

The Contribution of Chinese Trade and Investment Towards Poverty Alleviation in Africa: Evidence of Divergent Views from Lesotho

Pius T. Tanga

*Department of Social Anthropology/Sociology/Social Work, National University of Lesotho,
P. O. Roma 180, Lesotho, Southern Africa
Telephone: +266 2221 3946, E-mail: tanga8_2000@yahoo.co.uk*

KEYWORDS Employment. Low-Income Consumers. Exploitation. Basotho. Industries

ABSTRACT There is an ongoing debate about the presence of Chinese in Lesotho with respect to their trade and investments and how they are helping the economy and at the same time exploiting the local masses. The paper shows that some people appreciate and acknowledge the role played by the Chinese through their trade and investments in fighting poverty and therefore helping in poverty alleviation among poor households. Many others however argue that the Chinese are very exploitative. The paper concludes that in reality, the Chinese have invested much in Lesotho through which the low-income consumers and poor Basotho are benefiting despite the shortcomings levied against them.

INTRODUCTION

China's rapid growth and development as well as its economic expansion in Africa have attracted worldwide attention. A British Prime Minister once said, "beware of sleeping giant from the East, as when it gets up no one will be able to stop it!" (British Broadcasting Corporation – BBC 2006a). This expansion has been motivated by the advancement of globalisation and the quest for economic cooperation. According to the China-Africa Policy document (2006), China and the African people need to establish and develop a new type of strategic partnership where mutual trust and political equality reigns. Although Chinese investment in Africa dates some decades ago, this policy has ushered in a new era in China-Africa relations, especially where the Chinese government has provided incentives such as preferential loans and other supports to Chinese investors. Moreover, many Chinese firms are state-owned and do not struggle so much for short-term profit maximising and are exposed to low cost capital (Kaplinsky et al. 2006). It is for this reason that there are a multitude of Chinese trade outlets and investments in Lesotho. It is also noted that Chinese aid is growing and carefully targeted to complement its commercial activities. The World Bank Regional Economic Advisor, Harry Broadman according to Oyuke (2006) urged Africa to embrace Asian giants (China and India) in trade relations for the potential

growth of the continent. As a home for 300 million of the world's poorest people with rare opportunities, he said the giants of Asia could open the way for "Africa to become a processor of commodities and a competitive supplier of labour-intensive goods and services to Asian firms and consumers." According to him, the two Asian countries' businesses in Africa have jumped to 27 percent, at par with the traditional trade partners of Africa, the United States and European Union.

China seems to be everywhere in Africa, not only in the oil rich states but also in poorer countries engage in trading. This trade between Africa and China has quadrupled since 2001 and valued at about US\$42 billion (BBC, 2006a). Sub-Saharan African economic growth has jumped from 3 percent to about 5.8 percent and this is because of Chinese trade in Africa ((Timberg 2006). China has remarkably not been like other nations whose aim in Africa primarily has been stuck in an economic trap of acquiring raw materials and a marketplace for cheap manufactured goods. But China seems to be offering Africa something new, a relationship of equals based on mutual interest and non-interference in the internal affairs of its partners. As one economist puts it, "China gives fewer lectures and more practical help" (BBC 2006b). The Chinese Ambassador to Senegal remarked and reiterated that "now African countries have more choices...they have the panaceas for the World Bank and I.M.F., and at

the same time the experience of China. They can compare and choose the best" (Polygreen 2006). In a similar vein, a Senegalese noted that even if developing countries follow the Western ideas of reforms, their own interests are paramount but according to him, Chinese technology and expertise are more relevant and affordable, and Chinese cultural values are closer to Africa. Another Senegalese according to Polygreen (2006), states that Senegal is in a position where it is not necessarily in need of a tutor, but it is in need of friend and it is no longer a question of colonizer and colonised but rather an exchange.

The above few remarks show how the Chinese have invested in Africa and seem to be liked than the Americans and Europeans whose approach is both patronising and demeaning at the same time. However, many writers argue that Chinese presence in Africa is not based on charity or solidarity but on interest with regards to raw materials to feed its growing heavy and capital-intensive industries and the need for markets for its products (Tangwa, 2007; BBC, 2006b and BBC, 2006c). According to Tangwa, because the Africans are not particularly interested about quality control and international property rights, Africa is a fertile ground for Chinese "cheap and very short-life span" goods which are usually clone.

Lesotho, the Mountain Kingdom's unique position in Southern Africa seems to be fertile ground for Chinese trade and investments and cooperative ventures which are however very enriching and worthwhile for the ailing economy of the country. Lesotho has opened up new investment opportunities to the Chinese who are making maximum use of. This impetus is boosted by the China-Africa Policy document which spells out China's policy towards Africa. Before the Chinese era of investment in Lesotho, remittance from Basotho in the mining industry in South Africa was the backbone for many households in Lesotho. The past and recent retrenchment and non-employment of Basotho has put many households in desperation. Their only hope for livelihood seems to be the Chinese firms, especially the textile and clothing industries. In 1984 there were 130000 Basotho miners in South African mines and this number reduced drastically to 62125 in 2002 (Global Policy Network 2004).

Philips (n.d.) writes of Lesotho as a country of farmers and cattle-herders whose economy has gone through an industrial revolution and its

economy transformed by the global economy. According to him, in the last two years, factories were being opened every two months in Lesotho by the Chinese and Taiwanese. But trade shifts have negatively affected the economy as well as the citizens who have suffered from retrenchment, and closure of many firms and factories. However, with the renewal of Africa Growth and Opportunity Act (AGOA), the textile industry has made a remarkable comeback and giving thousands back their jobs since the industry is significantly picking up with many orders being placed from Lesotho again (UN Integrated Regional Information Networks, 2006).

Scope and Objective

This paper dwells on the contribution of Chinese trade and investments on the livelihoods of the Basotho and how it has impacted on the lives of the Basotho through employment and other benefits and as such contributing to poverty alleviation in the country. It however excludes areas such as trade flow, aid flow, and other flows.

METHODOLOGY

The most important primary source of information was informal interviews conducted with Basotho employed by the Chinese, the man-on-street, Basotho business owners, key informants in the rural areas and the Chinese traders and investors. This method is important because most people would not want to express their views for fear of implications, despite assurance of confidentiality, anonymity and privacy. Documentary sources were explored, both from the Ministry of Trade and Industry, Ministry of Foreign Affairs and Chinese Consulate.

Chinese in Africa

Formal link between China and Africa dates back to the Bandung Conference in 1955 and much of Chinese aid was directed towards liberation movement and the desire to isolate Taiwan until mid-1990s. From the mid-1990s, its aid is increasingly directed towards strategic objectives and development of links with resource-rich countries (Kaplinsky et al. 2006). Chinese aid is grouped into six categories: financial assistance for key investments, limited debt relief, provision

of training and scholarship programmes, technical assistance (teachers and doctors), and tariff exemption for some countries covering 190 products, and finally, peace keeping forces (People's Daily 2005). The China-Africa Policy recognises the one china principle which most African countries abide by through refusing to have official relations and contacts with Taiwan and support China's cause for reunification. However, National Intelligent Council (2005) maintains that China does not have any particular political interest in Africa apart from waging a continental war against diplomatic recognition of Taiwan.

The presence of Chinese in Africa has attracted a mix feeling among Africans and non-African alike. Many people believe that the Chinese contribution towards poverty alleviation is remarkable and commendable. For example, in 2004, Chinese export of clothing and textile products from Lesotho to the world stood at US\$ 494,155,000 (Kaplinsky et al. 2006). McCulloch et al. (2002) agree that the impact on income poverty and distribution can be very substantial if assessed. A National Intelligence Council (2006) Report from the United States, noted that while some traditional powers such as France and the United Kingdom will gradually disengage from Africa, new actors such as China whose significant impact is already felt in Africa will play larger roles. The report further noted that China does not have a clear political interest in Africa but that African leaders have responded positively to China's enthusiasm as "an alternative source of investment and countervailing force to Western interest and influence, a perception heightened by the Chinese practice of offering 'gifts'".

A Zimbabwean from South Africa stated recently that during his visits to his home, there seems to be more and more Chinese, with roads filled with Chinese things such as buses, goods, even the skies are dominated by Chinese-made planes. In short, the Chinese are "all over the place" and according to him, the British who were the masters of Zimbabwe have been replaced by the Chinese (Timberg 2006). The Chinese have become a powerful player and a dominant economic powerhouse across the continent

Some writers argue that the present rate of Chinese trade and investment is a threat in many directions, namely; threat to the existing and future capabilities in the industry, challenges to

poverty alleviation and income distribution, (Kaplinsky et al. 2006). In Cameroon, Vubem (2006) noted that tailors and merchants in textile products are complaining of the influx of Chinese clothes which is almost putting them out of business. Others have equally stated that Chinese interest in Africa is that of raw materials because it has imported only things such as oil and hard commodities (BBC 2006b). Although China has done well in Africa compared to other nations, she has been criticised for not encouraging good governance and fighting corruption in Africa, nor does Chinese treat Africans fairly (BBC 2006c). Therefore, it is argued that the Chinese model could be deceptive and destructive (Polygreen 2006). The Chinese President, Hu Jintao while on a visit to Nigeria, told the Nigerian National Assembly that China's development does not pose a threat to anyone but will bring opportunities and space for development. He however warned that China's policy is not that which wants governments to improve democracy, or respect human rights nor fight corruption (Timberg 2006). Similarly, the National Intelligence Council (2006) Report from the United States warns that African states would soon realise that "China's interest is motivated less by altruism than by hard-nosed business concerns". Accordingly, this may generate tensions exacerbated by the flooding of the African markets by cheap Chinese goods and the presence of large numbers of Chinese in Africa. In Bamenda, Cameroon, the local population involved in *puf puf* (doughnuts) had to push the Chinese out of town because they were already taking over small survival businesses that they were living on (Mbori 2005). In a similar vein, the Cameroon main opposition leader has warned against the fact that Chinese influx into the country couple with the flooding of the markets with their cheap goods are a threat to the economy as well as the welfare of the citizens (The Wikio 2006).

Experts have argued that the Chinese firms have gone to where others won't because of political, environmental or ethical reasons or concerns or because profit margins are low. In addition to this, China offers diplomatic protection to countries that have signed business deals with China as a permanent member at the United Nations Security Council where it could use its veto power (Timberg 2006). As a Human Right Watch Head for Africa stated, "wherever there are resources, the Chinese are going to go... They see no evil. They hear no evil. That's very bad for

Africans". While appreciating China's pre-sence in Africa, some analysts are of the opinion that China is following a long time pattern in Africa where foreign powers were only interested in fishing for raw materials from the continent and a market for their finished goods (Timberg 2006).

The above analysis of both the positive and negative impression about the presence of Chinese investment and its people therefore warrant country specific study. It is in the light of the above that this paper seeks to assess the views of a cross section of the Lesotho population of such investment on poverty alleviation and livelihoods.

Chinese and Development Programmes in Lesotho

No one can deny the fact that the Chinese have contributed immensely towards infrastructure development in Lesotho. Modern infrastructure such as schools, clinics, government buildings and construction of roads has been undertaken by the Chinese. They have equally been assisting the government of Lesotho in the provision of aids and huge loans. Recently, the Chinese government has announced the provision of scholarships to Basotho children to study sciences, engineering and other courses that are not offered at the National University of Lesotho and those courses without a strong base in Africa. The visit of African heads of states and governments in November 2006 gave the Chinese government the opportunity to promise the much needed assistance that most African countries desire at this time of which their economies need revamping. The majority of those that were interviewed acknowledge the fact that the Chinese government has done a marvellous job in the provision of social infrastructure and other development projects in their countries.

The Lesotho development projects have emanated from the 14 economic and technical cooperation agreements that were signed between the two countries between 1983 and 2005. Some examples of the projects include the national convention centre, the Butha Buthe Industrial Park, the National Library and Archives Building, the new Parliament road and building underway, the ongoing Radio and Television Network Expansion Project, etc. (The Economic and Commercial Counsellor's Office, Embassy of the People's Republic of China 2006a). In addition,

to rescue the severe drought situation of 2002-2004, the Chinese government donated 2000 tons of yellow maize to the Lesotho Emergency Aid Programme and has given many loans to the government of Lesotho. For example, in 2005 the Chinese government gave a grant of one million US\$ and has also been donating office equipment to the National Assembly and other ministries. In addition, the Chinese government has provided interest-free loans, mostly for agricultural cooperation projects to facilitate the establishment of vegetable farms and farming related personnel training and acquisition of agricultural equipment. To buttress the medical services, the Chinese government had despatched since 1997 five teams of medical doctors (65) to work in the Queen Elizabeth II Hospital Maseru as well as donated two million Maloti worth of medial equipment and medicines to the Ministry of Health and Social Welfare (The Economic and Commercial Counsellor's Office, Embassy of the People's Republic of China 2006a).

Apart from development projects and infrastructure, the Chinese government has provided funded workshops and seminars to Basotho in the filed of telecommunication, solar energy application technology and these trainings had exceeded 160 in 2005 (The Economic and Commercial Counsellor's Office, Embassy of the People's Republic of China 2006b). Again, the Chinese government has promised to give two scholarships to Basotho to study each year and of 2005, there were already eight on scholarship (The Economic and Commercial Counsellor's Office, Embassy of the People's Republic of China 2006b).

The Prime Minister of Lesotho sums up the benefits of China-Lesotho bilateral cooperation as yielding "very fruitful results in many fields of our national development program. These include human resources development, infrastructure, health, culture, military and technology" (Prime Minister Mosisili 2006).

China is one of the few countries with embassies with a full diplomatic representation in Lesotho. This shows the rate and level of diplomacy and relationship that the two countries have which began in April 1983. Apart from the visit of African heads of states and government in November 2006, the Prime Minister of Lesotho and some of his ministers were invited to China in 2006 where diplomatic relationships were consolidated. In addition, he and his entourage

also lobbied for financial assistance and more Chinese investments in Lesotho. Of course, the Chinese government officials had paid some official visits to Lesotho which have yielded fruits with more assistance.

Perceptions of Basotho on Chinese trade and investments, and employment

Although the Ministry of Trade and Industry keeps a list of registered businesses in Lesotho, the majority of them are Asian owned, especially the Chinese. More so, there are Chinese businesses in the rural areas that are not registered with the Ministry of Trade and Industry. There is no doubt that there are thousands of Chinese's large, medium and small scale investments in Lesotho ranging from construction companies, factories, supermarkets to small retail outlets found in towns and cities as well as in the rural areas of Lesotho. However, According to Bennett (2007). Lesotho has one of the largest textile and clothing industries in Sub-Saharan Africa which are largely owned by the Chinese (owing more than 35 out of 41 industries) and employing more than 40,000 Basotho. Currently, annual earnings from this sector is estimated at M500 million with a minimum wages of M770 and M725 for skilled and unskilled workers respectively (Bennett 2007). Unfortunately, as stated above, there are no statistics on the number of small retail outlets owned by the Chinese, but they are evidently everywhere in the country. Invariably, they employ thousands of Basotho from where they earn their livelihood. Statistics could not be found on the exact number of Basotho employed by Chinese investors in Lesotho. One reason is that most of the small retail shops do not employ the Basotho for long as they are employed and fired before it is three months and can still re-hire them for fear of bridging the labour laws. Also, the majority of the workers are on casual basis and as such are not registered with the Ministry of Labour and Employment.

In recent years Lesotho had marked a notable development due to the growth of export-oriented manufacturing, led by the clothing and textile sub-sector (Gay and Hall 2000) employing an additional labour force of 15000 in 2002 and reversing the country's conservative negative growth in real gross national income (Global Policy Network 2004). These cloth and textile industries which are Asian owned, especially the

Chinese are the second employer after the government in the country with 30 000 employees (Government of Lesotho 2004). Employment in manufacturing had been steadily increasing between 1997 and 2004 from 80% to 87% until around June 2004 which witnessed massive retrenchment due to the halt of African Growth and Opportunity Act (AGOA). Some quarters are of the opinion that job losses are as a consequence of capital intensive technologies rather than depending on labour-intensive whereby jobs are maintained. However, most firms and factories are reopening their doors and absorbing retrenched workers as a result of the renewal of AGOA.

Chinese Trade and Investments and Local Business Initiatives

There are many divergent views on the impact of Chinese investments in Lesotho from local business owners. While a few appreciate the Chinese investors for assisting in alleviating poverty among the many poor families, the majority were of the view that Chinese should concentrate on creating jobs in big factories and whole sale shops so that their own initiatives should not be killed by their cheap goods. There is keen competition between the local shop owners and the Chinese, most of whom are good in speaking the Basotho language, *Sesotho*. In an informal interview (February 24, 2007 at Maseru Main Market) a Basotho retail shop seller remarked about Chinese business owners as follows:

Our government is killing local business initiative by allowing the influx of Chinese and their cheap goods into our markets. The people [Basotho] should be allowed to enjoy the fruits of their land rather than the Chinese who export the money they earn from here. Sometimes the Chinese shops sell at very low prices than our local shops. I don't know where they buy their goods from that they are so cheap!. Of course, as rational human being, everyone wants to buy cheap goods, especially the poor people.

Overwhelming majority of local business owners that were interviewed said the Chinese retail shops have "killed" or "pushed out" many local businesses. This is a situation that is echoed almost in all countries where Chinese influx is present (Vubem 2006). Because of the keen competition from the Chinese who initially lower

prices to drive out competitors after which the prices are raised, many of the local business owners were forced to sell their shops and licences to them or rent their shops for a monthly payment. That is how many small shops in towns have been transferred to the Chinese who were prohibited to trade in small items and retail business. Authorities have not been able to reinforce the laws and as one legal practitioner stated, "the Chinese know how to play their game successful through bribery and corruption." One of the respondents, a programme coordinator of a local NGO (interviewed on March 28, 2007) stated that a few Basotho who had worked for the Chinese have successfully opened their own shops.

It must be noted that complaints about Chinese investors are coming from local small scale shop owners and their sales persons who are envious of the Chinese making huge sales in front of them. However, bigger local business owners do not really care about Chinese and their investments as it does not threaten their own interests. One of them reported that the Chinese have been very helpful by employing their people since local businesses are not able to absorb the large number of the unemployed people in the country. He echoed the views of many when he stated that Chinese should invest in large companies such as construction and leave the retail shopping to the Basotho. In his own words during an informal conversation (March 3, 2007), he remarked that:

The Chinese are doing a good job by employing our people but they should do so within the confines of the law as well as invest in huge industries not seizing small business ventures that we the poor people are supposed to invest in with our little capital. Our government should give them guidelines on the type of businesses they should invest in not anything they want. If their entry is not controlled, the local businesses are going to disappear given the rate at which the Chinese and other Asians are allowed into this country. Their population is growing everyday.

An official from the Ministry of Trade and Industry interviewed (March 12, 2007) on the issue of Chinese investment posing a threat to local investments argued that we are in a global world and Lesotho is a liberalised economy and anybody who has a license to trade must be allowed to do so. She did not see any reason to restrict some business people to certain kinds of

business lines while protecting others because they are weak financially. According to this official, without the Chinese, there would have been serious unemployment problems in Lesotho. However, she acknowledged the fact that some Chinese firms and factories as well as shops do not adhere to the laws of the land, especially employment laws on working conditions, remunerations and other benefits to workers. In a similar vein elsewhere in Africa, a consultant in the Chinese Embassy in Cameroon asked Cameroonians to encourage business between the two countries as this will alleviate the problem of unemployment (Bongben 2007).

Corroborating the official from the Ministry of Trade and Industry, a 32 years old factory female worker lamented their sufferings in the Chinese factories where many young ladies are employed for livelihood. She narrated the treatment most of them receive from the Chinese and said it is because they are no alternative places for employment. In her words in an informal conversation (February 26, 2007) she stated that:

We are being treated by these Chinese factory owners as if we are beggars in our own country. Before you go into the factory or outside, they search you thoroughly and dare you come late; you might be replaced with those anxiously waiting and praying so that your place can be occupied by them. Most of us don't benefit from social insurance contributions as we are not registered with the Labour Department. They pay anything they like without respecting the minimum wage in the name of casual work. We hope that one day, our government and our own business people would be able to employ us some day so that we should not be in perpetual fear of losing our jobs as we are now. We hope that the newly formed government of His Right Honourable Prime Minister will rescue us from these Chinese harsh working conditions and punishment we get everyday.

The Chinese owned firms have been criticised on how they treat African workers in Malawi, Namibia and Zambia (BBC 2006a).

In order to get a balance view of the situation, some Chinese business owners were interviewed. Those who were interviewed said that they were merely providing a livelihood to most of the Basotho because they are poor. As business people, they will normally seek to maximise profits. One of them refuted the allegations of maltreating the local Basotho by paying them low wages and

dismissing them whenever the opportunity arises. One of the Chinese business owners said in an interview (March 14, 2007) that:

We have good relations with other business people in Lesotho. While we are not allowed to operate without licenses, our local counterparts do so without any punishment from the local authorities. However, we are doing our best to respect the laws of their country. We are not taking business from the local business people but we are trying to sell our own goods in a competitive market. Most of our goods come directly from our country [China] and as such are cheap compared to those which are bought from South Africa and sold by most Basotho business owners.

He challenged the Basotho business community to buy from China despite the quality the Basotho complained about so that they sale at the prices the Chinese are selling. Most of the Chinese were of the view that they are contributing enormously to the Lesotho economy through prompt payment of their taxes, import/export duties as well as to poverty alleviation through employing thousands of Basotho. According to them, the Chinese and other Asians present in Lesotho are doing a service to Basotho despite the fact that they are business people. Others said they could still bring people from their respective countries to sell for them but they prefer the local people because their services are cheaper and they don't have to go through immigration wrangling. Others interviews revealed that most of the big Chinese businesses do respect the labour regulations by paying the minimum wage except the small retail shops that employ on casual basis and these employees are called shop assistants whose duty is to lure customers with the use of the local language.

A cross section of the Lesotho population ranging from the illiterate to educated and from those in the rural areas to those in the urban areas were interviewed on their perceptions about the Chinese and their investments in Lesotho. The views are diversified as the population itself. All of the educated respondents used either the word "exploitative" or "exploitation" to describe the Chinese and this has been echoed by Africans and non-Africans (BBC 2006a; BBC 2006b).

The Basotho who were employed by the Chinese expressed gratitude to the Chinese firms and factories for giving them hope and a livelihood for their families despite the many challenges and

obstacles they encounter daily at their job sites. Some recounted their bitter experiences of staying at home without a job, especially with their husbands and relatives who were retrenched from the South African mines a decade ago. One female factory worker said at least "I can put food on the table for my family daily since I am a single mother." Many however franked at the way Chinese employers are not remunerating them as government does to its workers irrespective of the overtime and tedious tasks they perform daily. She however blamed the government for not providing them with jobs and social amenities as in other countries.

In an informal chat with a legal practitioner from the Ministry of Justice (March 28, 2007), she revealed that apart from the fact that Chinese exploit their employees "beyond pardon", some of the Chinese are also "thieves" because they have been caught stealing designs and trade marks of others. The lawyer recounted that some of these mischievous behaviours were discovered in the course of their work with other related departments. She was bitter that government has not been able to protect the local businesses and the disregard of the fact that the Chinese were supposed to invest in whole sale trade and factories not in small scale businesses. Consequently, this has helped to push the local businesses out of operation. She revealed that some of the complaints they have received in their office include minor issues such as dismissal because an employee took the child to the hospital on two different occasions. On return, the Chinese in poor English will ask them "child sick, child sick, child no die". This means that the child is always sick but does not die! She summed her opinion in the following words:

I don't like the Chinese myself. I know they provide employment but at the disadvantage of the employees. Their impact on the livelihood is very minimal because what the benefit from this country outweigh the so the called impact on poverty. Majority of Chinese do not invest their money in this country but rather in South Africa and our government knows this and does nothing. Many keep large sums of money in their homes, shops and later transfer the money to South African banks. Many have been caught at the borders and at the Mosheshoe airport. If these shops were operated by the locals, they will plough back profits so as to expand their businesses and as such employ more people and let the money circulate within the economy.

This story was corroborated by an employee of an international NGO during an interview (March 28, 2007). He maintained that the influx of the Chinese has created problems to the people and even the economy. According to him if at the Oliver Tambo International Airport in South Africa a Mosotho board a plane to Lesotho without seeing a Chinese, the Mosotho will find out if he is lost or is on board the right plane. This is because the Chinese daily migration into the country is known by everyone. Regarding government inability to regulate the retail outlets operated by the Chinese and their economic and financial onslaught, Tangwa (2006) blamed African governments for their less visible, timid or non-existent reaction.

A retail shop assistant in an informal discussion (February 3, 2007) revealed that even though they are employed, one can be kicked out by the Chinese with impunity without compensation at the least fault without even a warning. She remarked that she does not have anywhere to go; otherwise she can not work for the Chinese. As to whether she is not better than factory workers, she said those of them who sell in retail shops are the worst paid as well as get the worst form of maltreatment from the Chinese. According to her, factory workers are a bit permanent than they. She observed that:

If you go round the whole country and check our situation as retail shop assistants, translators and interpreters, many of our colleagues loss their jobs everyday because there are many people seeking work. Potential employees even promise the Chinese that they are going do better than whoever is current employed by them. Others will say we are ready to receive anything for compensation but as soon as they are employed, they are the ones who start complaining about pay and maltreatment.

Negative impressions in very strong terms came from the majority of students that were interviewed informally, especially university students. They accused the Chinese of hijacking their economy and flooding their markets with cheap, expired and fake goods. One of the first year students in (interviewed on March 22, 2007) the Faculty of Social Sciences had this to say about Chinese and their investments in Lesotho:

Even though Chinese are employing our people, they are working their money and extorting money from our parents through very

low and degrading wages. Most of what the Chinese sell are imitation goods which don't last long. On poverty alleviation, those employed by them have acknowledged this but for me; the Chinese should go with their cheap and fake goods. They are killing our own business people because I know of some people who could not compete with the Chinese and had to seized doing business. I don't want them!

It must be remarked that the above view is held by many students about the Chinese and their trade and investments in Lesotho. One of the students said if "we had won this past legislation elections (opposition party), the Chinese would have had it tough with us." In March 2007, two children died after eating expired milk, NAN bought from a Chinese retail shop in the Maseru neighbourhood (Radio Lesotho 2007). In allaying the fear that Chinese goods are of low quality, a consultant in the Chinese Embassy in Cameroon noted that Chinese goods undergo quality control and he quoted the examples of phones and textiles exported to the United States where the government is critical and meticulous about the quality of products.

In a similar vein, one lecturer in an informal discussion (February 18, 2007) jokingly said, one day, the Chinese will have to determine who rules Lesotho because of their investments in the country since the one who gives determine the tune of the music. He reiterated the fact that apart from the Chinese daily entry into the country; they are multiplying their numbers through births. Moreover, the first thing they do upon arrival in Lesotho is to learn *Sesotho* from the Lesotho Distance Education Centre for three weeks in order to better undertake their trade. It has been noticed that most of them speak *Sesotho* and not English. To buttress his point, the lecturer revealed that many Asians, especially Chinese have taken up permanent residence and Lesotho citizenship which gives them the right to vote and be voted for after some years. The majority of those spoken to or interviewed were not pleased with such a situation whereby one day the locals will be dominated by the Chinese because of their financial and numerical strength.

On the contrary, people from the rural areas expressed the wish to see more Chinese shops in their villages because of the cheapness of the goods they sell to the poor villagers. Unlike going to town to buy groceries, they simply buy them nearby at the Chinese shops. In Mafafoane, a

village near the National University of Lesotho, one of the villagers in an interview (February 20, 2007) noted as follows:

Many people condemn Chinese goods because they are cheap and not durable but for me, we are poor people who need those cheap goods since we are not working. If what we buy from them gets spoil, we shall buy some still cheap as always or even cheaper. Our own Basotho traders should learn to sell to us as cheap as the Chinese. They must stop complaining that the Chinese are putting them out of business. We need cheap things!!

A similar view was expressed by many in Cameroon. One student remarked that he “prefer to buy a ready-made Chinese shirt or trousers and only take it to a tailor to reduce it to my size”, than the expensive Cameroon ones. In some places in Cameroon, for example in the Western Province, while the population are jubilant about the arrival of the Chinese, business people in the province have barred them from opening textile shops (Vubem 2006).

However, other divergent views were got from the people on the street (the man-on-the-street) in Maseru and Roma. Most of those who spoke informally about Chinese and their investments said whatever thing that goes on is not their business. Some expressed mixed feelings about the Chinese as people who are very rigid and sell to the detriment of the local traders. A few also opined that the Chinese are doing well for the economy and also to individual household livelihood through employment. One old man on the street of Maseru (interviewed March 22, 2007) said:

What is my problem with the Chinese? They are making their money and employing people to work for them almost free. My relatives are working in Chinese firms at Ha Thatsane and they are supporting our families otherwise we would not be able to survive on my old age pension alone. The Chinese are trying to help us but the government of Lesotho should regulate their activities. Chinese are not a bad people actually.

A woman in Roma interviewed (March 23, 2007) stated that the Chinese shops in Roma sell to them at very cheap prices unlike other shops owned by the locals whose goods are very expensive. She remarked that poor people like them should be treated fairly by their own people but they don't rather the Chinese are the ones helping them out.

A female district administrator (interviewed March 28, 2007) revealed that in the districts, Chinese investments is not remarkable except for small trading which is in the form of partnership or sole ownership after acquiring license from the local traders. She further stated that the Ministry of Trade and Industry does not issue trading licences to Chinese because they are restricted only to big business undertakings so as to create employment for the local population. However, there is no checking whether the Chinese are respecting these regulations. The district administrator remarked that:

The Chinese do not support local administration like the Indians. They don't assist the old people, nor sponsor activities such as games, dances and other recreational and supportive activities for the villagers or district populace. Moreover, their money is never banked in local banks except foreign banks.

A programme director of an international NGO (interviewed March 29, 2007) also revealed similar issues as presented above. According to her, the Chinese have created employment with regards to the factories and industries they had opened in some towns of the countries. This has provided a livelihood to many poor households. She also mentioned the fact that the Chinese have taught the Basotho to learn that they could be involved in certain types of businesses which never existed in Lesotho. This includes hardware shops and wholesale. At the level of local communities and towns where they have established retail shops in contravention of the laws, “they have done more harm than good because many local business people have been rendered jobless without businesses.” She noted that business initiatives that used to be transferred from one generation to another through family businesses is fast disappearing since many families do not have such businesses anymore and this is detrimental to the whole economy.

Many respondents blamed the government for not controlling the Chinese through the enforcement of the existing regulations and for not protecting the local traders through capital provision or letting banks to provide affordable loans to them. There are a number of songs that have been composed by Basotho musicians who narrate the stories of the Chinese and their people. Some of the messages examine the role played by the Chinese in Lesotho. Overall, their message generally is geared towards the ill-treatment that

the Basotho receive from the Chinese employers and this they blame the government for leaving such abuses and malpractices unchecked. However, these musicians like many other groups of people in the country acknowledge the Asians, especially the Chinese in employing the local populace and enabling many poor households to survive from their gestures.

A Critical Analysis of the Situation

Although little is known about the impact of Chinese trade and investment in Lesotho, there are reasons to believe that the impact is substantial. Although the growing imports into Lesotho from China are detrimental to the economy, they are very beneficial to the local low-income consumers who cannot afford expensive goods from other countries. It also affords the local populace the opportunity of a wide choice of consumer goods. This has a positive impact on the consumers' welfare even though it is difficult to measure. China has a growing number of firms that employ thousands of Lesotho, thereby contributing to poverty alleviation to some extent. There is also the equality status between China and Lesotho according to the China-Africa Policy based on mutual interest and the non-interference in the internal affairs of its allies which is cherished by many. Therefore, there is no concern about the coloniser and the colonised. For the low income consumers and common man on the street in Lesotho and following the old common African adage that "half bread is better than none," Basotho are deriving substantial benefits from the existence of Chinese investments and trade in Lesotho. Hence, the positive impact on their lives and their households in general.

However, the tendency is to concentrate on measurable phenomena while forgetting the issues which can not be quantifiable such as exploitation. The flooding of the Lesotho markets with Chinese cheap goods has negative effects on the domestic manufacturing base, including the large numbers of Chinese workers. As a consequence, many workers have lost jobs resulting from industries shutting down due to fierce competition from Chinese cheap goods. Basotho and other Africans have few industries in Lesotho and the country heavily depends on Asians' manufacturing industries. Furthermore, China is not promoting good governance and the fight against corruption in Lesotho as other

Western nations and the United States. Therefore, China undermines efforts to nurture democracy and improve human rights in Lesotho. Again, China's imports from Lesotho are far below what they export to Lesotho. Nonetheless, the low-income stand to benefit from Chinese products in the Lesotho markets and the vast number employed in Chinese industries and small retail shops dotted all over the country. The economy and individuals stand to benefit more from the Chinese investment and trade in Lesotho. Thus, the negative effects are far less important than the present benefits.

CONCLUSION

This paper has shown the divergent views of a cross section of people on the contribution of Chinese towards poverty alleviation and livelihood in Lesotho. Notwithstanding the income paid to workers which contributes immensely to livelihood of poor households and the contribution to the national economy through taxes and foreign earnings, a cross section of those interviewed were not impressed with the Chinese. However, the Chinese have heavily invested in Lesotho both in heavy industries, small and medium size industries. While these are not very visible to the ordinary or common man, the individual small retail and wholesale shops are more visible. Initially, the majority of the Basotho loved and liked the Chinese when they were providing a livelihood to many households. Things began to gradually change with most people resenting them because of what many term their exploitative tendencies and taking advantage of the vulnerability of the poor. The hatred and resentment of the Chinese in Lesotho stems from what Basotho see as their attitude of cheating and exploitation as well as government inability to enforce its own regulations which could protect home initiatives. Nonetheless, a vast majority of Basotho, both from the rural to urban acknowledged their contribution towards poverty alleviation, though with reservations.

REFERENCES

- BBC 2006a. Africa-China meet means business, *BBC News*. Official Home Page of British Broadcasting Corporation (BBC). Retrieved May 1, 2007, from <http://www.news.bbc.co.uk/2/business>.
- BBC 2006b. Is China colonizing Africa?, Official Home Page of British Broadcasting Corporation (BBC). Retrieved May 1, 2007 from <http://www.news.bbc.co.uk/nol/thread.jspa?threadID>.

- BBC 2006c. China and Africa: Who benefits?. Official Home Page of British Broadcasting Corporation (BBC). Retrieved May 1, 2007 from <http://www.newsvote.bbc.uk/mpapps/pagetools/print/news.bbc.co.uk/2/hi/africa/5094244.stm.nol/thread.jsps?threadID>.
- Bennett M 2007. Lesotho info Pack: Overview of Textile and Apparel Industry. Official Home Page of Fibre Fashion. Retrieved on April 12, 2008 from <http://www.fibre2fashion.com>.
- Bongben L 2006. Sino-Chinese Link is Solution to Unemployment – Consultant. Official Home Page of Yahoo Mail. Retrieved April 4, 2007, from <http://www.us.f276.mail.yahoo.com/ym/ShowLetter?MsgId=9685>.
- China-Africa Policy 2006. *China-Africa Policy*. Official Home Page of Chinese Embassy. Retrieved August 21, 2006, from <http://www.chinese-embassy.org.za/eng/zxxx/t230687.htm>.
- Gay J, Hall D (Eds.) 2000. *Poverty and Livelihoods in Lesotho: More than a Mapping Exercise*. Maseru: CFL Printers.
- Global Policy Network 2004. Highlights of Current Labour Market Conditions in Lesotho. Official Home Page of Global Network. Retrieved November 10, 2005, from <http://www.globalpolicynetwork.org>.
- Kaplinsky R, McCormick D, Morris M 2006. The Impact of China on Sub-Saharan Africa. Official Home Page of Institute of Development Studies. Retrieved August 20, 2006, from <http://www.ids.ac.uk/ids/global/AsianDriverpdfs/DFIDAgendaPaper06>.
- Government of Lesotho 2004. *Poverty Reduction Strategy for Lesotho*. Maseru: Ministry of Central Planning.
- Mbori L 2005. Chinese Doughnuts Producers Perturb Bamileke Traders. *The Post Newspaper*. Official Home Page of *The Post*. Retrieved May 1, 2007, from http://www.postnewsonline.com/2005/07/chinese_doughnuts.html.
- McCulloch N, Winters LA, Cirera X 2002. *Trade Liberalisation and Poverty: A Handbook*. London: Centre for Economic Policy Research.
- National Intelligence Council 2005. *Mapping Sub-Saharan Africa's Future*. New York: National Intelligence Council. *A Discussion Paper by US experts on Africa on the trends in Sub-Saharan Africa over the next 15 years*. Official Home Page of the Department of National Intelligence, USA. Retrieved August 20, 2006 from http://www.dni.gov/nic/PDF_GIF_confreports/africa_future.pdf.
- Oyuke J 2006. Africa: World Bank Study Urges Africa Trade with Asia. East Africa Standard (Nairobi). Official Home Page of AllAfrica.com. Retrieved September 23, 2006, from <http://www.allafrica.com/kenya>.
- People's Daily 2005. Connecting China Connecting the World. *People's Daily*, October 20, 2005. Official Home Page of *The People's Daily*. Retrieved August 23, 2008 from <http://www.chinadaily.com.cn>.
- Philips Barnaby n.d. Lesotho Loses from Global Trade Shift. *BBC News*. Official Home Page of BBC. Retrieved August 18, 2006, from <http://www.bbc.co.uk/2/hi/africa/465987.stm>.
- Polygreen L 2006. Letter from Africa: Chinese Take a Turn at Turning a Sub-Saharan Profit. *New York Times*. Official Home Page of *The New York Times*. Retrieved August 24, 2006, from <http://www.nytimes.com/2006/08/18/world/africa/18letter.html>.
- Prime Minister Mosisili P 2006. Lesotho PM says Beijing summit highly important for Africa-China dialogue. Official Home Page of Chinese Embassy. Retrieved May 1, 2007 from <http://www.ls.china-embassy.org/eng/zlgx/t173815.htm>.
- Radio Lesotho 2007. Sesotho News. *Radio Lesotho News*. March 25, 2007.
- Tangwa C 2006. The Fear of China should be the beginning of Wisdom. Official Home Page of Yahoo Mail. Retrieved April 4, 2007, from <http://www.us.f276.mail.yahoo.com/ym/ShowLetter?MsgId=9685>.
- The Economic and Commercial Counsellor's Office, Embassy of the People's Republic of China 2006a. A Brief Introduction on China-Lesotho Economic and Technical Cooperation. Official Home Page of Chinese Embassy. Retrieved May 6, 2007 from <http://www.ls.china-embassy.org/eng/zlgx/t171667.htm>.
- The Economic and Commercial Counsellor's Office, Embassy of the People's Republic of China 2006b. China Lesotho Relations. Official Home Page of Chinese Embassy Retrieved May 6, 2007 from <http://www.ls.mofcom.gov.cn/aarticle/chinanews/200602/20060201506693.htm>.
- Timberg C 2006. In Africa, China Trade brings Growth, Unease: Asian Giant's Appetite for Raw Materials, Markets Has Some Questioning Its Impact on the Continent. *The Washington Post*, Tuesday June 13. Official Home Page of *The Washington Post*. Retrieved August 24, 2006, from <http://www.washingtonpost.com/wp-dyn/continent/article/2006>.
- United Nations Integrated Regional Information Networks 2006. Lesotho: Textile No Longer Hanging by a Thread. Official Home Page of AllAfrica.com. Retrieved July 6, 2006, from <http://www.allafrica.com/stories/200607031029.html>.
- Vubem F 2006. Cameroon: Influx of Chinese Textile Products to Cameroon. *Cameroon Tribune*, July 4, 2006, P. 4.
- Wikio 2006. News – John Fru Ndi. Official Home Page of Wikio. Retrieved May 1, 2007, from <http://www.wikio.com/news/John+Fru+Ndi-41k>.