

**Remarks by Ambassador Michelle D. Gavin
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INTRODUCTION

- It is a great honor to have the opportunity to speak at the 2012 Global Expo. I particularly want to thank the Botswana Investment and Trade Center for inviting me to join you tonight.
- I want to take this opportunity to applaud BITC for its efforts in organizing this event – with nearly 200 exhibitions from over a dozen countries and several thousand visitors. On behalf of the U.S. Embassy, I look forward to working with BITC and its partners as they work toward fostering economic diversification, building business skills, and cultivating a new class of entrepreneurs in Botswana.
- This is an exciting time to be doing business in Africa. For the past two decades, Africa was overlooked as investors rushed into places like Asia, Eastern Europe and Latin America, pouring billions of dollars into their economies, launching countless entrepreneurs, and building a modern infrastructure to support them.
- But now it is Africa's turn. The evidence is everywhere:
- Between 2001 and 2010, six of the world's ten fastest-growing economies were in Africa.
- Between 2011 and 2015, seven of the top ten fastest growing economies will be right here on this continent.
- Just this past spring, Goldman Sachs, one of the top investment banking firms in the United States issued a report comparing the growth of business opportunities in Africa to the astounding growth in China during the early 1990s.
- This is good news for businesses already established here, and it is good news for investors looking for a place to grow.
- I speak regularly with senior officials from major international firms, and they are looking for the right place to invest – and they are looking at Africa.
- I know this is not news to anyone in this audience, but it bears repeating -- as these firms find their opportunities and invest in Africa, they will create more jobs, a broadened tax base, better infrastructure, technological innovation and a burgeoning class of citizens who will be able to pick themselves up out of poverty.
- This is the image of growth and development in Africa to focus on – and it is achievable.
- But the environment has to be ripe to take advantage of this extraordinary – and fleeting – opportunity.

- It takes hard work and dedication – it takes individuals and firms that know the markets and the business climate – and it takes governments and business advocates that ensure the investment platform is attractive, free of corruption, and sustainable.
- That is why events like this are so important.

THE BOTSWANA BRAND

- Botswana is increasingly identified as one of the more desirable places to do business in Africa.
- The 2012 A.T. Kearney Global Retail Development Index placed Botswana at number 20 on its list of the top 30 most attractive markets for retailers among developing nations, the only country in sub-Saharan Africa to make the list.
- Of course, foreign investment does not flow simply from having your name on a list. The list underscores that an opportunity exists for Botswana. Botswana must now take advantage of it.
- Fortunately in many respects, Botswana is well ahead of the game. The “Botswana Brand”, if I can put it that way, is already well regarded.
- In the A.T. Kearney retail development study, one of the four main factors was country risk.
- Here, Botswana got its highest score, 88 out of 100.
- Botswana has been a stable democracy since independence. World headlines often focused on those African nations that have squandered their natural resources and human capital, but Botswana has not.
- Ever since its first diamond mine became operational in the 1970s, Botswana has invested billions of dollars in the country’s infrastructure and in its people.
- U.S. businesses I speak with are always impressed by the fact that Botswana has been ranked the least corrupt country in Africa by Transparency International since 1998 – a distinction that is bolstered by a well-regarded court system that enforces contracts and respects the rule of law.
- Businesses that come to Botswana know that it has a reputation for rooting out corruption and bribery – a reputation worth its weight in diamonds, a reputation that must be protected, preserved, and earned each day as it will serve Botswana well long after its last diamond has been pulled out of the ground.
- And that day is fast approaching. Botswana’s diamond revenue will start drying up by the middle of the next decade.
- Maintaining Botswana’s strong record of stability and prosperity will depend on how Botswana handles what is the greatest strategic economic challenge the country has faced since independence.

- Foreign investment can play a critical role as a new engine of economic growth in Botswana.
- The challenge for Botswana is to transform investors' general interest in Africa into specific investments here.
- It must out-compete other African countries seeking to do the same thing.
- And make no mistake the competition is intense.
- Last year, Rwanda passed Botswana on the World Bank's "Ease of Doing Business" indicators.
- If Botswana is to stay competitive, it must focus on at least four issues:
- First, Botswana must establish that it is "open for business" by creating a business friendly environment.
- Second, Botswana must enable growth in Botswana's most promising sectors through infrastructure and skills development.
- Third, Botswana must foster a culture of entrepreneurship.
- And fourth, Botswana must build more and stronger business linkages beyond its borders.
- Of course, success in all these areas will mean much more than job-creating foreign investment. It will also create opportunities for Botswana companies to grow, thrive, and ultimately, compete in the global market place.

"OPEN FOR BUSINESS"

- Any effort to build and sustain a diversified economy must begin with an effort to foster a business-friendly climate.
- Botswana must recognize that as the competition for investment heats up, it runs the risk of being left behind.
- To avoid missing out on this moment of heightened investor interest, Botswana must act quickly and decisively to distinguish itself as a business destination.
- That means continuing the work to improve the Doing Business rankings, building relationships with private sector financiers and encouraging investors to think of Botswana as a place that welcomes business.
- Other countries have already started and their economies are responding accordingly. Specific, business-friendly policies in countries like Mozambique, Rwanda and Ghana have dramatically increased investment and helped increase GDP.
- Botswana should do the same, lest it miss out on the opportunities that its neighbors are all too happy to take advantage of.

- I am pleased that Botswana is moving to address one of the issues most frequently identified to me as a concern by American investors: immigration restrictions.
- The new points-based immigration system holds a great deal of potential for facilitating the inflow of outside expertise that will benefit all Botswana business, but as newspaper headlines make clear, there have been problems with implementation. The fact that the government is moving to address these is a positive sign.
- American investors and young Botswana entrepreneurs have also frequently raised with me their concerns about Botswana's cumbersome licensing regimes – and I know this was a topic of much discussion at the BOCCIM biennial conference.
- It should not take 61 days to start a business. This is a disincentive to fledgling Botswana companies and to American companies that might otherwise seek to invest in Botswana and create mutually beneficial partnerships with local businesses.
- Similarly, a six month waiting period for a construction permit does not help to create a thriving economy.
- Botswana can transform its investment potential into concrete investment and jobs by focusing on efficiency in business registration and permitting processes.

INFRASTRUCTURE AND SKILLS DEVELOPMENT

- The government and private sector will also need to come together to ensure that the right business climate is supported by an enabling framework of infrastructure and skills.
- Many in Botswana have given this question a great deal of thought, from the Economic Diversification Drive to BITC's sector specific strategies.
- Noted U.S. consultant and management expert Michael Porter will be in town next week to help shape the country's vision beyond 2016 to ensure that Botswana has the structure in place to support its aspirations. I salute these efforts.
- As a landlocked country, the efficient flow of information and physical goods is critical to Botswana's growth.
- The right ICT capabilities are essential to attracting foreign investment as well as to connecting Botswana firms to the global market.
- And this means more than just laying fiber optic cable. It means a strong and effective regulatory regime. It means an environment that is open to healthy competitive pressures; here as in other sectors the government's intent to privatize the telecommunications sector is a good start which will allow market pressures to ensure the suppliers meet the demand.
- For Botswana to achieve its aims at becoming a financial services and innovation center, the introduction of new internet linkages must be accompanied by free competition for access by independent service providers.

- Botswana's efforts to develop Gaborone as a regional aviation hub will similarly benefit local businesses and serve as a magnet to foreign investors.
- The nearly complete international airport here in Gaborone is an important step in achieving that vision. I would encourage the Government of Botswana to consider an open skies agreement to facilitate travel to the U.S.
- This would clearly benefit the tourism industry, but it would also be another attraction for business investors.
- Of course rail transport will be vital to allowing the country to make the most of its resource potential, particularly in coal.
- The move towards energy independence is an important one and increasing use of Botswana's great solar resources could move the country closer to becoming a net energy exporter.
- With the right physical infrastructure in place, Botswana's efforts to prepare its work force to meet the needs of tomorrow will help provide another essential piece of the puzzle.
- Although Botswana currently spends more money on education as a percentage of GDP than the U.S., the U.K., or Sweden, the government recognizes that the country's education system has not produced the work force that Botswana needs for tomorrow.
- Botswana can and should focus on education in the most in-demand sectors, including vocational training.
- At the same time, the country cannot afford to shut its doors to qualified workers who possess the necessary skills to help diversify the economy.
- Now is not the time to turn away skilled workers whose expertise will help Botswana create new engines of growth.

ENTREPRENEURSHIP

- Most people agree however, that while the government needs to take certain steps to help foster a vibrant economy, there are limits to what government can do.
- One of the pillars of the government's recently launched Economic Diversification Drive is the need to develop a culture of entrepreneurship.
- The government can try to create conditions that will allow this to happen, but Botswana themselves will need to step forward.
- Creating an entrepreneurial culture requires, at its very core, a commitment by individuals to take risks and to build and innovate without the government's help.
- I often hear that Botswana doesn't have a market big enough for would-be entrepreneurs to establish a market foothold, or that Botswana can't produce enough supply to meet international demand.

- These are indeed real obstacles, but for entrepreneurs, obstacles are not walls – they can be overcome, and they can make a business even stronger.
- I'd like to tell you about a few who did dream, and who overcame obstacles in their path.
- In 1986, a little company in the Okavango Delta saw an opportunity: a burgeoning tourism industry needed boats that were light and durable enough to withstand the constant wear and tear that you find on the Okavango waterways.
- Fiberglass boats were too delicate and wooden boats were too heavy – so they decided to build and sell aluminum-hulled boats, betting that these boats would be more attractive to tour operators.
- They took a risk and began production for the local Botswana market, and today that company, Aliboat, is one of the leading manufacturers of aluminum boats on the continent.
- In 2003, a University of Botswana graduate approached the Citizenship Entrepreneurial Development Agency for seed money to start a call center and debt collection agency.
- Nine years later, that company, the OSEG Group, employs more than 90 Botswana and has since expanded to Australia and Namibia.
- In 2006, a small company called Mabeo Furniture began building and exporting high-end designer furniture to the United States.
- Their work was so successful that they were asked to exhibit their furniture at the International Contemporary Furniture Fair in New York City – an honor which led to Mabeo receiving Editors' Choice awards for best craftsmanship in 2006 and 2008.
- In 2008, a young man from Gaborone noticed that there could be a market for bottled water produced locally, so he applied for a loan to set up a bottling plant.
- His first application was turned down. He persisted, and after being turned down seven times, he finally convinced a lender to take a chance.
- Today, that company produces bottled water under the label "Aqua Cool."
- Sales have increased every month since it went into operation and today that business employs about 20 people.
- There are examples like these all across Botswana.
- Botswana's post-diamond economy will consist of entrepreneurs like these who see opportunities where others do not; who take risks, even in the face of failure; and, who are willing to try again despite an uncertain outcome.
- Every business success has an entrepreneur behind it, and the purpose of events like this one is to learn from each other; to draw inspiration from what your colleagues are doing; and to find a way to achieve your dreams.

- President Khama said it best when, in his State of the Nation speech, he noted that Botswana has “reached [the] stage where it is necessary to replace over-dependence on finite state resources with sustainable private sector wealth creation, through citizen empowering entrepreneurship.”

BUILDING LINKAGES

- But it will take more than just talking amongst yourselves. I am not the first to note that Botswana cannot diversify its economy solely on the strength of its 2 million person market.
- Again, Botswana should think bigger. At the center of the 277-million person SADC market, Botswana can and should become a vibrant hub for commerce in Southern Africa.
- To tap a wider market, Botswana must build more linkages regionally and globally.
- Botswana must have the right regulatory framework, infrastructure, and labor pool to win the global competition for investment, but these things in and of themselves are not enough to entice the potential investors, buyers, and partners to come here.
- Botswana must pro-actively market itself outside its borders.
- This means businesses themselves must reach out and get to know potential partners in other countries.
- It means something as simple as ensuring that relevant, up-to-date information about the country, its sectors and its companies is available on the internet where the world looks for and finds opportunities.
- Events like this are important and should continue.
- But don’t wait for business to come to you.
- Every week in the U.S. there are trade fairs in different sectors.
- The U.S. Embassy can help – do not hesitate to contact our commercial section and ask us to help you find the right opportunity for your business.
- We can also help you solicit interested partners be it suppliers, purchasers, or investors. You can find a link to our commercial section on our website.
- I would also encourage you to learn how best to take advantage of global programs and preferences for African businesses.
- The United States has enacted several pieces of legislation that are intended to help spur industrial development all over Africa.
- Perhaps the best known is the African Growth and Opportunity Act, which has created 300,000 jobs in Africa to date.

- There is no question that Botswana could be taking greater advantage of AGOA – which is why our regional Trade Hub holds regular outreach sessions to help get businesses involved in taking advantage of this important program.
- In June of this year, President Obama issued a Presidential Policy Directive that established a set of broad outlines to guide U.S. policy in Africa.
- As part of that directive, we are actively working with the Government of Botswana to reduce the cost of trade and to stimulate investment.
- For example, the U.S. government, in partnership with Microsoft, is building an electronic platform that will connect the customs offices of Botswana and Namibia.
- As early as next year, this could result in a dramatic reduction in the amount of time that it takes to clear goods through customs, reduce paperwork, and create accurate and instantly searchable data streams that can be used by policy makers and the private sector to make trade more efficient and profitable.
- We are also working to help the government of Botswana develop a “national single window” that will reduce the number of agencies that exporters have to go through to get their goods out of the country.
- Like the customs platform, the national single window will dramatically reduce the time and cost of engaging in trade.
- When Thailand implemented its national single window in 2007, it occupied 108th place on the World Bank’s Trading Across Borders index. Two years later, it moved to 10th place -- saving them \$1.5 billion a year.
- When Ghana launched its window in 2002, it cut the time and cost of trading by 65% and increased revenues by 50% in the first year alone.
- The time and cost of trading in Ghana has dropped and revenues have increased every year since. Botswana can do this too. But markets move fast—Botswana, too, must take bold strokes with a sense of urgency and not wait for years to take action.
- Going out and building global business partnerships, taking advantage of trade assistance, and putting in place an import and export regime that facilitates trade rather than stifles it will help generate the linkages that will allow Botswana to capitalize on its position at the heart of the SADC region.

WHAT WE ARE DOING

- Increasing global attention to Africa comes at an opportune time for Botswana.
- Having spent decades building a reputation as a stable, prosperous country, Botswana should be well positioned to attract more than its share of new business.
- The necessity of diversifying the economy should galvanize both the government and the private sector to make the needed changes to seize this moment.

- The U.S. Embassy is committed to working with Botswana to do just that. In addition to the other efforts I mentioned previously:
 - We are working with Botswana to strengthen the private sector’s advocacy groups.
 - We are working closely with organizations like the Botswana Confederation of Commerce, Industry and Manpower to advocate for Botswana businesses and push for regulatory reforms that will benefit the private sector.
 - We helped launch a new American Chamber of Commerce that will work toward increasing trade between the United States and Botswana, as well as provide a platform for businesses to express their views.
 - We are holding conference calls with the U.S. private sector to highlight opportunities in Botswana generally, and some with a specific focus such as the coal or solar power.
 - We are helping the Government explore the best ways to move forward in the mining sector, and just this month arranged for some of the government’s top experts on coal and coal bed methane to visit the U.S. to learn about new technologies that could help in Botswana’s opening of the coal sector.
 - We have sponsored several trips for solar producers to meet U.S. suppliers to build on Botswana’s great solar potential.
 - We are working with the Civil Aviation Authority to support safety training and equipment as they prepare to expand air services.
 - We have held a series of workshops that have trained over one hundred aspiring and beginning entrepreneurs.
 - We have brought high-level visitors to explore potential economic opportunities including our Under Secretary for Economic Affairs in August, a congressional delegation in October, and, most recently, our Deputy Secretary of the Treasury just last week.
 - We are working with BOCCIM, DCEC, and the Directorate of Public Service Management to help preserve one of Botswana’s biggest assets in the competition for commerce – its anti-corruption culture, by promoting a business code of ethics – which I encourage all of you to sign, providing training on anti-corruption prosecution, and developing a government code of ethics.
- And we will continue looking for opportunities to bolster our economic engagement with the government and people of Botswana.

CONCLUSION

- As Botswana seeks to diversify its economy, to promote robust private sector-led economic growth, and to attract foreign investment, the U.S. Embassy will remain your active partner.

- We look forward to working with the government and the business community represented here today as you confront one of the greatest economic challenges you have faced since independence.
- The Global Expo is an important part of this effort. Congratulations to BITC for a successful event and we look forward to seeing all of you next year.