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Botswana Summary 7 August 2026

The sale of United Kingdom (UK)-headquartered Anglo American's 85% stake in UK-headquartered De Beers may be entering its final phase, but the outcome remains far from settled, with Botswana holding pre-emptive rights even as questions persist over whether the country has secured the financing needed to increase its ownership. Gross Domestic Product (GDP) data for the first quarter of 2026 suggest the country could be undergoing a slow economic recovery after two consecutive years of contraction. Botswana secures tariff-free access to the United States (US) for its polished diamond exports, providing an opportunity to revive its struggling local cutting and polishing industry.

Botswana holds the cards as De Beers sale enters endgame

The sale of **United Kingdom (UK)**-headquartered **Anglo American**'s 85% stake in UK-headquartered **De Beers** may be entering its final phase, but the outcome remains far from settled, as Anglo's CEO **Duncan Wanblad** confirmed on 30 July that the company is "*not exclusive with anybody at this point in time*", despite **Botswana** announcing last month that Anglo had identified the **Global Diamond Consortium (GDC)**, led by former De Beers CEO **Gareth Penny**, as its preferred bidder. Wanblad's comments indicate that Anglo's selection of a preferred bidder should not be interpreted as a concluded transaction or even as an exclusive negotiation. Botswana, which owns the remaining 15% and holds pre-emptive rights over Anglo's stake, remains the pivotal player.

Minister for state president, defence and security **Moeti Mohwasa** told Parliament on 17 July that Anglo had selected GDC but added that government was evaluating the transaction and retained "*complete freedom*" to proceed alongside the preferred bidder, exercise its pre-emption rights alone, or partner with a third party. Under the existing shareholders' agreement, Botswana can acquire Anglo's 85% stake on the same terms, including price, as those agreed with the selected buyer. This gives Botswana an unusual degree of leverage at a critical point in the negotiations. President **Duma Boko** (2024-present) has previously termed the acquisition of a majority stake in De Beers a matter of national economic sovereignty.

The preferred-bidder announcement initially appeared to suggest that the contest for De Beers had effectively been reduced to negotiations between Anglo and Penny's consortium. Wanblad's subsequent remarks suggest otherwise. Anglo is still seeking to maximise the value and strategic outcome of its exit, while potential buyers continue to compete for an asset that has suffered a prolonged downturn in the natural diamond market.

For Botswana, the bigger question is whether it has the money to exploit the leverage it possesses. Boko has repeatedly expressed an ambition to increase Botswana's ownership in De Beers, at times signalling that the country wants a controlling stake. But there has been no public confirmation of a financing package capable of supporting an outright acquisition of Anglo's 85%. Government has discussed potential financing and investment partnerships with **Gulf** states including **Oman** and the **United Arab Emirates(UAE)**, but no definitive funding arrangement has emerged publicly.

This creates a difficult situation for Botswana **-** it has the legal right to block or reshape the proposed transaction, but exercising that right independently would require substantial financial resources. Mohwasa's language suggests the government recognises the constraint and, rather than committing unequivocally to majority ownership, he said Botswana was assessing the "*optimal structure*" and the extent of its participation, while ensuring that any transaction is financially attractive, involves appropriate risk-sharing and places only a limited call on public finances. Government advisers are also assessing financing options within Botswana's broader debt strategy.

This may ultimately lead to a compromise in which Botswana takes a larger strategic stake without attempting to buy the entire 85%, and such an outcome would allow the country to preserve influence while bringing in external capital and potentially sharing the risks of a business facing severe market pressures.

De Beers has suffered successive impairments as natural diamond prices weaken, and laboratory-grown diamonds gain market share. Wanblad himself has acknowledged that the industry underestimated the threat from lab-grown diamonds and that the downturn has proved more persistent than expected. Nevertheless, the sale offers Botswana an opportunity that may not arise again. If it can assemble the right financial partners, it can use its pre-emption rights to shape who controls De Beers, what happens to **Debswana Diamond Company**, a joint venture between the government and De Beers, and how Botswana participates in the global diamond value chain.

Mohwasa confirmed the government plans to have completed the De Beers transaction by December, and the coming weeks and months will therefore be less about whether Anglo has found a buyer and more about whether Botswana is prepared and financially capable of exercising the extraordinary leverage that its 15% shareholding gives it. While Botswana may not have the financial capacity in the bidding process, it remains the shareholder with the strongest hand.

Green shoots of economic recovery appear

Statistics Botswana GDP data for the first quarter of 2026 confirms that while figures are still very modest, the country could be undergoing a slow economic recovery after two consecutive years of contraction. Annual GDP grew by 0.2% in the first quarter of 2026 in contrast to the contraction in GDP experienced in 2024 and 2025. Statistics Botswana data shows that modest growth across the non-mining sectors of the economy was countered by ongoing contraction in the mining sector – annual mining output fell by 9.6% in the first quarter of 2026, a slower rate of decline than previously, but a decline, nonetheless. There was positive performance in copper and soda ash mining, but it was offset by reduced diamond and coal output over the year.

The global diamond industry and Botswana's diamond production and exports have shown mixed performance so far in 2026 as industry commentators report a "*faint but definite*" recovery in demand and sales, particularly in the **United States (US)**. There has also been a major marketing push by Botswana and other diamond mining countries to support natural diamonds and distinguish them from synthetics.

A substantial rebound in GDP growth for 2026 is expected, mainly driven by Debswana's increased diamond output. Depending on how big this increase turns out to be, GDP growth is expected to be between 2.5% and 4.5% for the year, marking a significant turnaround after two years of recession. Growth in the non-mining sector will be held back by high interest rates and low investment until the government cuts its spending and reduces its borrowing needs.

The **World Bank** launched its **2026 Botswana Economic Update** in July, in which it noted that spending needs to be reduced by some 4% of GDP to get the budget and debt trajectory back onto a sustainable path. The bank also noted that this can be done alongside improving the efficiency of government spending, especially in areas such as education, to achieve better development outcomes while restoring fiscal sustainability.

The central initiative to shift the trajectory of economic growth and development remains the **Botswana Economic Transformation Plan (BETP)**, with its mixture of private sector investment projects and public projects in infrastructure, alongside legal and regulatory reforms to improve the business climate.

US tariff ease offers lifeline for diamond polishing industry

As of 24 July, Botswana's exports to the US, including natural diamonds, have duty-free access, providing an unexpected opportunity for Botswana to revive its struggling diamond cutting and polishing industry, particularly as **India**, the world's dominant diamond processing centre, continues to face a 10% US tariff. The US is the world's largest market for natural diamonds, accounting for more than half of global demand.

US tariffs are based on the country where the diamond was manufactured rather than where it was shipped from. A rough diamond mined in Botswana but polished in India therefore retains Indian origin for US tariff purposes. That creates an incentive for some Indian and international diamond manufacturers to consider shifting at least part of their high-value processing operations to Botswana.

Botswana has long sought to develop itself beyond being a producer and exporter of rough diamonds. Cutting and polishing is estimated to represent a potential $34 billion segment of the global diamond value chain, yet the country has struggled to realise anything close to that potential. The local industry has faced high operating and labour costs, expensive rough-diamond supplies and weak global demand. These pressures have been compounded by lab-grown diamonds' rapid growth. Botswana's wider diamond sector has consequently suffered significant economic pressure, with the industry accounting historically for around 70% of exports and a third of government revenue.

The tariff advantage could offer Botswana a rare opening to attract investment into higher-value processing, particularly for larger, higher-quality and luxury stones where margins can better absorb the country's higher costs.

However, the tariff differential will not trigger a wholesale migration of the global cutting and polishing industry from India. India's advantage is built on decades of accumulated expertise, highly developed supply chains, specialised labour and enormous economies of scale. India's city of **Surat** processes more than 80% of the world's rough diamonds, while Indian manufacturers have developed capabilities across virtually every stage of diamond cutting and polishing.

Botswana's cost disadvantage remains substantial. Historical industry estimates have put cutting and polishing costs in Botswana at roughly $60 per carat, compared with between $15 and $20 in India. More recent academic research similarly finds Botswana's processing costs significantly above those of India and other Asian centres. This means the tariff advantage cannot, by itself, erase the structural cost gap as Botswana also needs to address skills shortages, logistics, equipment costs, access to finance and the availability and pricing of rough diamonds. The most realistic opportunity is therefore not to compete with India on volume, but to position Botswana as a specialised processing centre for high-value diamonds destined for the US market.

The government could use the tariff advantage to attract Indian manufacturers and international diamond companies to establish or expand factories in Botswana, while encouraging partnerships that transfer skills, technology and management expertise to local operators. If successfully leveraged, the tariff exemption could transform Botswana's cutting and polishing industry from a long-running beneficiation experiment into a more competitive export platform.

Planner

27 Aug 2026 **Gaborone (Botswana) Bank of Botswana (BoB) Monetary Policy Committee** decision

Sep 2026 **Gaborone (Botswana)** Mid-term budget review

Chronology

5 Aug 2026 **Gaborone (Botswana)** *Mmegi.* **United Kingdom**-based **De Beers** maintains its 2026 production targets despite a sharp decline in first-half sales, signalling confidence that the

rough diamond market is beginning to stabilise after a difficult period marked by weak consumer demand, synthetic diamond competition and global economic uncertainty;

4 Aug 2026 **Gaborone (Botswana)** *Mmegi.* A feasibility study for the $16 billion 1,500km **Trans-Kalahari Railway (TKR)** project, linking Botswana's coal-rich **Mmamabula** area to **Namibia**'s **Port of Walvis Bay**, has been completed, with construction expected to start in 2027;

4 Aug 2026 **Gaborone (Botswana)** *Mmegi.* Credit uptake from commercial banks has almost stalled to zero due to high interest rates that have made borrowing too expensive for households;

4 Aug 2026 **Gaborone (Botswana)** *Mmegi*. **Bank Gaborone** and the **Local Enterprise Authority** sign a three-year memorandum of understanding to improve small, micro and medium-sized enterprises' (SMMEs) access to finance, entrepreneurship support and business development services;

3 Aug 2026 **Gaborone (Botswana)** *Daily News*. Minerals and energy ministry, **Bogolo Kenewendo**, says the government plans to unbundle and corporatise the **Botswana Power Corporation (BPC)** to guarantee a secure, reliable, affordable, accessible and clean electricity supply;

3 Aug 2026 **Gaborone (Botswana)** *Sunday Standard.* State-owned **Botswana Meat Commission (BMC)** has again failed to fully utilise the country's annual **Norway** beef quota after recurring foot-and-mouth disease outbreaks disrupted cattle movements and slaughter operations, allowing neighbouring **Namibia** to secure additional export volumes;

31 Jul 2026 **Gaborone (Botswana)***Mmegi.* The **World Bank** now expects growth in the country to reach 3.2% this year, up from its April estimate of 2.7%, but warns of the urgent need for reforms, as well as continuing exposure to commodity and geopolitical shocks;

31 Jul 2026 **Gaborone (Botswana)***Mmegi.* Two feedlot operators sue the **Botswana Meat Commission (BMC)** and government before the high court in an urgent legal battle, accusing the authorities of negatively impacting their businesses through prolonged foot-and-mouth disease restrictions;

31 Jul 2026 **Gaborone (Botswana)** *Mmegi.* **Debswana Diamond Company** and the **Directorate on Corruption and Economic Crime (DCEC**) sign a Memorandum of Understanding (MoU) that formalises cooperation in preventing, detecting and investigating corruption while promoting ethical leadership and good governance;

29 Jul 2026 **Gaborone (Botswana)** *Mmegi.* The **Bank of Botswana** (central bank) says amendments to **Electronic Payment Services (EPS)** regulations are in operation, covering an expanded scope of application, interest for electronic money balances as well as adjusted fines, amongst others;

28 Jul 2026 **Gaborone (Botswana)** *Daily News.* **Angola**'s defence minister, **Lúcio Gonçalves Amaral** pays a courtesy call on minister for state president, defence and security, **Moeti Mohwasa** as Botswana and Angola are on the verge of signing a landmark defence cooperation agreement;

27 Jul 2026 **Gaborone (Botswana)** *Daily News.* Parliament adopts the **Botswana National Migration Policy**, which aims to establish legal frameworks for managing the movement of people across borders;

27 Jul 2026 **Gaborone (Botswana)** *Sunday Standard.* The **Botswana Power Corporation (BPC)** commissions a new coal storage facility at **Morupule B Power Station**, a move aimed at improving the reliability of electricity generation as the country seeks to reduce dependence on imported power;

27 Jul 2026 **Gaborone (Botswana)** *Sunday Standard.* **Australia**-listed **Cobre Ltd** strengthens its push to become Botswana's next copper producer after signing a collaboration agreement with **Norwegian** energy company **Equinor** to advance its **Ngami** copper project, adding another global partner to a project already supported by **Australia**-based **BHP** and **China**'s **Sinomine**;

27 Jul 2026 **Gaborone (Botswana)** *Sunday Standard.* Botswana's ongoing restrictions on **South African** agricultural imports are threatening to deepen tensions between the two neighbours, with South Africa warning that prolonged import bans could undermine regional trade agreements and fuel inflation;

22 Jul 2026 **Gaborone (Botswana)** *Sunday Standard*. **Canada**-based **Lucara Diamond** recovers a 1,305.4-carat diamond from its **Karowe Mine** in central Botswana, reinforcing the country's reputation as home to some of the world's largest gem-quality stones;

17 Jul 2026 **Gaborone (Botswana)** *Mmegi*. State-owned **Morupule Coal Mine** expects the resumption of open-cast mining activities after a two-year break to improve the company's books after a difficult 2025;

16 Jul 2026 **Gaborone (Botswana)** *Mmegi.* The annual rate of inflation was unchanged between May and June at 10.7% - a figure that represents a three-and-a-half-year high - as the impact of fuel price increases earlier in the year continues to echo;

15 Jul 2026 **Gaborone (Botswana)** *Mmegi.* Annual credit growth, or the pace of lending by banks to households or individual borrowers, reached negative 2.2% in May, as lenders maintained tight risk assessments, while the economy cramped borrowers' ability to take up new loans;

10 Jul 2026 **Gaborone (Botswana)** *Mmegi.* The **Bank of Botswana** (central bank) sets up a working group to incorporate aspects of Artificial Intelligence into its operations, catching up to rapid adoption in the local financial sector as well as other central banks already using the technology for fraud detection, forecasting, and analytics;

7 Jul 2026 **Gaborone (Botswana)** *Mmegi*. **Botswana Chamber of Mines** notes that Botswana's mining industry is promoting import substitution by using its billions of pula in annual procurement spending to develop local manufacturing, expand citizen-owned suppliers and reduce reliance on imported goods and services;

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