

## De Beers Suspending Mining In Botswana

Written by Rudi Prinsloo  
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By Sello Motseta

The world's diamond giant is halting mining in Botswana for the next seven weeks as the global recession takes its toll on gem demand, De Beers and its government partner said.

The suspension affecting the four mines in the southern African country starts Wednesday, Debswana - a 50-50 joint venture of De Beers and the Botswana government - said in a statement Monday. Debswana added that one of its four mines and a processing plant would remain closed through the end of the year.

"It's very bad," Joe Tlhagale, spokesman for the Botswana Mineworkers Union, said Tuesday, adding he was holding meetings to determine the impact on Debswana's 6,000 employees.

Tom Tweedy, a spokesman at De Beers headquarters in neighboring South Africa, said the company suspended mining in South Africa in December and early January, and has instituted voluntary layoffs in Namibia. He said he was unaware of any further plans to limit production.

"We're matching our production to the currently anticipated demand," he said.

He said production cutbacks now were "the prudent thing to do," given a recent drop in sales of polished diamonds of around 20 percent.

"You can only say that diamonds stood up well in the circumstances," he said, adding that De Beers was looking ahead to strong demand in Asia and, when the world economy recovers, in the United States.

De Beers Group, which controls 40 percent of the global diamond trade, and Russian mining giant Alrosa are the industry leaders.

Diamond marketing experts have called the current sales downturn unprecedented.

During his budget speech earlier this month, Botswana's finance minister said diamond sales for 2008 were estimated at 28.9 million carats, 17 percent lower than in 2007.

Earlier this year, neighboring Angola called off a planned international meeting of diamond producers and dealers, saying the global financial crisis had hit the diamond industry hard.

In Botswana, Debswana said the 580 workers at the one mine and processing plant that won't reopen this year will be employed elsewhere in the company. It also was offering voluntary early retirement and voluntary special leave packages beginning next month.

But labor leader Tlhagale said, "They are not able to induce workers to retire because their offers are too small." He added, "We are not sure who is retrenched and who is being redeployed. It is also not clear where redeployed people will go."

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