

Taking our Diamonds from De Beers

Who Owns Diamonds Mined by Debswana?

This blog is a consolidated and updated version of social media posts that each dealt with mineral resource ownership as relates to rights and obligations of host countries and investors.

The posts addressed the following specific questions:

- 1) Who Owns Diamonds Mined by Debswana?
- 2) Can the Botswana Government Deny De Beers the Right to Sell Debswana Diamonds?
- 3) State-owned Enterprises, Trading and Processing Minerals
- 4) History is a Great Teacher and Noteworthy Insights

Sheila Khama

April 2026

Revised and consolidated version

Some of the sentiments expressed by Botswana's President on 17/07/25 are common:

<https://youtube/o3tRgVPbn0I?si=EPRmECqNZ7ZLZlqc>

In fact, they are likely to echo beyond Botswana and resonate with some African's whose leaders have and will continue to express similar sentiment towards mineral, oil and gas resources. Think about it and consider how often have you heard a national leader utter these words, "*these are our minerals*"? Have you wondered what the words mean, or have you assumed the words self-evident? Inspired by Botswana's President and using the case of Debswana Diamond Company in Botswana I unpack the issue and more. I pose and attempt to answer essential questions starting with who owns diamonds mined by Debswana. Though specific to Botswana diamonds and regardless of the mineral type or jurisdiction, the discussion offers useful insights into minerals rights, security of tenure, governance, and benefits sharing as pertains to host countries or investors.

First listen to President Boko: <https://youtube/o3tRgVPbn0I?si=EPRmECqNZ7ZLZlqc>

His Excellency the President of Botswana suggested that based on the State's ownership of the resources, the government might intervene and replace De Beers in the marketing of Debswana diamonds. So let's start here. The question of who owns a country's extractive resources is best answered by unpacking the rights enjoyed by companies relative to those accruing to the State. Botswana's mineral legal framework as relates to the issue is described below. It is similar to that of other African countries as can be found in this database: <https://www.a-mla.org/en>

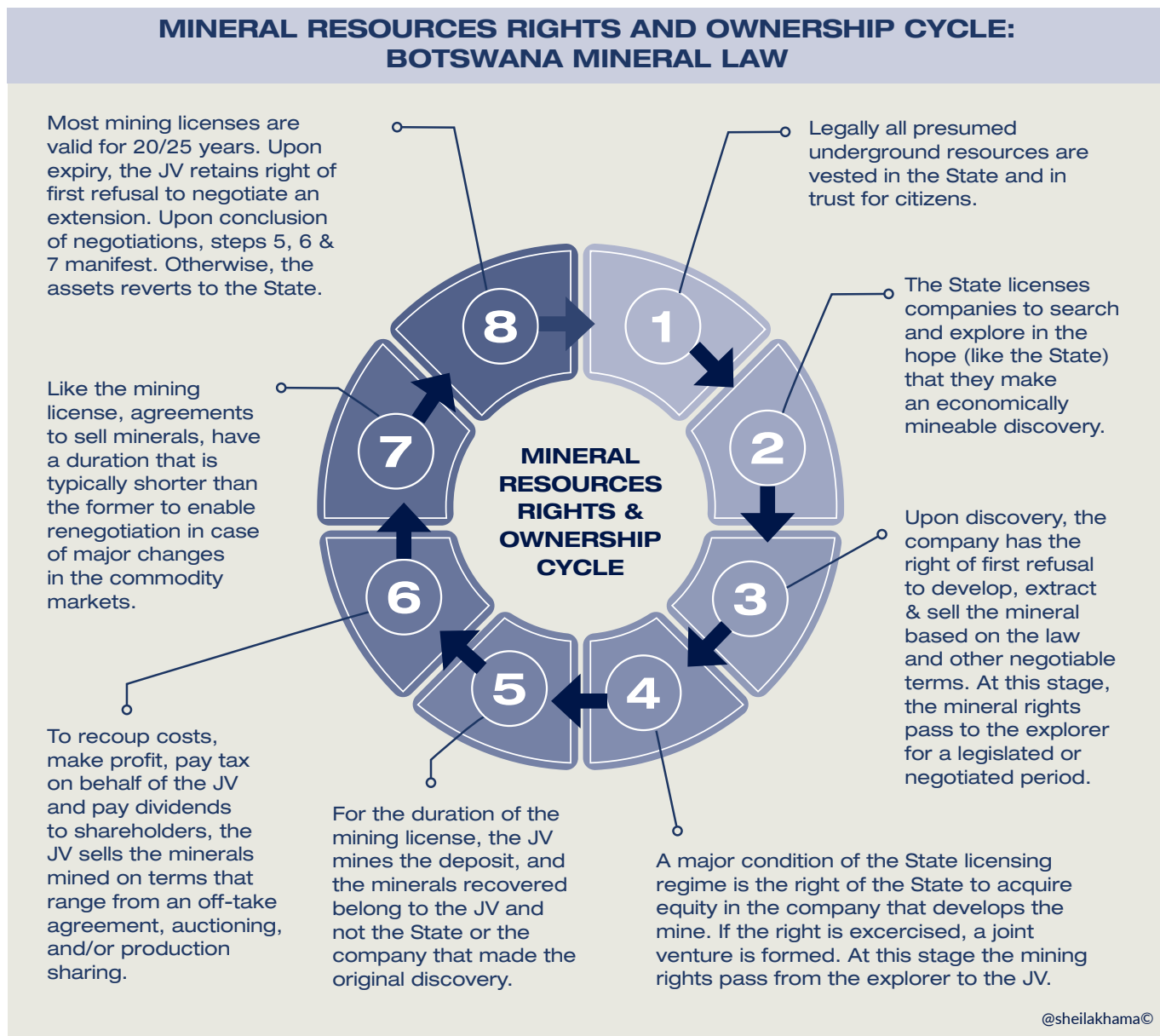
1. Who owns diamonds mined by Debswana?

Botswana mineral law vests the resources in the State. However, upon making a discovery, De Beers, like other mining companies, secured right of first refusal to develop the mine. Consistent with Botswana's Mines and Minerals Act, the State has the right to acquire equity in the company that develops and operates the mine. If and when the State exercises this right, a joint venture (JV) between the explorer and the State is formed. It is this JV that applies for and is granted an original mining license and subsequent renewals. Through this process and for the duration of the license, the JV acquires and retains the right to mine the mineral deposit. In the case of the partnership between Botswana and De Beers, that JV company is Debswana and was formed in 1969 following De Beer's discovery of the Orapa and Letlhakane deposits. Upon De Beers' discovery of the Jwaneng deposit in 1976, the asset was incorporated into Debswana. To ensure parity, the **State's shareholding in Debswana rose from 25% to 50% in 1978**. What this means is that neither the State nor De Beers alone holds mining rights for Debswana mines, but rather the two shareholders enjoy the rights jointly. This is despite De Beers having discovered the deposits and the law having vested the minerals in the State.

Based on the above, the short answer to the question of ownership is that the two shareholders in Debswana own diamonds mined equally. A good way to understand rights as relates to ownership is to think of a mine in terms of a project with a life cycle over which ownership changes hands as shown in *diagram 1* below. To start with, having invested in exploration De Beers earned mining rights. Secondly, having financed the original cost of mine development and future resources extension projects, Debswana, like other mining companies, enjoys the right to sell the production, recoup costs and make a profit.

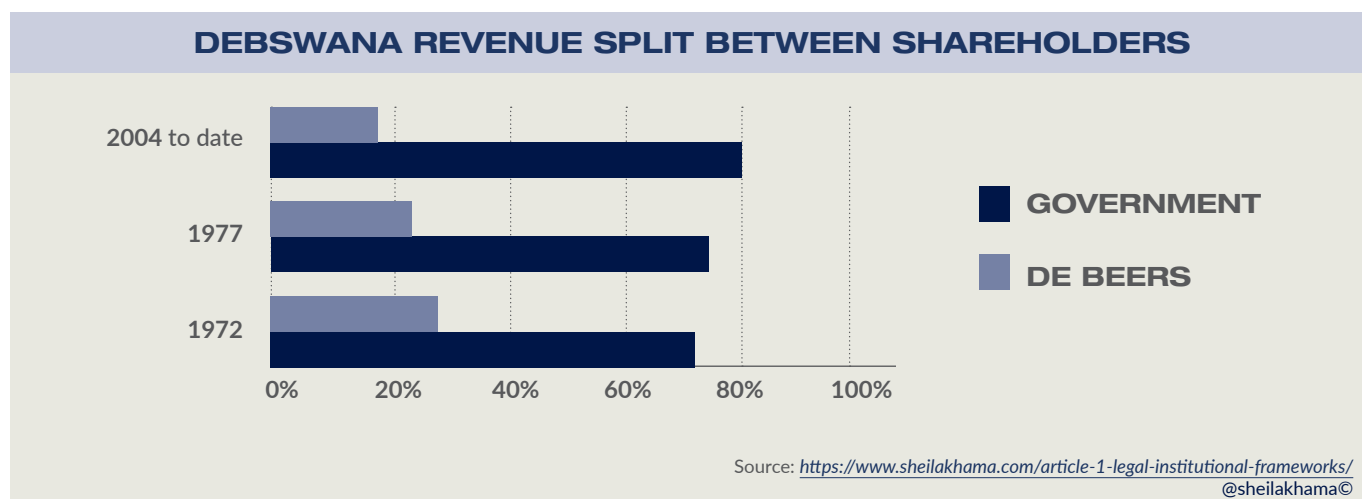
Under Botswana law, and the shareholders' agreement, the two Debswana shareholders enjoy this right jointly and equally. Using this analogy, ownership of diamonds from the Debswana mines depends on the stage in the life cycle of a deposit. At the very beginning of the cycle, which is the pre-discovery stage, legally the State owns the minerals that are presumed to be available. However, post discovery, post licensing of the development of a deposit and post mineral extraction, the mineral law transfers these rights to the party granted a mining license. In the case of Debswana mines, based on the company's mining license and hence the right to extract, for the duration of the license, the State has passed ownership rights to the company. Once the diamonds have been extracted, diamond stocks also belong to the company and are reflected as assets on the financial records of Debswana. That is to say, at that stage, the diamonds belong to the shareholders of Debswana not the Botswana Government alone. But here too, the State has a lot of leverage including influence over the rate of extraction such that, as the regulator, the Government approves annual and long term mineral development plans submitted by the company and consistent with its own development and budget plans. As the custodian of national wealth responsible to attract investment in mining, the State not only needs to protect private property rights, but to also ensure security of tenure. Investors like De Beers invest in the expectation that such rights are indeed guaranteed.

Diagram 1: Mineral Resources Rights and Ownership Cycle: Botswana Mineral Law



But the State is in a unique position recognized in law. Botswana mineral law therefore grants the State certain privilege as the lessor and custodian of mineral wealth. These rights are not enjoyed by De Beers. Apart from the very right to license third parties, the State enjoys many more including two worth mentioning. That is the powers to regulate the company that is licensed to mine a deposit and the State's right to impose different forms of tax on the mining company to generate revenues for itself. Hence notwithstanding the 50/50 shareholding in Debswana, as at 2006 the ratio of Debswana income between Botswana and De Beers was 81:19 in favour of Botswana. (See diagram 2 below). This is because De Beers only receives dividend and sales commission while the State's share of income also includes a number tax revenue streams. On the other hand, because of the 15% share Botswana has in De Beers Group, when that company declares dividend based on profits from all its subsidiaries including Debswana, Botswana also receives a share consistent with the country's equity and company dividend policy. Based on the latter, one could therefore argue that income from Debswana is much higher than shown below. For more details on this and the JV arrangements up and midstream of the diamond value chain, visit <https://www.sheilakhama.com/joint-venture-arrangements/>.

Diagram 2: Split of Debswana Revenue



So the notion of State ownership of mineral resources, though true in Botswana and other countries, not only needs to be contextualized, but under certain circumstances it also belies the reality. This is in part because under certain conditions it does not supersede the rights of investor on matters of property rights, mining rights, and specific agreements entered between the country and investor. **Importantly, through a multiplicity of rights and benefits accruing to the State (but not the ability to act unilaterally), State ownership continues to manifest.**

Given the thrust of His Excellency's remarks, in my next commentary I turn attention to sales arrangements for Debswana production. I discuss marketing arrangements, sales agreements, and any powers of the State to terminate or alter them unilaterally under current legal frameworks.

2. Can the Botswana Government deny De Beers the right to sell Debswana diamonds?

I continue my commentary following remarks by Botswana's President on 17/07/25:
<https://youtube/o3tRgVPbn0I?si=EPRmECqNZ7ZLZlqc>

This time I discuss the question of De Beer's right to sell a portion of Debswana production on the one hand, and the Government's powers to deny the investor such rights on another. *Firstly, why would this be important to any mining company?* The answer is simply that the right to sell the minerals mined is vehicle through which mining companies recoup investment and the basis for securing finance from banks for development of mineral projects across the board. For De Beers, given that diamonds are not a commodity, the marketing (originally through Central Selling Organization (CSO) and now Diamond Trading Company International), technology, IP and other systems for sale and distribution of rough diamonds have been at the core of the company's business model and competitive strategy since the creation of CSO in the 1930s. **While the quantum of production secured for sale is negotiable, the principle is not. In fact for all mining companies, in the absence of such an assurance, the investment cannot be justified financially. That is the big picture.**

Now to arrangements in Debswana.

Debswana is a separate legal entity from the Republic of Botswana and De Beers albeit owned jointly and regulated by the former using relevant laws and based on a suite of licenses and agreements. As a legal entity, Debswana is empowered by Botswana's commercial and other laws to conduct its affairs including to contract with third parties for supply and sale of goods and services. This means that in the context of the diamond sale agreements, the Government does not give De Beers diamonds from Debswana to sell. Instead, De Beers is contracted to Debswana to buy a portion of production, pay Debswana upfront and then sell to at its own cost and risk. The sales agreement dates back to the 1970s and was renewed for years at pre-agreed intervals. The original agreement was renewed every five years, but the duration changed to a 10-year cycle following conclusion of negotiations in 2011. The question then becomes, *can the Botswana Government terminate the sales agreement between Debswana and De Beers?* The answer is yes and no depending on the circumstances.

Starting with the affirmative, as with most contracts the Debswana sales agreement with De Beers can be terminated subject to the parties negotiating and agreeing terms. But to reach such an agreement would require revisiting several decades long agreements and negotiating ways to part while protecting the rights of all parties as envisaged in the agreements, including possible financial compensation. Legally, structurally, and operationally, the agreements involve several entities least of which are the Botswana Government, De Beers Group, Debswana, DTC International, DTC Botswana and indirectly Anglo American Corporation plc (AAC) and Okavango Diamond Company (ODC). Each would be materially affected and every contribution that each entity makes to the whole would have to be renegotiation including intellectual property rights owned jointly in Debswana, those relating to technologies owned by De Beers' own sorting and valuing entities and more. The sorting and valuing know-how is not only proprietary to De Beers but, to give itself and its partners a competitive edge, De Beers only deploys such resources in wholly-owned subsidiaries and JVs. As such the company does not sell the technology and equipment in the open market but licenses the technology and IP for exclusive use as long as partnership arrangements remain in force. So, among others it is the fate of such operations that would need consideration. Either way the interim period would potentially disrupt operations, disrupt revenue flow, and undermine confidence in the market. Viewed this way therefore, the answer to the question of if the Botswana Government can terminate the agreement unilaterally is, not likely in the current construct.

So, the question becomes *under what conditions can the Government of Botswana unilaterally terminate the Sales Agreement?* Again anything is possible but two possible conditions open the way for this. Firstly in the event that De Beers is in default on matters of compliance and contractual obligations. Secondly if the authorities disregard the laws of the country and set aside all rights and obligations captured by the suite of agreements that govern the arrangements for partnerships, licensing, mining, sorting, valuing, and trading. The most significant being the mining leases, terms of De Beers Group JV, the Debswana JV, DTC Botswana JV and the Sales Agreement between De Beers and Debswana. Regarding the cutting and polishing factories, because it was Botswana and De Beers that invited the first ten cutting and polishing

factories to open operations in Botswana in 2006, based on an undertaking that parties would receive an additional supply of diamonds from De Beers, these rights and potential damages from the investment made could possibly arise. Finally, if the country changes its laws and applies new ones with new powers of the State retrospectively, though subject to legal challenge, this might be another possibility. In so doing Botswana's leaders would usher a new governance age with far reaching implications.

Speaking of default, under current market conditions, *can low sales by De Beers be considered a default and classified as failure to abide by its obligation to sell Botswana diamonds?* The answer is, *only if a systematic assessment shows that consistently the company is under-performing relative to the market and others.* Also if one ignores market conditions and presumes the company's performance and diamonds are immune to open market forces. This might also call for an assessment of the company's track-record, contribution to Debswana and Botswana over the last 50 years. As such, the issue is not a simple matter of taking our minerals. Instead any decision leading to termination of the sales agreement at Botswana's initiative would be complex, costly, and likely protracted. In my next blog, I turn to the state-owned entity ODC, which is also a client of Debswana.

3. State-owned Enterprises, Trading and Processing Minerals

A Case of Botswana's Okavango Diamond Company

The rights of the State as protected in law and based on agreements between itself and mining companies are not an end in themselves. On the contrary, the rights are a first step towards leveraging its position to maximize natural resources value. Therefore, ultimately, it is how the State uses opportunities presented by such arrangements that determines whether operations of State owned enterprise (SOEs) deliver value. In the case of Botswana diamonds, the performance of the diamond trading SOE with production sharing rights for Debswana diamonds should ideally be assessed on its ability to pass this test based on proof of commercial viability, among others. Such a yardstick goes to the core of the value proposition of this and other SOEs in extractives.

So, while President Boko's statements of 17/07/25 were interesting, they also provoked thought for what they did not allude to. <https://youtube/o3tRgVPbnOI?si=EPRmECqNZ7ZLZlqc>. The speech-writer appears to have overlooked a major factor relating to the sale of Debswana diamonds. That is, the production is not only sold by De Beers but by the State's own company Okavango Diamond Company (ODC). At 30% share of Debswana production and increasing to 50% by 2033, ODC's performance is an integral part of the stability of Botswana and global diamond industry. While a few months later President Boko did acknowledge poor sales performance by ODC, in July 2025 he did not. In only bemoaning low sales by De Beers which accounts for the balance Debswana diamonds, the President painted an incomplete picture by omitting to also comment on the performance on the part of the SOE.

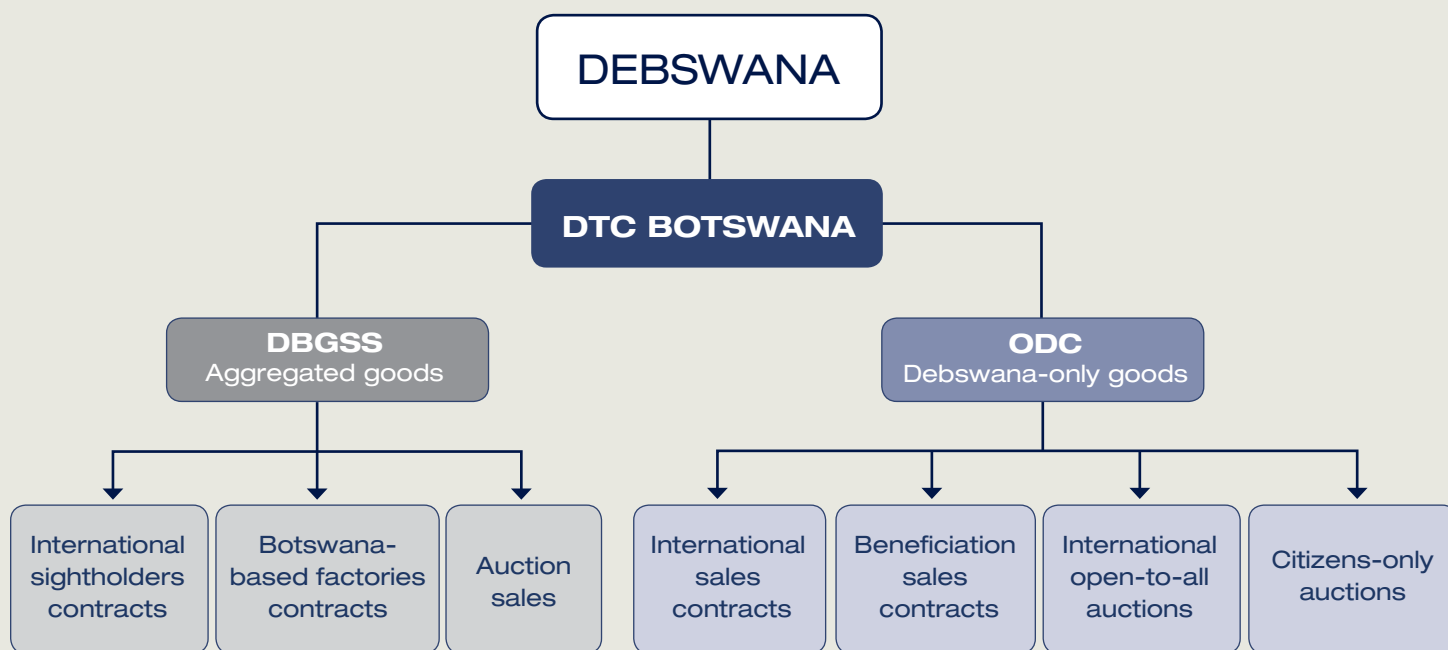
But why is this significant and why was the original omission noteworthy? There are several reasons but perhaps the most important is ODC's description of itself in which the company acknowledges the significance of its share of Debswana production in volume and value of sales.

As of September 2025, the statement on the website read, *'with access to 30% of Debswana's run-of-mine production, ODC is an important supplier to the market with sales in the region of \$500 million per annum.'* <https://www.odc.co.bw/about>. ODC quite rightly reminds the reader that, like De Beers, the company is an important player in the rough diamond market and a valuable contributor to national coffers. But while the two companies are similar they also differ in a number of ways. Firstly, a look at other similarities.

Both companies are clients of Debswana, and their sales performance impacts the financial performance and revenue flows from Debswana to its shareholders. The Government of Botswana is a shareholder in both companies with 100% equity in ODC and 15% in De Beers Group. The manner in which the two sell Debswana diamonds is also similar because though ODC originally only sold through auctions, since 2024, the company has committed to three sales channels. Namely (1) international auctions open to all, (2) auctions that are only open to citizen buyers and (3) contracts the conditions of which are yet to be publicized and operationalized. <https://www.odc.co.bw/#customer>. For its part, De Beers's mainstay are two-year contracts with clients known as sightholders. But the company occasionally auctions a small portion for market intelligence. Under normal rough diamond market conditions, Debswana sells to the two clients every six weeks. However, as was the case during the 1983 and 2009 rough diamond market depression, the last 3 years have once again disrupted the sales cycle, volume, and value. Either way the apparent overlap between the business of the two companies comes from the fact that, given that clients of De Beers dominate the cutting and polishing industry worldwide and comprise some of the few investors with the financial muscle to absorb ODC volumes, it is reasonable to assume that not only will these companies dominate ODC international auctions, but they will also likely dominate the sales contracts too.

Diagram 3: Channels for Selling Rough Diamonds

CHANNELS FOR SELLING ROUGH DIAMONDS FROM DEBSWANA AND DE BEERS GROUP



@sheilakhama©

The differences between the two companies are more extensive and material starting with contractual obligation to sell to Botswana based cutting and polishing factories and the company can alter its sales policy at will. Contractually, ODC is not obliged to sell to Botswana- based cutting and polishing factories. This is inconsistent with Botswana's goal. *Botswana Minerals Policy 2022 | BGI paragraph 3.5*. So departed was ODC's original marketing strategy from Botswana's policy that on March 15, 2022, (the same year that the policy was approved), a Memorandum of Understanding (MoU) between ODC and the Dubai Multi Commodities Centre (DMCC) was signed to use the Emirati trading platform to auction some of the Debswana diamonds. (*DMCC Signs MoU with Botswana's Okavango Diamond Company to Support Development of the Industry*).

Equally and regardless of where the sales take place, until 2026 there was no requirement for purchases made through international auctions or from those set aside for citizens only to be cut and polished in Botswana. ODC clients were at liberty to export goods to be cut and polished at destinations of their choice. With the exception of beneficiation sales contracts, as of January 2026, these arrangements remained in force meaning that the bulk of ODC goods are likely to end up in cutting and polishing factories outside Botswana. For its part, since 2006, based on the terms of the sales agreement with Debswana, De Beers is required to supply some of the company's clients with additional goods that must be cut and polished in Botswana. From 2023, the annual value of such goods rose from US\$950m to US\$1b annually. As stated earlier, De Beers also auctions insignificant quantities to assess the market.

One must ask, *why not require ODC to supply Botswana-based cutting and polishing factories exclusively, especially as supply to De Beers decreases?* Quite apart from the obvious increase in economic deliverables, such a decision matters because an important difference between ODC and De Beers is the source of diamonds for the two companies. ODC only buys and sells diamonds from Debswana while the De Beers sells diamonds that are a mix of stocks it buys from Debswana, Namdeb in Namibia and produces from its mines in Canada, and South Africa. What this means is that ODC's potentially unique value proposition is that the diamonds are exclusively from Botswana. But there is a catch, and it is the fact that marketing is costly. Reports show that in the late 1990s, De Beers' advertising campaign cost the company and its partners about US\$250million annually. But for those who may question the value of advertising, apparently it is also essential to increase demand. For instance, in 2002 the United States Geological Survey (USGS) estimated that in US market the price of diamonds had grown by 26%, in comparison to emeralds at 11%, and compared to a 26% drop for sapphires. At the time, the market for diamonds had grown by 62% in comparison to other gems, which had only grown by as little as 25%. The USGS attributes this growth in demand and price to the 'A Diamond Is Forever' marketing campaign by De Beers.

Presumably in recognition of the potential upside, ODC has decided to launch the company's own marketing campaign to promote Botswana diamonds as a start of a branding initiative and to counter the potentially negative impacts of lab grown products. This is a worthy undertaking but one that is also costly to Botswana. This is especially so given that through the country's stakes in Debswana and De Beers, Botswana already markets diamonds generically. On the other hand, in case of a larger stake in De Beers, the cost of marketing rough diamonds could potentially be even higher given the need to revitalize demand. A factor that separates the two is that ODC only trades in rough diamonds sales. But De Beers is a vertically integrated company with exploration, mining, sorting, valuing, distribution, and jewelry retail operations. This means De Beers spreads the cost of advertising across different mining units, a rough sales channel and retail outlets. Of importance is the fact that to sell Debswana goods, ODC depends on DTC Botswana to sort and value the goods. For its part, DTCB is heavily reliant on De Beers designed and manufactured equipment, IP and other systems to sort and value Debswana production before the latter can sell.

But why do all these factors matter? The first and most important reason is quite simply that speaking about poor sales of Debswana diamonds through De Beers alone in July 2025 without reference to ODC's performance painted an incomplete picture. On the other hand, while legally and operationally the two companies are separate, DTCB and ODC's reliance on De Beers 'knowhow' begs the question of quite what Botswana's long term strategy is for Debswana diamonds on sorting, valuing, and marketing. This is especially important given the expected drop in production and revenue from Debswana albeit the life of the mine remains fairly long. Hence, proper evaluation of the performance of one cannot be conducted in isolation of the other as the two companies compete on one level and collaborate on another. Importantly, reliance on De Beers for IP and technology creates some risk to Botswana and the country's diamond industry SOEs.

Speaking of risk, while all commercial undertakings and investment decisions have associated risk, purchases of Debswana goods specifically requires financial resources that expose the Government. Because of Botswana's level of equity, the risk to the country based on ODC's financial exposure is greater and manifests in multiple ways. For instance, in case the company needs to raise finance and banks call for a guarantee, the Government steps in as sole shareholder. Any risk of the company being unable to sell the goods or in case of lower than expected returns, the financial loss is born exclusively by Botswana Government. By contrast, as a shareholder in De Beers, the Government is not expected to fund purchases of Debswana diamonds. Importantly, once purchased from Debswana the diamonds sold to De Beers become that company's problem and any losses in De Beers are born jointly by Botswana and Anglo American Corporation plc. This raises two important questions. Firstly, *on matters of technological innovation, diamond sorting and valuing systems as well as cost of marketing, to what standard should the country hold itself and commit to invest? Secondly whether duplication of effort and overlapping arrangements between ODC and De Beers increases the value of Debswana diamonds to Botswana or that the arrangements merely increase operating costs?*

In conclusion, it's worth noting that leveraging capabilities of other companies in which Botswana has an interest to strengthen ODC is strategically astute. However, this should be predicated upon the understanding that to reap rewards from the investments, each company must perform optimally with its own distinct value proposition and value-add. Further that tapping the resourcefulness of one company need not be done by weakening/undermining another. On the other hand, one would hope that care is taken to avoid a situation in which ODC's is shielded from open market and commercial realities. That is to say, as with De Beers, ODC must pass the test of being in the business of marketing rough diamonds. Therefore, not continuously assessing ODC's contribution to sales of Debswana diamonds to ensure these standards are met, risks eroding the true value of selling Debswana diamonds through a standalone SOE.

4. History is a Great Teacher and offers some Noteworthy Insights

In the final analysis, external market forces are beyond the companies in the diamond value chain including those in which Botswana, De Beers and Anglo American Corporation plc (AAC) have a stake. However, occasionally some strategic choices by one or all the companies can impact the market positively or negatively. Some appreciation of past decisions and impacts might provide useful context on the evolution of industry. This includes ways and which such decisions might have contributed to the state of affairs as alluded to during President Boko's remarks of 17/07/25.

Of importance is the fact that over the years the relationship between the above companies, the structure of the market, global crisis, international trade laws and civil society voices have impacted corporate strategies and regulatory frameworks. The result is some major changes to the industry structure. Given the influence that Botswana, AAC and De Beers have on the rough diamond market and notwithstanding the rationale for decisions made over the years, it is likely that some corporate strategies and/or national policies had unintended impacts. Therefore, reflecting on impacts of these decisions on the stability of the diamond industry might be a worthy exercise to lay the foundation for a pathway forward. In policy circles, the process is known as Regulatory Impact Assessment (RIA). RIA requires an examination of internal and external environments, evaluation of impacts and likely consequences of a range of regulatory/strategic options. By undertaking a similar exercise as relates to major historic milestones in De Beers and the industry, AAC, Botswana and De Beers might benefit from lessons therein. Given market conditions, it may be worth studying those relating to distribution, marketing and advertising to enable future shareholders of De Beers to restore market fundamentals. Below are a few such milestones.

HISTORY IS A GREAT TEACHER

ISSUE #1: PARTNERSHIPS

Botswana, the Oppenheims & Partnerships in De Beers & Anglo American Corporation (AAC)

- 1967** - De Beers announces discovery of the Orapa, Letlhakane and Damtshaa deposits
- 1969** - Botswana and De Beers create a JV today known as Debswana to mine the three mines
- 1987** - Debswana acquires 3.75% shares in De Beers
- 1987** - De Beers relinquishes 2 its right and offers the boards seats for Debswana to Botswana nominees
- 2002** - Oppenheims sell 33% stake in AAA plc
- 2004** - Botswana increases the country's share of equity in De Beers to 11.25%
- 2004** - Botswana sells its 2% shareholding in Anglo American Corporation plc, for \$87m
- 2006** - Botswana increases shares in De Beers to 15%
- 2006** - Oppenheims unsuccessfully invite Botswana to partner and take control of De Beers
- 2008** - Botswana and De Beers create a diamond sorting JV-Diamond Trading Company Botswana
- 2011** - The Oppenheims sell the family's entire stake in De Beers Group
- 2011** - Botswana opts not to increase shares in De Beers giving AAC plc a 85% controlling share
- 2024** - AAC plc announces a decision to sell its 85% stake in De Beers Group
- 2025** - AAC writes down the book value of De Beers by \$2.88 billion, putting the value at only \$4.1b
- 2025** - Botswana announces plans to acquire a controlling share in De Beers Group
- 2025** - Angola invites Botswana, Namibia and South Africa to buy Anglo shares in De Beers Group
- 2025** - Russian's Alrosa sells its stake in Angola's State controlled Catoca to Oman's sovereign wealth fund
- 2025** - The number of potential buyers of the AAC plc stake is narrowed down to three contenders
- 2026** - Botswana opens is first diplomatic mission in the Gulf State of Oman

 @sheilakhama©

HISTORY IS A GREAT TEACHER

ISSUE #2: ROUGH DIAMOND SALES ARRANGEMENTS

De Beers, Debswana, Alrosa and ODC & Rough Diamond Sales Arrangements

- 1933** - De Beers' Ernest Oppenheimer creates the Central Selling Organizations' (CSO)-single channel marketing system
- 1969** - Botswana enters into a sales agreement with De Beers to sell all production by the Botswana JV through CSO
- 2006** - De Beers agrees to supply ten of its clients with diamonds to cut in Botswana
- 2009** - To comply with EU competition law, De Beers ends a sales agreement with Russia's Alrosa losing market share
- 2011** - Botswana secures a 25% production sharing agreement with Debswana reducing De Beers market share further
- 2011** - Botswana creates an SOE to market the country's share of Debswana production
- 2011** - The state entity operates with no obligation to supply Botswana based factories for 10 years
- 2018** - De Beers is joined by Alrosa to finalize design of traceability systems using block-chain technology dubbed 'Tracr'
- 2022** - ODC signs an MoU with Dubai's DMCC to use the platform to hold auctions for its share of Debswana production
- 2023** - Agreement is reached by Botswana and De Beers to increase ODC production share Debswana to 50% by 2033
- 2023** - G7 and EU countries implement phased bans on Russian sources but only for non-industrial diamonds
- 2024** - ODC revises distribution channels adding citizen only, beneficiation only, auctions and contracts to the company sales mix
- 2024** - ODC and De Beers rough distribution channels as relates to contracts and supply of Botswana factories overlap

 @sheilakhama©

HISTORY IS A GREAT TEACHER

ISSUE #3: MARKETING, ADVERTISING AND PROMOTING DIAMONDS

- 1947** - De Beers' Harry Oppenheimer launches advertising campaign 'A Diamond is Forever'
- 1967** - De Beers starts an advertising campaign revolving around engagement rings in Japan
- 1981** - Japan becomes the second largest diamond market in the world after the USA
- 1996** - The advertising budget funded by De Beers and partners approaches about \$200m annually
- 1990** - Purchase of diamond engagement rings for U.S. brides rose from 10% to roughly 80%
- 2000** - US share of diamond jewellery accounts for about 50% of estimated global sales
- 2000** - 'A Diamond is Forever' tagline wins NYC's Advertising Age slogan of the century prize
- 2001** - De Beers partners with Louis Vuitton (LVMH) to establish a retail arm De Beers Diamond Jewellery
- 2002** - US Geological Survey estimates that in US prices of diamonds grew by 26% versus 11% for emeralds
- 2002** - US Geological Survey estimates US market for diamonds grew by 62% vs 25% for other gems
- 2008** - Debswana ends contribution towards De Beers's advertising budget and other JVs follow
- 2008** - De Beers suspends the company's decades long 'A Diamond is Forever' campaign
- 2008** - De Beers launches the 'Forevermark' brand
- 2015** - De Beers launches a new diamond marketing campaign through the 'Forevermark' brand
- 2017** - De Beers and LVMH terminate the retail joint venture
- 2021** - China's luxury goods market grew by 20% pa, as some purchases of jewellery grew by 30%
- 2023** - De Beers relaunches the 'A Diamond is Forever' marketing campaign
- 2023** - Debswana resumes contribution to the 'A Diamond is Forever' advertising campaign

 @sheilakhama©

HISTORY IS A GREAT TEACHER

ISSUE #4: MAJOR DIAMOND MARKET THREATS & COUNTER MEASURES

Global Economic Recessions

- 1930** - Global recession brings the diamond industry to a brick of collapse
- 1933** - Sir Oppenheimer creates Central Selling Organization later renamed DTC International
- 1983** - The diamond industry goes into a major recession
- 2008** - The diamond industry is hit by the global financial crisis
- 2011** - Diamond prices hit an all-time high thanks to advertising and Chinese consumption
- 2023** - The diamond sales drop as consumer confidence in the product and industry weakens

Conflict Diamonds Threat

- 1984** - De Beers closes company purchasing office in Sierra Leone during a civil war
- 1998** - The UN bans exports of diamonds from rebel groups
- 1999** - International NGOs call for an all-out ban on the trade in gem diamonds to defund conflict
- 1999** - The UN declares Angola, Liberia and Sierra Leone diamonds conflict diamonds
- 1999** - Congressman Hall proposes a bill to ban imports of diamonds to US at 50% market share
- 2000** - Governments, industry and NGOs create Kimberley Process(KP) & System of Warrantees
- 2001** - De Beers shuts exploration activities in Angola to ringfence clean gems from Botswana, etc.
- 2001** - President Mogae testifies to Congress in defense of 'Diamonds for Development'
- 2003** - US Congress passes the Clean Diamond Act to allow import of clean diamonds in the US
- 2009** - Zimbabwe is suspended from the KP on grounds of lack of compliance
- 2011** - Some NGOs quit their observer status on KP to protest failure to hold countries to account
- 2023** - Zimbabwe assumes the Chair of the KP

Lab Grown Diamonds

- 1958** - De Beers Diamond Laboratory synthesized synthetic diamonds for the first time in South Africa
- 1996** - De Beers reports development of technologies for distinguishing synthetics
- 2006** - Botswana and De Beers agree to only introduce lab diamonds in defense of naturals
- 2018** - Botswana and De Beers agree to commence sale of lab diamonds
- 2025** - De Beers partners agree to end the marketing of lab diamonds

 @sheilakhama©

Noteworthy Insights

One of the main takeaways from the above milestones is that change is the only constant. Another is that the rough diamond market has historically been subject to recessions. On the other hand, in times of crises, those dependent on the industry have partnered and responded based on enlightened self-interest. No partnership has been dependent on this than that of Botswana, the Oppenheimer Family and De Beers over the first 40 years of diamond mining in Botswana. But research shows that most JVs collapse in the first 30 years. [Why Joint Ventures Fail – And How to Prevent It | by Water Street Partners | Medium](#). This means that after 50 years, De Beers, Botswana and AAC plc have bucked the trend. A condition precedence is shareholder alignment such that partners act in unison to grow the asset base, protect shareholder value, grow demand and fend off negative external forces.

Timing Matters

The performance of the overall jewelry market is driven by sales in the US market. This cycle might serve as a good illustration. To benefit from US sales, the third quarter is the time for shareholders to buy goods and build up stock in readiness for the period leading to Thanksgiving and Christmas holidays because diamond jewelry sales during this period historically make up to 40% of all US annual sales. Those in the industry know that the second and third quarter offer a last chance to boost annual sales. It is an opportunity to boost market confidence and not sow doubt in the mind of buyers, Regarding AAC sale of shares in De Beers, ideally all those with an interest in the transaction should want to attract the best bidder, and set the new partners on a good footing. Expressions of lack of confidence in each other and in the value of the company De Beers by Anglo and Botswana is not only counterproductive, but its timing in relation to this cycle can be detrimental. In fact, it is akin to placing a house in the market, mounting a sign on the rooftop, and broadcasting that the roof leaks!!

Sheila Khama has been a non-executive director of FTSE, NASDAQ, ASX, and Saudi Stock Exchange listed companies, Chairperson of AMREF, a policy advisor, podcast host, and an associate fellow of Chatham House. She is former CEO of De Beers Botswana, a former NED on boards of Debswana and DTC Botswana, and former Compliance Officer of Anglo American Corporation Botswana.

www.sheilakhama.com/Podcast
www.sheilakhama.com/blogs@sheilakhama

