

# A Survey on Botswana's Principal Resources and Investment Areas: China-Botswana Case Study

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**Abstract**—As one of the countries with many natural resources in Africa, Botswana is considered an ideal place for investors, and governmental and non-governmental institutions that are willing to improve their incomes and at the same time, make their contribution to the growth of African countries' economy. This manuscript is an overview of Botswana's natural resources and its administration policies; the special case China-Botswana economic and friendship trade development and benefits are analyzed, and the main investment areas and the potential investment areas in Botswana are presented, providing a good reference to investors who are whiling to invest in African countries economy in general, and in Botswana in particular.

## 1. Overview of Botswana

Botswana, officially the Republic of Botswana, is a country located in Southern Africa and is often praised as a success in Africa<sup>[1]</sup>. It has a track record of consistent economic growth with a good average growth rate of 11.3% over 1980-89<sup>[2]</sup>. With effective democratic institutions and strong planning, all these factors significantly contribute to Botswana's overall reputation as a state dedicated to development.

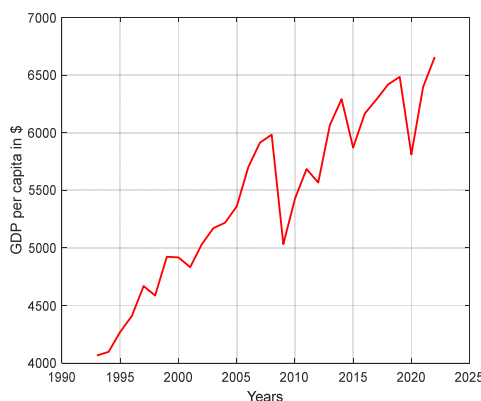
Botswana is topographically flat, and it covers an area of approximately 581,730 square kilometers in Southern Africa<sup>[1,2]</sup>. Botswana boasts not only vast landscapes but also a captivating capital city known as Gaborone. This lively city enhances the country's attraction. The Kalahari Desert dominates much of Botswana's landscape, covering around 70% of the country and extending into nine African nations. The geography features a semi-arid climate with a brief rainy season and higher altitudes resulting in a subtropical climate. The majority of the population of Botswana resides in the Eastern region. Okavango Delta

and Chobe National Park are areas of notable natural attractions and Botswana is also celebrated for its remarkable biodiversity and significant elephant population.

The official language of Botswana is English, providing a linguistic foundation for communication and administration. Furthermore, Tswana (or Setswana) acknowledged as a national language, is spoken throughout the country, adding to Botswana's cultural diversity.

Botswana's economy is mainly dominated by a diversity of natural resources. The diamond mining industry provides approximately 40% of Botswana's Gross Domestic Product (GDP); followed by services (48.8%), construction (7%), manufacturing (3.4%), and agriculture (1.8%)<sup>[3,4]</sup>.

As represented in **Fig. 1**, the GDP of Botswana has experienced significant and rapid growth per year between 1993 and 2023, indicating a positive economic pattern. Between 1993 and 2005, Botswana demonstrated a steady GDP growth rate, reflecting consistent economic growth.

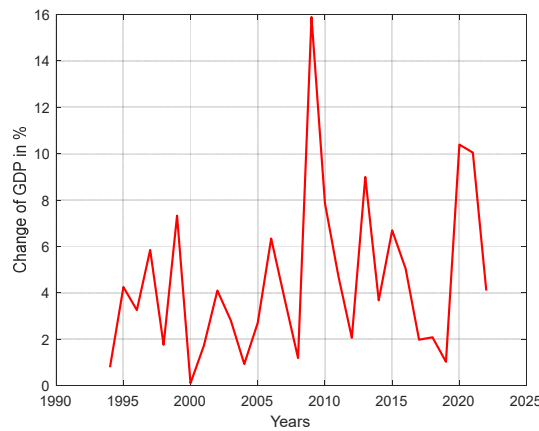


**Fig. 1** Evolution of Botswana's GDP

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The Fig. 2 shows the change in the GDP over the years in Botswana, showing that the highest increment of GDP was achieved in 2019, and the lowest growth was experimented in 2000 when the GDP almost did not

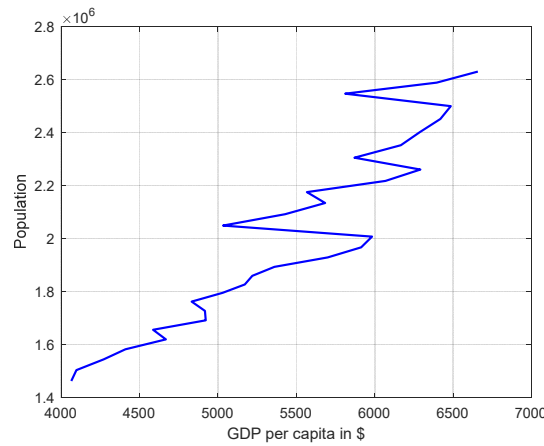
increase with respect to the previous year. In summary, the overall performance of GDP's growth shows the benefits of investing in Botswana.



**Fig. 2** Growth GDP rate over the years

This change in the GDP has affected the growth of Botswana's population. In 1993, the population was around 1.5 million, by now, the population of Botswana is

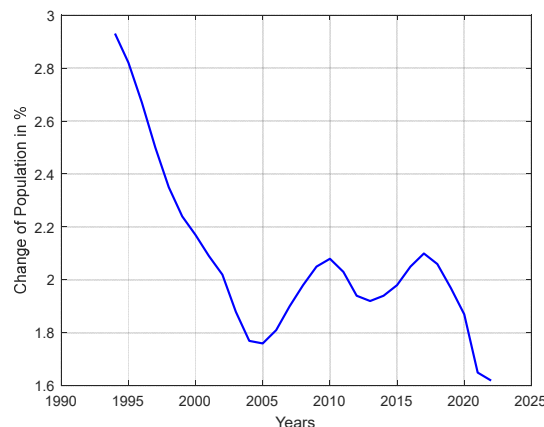
approximately 2.8 million, which has a strong relation with the growth of Botswana's GDP growth over all these years, refer to Fig. 3.



**Fig. 3** Impact of GDP on Population

Therefore, linking this vast country to its towns and urban centers has been a government priority since independence, along with the need to build a modern infrastructure to accommodate a burgeoning population<sup>[5]</sup>. This puts infrastructure development at the core of long-term programming, which, along with its steady stream of revenues, makes Botswana an attractive destination for

foreign investment. As can be seen in Fig. 4, the growth of the population per year had negative expansion over the years, i.e., the increment rate of the population became less compared to previous years, this can be considered the only disadvantage of the growth of the economy in developing countries.



**Fig. 4** Growth of Population Rate

Generally speaking, Botswana now has over 2000 registered operative companies, among them are international companies and national companies, the key advantages of investing in Botswana include political stability, substantial infrastructure development, attractive taxation policies, and a robust economy with steady growth since 1966. Additionally, its strategic location in Southern Africa facilitates market access through membership in the Southern African Customs Union.

## 2.China & Botswana Trades

The enduring connection between Botswana and China, grounded in sincere friendship, mutual respect, trust, equality, and shared benefits, has not only deepened but has transformed into a vibrant alliance in recent years. This thriving association is apparent through a sequence of high-level engagements, nurturing a profound bond, sustained progress across various sectors, and the seamless coordination displayed on the global stage. Beyond conventional diplomatic ties, the collaborative endeavors extend to both nations aligning themselves on critical international issues, showcasing a joint dedication to common values<sup>[6,7]</sup>.

### 2.1.Infrastructure Development

China actively participates in diverse infrastructure initiatives in Botswana, including road construction, bridge building, and additional transportation facilities. The objective is to enhance connectivity and boost the nation's overall economic development, creating a robust foundation for sustainable growth. China's effective involvement in Botswana's infrastructure sector involves entry methods, government support, and a low-cost bidding approach by both State-Owned Enterprises (SOEs) and private firms. China's involvement in Botswana's sector brings notable benefits, including a significant reduction in infrastructure project costs and the creation of new employment opportunities for locals. <sup>[8]</sup>.

### 2.2.Mining Sector

Botswana, renowned for its diamond wealth, attracts Chinese enterprises in the mining sector. As a global leader in gem-quality diamonds, Botswana plans to boost exports to China. The "Dalumi Group," a local diamond manufacturer, recently partnered with a prominent Chinese jewelry firm, strengthening economic ties and expanding Botswana's presence in China's diamond retail market.

### 2.3.Manufacturing and Industry

Chinese investors show interest in Botswana's manufacturing and industrial sectors, focusing on textiles, electronics, and machinery. Chinese wholesale and retail businesses, all privately owned, have positively impacted Botswana's local market. They engage in various sectors, including garment, footwear, baggage, household apparatus, light-industrial products, and food. The expansion of these businesses across Botswana has

improved access to services in rural areas, providing convenience and helping mitigate the impact of inflation. This expansion has also generated approximately 5000 jobs for the local population<sup>[8]</sup>.

### 2.4.Agriculture

China has expressed interest in making investments in Botswana's agricultural sector. Areas targeted for investment encompass agribusiness, agricultural technology, and food processing. The involvement of Chinese capital in Botswana's agriculture aligns with the overall economic collaboration between the two nations. Prospective sectors for potential Chinese investments in Botswana's agriculture include:

**Agribusiness:** There is interest from Chinese enterprises to invest in agribusiness initiatives in Botswana. This encompasses potential investments in large-scale farming, food processing, and the development of value-added agricultural products.

**Agricultural Technology:** China, known for its leadership in agricultural technology and equipment, may invest in Botswana by offering cutting-edge agricultural machinery, advanced irrigation systems, and other technologies to enhance agricultural productivity.

### 2.5.Energy And Power

China has indicated a keen interest in Botswana's energy and power domain, with commitments in renewable energy initiatives and the exploration of prospects within the nation's energy market. Various potential sectors for Chinese investment in Botswana's power and energy arena encompass:

**Renewable Energy:** China, being a prominent player in global renewable energy technologies, has shown interest in investing in Botswana's renewable energy initiatives. This involves potential investments in solar power, wind energy, and hydroelectric power by Chinese companies.

**Power Generation and Distribution:** Investors from China have expressed interest in projects related to power generation and distribution in Botswana. Their focus includes potential investments in the establishment and operation of power plants, transmission lines, and various energy infrastructure developments.

**Energy Efficiency:** Leveraging its proficiency in energy-efficient technologies, China is poised to invest in implementing cutting-edge energy-efficient systems and practices in Botswana. This strategic move aims to enhance energy conservation within the country.

## 3.Other Investors in Botswana

Botswana has attracted investment from various international entities across different sectors. Some notable international investors in Botswana are briefly introduced below<sup>[7]</sup>.

### 3.1. De Beers Group & Anglo American

De Beers collaborates with the Botswana government in a joint venture known as the Debswana Diamond Company. They conduct exploration activities, invest in geological surveys, and evaluate potential diamond deposits. Once discovered, De Beers, operating through Debswana, engages in mining operations. This presence has been a substantial contributor to the local economy, offering employment opportunities to Botswana citizens. The company further invests in training and skill development programs to enhance the capabilities of the local workforce in the diamond industry.

### 3.2. Anglo-American

Anglo-American has a notable stake in De Beers Group, influencing diamond operations in Botswana. They bring technological expertise to enhance efficiency and sustainability in mining, including innovations in techniques, environmental management, and safety standards at Debswana's operations.

## 4. Conclusions

In conclusion, China has demonstrated significant interest in investing in various sectors in Botswana, aiming to strengthen economic cooperation and bilateral ties between the two nations. Chinese investments have been observed in areas such as infrastructure development, mining, manufacturing, agriculture, and the power and energy sector. These investments have contributed to the economic development of Botswana, promoted job creation, and supported the country's efforts to enhance its industrial and agricultural capabilities. As both countries continue to explore opportunities for collaboration, the nature and scope of China's investments in Botswana are likely to evolve, potentially leading to further advancements in key sectors and mutual benefits for both nations.

Future works: analysis of the Human Resource Management Innovation Based on the View of Knowledge in Botswana.

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