

De Beers limits diamond production as G7 contemplates Russia ban

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De Beers, a unit of Anglo American, is sticking to its 2023 production target because it is confident of the long-term outlook, its chief executive said on Monday, despite a glut in diamond supply amid weakening demand.



Diamonds are displayed during a visit to the De Beers Global Sightholder Sales (GSS) in Gaborone. Source: Reuters/Siphwe Sibeko.

Global demand for diamonds has fallen to levels not seen since the pandemic and De Beers, at its latest sale in October, recorded an 82% decline in demand from a year earlier to \$80 million as global economic challenges continue to impact appetite for luxury goods.

In recent months major industry players have taken measures to ease the supply glut, with India - which cuts and polishes 90% of the world's rough diamonds - implementing a two-month import pause, while top producer Botswana Okavango Diamond Company (ODC) cancelled its November and December auctions.



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Elsewhere, the Group of Seven (G7) countries is expected to announce an import ban on Russian diamonds to tighten a squeeze on Moscow's capacity to finance the war in Ukraine.

Russia is the world's biggest producer of rough diamonds by volume.

For its part, De Beers has been limiting supply and offering flexibility to its contracted customers, but CEO Al Cook said he is confident in the industry's fundamentals as global supply has already peaked, while demand for natural diamonds continues to increase.

"Because of our confidence in the long-term future of diamonds, we continue to produce in the same way outlined in our guidance and we build up stocks," Cook told a media briefing.

Anglo American said in October that De Beers will maintain its 2023 production guidance of 30-33 million carats set at the beginning of the year.

In the first nine months of this year, De Beers' production was down 10% to 26.24 million carats, mainly due to a planned output reduction at its Venetia Mine in South Africa which is transitioning into an underground operation.

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