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**Workshop on the updated and new recommendations
for International Merchandise Trade Statistics (IMTS 2010)
and their implementation in countries of the Sub-Saharan region,
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Country Note

Botswana

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0. Introduction

International Merchandise Trade Statistics is very important to Botswana taking into account the current trading pattern of the country. Currently Botswana imports almost everything found in all the chapters of the Harmonized Commodity Description & Coding System while export earnings are based on a few commodities, especially from the mining sector.

Good compilation and timely release of IMTS will assist the country to decide on strategies that can be taken to locally produce commodities that can substitute imports. Most exports are currently in raw material form and constant monitoring of results from IMTS reports can assist economists to come up with ideas of setting industries to process some of these raw materials so they can be exported as finished goods and or be consumed locally instead of importing.

This note gives information on two headings regarding Botswana External Trade. The first part deals with (i) Important issues for IMTS in Botswana while the second part deals with (ii) General information on IMTS in the country.

1. 0 Important issues for IMTS in Botswana

Botswana is still a developing country, characterized by imports from almost all the chapters of the Harmonized Commodity Description & Coding System while Exports are from a few chapters only, especially the minerals in raw form. Although up to mid 2008 Botswana had been recording trade surpluses mostly, this was as a result of exports of unprocessed diamonds. Diamonds had over a long period of time been the main earner of foreign revenue and this has prompted the government to come up with strategies that can help diversify the economy. IMTS is very important to Botswana as it is used in the Southern African Customs Union (SACU) Revenue sharing formula. IMTS is also of paramount importance to the Ministry of Trade & Industry in coming up with trade negotiations with the outside world.

1.1 Importance of IMTS in Diversifying the Economy

In trying to diversify the economy, the government has come up with a number of strategies (based on IMTS reports), some of which are aimed at import substitution, some at increasing and improving exports and both of these two leading to employment creation. A number of parastatal organizations were formed to spearhead the process of diversifying the economy, among these being the following;

1.1.1 Botswana Export Development and Investment Authority (BEDIA)

BEDIA is an autonomous organization mandated to encourage, promote and facilitate the establishment of export oriented enterprises which will result in economic diversification, rapid economic growth and creation of sustained employment opportunities.

The Authority is also tasked with identifying market outlets for locally produced goods and construction of factory buildings for setting up manufacturing industries. The success of BEDIA is as a result, dependent on good and timely production of IMTS.

1.1.2 Citizen Entrepreneurial Development Agency (CEDA)

Although this parastatal organization was formed mainly to empower citizens through provision of funding so that they can venture into business to improve their lives, some of the businesses are aimed at import substitution. For the applications aimed at setting businesses for import substitution to be approved, applicants have to provide import data as support or prove that their products will have market.

This Agency has assisted citizens with funding to set up a diverse number of businesses, among these; poultry farms, horticultural farms, textile manufacturing and iron & steel products manufacturing. Poultry and horticultural produce imports are now a thing of the past and the Ministry of Agriculture (MoA) has control measures on importation of these as it is believed that the country is now producing enough to be consumed locally. MoA is also taking a closer look on import statistics on these products.

The Agency has also funded citizens to buy small stork and importation of small stork meat is also under control as it is believed that there is enough in the country for local consumption. Textile and iron & steel products manufacturing funded under CEDA are for both local consumption and exportation.

The success of some of the projects funded by this Agency is highly dependent on timely and reliable IMTS.

1.1.3 Local Enterprise Authority (LEA)

This organization assists people to come up with business plans and most of these businesses are for production of goods for import substitution or export promotion. After coming up with good business plans people can then approach CEDA for funding. This Authority also uses a great deal of IMTS.

1.1.4 Use of IMTS as Intra-SACU Trade Data in SACU Revenue Sharing

The Southern African Customs Union (SACU) consists of five member states; Botswana, Namibia, Lesotho, South Africa and Swaziland. IMTS has been used from as far back as the 1969 SACU Agreement to share proceeds from Customs & Excise duties in the region. With effect from implementation of the 2002 SACU Agreement, only intra SACU Trade data was used to share these proceeds.

Production of timely and reliable IMTS is very important in this exercise as each member state share from the Customs duty component is dependent on the country's intra-SACU imports. The

share from the SACU Revenue Pool is very important to Botswana because it used to constitute between 13 to 16 percent of the yearly financial budget before the economic crunch. The exercise has also been very important to production of IMTS because through intra-SACU trade data reconciliation we have managed discover errors in trading partners through mirroring.

2.0 General information about IMTS in Botswana

In general Botswana Botswana is trying by every means to follow UNSD guide lines as set out in IMTS 1998 Concepts and Definition and the IMTS 2004 Compiler's Manual. Up to October 2006, Botswana was practicing Strict Special Trade Type, which excludes exports and imports for outward and inward processing, respectively, as well as imports coming in for customs warehousing. Imports coming in for customs warehousing were only incorporated into IMTS as ex-warehouse.

Around end of October, beginning of November 2006, the database was revised to Relaxed Special Trade type, which then took into account exports and imports for outward and inward processing respectively. Imports going into warehouses were still taken into account as ex-warehouse.

In June 2009, the Botswana External Trade database was the revised to the General Trade Type. The database was revised from May 2002 data to the current month as at that time. May 2002 is when the Division of Customs & Excise started using international customs procedure codes (CPC) and international country codes as well as HS 2002.

The database currently can produce both the general and the special trade types.

2.1 Challenges in Compilation of IMTS in Botswana.

- In the past Botswana External Trade Statistics staff did not attend international workshops on IMTS and it is not clear as to how the choice of Strict Special Trade Type was initially arrived at.
- New officers were just learning from whoever they found in the unit and only what the older officers knew, as a result there was not much room for new developments
- The revisions on the External Trade database as well as installation and maintenance of Eurotrace for Windows were done through the assistance of CSO Zambia as Botswana CSO started integrating with other statistical offices.
- CSO Botswana is still facing a serious challenge on the Information Technology side, especially adequate maintenance of the External Trade database, but there is however some improvement as some staff in the unit have managed to attend short courses on Eurotrace and Structural Query Language.
- The other serious challenge has been that of losing experienced staff to parastatal organizations and other government departments where pastures were seen to be greener as compared to in the CSO.