



THE MINERALS INDUSTRY OF LESOTHO

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## Lesotho

Lesotho is a tiny mountain kingdom<sup>1</sup> completely surrounded by South Africa with an almost non-existent minerals sector and thus will be dealt with very briefly here.

The Basotho nation was welded together from refugees from the *difaqane*<sup>2</sup> by King Moshoeshoe I from the mid-1820s onwards<sup>3</sup>. Under his leadership they were also able to hold out against both the British and the Boers, though they lost their best farmland to the latter (most of what is today the Orange Free State) and were finally forced to seek annexation by Britain in 1868 to keep the Boers at bay.

When the Union of South Africa was formed in 1910, Basutoland, as Lesotho was then called, became part of a customs and monetary union with South Africa. It gained independence from Britain in 1966 under the, pro-South African, Basotho National Party (BNP) led by Chief Leabua Jonathan. During the 1970 elections, when it became clear that Chief Jonathan was losing to the anti-Pretoria opposition Basutoland Congress Party (BCP), he abrogated the constitution and stayed in power, but subsequently changed to a much more anti-apartheid stance to try and regain support amongst the strongly anti-Boer Basotho people. In 1980 Lesotho became a founder member of the SADCC after rejecting the South African sponsored CONSAS concept and in 1982 it hosted the annual SADCC conference. In response, from 1979 the South African government sponsored the destabilisation of Lesotho, through the LLA<sup>4</sup> of the BCP which had decided to collaborate with Pretoria, which culminated in South Africa imposing complete trade sanctions against the country in 1986, provoking a coup by the military against Chief Jonathan, led by Major General Lekhanya. But although members of the ANC<sup>5</sup> were expelled, Lesotho remained in the SADCC.

Table 1. LESOTHO: BASIC ECONOMIC DATA (Maloti)

	Unit	1980	1981	1982	1983	1984	1985	1986	1987	1988
Population	M	1.4	1.4	1.4	1.4	1.5	1.5	1.6	1.6	1.7
Pop. density	/km	44	45	46	47	48	49	52	53	55
Forex Rate	/USD	.77	.89	1.10	1.12	1.47	2.24	2.25	2.04	2.26
CPI +		100	115	126	148	165	189	222	245	275
GDP mp	G	.297	.349	.369	.397	.471	.571	.647	.756	.930
GDP/cap	USD	285	287	240	247	218	170	182	229	248
GFCF *	M	100	111	128	134	151	183	229	279	362
GFCF/GDP	%	34%	32%	35%	34%	32%	32%	35%	37%	39%
Debt	GUSD	.063	.077	.118	.133	.139	.172	.182	.237	.281
Debt/GDP	%	16%	20%	35%	38%	43%	68%	63%	64%	68%
Govt Revenue	M	126	125	144	179	244	250	294	394	
SACU Receipts		71	71	79	110	152	161	144		
% SACU Rec.	%	57%	57%	55%	61%	62%	64%	49%		

+ consumer price index, \* gross fixed capital formation.

Source: IMR SADCC Databank 1989.

There was almost no economic development during 98 years of British rule, instead the country became a poverty stricken labour reserve for the South African mining industry. Exports as a percentage of imports averaged only 9% for 1980 to 1988, the difference being made up by the deferred pay and the remittances of migrants in South Africa which averaged 394% of exports for 1981 to 1987. The average amount sent home (deferred pay and remittances) by each miner has increased by 71% in real terms from 573 to 981 1981 USD from 1981 to 1987. Virtually all of the country's imports (average 96%) and two-thirds of its exports are from or to South Africa. Trade with the SADCC and PTA is almost non-existent due to its membership of the SACU, its geographic isolation and the lack of any export industries other

than a pharmaceutical company. Revenue from the SACU typically constitutes over half of government receipts (average 58% for 1980 to 1986).

Table 2. LESOTHO: TRADE AND MIGRANT LABOUR (Maloti)

		1980	1981	1982	1983	1984	1985	1986	1987	1988
Exports fob	M	47	45	41	35	42	49	58	95	137
SADCC	M	.1	.2	.4	1.7	.2	.3	1.1		
RSA	M	19	21	17	30	39	43	50		
% RSA		41%	47%	42%	87%	93%	88%	87%		
Imports cif	M	332	415	505	559	649	707	772	925	1049
SADCC'	M				1.0	.5	.2	1.5		
RSA'	M	322		475	542	599	671	756	784	
% RSA'		97%		94%	97%	92%	95%	98%	85%	
Trade Balance	M	(285)	(370)	(465)	(524)	(607)	(658)	(714)	(831)	(913)
exports/imports		14%	11%	8%	6%	6%	7%	8%	10%	13%
Miners in RSA	k	121	124	118	115	114	121	126	126	
Remittances*	M	42	63	128	178	206	234	283	313	
Remit/miner	1981 USD	573	934	1244	1077	765	859	981		
% remit. of exports		141%	315%	514%	494%	475%	489%	331%		

\* deferred pay + remittances. Source: IMR SADCC Databank 1989.

On average there are about 120,000 Basotho migrants in South Africa annually, which is about 2.4 times the domestic formal labour force. There is very little local employment and a critical shortage of arable land for farming meaning that the country produces a declining proportion of its food consumption<sup>6</sup>.

Lesotho is entirely in the Beaufort and Stormberg series of the Karoo System consisting mainly of sandstones, mudstones and shales (Beaufort) and basic volcanics (Stormberg), too high in the Karoo sequence for the major coal seams of the Ecca series<sup>7</sup>, though there are some uneconomic thin seams in the Beaufort series. The sandstone is quarried as a building material both at an informal level (for peasant huts) and formal level (for modern buildings in Maseru) by the Lesotho National Development Company's subsidiary, Lancer's Gap Sandstone Industries (Pty) Ltd. The Thetsane clay deposit near Maseru is exploited for brick making by the Loti Brick company. The Karoo sediments host widespread low grade uranium occurrences none of which has proved to be economic. The Karoo sediments and volcanics are intruded by diamondiferous kimberlite pipes, blows and sills of possible Upper Cretaceous age and post Karoo (lower Jurassic) dolerite dykes and sills.

Diamonds are found in both kimberlites and alluvial gravels and are mined on a small scale by cooperatives and one South African company, Swissborough, but there used to be a large scale kimberlite pipe mine at Letseng-la-Terai operated by De Beers which shut in 1982 after running for only six years, due to the falling proportion of large stones and a drop in the market for these stones. However, Hanlon argues that the mine was marginal from the start and Anglo American only opened it as a carrot to lure Lesotho into the South African fold, but when Lesotho refused to cooperate, it was closed<sup>8</sup>. At the height of production, in 1980, 54 thousand carats were produced worth 25 million maloti and constituted 53% of exports. By 1988 diamonds, from cooperatives, only accounted for 1% of exports. The diamonds produced by the cooperatives are auctioned monthly in Maseru. The South African company Swissborough is exploiting the alluvial deposits in streams rising from the Letseng-la-Terai area and interest has been shown in diamond exploration by several other companies.

Table 3. LESOTHO: BASIC MINING DATA

(Maloti)	Unit	1980	1981	1982	1983	1984	1985	1986	1987	1988
GDP Mining	M	20.6	16.0	13.5	.8	.6	1.6	1.9	1.9	.8
% GDP Mining	%	6.9%	4.6%	3.7%	.2%	.1%	.3%	.3%	.3%	.1%
Mineral Prod	M	25.0	18.0	15.2	1.1	.6	1.8	2.0	1.0	.9
Min. Prod/cap		18.5	13.1	10.9	.8	.4	1.2	1.3	.6	.5
Min. Exports	M	24.7	18.2	15.2	1.1	.6	1.8	2.0	1.0	.9
% Min. Export		53%	41%	37%	3%	2%	4%	3%	1%	1%
Mining/labour	k	4.0	4.0	3.0	1.4	1.0	1.0	1.0	.8	.8
% mining	%	9.8%	9.3%	6.7%	3.0%	2.0%	2.0%	2.0%	1.6%	1.6%
Min. Prod/lab	USD	6250	4500	5067	794	633	1772	1988	1292	1125

Source: IMR SADCC Databank

The main "mineral" export will in the future be water from the Lesotho Highlands Water Scheme (LHWS). This huge investment, still at the tender stage, could eventually cost four billion USD and will entail the flooding of the high valleys of the Orange (Senqu) River. The first stage, which has already been agreed upon, will cost about one billion USD, will provide 19 cubic metres per second by 1995 and should earn Lesotho about 100 million 1986 maloti every year<sup>9</sup>. However, some observers have suggested that the huge sums involved could have been better used for irrigation projects that would have increased arable land rather than decreased land availability through flooding and would have benefited many more people through the creation of employment<sup>10</sup>, but, as pointed out by Hanlon, the South African guarantees for the loan would not have been available for alternative projects<sup>11</sup>.

There is a SADCC mining sector project to assess the feasibility of setting up a diamond tool industry in Lesotho which still lacks funding and there are several projects in Lesotho under the SADCC small scale mining project, particularly small scale coal exploitation and diamond mining.

In conclusion, other than limited diamond exploitation, mining is unlikely to ever play a significant role in the economy of Lesotho as the country has been fairly well surveyed without the discovery of

#### Footnotes

- 1 It is the only country in the world entirely above 1,400 m (Hanlon 1986).
- 2 Generalised warfare
- 3 Page 1978, page 313.
- 4 Lesotho Liberation Army.
- 5 African National Congress, the principal South African liberation movement.
- 6 Hanlon 1986, page 122.
- 7 Pelletier 1964, page 136 and UNDP 1984, table 1, page 20.
- 8 Hanlon 1986, page 125.
- 9 Hanlon 1986, page 126 and Molefi 1988, page 19.
- 10 ESARG 1988, page 8.
- 11 Hanlon 1986, page 127.
- 12 UNDP 1984.



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