



DTC Botswana



Sales Agreement

For 40 years, Debswana has been selling all of her diamonds exclusively to De Beers who in turn shipped the diamonds to London for aggregation and selling to its customers known as Sightholders.

In September 2011, the Government of Botswana and De Beers announced a landmark 10-year sales agreement that would see De Beers transfer its London-based diamond trading activities to Botswana by the end of 2013.

Debswana will continue to sell 100% of its annual output to DTCTB, which will sort and value the production. DTCTB will sell the majority of this production to De Beers and the balance to a new Government appointed sales outlet – Okavango Diamond Company.

The new agreement, the longest signed by the two shareholders, now sees De Beers' Sightholders purchasing their rough diamonds from Gaborone and initiates the much-needed critical mass of secondary diamond trading in Botswana.

Some of the benefits of the agreement include; the growth in volume of diamonds traded in Botswana up to the tune of about USD6billion, much of which it is hoped will go through local banking institutions. This will result in growth in employment, as well as downstream and other support services.

This agreement is the cornerstone of the long-term future of one of the world's most successful public / private partnerships.

Migration of Diamond Trading Company

A \$6 billion dollar company moves to Botswana

On 14 August 2012, the De Beers Group formally commenced worldwide diamond aggregation in Gaborone, two months ahead of schedule. The milestone is part of the sales agreement between De Beers and Botswana and marks the delivery of the first phase of the migration of De Beers' sales activities to Botswana.

The process of aggregation, which involves the mixing of like-for-like diamonds from De Beers' global production, is an integral part of De Beers' business. It provides Sightholders with supply consistency to enable them to plan their downstream business and commit to long-term investments in producer countries such as Botswana.

Until the launch of Aggregation in Botswana, aggregation had taken place in London for nearly 80 years. Aggregation cements a solid foundation of beneficiation to Botswana. Aggregation is hugely important to beneficiation because aggregating diamonds generates scale, reduces volatility and provides continuity for Sightholders.

There are five key processes used in Aggregation:

- Quality assurance – checking that the diamonds have been accurately sorted;
- Stock management – "rolling" or mixing of diamonds that have been accurately sorted and valued;
- "Splitting" – or weighing/counting and allocation of rough diamonds into parcels of diamonds that will be presented for sale at the Sight;
- "Sight box preparation" – the process of collating the parcels of diamonds allocated to each Sightholder into boxes for sale at the Sight.

Aggregation now takes place in the new purpose-built De Beers facility housed within the DTC Botswana building. Following the relocation of aggregation activities, De Beers relocated all DTC Sights and sales operations from London to Gaborone by the end of 2013 - transferring professionals, experience, equipment and technology into the country. By the end of 2013, more than P170 million had been invested in the DTC Botswana building for modifications and extensions.

Beneficiation in Botswana

The 2011 sales agreement secures De Beers' long-term access to the largest supply of diamonds in the world, and will transform Botswana into a leading diamond trading and manufacturing hub.

The landscape of the diamond market has been changing rapidly in the years following the global economic downturn. Demand for diamonds is growing and beginning to exceed supply. The emerging growth in China and India (China, India and the Gulf are projected to surpass US market share in just over three years), coupled with no new major sources of supply in the horizon, means that rough diamond supply is more valuable than ever.

At the same time, the owners of that supply (producer countries) are increasingly articulating their aspirations for their natural resource and the role it must play in their own domestic economic development.

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The discovery of diamonds is the foundation on which Botswana was built. Despite the diamond industry being prone to recession, the revenues from diamonds have helped raise the fledgling new democracy of the 60s from a poor, foreign-aid dependent country to the prosperous, modern country it is today.