

# BOTSWANA DIAMOND CENTER- CAPTURING VALUE FROM DIAMONDS

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Botswana Diamond Hub

## Botswana is a leading diamond producer

- Botswana produces on average 30 million carats per annum since 2004, and contributing about 25% of world rough diamonds production by value
- Diamonds contribute about 33% to total GDP
- Diamonds are the number 1 foreign currency earner for Botswana (about 80%)
- Diamonds contribute about 50% to government revenue

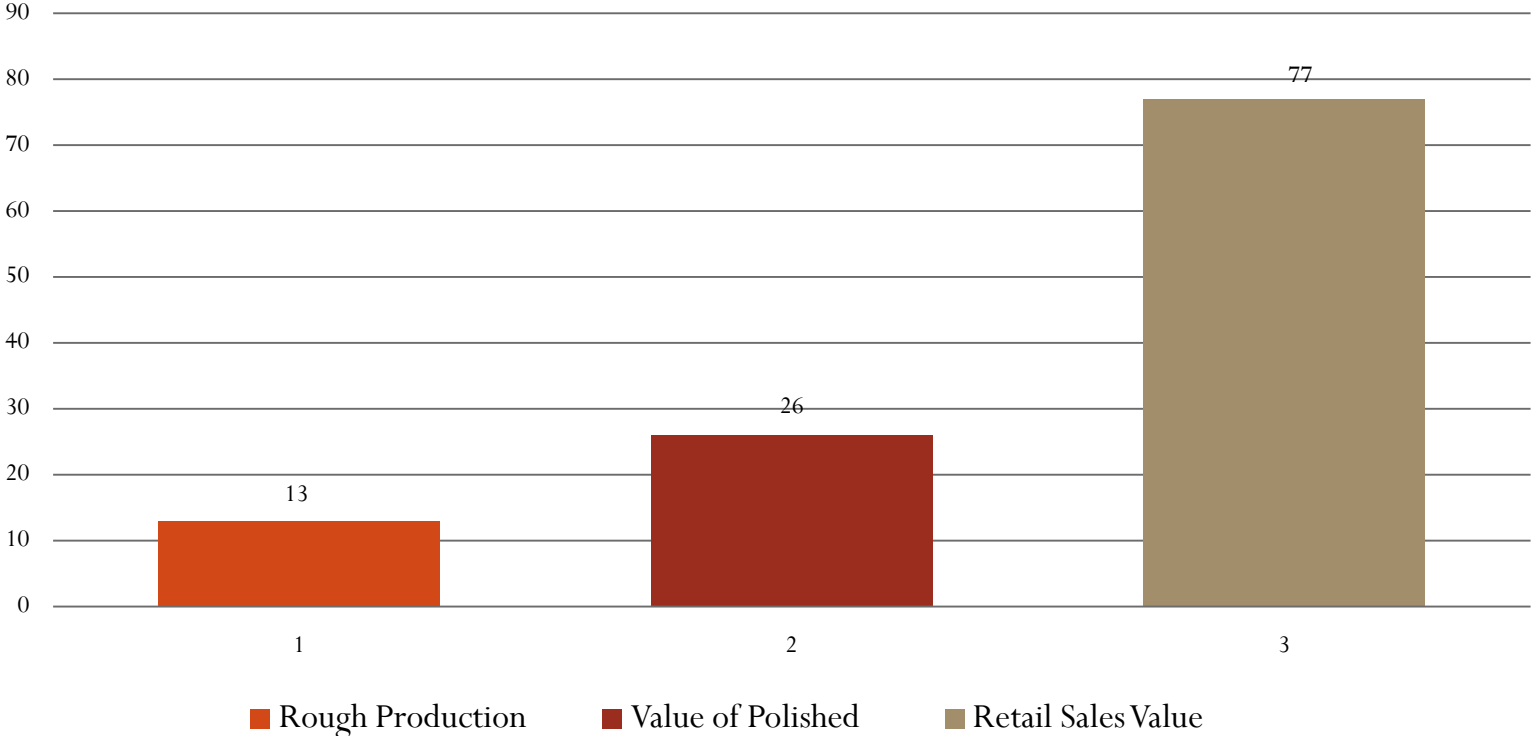
# Why beneficiation for Botswana?

**For the African diamond producing countries, beneficiation is not optional, not a passing whim motivated by political correctness, but an imperative, an absolutely essential and critical part of their macroeconomic policy designed to uplift their economies to provide education, jobs and healthcare for their people, and to make poverty history.”**

*Gareth Penny, Group Managing Director, De Beers, at the Antwerp Diamond Conference, Monday 15th October 2007.*

# World Diamond Pipeline -2008

**Diamond Pipeline in \$ billions**

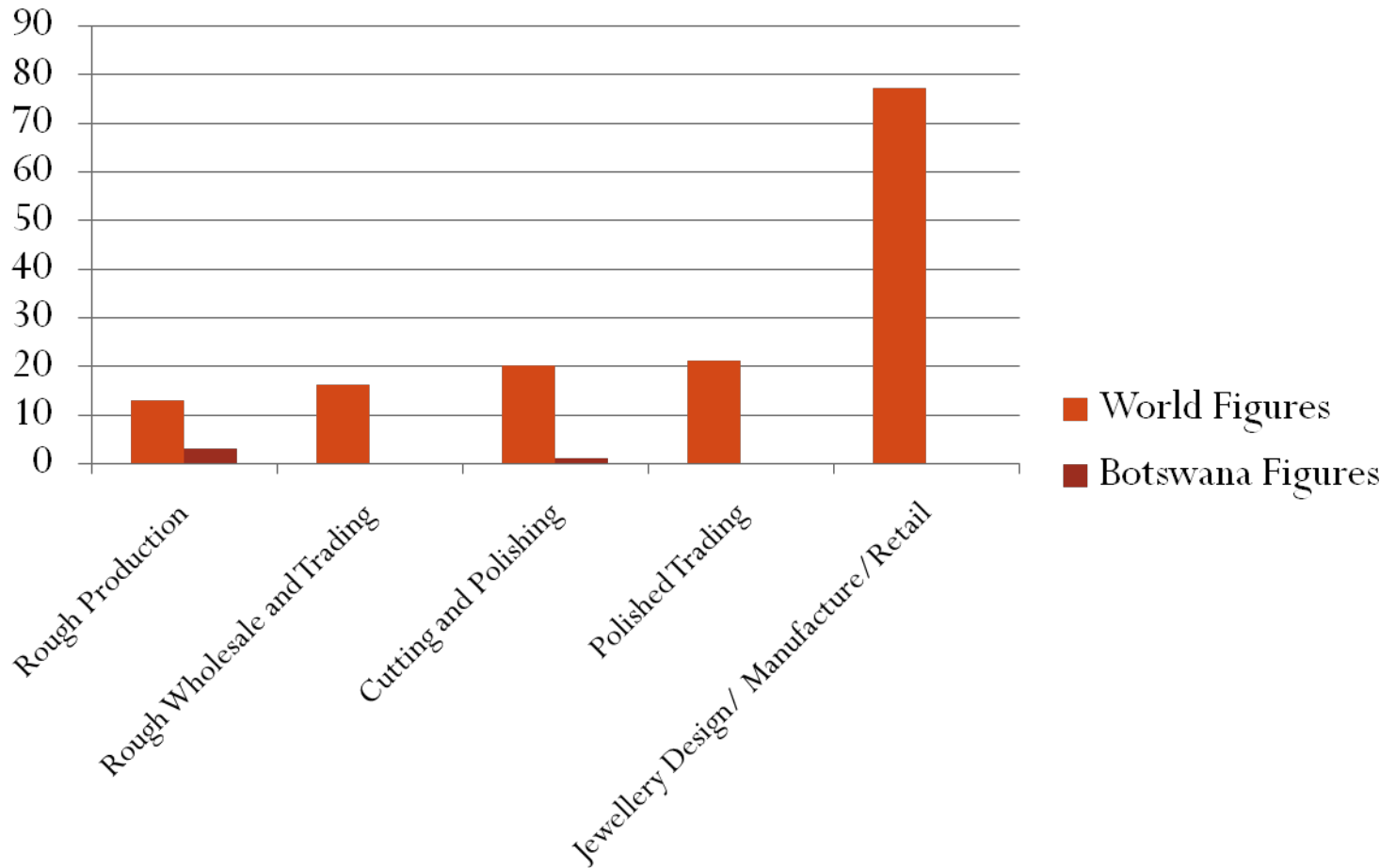


# Where does Botswana fit in this pipeline?

- In 2008 Botswana produced \$3 billion of rough (25% of world value)
- DTC supplied about \$300 million of rough to 16 sight holders in 2008
- Only about \$100 million worth of polished diamonds were exported during the same period)

Therefore there is still a big gap in what is being supplied and manufactured locally.

# Botswana's Current Position in the pipeline



# Challenges facing Botswana in Cutting and Polishing

- High labour costs (will never be India or China). Estimated at \$100/carat vs. \$30 in India and China
- The whole manufacturing process not carried out locally because of lack of skilled work force (marking, sawing and finishing activities still done outside the country)
- No sector specific financing
- No trading amongst current sight holders. Therefore have to polish stones with no financial return.

# Actions taken by the Government to assist the industry

- Expedited process and Relaxed labour law for importing of skilled workforce (exemption on work permits including fee)
- BOTA Training Levy
- Setting up of a Government Diamond Office to handle KP's, import, export permits etc. (End 2009)
- Currently in the process of licensing ABN AMRO
- Construction of a Secure Transfer Facility (End 2009)
- Review of the Tax regime for the sector
- More communication with the BDMA
- Discussion with institutions and countries for training of locals

# Where can Botswana capture value from her Diamonds?

- Rough Trading
- Polished Trading
- Niche Jewellery Manufacturing

# Conclusion

Our wish as a country to become a big player in the Downstream Diamond Industry is not born out of sentiment of being the World's leading producer but from genuinely believing that there is an opportunity to be taken as the time is right to take the plunge.

However, we believe that that should not be a solitary effort but should be shared with entrepreneurs' out there who believe in the dream. Botswana welcomes to share in its quest to become a leader in the downstream diamond industry.

THANK YOU !