

# Lesotho National Day

## Peaceful, stable nation stands ready for investment

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CHARGE D'AFFAIRES A.I. OF LESOTHO

The 50th Anniversary of our Independence Day will be celebrated throughout Lesotho on this day, Oct. 4, to commemorate the day the country attained independence from British rule in 1966. It is an indeed an honor as the charge d'affaires a.i. of the Embassy of the Kingdom of Lesotho to Japan to celebrate with you here and share some information on my country's history and investment opportunities.



The Kingdom of Lesotho is a completely landlocked country in southern Africa completely surrounded by South Africa. It is just over 30,000 sq. km (11,583 sq. miles) in size and has a population slightly over 2 million. Its capital and largest city is Maseru. Lesotho is a member of the U.N., the Com-

monwealth of Nations and the Southern African Development Community (SADC).

Present-day Lesotho, then called Basutoland, emerged as a single polity under King Moshoeshe I in 1822. Moshoeshe, a son of Mokhachane, a minor chief of the Bakoteli lineage, formed his own clan and became a chief around 1804. Between 1821 and 1823, he and his followers settled at Butha Buthe Mountain, joining with former adversaries in resistance against the Lifaqane associated with the reign of Shaka Zulu from 1818 to 1828.

In 1854 the British pulled out of the region, and in 1858 Moshoeshe fought a series of wars with the Boers in the Free State-Basotho war, losing a great portion of the western lowlands. The last war in 1867 ended when Moshoeshe appealed to Queen Victoria, who agreed to make Basutoland a British protectorate in 1868. In 1869, the British signed a treaty at Alwal North with the Boers that defined the boundaries of Basutoland, and later Lesotho,



King Letsie III of Lesotho

which by ceding the western territories effectively reduced Moshoeshe's kingdom to half its previous size.

Basutoland gained its independence from Britain and became the Kingdom of Lesotho in 1966.

In addition to being geographically surrounded by South Africa, Lesotho is economically integrated with the

country as well. The economy of Lesotho is based on agriculture, livestock, manufacturing and mining, depending heavily on inflows of worker remittances and receipts from the Southern African Customs Union (SACU). The majority of households subsist on farming. Formal sector employment consists of mainly female workers in the apparel sector, the male migrant labor, namely miners that work in South Africa for three to nine months at a time, and employment in Lesotho's government.

The governments of Japan and Lesotho have been cooperating through the Japan International Cooperation Agency since the 1980s. The two countries have just signed a bilateral technical cooperation agreement that will help catalyze cooperation between them, including the dispatch of volunteers to Lesotho.

To date, Lesotho has benefited through this bilateral cooperation in a variety of areas. Some examples include technical training programs, construction of secondary school water

supplies and primary school sanitation improvement, as well as a climate change and adaptation program and the introduction of a clean energy solar system. Additional cooperation has seen positive results in health programs in immunization and HIV/AIDS equipment supply, as well as food aid programs.

Lesotho offers a variety of investment opportunities, particularly in the areas of agriculture, manufacturing, renewable energy, infrastructure and construction, mining, services and tourism.

Companies looking to invest in Lesotho will find very favorable tax benefits, including a low 10 percent corporate income tax on manufacturing profits, no withholding tax on dividends distributed by manufacturing firms to local or foreign shareholders and training costs that are allowed to be booked at 125 percent for tax purposes.

Investors will find a stable social and political environment that is investor friendly in

a free enterprise and free market system, which forms the basis for sustained development and growth. Lesotho also boasts a young, abundant, literate, well-motivated and predominantly English-speaking labor force that has a tradition of manual dexterity at competitive wages.

Those choosing to do business in Lesotho can take advantage of a massive and diverse market thanks to a variety of trade agreements and pacts in place. For example, companies enjoy duty-free and quota-free access to the SACU market of Botswana, Lesotho, Namibia, Swaziland and South Africa and the SADC, which is comprised of 14 countries and has 260 million consumers.

Companies also enjoy preferential access to the Australian market of 22 million people, with Lesotho-produced products being duty free or having reduced duty, as well as duty-free access for nearly all products (except dairy and poultry products) going to Canada's 34 million consumers under the generalized system of preferences. Additionally, as a member of SACU, Lesotho-based companies are able to take ad-

vantage of trade preferences on specific products between SACU and Mercosur's 385 million consumers in Argentina, Brazil, Paraguay and Uruguay.

Agreements between SACU and the European Free Trade Association allows for SACU-originating industrial and fisheries products duty-free and quota-free access to Switzerland, Norway, Iceland and Liechtenstein. Also, Lesotho is eligible to export all products to the EU and its 500 million consumers.

Industrial products from Lesotho can be exported both duty and quota free to Japan, New Zealand and Turkey, and Lesotho benefits from access to the

American market of 310 million consumers under the African Growth and Opportunity Act.

Clearly, Lesotho has much to offer in terms of labor and favorable tax incentives, as well as excellent market access, making the country an excellent choice for those companies looking to expand overseas manufacturing.

In closing, I am happy to say that His Majesty King Letsie III is scheduled to visit Japan at the end of November. I would also like to offer my heartfelt felicitations to the Japanese people and my fellow Basotho both at home and in Japan as we celebrate our 50th Anniversary of Independence.

**Congratulations**  
to the People of the Kingdom of  
Lesotho on the Occasion of the 50th Anniversary of  
Their Independence

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