts Association of Botswana, Craft Council of Botswana,	BITC, LEA, CEDA	✓	✓
4) Train producers on productivity improvement	a) Identify required capacity	a) Capacity building programs available to	a) Increase in productivity and quality		Marketing Houses and donor agencies	Arts and Crafts Association of Botswana, Craft Council of Botswana,	BITC, LEA, CEDA	✓	✓

	building for handicraft producers	handicrafts producers	handicrafts				Council of Botswana,			
	b) Ascertain possible sources to provide the capacity building	b) Number of assisted handicraft producers								
5) Intensify export promotion and conduct promotion missions in the US	a) Identify export promotion opportunities( e.g. the New York International Gift Fair and Santa Fe)	a) Number of trade shows attended annually b) Local firms/ participants who attended the trade shows c) Orders/business from the shows	a) Increased participation in trade shows b) Increase in volume of sales		BITC		BITC, Arts and Crafts Association of Botswana, Craft Council of Botswana,	MITI, LEA,	✓	✓
6) Provide export development support towards trading houses, that understand the markets	a) Identify trading houses to facilitate exports b) Establish the required support and the sources for assistance	a) Required support and the number of trading houses identified to assist with export trade development b) Markets associated with identified trading houses	a) Increased demand coupled with improved capacity to meet market requirements leading to increased business		BITC		BITC, Arts and Crafts Association of Botswana, Craft Council of Botswana	MITI, LEA	✓	✓
7) Provide research and development to ensure development of required products	a) Engage the market and stakeholders to develop the required research and development programs b) Identify products for research and	a) Number of research and development programs b) Number of products identified for research and development programs	a) Boost in production capacity and meeting market needs		MITI		MITI -Research Unit, MITI-DIT, Craft Council of Botswana,	BITC, LEA, CEDA	✓	✓



		of the Leather Park	of construction leather Park			Leather Park/ donor agencies	LEA	Leather producers, farmers, tanneries, BOBS, SADCAS, BMC		✓	✓
3) Capacitate value chain players such as abattoirs, tanneries and leather products producers		a) Assess capacity of value chain players to identify need	a) Number of capacity development needs identified b) Number of firms/individuals who require capacity development	a) Number of firms/ individuals assisted b) Increased production and quality of leather and leather products							
4) Facilitate investment into value addition infrastructure and downstream leather processing opportunities		a) Identify available investment opportunities in Botswana b) Identify possible investors into the sector	a) Number of investment opportunities in Botswana b) Number of possible investors	a) Increased investment in the sector		BITC	Leather Park	Leather producers, farmers, tanneries		✓	✓
<b>Meat and Meat Products Sector</b>											
1) Create awareness to communal farmers to understand the value of good health animals and when to get best value		a) Engage stakeholders to agree on required assistance in the sector and those who need to be assisted b) Identify tools for creating the required awareness	a) Methods for awareness creation b) Number of farmers to be targeted	a) Improved quality of animals delivered to the abattoirs and BMC		BMC/donor agencies	BMC	MOA		✓	✓
2) Encourage a shift from subsistence to commercial ranching and provide capacity		a) Identify activities to be carried out and targeted participants	a) Number of activities to be conducted and number of targeted beneficiaries	a) improved quality and increased number of animals delivered to		BMC, MOA, farmers	BMC	abattoirs, donor agencies		✓	





government incentive programs for horticulture, such as assistance in purchasing of irrigation equipment and production inputs	b) Identify awareness creation tools and targeted audience	horticulture awareness activities to be conducted	b) Increased horticulture production c) Increased sales and exports of local horticulture produce						
5) Provide assistance on key infrastructure required for the success of the industry, in particular road networks and electricity	a) Investigate the required key infrastructure b) Establish the level of demand and where the infrastructure is required	a) Number and types of required infrastructure b) Amount and type of infrastructure provided	a) Improved productivity by farmers b) Increased exports and sales	MOA	MOA	BPC, Ministry of Construction			✓
6) Create adequate awareness on market regulations and standards, including SPS	a) Identify pertinent local, regional and U.S. market regulations and standards b) Methods for awareness creation for standards/regulations	a) Identified standards and regulations b) Activities to create adequate awareness	a) Increased number of products entering the U.S. and reduction in time and cost incurred before reaching the market	Farmers, Marketing Houses	BOBS	MOA	✓		
<b>Natural (Indigenous) Products Sector</b>									
1) Use existing government facilities to build capacity and to increase investment in	a) Identify available facilities for capacity building b) Identify	a) Available facilities for capacity building b) Number of possible investment	a) Increased investment in the sector b) Increased production	BITC, donor agencies	BITC, the producers	MITI	✓		✓

the sector	investment opportunities in the sector c) Identify possible investors for the sector	opportunities and possible investors for the sector	and exports from the sector						
2) Encourage regional integration and collaborative efforts in the natural foods area	a) Identify other producers in the region	a) Number of similar producers in the region and possible production capacity	a) Increased productivity and competitive ness		Producers, BITC, Phytotrade Africa	Producers	MITI	✓	
3) Facilitate exposure to international markets	a) Natural products firms attend sector specific trade shows (Fancy Food Show) b) US-Botswana sector linkages and collaborations	a) Number of firms assisted to attend trade shows b) value of exports attributed to attending such trade shows c) Number collaboration and linkage arrangements established	a) increased sector exports under AGOA b) improved sustainable sector exposure to the US market					✓	
<b>Textiles/Apparel Sector</b>									
1) Identify and implement essential industry incentives to improve export competitiveness	a) Identify existing incentives and the required incentives for the sector basing on what has worked elsewhere what can be provided locally	a) Available incentives and what is required by the sector	a) Improved investment climate leading to better export potential in the sector b) Improved competitiveness and increased exports to the US		MITI	MITI	BEMA, BTCA, BITC	✓	

2) Compliance with safety, health, environment and quality (SHEQ) requirements	a) Identify training needs for supervisors and other staff b) Facilitate equipment upgrade	a) Required training to improve compliance with U.S. market SHEQ requirements b) Identified requirements for equipment upgrade	a) Increased compliance with U.S. market SHEQ requirement b) Increased production and competitiveness resulting in increased exports		Textiles/Apparel manufacturers, MITI	BTCA, Textiles/Apparel manufacturers	BOBS, BITC, MITI	✓	✓
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Key: S – Short Term (one year); M – Medium Term (three years) and L- Long Term (seven years)

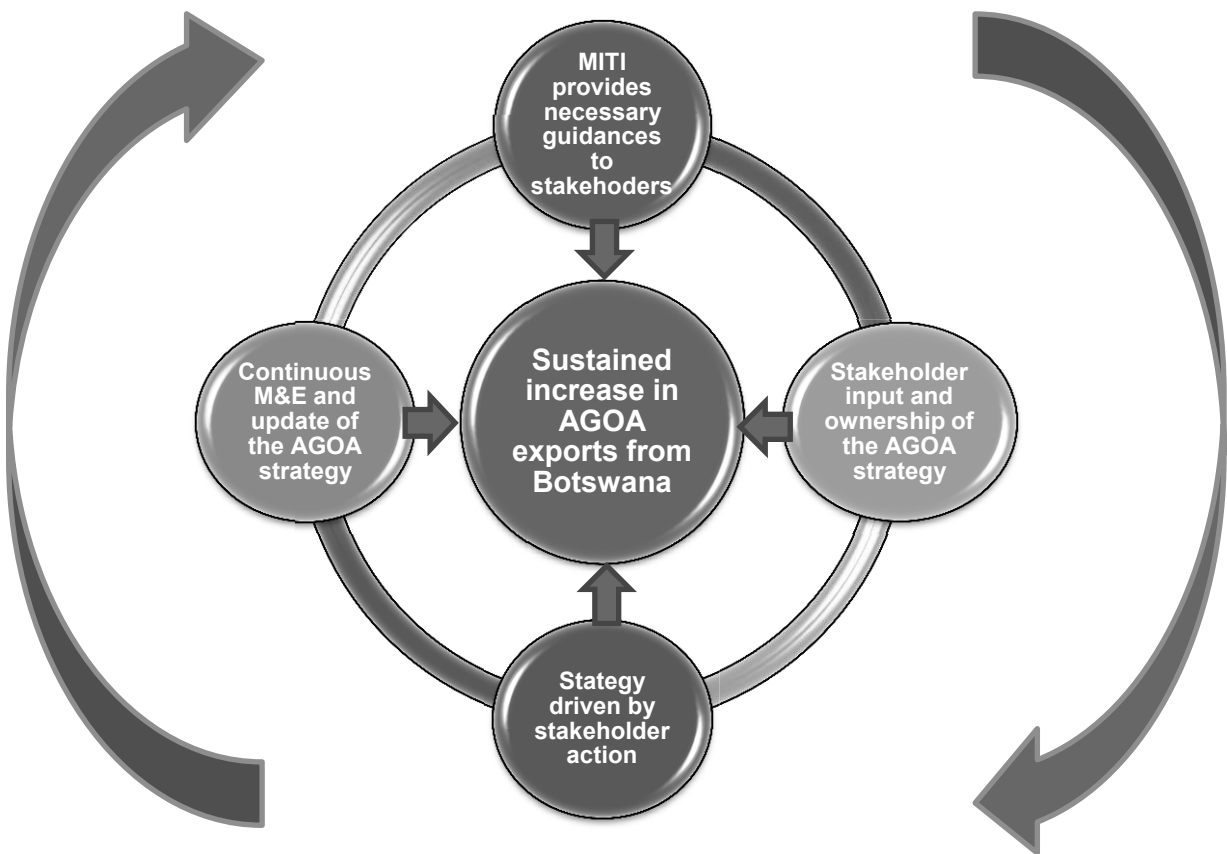
Source: Adapted from Botswana National Export Strategy (2010-2016)

## 8.0 Monitoring and Evaluation Framework

### 8.1 Introduction

The National AGOA Response Strategy for Botswana is a living document involving a long-term dynamic process of continual monitoring, feedback and update. Therefore, effective monitoring and evaluation (M&E) will help to extract relevant information that can be used as the basis for the implementation. While the strategy is for the duration of the AGOA program starting immediately after the launch of the strategy until 30<sup>th</sup> September 2025, in line with the requirements of the AGOA Extension, the strategy will be reviewed every two years to ensure its continued relevance.

**Figure 5: Efforts to Ensure Sustained Increase in AGOA Exports from Botswana**

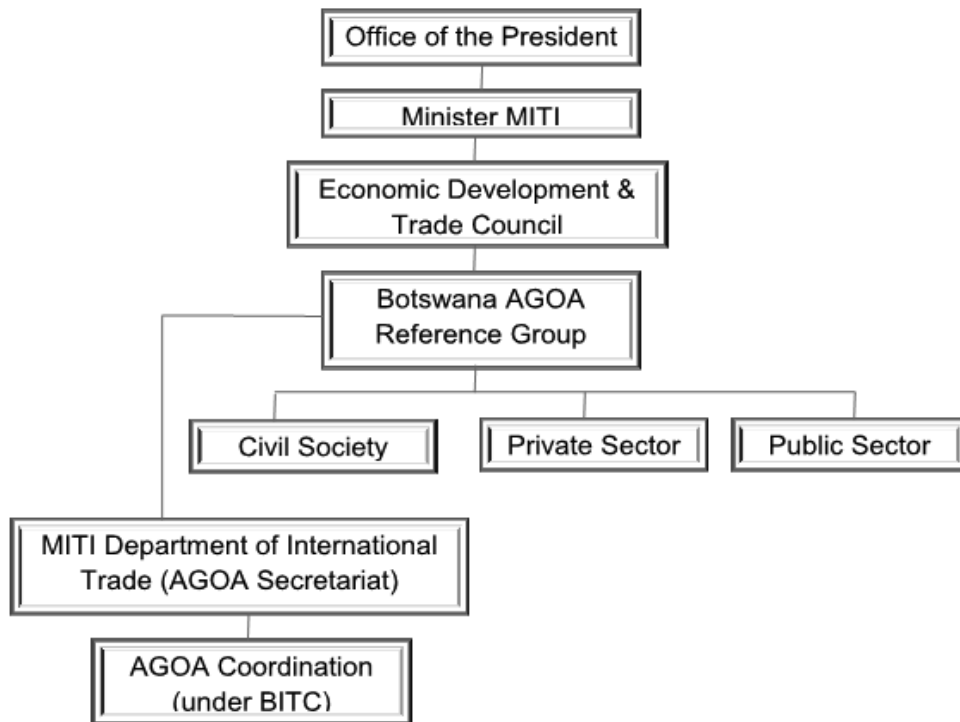


### 8.2 Botswana AGOA Response Strategy Institutional Structure

While MITI will be the custodian of the National AGOA Response Strategy for Botswana, the implementation of the strategy requires continuous efforts by all parties driven by a high level body, coordinated by MITI (see Figure 5 above).

The institutional structure for the strategy will be led by the Botswana AGOA Reference Group reporting to the Economic Development and Trade Council (EDTC) as depicted in Figure 6.

**Figure 6: AGOA Response Strategy Institutional Structure**



This integrated body consisting of public and private sector as well as civil society co-chaired by MITI and Botswana Exporters and Manufacturers Association (BEMA) will be responsible for ensuring effective management and implementation of the National AGOA Response Strategy for Botswana as outlined below:

- a) The AGOA Reference Group will report to the Minister of MITI through the EDTC with the Minister in turn reporting to the Office of the President which will use the AGOA Response Strategy Implementation Plan matrix to monitor implementation;
- b) MITI will be the AGOA Reference Group Secretariat through the Department of International Trade;
- c) The Coordination of all AGOA activities will be done through BITC which will assign experts in export development, investment and information dissemination whose job descriptions will clearly highlight implementation of the AGOA Response Strategy as the their responsibility with key performance indicators from the AGOA Reference Group.
- d) The AGOA Coordination under BITC will work with public/private sector and civil society to ensure implementation of each sector's aspect of the strategy;
- e) The AGOA Reference Group through the AGOA Secretariat shall be responsible for coordinating the sourcing of funds required for implementing the strategy.

As part of the above institutional structure, considering the challenges/delays caused by the time differences and distance between Botswana and the U.S., in addition to establishing an AGOA desk at the Botswana Embassy in the U.S. or capacitating the existing structure, BITC is

encouraged to have a presence in the U.S. to help expedite the process and to increase demand for imports under AGOA. The suggested arrangement will provide a vital link between AGOA exporters in Botswana and the U.S. market. The AGOA Coordination unit under BITC and the AGOA desk at the Botswana U.S. Embassy in Washington should work closely with the U.S. Embassy in Botswana and all the U.S. agencies for effective utilization of available technical support and TCB programs. Finally, the AGOA response strategy planning and oversight process should be firmly integrated into and anchored by the annual and multi-year public investment planning and budgeting process. MITI should lead a strategic planning process for the AGOA Response Strategy/Program for Year 1. This process should be initiated within 60 days of approval of the strategy, and in any case not later than February-March 2017.

### 8.3 Botswana AGOA Response Strategy Monitoring and Evaluation Framework

According to the United Nations Development Program Evaluation Office (2002), without M&E it would be impossible to judge if work was going in the right direction, whether progress and success could be claimed, and how future efforts might be improved.

Considering the number of available export-oriented strategies and policies in Botswana, it is evident that there is need for policy complementarities and synergies. An M&E Framework provides clarity on stakeholder roles and coordination of the support network to avoid duplication of effort. The M&E Framework for the National AGOA Response Strategy for Botswana consist of:

- a) An institutional structure for the strategy led by the Botswana AGOA Reference Group reporting to the EDTC reporting to the Office of the President through the Minister of Investment, Trade and Industry as shown in Figure 6 above.
- b) AGOA Coordination under BITC working closely with the AGOA Secretariat under the Department of International Trade in MITI.
- c) To ensure effective implementation of the strategy:
  - The AGOA Coordination under BITC will be required to provide scheduled periodic updates on progress with implementation to the AGOA Reference Group through the AGOA Secretariat,
  - Provide a report on any major issues impeding implementation to the AGOA Reference Group through the AGOA Secretariat for their intervention, and
  - The AGOA Reference Group will meet monthly and as and when required to review progress on implementation; and
- d) The Implementation Plan matrix in the approved strategy will be the main tool for assessing performance and to provide feedback BITC AGOA Coordination to the AGOA Reference Group and by the AGOA Reference Group to update the EDTC for reporting through the Minister to the Office of the President.

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## Appendix 1: Frequently Asked Questions on AGOA

### 1. General Frequently Asked Questions (FQA) on AGOA

#### **What is AGOA?**

AGOA is a preferential trade arrangement that accords duty-free treatment to almost 6,500 products from eligible sub-Saharan Africa (SSA) countries to the United States. AGOA provides beneficiary countries with the most liberal access to the United States market accorded to any country or region that has not negotiated a free trade agreement with the United States.

The AGOA bill which was enacted in 2000, set to expire on September 30, 2008, but has since been extended to September 30, 2015. On June 29, 2015, President Barack Obama signed into law the AGOA Extension and Enhancement Act of 2015, extending it to September 30, 2025.

AGOA benefits are currently extended to **37** SSA countries and to more than 1,800 tariff line items in addition to the 4,600 items already enjoying duty-free status under the U.S. GSP program. AGOA has added to the list of duty-free products such major import-sensitive items as apparel, footwear, luggage, handbags and watches.

#### **What are the main benefits available to exporters from AGOA beneficiary countries?**

AGOA accords duty-free access for eligible products to the largest single market in the world. It also provides beneficiary countries with a significant competitive advantage over non-AGOA countries that must pay normal tariff rates to enter the United States. This is particularly true with respect to products that have high U.S. tariff rates in many instances, such as apparel, footwear and agricultural products.

The program also promotes export diversification in AGOA countries through its provision of duty-free and quota-free benefits to virtually all products. AGOA also encourages expanded regional integration and production sharing among beneficiary countries, and provides job creation and economic growth within those countries.

In addition, AGOA provides significant opportunities for companies and business organizations to build relationships with their U.S. counterparts. It also provides security for both SSA exporters and potential U.S. investors by ensuring AGOA benefits until 2025.

#### **Is AGOA going to be extended beyond 2025?**

The extension to 2025 is the longest ever in the history of AGOA, which provides an opportunity for sub-Saharan Africa to continue benefiting under the arrangement, and for investors to make investment commitments in the region. The Extension includes the Third Country Fabric (TCF) provision which, in the past required a separate Congressional vote. At this stage, there is no certainty about what will happen post-2025. Suffice to say the region must capitalize on the extension, making the most of AGOA over the next 9 years.

#### **Who makes the determinations regarding AGOA eligibility?**

A U.S. Government (USG) interagency panel chaired by the Office of the United States Trade Representative (USTR) reviews the eligibility of African countries for AGOA benefits annually, based on the criteria set forth in the AGOA legislation. All U.S. government agencies involved in U.S. trade policymaking take part in this process. The panel relies on information provided by U.S. embassies, SSA governments, USG agencies and comments submitted to the U.S. government by interested parties. Interagency recommendations on eligibility are submitted to the US President for final determination.

### **What can I export under AGOA?**

Well, we've been asked this question many times. There are almost 6,500 product lines that are eligible to be exported under AGOA. Export-ready companies should be asking, "are my products eligible under AGOA?"

With very few exceptions, virtually all products exported by SSA countries to the United States are eligible, as long as they meet the AGOA rules of origin requirements and are exported directly from a beneficiary country to the United States. The President takes into account the advice received from the U.S. International Trade Commission on the import sensitivity of products. For a list of eligible products see: <http://agoa.info/about-agoa/products.html>

### **Countries Eligible for AGOA Benefits**

There are 37 countries eligible for AGOA benefits (this number changes from time to time, and now from time to time considering the out-of-cycle review provision). These are:

Angola; Benin; Botswana; Burkina Faso; Cameroon; Cape Verde; Chad; Comoros; Republic of Congo; Cote d'Ivoire; Djibouti; Ethiopia; Gabon; Ghana; Guinea; Kenya; Lesotho; Liberia; Madagascar; Malawi; Mali; Mauritania; Mauritius; Mozambique; Namibia; Niger; Nigeria; Rwanda; Sao Tome and Principe; Senegal; *Seychelles*; Sierra Leone; South Africa; Tanzania; Togo; Uganda; Zambia.

Beginning January 2017, *Seychelles* will graduate out of the AGOA program.

Currently, the following are ineligible for AGOA benefits: Burundi; DRC, The Gambia, South Sudan, Sudan, Swaziland and Zimbabwe.

### **Where can I get export data?**

Comprehensive two-way trade data, broken down by country and product category is available at the following site: [www.usitc.gov](http://www.usitc.gov). Another good site is: <https://agoa.info>

### **Do I need to contract a customs agent in the US?**

It would be worthwhile to have a clearing agent on the U.S. side. All shipments should include commercial invoice and Certificate of Origin, which specifies the Harmonized Tariff Schedule (HTS) code(s) for the product(s) being shipped. For textiles/apparel products only, an AGOA visa stamp is required, which is obtained from the Botswana Unified Revenue Services (BURS).

To check if your product(s) are duty-free, consult: <https://hts.usitc.gov/current>.

### **Since my country is AGOA eligible, can I produce goods in an AGOA-ineligible country and export them from here?**

No. Only goods produced and finished in your country will be eligible. Shipping goods to the US from an ineligible country amounts to illegal transshipment, that is claiming a product for preferential treatment that is false with respect to country of origin, manufacture, processing or assembly of the article or any of its parts.

### **What are the AGOA rules of origin criteria for products exported by SSA countries to the United States?**

For non-apparel items, the good must be the product or manufacture of a beneficiary country, and an AGOA country must provide at least 35% value added in the course of the production process. Up to 15 percent of that 35 percent may be derived from U.S. parts or materials.

The rules of origin regarding apparel products vary by product. As noted above, beneficiary countries must establish effective visa systems and institute required enforcement and verification procedures before any of their apparel exports to the United States can receive AGOA benefits.

Specifically, AGOA extends duty-free and quota-free treatment to SSA apparel made from U.S. yarn and fabric and knit-to-shape sweaters made in the region from cashmere and some merino wools. AGOA also accords such benefits to SSA apparel made from yarns and fabrics not produced in commercial quantities in the United States, and to SSA products that are either hand loomed fabric, handmade goods of hand loomed fabric or folkloric items (as determined through consultations between the United States and the exporting SSA country).

AGOA benefits are also extended to SSA apparel made from regional fabrics and yarns. However, such products are subject to an annual cap by the United States. AGOA also provides a special provision in the cap that allows beneficiary countries with an annual Gross National Product of under \$1,500, referred to as "lesser developed beneficiary countries" to use fabric inputs from any country until September 30, 2025.

### **Can a beneficiary country lose its AGOA benefits?**

Yes. The U.S. government annually reviews progress in each eligible country toward meeting the AGOA eligibility criteria set forth. The AGOA Extension makes provision for the U.S. President to, at any time, initiate an out-of-cycle review of whether an AGOA beneficiary country is making continual progress in meeting eligibility requirements;

The AGOA Extension and Enhancement Act (2015) promotes compliance with eligibility criteria by providing greater flexibility to the Administration to withdraw, suspend, or limit benefits under AGOA if it is determined that such action will be more effective than outright termination.

The President must withdraw AGOA benefits from a beneficiary country if on the basis of the interagency review it is determined that the country is not making continual progress toward meeting the eligibility criteria.

The President has cited a variety of reasons for withdrawing AGOA benefits, as well as for denying AGOA benefits to countries that have not yet been designated beneficiary countries. These include absence of economic reform, rule of law, human rights, foreign policy and political circumstances.

An only case has been the graduation of Seychelles out of AGOA. On 30 September 2015, the USTR announced that Seychelles will graduate out of AGOA, effective 1 January 2017.

## **2. Product Specific Questions**

### **What constitutes an "effective visa system" with respect to SSA apparel exports to the United States?**

An effective visa system is a government-private sector process that demonstrates that the items for which AGOA benefits are claimed were actually produced in a beneficiary country or countries in accordance with the required rules of origin. The U.S. government has advised SSA countries on what the visa system should entail. This includes that each shipment be covered by an original visa stamped on an original invoice. The visa needs to contain certain information such as the date of the visa, the quantity of goods that are shipped and a country code.

### **How do I acquire an AGOA certificate of origin?**

To be duty free eligible under AGOA, US customs require a certificate of origin and an AGOA stamp on a commercial invoice (for textile/apparel items), on top of the usual import documentation. The U.S. importer must obtain the certificate of origin from the manufacturer prior to presentation of entries to the U.S. Customs Service claiming an AGOA preference. The importer is required to possess the certificate of origin and to be able to present it upon demand by the U.S. Customs Service.

The visa arrangement establishes documentary procedures for each shipment of eligible textile and apparel products from a designated beneficiary sub-Saharan African country to the U.S.

You cannot apply for AGOA certification in the US. It has to be done by the exporter in the country of origin. MITI and BURS can offer further guidance.

### **Are meat products covered under AGOA?**

Example of beef products that can enter the US market under AGOA: (list not exhaustive)

<b>HTS Code</b>	<b>Product</b>
02012002	<i>High-qual. beef cuts w/bone in, processed, fresh or chilled., descr in gen. note 15 of the HTS</i>
16010040	<i>Sausages and similar products of beef, beef offal/blood/food preps based on these products, in airtight containers</i>
16025020	<i>Prepared or preserved beef in airtight containers, other than corned beef, not containing cereals or vegetables. <u>(NB: Corned beef not AGOA eligible)</u></i>

Examples of pork products that can enter the USA market duty free under AGOA:

<b>HTS Code</b>	<b>Product</b>
1602.41.10	<i>Hams and cuts there of Containing cereals or vegetables</i>
1602.41.20	<i>Hams and cuts there of Boned and cooked and packed in airtight containers</i>
1602.41.90	<i>Prepared or preserved pork hams and cuts thereof, not containing cereals or vegetables, nesoi</i>

Example of chicken products that can enter the US market under AGOA:

<b>HTS Code</b>	<b>Product</b>
0207.11.00	<i>Meat of Chicken Not cut in pieces, fresh or chilled</i>
0207.12.00	<i>Meat of Chicken Not cut in pieces, frozen</i>
0207.13.00	<i>Meat of Chicken Cuts and offal, fresh or chilled</i>
0207.14.00	<i>Meat of Chicken Cuts and offal, frozen</i>
0207.26.00	<i>Meat of Chicken Cuts and offal, fresh or chilled</i>
0207.27.00	<i>Meat of Chicken Cuts and offal, frozen</i>

Example of other meats that can enter the US market under AGOA:

<b>HTS Code</b>	<b>Product</b>
02085000	<i>Meat and edible meat offal of reptiles, fresh, chilled or frozen</i>

02109300

*Meat and edible offal of reptiles, salted, in brine, dried or smoked; edible flours and meals thereof.*

However, most African countries are not on the list of countries that are eligible to export meat products to the United States. For a country to be eligible, the USA Department of Agriculture (USDA) must carry out a comprehensive audit of the country food inspection systems. It will be necessary for those wishing to export these products to contact the relevant government authorities to determine whether the USDA audit has cleared such exports for the US market, and the process to secure such clearance.

### **Are cosmetics AGOA-eligible?**

Cosmetics are AGOA-eligible for duty-free treatment. In the US, cosmetics are regulated by the Food and Drug Administration (FDA). Please refer to [www.fda.gov](http://www.fda.gov) for any applicable procedures for entry.

### **How do I find information on US Tariff Rates?**

Below is a link to the U.S. International Trade Commission's (USITC) U.S. Tariff and Import Database for tariff and import data, <http://hts.usitc.gov/>

The USITC has the most current tariff information for specific products. By following the steps below, you will be able to determine the import duty for your product and whether it qualifies for AGOA or other preferential treatment. Please note that for guidelines on apparel product eligibility go to the Apparel Eligibility page.

- 1) Type the Harmonized Tariff Schedule (HTS) number in the SEARCH box on the USITC page. The Harmonized System Classification is a standardized numerical method of classifying traded products. This identifying number is assigned to each product and used by customs officials around the world to determine the duties, taxes and regulations that apply to the product.

*Note you do NOT need to know the precise HTS category number. Enter either the first part of an HTS category number up to 8 digits--e.g., "8501" or "850110"--, or any part of a product description--e.g., "bovine", or "articho"--(without the "quotes"!)* The search is not case-sensitive, so the results for "Bovine" will be the same as for "BoVinE".

- 2) Once you enter this information, the results will likely provide several product options. Select the specific product and click the "Detail" button.
- 3) View the U.S. ITC Tariff and most recent U.S. import information.
- 4) Click on "imports by source country" to view competitor countries exporting the product to the United States.
- 5) Scroll down to "preferential" (duty-free or reduced rate) tariff program applicability to this HTS item, which describes tariff preferences for the product.
- 6) Scroll down to the bottom of the page and click the "begin" button to start a new search.

The following codes displayed on the ITC Tariff and Import Database are relevant for AGOA-eligible products. In addition to AGOA, if a product is eligible under the Generalized System of Preferences (GSP) or Normal Trade Relations (NTR), it can enter the US duty free. See below for a description of relevant codes for products:

*Code A, indicating GSP preference*

*Code A+, indicating Lesser Developed Beneficiary Country (LBDC) GSP preference*

*Code D, indicating AGOA GSP eligibility*

Note that many items that are indicated as "not eligible" for AGOA may still be exempt from import duty if they are indicated as "eligible" under GSP, or their statutory import duty is zero.

Further inquiries about the AGOA eligibility of a specific product can be directed to your nearest U.S. Customs Representative. U.S. Customs determines AGOA-eligibility and provides importer requirements for products imported into the United States.

### **Important Resources**

- AGOA eligibility requirements, <http://agoa.info/about-agoa/product-eligibility.html>
- AGOA eligible products, <http://agoa.info/about-agoa/products.html>  
[http://www.africa.org.tw/upload/AGOA\\_annex2a.pdf](http://www.africa.org.tw/upload/AGOA_annex2a.pdf)
- OTEXA, <http://otexa.trade.gov/>
- Harmonized Tariff Schedule, <http://hts.usitc.gov/>
- FDA, [www.fda.gov](http://www.fda.gov)
- USDA APHIS, [http://www.aphis.usda.gov/import\\_export/index.shtml](http://www.aphis.usda.gov/import_export/index.shtml)
- USITC, [www.usitc.gov](http://www.usitc.gov)
- USTR, [www.ustr.gov](http://www.ustr.gov)

## Appendix 2: List of Stakeholders Consulted During the Study

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## Appendix 3: Questionnaires Used During Stakeholder Consultations

### Private Sector Questionnaire

**A:**

<b>Company name</b>				<b>Year established</b>			
<b>Physical address &amp; Mobile/Telephone</b>							
<b>Type of business</b>				<b>Business sector</b>			
<b>No: of employees</b>	<b>Male</b>		<b>Female</b>		<b>Total</b>		
<b>Annual revenue (approx.):</b>							

**B:**

<b>Are you an exporter?</b>	<b>Yes</b>		<b>No</b>		<b>Do you export directly or indirectly?</b>	
<b>Which countries are you currently exporting to?</b>						
<b>List the key products you are exporting?</b>						
<b>Are you exporting to the US?</b>	<b>Yes</b>	<b>No</b>	<b>If No</b>	<b>Have you exported to the US before?</b>		
				<b>Do you plan to export to the US?</b>		
<b>If you stopped exporting to the US, what were the key reasons that made you stop exporting?</b>						

**C:**

<b>As a current or prospective exporter, what challenges do you face or foresee?</b>	

What solutions do you suggest towards resolving the challenges	

**D:**

What would make you reconsider taking advantage of the AGOA facility?	From a Government of Botswana perspective	
	From a Development Partners/NGO perspective	
	From a private sector perspective	

**E:**

Any comments regarding AGOA, and what Botswana needs to do to ensure it enhances its utilization of AGOA?	

\*\*\*\*\*END\*\*\*\*\*

## Public Institutions /Academic Institutions Questionnaire

**A:**

<b>Government Ministry /Dept. /Agency</b>	
<b>What is the mandate of your Ministry/ Department?</b>	
<b>What Departments /Parastatals fall under your Ministry /Department?</b>	

**B:**

<b>What policies /programs /strategies has your Ministry /Department put in place with regard to economic development?</b>	
<b>What is the Ministry's /Department's interest in exporting to other markets, or in engaging in initiatives to promote exports, especially to the US?</b>	
<b>What are the current challenges affecting more effective utilization of AGOA?</b>	
<b>What solutions would you propose?</b>	

**C:**

<b>Can you list the interventions that the Ministry/Department provides to support exports in general, and exports under AGOA in particular?</b>	

**D:**

**Any comments regarding AGOA, and what Botswana needs to do to ensure it enhances its utilization of AGOA?**

\*\*\*\*\*END\*\*\*\*\*

## Associations Questionnaire

**A:**

<b>Association's Name</b>		<b>Year established</b>	
<b>Physical address &amp; Mobile/Telephone</b>			
<b>Type of business</b>		<b>Business sector</b>	
<b>Size of Membership</b>		<b>Large companies</b>	<b>SMEs</b>

**B:**

<b>Does your association have members that are exporters?</b>	<b>Yes</b>	<b>No</b>	<b>If no, what are the reasons for not exporting to the US?</b>	
<b>Which other countries are they exporting to?</b>				
<b>List the key products they are exporting?</b>				
<b>List 5 companies that have potential to export to the US under AGOA.</b>	1. 2. 3. 4. 5.			

**C:**

<b>What have been the major challenges faced by your association members regarding exporting under AGOA?</b>	
<b>What solutions do you suggest towards resolving the challenges?</b>	

**D:**

<b>Any comments regarding AGOA, and what Botswana needs to do to ensure it enhances its utilization of AGOA?</b>	

\*\*\*\*\*END\*\*\*\*\*

## Development Partners Questionnaire

**A:**

<b>Name of Development Partner:</b>	
<b>What is the mandate of your organization?</b>	
<b>Names of projects funded by the partner:</b>	
<b>List the interventions (programs) offered by the organization to promote exports in general, and exports under AGOA in particular?</b>	

**B:**

<b>What are the challenges affecting more effective utilization of AGOA?</b>	
<b>What solutions would you propose?</b>	

**C:**

<b>Any comments regarding AGOA, and what Botswana needs to do to ensure it enhances its utilization of AGOA?</b>	

\*\*\*\*\*END\*\*\*\*\*