

# INVESTMENT OPPORTUNITIES IN THE BEEF AND BEEF DERIVATIVES

INVESTOR FACTSHEET







4	5	6
7	8	9
10	11	12
S/P-O/L		



## Overview Of Botswana

Botswana is strategically located in the heart of the Southern African Development Community (SADC) – a region with more than 250 million people. Underpinned by good governance and a zero-tolerance to corruption, it is one of the most stable and investor-friendly economies in Africa. Although its economy has been anchored on resource endowments, particularly diamonds, the country is lauded as a developmental success story on the continent.

Botswana has created an enabling environment for capital and business to thrive and support its strategic focus to diversify the economy into value-adding sectors that will serve a fast-emerging regional market. As a result it is the fourth most competitive economy in Africa, and one of the easiest African countries to do business in on the continent.

### Botswana: Quick Facts

Indicator	
Population	2.1 million
Area	581,730 Km <sup>2</sup>
Capital	Gaborone
Business language	English
GDP/capita	US\$ 7,136 (PPP)
Nominal GDP growth	5.9% (2013) 4.9% (2014) 4.2% (2015)
Change in CPI	7.9% (2012) 5.9% (2013) 4.4% (2014)
Corruption Perception Index Rank	31 (out of 175 countries)

Source: IMF, 2015, Transparency International, 2015, Bank of Botswana, 2015 & BITC

#### LEAST CORRUPT COUNTRY IN AFRICA

SOURCE: TRANSPARENCY INTERNATIONAL, 2015

#### BEST SAFETY AND RULE OF LAW IN AFRICA

SOURCE: HERITAGE FOUNDATION, 2014

#### 2ND FREEST ECONOMY IN AFRICA

SOURCE: TRANSPARENCY INTERNATIONAL, 2015

#### COMPETITIVE CORPORATE TAX RATES, INCENTIVES

SOURCE: TRANSPARENCY INTERNATIONAL, 2015

#### 3RD EASIEST PALCE TO DO BUSINESS IN SADC

SOURCE: ILAG, 2014

#### 3RD BEST GOVERNED COUNTRY IN AFRICA

SOURCE: ILAG 2014

#### 5TH MOST COMPETITIVE ECONOMY IN AFRICA

SOURCE: WEF, 2015

#### 4TH HIGHEST HUMAN DEVELOPMENT IN AFRICA

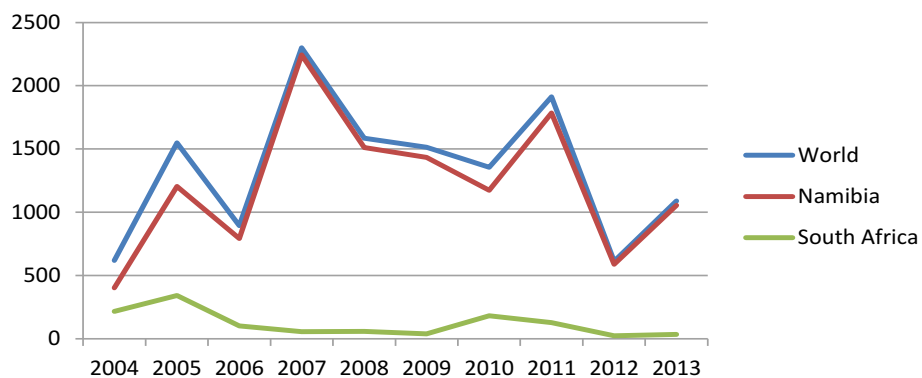
SOURCE: ILAG, 2014

## OVERVIEW OF THE BOTSWANA BEEF SECTOR

Botswana beef production is more of a tradition and art. It is the largest component of the agri-food system in the country and constitutes 80% of agriculture exports, while agriculture contributes about 3% to GDP in real terms and low value added to GDP. The country has a large cattle population of about 2.5 million, 80% in communal and 20% in farm lands. Thus beef value chain remains largely untapped, from production, processing, services and marketing. Our beef has distinct advantages in that it is primarily grazed in natural pastures and there is no use of artificial growth stimulants or hormones. Our beef is therefore renowned for exceptional quality and taste at home and internationally.

The Botswana Beef Sector presents multiple opportunities under primary production and processing specifically for value addition. Thus opportunities abound from production, processing through to marketing of beef and beef derivatives are illustrated in the figure below. It is important to note that the significant import substitution and productivity gains are possible with long-term export focus and that there are currently few local players in this industry.

### Value of Imports ('000US\$): Botswana Beef Derivatives



Source: Calculation based on ITC 2013 data on HS 160250

The Botswana Government has availed specific incentives for existing investors in this sector:

- Availability of subsidized prices on production inputs, including animal feeds & licks, veterinary drugs and vaccines at Ministry of Agriculture (MoA) Livestock Advisory Centres (LACs) now through BAMB.
- Government's subsidized artificial insemination program to improve characteristics of animal breeds, production performance, etc leading to profitable beef production.
- Provision of public veterinary services extension through Department of Veterinary Services (DVS) at MoA, with good laboratory and vaccine production facilities for animal disease prevention.
- Associated farm mechanization, important in productivity gains is exempted from VAT of 12%.

## INVESTMENT OPPORTUNITIES IN THE BEEF SECTOR

### Opportunity 1: Primary Production, and Supply of Mixed Feed and Fodder

The total feedlot capacity currently stands at 150 000 animals per year and set to increase. At full capacity use, the feedlots need about 150 000 to 180 000 MT of completely mixed feed per year. The composition of the feed includes;

- concentrates,
- straw,
- grain,
- and premix to produce summer, production and winter licks.

Nearly all of these are imported, mainly from South Africa and Zambia. This instantly creates an import substitution opportunity. For example, from 2002-13 Botswana imported an average 35000t valued about 15500 USD on HS230990 - feed preparations.

## Opportunity 2: Slaughtering

Another existing opportunity is in accredited private slaughter houses which are in line with international/national sanitary measures. Off-take rates are projected to exceed 300 000 herds per annum. Opportunities also exist in supply of meat sold in bone-in, irrespective of cuts in rural areas, as well as specific prepared cuts, creating necessity for further processing of meat by butchers.

## Opportunity 3: Hides, Skins and other By-products

While massive opportunities exist under hides and skins for upholstery, shoes, leather wear manufacturing, there are other by-products like horns (button making/cutlery handles), gall stones (aphrodisiac), blood (shoe polish), gelatin (for the chewing gum industry) and tallow offer extra avenues.

## Opportunity 4: Pet Food: Canned, Dry and others

- Meaningful import substitution opportunities exist.
- Currently, few producers exist, section is rather not concentrated.
- There is a distinct advantage as our pet food is 100% made from meat, with no soy additives.
- Current trade data shows RSA as key supplier of HS 290910 averaging 2900t values at 2900US\$.
- Significant growth of 61.2% started in the year 2007/8.

## Opportunity 5: Handling facilities

Opportunities such as building, renting or leasing out facilities closer to abattoirs and slaughter houses, holding pens, crushers etc exist. Other handling and related facilities like cold storage are also not exploited.

## Opportunity 6: Packaging/Canning:

- Canning of beef and other related derivatives like tongues, oxtail, offal etc.
- Vacuum packaging and boxing of beef cuts for retail-shelf ready products.
- Labelling and other services.

## Opportunity 7: Processed meat derivatives

- The need to debone carcasses and process them into different cuts and portions.
- Further processing of meat into sausages, polonies, salami, minced meat etc.
- Few registered meat processing plants in Botswana-mainly located in urban areas and big export opportunities especially to Sub-Saharan Africa.

## Opportunity 8: Marketing and branding of Botswana Beef

- Marketing of new packaging product lines.
- Branding our beef as a mark of distinct quality and tradition based on our production systems.
- Entering the major distribution channels of hyper/supermarkets and hotel chains.

## Opportunity 9: Technology/applications

- The use of ICT cannot be divorced from beef and beef derivatives production.
- Investments in mobile applications and software .
- Remote controlled vehicles or drones for surveying, security, disasters and livestock control etc. remains untapped.

## Opportunity 10: Veterinary medicine, Health and services

The rising demand and importance of specialized extension services to private consumers (like mobile VET laboratories) has never been more required: for on-farm expertise and animal husbandry management systems. Investment in vaccines development and manufacturing including research (breed improvements etc)

## Opportunity 11: Transportation

OIE Terrestrial Code on animal welfare requires specialist services in:

- Appropriate vehicles
- Handling
- Loading/unloading
- Planned routes/journeys allowing rest
- Selection of animals to travel
- Accounting for: air, light, nutrition, noise, bedding etc. during travel – opening avenues for specialised transportation.

## Robust Investment Incentives

Botswana offers many incentives for investors. These include:

- No foreign exchange controls; remittance and full repatriation of profits and dividends
- No restrictions on business ownership
- Duty-free import of machinery and equipment for manufacturing purposes
- Customs duty exemption on raw materials for goods going outside of SACU
- A liberal tax regime: 22% corporate and 25% personal tax, with 15% corporate tax for manufacturing and IFSC- registered companies (lowest taxes in the SADC region)
- Negotiable tax holiday (up to 10 years maximum)
- Deductible training rebate of 200%

Beyond incentives and as one of the most business-friendly and stable countries in the region, Botswana provides investors with a conducive and welcoming operating environment. A high degree of safety and security as well as a strong focus on the rule of law gives Botswana an edge over its regional peers.

## How The BITC Can Assist You Go Further With Your Investment

Botswana Investment and Trade Centre (BITC) is an integrated Investment and Trade Promotion Authority with an encompassing mandate of investment promotion and attraction; export promotion and development including management of the Nation Brand.

The organisation 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. BITC drives wealth creation for Botswana by creating platforms that will ensure increased citizen participation in the economy and Through this encompassing mandate, BITC is committed to assist you through a one-stop-shop with the following services to ensure your ease of setting up and doing business in Botswana:

- Company and business registration
- Trade and business license applications
- Entry visas, work and residence permits
- Work permit exemptions
- Connection of utilities e.g. power, telecommunications and water
- Income tax and VAT registration
- Access to industrial and commercial land
- Facilitation of construction permits
- Allocation of BITC factory space (subject to availability)
- Environmental Impact Assessment (EIA) compliance
- Provision of information on the Botswana business climate, regulatory regime and investment opportunities
- Opening a bank account





## Contact Details

BITC is ready to facilitate your investment. For further information and inquiries related to Botswana and opportunities in the Leather and Leather Goods Sector sector please contact:

### Investment Promotion Business Unit

Telephone: +267 3633 301  
Email: [enquiries@bitc.co.bw](mailto:enquiries@bitc.co.bw)

### BITC Head Office

Plot 54351, off PG Matante Road  
Central Business District (CBD)  
Gaborone, Botswana  
T +267 363 3300 • F +267 317 0452

### United Kingdom Office

6 Stratford Place, W1C 1AY | London,  
T +44 207 499 0031 • F +44 207 491 8528

### India Office

No.43, Maker Chamber VI • Nariman Point,  
Mumbai-400 021  
T +91 22 4360 2100 • F +91 22 4360 2111

### South Africa Office

88 Stella Street, Sandown Mews - West Wing  
Sandton, Johannesburg  
T +27 11 884 8959 • F +27 11 883 7798

 [www.gobotswana.com](http://www.gobotswana.com)

 [enquiries@bitc.co.bw](mailto:enquiries@bitc.co.bw)

 [@Go\\_Botswana](https://www.facebook.com/bitc)

 [www.linkedin.com/company/botswana-investment-and-trade-centre](https://www.linkedin.com/company/botswana-investment-and-trade-centre)

 [@Go\\_Botswana](https://twitter.com/Go_Botswana)

