



EXTERNAL SECTOR STATISTICS BULLETIN

MARCH 2026



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DEFINITIONS

Balance of Payments (BoP) Term	Definition
Balance of Payments	<p><i>A record of all international financial transactions made between residents of a country and non-residents in a given period, usually a year.</i></p> <p><i>There are three main categories of BoP: the current account, the capital account, and the financial account.</i></p>
Residency	<p><i>For statistical purposes, an individual who lives or intends to live in an economy for more than a year is a resident of that country regardless of the individual's citizenship or nationality.</i></p> <p><i>Enterprises established in an economic territory are regarded as residents of that economy.</i></p>
Current Account	<p><i>Shows flows of goods, services, primary income, and secondary income between residents of a country and non-residents.</i></p>
Trade Balance	<p><i>The difference between a country's exports and imports of goods and services.</i></p>
Foreign Exchange Reserves	<p><i>Foreign currency denominated assets held by monetary authorities.</i></p>

1. INTRODUCTION

1.1 Foreword

The bulletin presents recent developments in the external sector, with particular focus on the current account of the balance of payments and foreign exchange reserves. It aims to support policymakers, researchers and the general public through the provision of quarterly updates, released with a one quarter lag.

The current account remains a key indicator of the economy's interaction with the rest of the world. It reflects trade in goods and services, primary income flows and secondary income transfers. Trends in the current account provide, among others, insights into the external competitiveness and sustainability. Comprehensive data for the financial account and international investment position (IIP) is not available for this publication. Therefore, this edition focuses on the current account components, offering detailed analysis of merchandise and services trade, income movements and transfer flows. While the financial account and IIP are necessary for a complete assessment of the external sector developments, the current account on its own offers valuable insights regarding current external pressures and vulnerabilities.

The statistics presented and discussed in this bulletin are compiled in accordance with the Balance of Payments and International Investment Position Manual Six (BPM 6) of the International Monetary Fund (IMF), and accessible through the Botswana Economic and Financial Statistics (BEFS), at www.bankofbotswana.bw/publications.

1.2 Executive summary

During the period Q4 2023 to Q3 2025, the current account was characterised by fluctuations, alternating between deficits and surpluses largely reflecting developments in the global diamond market. Although surpluses were recorded in 2025, they were mainly associated with stock rebalancing initiatives by De Beers, during which selected assortments of diamonds were sold at marked down prices, rather than improvement in underlying market conditions. Overall, current account developments continued to underscore the dominant role of the mining sector in supporting the country's external position.

2. CURRENT ACCOUNT

2.1 Current Account Trends

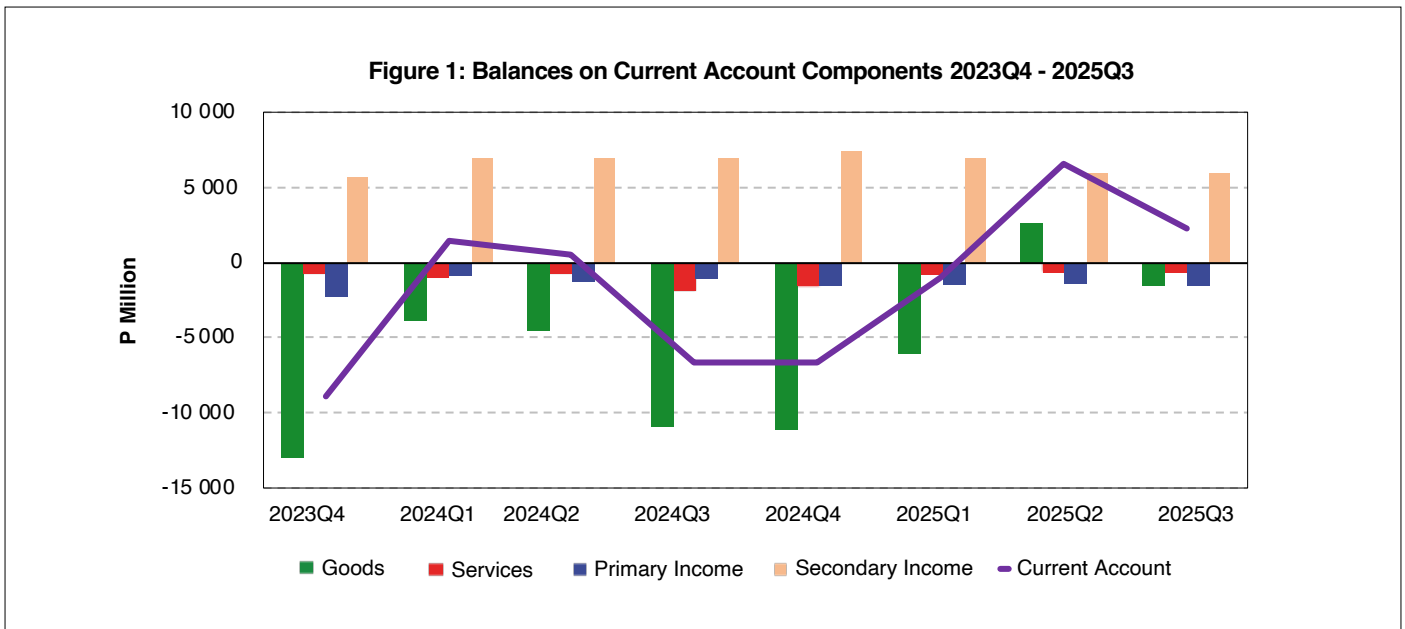
The current account (mining inclusive) significantly improved, from a deficit of P9 billion (14.4 percent of GDP) in Q4 2023 to a surplus of P1.5 billion (2.3 percent of GDP) in Q1 2024 mainly due to a stronger trade balance, supported by higher diamond exports to the United Arab Emirates (UAE) and India (Figure 1 & 2).

The current account stabilised in the subsequent quarter but later deteriorated. The period between Q2 2024 and Q4 2024 was characterised by weaker global demand for diamonds, high inventories and falling prices, which adversely affected the country's rough diamond exports, leading to current account deficits of P6.6 billion (10.3 percent of GDP) and P6.7 billion (10.4 percent of GDP) in Q3 2024 and Q4 2024, respectively.

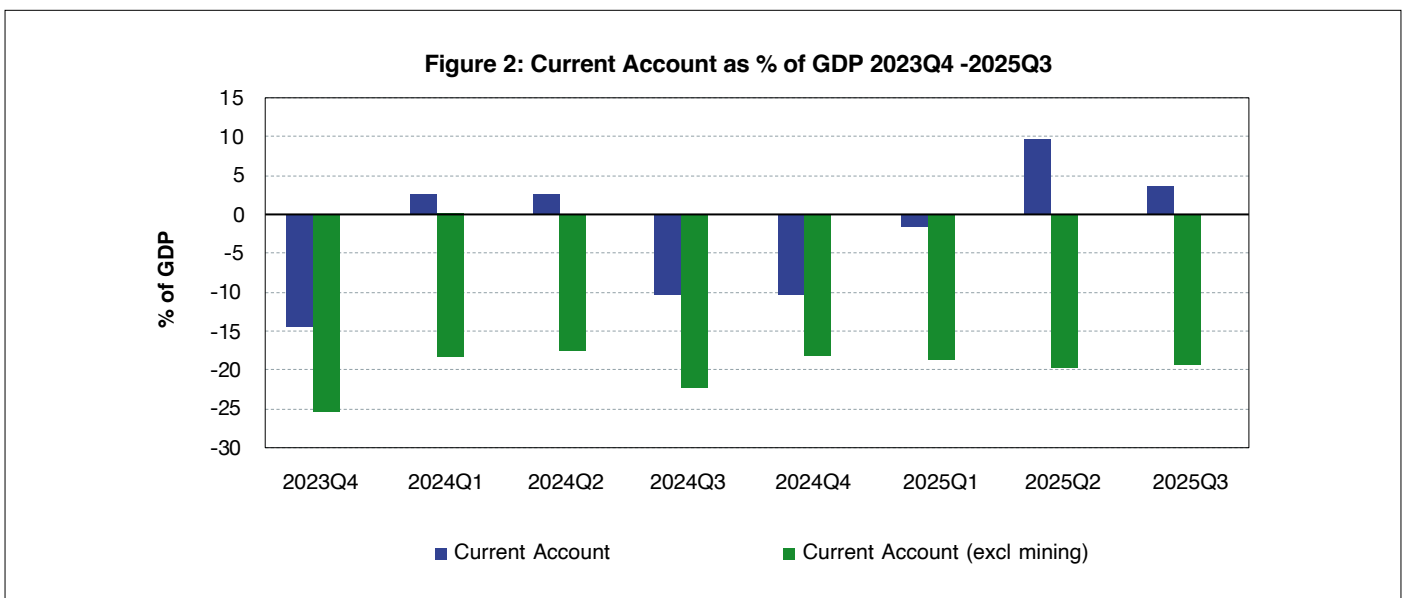
However, from Q4 2024 to Q2 2025, the current account improved significantly, resulting in a substantial surplus of P6.6 billion (9.5 percent of GDP) in Q2 2025. The surplus largely reflected higher export volumes associated with rebalancing initiatives, rather than improved market conditions, as certain diamond stones were sold at prices below margins. During the same period the goods account recorded a surplus of P2.5 billion. However, the current account surplus narrowed to P2.2 billion (3.3 percent of GDP) in Q3 2025, as a decline in exports led to a trade balance deficit of P1.6 billion.

The non-mining current account remained in deficit throughout the period Q4 2023 to Q3 2025, with the largest deficit of P14.2 billion (25.3 percent of GDP) recorded in Q4 2023. Although the deficit narrowed in the following two quarters, it remained persistent and elevated. In Q3 2024, the non-mining current account deficit stood at P13.2 billion (22.3 percent of GDP), before easing to P10.9 billion (18.2 percent of GDP) in Q4 2024. However, the deficit widened again to P12.1 billion (19.8 percent of GDP) in Q2 2025 and remained high at P11.9 billion (19.3 percent of GDP) in Q3 2025.

These sustained deficits reflect underlying structural pressures within the non-mining sector, including a dependence on imports, and continued net outflows in services and primary income. Their persistence suggests that, outside the mining industry, the economy remains reliant on capital inflows such as foreign investment and external borrowing.



Source: Bank of Botswana



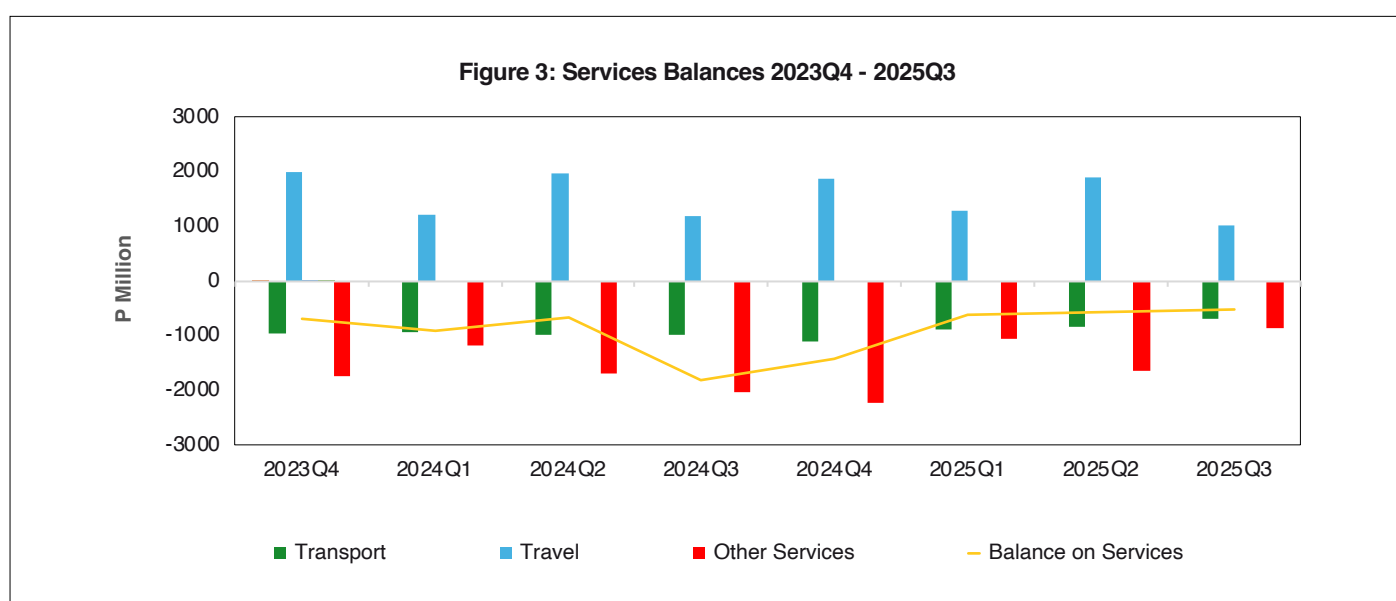
Source: Bank of Botswana

From Q3 2024 to Q3 2025, the services account remained in deficit (Figure 3), confirming Botswana’s position as a net importer of services. These deficits were partly mitigated by stronger performance in travel services, which generated sustained net inflows throughout the period, largely attributable to tourist receipts. In Q3 2025, the services account recorded a deficit of P515 million, an improvement from the P560 million deficit observed in Q2 2025. During the same period, receipts from travel services amounted to P1.5 billion, down from P2.3 billion, indicating a moderation in external travel receipts.

In contrast, imports of travel services remained broadly unchanged at P400 million, resulting in travel services surpluses of P1 billion, down from P1.9 billion during the same period. Exports of ‘other services’¹ increased moderately from P1.3 billion in Q2 2025 to P1.4 billion in Q3 2025, while imports of the same declined from P2.9 billion to P2.2 billion during the same period. As a result, the deficit in ‘other services’ category narrowed to P852 million in Q3 2025 from P1.6 billion in Q2 2025. The deficit in this category was mainly driven by imports of telecommunication, professional and technical services.

The primary income account also remained in deficit throughout the period Q4 2023 to Q3 2025 (Figure 1), consistent with the country’s position as a net income payer. The deficit, which averaged about P1.3 billion during the period, was primarily driven by investment income, particularly dividends and retained earnings paid to foreign investors. The mining sector, which attracts the highest foreign direct investment in value, accounted for a significant share of these payments.

In contrast, **the secondary income** (Figure 1) account consistently registered substantial surpluses averaging about P6.5 billion over the same period. The secondary income account was in a surplus of P5.8 billion in Q3 2025 compared with P5.9 billion in Q2 2025. The Southern African Customs Union (SACU) receipts, which is the largest contributor to secondary income, amounted to P6.1 billion in Q3 2025, slightly lower than the P6.3 billion received in Q2 2025. These surpluses in the secondary income account played a critical role in cushioning the current account, offsetting deficits in the trade and primary income accounts and mitigating the overall impact on the country’s balance of payments.



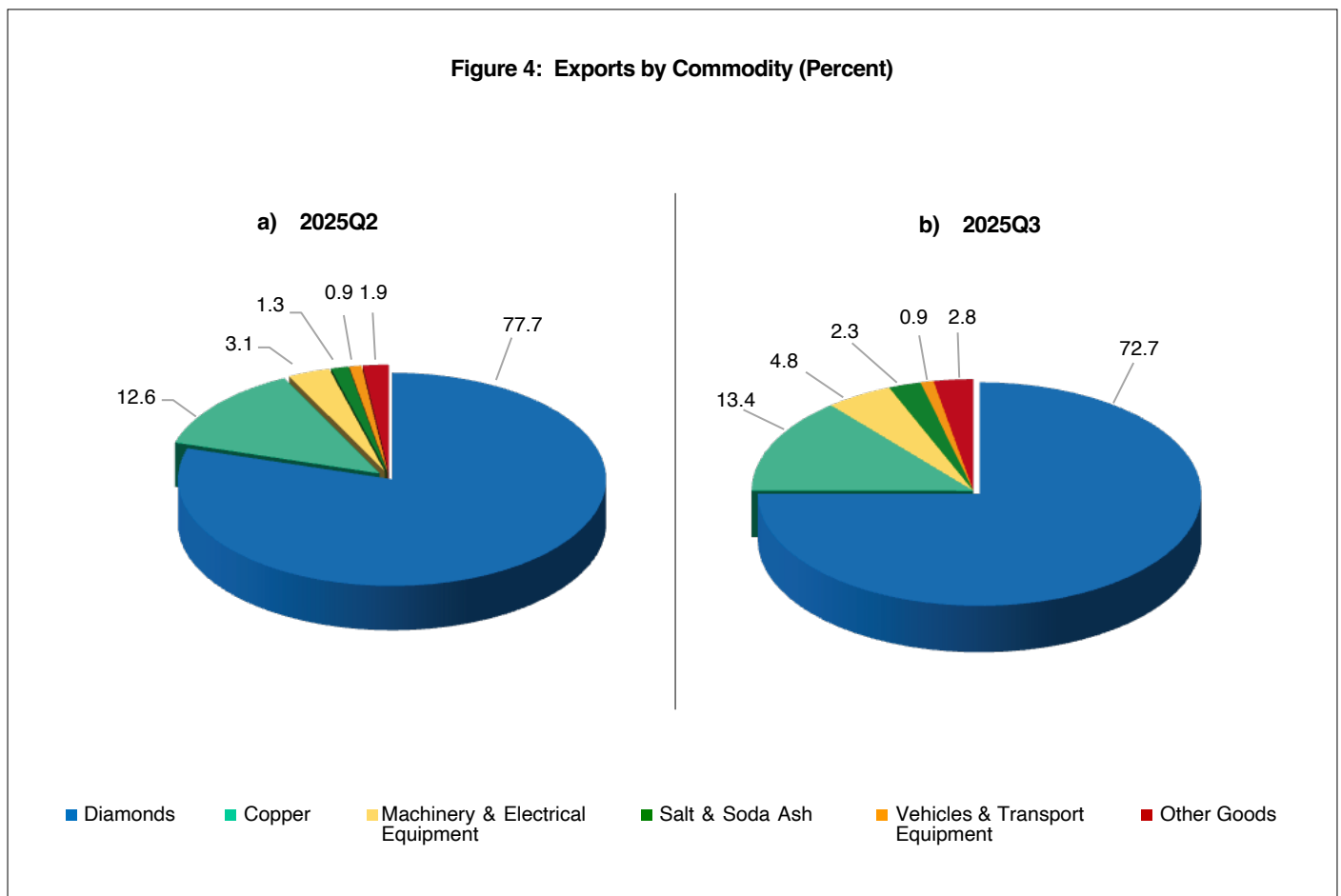
Source: Bank of Botswana

¹ Services in this category include freight, telecommunication, computer and information services, government services not included elsewhere (GNIE), and a range of business services such as mining related services, architectural and engineering services, advertising, marketing and legal services.

2.2 Exports of Goods by Commodity

Diamonds dominated goods exports, accounting for 77.7 percent (P18.5 billion) in Q2 2025 before declining to 72.7 percent (P13.3 billion) in Q3 2025 while copper had the second largest share of 12.6 percent (P3.0 billion), which increased to 13.4 percent (P2.4 billion) as depicted in Figure 4. Salt and soda ash accounted for 1.3 percent (P309 million) in Q2 2025, which increased to 2.3 percent (P419 million) in Q3 2025.

The relative 0.8 percentage point increase of copper's share in the export basket was despite the commodity's decline of P559 million between the two periods. Therefore, the increase in relative contribution did not indicate growth but rather a broader contraction in the performance of other commodities, particularly diamonds. Machinery and electrical equipment, which constitutes the largest share of non-mining exports, increased from a share of 3.1 percent (P740 million) in Q2 2025 to 4.8 percent (P 872 million) in Q3 2025.

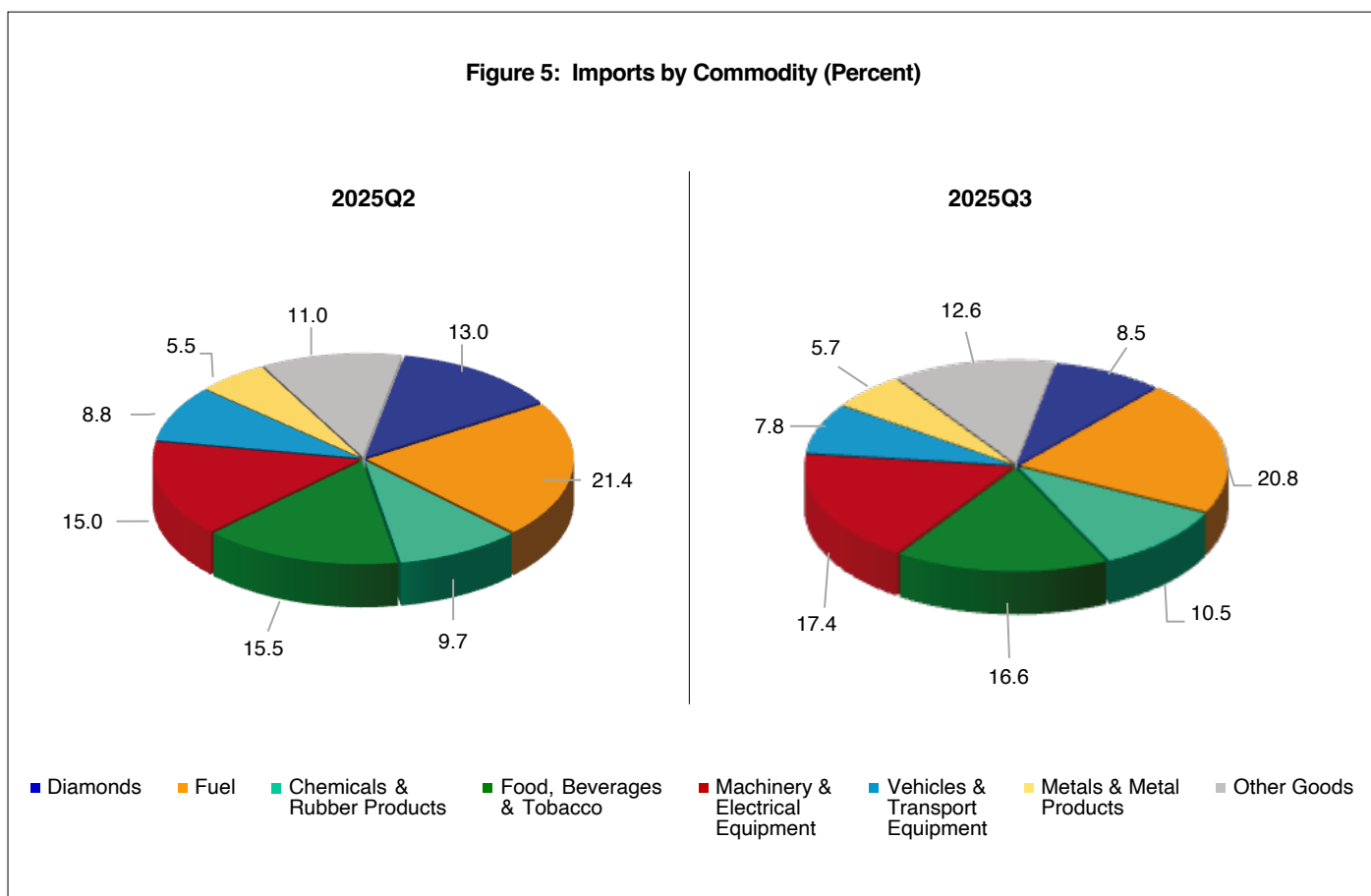


Source: Bank of Botswana

2.3 Imports of Goods by Commodity

The composition of imports is diversified and reflects the country's broad range of consumption and investment needs. Fuel accounted for the largest share of total imports, at 21.4 percent (P4.8 billion) in Q2 2025 and slightly declined to 20.8 percent (P4.4 billion) in Q3 2025 (Figure 5). Machinery and electrical equipment, the second largest imported commodity, increased from 15 percent (P3.4 billion) to 17.4 percent (P3.6 billion) over the same period. Food, beverages, and tobacco accounted for 15.5 percent of imports (P3.5 billion) in Q2 2025 and 16.6 percent (P3.5 billion) in Q3 2025, reflecting unchanged consumer demand despite a relative percentage increase in its share of total imports between the two quarters.

Diamonds, which are primarily imported for aggregation activities, declined from a share of 13 percent (P2.9 billion) in Q2 2025 to 8.5 percent (P1.8 billion) in Q3 2025. The share of chemical and rubber products increased from 9.7 percent (P2.2 billion) to 10.5 percent (P2.2 billion). Fuel, machinery and electrical equipment as well as chemicals and rubber products are key inputs in various infrastructure and construction projects that are ongoing around the country (e.g. Mmamabula Power Plant, Tshele Hills Oil Storage, Mmadinare Solar Plant etc.).



Source: Bank of Botswana

2.4 Direction of Trade

In Q3 2025, Botswana's main export destinations were the United Arab Emirates (27 percent), Belgium (20 percent), India (15 percent), South Africa (11 percent), Australia (7 percent), and China (7 percent) as shown in Figure 6a. These top export destinations collectively accounted for 87 percent of Botswana's total exports.

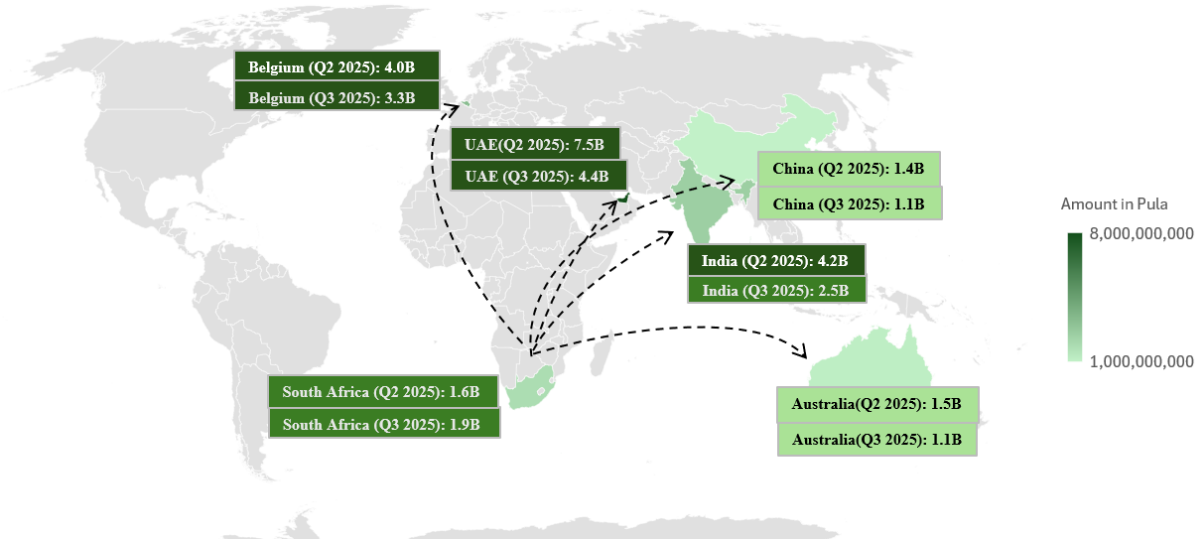
In terms of commodities, exports to the United Arab Emirates, Belgium and India consisted predominantly of rough diamonds. These countries primarily operate in the midstream segment of the diamond value chain, which generates higher value addition. The midstream segment encompasses processes such as sorting, cutting, polishing and preparing rough diamond for sale.

Notable changes in export flows from Q2 2025 to Q3 2025 included a decrease in exports to the United Arab Emirates from P7.5 billion to P4.4 billion (41 percent); India from P4.2 billion to P2.5 billion (40 percent), and Australia from P1.5 billion to P1.1 billion (27 percent). The reduction in exports to the United Arab Emirates and India, was generally in line with the subdued demand for diamonds, while decreases in copper exports to Australia were due to suppressed copper demands. In contrast, exports to South Africa increased from P1.6 billion to P1.9 billion (19 percent) due to increases in the country's demand for machinery and electrical equipment, as well as salt and soda ash.

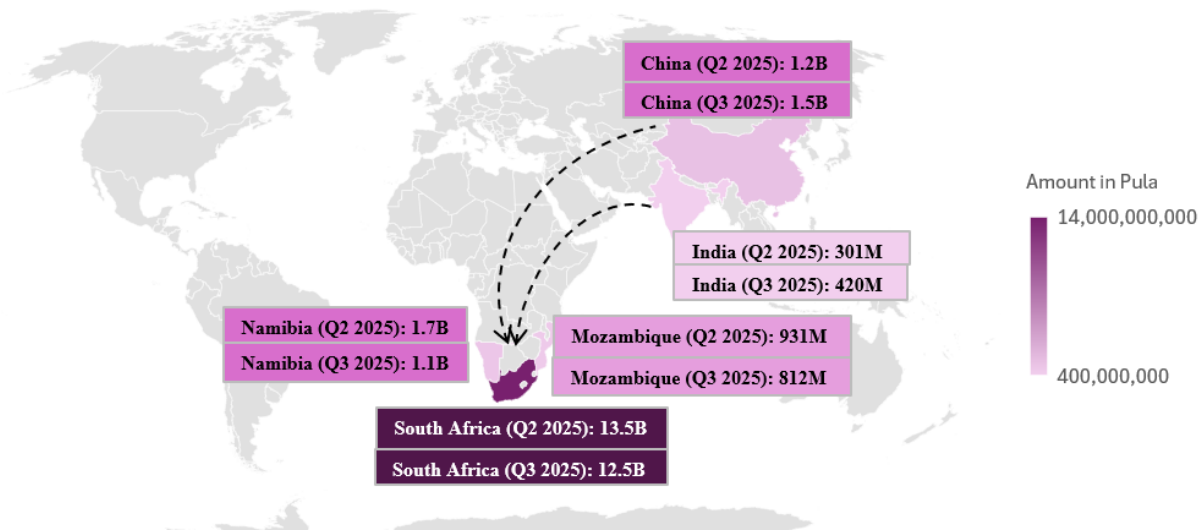
South Africa continued to dominate Botswana's imports market, accounting for 65.5 percent of imports, followed by Namibia at 5.3 percent and China at 4.0 percent (Figure 6b). These imports primarily consisted of food, fuel, machinery and electrical equipment, as well as chemicals and rubber products. Fuel imports accounted for a larger share of goods from Namibia, while China mainly supplied machinery and electrical equipment. Between Q2 2025 and Q3 2025, imports from South Africa decreased from P13.5 billion to P12.5 billion (7 percent), while imports from Namibia fell from P1.7 billion to P1.1 billion (35 percent). Meanwhile, imports from China, increased from P1.2 billion to P1.5 billion (25 percent).

Figure 6: Trade by Region in Pula (Q2 vs Q3, 2025)

a) Exports



b) Imports

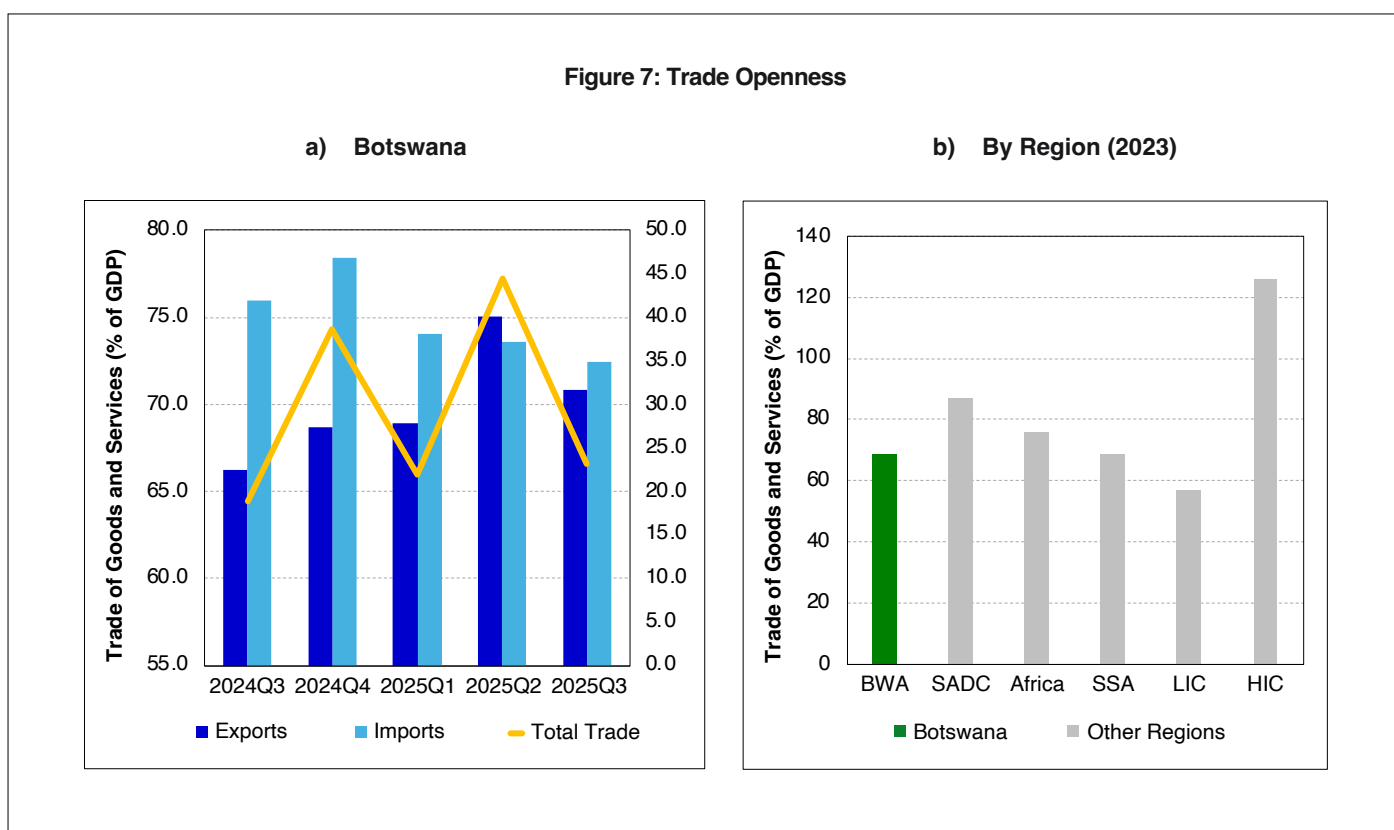


Source: Bank of Botswana

2.5 Trade Openness Index²

As at the end of Q3 2025, Botswana’s trade openness index stood at 66.6 percent, representing a decline of 10.6 percent from 77.2 percent recorded in Q2 2025 (Figure 7a). The contraction in trade openness was primarily driven by a reduction in total trade volumes during the review period, with exports accounting for the bulk of the decline. Export performance weakened largely due to subdued activity in the diamond sector, which remains the dominant contributor to Botswana’s export earnings.

The most recent (2023 annual data) international and regional comparisons on global competitiveness indicate that Botswana recorded a trade openness index of 68.8 percent (Figure 7b). This level was substantially below the High-Income Countries (HIC) average of 126.2 percent, but moderately above the Low-Income Countries (LIC) average of 57.2 percent. Regionally, Botswana’s trade openness was marginally below the Sub-Saharan Africa (SSA) average of 68.9 percent, and considerably below the SADC (87.3 percent) and Africa (75.7 percent) average scores. While these benchmark figures are not comparable to the latest figures, they provide a general guide of the country’s relative integration position with global markets.



Source: (a) Bank of Botswana, (b) World Bank

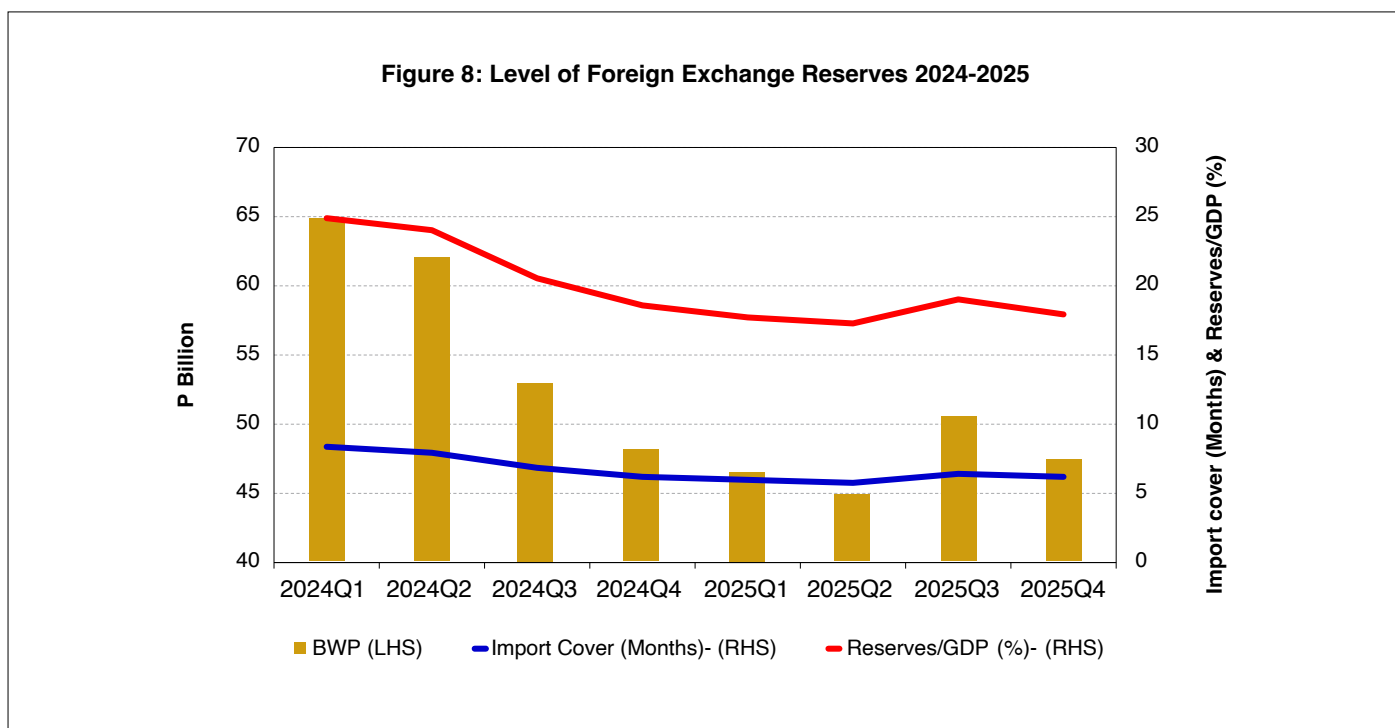
² The trade openness index, measured as the sum of exports and imports of goods and services as a percentage of GDP, measures the degree to which an economy is integrated with the rest of the world through international trade. Countries with trade openness indices between 40 and 100 percent are considered as moderately open, while index above 100 percent indicates a highly open country with total exports and imports exceeding GDP (e.g., Singapore, Hong Kong and Luxembourg).

3. INTERNATIONAL RESERVES

3.1 Foreign Exchange Reserves

Botswana’s foreign exchange reserves continued to decline during the period Q1 2024 to Q4 2025, reflecting persistent pressure on external earnings. The stock of reserves declined steadily from P64.7 billion (24.8 percent of GDP) in Q1 2024 to P45 billion (17.1 percent of GDP) in Q2 2025, before increasing to P50.5 billion (19 percent of GDP) in Q3 2025. The temporary increase in reserves reflected inflows from Government external borrowing as well as a short-term rise in exports attributable to below-margin sales of selected diamond stones by De Beers.

However, reserves subsequently fell to P47.4 billion (17.9 percent of GDP) in Q4 2025, reflecting the persistent contraction in diamond exports amid ongoing challenges in the global diamond market. Throughout the period, receipts from SACU helped cushion the impact of foreign exchange outflows. Import cover of goods and services stood at 6 months at the end of Q4 2025.



Source: Bank of Botswana



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