



REPUBLIC OF BOTSWANA

**SPEECH BY HIS HONOUR THE VICE PRESIDENT,
LT. GEN. MOMPATI S. MERAFFE**

**AT THE OCCASION OF THE OFFICIAL OPENING
OF ABN AMRO BANK IN BOTSWANA**

THURSDAY 24TH SEPTEMBER, 2009

**DIAMOND TECHNOLOGY PARK,
GABORONE**

Director of Ceremonies,

Cabinet Ministers here present,

Your Excellencies Heads of Diplomatic Missions and

Representatives of International Organisations,

Chief Executive of the International Diamond and

Jewellery Group, Mr Victor van der Kwast,

Captains of Industry here present,

Distinguished Guests,

Ladies and Gentlemen,

1. Today is a very unique and special day in the development of the diamond industry in Botswana as we gather to celebrate the opening of a branch of the world's leading diamond bank in Botswana.
2. I am immensely pleased, Director of Ceremonies, to have been invited to be part of the celebration of this giant leap in the development of Botswana's downstream diamond industry.

3. As you are all aware, Botswana has been a producer of rough diamonds for nearly 40 years.
4. Our social and economic development has, for the better part of this period, been synonymous with diamonds.
5. Currently, diamonds contribute about a third of the country's GDP, about 70% of foreign earnings and about 50% of public revenue.
6. As a nation that owes its economic well-being to the diamond industry, there can be no greater cause for celebration than another milestone in the development of this sector.

Director of Ceremonies,

7. We are all aware that Botswana's domestic economy has grown rapidly over the years and yet remained small and narrowly based on mineral wealth.
8. It is for that reason that the main thrust of our economic development policy has been to diversify the economy and reduce dependence on the mining sector, especially on diamonds.

9. Within this diversification agenda lies an absolute need to add value to the diamonds we produce by developing downstream activities that ensure sustainable contribution to economic growth.
10. I must say that the need to broaden Botswana's economic base through the economic diversification programme is of greater importance now than ever before.
11. That is why Government established a Botswana Diamond Hub with a view to transforming Botswana from being just a diamond producer into a World Diamond Centre.
12. The strategic goal, through the Diamond Hub, is to develop Botswana's share of the downstream value in the diamond industry.
13. There is no doubt that Botswana needs to move away from producing rough diamonds with only small amounts being beneficiated locally.
14. The presence of world class cutting and polishing factories which have set up state of the art facilities in our capital, and the support they enjoy from the Government is therefore very critical.

15. It is anticipated that employment created primarily in diamond cutting, polishing, sales and marketing will account for a 30% increase in the diamond industry jobs and a 10% increase in the country's total number of manufacturing jobs.
16. In addition, job creation in secondary business sectors such as banking, security and information technology will support our mission to generate jobs and derive maximum value from the country's diamond resources.

Ladies and Gentlemen,

17. Immense strides have already been made in the development of sustainable and profitable downstream diamond activity in the country.
18. The opening of the Diamond Trading Company (DTC) in Botswana is one clear testimony.
19. In addition to sorting and valuing Debswana's total production, DTC Botswana has made aggregated rough diamond mixes available for sale in Botswana to support cutting and polishing factories.

20. These developments are expected to act as catalysts in developing other economic sectors such as tourism, security, insurance as well as transport and financial services.

21. The spin-off opportunities are multiple and would create an environment for diversification which is so critical for the future development of Botswana.

Director of Ceremonies, Ladies and Gentlemen,

22. Financial services sector is one of the sectors that have been identified as having the potential to make a significant contribution to economic activity and growth.

23. Consequently, the Botswana International Financial Services Centre, commonly referred to as the IFSC, was established.

24. The IFSC has been actively engaged efforts to attract to Botswana a major bank with the much desired expertise in servicing the diamond industry.

25. I am informed that the initial engagements, which started in 2006, were almost derailed by the global economic recession.

26. Most of you are aware that the impact of the recession on the diamond industry has been profound as diamonds suffered the same fate as corporate bonds.
27. Literally overnight, bank lending to all sectors came to a virtual halt and trillions of dollars were injected by central banks into the global economy to help stabilise the condition of banks and corporations in order to restore them to good health.
28. In the diamond business, this led to enormous strains on downstream financing.
29. Against this background, Ladies and Gentlemen, the presence of ABN AMRO Bank is most welcome as it will provide the much needed finance to fuel the downstream industry.
30. I am very delighted that this world's leading diamond bank, which is also the 12th biggest bank in the world, has decided to open shop in Botswana.
31. There can be no clearer expression of confidence by the investors and Board of ABN AMRO in the resilience of our diamond industry.

32. I am especially elated that this strategic milestone of establishing ABN AMRO Bank Botswana is being achieved at this most difficult time for our diamond industry.
33. Financing the diamond industry is a vital component of any emerging Diamond Centre and, in our particular case, crucial for the development and success of Botswana and indeed the Botswana Diamond Hub.
34. Diamond activities thrive on specialised financing, and therefore for Botswana to prosper as a World Diamond Centre the presence of a bank with global financial expertise in the diamond industry is crucial.
35. It is not surprising that, the spread of diamond beneficiation in the Southern African region has created a need for specialist diamond financing institutions.
36. Likewise, the availability of a unique platform such as the Botswana IFSC provides additional benefits for ABN AMRO's investment in Botswana.
37. It is my hope and expectation that the establishment of ABN AMRO in Botswana will ensure that our budding downstream

industry can benefit from the bank's global processes and expertise.

38. I have no doubt that its presence will strengthen Botswana's position not only as a diamond hub but also as an emerging Financial and Business Centre.

39. Together with Botswana's sound macro-economic policies the presence of the diamond bank should facilitate increased investment both into Botswana and the Southern African region as a whole.

Director of Ceremonies, Ladies and Gentlemen,

40. I have to mention that given the majority shareholding in ABN AMRO by the Government of the Netherlands, today's event also underpins that country's direct commitment to Botswana.

41. The Government of Botswana and that of the Netherlands have a long history of cordial relations.

42. This development will no doubt lend its weight to translating the friendly relations into practical and fruitful cooperation.

Distinguished Ladies and Gentlemen,

43. In closing I wish to emphasise that diamonds are a truly unique product, and for Botswana, they have been special in the manner in which they have had a profound impact on the life of every citizen.

44. As we officially open ABN AMRO Bank Botswana, I would like us all gathered here to appreciate the symbolism of tonight's occasion.

45. The opening of DTC Botswana was described as a jewel in the 'crown' of the beneficiation programme.

46. The opening of ABN AMRO Botswana is indeed another jewel in that crown and one that will make Botswana sparkle even more.

47. Distinguished Guests, Ladies and Gentlemen, I am very pleased and honoured to declare ABN AMRO Bank Botswana officially open.

48. Have a wonderful evening!

PULA!! PULA!! PULA!!