

# STATE DIAMOND TRADER

Drives the beneficiation agenda  
By Nelendhre Moodley

In September 2021, the State Diamond Trader (SDT) took up residence at OR Tambo International Airport's Special Economic Zone (SEZ).

The new offices offer an expanded top-class work space to facilitate internal and external collaborations. They also represent the entity's continued ironclad commitment to serving its clients and helping them foster business growth, CEO Mandla Mnguni tells *SA Mining* in an exclusive interview.

The SEZ is said to be a home for many more diamond businesses in the near future.

"The new location is close to key transport nodes, providing quick access for diamond producers travelling from the Northern Cape, North West and Limpopo provinces as well as international clients.

"Importantly, for the high-value commodity, the new location with its top-notch security offers clients peace of mind of operating in a secure environment," says Mnguni.

## ADVANCING SKILLS AND TECHNOLOGY

2022 is a busy year for the SDT, which is looking to roll out a number of key initiatives, such as establishing a diamond and precious metals hub together with other stakeholders (a one-stop shop for diamond industry players) and an incubator to help new entrepreneurs succeed.

"To establish the hub, which is now in its concept phase, we need funding. This funding will cover the cost of high-end tools, industry-leading technology, equipping the facility with cutting-edge security systems, furniture and training tools for the new entrants.

## Funding

Minimum required to establish a diamond hub

"The incubator programme will allow us to train new entrants in key elements of the diamond business including the requisite skills and business knowledge. With the latest diamond-cutting and -polishing technology being extremely expensive and not easily accessible to previously disadvantaged people, the latest technology housed at the hub will allow the new entrants access to the latest products."

The diamond-cutting and -polishing business is a highly competitive one, and while South Africa produces large quantities of small stones, the local

industry remains on the back foot when compared to the highly skilled and low-cost Indian diamond manufacturing sector.

To ensure that South African diamond beneficiators are able to compete on an even keel, the SDT is investigating acquiring the latest technology as well as partnering with the Council for Scientific and Industrial Research and Mintek to advance research and development for reproducing high-end technology, machinery and tools locally.

"Currently, diamond-related technology and tools are designed and manufactured in Israel. If we are able to design the technology and reproduce the equipment and tools locally, we will succeed in expanding the diamond value chain," says Mnguni.

Given its strategy of upskilling new entrants to the sector, the SDT is working on resuscitating its three-year Enterprise Development Programme and will discuss with tertiary institutions to offer a recognised academic certificate on the completion of the course. The programme provides new market entrants with the necessary business acumen to advance their own businesses.

"Currently, our in-house programme, though credible to the industry, does not carry a recognised academic certificate

but the level of training is relevant for the market. And while initial talks have taken place, it is important to understand that tertiary institutions have to evaluate how the programme will fit into their curriculum."

## EXPANDING THE REGIONAL FOOTPRINT

Having learnt numerous lessons since its inception in 2007, the state-owned entity is reviewing its business plan and outlining its 10- to 15-year strategy, which includes a rebranding exercise, and which will replicate the successes of Brand South Africa and Proudly South African.

A successful rebranding exercise will go a long way in helping the sector expand its local footprint and increase collaborations across the diamond value chain, says Mnguni.

"We need to establish our brand and start marketing it – this will be a good way to promote SA diamonds."

Aside from relaunching its inaugural diamond trading show, which was put on the backburner last year owing to the pandemic, the SDT is aiming to strengthen stakeholders.

"We are also looking to strengthen the partnerships that we have with other stakeholders, such as jewellery businesses,

"The incubator programme will allow us to train new entrants in elements of the diamond business."

– Mnguni

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## THE SDT MANDATE

- The mandate of the State Diamond Trader is to buy and sell rough diamonds and to promote equitable access to and beneficiation of the country's diamond resources.
- The entity strives to address distortions created by the country's historical exclusion of certain population groups from economic participation.
- It aims to grow South Africa's diamond-cutting and -polishing industry by enabling and increasing participation of historically disadvantaged South Africans in the diamond beneficiation industry.
- The SDT is empowered by law to purchase up to 10% of the run-of-mine production from all diamond producers in South Africa.
- It sells to registered customers through an application and approval process.



Mandla Mnguni.

and supply them with an extensive array of diamonds," says Mnguni.

As such, the entity is looking to secure more rough diamonds for the cutting and polishing market.

While local diamond producers are required by law to offer the SDT 10% of run-of-mine diamonds, in reality the SDT has access to between just 2-3% of diamonds.

However, given the SDT's intention of growing the local entrepreneurship base,

it is looking to secure at least 10% of local diamond production.

This will ensure that existing clients and new market entrants have a wider variety of diamonds to choose from – this is certainly great news for an industry that is on the upswing. ■