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International Symposium

Africa and Asia Entanglements in Past and Present : Bridging History and Development Studies

“Botswana a diamond centre without industrialization, a regional context”

Maiteos Bolaane(University of Botswana)

Abstract

Academic literature largely depicts Africa as the world’s poorest continent, where the majority of people live with no access to social amenities such as clean water, decent health care, education and electricity, and struggle to survive in the face of high levels of unemployment, poverty and inequality. However, several cases can be cited of the exploitation and export of mineral resources, where revenues are generated from the commercialization of various minerals, including diamonds. But the wealth from these natural resources do not seem to translate into a reduction in poverty and creation of jobs for the youth. In Botswana’s case, the country has recorded impressive economic growth since independence in 1966, much of it closely linked to its diamond mining industry, which transformed it from being one of the poorest countries in Africa in the 1960s to a middle income status by 2013. The question that can be asked when comparing Botswana with other counties with minerals in the continent is how the country has managed to use its minerals to successfully build its economy, while other countries have not. It has achieved this despite the fact that it contributes a modest US\$11 billion in value to the global estimate of US\$70 billion generated by the world’s diamond value chain from production, manufacturing to retail. Until 2013, the cutting and polishing of Botswana’s diamonds were carried out at a Diamond Trading Centre (DTC) in London, thus denying the country the benefits that come with the beneficiation of raw materials. In 2013 a decision was made to move DTC to Gaborone, the capital of Botswana. The aim of this paper is to examine Botswana’s official status of a “diamond centre” in the region and why the lucrative diamond industry did not promote the country’s industrialization. Using the three-typology characterization of development that was suggested by a 2011 World Bank report on Global Competitiveness, namely, a factor driven economy, efficiency driven economy and a knowledge-based economy, the paper will examine this typology in the context of the southern African region where De Beers have held a monopoly in the diamond industry. While Botswana may now be striving for a knowledge based economy, it will be argued that it is still hanging between the factor driven economy and the efficiency driven economy and that this has retarded its industrialization efforts. The study uses multi-disciplinary sources, including interviews to develop its argument and to



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analyse the significance of diamond mining to the development of Botswana, in general, and the country's industrialisation, in particular, within a regional context.