ANNEX 5 - SWAZILAND

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1 ECONOMIC ENVIRONMENT

1.1 Main Features of the Economy

1.1. The Kingdom of Swaziland is a landlocked country, with a small, mostly open economy. It is heavily dependent on international trade, with an average ratio of trade in goods and services to GDP of 127.6% in the period 2008-12. Membership to the Southern African Customs Union (SACU) is a key determinant of the Swazi economy, with SACU revenues representing more than half of the government revenue and around 17% of GDP. Swaziland maintains close economic ties with South Africa, which is by far its main trading partner.

1.2. Services are the most important sector of the economy in terms of value added. Their share in GDP (at basic prices) increased from 48.7% to 54.7% between 2008 and 2014 (Table 1.1). The largest services subsectors are public administration; wholesale and retail trade; and transport, storage and communications. The latter recorded the highest growth rates over the review period (averaging 6.3% per year between 2008 and 2014), mainly on account of the growth in telecommunications services. The share of manufacturing in GDP declined from 35.8% to 28.0% between 2008 and 2014, as the sector contracted at an average annual rate of 1.7% between those years. Manufacturing activities remain focused on a few agro-processing industries (sugar products, canned fruit, and timber products) and textiles and clothing, and most of their production is for export. Agriculture accounts for 11.4% of GDP, but its importance to the Swazi economy is crucial as almost 80% of the population lives in rural areas and depends on subsistence farming. Agriculture is also an important contributor to export earnings and supplier of raw materials for the processing industries.

Table 1.1 GDP distribution by type of economic activity (at 2000 constant basic prices), 2008-14

(% of GDP)

	2008	2009	2010	2011	2012	2013	2014
Agriculture, hunting and forestry; fishing	10.4	10.1	10.5	12.6	11.5	11.3	11.4
Mining and quarrying	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Manufacturing	35.8	34.3	33.0	29.5	28.9	28.4	28.0
Electricity, gas and water supply	1.2	1.3	1.2	1.2	1.2	1.2	1.1
Construction	3.8	3.6	3.5	3.3	3.8	4.3	4.7
Services	48.7	50.6	51.7	53.4	54.5	54.7	54.7
Wholesale and retail trade	10.4	10.8	11.0	11.5	12.1	12.6	12.6
Hotels and restaurants	2.3	2.3	2.2	2.2	2.3	2.2	2.1
Transport, storage and communications	9.8	10.2	10.6	11.2	11.8	12.1	12.3
Financial intermediation	3.6	3.8	3.6	4.2	3.5	3.4	3.7
Real estate, renting and business activities	6.9	7.0	7.1	7.2	7.3	6.9	6.8
Public administration and defence; education; health and social care	16.4	17.1	17.7	18.1	17.9	18.0	17.8
Other community, social and personal service activities	1.8	1.8	1.9	1.9	1.9	1.9	1.8
less FISIM[a]	-2.4	-2.6	-2.5	-2.8	-2.4	-2.3	-2.5

a Financial intermediation services indirectly measured.

Source: Information provided by the Swazi authorities.

1.3. With a GDP per capita of US$3,074 (2014), Swaziland is considered a lower-middle-income country. Nonetheless, it continues to face important social challenges. Poverty remains widespread, especially in rural communities, with an estimated 63% of the country's population living below the poverty line and an unemployment rate of about 28.5%.[1] Inequality is also high: the GINI coefficient stands at 51.1 (2013)[2] and there are huge regional disparities. Furthermore, Swaziland continues to have the highest prevalence of HIV/AIDS in the world (26% of the population aged 15-49), which aggravates poverty conditions and seriously constrains economic

[1] The unemployment rate increases to 40.7% when discouraged workers are accounted for. World Bank online information. Viewed at: http://documents.worldbank.org/curated/en/2014/10/20405098/swaziland-country-partnership-strategy-fy2015-2018.

[2] World Bank (2013), *World Development Indicators 2013*.

growth. In 2013, life expectancy was 49 years, and Swaziland ranked 148 (out of 187) in the UNDP Human Development Index.[3]

1.2 Recent Economic Developments

1.4. During the period under review, the economy of Swaziland recorded weak growth performance (Table 1.2). Between 2008 and 2014, real GDP grew at an average annual rate of 2.1%, less than the annual average of 2.9% recorded during 2003-08.[4] The role of exports as a source of growth declined during the years under review, and the ratio of net exports of goods and services to GDP recorded negative figures throughout the period. There was also a sustained decline in the share of gross fixed capital formation in GDP.

1.5. Behind this sluggish growth performance are both exogenous factors and long-standing structural constraints, including the economic slowdown in South Africa, lower external demand and changing market access conditions for key Swazi exports, a severe fiscal crisis, recurrent droughts, and persistently low levels of private investment. Growth performance improved moderately in 2012 and 2013, but decelerated again in 2014 and is insufficient to create much-needed jobs in order to reduce poverty levels. Moreover, the economy remains vulnerable to external shocks and key structural reforms are still pending.

1.6. In 2010/11, Swaziland experienced a severe fiscal crisis primarily caused by a sharp decline (by 10% of GDP) in its share of SACU revenues (Main Report, Section 1). This led to large fiscal deficits in 2010/11 and 2011/12, liquidity constraints, the accumulation of public debt, and eventually the worsening of the external position. In 2011, international reserves were run down to 2.3 months of imports.

1.7. In response to the crisis, in late 2010, the Government put in place a Fiscal Adjustment Roadmap (FAR) to restore fiscal sustainability. The FAR included short-term actions (e.g. tax increases and wage and hiring freezes) as well as medium-term measures such as strengthening public finance management (PFM) and reforms in expenditure policy, tax policy and revenue administration.[5] Within this framework, the Government established the Swaziland Revenue Authority (2011), introduced a value-added tax system (2012) and set up a large taxpayers' unit, which together have contributed to improving revenue collection. However, progress in expenditure management has been slow.[6] A Public Finance Management Bill, approved by Cabinet in 2013, is expected to provide for the implementation of remaining fiscal reforms and increase transparency and accountability in public expenditure. At the time of writing, the Public Finance Management Bill had not been enacted.

1.8. Higher SACU revenues since 2012/13 have helped the Swazi economy recover and improve its fiscal position. Real GDP increased by 3% in 2013, led mainly by growth in communications, manufacturing and construction (the latter benefiting from a significant increase in the capital budget), and the fiscal deficit turned into a surplus of 4.3% of GDP (2012/13). Growth decelerated somewhat to 2.5% in 2014, and the fiscal balance registered a small deficit (0.2%) in 2013/14, as spending increased, mainly on account of wage rises and higher capital expenditure. In 2014/15, an expansionary budget projected a fiscal deficit of 3% of GDP.

Table 1.2 Selected macroeconomic indicators, 2008-14

	2008	2009	2010	2011	2012	2013	2014
Nominal GDP (E million)	24,947	26,647	25,828	27,642	30,875	34,085	36,904
Nominal GDP (US$ million)	3,020	3,145	3,528	3,807	3,761	3,530	3,400
Real GDP growth (%)	2.4	1.3	1.8	1.3	2.7	3.0	2.5
GDP per capita (US$)	2,927	3,014	3,342	3,565	3,481	3,229	3,074
Population (million)	1.03	1.04	1.06	1.07	1.08	1.09	1.11
	(% of GDP)						
GDP by type of expenditure							
Final consumption expenditure	102.5	105.7	104.9	99.5	99.9	..	..
Private	95.1	98.2	94.1	88.9	92.4	..	..

[3] UNDP (2014), *Human Development Reports. Country profiles.*
[4] WTO (2009), *Trade Policy Review, Southern African Customs Union*, Geneva.
[5] The FAR was updated in 2012 and a PFM Action Plan is currently being implemented.
[6] African Development Bank, OECD, UNDP (2014a).

	2008	2009	2010	2011	2012	2013	2014
Government	7.5	7.5	10.9	10.6	7.5	..	..
Gross fixed capital formation	11.1	10.3	10.7	10.0	8.9	..	..
Net exports of goods and services	-13.6	-16.0	-15.6	-9.5	-8.8	..	..
Exports of goods and services	59.1	55.5	58.8	57.2	56.7	..	..
Imports of goods and services	-72.7	-71.5	-74.4	-66.7	-65.6	..	..
Prices and interest rates							
Inflation (CPI, % change)	12.6	7.5	4.5	6.1	9.0	5.6	5.7
Interest rates (% p.a.)							
CBS discount rate	11.0	6.5	5.5	5.5	5.0	5.0	5.3
Prime lending	14.5	10.0	9.0	9.0	8.5	8.5	8.8
Deposit rate (31 days)	7.3	3.7	2.4	2.4	1.8	1.8	1.9
External sector	**(% of GDP, unless otherwise indicated)**						
Current account	-7.5	-13.1	-11.4	-8.9	4.1	6.8	..
Gross official reserves (US$ million, end of period)	855.2	764.6	614.2	575.6	679.6	819.4	729.4
Months of imports of goods and services	4.6	4.1	2.8	2.3	2.9	3.9	3.6
SZL/US$ (annual average)	8.3	8.5	7.3	7.3	8.2	9.7	10.9
Nominal effective exchange rate (Annual average: Index 2000=100)[a]	79.5	80.6	86.0	84.5	80.8	75.0	70.9
Real effective exchange rate (Annual average: Index 2000=100)[a]	100.1	105.3	113.6	111.2	112.7	107.0	101.5
Public finance[b]	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**
Total revenue and grants (% of GDP)[c, d]	38.1	52.9	18.5	19.9	32.1	43.6	40.8
Total expenditure and net lending (% of GDP)[c, d]	39.6	60.0	28.0	25.3	27.8	43.8	43.8
Overall surplus/deficit (% of GDP)[c, d]	-1.5	-7.1	-9.5	-5.4	4.3	-0.2	-3.0
Total debt (US$ million)	414.2	435.9	626.6	582.4	573.6	582.6	665.6
Domestic debt (US$ million)	40.2	53.2	250.3	249.8	266.1	261.1	354.0
External debt (US$ million)	374.0	382.7	376.3	332.6	307.3	321.5	311.6
Total debt as % of GDP	16.0	12.1	14.8	14.9	16.0	17.1	20.0
Domestic debt	1.5	1.5	5.9	6.4	7.4	7.7	10.0
External debt	14.5	10.6	8.9	8.5	8.6	9.4	9.0
Domestic debt as % of total debt	9.7	12.2	39.9	42.9	46.4	44.6	53.0
External debt as % of total debt	90.3	87.8	60.1	57.1	53.6	55.4	47.0
Debt service:							
As % of GDP	3.3	2.3	2.0	1.4	1.2	1.1	1.0
As % of exports of goods and services	5.0	3.5	3.0	3.0	2.1	1.9	..

.. Not available.

a An increase indicates appreciation.
b Fiscal year runs from 1 April to 31 March.
c Estimate for 2013/14.
d Based on budget for 2014/15.

Source: Central Bank (2014), *Quarterly Report, March 2014*; Central Bank, Annual Reports 2012/2013 and 2013/2014; IMF, *World Economic and Financial Surveys, Regional Economic Outlook: Sub-Saharan Africa*, October 2014 and April 2015; IMF online information, "International Financial Statistics". Viewed at: http://elibrary-data.imf.org/DataExplorer.aspx; and statistical information provided by the authorities.

1.9. In 2013/14, total revenues and grants represented 43.6% of GDP (Table 1.2). Swaziland remains highly dependent on SACU revenues to finance government spending. With a narrow tax base and weak economic growth, domestic revenues have traditionally represented less than half of government revenues, although they have increased in the past few years due to efficiencies in tax collection. In 2013/14, domestic revenues (from VAT, personal and corporate taxes[7] and non-tax revenues) accounted for 43.2% of total revenue, while SACU receipts made up 55.3%, and grants the remaining 1.5%.[8] In the same fiscal year, total expenditure amounted to 43.8% of GDP. Recurrent spending makes up on average 80% of total expenditure, reflecting high and

[7] In 2013 the corporate income tax was reduced from 30% to 27.5%.
[8] African Development Bank, OECD, UNDP (2014a).

increasing public sector wages.[9] Rationalizing the expenditure structure would allow more space for critical social and capital spending and help ensure fiscal sustainability.

1.10. Overall public debt increased as a result of the 2011 fiscal crisis, and stood at 20% of GDP in 2014/15. The share of domestic debt as a percentage of GDP grew from 1.5% in 2009/10 to 10% in 2014/15, as short of liquidity, the Government borrowed from the private sector to meet domestic arrears. External debt has decreased compared to its 2008/09 levels, and represented 9.0% of GDP in 2014/15 and about half of total debt. Currently, there is no explicit ceiling on external debt; the Public Finance Management Bill of 2013 is expected to remedy this, if and when it is enacted.

1.11. By virtue of its membership of the Common Monetary Area (CMA), Swaziland's currency, the lilangeni[10], is pegged at par to the South African rand, which is also legal tender in Swaziland (Main Report, Section 1). While this provides Swaziland with financial stability, it also limits considerably the scope of its monetary policy, which is guided by South Africa's inflation targeting system. The main monetary objective of the Central Bank of Swaziland (CBS) is to achieve price stability and maintain the peg of the local currency to the rand. Since 2009, Swaziland has recorded single-digit inflation, as measured by the consumer price index (CPI), and with food and fuel prices decreasing in recent years, average annual inflation declined from 9.0% in 2012 to 5.7% in 2014 (Table 1.2).

1.12. Over the review period, the CBS policy on interest rates has been largely accommodative in an attempt to boost economic growth, and it has closely tracked the South African levels in order to maintain the peg. From mid-2012 to mid-2014, the CBS kept its discount rate at 5%, while the commercial banks' prime lending rate was at 8.5%. In July 2014, the CBS increased by 25 basis points its discount rate and the prime lending rate increased accordingly to 8.75%. By end-2014, the interest rate differential between Swaziland and South Africa was 50 basis points.[11]

1.13. Swaziland continues to maintain a foreign exchange restriction on advance payments for certain imports, which is subject to IMF approval.[12]

1.14. The country's external position improved from 2012 onwards, with the balance of payments recording overall surpluses in 2012 and 2013, after two consecutive years of negative results (Table 1.3). The deficit in the current account also turned into surpluses in 2012 (4.1% of GDP) and 2013 (6.8% of GDP). This positive turnaround was mainly driven by improvements in the trade in goods balance and a strong performance in the current transfers account, of which SACU receipts are the major contributor. While the capital account remained in surplus throughout the review period, the financial account recorded deficits in 2012 and 2013 due to a decline in net foreign direct investment flows and net outflows of "other investment".

1.15. Larger SACU receipts over the past few years also helped rebuild the country's gross official reserves, which stood at US$729.4 million at end-2014, equivalent to 3.6 months of imports. The increase in foreign reserves was also due to the substantial depreciation of the local currency (along with the South African rand) against major trading currencies (Table 1.2). According to the CBS, uncertainty about the outcome of ongoing negotiations on a revised revenue-sharing formula among SACU members may constitute a threat to Swaziland's official reserves.[13]

Table 1.3 Balance of payments, 2008-13

(US$ million)

	2008	2009	2010	2011	2012	2013[a]
A. Current account (excluding E)	-226	-410	-402	-339	155	239
Balance on goods	-10	-121	-150	-44	78	202
Exports	1,569	1,660	1,805	1,906	1,926	1,895

9 In 2013/14, the compensation of employees amounted to 14.25% of GDP, the second highest in Sub-Saharan African countries. IMF (2014).

10 In plural emalangeni (E).

11 Central Bank of Swaziland (2015).

12 The Swazi authorities have not requested approval for the use of such restriction. IMF (2014).

13 Central Bank of Swaziland (2014), *Annual Report. April 2013-March 2014*, Mbabane.

	2008	2009	2010	2011	2012	2013[a]
Imports	-1,578	-1,781	-1,955	-1,950	-1,848	-1,693
Balance on services	-449	-403	-432	-569	-584	-503
Exports of services	225	200	257	300	242	233
Imports of services	-673	-603	-689	-868	-827	-736
Balance on goods and services	-458	-524	-582	-613	-507	-301
Net income	-5	-76	-226	-256	-314	-361
Income: credit	298	291	212	192	201	188
Income: debit	-303	-366	-439	-448	-514	-549
Net current transfers	238	189	405	530	975	901
Current transfers: credit	446	415	488	617	1,070	1,038
Current transfers: debit	-208	-226	-83	-88	-95	-137
B. Capital account (excluding E)	39	11	14	20	113	26
C. Financial account (excluding E)	448	271	107	115	-80	-6
Net direct investment	114	59	135	102	96	24
Net portfolio investment	-32	26	62	-104	-13	-14
Net other investment	366	186	-90	117	-163	-15
D. Net errors and omissions	-122	129	50	108	-30	-70
Overall balance (group A through D)	139	1	-231	-95	159	189

a Preliminary.

Source: Central Bank of Swaziland (2015), *Quarterly Report,* December 2014.

1.3 Trade Performance

1.16. Swaziland is highly dependent on international trade, with a trade/GDP ratio of 122% in 2012. Nonetheless, the country's share in world trade remains very small (0.01% for both exports and imports). In 2013, Swaziland ranked 110 among world merchandise exporters (counting EU member states as one and excluding intra-EU trade) and 133 among importers. As regards trade in services, the country ranked 131 among exporters (excluding intra-EU trade), and 121 among importers.[14]

1.17. Swaziland's trade patterns continue to show a high concentration both in terms of products and markets. In 2013, merchandise exports (including re-exports) were worth US$1.9 billion, of which agricultural products represented 32%.[15] However, sugar exports (including sugar confectionery and other sugars) alone made up 23.1% of total exports, increasing their share from 17.9% in 2008 (Table A1.1 and Chart 1.1). Manufactures accounted for 62.5% of goods exports (down from 65.3% in 2008), with sugar-based products such as soft-drink concentrates representing 26.6% of total export earnings.[16] Textiles and clothing represented 10.1% of total merchandise exports in 2013 (up from 8.5% in 2008) and roughly half of them went to South Africa.[17] Mineral exports, comprising iron ore and coal, have performed well since 2012 but remain small (5.5% of total exports in 2013).

1.18. Total merchandise imports were US$1.7 billion in 2013. Manufactures accounted for almost 59% of total imports, food (maize, rice and other cereals) for 16.1%, and fuels for 15.3% (Table A1.2 and Chart 1.1). Within manufacturing, the most important category was machinery and transport equipment, which contributed 17.6% to total merchandise imports, reflecting the Government's implementation of several capital projects. Chemicals and other semi-manufactures (e.g. cement, and iron and steel structures) represented 12.8% and 10.0% of total imports, respectively.

1.19. In terms of markets, South Africa remains by far Swaziland's largest trading partner, followed by the European Union. According to 2013 figures, 63% of total merchandise exports

[14] WTO online information. Viewed at: http://stat.wto.org/CountryProfiles/SZ_e.htm.
[15] 2013 was the latest year for which data was available at the time of writing.
[16] Under the SITC Rev.3 system, soft-drink concentrates are classified as chemical products under item 5514 "Mixtures of odoriferous substances, industrial use".
[17] Central Bank of Swaziland (2014), *Annual Report, April 2013-March 2014*, Mbabane.

(including re-exports) were destined for South Africa and 12.3% for the European Union, consisting mostly of sugar (Table A1.3 and Chart 1.2). Within Africa, other important markets for Swazi exports are Mozambique (4%), Nigeria (2.6%) and Kenya (2.3%), while exports to the rest of the SACU countries are very small (1.3%). Exports to China have increased their relative importance, representing 3.1% of total Swazi exports in 2013, while the share of exports to the United States has decreased. Imports are even more concentrated, with South Africa supplying almost 89%, followed by China (whose share in total imports increased from 1% in 2008 to 3.8% in 2013), and the EU (1.6%) (Table A1.3 and Chart 1.2). According to the CBS, merchandise imports from non-SACU countries declined in 2013, reflecting the effect of the depreciation of the exchange rate vis-à-vis major world currencies.

1.20. Throughout the review period, Swaziland registered a deficit in the services account of the balance of payments, which by end-2013 stood at US$503 million (Table 1.3). The deficit was mainly attributable to an increase in transport services imports and a decline in exports of travel services. Other business services (miscellaneous business, professional and technical services) consistently posted a net outflow during the years under review.

1.4 Foreign Direct Investment

1.21. Swaziland has received little new foreign direct investment (FDI) inflows over the past few years, in particular since its 2010-11 fiscal crisis. This situation may be in part explained by strong competition for FDI in the region, and by Swaziland's weak economic performance and slow pace of structural reforms, including with regard to improvements in the business climate. According to UNCTAD statistics, in 2013, Swaziland received only 0.7% of FDI flows into SACU countries (down from 2.9% in 2010).[18] Nonetheless, Swaziland's stock of FDI increased from US$610.4 million in 2008 to US$836.4 million in 2013, with reinvestment of earnings accounting for around half of the total stock.

1.22. Data on the stock of FDI by sector (in US dollars) indicates that manufacturing is the main recipient with 61.8% of total FDI stock or US$517 million in 2013, up from US$324.9 million in 2008 (Table 1.4). It is followed by the agricultural sector, which accounted for 14.3% of total stock in 2013, reflecting increased FDI associated with efforts to revive the forestry industry. Services as a group (excluding finance) are the third-largest recipient accounting for 9.8% of total FDI stock, but down from the 13.1% recorded in 2008. The contribution of the financial sector to the stock of FDI also declined during the review period to 8.7% (2013). Although its share in total FDI stock is the smallest, the mining sector has substantially increased its participation since 2011, with the reopening of an iron ore mine and the enactment of new legislation allowing for new entrants into the industry (Section 4.2.2). South Africa is the source of most FDI into Swaziland.

1.23. Notwithstanding efforts made by the Government in recent years to improve the business climate and attract both domestic and foreign investments, the strong presence of the public sector in key industries across the Swazi economy leaves little room for private investment to expand and lead economic growth. Indeed, be it through state-owned enterprises that directly compete with private companies or through significant shareholding in private corporations, the Government and the royal family have a notable influence in the economy that tends to crowd out private investment, distort competition and increase production costs.

1.24. Pushing ahead the reform of state-owned enterprises and establishing independent regulators in key economic sectors should contribute to attracting more foreign and local private investments. Improving Swaziland's governance record could also be helpful in this respect.[19]

1.25. The Public-Private Partnership (PPP) Policy launched by the Government in 2013 is a step in the right direction and may help increase private investment participation in the economy. The aim of the PPP Policy is to accelerate provision of physical infrastructure by using private sector resources and by the same token providing investment opportunities for the private sector. The

[18] UNCTADstat database. Viewed at: http://unctadstat.unctad.org/EN/Index.html.

[19] According to the Ibrahim Index of African Governance (IIAG) which provides an annual assessment of the quality of governance in African countries, in 2013 Swaziland ranked 26 out of 52 countries, and lower than all the other SACU countries. Viewed at: www.moibrahimfoundation.org/iiag/.

Ministry of Finance is responsible for the overall implementation of the policy, with a PPP Unit expected to be created under its supervision.

Table 1.4 FDI stock in Swaziland by economic sector, 2008-13

(US$ million)

	2008	2009	2010	2011	2012	2013[a]
	(US$ million)					
Manufacturing	324.9	357.0	528.7	612.9	523.6	517.0
Services	80.2	106.9	107.1	138.2	111.6	82.3
Investment	29.0	30.1	27.6	24.8	23.9	25.1
Agriculture	87.2	102.1	87.8	145.2	218.4	120.0
Finance	88.5	109.2	78.8	93.4	87.8	73.0
Mining	0.6	-0.7	9.4	8.7	26.8	19.0
Total	**610.4**	**704.6**	**839.4**	**1023.1**	**992.1**	**836.4**
	(% of total)					
Manufacturing	53.2	50.7	63.0	59.9	52.8	61.8
Services	13.1	15.2	12.8	13.5	11.2	9.8
Investment	4.8	4.3	3.3	2.4	2.4	3.0
Agriculture	14.3	14.5	10.5	14.2	22.0	14.3
Finance	14.5	15.5	9.4	9.1	8.8	8.7
Mining	0.1	-0.1	1.1	0.8	2.7	2.3
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

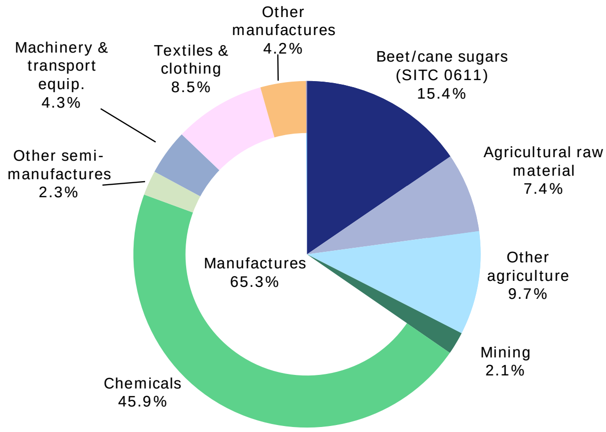
a Preliminary.

Source: Central Bank of Swaziland, Annual Reports 2012/13 and 2013/14.

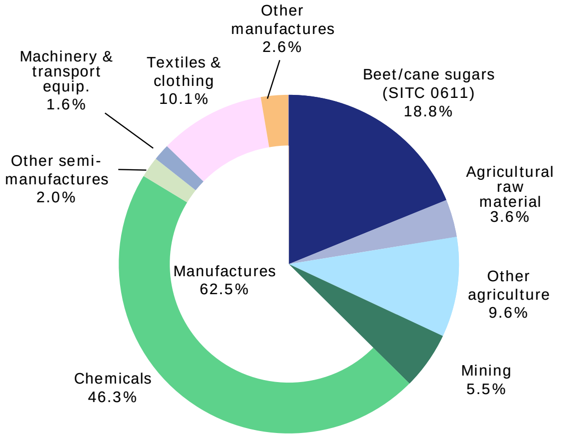
Chart 1.1 Product composition of merchandise trade, 2008 and 2013

2008	2013

(a) Exports including re-exports (f.o.b.)

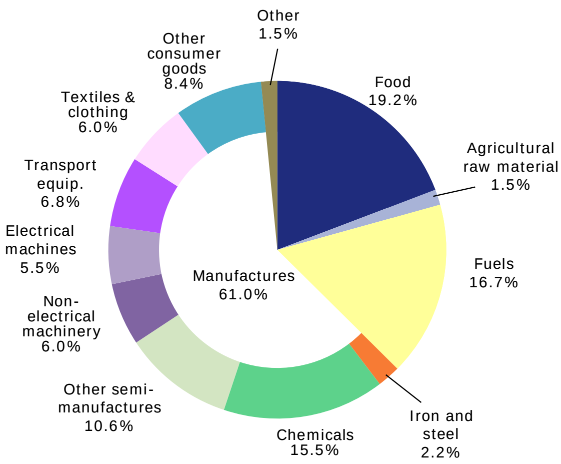


Total: US$1.4 billion

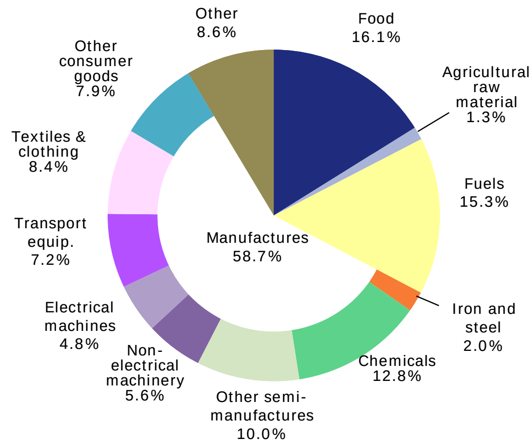


Total: US$1.9 billion

(b) Imports (c.i.f.)



Total: US$1.3 billion



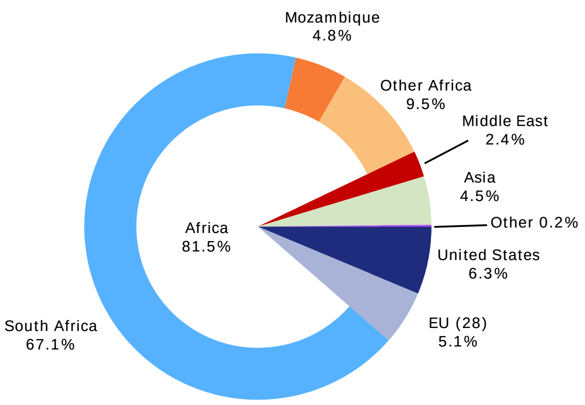
Total: US$1.8 billion

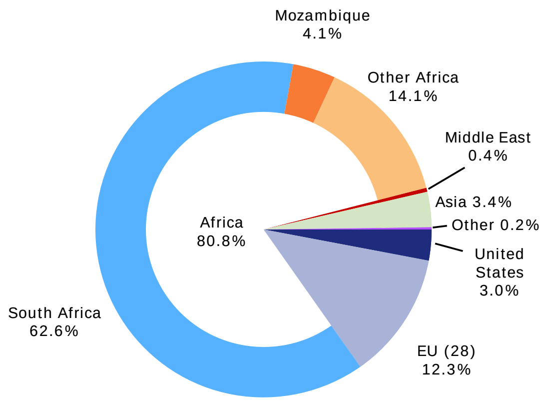
Source: WTO Secretariat calculations, based on data provided by the authorities (SITC Rev.3)

Chart 1.2 Direction of merchandise trade, 2008 and 2013

2008	2013

(a) Exports including re-exports (f.o.b.)

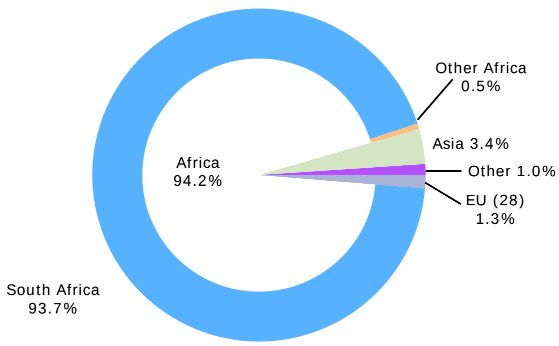


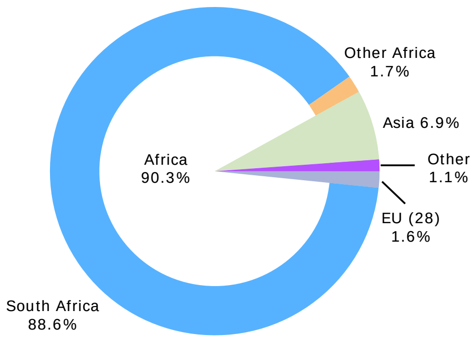


Total: US$1.4 billion

Total: US$1.9 billion

(b) Imports (c.i.f.)





Total: US$1.3 billion

Total: US$1.8 billion

Source: WTO Secretariat calculations, based on data provided by the authorities.

2 TRADE AND INVESTMENT REGIMES

2.1 General

2.1. Swaziland is an absolute monarchy, where a modern and a traditional state co-exist. The King is head of state and holds executive, legislative and judicial powers, but no longer rules by decree. The modern state, based on the Constitution of 2006, consists of a democratic parliamentary system with separation of powers between the executive, legislature (bicameral) and judiciary. The Constitution does not recognize political parties. Election of the members of the House of Assembly is done through a non-party traditional system (Tinkhundla). The King directly appoints 10 of the 65 representatives to the House and 20 of the 31 members of the Senate.[1]

2.2. Swaziland's trade policy is mainly formulated within the framework of the Southern African Customs Union (SACU). The country also participates in the Common Monetary Area (CMA) (Main Report, Section 2). The economy of Swaziland is closely linked to South Africa, its main trading and investment partner. Developments in its neighbour, therefore, have a significant impact on Swaziland's trade and overall economic performance.

2.3. The Ministry of Commerce, Industry and Trade (MCIT) is the main government agency responsible for trade and industrial policies. The International Trade Department (ITD) of the MCIT is at the forefront of trade negotiations and export promotion. It is the focal point for Swaziland's regional and multilateral trade relations and for the provision of support services to exporters. Other government bodies also involved in different aspects of trade policy formulation and implementation include: the Ministries of Agriculture; Finance; Economic Planning and Development; Foreign Affairs; and Tourism and Environmental Affairs; the Revenue Authority; the Central Bank and a number of public enterprises such as the National Agricultural Marketing Board, the Dairy Board and the National Maize Corporation.

2.4. The main private sector umbrella organization is the Federation of Swaziland Employers and Chamber of Commerce (FSE&CC). It works on a wide range of issues of interest to the private sector and seeks to build partnerships with the Government in development matters. Through FSE&CC the private sector is represented in a number of national working committees, including the National Trade Negotiations Team (NTNT). Among other organizations representing the private sector are the Chamber of Commerce and the Federation of the Swazi Business Community. In 2011, Cabinet approved the Swaziland Trade Consultative Forum to provide a consultative platform where Swaziland's national interests, negotiating positions and trade negotiating strategies are deliberated among a range of stakeholders, including government and private sector representatives. The authorities indicated that the Forum has not been very active in recent years.

2.5. Although Swaziland is heavily dependent on trade, it does not have a comprehensive foreign trade policy document, rather trade-related policy objectives are scattered among various documents. The National Development Strategy (NDS) recognizes the role of trade and investment towards the achievement of the long-term national development goals, and identifies strategies such as improving the business environment, investment promotion and economic diversification for the achievement of said goals. In the area of trade, the NDS recommends the formulation of import and export policies for agro-based and agricultural products that ensure a safe balance between domestic supply and demand, and the development of export opportunities, particularly in the Southern African region.[2] A National Export Strategy (NES), formulated in 2007, set specific objectives to improve export performance, but was never implemented; the authorities intend to review it.

2.6. The MCIT is currently working on a new Industrial and Trade Policy 2015-22. The document, still in draft form, sets out a number of trade policy objectives, including to: increase the contribution of exports to GDP by harnessing comparative advantage in priority sectors; expand and diversify the export base through enhanced value-addition in non-traditional sectors; strengthen relationships with existing export markets to take full advantage of trade preferences; explore new markets in the context of ongoing regional integration initiatives (i.e. COMESA/EAC/SADC Tripartite FTA, African Union, and SACU); secure Swaziland's interests in trade

[1] African Development Bank (2013).

[2] The NDS elaborates the vision of the country over a 25-year horizon (1998 to 2022). It can be found at: www.tralac.org/files/2012/12/The-National-Development-Strategy.pdf.

negotiations; promote exports through branding and improved product quality; improve trade facilitation; play an effective role in SACU trade and tariff policy processes; and introduce technological innovation to enhance export competitiveness. The Policy is being considered by stakeholders and is expected to be submitted to Cabinet in the second half of 2015.

2.7. Since its last Trade Policy Review in 2009, the Government has made some efforts to improve the trade and investment environment in the form of new or updated legislation in several sectors, such as: electricity, taxation/customs, sanitary measures and food safety, government procurement, competition policy, telecommunications, financial services and air transport. Other pieces of legislation have been drafted but have not yet been approved or have not entered into force, such as the Copyright and Neighbouring Rights Bill of 2009 and the Plant Health Protection Act of 2013. Some of the main trade-related laws enacted or that entered into force since the last Review are captured in Table 2.1.

Table 2.1 Selected trade-related laws enacted since 2007

Area	Name of legislation and date
Electricity	Electricity Act 2007 Swaziland Electricity Company Act 2007
Taxation/Customs	Value Added Tax Act 2011 Value Added Tax Amendment of Schedules 2012
Business	Companies Act 2009
Sanitary measures and food safety	Veterinary Public Health Act No. 17, 2013 Plant Health Protection Act 2013
Competition policy	Competition Commission Act 2007 Competition Regulation Act 2010
Government procurement	Procurement Act 2011
Communications	Electronic Communications Act 2013 Communications Commission Act No. 10, 2013
Financial Sector	Financial Services Regulatory Act No. 2, 2010 Securities Act 2010
Air transport	Civil Aviation Authority Act of 2009

Source: WTO with information from Swazi authorities.

2.2 Trade Agreements

2.2.1 WTO

2.8. Swaziland is an original Member of the World Trade Organization (WTO). Human resources and financial constraints, however, have prevented it from fully participating in the organization. Likewise, the country's implementation of some WTO agreements (e.g. the TRIPS Agreement) is limited due to the lack of technical capacity and resources. Swaziland's Permanent Mission in Geneva is understaffed and not in a position to adequately cover all the activities taking place in the WTO.

2.9. Up-to-date compliance with the various WTO notification obligations remains a challenge for Swaziland. As at March 2015, there were quite a number of notifications outstanding according to the WTO Central Registry of Notifications. During the review period, Swaziland did manage to meet some of its notification obligations in the areas of agriculture, SPS, subsidies and countervailing measures, and regional trade agreements. Table 2.2 shows the country's notifications between 2008 and 2015.

2.10. Swaziland has never been directly involved as a party to a dispute in the WTO, but it did participate as a third party in three related cases brought by Australia (2002), Brazil (2002) and Thailand (2003) against export subsidies on sugar provided by the European Union (at the time European Communities) in the framework of its Common Organization of the Market for the Sugar Sector.[3]

2.11. Swaziland has continued to receive trade-related technical assistance (TA) from the WTO, other international organizations and donor partners. A large part of this assistance has come from

[3] EU - Export Subsidies on Sugar (D265); EU - Export Subsidies on Sugar (DS266); and EU - Export Subsidies on Sugar (DS283).

the WTO, where, as a developing country member, Swaziland has benefited from numerous national or regional TA programmes. Government officials and other national stakeholders have received capacity building in areas such as agriculture, NAMA, TRIPS, Trade Facilitation, TBT, SPS, Trade Negotiations Skills and Trade in Services. Institutional capacity-building and infrastructural support have also been received from the World Bank and the African Development Bank.

Table 2.2 Notifications by Swaziland 2008–April 2015

Agreement	Area of notification	Date of circulation	Notification symbol
Agriculture	Export subsidy commitments	16 October 2012	G/AG/N/SWZ/1
Sanitary and Phytosanitary Measures	Import permits on bees and bee products	27 July 2009	G/SPS/N/SWZ/1
	Veterinary Public Health Bill 2010	20 December 2011	G/SPS/N/SWZ/2
	Correction of item 12 of G/SPS/N/SWZ/2	10 January 2012	G/SPS/N/SWZ/2/corr.1
Subsidies and Countervailing Measures (ASCM)	Semi-annual report of countervailing measures	5 January 2011	G/SCM/N/219
	Semi-annual report of countervailing measures	29 June 2011	G/SCM/N/228
	Subsidies	16 October 2012	G/SCM/N/155/SWZ G/SCM/N/186/SWZ
	Semi-annual report of countervailing measures	20 December 2012	G/SCM/N/220/SWZ G/SCM/N/250/SWZ
Technical Barriers to Trade	Motor vehicles	16 April 2012	G/TBT/N/SWZ/1
Article XXIV of GATT 1994	Agreement between SACU States and EFTA States	3 November 2008	WT/REG256/N/1

Source: Elaborated by the WTO Secretariat on the basis of Swaziland's notifications.

2.12. Swaziland lacks the capacity to adequately implement the WTO Agreements. One of the most serious implementation challenges is the protection of intellectual property rights, which is inadequate at the moment, as national laws are either weak or too old. It is however worth noting that the Government has started the drafting of some laws in this area (Section 3.3.5).

2.13. Like other developing countries, Swaziland needs technical assistance to address a number of supply-side constraints with a view to diversifying its economy and improving competitiveness. These constraints and measures to overcome them have been identified in several documents, including the Investor Road Map of 2005[4] (re-launched in 2012)[5], the National Export Strategy (2006-09), the Private Sector Development Strategy (2011)[6], and the Swaziland Economic Diversification Study (EDS) 2013.[7]

2.2.2 Bilateral

2.14. By virtue of its SACU membership, Swaziland shall not negotiate on its own any preferential trade agreements with third territories or regions. Since the advent of the SACU Agreement in 2002, the customs union has approached all trade negotiations as a bloc (Main Report, Section 2). This allows Swaziland to realize savings in scarce negotiating resources.

[4] USAID online information. Viewed at: http://pdf.usaid.gov/pdf_docs/Pnadw920.pdf.

[5] Trademark Southern Africa online information. Viewed at: http://www.trademarksa.org/print/news/key-objectives-investor-road-map-2012-trading-across-borders.

[6] Trademark Southern Africa online information. Viewed at http://www.trademarksa.org/news/swazilands-private-sector-development-strategy.

[7] DNA Economics (2013), *Swaziland Economic Diversification Study*, Final Report, Pretoria.

2.2.3 Regional

2.15. Swaziland enjoys significant preferential market access in the Southern African region under several economic integration arrangements. Like the other members of SACU, Swaziland is a part of the Southern African Development Community (SADC) (Main Report, Section 2).

2.16. Swaziland is also part of the Common Market for Eastern and Southern Africa (COMESA)[8], where it enjoys unilateral preferential market access. COMESA's ultimate objective is to create a fully integrated, internationally competitive and unified single economic space, within which goods, services, capital and labour are able to move freely across national frontiers.[9] This is to be achieved through gradual stages: the creation of a free trade area, the establishment of a customs union, the free movement of capital and labour within a common market, and the eventual establishment of a monetary union. The COMESA free trade area was launched in 2000, and the customs union was launched in 2009. Intra-COMESA exports amounted to US$9.9 billion in 2013, while imports totalled US$10.9 billion.[10]

2.17. Swaziland cannot participate in the COMESA Customs Union since it is already a member of SACU. Therefore, the Treaty establishing COMESA grants Swaziland a derogation from the application of some of its provisions and allows it to benefit from unilateral trade preferences from COMESA members without having to reciprocate.[11] On the other hand, under the SACU Agreement, Swaziland can only grant preferential treatment to COMESA members with the concurrence of its SACU partners. In the absence of such concurrence, Swaziland's COMESA derogation has been extended on several occasions, and will continue to apply until the COMESA/EAC/SADC Tripartite FTA is concluded.[12]

2.18. Through SACU, Swaziland has trade agreements with: the members of the European Free Trade Area (EFTA); MERCOSUR; and the Trade and Investment Development Cooperation Agreement (TIDCA) with the United States. Swaziland participates in the negotiations towards a Tripartite Free Trade Area between COMESA, the East African Community (EAC) and SADC (Main Report, Section 2).

2.2.4 Other preferential arrangements

2.19. Swaziland, as part of the SADC group, has negotiated an Economic Partnership Agreement (EPA) with the European Union (Main Report, Section 2). Swaziland's exports to the EU are dominated by sugar and beef. The EU preferential regime for sugar exports has been subject to considerable changes in recent years, increasing competition for Swazi exports (Section 4.1.3).

2.20. Swaziland enjoyed preferential market access under the United States unilateral preferential scheme known as the African Growth and Opportunity Act (AGOA), since its inception in 2001 until 2014. Swazi exports of textile and apparel (mainly knit and woven) were the items that most benefited from AGOA preferences. However, Swaziland was removed from the list of AGOA beneficiary countries as of 1 January 2015 for failing to meet eligibility criteria regarding workers' rights.[13] This move is expected to have a significant impact on Swaziland's garment industry, which is primarily oriented to the U.S. market.

2.3 Investment Framework

2.21. The Government of Swaziland views foreign investment as an important vehicle to spur economic growth, gain access to export markets, and improve the country's competitiveness. The

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[8] COMESA is made up of 19 member States: Burundi, Comoros, Democratic Republic of the Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Seychelles, Madagascar, Malawi, Mauritius, Rwanda, Sudan, Swaziland, Uganda, Zambia, and Zimbabwe.

[9] COMESA online information. Viewed at: http://programmes.comesa.int/index.php?option=com_content&view=article&id=83&Itemid=106.

[10] COMESA online information. Viewed at: http://comstat.comesa.int/Documents/COMESA%20at%20a%20glance.pdf.

[11] Under COMESA, Swaziland benefits from trade preferences for its exports of sugar to Kenya and Uganda; fridges and freezers to Zambia, Malawi and Zimbabwe; and zippers to Mauritius and Madagascar.

[12] COMESA Council Decision 2010.

[13] USTR online information. Viewed at: https://ustr.gov/about-us/policy-offices/press-office/press-releases/2014/June/President-Obama-removes-Swaziland-reinstates-Madagascar-for-AGOA-Benefits.

2006 Constitution encourages foreign investment within the confines of national laws. The Swaziland Investment Promotion Act of 1998, which remains the main legal framework for attracting investment, grants local and foreign investors equal treatment and protects investments from undue expropriation.

2.22. The Swaziland Investment Promotion Authority (SIPA) is responsible for formulating and implementing schemes to attract foreign and local investment and aims to become a single-window service to assist investors. Incentives available to all investors alike include: a concessional corporate tax rate of 10% (instead of 27.5%) and a 10-year exemption from withholding tax on dividends; exemption of import duty for capital goods for new investors; duty-free import of raw materials for manufacturing goods to be exported outside SACU; accelerated depreciation; a rebate of 150% of workers' training costs written off against taxes; repatriation of profits; provision of factory shells with subsidized rent and fully-serviced industrial estates (Section 3.3.1).

2.23. Government approval is required for foreign investments. Most economic sectors are open to foreign investment, without limitations on the percentage of capital owned by foreigners. However, public utilities are restricted to foreign investment participation, and there is a 50% cap on foreign investment shareholding in mining activities. In addition, the Constitution forbids foreign ownership of land, although for projects where land is a significant factor, foreign investors may be allowed to acquire title to land subject to approval by the Land Board. Foreign investors are also required to hire local workers wherever possible. All foreign nationals working in Swaziland must have residence and work permits; the process for obtaining them can be burdensome and lengthy.

2.24. During the review period, the Government continued its efforts to improve the investment environment and Swaziland's ranking in the global indices on the ease of doing business and competitiveness.[14] A Foreign Private Capital and Investor Perception Survey was launched for the first time in February 2010 by multiple government agencies. An Investors Road Map (IRM), originally issued in 2005, was re-launched by King Mswati III in 2012 to address procedural and regulatory impediments to investment.[15] Specifically, the IRM aims to improve the efficiency and expedience of trade across borders; simplify procedures and shorten the time required to register a company and obtain work permits; strengthen the legal protection for investments; increase transparency of labour inspections; and improve SME's access to finance. A taskforce made up of high-level government officers was created to monitor progress on reforms and report regularly to Cabinet. Implementation of the IRM is progressing, albeit slowly and improvements have not kept pace with other countries in the region.

2.25. The World Bank's Ease of Doing Business 2015 index ranked Swaziland 110 out of 189 economies; up only one place from the previous year, and the second lowest among SACU countries. Starting a business in Swaziland requires 30 days and 12 procedures, which ranks the country in the 145th position (146 in 2014), behind all other SACU members. Low rankings indicate that there is still much work to do in other areas such as contract enforcement, which can take up to 956 days and require 40 lengthy procedures (ranking 173); getting electricity (140); and trading across borders (127).[16]

2.26. The Global Competitiveness Report 2014/15 ranked Swaziland 123 out of 144 economies. That meant an advancement of 12 places from two years earlier, which was mainly due to improvements in the macroeconomic environment.[17] Nonetheless, Swaziland ranked lower than its SACU partners, all of which made it to the top ten in the Sub-Saharan Africa region.[18]

2.27. Swaziland does not have any free trade zones, but it has several industrial estates (Section 3.3.1).

[14] Ministry of Economic Planning and Development (2014), *National Development Plan 2014/15-2016/17*, *Swaziland: Africa's New Promise*, Mbabane, March. Document provided by the authorities.

[15] IRM (2005).

[16] World Bank online information. Viewed at: http://www.doingbusiness.org/rankings.

[17] World Economic Forum online information. Viewed at: http://reports.weforum.org/global-competitiveness-report-2014-2015/economies/#economy=SWZ.

[18] Global rankings: South Africa (56), Botswana (74), Namibia (88), and Lesotho (107). World Economic Forum online information. Viewed at http://www3.weforum.org/docs/img/WEF_GCR2014-15_SubSahara_Image.png.

2.28. Swaziland is a member of the Multilateral Investment Guarantee Agency (MIGA) of the World Bank and the International Centre for the Settlement of Investment Disputes (ICSID).

2.29. Swaziland has signed double taxation agreements with some African countries, including Botswana, Mauritius and South Africa, and with two European countries, namely Sweden and the United Kingdom. Most of these agreements cover income and capital.

2.30. Swaziland has concluded bilateral investment treaties with Egypt, Mauritius, Chinese Taipei, Germany and the United Kingdom. However, only the last two have entered into force. In addition, Swaziland has entered into ten International Investment Agreements (IIAs) between groups of countries.[19]

[19] These IIAs are: the EU-SADC Interim Agreement; the COMESA Investment Agreement; the SACU-US TIFA; the SADC Investment Protocol; the EFTA-SACU FTA; the COMESA-US TIFA; the Cotonou Agreement; the COMESA Treaty, the SADC Treaty and the African Union Treaty. All have entered into force except the first two.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures Directly Affecting Imports

3.1.1 Registration, documentation and customs procedures

3.1. In order to operate in Swaziland, all businesses must be registered and licensed by the Ministry of Commerce, Industry and Trade (MCIT) under the Trading Licences Order No. 20 of 1975 and the Trading Licences Amendment Act No. 9 of 2011 (the latter enables applications for trading licences to be advertised within three working days instead of 21 days).[1] Any individual or company engaged in importing and/or exporting goods requires a trading licence. In addition, any person wishing to engage in importing, exporting or transiting certain controlled agricultural products ("scheduled agricultural products") must register with, and obtain a permit from, the National Agricultural Marketing Board under the NAMBOARD Act No. 13 of 1985 (Section 3.1.3).

3.2. For customs clearance purposes, importers (and exporters) must register with the Swaziland Revenue Authority (SRA), established in 2011.[2] Customs clearance is mostly done through customs agents, who must be licensed by the SRA; although some companies rely on their own import-export units. Documentation required for custom clearance includes: the import declaration using the single administrative document (SAD 500) and supporting documents such as the bill of lading, invoice, road manifest and packaging list. In some instances, certificates of origin, import permits, and SPS certificates may also be required.

3.3. Goods may be cleared within seven days of the date of importation under one of four customs procedures: home use, temporary admission, transit or warehousing (in this case, they will remain stored in bond until the importer enters them for home use or re-export). These procedures are governed by the Swaziland Customs and Excise Act and the Customs Regulations.

3.4. Goods imported into Swaziland from outside SACU are liable to import duty and, for some types of goods, also excise duty. Value added tax (VAT) is payable on all imports, including from SACU. Given Swaziland's condition as a landlocked country, most of its overseas imports arrive via the port of Durban (South Africa) and from there are transported by road or rail to Swaziland.[3] An alternative route for Swazi imports is through the port of Maputo (Mozambique), which is closer than Durban, but road infrastructure is suboptimal.[4] In addition, Swaziland has an inland dry port at the Matsapha Industrial Estate, where customs clearance can be conducted.

3.5. Imports into Swaziland from other SACU countries are cleared for VAT collection purposes at land borders, the international airport, the parcel post, or the railway station. No import duties apply on these goods.

3.6. Since the last Review, Swaziland has made progress towards customs automation by completing the roll out of ASYCUDA++ in 2009. Importers (and exporters) are required to lodge customs declarations electronically through ASYCUDA++. The function of capturing data has been outsourced to a private company, which charges a fee of E 35.00 per each declaration. Customs data may be captured at the border post, airport or any of the Customs Clearance Offices. Alternatively, since 2011, data may be lodged by remote connection at the trader's own premises through the so-called Direct Trader Input (DTI). In order to use the DTI, traders must register with ASYCUDA (tax clearance certificate, trading licence and contact details are required). However,

[1] Under the Trading Licences Order of 1975, an application is submitted to the MCIT, which places an advertisement in the media and sets a date for a hearing at which the applicant presents the Memorandum and Articles of Association, a bank statement, a tax clearance certificate and other relevant documents. The advertising fee is E 50.00. The trade licence must be renewed annually. The renewal does not involve the advertisement and hearing. Food sellers are required to produce health certification. Requirements for obtaining different types of trading licences are found on the Ministry of Commerce, Industry and Trade website at: http://www.gov.sz/index.php?option=com_content&id=378&Itemid=184.

[2] The SRA was established with the introduction of the VAT system. It results from the merger of the previous revenue services (Customs and Inland Revenue) and has a new organizational structure and powers.

[3] For imports transiting by road, a security bond must be lodged. This is not required for goods transported by rail given the very low likelihood that they would be diverted for use in the South African market.

[4] Maputo serves mainly as a transit port for Swazi exports of sugar and iron ore. Swaziland owns a sugar warehouse at the Maputo port.

businesses which have the new taxpayer identity number (TIN) for VAT may also use their TIN for customs purposes and do not need to register with ASYCUDA.

3.7. Swaziland is using an automated risk management system under ASYCUDA++ that covers the entire declaration-processing path, including cargo and transit. It uses sophisticated tools to select the examination procedures and allocate the declared goods to a control channel: green (release of goods without examination); yellow (documentary checks prior to goods release); red (physical examination of goods prior to release); or blue (goods are released but subjected to a post-clearance audit). The system allows for periodic assessment of risk management processes in order to measure the effectiveness of selection criteria and change, extend or eliminate risk management parameters as needed. The authorities indicated that the information on the proportion of declarations going through each selection channel was not available.

3.8. According to a time release study conducted by the authorities in 2012, average processing times for exports and imports vary depending on the border post. The results pertaining to the three main border stations are presented in Table 3.1.

Table 3.1 Average processing times at selected border posts, February 2012

Border post	Exports	Imports
Ngwenya	45 minutes	3 hours 30 minutes
Lomahasha	1 hour 12 minutes	1 hour 50 minutes
Lavumisa	1 hour 20 minutes	1 hour 5 minutes

Source: SRA, *Time Release Study Report*, Swaziland, February 2012. Report provided by the authorities.

3.9. The World Bank Doing Business Report 2015 indicates that in Swaziland customs clearance and inspection for imports takes three days. Overall, import procedures take on average 23 days and represent a cost of US$2,245 per container; this ranks Swaziland 127 out of 189 economies as regards trading across borders.[5] Some of the frequent complaints voiced by the private sector regarding cross-border trade are: delays in service delivery, insufficient staff at the border, the duplication of documentation, the lack of a database to evaluate goods, and the lack of a fully automated declaration system linking Swaziland's borders.[6]

3.10. Aggrieved importers/exporters may appeal against customs decisions to the Commissioner General (CG) of the Swaziland Revenue Authority (SRA), and appeals against the SRA's decisions may be heard in the courts. Under section 91 of the Customs and Excise Act, an importer or exporter can voluntarily choose to have a case dealt with administratively by the CG to avoid legal proceedings. This means, however, forgoing the right to challenge the CG's decision in court.

3.11. Swaziland has been a member of the World Customs Organization (WCO) since 15 May 1981, and it became a party to the Revised Kyoto Convention on 31 October 2012, when it deposited its instrument of accession.

3.12. During the period under review, Swaziland undertook a number of reforms to facilitate trade. These include the modernization of customs procedures as a result of the establishment of the SRA (2011); the gradual implementation of an electronic data interchange system for customs at border posts; the decentralization and streamlining of the issuance of certificates of origin (2012); the extension of border operation times; the upgrading of border posts; and initiatives to facilitate VAT payment across borders. A National Working Group on Trade Facilitation was established in 2008 to coordinate work relating to trade facilitation in the WTO; the group is composed of key government and private sector stakeholders.

3.13. Based on the findings of the time release study of 2012, the SRA established a prioritized action plan to modernize customs. One of the main ongoing projects is the migration from ASYCUDA++ to the more comprehensive and efficient ASYCUDA World system, which will improve customs clearance and data collection. At the time of writing this report, migration was expected to take place in September 2015.

[5] World Bank (2014).
[6] Speech by Zodwa Mabuza, CEO of the Federation of Swaziland Employers and Chamber of Commerce, at the launch of the Swaziland-World Bank Time Release Study, 24 January 2012.

3.14. Another significant step is the implementation of a VAT refund administration scheme, whereby importers of goods into Swaziland from South Africa, who present a valid South African tax invoice at any designated commercial border post, do not have to pay for VAT in cash at entry into Swaziland, as the SRA will claim the VAT refund directly from the South African Revenue Service (SARS). The VAT refund system was successfully implemented on 1 April 2015 at six border posts.[7] It is expected to increase Swaziland's revenue, reduce waiting times at border crossings, and help alleviate traders' cash flow shortages.

3.15. The Swaziland Revenue Authority is also working on the establishment of a trade data exchange system with SARS, which should help reduce under-declaration by importers (and ghost exports), resulting in more revenue for Swaziland and less discrepancies in bilateral trade data. There is also a pilot project for a preferred trader programme (PTP) that would grant preferential treatment to traders on the basis of their level of customs compliance and the risk associated with their operations (Main Report, Section 3.2). Other projects include work on reducing trade documentation and setting up a single window for trade, incorporating other agencies' processes, in particular the Ministry of Agriculture; the development of a trade portal; and provision of e-training for customs clearance agents.

3.16. Another objective of the customs modernization programme is redrafting customs legislation in order to bring customs control in line with the recommendations of the WCO Revised Kyoto Convention and incorporate trade facilitation provisions. The redrafted legislation is based on the SACU models and will consist of two Acts: the Customs Control and Duty Act and the Excise Duty Act. The authorities could not indicate when the bills will be submitted to Parliament.

3.17. As of end-June 2015, Swaziland had not yet submitted to the WTO its Category A notifications under the new Trade Facilitation Agreement.

3.18. In 2007, Swaziland notified the WTO that it was implementing the WTO Customs Valuation Agreement under Part IX of its Customs and Excise Act No. 21 of 1971.[8] Customs valuation is among the trade measures that have been harmonized within SACU.

3.1.2 Tariffs and other charges

3.19. SACU members have harmonized tariffs, excise duties, rules of origin, and contingency measures. Therefore, as a member of SACU, Swaziland applies the common external tariff (Main Report, Section 3.3.1).

3.20. In the Uruguay Round, Swaziland bound 96.6% of its tariff lines at the same levels as those bound by South Africa. On around ten tariff lines, including both agricultural and manufactured products, the imposition of non-*ad valorem* duties might result in applied MFN tariff rates that exceed bound rates (Main Report, Table 3.5). Swaziland also bound other duties and charges at zero, except for a few tariff lines bound at higher rates (Main Report, Section 3.3.2).

3.21. A fee of E 35.00 per import declaration is charged by a private company (contracted by SRA) for capturing customs data into the ASYCUDA++ system.

3.22. Under Article 26 of the SACU Agreement, Swaziland may temporarily levy additional duties on imported goods from any country for the protection of infant industries. Swaziland has exercised this right and applies import levies to a number of agricultural goods ("scheduled agricultural products") and milk and dairy products.

3.23. Under the National Agricultural Marketing Board (NAMBOARD) Act No. 13 of 1985 (as amended) and the Regulation Notice No. 8 (amendments effective 1 June 2013), NAMBOARD collects levies on imports of scheduled agricultural products, such as maize, rice, wheat, and fruits and vegetables, poultry and turkey. The levy rates vary depending on the availability of products

[7] Lavumisa, Ngwenya, Mahamba, Matsamo, Mananga and Sandlane.
[8] WTO document G/VAL/N/1/SWZ/1, 25 April 2007.

in the country, and range from 1% to 25% (Table 3.2).[9] The levies are applied to all imports, including those from SACU member countries.

Table 3.2 Import levies on scheduled agricultural products

Product category	Applied levy (%)
Maize excluding seed maize, yellow maize and popcorn	1
Maize products excluding starch, processed poultry and animal feed	7.5
Rice	3.5
Fresh fruit excluding apples, pears, peaches, grapes and bananas	7.5
Apples, pears, peaches and grapes	3.5
Bananas	10
Fresh vegetables excluding cabbages, tomatoes, potatoes, and seed potatoes	7.5
Cabbages, tomatoes and potatoes	7.5
Poultry and poultry products excluding turkey	15
Wheat	3.5
Wheaten products	5.5
Turkey	25
Edible oil from sunflower, groundnuts and cotton	24

Source: NAMBOARD online information. Viewed at: http://namboard.co.sz/index.php/inspectorate/levies.

3.24. In accordance with the Dairy Act No. 28 of 1968 and Legal Notice No. 27 of 2011, the Swaziland Dairy Board (SDB) charges import levies on milk and dairy products at rates of 10% or 12% of the invoice value (Table 3.3).

3.25. Under the Fuel Oil Levy Act of 1979, a fuel levy of E 0.70 per litre (and a fuel tax of E 2.20 per litre) are charged on imports of petrol and diesel; part of the proceeds from the levy are used to finance the Motor Vehicle Accident Fund.

Table 3.3 Import levies on milk and dairy products

Products	Import levy (% of the invoice value)
Full cream milk UHT/Flavoured milk	10
Low fat UHT	10
Fresh full cream milk, low fat or skim milk	12
Fermented milk/Emasi/Butter milk	12
Fresh/Sour cream or UHT	10
Yoghurt/Sip	10
Margarine	10
Honey	10
Condensed milk	10
Dessert/Ice cream/Mixtures	10
Baby formulas	10
Milk substitutes (e.g. Cremora)	10
Full cream milk powder	10
Skim milk powder/Dairy powder blends	10
Whey/Buttermilk powder	10
Cheese (Cheddar, Gouda or other)	10
Butter	10
Edible products of animal origin not elsewhere specified or included in the Tariff Book	10

Source: Swaziland Dairy Board, Legal Notice No. 27 of 2011, SDB online information. Viewed at: http://www.dairyboard.co.sz/index176d.html?option=com_content&task=view&id=14&Itemid=29.

3.26. A key development since the last Review was the introduction in April 2012 of a value added tax (VAT) system in Swaziland, replacing the sales tax.[10] The legal basis is the Value Added Tax Act No. 12 of 2011 and the Value Added Tax Regulations of 2012. The VAT is levied on most products and services at a standard rate of 14%. The zero rate applies to exports, certain food supplies, prescription drugs and medicines, and animal feeds, and exemptions apply to passenger transport, education, financial, insurance and medical services.

[9] NAMBOARD online information. Viewed at: http://namboard.co.sz/index.php/inspectorate/levies.
[10] Value Added Tax Act No. 12 of 2011 and Valued Added Tax Regulations of 2012.

3.27. The VAT applies to both local products and imports at the same rates. For local products, the VAT is levied on the net selling price (plus excise duty, if applicable). For imports, VAT is levied on the sum of: the FOB value, the duties and taxes paid or payable in Swaziland, the cost of transportation (i.e. freight, including Durban port charges) and the cost of insurance from the FOB point to Swaziland. The SRA collects the VAT on imports at the port of entry.

3.28. The SACU Agreement provides for the application of harmonized excise duties on selected products (Main Report, Table A3.2)

3.1.3 Import prohibitions, restrictions, and licensing

3.29. Swaziland prohibits the importation of certain products on security, safety and health grounds or to comply with international conventions. Prohibited products are: drugs and narcotics; pornographic materials; pirated copyright goods; fake currency, bonds and coins; hydrochlorofluorocarbons (HCFC) and chlorofluorocarbons containing HCFC.

3.30. Import restrictions apply on a number of products for safety, health and environmental reasons; and in some cases for infant industry protection. Under the Import Control Order of 1976, the Import Control Regulations of 1980 and Legal Notice No. 60 of 2000, the following products from outside the SACU customs union are subject to prior import permits: arms; drugs; mineral fuels; mineral oils; gold and other precious metals; specified agricultural products (wheat, wheat flour, dairy products, maize and rice); electrical appliances; automotive parts; used motor vehicles[11]; used earthmoving equipment; used tyres and tyre castings; used clothing; used footwear; used textiles; and wild animal products. The Ministry of Finance issues the import permits for the products listed above. Any person, company or non-commercial institution may apply for a permit. Applications and attendant documents are submitted to the principal Secretary of the Ministry of Finance[12], and are examined by the Import Permit Committee (IPC), chaired by the Ministry of Finance.[13] Import permits are valid for one year and must not be transferred, negotiated, sold or used by any person other than the person named in the permit.

3.31. Imports of live animals and plants, meat and edible meat offal, honey, fertilizers, and other products of animal and plant origin are restricted on sanitary and phytosanitary grounds and require an import permit/certificate issued by the Ministry of Agriculture. Import permits for pharmaceutical products are issued by the Ministry of Health.

3.32. Under the SACU Agreement (Article 26), Swaziland used its right to protect its local industries for dairy products, vegetables, wheat flour and wheat during the review period.

3.33. Under NAMBOARD Act No. 13 of 1985 (as amended), NAMBOARD may control imports of "scheduled agricultural products" by setting quantitative limits and/or by raising import levies. Currently, a number of agricultural goods are subject to import levies (Section 3.1.2). These measures are determined taking into account the availability of local production and their main purpose is to protect local farmers and help develop agricultural production in Swaziland.

3.34. In addition, under the Dairy Act of 1968 and the Animal Diseases Act of 1965, the Swaziland Dairy Board (SDB) issues import permits (and charges levies) for all scheduled imported dairy products (Section 3.1.2). The purpose of these measures is to protect human and animal health as well as the local dairy industry. These requirements are to be reviewed periodically to determine the stage of development of the national dairy industry as well as possible human and animal health risks. Where amendments are deemed necessary, consultations are undertaken with the Dairy Industry Stakeholder Coordinating Committee, comprising representatives of consumers, retailers, producers and government officials. The representatives are given 90 days to make submissions regarding possible changes to the regulations. Importers who have been refused a permit may initiate an appeal process; this is initiated before the SDB permit office and may end up at a court of law.

[11] Except motor vehicles older than 15 years, whose importation is prohibited.

[12] Requirements and conditions for application can be found at the Ministry of Finance's website. Viewed at: http://www.gov.sz/index.php?option=com_content&view=article&id=327&Itemid=31.

[13] The IPC also comprises representatives of the International Trade Department, the Customs and Tax Department of the SRA, the Department of Commerce (Licensing), and the Central Bank (Foreign Exchange Department).

3.1.4 Anti-dumping, countervailing, and safeguard measures

3.35. Swaziland has no legislation on trade remedies. As part of the SACU Customs Union, Swaziland applies the anti-dumping, countervailing or safeguard measures imposed by South Africa on the basis of investigations carried out by the International Trade Administration Commission (ITAC) of South Africa (Main Report, Section 3.3.7).

3.1.5 Standards and other technical requirements

3.36. The Swaziland Standards Authority (SWASA), established in 2007 as mandated by the Quality and Standards Act (2003), is a statutory body under the Ministry of Commerce, Industry and Trade (MCIT). SWASA is responsible for developing, publishing and monitoring the implementation of standards, performing conformity assessments, providing testing facilities and obtaining affiliation to relevant international bodies. It is governed by a ten-member Council, comprising representatives from the Government and the private sector.[14]

3.37. SWASA's precursor, the Standardization and Quality Assurance Section in the MCIT, was restructured in 2011 and renamed the Regulatory and Quality Infrastructure Development Section. Its task is to develop, maintain and review the legal and institutional framework for standardization, quality assurance, accreditation, metrology and technical regulations in accordance with the National Regulatory and Quality Policy (2010) and its 2013 Implementation Plan. Under the Metrology Act of 1991, the Weights and Measures (Legal Metrology) Department in the MCIT is mandated to supervise and control metrology in trade and provide metrological industry support services to ensure equitable and uniform trade dealings conducted on the basis of measurement and the promotion of standardized units.

3.38. Swaziland notified the WTO's Committee on Technical Barriers to Trade (TBT) of its acceptance of the Code of Good Practice in October 2008.[15] SWASA serves as the national enquiry point under the TBT Agreement.[16]

3.39. Swaziland is a correspondent member of the International Organization for Standardization (ISO), of which it expects to obtain full membership in the near future. It is an affiliate member of the International Electrotechnical Commission (IEC) and a full member of the African Organisation for Standardisation (ARSO). SWASA also participates in the SADC programme on standards, quality assurance, accreditation and metrology (SQAM), whose goal is to harmonize member countries' standards and technical regulations. Additionally, it has a memorandum of understanding with the South African Bureau of Standards (SABS).

3.40. SWASA promotes and coordinates the development of national standards. Interested producers, consumers and government agencies may submit proposals for new standards to SWASA. A standards advisory committee selects a proposal to be developed and directs it to the relevant technical committee. Currently, there are 46 technical committees for different economic sectors[17], with over 200 members, including a range of public and private sector representatives (local authorities, industry, trade, consumers, academia and civil society). Once a standard project has been drafted and agreed on by the technical committee, SWASA publishes it for public comment during a period of 60 days. The feedback from the public enquiry is considered by the technical committee and the final text is submitted to the SWASA Council for approval. Once approved, the new standard is adopted and published in the Swaziland Government Gazette.

3.41. Since its inception in 2007, SWASA has adopted some 160 national standards, and another 100 are in the pipeline. All standards are voluntary. However, section 17 of the SWASA Act permits the Minister of Commerce, Industry and Trade to declare a standard compulsory whenever it

[14] The Council comprises representatives of the Ministries of Commerce, Industry and Trade; Agriculture; Natural Resources and Energy; and Finance, and private-sector representatives from the Federation of Swaziland Employers, the Chamber of Commerce, and the University of Swaziland.

[15] WTO document G/TBT/CS/N/174, 23 October 2008.

[16] The Quality Assurance Unit of the Ministry of Enterprise and Employment is listed as the national enquiry point in WTO document G/TBT/ENQ. The Swazi authorities need to notify this change.

[17] Sectors include: general services, food and agriculture, health and safety, information technology, environment, electrical and mechanical engineering, building and construction materials, and chemicals and textiles.

becomes necessary; so far none have been declared compulsory. According to the authorities, this is due to the lack of funds for undertaking regulatory impact assessment and compliance monitoring. Given that Swaziland did not have any national standards previously, SWASA has been using standards from neighbouring national bodies (especially the South African Bureau of Standards), regional bodies, and international bodies as a reference in the elaboration of local standards. A list of Swazi national standards can be found on SWASA's website.[18] Swaziland has made one notification to the TBT Committee relating to requirements for examination and testing of vehicles used on public roads.[19]

3.42. SWASA's conformity assessment and certification functions are still under development and face significant challenges, including the lack of infrastructure for inspection and testing facilities, insufficient financial resources, and the shortage of trained personnel. SWASA's Quality Assurance Department will be in charge of carrying out quality testing and certification. Established in 2009, the Department is Swaziland's first certification body. In March 2012, it launched three certification marks.[20] However, it has not been internationally accredited yet. SWASA relies on the South African Bureau of Standards (SABS) for conformity assessment and on the South African National Accreditation System (SANAS). Nonetheless, Swaziland has not concluded any mutual recognition arrangements (MRAs) in the TBT area.

3.43. Currently, Swaziland has three accredited testing laboratories, and there are plans to establish five additional laboratories for electronics, chemistry, microbiology, materials and metrology. The authorities have indicated that the Quality and Standards Act (2003) is being reviewed, and that one possible outcome might be that the functions of accreditation and enforcement of technical regulations be removed from SWASA's competence. The Metrology Act is also under review to separate the components of industrial, scientific and legal metrology.

3.44. Labelling and marking for industrial and pharmaceutical imports must be done in English. Labelling and pre-packaging regulations are being reviewed in order to harmonize them with SADC recommendations.

3.1.6 Sanitary and phytosanitary requirements (SPS)

3.45. The office of the Principal Secretary in the Ministry of Agriculture is responsible for overall policy and the implementation of SPS measures; it is the national notification authority for the purposes of the WTO Agreement on SPS.[21] Animal health matters are handled by the Department of Veterinary and Livestock Services, and plant health issues are the responsibility of the Department of Agricultural Research and Specialist Services, both under the Ministry of Agriculture. These two departments have been notified as enquiry points to the WTO.[22] Food safety issues are dealt with by the Department of Environmental Health in the Ministry of Health, although the other two departments are also involved. According to the authorities, each of these departments develops relevant SPS measures based on international standards in consultation with local stakeholders.

3.46. Swaziland has a mutual recognition arrangement on SPS issues with South Africa.

3.47. Imports of live animals and plants, meat and edible meat offal, honey, and other products of animal and plant origin are restricted on SPS grounds and require an import permit (i.e. an SPS certificate) issued by the Ministry of Agriculture through the corresponding department.

3.48. Overall, Swaziland has submitted two SPS notifications to the WTO: one was an emergency measure concerning bees, honey and honey products[23]; the other provided for a 60-day period for Members' comments on the Veterinary Public Health Bill 2010 concerning food safety.[24]

[18] SWASA online information. Viewed at: http://gallery.mailchimp.com/b28566ce16d66474920d30be0/files/National_Standards_Catalogue_opt.pdf.
[19] WTO document G/TBT/N/SWZ/1, 16 April 2012.
[20] The Lihawu Mark (management system mark); and the quality marks Ligcebesha and Lijozi.
[21] WTO document G/SPS/NNA/8, as of 20 March 2015.
[22] WTO document G/SPS/ENQ/16, as of 20 March 2015.
[23] WTO document G/SPS/N/SWZ/1, 27 July 2009.
[24] WTO documents G/SPS/N/SWZ/2, 20 December 2011 and G/SPS/N/SWZ/2/Corr.1, 10 January 2012.

3.49. Animal health is primarily regulated by the Animal Disease Act No. 7 of 1965 (as amended) and its regulations. The Act sets out provisions for general animal disease control as well as for specified diseases. Control measures include monitoring and reporting of diseases, quarantine measures, notification procedures, importation of animals and animal products (food and non-food), and obligations for animal owners concerning disease prevention and control. The Livestock Identification Act No. 13 of 2001 provides for the identification and traceability of livestock. The Regulation and Control of Veterinary Drugs and Medical Substances Act of 2012 governs the importation, sale and use of veterinary drugs and medical substances.

3.50. The Veterinary Public Health Act No. 17 of 2013, which entered into force in January 2014, seeks to ensure that all food of animal origin released to the public is safe for human consumption. It applies to unprocessed and processed animal products for human consumption at the primary production stage, both of national origin and imported. The Act also provides for official inspections of slaughter facilities and food establishments, quality control requirements for locally produced and imported products as well as exports, and the certification of imports and exports. The Act establishes the Veterinary Public Health Unit under the Ministry of Agriculture, which after a three-year transition period will have the task of conducting inspections of slaughterhouses and establishments (now under the Ministry of Health).

3.51. All imports of live animals and food and non-food products of animal origin require an import permit from the Veterinary Services Division (VSD) of the Department of Veterinary and Livestock Services, as well as a health certificate from the country of origin.

3.52. The Veterinary Field Services Section of the VSD is responsible for issuing import permits and export certificates for live animals (except wildlife and cattle for immediate slaughter), handling government quarantine facilities and conducting inspections at designated ports of entry. Import permits for wild animals and cattle for immediate slaughter are issued by the Senior Veterinary Officer (at the headquarters of the Veterinary Field Services Section). All imported livestock, except those brought for immediate slaughter, are subject to a quarantine period of 30 days and must be disembarked directly into the quarantine facilities.[25] Importers are required to notify the competent veterinary office before animals arrive in the country. Swaziland has been recognized by the World Organization for Animal Health (OIE) as a foot-and-mouth-disease-free country since May 2010.

3.53. The Veterinary Public Health Section of the VSD regulates the import and export of raw and primary processed food of animal origin (meat, meat products, milk and milk products). Imports of these products are subject to an import permit on SPS grounds. Upon arrival, large import consignments of food products of animal origin are required to go directly to the Meat Hygiene Services (of the Veterinary Public Health Section) for product and document inspection. No inspection fees apply, but the importer must pay for the issuance of the import permit/SPS certificate.

3.54. Imports and exports of animals and products of animal origin must come through one of the ten designated commercial ports. Any consignments of animals or products of animal origin that arrive at a non-designated port of entry are turned back by customs officials. VSD officials stationed at ports of entry only carry out product and documentation inspection, since there are no testing facilities at ports of entry. For products requiring further testing and analysis, the VSD conducts the necessary tests at its laboratories in Manzini and Matsapha. The Government is trying to build capacity to expand the number of ports of entry with sanitary and phytosanitary services.

3.55. Phytosanitary measures remain regulated by the Seeds and Plants Varieties Act of 2000 (and its 2002 Regulations) and the Plant Control Act No. 7 of 1981. A new development since the previous Review is the passing of the Plant Health Protection Act 2013, yet to be published. The new Act is intended to align Swaziland's phytosanitary regime with the International Plant Protection Convention (IPPC), to which the country has been a signatory since 2005. It establishes a new unit referred to as the National Plant Health Inspectorate Service. The 2013 Act will replace the Plant Control Act 1981, once it enters into force.

3.56. The Department of Agricultural Research and Specialist Services (through the Specialist Services Division) is responsible for the implementation of phytosanitary measures and related

[25] There are two main government quarantine stations: Mpisi and Maphiveni.

services, and for the conservation of Swaziland's plant genetic resources. Phytosanitary measures are published in the Government Gazette and updated as new diseases/pests are identified.

3.57. In order to prevent the introduction and spread of pests into Swaziland, all imports of plants and plant products require a permit or phytosanitary certificate. These products include live plants, seeds (cuttings, vines and other propagation material), all kinds of grains, fresh fruit and vegetables, timber, wood packaging material, soil and plant-based handcraft. However, plants from state-registered nurseries, fruit and vegetables (no more than 20 kg of citrus per person), cut flowers, wreaths and herbaceous pot plants bought by individuals in South Africa for immediate use or consumption, and not for sale, do not require an import permit or phytosanitary certificate. Imports of plant and plant products must enter Swaziland through designated commercial ports of entry. Procedures at points of entry consist of product and document inspection; no testing is carried out at border posts.

3.58. The Seeds and Plant Varieties Act of 2000 broadly outlines the requirements, procedures and practices of the seed value chain. Its regulations detail the procedures for engaging in any of the seed value chain activities as well as minimum standards for seed certification and testing. The Act designates the Seed Quality Control Services Section of the Ministry of Agriculture (located at the Malkerns Research Station) as the seed certification agency and testing station. The requirements for importation and exportation of seeds are set out in Part VII of the Seeds and Plant Varieties Act of 2000. Both importers and exporters must register with the Registrar of Seeds. Any person intending to import seed into Swaziland must obtain a phytosanitary certificate from the Department of Agricultural Research and Specialists Services of the MOA; the seed must be of a variety entered in the Recommended Variety List of the Seed Registrar and comply with prescribed requirements relating to seed, packaging materials, seals and labels. Any person wishing to export seed from Swaziland must apply for authorization from the Registrar, who may undertake inspection and testing of the seed as deemed necessary, before an export certificate can be issued.

3.59. The Seeds and Plant Varieties Act of 2000 provides for the recognition of certain varieties of plants. Accordingly, Swaziland has a list of recognized seed and plant varieties. For a variety to be added to the list it must be distinct, uniform, stable, have value for cultivation and be tested by the Agricultural Research Station and then considered by the Variety Committee of the Ministry of Agriculture. The list includes certified crops such as maize, beans, sorghum, groundnuts, tobacco, cotton and cowpeas. The list is currently being reviewed.

3.60. Swaziland is a member of the Convention on Biological Diversity and a party to the Cartagena Protocol on Biosafety, which entered into force for the country in April 2006. The Biosafety Act 2012 was passed into law by Swaziland's Parliament and received royal assent in December 2012. The draft regulations of the Biosafety Act are currently awaiting approval. Imports of genetically modified organisms (GMOs) require an import permit issued by the Swaziland Environmental Authority.

3.61. Swaziland faces some important challenges regarding its SPS system, including the lack of accredited laboratory facilities, inadequate infrastructure and inspection services at the ports of entry, lack of extensive pest risk analysis, and staff that are inadequately trained to provide SPS information and extension services.[26]

3.2 Measures Directly Affecting Exports

3.2.1 Export procedures and requirements

3.62. Exporters are required to register with the Swaziland Revenue Authority (SRA). For customs clearance purposes, exporters must submit an export declaration (form SAD500) and supporting documents, including the exchange control form F178 (provided by the exporter's bank indicating the value of the goods to be exported), invoice, road manifest, permits and certificates of origin. Customs declarations are made through the ASYCUDA++ system. Most exporters use customs clearance agents or freight forwarders who take care of the export logistics in South Africa, which include the deposit of a security bond covering goods in transit to Durban.

[26] SADC (2014).

3.63. As in the case of imports, most exports from Swaziland are transhipped through the port of Durban (where they arrive by road); while sugar is usually exported through the port of Maputo. Export consignments may be inspected by Customs, in particular if there is a duty/tax refund or a discharge of security to be claimed after the goods are exported. Following document processing and inspection of the goods, the transport unit is sealed by Customs and cleared for export.

3.64. There are no requirements on repatriation or conversion of funds from export earnings.

3.2.2 Export taxes, charges, and levies

3.65. On 30 September 2009, Swaziland removed the sugar export levy it used to impose on all net ex-mill export sales to the European Union under the Sugar Protocol, which itself ceased to operate on the same date. The levy was collected from millers and growers by the Swaziland Sugar Association (Section 4.1).

3.2.3 Export prohibitions, restrictions, and licensing

3.66. Swaziland applies export prohibitions on products regulated by international conventions, such as the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). Export prohibitions may also be imposed in case of food shortages resulting from drought or other natural disasters, but the authorities have indicated that they are not applied in practice.

3.2.4 Export support and promotion

3.67. Input materials imported into Swaziland to manufacture products for export outside the SACU area may be eligible for customs duty rebates subject to the conditions specified in the SACU Tariff Schedules for each industrial sector, commodity or usage; duty rebates may be full or partial. In addition, registered VAT vendors may claim a refund for VAT paid on imported inputs that are incorporated into an export product; refunds are normally given as duty credits.

3.68. Exports of goods (and services) are zero-rated for VAT purposes according to the Second Schedule of the VAT Act 2011.

3.69. The Textile and Clothing Industry Development Programme (TCIDP – DCCS), an export incentive programme under which exporters could earn tradable duty credit certificates equal to 25% of the value of their exports, was terminated on 31 March 2010.

3.70. Swaziland does not maintain export processing zones.

3.71. Until recently, the Trade Promotion Unit (TPU), within the Ministry of Commerce, Industry and Trade, served as the national focal point for export promotion. Its functions included primarily the identification of new export products and markets, promotion of Swazi products on world markets and financing the participation of local enterprises in international trade fairs (covering shipment costs and exhibition space). In April 2014, the activities of the TPU were transferred to the Swaziland Investment Promotion Authority (SIPA), which is now in charge of all export promotion activities. SIPA is also responsible for hosting the Swaziland International Trade Fair (SITF), which aims to promote Swaziland's goods and services; develop links between Swazi and international businesses; provide local business exposure; and promote the development of SMEs. The SIFT takes place annually.

3.2.5 Export finance, insurance, and guarantees

3.72. The Export Credit Guarantee Scheme (ECGS) enables exporters, including those with inadequate collateral security, to obtain loans from commercial banks at concessionary interest rates in order to meet their capital requirements. The scheme is placed under the Central Bank of Swaziland, which guarantees the loans made by commercial banks. The ECGS covers both political and commercial risk.

3.73. To access the ECGS funds, exporters must be registered in Swaziland and submit complete project proposals to their bank, including all required supporting documents such as export orders, a business plan, audited accounts and security/collateral. The ECGS covers 70% of the FOB value of the goods to be exported in the case of pre-shipment, and 75% of the loan in the case of post-shipment. The maximum guarantee that the ECGS can issue to a single exporter is E 2.5 million (approximately US$210,000).[27] Interest is applied at the prime interest rate per year, and a premium charge and a filing fee are applied. The ECGS has not been used since 2009. Apparently, this is because the conditions of the scheme are quite onerous, SMEs' business proposals are not always viable, and they seldom participate in export trade; a disincentive from the point of view of banks is that margins are lower than with normal loans.

3.3 Measures Affecting Production and Trade

3.3.1 Incentives

3.74. Several incentives schemes are available to national and foreign investments alike. The Swaziland Investment Promotion Authority (SIPA) is responsible for designing and implementing investment incentives. Investments in certain economic areas have been identified as crucial for development and are granted special tax concessions. The incentives schemes include both financial and non-financial benefits (Table 3.4).

3.75. There are no performance requirements for establishing, maintaining or expanding an investment. Likewise, there are no technology transfer requirements or requirements on composition of ownership or equity.

3.76. The Industry Department of the MCIT provides support for local and foreign investors through provision of industrial sites and land allocation. The Department is responsible for the establishment, servicing and administration of industrial estates, by providing infrastructure such as access to water, sewer, road, electricity and telephone services. Currently, there are three industrial estates (Matsapha, Nhlangano and Ngwenya). Further, in accordance with the Crown Land Disposal Act 1910 and its Regulations 2003, the Department is charged with the allocation of fully-serviced industrial land to both domestic and foreign investors at concessionary rates. The Department is currently involved in the process of formulating an Industrial Policy which is expected to be adopted in the second part of 2015.

Table 3.4 Swaziland: investment incentives

Investment incentives
Corporate tax concession - development approval order The Minister of Finance is empowered to issue a development approval order to a new investment in manufacturing, mining, agribusiness, tourism or international financial services, which is considered crucial for the development of Swaziland. The approval order grants an investor a concessional corporate tax rate of 10% (the normal rate is 27.5%) for ten years, and an exemption from withholding tax on dividends for ten years for non-resident shareholders.
Duty-free imports and duty rebates The majority of capital goods are duty-free. Input materials may be imported under customs duty rebates subject to the conditions attached to each industrial sector, commodity or usage.
Accelerated depreciation Special deductions are allowed in respect of new industrial buildings and new plant and machinery brought into use in a manufacturing process or the hotel industry. Special deductions also apply in respect of second-hand machinery which has not been previously used in Swaziland and to leased plant and machinery.
Provision of factory shells Provision of factory shells at competitive rates. Generally, rent is not paid until the company starts operations and its amount depends on the location of the factory and the conditions negotiated with SIPA (the subsidy may vary between 25% and 40% of the market rate).
Human resources training rebate Through approval by the Commissioner of Taxes, a rebate equivalent to 150% of training costs may be written off against tax liabilities.
Unlimited loss carry forward A company may carry forward a loss incurred in the year of assessment and set it off against future assessable income.
Export credit guarantee scheme Investors who manufacture/process for export markets can obtain funds from local banks to process their orders. The Central Bank of Swaziland guarantees these loans (see Section 3.2.5).

[27] US$1=E 11.97 as at mid-April 2015.

Investment incentives
Five-year work and residence permits
Permits are available for expatriate directors, senior management and key technical personnel of new enterprises.
Repatriation of profits
Full repatriation of profits and dividends of enterprises operating in the country. Repatriation is also allowed for salaries of expatriates and capital repayments.
Legal protection of investments
Investments in Swaziland are protected from undue expropriation under the Swaziland Investment Promotion Act of 1998. In addition, Swaziland is a member of the Multilateral Investment Guarantee Agency (MIGA) of the World Bank which provides for added legal protection of investments.

Source: SIPA online information. Viewed at: http://www.sipa.org.sz/index2.php?option=com_content&task=view&id=25&pop=1.

3.77. Swaziland Industrial Development Corporation (SIDC), a joint venture formed between the Swazi Government and several international and local financial institutions[28], supports incoming companies by financing equity participation, joint ventures, asset leasing, and providing factory shells. It provides assistance in project appraisal and identification of local or foreign joint venture partners. It also offers medium-term and long-term loans at competitive interest rates and leasing of factory buildings, mostly at the Matsapha Industrial Estate.

3.78. Financial support for SMEs is available through the Small Scale Enterprise Loan Guarantee Scheme, re-launched in December 2010 and administered by the Central Bank. The objective of the scheme is to enable SMEs (many of which have no access to credit due to lack of collateral) to obtain financing from commercial banks, by reducing the financial risk to be taken by these institutions. Eligible SMEs must have a business turnover of no more than E 8 million. The maximum credit to be granted to any SME is E 500,000. The scheme guarantees up to 95% of the credit for start-up businesses and 85% for existing businesses. Interest is charged at prime rate plus 2% to 5%, depending on the risk profile of the applicant. A guarantee fee is charged at a rate of 1% per annum. The WTO Secretariat could not find information regarding the amount of credit guaranteed under this scheme during the period under review.

3.3.2 Competition policy and price controls

3.3.2.1 Competition policy

3.79. Swaziland's competition policy legislation comprises the Competition Act 2007, the Competition Commission Regulations Notice 2010, and the Fair Trading Act 2001.

3.80. The Competition Act 2007 is aimed at preventing anti-competitive trade practices and regulating mergers and acquisitions with a view to fostering economic growth and enhancing consumer welfare. The Swaziland Competition Commission (SCC), set up in 2010, is an independent statutory body responsible for administrating and enforcing the Competition Act. According to the authorities, the Commission's enforcement actions remain inadequate due to a lack of financial and staff resources.

3.81. The SCC deals with complaints against anti-competitive trade practices[29] and regulates mergers and acquisitions. Carrying out anti-competitive trade practices is punishable with a fine and/or a prison sentence. The Act provides for a maximum prison term of 5 years and a fee of up to E 250,000 for failure to comply with directives.[30] Appeals against the Commission's decisions may be brought before the High Court.[31] The authorities indicated that the Competition Act and its Regulations are to be amended in 2015 in order to, *inter alia*, improve the powers of the Commission in imposing administrative fines for anti-competitive trade practices and harmonize domestic law with regional legislation such as the COMESA Competition Regulations.

[28] Participants in SIDC: Government of Kingdom of Swaziland 34.9%, German Investment and Development Company (DEG) 22.1%, International Finance Corporation (IFC) 13.7%, Commonwealth Development Corporation (CDC) 10.9%, Netherlands Development Finance Company (FMO) 10.2%, French Development Finance Institution (PROPARCO) 5%, Standard Bank of Swaziland 1.6%, Nedbank (Swaziland) Limited 1.6%.

[29] Anti-competitive trade practices are listed in sections 31 and 32 of the Competition Act 2007.

[30] Competition Act 2007, section 42.

[31] Competition Act 2007, section 40.

3.82. The SCC may start an investigation in relation to anti-competitive trade practices on its own initiative or on receipt of a complaint. Complaints may be filed on the SCC's website free of charge.[32] The respondent company is notified of the commencement of an investigation by the SCC, which may also issue a press statement. During the investigation, the SCC may hold consultations with the parties to try to reach a settlement agreement. Investigations must be terminated within a 90-day period, which may be extended for a maximum of 60 days, if the SCC determines the initial timeframe is not adequate.

3.83. The SCC has initiated three investigations since 2010; these were conducted upon receipt of complaints and concerned the following areas: retail space in shopping centres; egg production and distribution; and medical insurance. The investigation into retail space in supermarkets involved a vertical restraint in the form of an exclusionary provision in a lease agreement which the supermarket sought to extend for a long period after it expired. After considering the effects of the provision on competition in the supermarket retail market, the SCC resolved that the provision was anti-competitive and this led to the entry of a second supermarket into the shopping centre, which benefited consumers with wider choice. The investigation into the egg production and distribution market involved collusive conduct. The SCC adjudicated on the matter and determined that the parties had entered into an anti-competitive agreement. The parties challenged this decision including the proposed sanction. The Courts are expected to make a final determination once the matter goes to trial. As regards the investigation into the medical insurance industry, the SCC investigated the all-or-nothing clause in the rules of the largest medical aid provider. The matter was still ongoing at the time of writing.

3.84. All mergers and acquisitions, regardless of size, must be notified to, investigated, assessed, and approved by SCC prior to implementation. Applications for the consideration of a merger must be submitted by the parties.[33] An application fee is charged for mergers exceeding E 8 million; the fee amounts to 0.1% of the companies' combined annual turnover or assets (whichever is greater), capped at E 600,000. Upon filing, an application undergoes a two-phase investigation. In the pre-review phase, the SCC determines whether it has jurisdiction to review the merger and subsequently conducts a formal examination. Under the substantive phase, the SCC contacts key customers, competitors, and other interested parties in relation to the proposed merger. Assessment is carried out on the basis of several criteria, for example, post-merger market concentration, entry into the market, and availability of substitute products. The parties are allowed to contact the SCC during the investigation. Mergers may be approved with or without specific conditions.[34]

3.85. Mergers must be assessed and approved within a 90-day period which may be extended further if the timeframe is considered to be insufficient or additional information is required. According to the SCC, mergers are mainly assessed and approved within the initial timeframe. The SCC may revoke an authorization for a merger if it considers the decision was driven by misleading information or the parties have not complied with a material condition for the execution of the merger. In the latter case, the SCC must give the parties the opportunity to present an adjustment plan. During the review period, the SCC investigated 59 merger transactions, of which all were approved, but some under certain conditions.[35] When there is reasonable doubt, the SCC may enter premises on the production of a court warrant to search for evidence of anti-competitive trade practices and actual or potential mergers.[36]

3.86. Competition issues are also addressed at sectoral level. For example, the Swaziland Communications Commission may impose regulatory interconnection and access obligations on telecom licensees holding a dominant position.[37] The Swaziland Communications Commission Act No. 10 of 2013 provides that the Communications Commission shall ensure that all communication services are provided in a manner that will best promote economic and social development. While the Competition Act of 2007 can be applied to all sectors of the economy, under the

[32] SCC's website can be viewed at: http://www.compco.co.sz/Index.html.

[33] Either party may file and submit the application for a joint merger. The acquirer is entitled to submit the application in non-consensual mergers.

[34] Competition Commission Regulations Notice 2010, and SCC online information, "External Merger Guidelines". Viewed at: http://www.compco.co.sz/MergersAcquisitions.html.

[35] For example, in 2014, the SCC approved under certain conditions the acquisition by UK-based Premier Foods of the wheat and flour milling operation of the Swazi Ngwane Group.

[36] Competition Act 2007, section 39.

[37] Electronic Communications Act 2013.

Communication Commission Act of 2013, the newly established Communications Commission has the power to administer certain aspects of the Competition Act 2007 and certain aspects of the Fair Trading Act 2001, as they relate to the sectors regulated by the Communications Commission. The Competition Commission aims to sign MOUs with sector regulators; none has been signed yet but the process is ongoing.

3.87. The Fair Trading Act 2001 prohibits misleading conduct and false representations, including in trademarks (Section 3.3.5). The Fair Trading Act will be amended and Fair Trading Regulations will be developed alongside the amendment of the Competition Act and Competition Commission Regulation. A draft Consumer Protection Bill is currently at the Office of the Attorney General.[38]

3.3.2.2 Price controls

3.88. Swaziland continues to apply maximum retail prices for a series of goods and services under the Price Control Order 1973. Goods and services subject to maximum retail prices include bread, dairy products, gasoline and postal and telecommunication services. The price of sugar is no longer regulated.

3.3.3 State trading, state-owned enterprises, and privatization

3.89. So far Swaziland has not submitted any notifications pursuant to Article XVII:4(a) of the GATT 1994. Nevertheless, some state-owned enterprises or parastatals such as the National Agricultural Marketing Board and the Swaziland Dairy Board have the statutory power to regulate imports and exports of several agricultural products.

3.90. State participation in the economy through public enterprises or parastatals remains substantial and has in fact increased in recent years. Public enterprises accounted for 8% of GDP in 2011 and collectively held assets worth almost EUR 10 billion.

3.91. Currently, there are 72 public enterprises operating across key economic sectors, including agriculture, transport, finance, public utilities, business promotion, tourism, health and education (Table 3.5). The Government holds shares ranging from 75% to 100% in 50 of these enterprises (Category A enterprises) and has minority shares in the remaining 22 (Category B). As many as 32 public enterprises are heavily reliant on government subsidies for carrying out their activity, while only a few are self-sustained. Most Category B enterprises are profit-making.[39]

3.92. Each public enterprise is governed by a board of directors, which is accountable to the relevant line Minister. Many public enterprises are statutory companies created by Acts of Parliament and are subject to the Public Enterprise Control and Monitoring Act 1989; some recently corporatized companies are governed by the Company Law 2009.[40]

3.93. The Public Enterprise Unit (PEU) in the Ministry of Finance is tasked with monitoring, reporting and providing advice on the performance of public enterprises. These are required to submit financial information to the line Ministry and the PEU; they must also submit annual audited statements to Cabinet, Parliament and the Auditor General (although they are not included in the Public Accounts of the Government).[41]

3.94. Efforts to rationalize and privatize the parastatal sector began in the mid-1990s, within the framework of the Economic and Social Reform Agenda, but they were not carried out due to unfavourable economic and political conditions.[42] A privatization policy was approved by Cabinet in 2006 and was supplemented by a Privatization Road Map (PRM) in 2007. The PRM identified which public enterprises should be restructured or divested, as well as sectors where the establishment

[38] For further detail see Siboniselizulu Maseko, (2014).
[39] Ministry of Finance (2015).
[40] Two state corporations, Tibiyo Taka Ngwane and Tinsuka Taka Ngwane, both established by royal charter, operate as corporate social investment entities. They are accountable to the King who controls them in trust for the Swazi nation, and are considered separate from the Government.
[41] According to the Auditor General, 12 Category A public enterprises did not submit their audited financial statements for 2013/14, and Royal Swazi National Airways has never submitted such statements.
[42] Dlamini (2005).

of an independent regulator was needed. Implementation of the PRM has been very slow as necessary legislative reforms often encounter considerable delays.

3.95. During the review period, the Government continued the implementation of the PRM, focusing on corporatization and restructuring of some public utilities, rather than on divestiture. For example, in 2007 the Swaziland Electricity Board, which had both operational and regulatory functions, was replaced by the new state-owned Swaziland Electricity Company and a new regulatory authority for the electricity sector was created. Similarly, legislation passed in 2013 separated the regulatory and commercial functions of the Swaziland Post and Telecommunication Corporation (SPTC) and established the Swaziland Communication Commission as an independent regulator for the sector, while SPTC continued operations as a state-owned corporation (Section 4).

3.96. Nevertheless, some public enterprises continue to have regulatory functions in sectors where they compete with private companies, giving rise to conflicts of interest and an uneven playing field for competition. For instance, certain public enterprises have the power to issue import permits and collect import levies on products with which they compete themselves. These products include maize, rice, milk, fruit and vegetables, and poultry.

3.97. Poor performance, lack of commercial orientation, and insufficient transparency[43] and accountability are some of the problems facing the parastatal sector. Moreover, given that about half of public enterprises depend on government subsidies to conduct their activities, they represent a heavy financial and administrative burden to the Government and ultimately the tax-payers. In early 2015, the Ministry of Finance developed a Dividend Policy on Public Enterprises which sets out guidelines for the payment of dividends by all public enterprises based on the nature of their activities, in order to ensure that an appropriate return is made to the Government as a shareholder. The policy will become effective after it is approved by the Cabinet.

3.98. Moving ahead with the implementation of privatization plans would not only free resources to pursue alternative social and economic policy objectives, but would also contribute towards creating a more enabling environment for private investment and economic growth.

Table 3.5 Swaziland: public enterprises and government agencies, 2014

Public enterprises	Ministry or sector
Public enterprises – Category A	
Agriculture	
Swaziland Dairy Board	Agriculture
National Maize Corporation	Agriculture
Swaziland Cotton Board	Agriculture
National Agricultural Marketing Board	Agriculture
Swaziland Water and Agricultural Development Enterprise	Agriculture
Transport	
Royal Swazi National Airways Corp.	Public Works and Transport
Swaziland Railway	Public Works and Transport
Central Transport Organization	Public Works and Transport
Swaziland Civil Aviation Authority	Public Works and Transport
Finance	
Swaziland National Provident Fund	Labour and Social Security
Swaziland Development and Savings Bank	Finance
Swaziland Revenue Authority	Finance
Swaziland Development Finance Corporation	Finance
Motor Vehicle Authority	Finance
Financial Services Regulatory Authority	Finance
Public Service Pension Fund	Public Service
Utilities	
Swaziland Electricity Board	Natural Resources and Energy
Swaziland Post and Telecommunications Corporation	Information, Communications and Technology
Swaziland Water Services Corporation	Natural Resources and Energy

[43] Humayun and Adelopo (2012), "Corporate Governance Disclosure Practices by Swaziland Public Enterprises", *African Journal of Business Management*, Vol. 6 (24), 20 June.

Public enterprises	Ministry or sector
Business promotion	
National Industrial Development Corporation of Swaziland	Commerce, Industry and Trade
Small Enterprises Development Company	Commerce, Industry and Trade
Commercial Board*	Commerce, Industry and Trade
Swaziland Investment Promotion Authority	Commerce, Industry and Trade
Swaziland Standards Authority	Commerce, Industry and Trade
Swaziland Youth Enterprise Revolving Fund	Commerce, Industry and Trade
Competitions Commission	Commerce, Industry and Trade
Swaziland Communications Commission	Information, Communications and Technology
Swaziland Energy Regulatory Authority	Natural Resources and Energy
Swaziland Public Procurement Regulatory Authority	Finance
Tourism and environment	
Pigg's Peak Hotel	Tourism and Environmental Affairs
Swaziland National Trust Commission	Tourism and Environmental Affairs
Swaziland Environment Authority	Tourism and Environmental Affairs
Swaziland Tourism Authority	Tourism and Environmental Affairs
Royal Science and Technology Park	Information Communication and Technology
Swaziland Tourism Development Company[a]	Tourism and Environmental Affairs
Information	
Swaziland Television Authority	Information Communication and Technology
Housing	
Swaziland National Housing Board	Housing and Urban Development
Labour	
Commission for Arbitration, Mediation and Conciliation	Labour and Social Security
Education	
University of Swaziland	Education
SEBENTA National Institute	Education
Swaziland Christian University	Education
Southern Africa Nazarene University	Education
Health	
National Emergency Committee on HIV/AIDS	Prime Minister's Officer
Swaziland Nazarene Health Institutions	Health
Siteki Good Shepherd Hospital	Health
Sports	
Swaziland National Sports and Recreation Council	Sports and Youth Affairs
Arts and culture	
Swaziland National Council of Arts and Culture	Sports and Youth Affairs
Youth affairs	
Swaziland National Youth Council	Sports and Youth Affairs
Disaster management	
National Disaster Management Agency	Deputy Prime Minister's Office Health
Baphali Swaziland Red Cross	Deputy Prime Minister's Office Health
Public enterprises – Category B	
Central Bank of Swaziland	Finance
Royal Swaziland Sugar Corporation Limited	Agriculture
Swaziland Industrial Development Company	Commerce
Swaziland Royal Insurance Corporation	Finance
Standard Bank Swaziland	Finance
Ned Bank (Swaziland) Limited	Finance
Manzini City Council	Housing
Mbabane City Council	Housing
Swazi Airlink	Public Works and Transport
AON Swaziland	Finance
Macmillan Swaziland	Education
Swaziland Fruit Canners	Finance
Swaziland Building Society	Finance
Lulote-BMEP	Commerce, Industry and Trade
Swaziland Economic Policy Analysis and Research Centre	Economic Planning and Development
Financial Intelligence Unit	Finance

a Dormant.

Source: Ministry of Finance (2015), Public Enterprises Unit, *Dividend Policy on Public Enterprises for the Government of Swaziland*. Viewed at: http://www.gov.sz/images/stories/finance.

3.3.4 Government procurement

3.99. According to estimates provided by the authorities, total procurement by the central government (including goods, services and domestically financed capital projects) represented on average 12.2% of GDP during the period 2009 to 2014.[44] In fiscal year 2014-15, the total value procured by the central government was estimated at E 4,892 million, of which E 2,458 million was spent on purchases of goods and services, and E 2,462 million on domestically financed capital projects (Table 3.6).

Table 3.6 Total central government procurement, estimates, 2008/09-2014/15[a]

(E million)

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Purchases/use of goods and services	1,821	2,074	1,658	1,427	1,923	2,204	2,458
Domestically financed capital projects	1,860	2,012	1,807	940	1,328	2,007	2,462
Domestically financed capital projects not goods and services	93	101	90	47	66	100	123
Inventories	63	76	30	18	40	41	44
Purchase of fixed assets	68	103	43	11	46	35	51
Total procured	3,719	4,165	3,448	2,349	3,271	4,187	4,892

a Fiscal year runs from 1 April to 31 March.

Source: Information provided by the Swazi authorities.

3.100. Swaziland is neither a signatory nor an observer to the WTO Government Procurement Agreement (GPA). It has not undertaken any commitments to open its government procurement market under RTAs.[45]

3.101. During the review period, Swaziland passed new legislation setting the country's legal and institutional framework for government procurement. The Public Procurement Act No. 7 of 2011, which entered into force on 27 May 2013, seeks to bring the procurement system in line with international standards.[46] New regulations to implement the Act have been drafted but they are yet to be submitted to Parliament for approval (as at April 2015). Hence, the Regulations on Public Procurement of 2008 (issued under the former Finance and Audit Act of 1967) are still applied.

3.102. The Public Procurement Act 2011 applies to all procurement made by government entities (i.e. ministries, departments, Category A public enterprises, and local governments). The main changes brought about by the Act include the establishment of the Swaziland Public Procurement Regulatory Agency (SPPRA), an independent regulatory body in charge of, *inter alia*, regulating and monitoring government procurement; and independent review committees responsible for hearing applications for administrative reviews and appeals from unsatisfied bidders. The Act also provides for the establishment of three levels of authority for approval of procurement procedures based on thresholds: (a) the controlling officer or the chief executive officer of the procuring

[44] According to an independent source, public procurement accounted for 65.9% of Swaziland's GDP in 2010. International Institute for Sustainable Development (2012), *Sustainable Procurement in Fragile States*, August.

[45] Swaziland is a signatory to four RTAs of which only one contains provisions on government procurement. The SACU-EFTA FTA, which entered into force in May 2008, provides for the Parties to hold consultations "no later than five years after the entry into force of this Agreement (…) to consider possible steps to be taken with a view to mutually liberalizing their procurement markets" (Article 29(3)). The consultations had not initiated at the time of writing. WTO RTA Database. Viewed at: http://rtais.wto.org/UI/PublicMaintainRTAHome.aspx.

[46] OECD (2012).

entity; (b) an entity tender board; and (c) the Government Tender Board - replacing the National Tender Board (NTB). The SPPRA and the Government Tender Board were established on 9 April 2013.[47]

3.103. Swaziland promotes the participation of domestic suppliers in government procurement contracts. Under current regulations, a 15% price preference is granted to Swazi companies in the bidding process.[48] Foreign companies may also be granted a price preference of up to 7.5% if they subcontract to Swazi companies or supply Swazi manufactured goods.[49] There are no specific provisions granting preferential treatment to SMEs.

3.104. Procurement is carried out by each ministry or department, except for the procurement of common use items, which is conducted by lead procuring entities.[50] Under current regulations, contracts exceeding E 20,000 for goods and non-consulting services and E 50,000 for works must be approved by the NTB. The remaining contracts are approved by the controlling officer appointed in each procuring entity.[51]

3.105. Five procurement methods may be used depending on the nature and threshold of the procurement (Table 3.7). Procuring entities may request the National Tender Board (NTB) to deviate from a procurement method or procedure in exceptional circumstances.[52]

Table 3.7 Government procurement methods and thresholds

Method	Description	Thresholds
Open tendering	Tenders are open to participation, on equal terms, by all eligible tenderers, through advertisement of the opportunity.	Goods: > E 200,000 Non-consultancy services: > E 200,000 Works: > E 500,000
Limited tendering	Tenders are obtained by direct invitation to a shortlist of tenderers, without open advertisement.	Goods: < E 200,000 Non-consultancy services: < E 200,000 Works: < E 500,000
Request for proposals	Proposals are obtained from a shortlist of tenderers, which may be developed with or without advertisement of the opportunity.	Consultancy services with publication of a notice: > E 200,000 Consultancy services without publication of a notice: < E 200,000
Request for quotations	Quotations from a number of tenderers are compared.	Goods: < E 20,000 Non-consultancy services: < E 20,000 Works: < E 50,000
Single source procurement	A tender is obtained directly from a single tenderer, without competition.	Goods: < E 2,000 Non-consultancy services: < E 2,000 Consultancy services: < E 2,000 Works: < E 5,000

Source: Regulations on Public Procurement 2008, section 40 and Schedule 2.

3.106. Most government procurement is done through open tendering and requests for proposals (RFPs) which, as stated in the Procurement Act 2011, "shall be the preferred procurement methods". The WTO Secretariat was unable to obtain information on the percentages of total government procurement carried out through each procurement method.

3.107. Open tendering must be international where the goods, works or services are not available under competitive price and other conditions from at least three suppliers in Swaziland, or regional or international participation is required in accordance with an agreement entered into by the Government of Swaziland. Open tendering may be conducted through a pre-qualification process, *inter alia*, where the goods, works or services are highly complex or specialized; or the evaluation

[47] Legal Notice No. 63 of 2013 and Legal Notice No. 62 of 2013.

[48] A Swazi company is a company registered in Swaziland, of which at least 51% of the controlling shares are owned by citizens of Swaziland.

[49] Regulations on Public Procurement 2008, section 22.

[50] Lead procuring entities are the Ministries of Health, Agriculture, Transport, and Public Works as well as the Government Central Stores and the Ministry of Finance's Technical Secretariat.

[51] Regulations on Government Procurement 2008, Schedule 1.

[52] Procurement Act 2011, section 6; and Regulations on Government Procurement 2008, section 6.

of a large number of tenders would require excessive time and resources. Tenders must be invited through the publication of a tender notice, or from a shortlist of pre-qualified applicants when pre-qualification has been conducted. Tender documents must include a clear explanation of the evaluation methodology and criteria to be applied.

3.108. Limited tendering may be used where the goods, works or non-consulting services are only available from a limited number of suppliers; there is insufficient time for the use of open tendering in an emergency situation; or the estimated value does not exceed the specified thresholds.[53] The regulations establish minimum periods for submitting tenders in open and limited tendering procedures, which allow for longer timeframes when international tenderers are involved.[54]

3.109. Request for proposals (RFP) is the only procurement method used for consulting services. Proposals are obtained from a shortlist of tenderers. If the estimated value of the services is above E 200,000, tenderers are shortlisted through a published notice. Tenderers are directly invited if the estimated value is below E 200,000.

3.110. The request for quotations (RFQ) method compares quotations from three tenderers for goods, works and non-consulting services; it may be used where the estimated value does not exceed the specified thresholds.

3.111. Single sourcing may be used where: the goods, works or services are only available from a single source; in an emergency situation; when additional goods, works or services must be procured from the same source due to compatibility, standardization or continuity; an existing contract is extended; or the value of the procurement is less than the specified threshold.[55]

3.112. Tender submissions are opened by the NTB in public. An appointed committee (one in each procuring entity) evaluates tenders on the basis of the methodology and criteria contained in the tender document. These consist of formal, technical, and financial criteria, and may also include other requirements (e.g. delivery schedule and maintenance cost). The committee reports to the NTB which is responsible for approving the committee's recommendations and awarding contracts. Negotiations are not permitted under the open and limited tendering methods.

3.113. In the RFP procedure, proposals are not opened in public. However, upon request by a participant, the NTB may disclose the names of the other participants who submitted proposals. An appointed committee carries out the evaluation process on the basis of the methodology and criteria stated in the RFP documents, which include formal, technical, and financial criteria. The financial evaluation is based either on a quality- and cost-based selection (the proposal that offers the optimum balance of quality and cost is chosen); or a least-cost selection (the lowest priced proposal is chosen).[56] The committee makes a recommendation to the NTB (or the controlling officer) for approval and contract award. Prior to awarding the contract, limited scope negotiations may be held with regard to minor arrangements (e.g. work plan and completion schedule).[57]

3.114. Under the 2008 Regulations, one of the functions of the NTB is to decide on the management of disputes with tenderers and suppliers. Existing practice seems to be that complaints are channelled through the Permanent Secretary's office of the Ministry of Finance.[58] The WTO Secretariat could not obtain information on complaints arising during the review period.

3.3.5 Intellectual property rights

3.115. Swaziland's IPR regime remained unchanged during the review period and is still not comprehensive in scope. Since 2009, the authorities have been reviewing the legal framework for

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[53] Regulations on Government Procurement 2008, section 41.

[54] Open tendering: 30 days where notice is published in Swaziland, and 45 days where notice is published internationally. Limited tendering: 21 days where shortlisted tenderers are national and 30 days where the shortlist includes foreign tenderers.

[55] Regulations on Government Procurement 2008, section 44.

[56] Quality- and cost- based selection is the preferred method; least-cost selection is used for standard or routine procurements.

[57] Regulations on Government Procurement 2008, sections 67-91.

[58] African Development Bank (2013).

patents, trademarks, and copyright. However, new draft laws are yet to be approved and implemented. There is no legislation on the protection of geographical indications (GIs), plant breeders' rights[59], topographies of integrated circuits, undisclosed information, or utility models. At the time of the previous Review, the authorities were considering drafting legal provisions on GI protection.[60]

3.116. The Intellectual Property Office (IPO), formerly the Central Registrar's Office, is the contact point for all IPR matters in Swaziland. In 2009, IPO was transferred from the Ministry of Justice and Constitutional Affairs to the Ministry of Commerce, Industry, and Trade following a realignment of government portfolios. The new IPR focal point has yet to be notified to the WTO.

3.117. Currently, Swaziland is formulating a National Intellectual Property Strategy which encompasses all IPRs and issues. It is at the stakeholder consultation phase at present.[61]

3.118. There has been no change to Swaziland's participation in international IPR arrangements since 2009 (see Table 3.8). Swaziland is still in the process of acceding to the WIPO Copyright Treaty and the Performances and Phonograms Treaty ("WIPO Internet treaties").

Table 3.8 Membership of WIPO administered treaties, 2015

Treaty	Entry into force/signature
Berne Convention for the Protection of Literary and Artistic Works	14 December 1998
Madrid Agreement Concerning the International Registration of Marks and its Protocol	14 December 1998
Paris Convention for the Protection of Industrial Property	12 May 1991
Patent Cooperation Treaty (PCT)	20 September 1994
Patent Law Treaty	Signed in 2000 but not yet ratified
Trade Mark Law Treaty	Signed in 1994 but not yet ratified

Source: WIPO online information. Viewed at: http://www.wipo.int/wipolex/en/profile.jsp?code=SZ.

3.119. At the regional level, Swaziland is a member of the African Regional Industrial Property Organization (ARIPO). It has signed the Banjul Protocol (trademarks) and the Harare Protocol (patents, industrial designs, and utility models). ARIPO is in the process of acceding to the UPOV Convention and formulating a regional legal framework on the protection of new plant varieties.[62]

3.3.5.1 Patents and industrial designs

3.120. The Patents, Copyright, and Designs Act 1936 remains the legal framework for the protection of patents and industrial designs in Swaziland. Under the Act, it is not possible to claim protection in Swaziland without prior registration in South Africa or the United Kingdom. Patents and industrial designs registered in South Africa require re-registration in Swaziland, subject to formal examination conducted by the IPO. Patents and industrial designs registered in the United Kingdom are automatically protected in Swaziland (without need for local re-registration).[63] According to the authorities, 26 patents and 3 industrial designs were re-registered over the period 2009-14. The term of protection for patents is 20 years and 15 years for industrial designs.

[59] The Seeds and Plant Varieties Act of 2000 regulates the sale, import and export of seeds (Section 3.1.6).

[60] WTO document WT/TPR/M/222/Add.1, 9 December 2009.

[61] Swaziland's statement at the Assemblies of the Member States of WIPO, 54th Series of Meetings, 22 to 30 September 2014, Geneva. Viewed at: http://www.wipo.int/meetings/en/statements.jsp?meeting_id=32482.

[62] See UPOV online information. Viewed at: http://www.upov.int/meetings/en/doc_details.jsp?doc_id=269279 and http://www.upov.int/export/sites/upov/members/en/pdf/status.pdf.

[63] MCIT online information. Viewed at: http://www.gov.sz/index.php?option=com_content&view=article&id=521&Itemid=254; Adams & Adams (2012), *Practical Guide to Intellectual Property in Africa*; and African Technology Policy Studies Network (2012).

3.121. In 2004, Swaziland notified the Patents, Utility Models, and Industrial Designs Act 1997 to the WTO as one of the "main dedicated IP laws and regulations".[64] However, in the context of this Review, the authorities reported that the Act had never come into force since it did not comply with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

3.122. Currently, Swaziland is reviewing patent legislation in order to introduce an independent registration system. A Patent Bill is being considered by Cabinet before it is submitted to Parliament. It has been reported that under the bill, IPO would conduct formal examinations and rely on substantive examinations carried out by ARIPO.[65] The bill is expected to provide protection for pharmaceutical and agricultural chemical products.

3.3.5.2 Trademarks

3.123. The legal framework for the protection of trade and services marks is the Trade Marks Act 1981 (effective since 1 July 1994) and the Trade Marks Regulations 1989. The authorities have indicated that they are working on a Trade Marks Amendment Bill. Swaziland has not yet enacted legislation to implement the filing system under the Madrid Agreement and Protocol; however, it is possible that applications designating Swaziland will be recognized.[66]

3.124. Protection is granted through registration with the IPO. For this purpose, marks must comply with the international classification for goods and services (Nice Classification). Applications must be filed through local trademark agents who are registered with the IPO. The Trade Marks Act provides for the claim of priority rights under the Paris Convention. Applications are examined as to: formalities, inherent registrability and conflicts with prior registrations. Successful applications are published for three months in the Official Gazette to allow for opposition to be lodged.

3.125. According to the authorities, 2,668 trademark applications were filed over the period 2009-14. A total of 1,970 trademarks were registered, of which 95% were foreign.

3.126. The term of protection for trademarks is ten years from the registration date, renewable for subsequent periods of ten years, indefinitely. However, renewal is subject to the owner providing evidence of the use of the mark. A registered mark may be removed from the register if it has not been used for three consecutive years. The owner of a registered mark has the exclusive right to the use of the mark in relation to the goods or services in respect of which it is registered, including sale, importation and offer for sale or importation. Any assignment or transmission of the trademark must be registered by the assignee. Appeals against IPO's decisions regarding trademarks may be made to the High Court. Parallel imports are authorized.

3.127. Protection against misleading trademarks or trade descriptions is contained in the Fair Trading Act 2001. Under this Act, it is an offence to forge a trademark and use falsely a trademark that resembles a registered trademark in order to mislead buyers.[67] In addition, the Merchandise Act (No. 24) 1937 and related Regulations (No. 24) 1937, providing for protection against false trade description, remain in force.

3.3.5.3 Copyright and related rights

3.128. Copyright protection continues to be addressed by three old statutes: the Copyright Act 1912, the Copyright (Prohibited Importation) Act 1918[68] and the Copyright (Rome Convention) Act 1933.[69] These statutes have been notified to the WTO.[70]

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[64] WTO document IP /N/1/SWZ/1, 5 May 2004.
[65] African Technology Policy Studies Network (2012).
[66] Adams & Adams (2012), *Practical Guide to Intellectual Property in Africa*.
[67] Fair Trading Act 2001, section 10.
[68] The 1918 Act was passed to implement section 14 of the U.K. Copyright Act 1911, which deals with imports of infringing copies.
[69] The 1933 Act extends the application of the Copyright Act 1912 to States that are not part of the Commonwealth.
[70] WTO document IP/N/1/SWZ/1, 5 May 2004.

3.129. The Copyright Act 1912 covers literary, dramatic, and artistic works as well as performances and sound recordings. Protection is automatic and does not require registration with IPO. However, to qualify for copyright protection, works must have been first published in the Commonwealth. Copyright protection may also be conferred to works that do not comply with the publishing requirement but the author is a British citizen or a Commonwealth resident. The term of protection is the author's lifetime plus 50 years after his/her death. The Copyright Act 1912 does not seem to comply with the Berne Convention or Article 9 of the TRIPS Agreement. There are no provisions for royalties to be paid to musicians, authors or performers.

3.130. A Copyright and Neighbouring Rights Bill, based on the WIPO model, was drafted in 2009 but has not yet been approved by Parliament. Reportedly, the bill would provide for criminal prosecution/sanctions for deliberate infringement of copyright for commercial gain.[71] It would also address audiovisual works, expression of folklore and computer programs, and provide for the formation of a voluntary copyright society for the management of copyright and neighbouring rights and the promotion of the interests of authors, artists, and performers.[72]

3.3.5.4 Enforcement

3.131. Swaziland is planning to establish an Intellectual Property Tribunal to deal with IPR cases.[73] The Intellectual Property Tribunal Bill has been drafted but is still being considered by Parliament. At present, the High Court is competent to hear cases of IPR infringement. Appeals against its decisions may be brought to the Supreme Court.[74]

3.132. Swaziland's IPR legislation provides for fines and/or prison sentences for infringement. Infringement under the Trade Mark Act 1981 is subject to penalties of up to E 2,000 and/or a six-month prison sentence. In addition, the misleading use of trademarks is subject to a fine of up to E 100,000 and/or a five-year prison sentence under the Fair Trading Act 2001. Violation of copyright is subject to fines of up to E 4 per counterfeit copy sold on the domestic market, within a maximum limit of E 100; a two-month prison sentence may also be dictated. Civil suits may also be brought for copyright violation.

3.133. Copyright piracy is reported to be high in Swaziland. There are copyright steering committees that work closely with the police to conduct raids to seize counterfeit material.[75] Customs are authorized to seize suspected IPR-infringing goods at ports of entry; no statistics on these actions were provided.

[71] African Technology Policy Studies Network (2012).
[72] WTO document WT/TPR/M/222/Add.1, 9 December 2009.
[73] WTO document WT/TPR/M/222/Add.1, 9 December 2009.
[74] WTO document IP/N/6/SWZ/1, 20 July 2007.
[75] African Technology Policy Studies Network (2012).

4 TRADE POLICIES BY SECTOR

4.1 Agriculture, Forestry and Fisheries

4.1. The agricultural sector continues to be characterized by the coexistence of, on the one hand, large-scale, well irrigated estates producing mostly for export, and on the other hand, rain-fed small subsistence farms with low productivity, on which the majority of the population depend for their livelihood. Swaziland remains a net importer of some staple food products, so increasing productivity and ensuring food security are major government policy goals. Support for the sector consists mainly of extension services and irrigation works. Some of the main challenges facing agriculture are climate change, high input costs and lack of access to credit and marketing networks. Key agricultural exports, such as sugar and beef, face changing access conditions in some of their main markets.

4.1.1 Main features

4.2. Agriculture remains a crucial sector of the economy. Almost 80% of the population still live in rural communities, deriving their livelihoods from subsistence farming and livestock breeding.[1] At the same time, commercial agriculture generates over a third of merchandise export earnings and supplies raw materials to manufacturing industries. In 2014, 26% of the labour force was employed in agriculture.[2] During the review period, agriculture faced challenging conditions, including severe droughts that disrupted crop production. The sector's contribution to real GDP (at basic prices) was 11.4% in 2014.

4.3. The Constitution of the Kingdom of Swaziland establishes a dual land tenure system. The "Swazi Nation Land" (SNL) is held in trust by the King for the Swazi Nation. It accounts for 63% of cultivated land, is mostly used for subsistence farming and has little or no access to irrigation. On the other hand, "Title Deed Land" (TDL) is privately held, commercially-oriented and well irrigated; it comprises large farming estates (sugar cane, citrus, and pineapple), forestry and cattle farming.

4.4. Under SNL tenure, land is allocated to citizens by local tribe chiefs, on behalf of the King. The majority of SNL allocations are less than one hectare in size. Traditionally, SNL has been used for growing maize (the staple food) and other cereals, but recent policies encourage small farmers to shift towards commercial crops, such as sugar cane.[3] SNL land is highly susceptible to drought due to its reliance on rain-fed cultivation. Livestock grazing of cattle, sheep and goats remains the principal land usage, and overgrazing is a major cause of soil erosion.

4.5. The bulk of Swaziland's agricultural production is focused on sugar cane, maize, citrus (oranges, grapefruit and lime) and cotton. Additional crops include wheat, sorghum, other fruit and vegetables. Livestock, dairy production and forestry are also important components of the country's agricultural sector (Table 4.1).

Table 4.1 Agricultural production and exports, 2008/09-2013/14

Commodity	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Production ('000 tonnes)						
Sugar	626.9	605.6	582.0	646.7	658.1	653.3
Maize	70.7	75.1	84.7	76.0	82.0	101.0
Citrus	80.7	75.6	69.1	78.4	56.8	57.5
Cotton	1.5	2.3	2.1	1.9	2.5	1.8
Exports (E million)						
Sugar	1,153.3	1,097.6	1,103.9	1,185.3	1,818.3	2,205.1
Citrus	100.0	95.4	95.0	103.5	87.4	84.0
Beef	52.4	50.3	62.1	70.6	85.9	85.2

Source: Central Bank of Swaziland, Annual Reports, April 2011-March 2012; April 2012-March 2013; and April 2013-March 2014; and information provided by the Swaziland Cotton Board.

4.6. Main agricultural exports comprise raw and refined sugar, sugar confectionery and other sugar products (soft-drink concentrates), followed by citrus and beef. Over two decades,

[1] United Nations Population Division (2012).
[2] FAO (2013).
[3] Forsyth (2013), page 69.

Swaziland's agricultural exports enjoyed preferential treatment under the United States' African Growth and Opportunity Act (AGOA) and the European Union's preferential regime for ACP countries (the Cotonou Agreement), now replaced by the Economic Partnership Agreement (EPA). Since the last TPR, preferential treatment for sugar exports to the EU has been modified, and Swaziland has been removed from AGOA's list of beneficiaries (effective from 1 January 2015).

4.7. Swaziland remains a net importer of several food products. As production has declined in past years due to the adverse effects of climate change and poor farming practices, import demand for some crops and other food items has increased. Some of the main agricultural imports are maize, dairy products, bovine meat, rice and wheat (Table 4.2).[4]

Table 4.2 Maize and dairy imports, 2008/09-2013/14

Commodity	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Imports						
Maize ('000 tonnes)	45.0	40.0	33.2	23.9	22.8	26.4
Dairy (million litres of LME)[a]	44.2	44.3	45.8	48.6	55.9	58.3

a LME stands for liquid milk equivalent.

Sources: Central Bank of Swaziland, Annual Reports, April 2011-March 2012; April 2012-March 2013; and April 2013 – March 2014; and information provided by NAMBOARD and the Swaziland Dairy Board.

4.8. Livestock is an important source of income and food for subsistence farmers. Since most cattle are held on communal lands under poor breeding practices and pastures, productivity has been affected preventing the sector from developing its full potential. On the other hand, a positive development in recent years has been the emergence of a modern poultry meat and egg industry, with some exports being shipped to countries in the region.

4.9. Swaziland has abundant forest resources, covering 32% of the total land area. Forestry provides raw materials for manufacturing industries and some export products (mainly wood - sawn or chipped). During the years under review, the sector suffered from severe forest fires that destroyed large plantations and led to the closure of a major pulp mill in 2010 and the end of unbleached kraft pulp production, formerly an important export commodity. Forestry activity has recovered during the last few years, supported by increased investment and the opening of a new company in 2011. Most plantations have now shifted from pine to eucalyptus, which has a shorter maturity span.

4.10. Swaziland's subsistence agricultural sector faces a number of challenges that explain its low production levels. These include land fragmentation, low labour productivity, persistent drought, high input costs (seed and tractor hire), poor infrastructure, insufficient access to credit and a lack of technology and marketing networks.

4.11. For large-scale agriculture, one of the main challenges is producing quality products that meet high sanitary and phytosanitary standards, particularly for exports. The lack of capacity of Swaziland's agricultural research station to conduct scientific studies remains one of the major challenges. Ongoing efforts to convert the Malkerns research station into a National Agriculture Research Authority would provide it with more autonomy and resources to conduct its work.

4.12. While international markets for exports of sugar, citrus and beef are relatively well developed, Swaziland has not been able to maximize trade opportunities due to poor farming practices and inadequate marketing. The erosion or loss of preferences for Swazi exports in certain developed markets could further damage some productive subsectors.

4.13. The fisheries subsector is entirely inland and its contribution to GDP negligible. Capture fishery is practiced in a number of dams; volumes are very small, but they constitute an important source of food for some poor communities. The most commercially important capture fish species are tilapia and catfish, while other species are targeted for sport fishing. Aquaculture is practiced in fishponds that are on average 200 square metres; farmed species include tilapia, catfish, rainbow trout and carp. Swaziland does not export fishery products, and almost all fish with

[4] Ministry of Agriculture (2013).

economic value are imported from neighbouring countries.[5] The Fisheries Division of the Ministry of Agriculture and Cooperatives is mandated to ensure optimal and sustainable exploitation of fishery resources and to promote fish consumption in order to enhance food security. A Freshwater Fisheries and Aquaculture Policy was adopted in 2012, with the key objective of maximizing, in a sustainable manner, the value and opportunities from freshwater fishing so as to reduce food insecurity and poverty, and support the growth of small-scale commercial fishing. Among other strategies, the policy proposes modernizing regulatory, institutional and management frameworks for fishing and encouraging the development of aquaculture.[6] A new Freshwater Fisheries Bill has been drafted and is currently with the Attorney General.

4.1.2 Policy framework and developments

4.14. Swaziland's policy framework for the agricultural sector includes the Comprehensive Agricultural Sector Policy, the National Food Security Policy and the Irrigation Policy, all three issued in 2005.[7] Since the last TPR, the Government has developed new instruments aimed at boosting agricultural production and job creation, including the Economy Recovery Strategy (2011), the National Agricultural Research Policy (2013), the draft National Agricultural Extension Policy (2013) and the draft Swaziland National Agriculture Investment Plan (2014). Effective implementation and coordination of this range of policies and plans remain a big challenge.[8]

4.15. The Swaziland Agricultural Development Programme (SADP), implemented between 2009 and 2014, helped improve smallholder production and commercialization networks. A Marketing Investment Fund was established to strengthen farmers' and small agribusinesses' links to markets.[9]

4.16. The Ministry of Agriculture (MOA) is the sector's lead agency. It is responsible for policy and plan formulation and implementation, providing agricultural extension services and for the overall administration of the sector. Its main task is to ensure food security and increased agricultural productivity through diversification and enhancement of commercial agricultural activities. Other government ministries, parastatal organizations (such as the National Agricultural Marketing Board (NAMBOARD), the Swaziland Dairy Board, and the National Maize Corporation) as well as industry associations (such as the Swaziland Sugar Association) are also active in the agricultural sector.

4.17. Parastatals, some with statutory monopoly powers, are involved in the marketing of farm products, including maize, cotton, fresh produce and dairy products. For example, NAMBOARD controls imports and exports of a range of agricultural products, and provides an outlet for farmers' produce by organizing their marketing in the local and international markets. It is also involved in facilitating production, processing, storage and transportation of certain agricultural products.[10] Cotton and maize are subject to price controls. The MOA sets the price at which the Swaziland Cotton Board purchases cotton from growers in order to ensure that these have a market for their product and also to provide raw material for the domestic textile industry. The price at which the National Maize Corporation buys the grain from farmers is also regulated (Section 4.1.3.2).

4.1.2.1 Support measures

4.18. Support for the sector is modest and consists mainly of agricultural R&D, extension services, and infrastructure development. Input subsidies for small-scale growers of maize and other cash crops are also provided (Section 4.1.3.2). Between 2008 and 2013, overall agricultural sector

[5] ACP Fish II. Viewed at: http://acpfish2-eu.org/index.php?page=swaziland.

[6] The policy was prepared by the ACP Fish II programme, funded by the EU. Viewed at: http://acpfish2-eu.org/uploads/projects/id3/Annex%209%20-%20Swaziland%20Final%20Draft%20Policy.pdf.

[7] Ministry of Agriculture online information. Viewed at: http://www.gov.sz/index.php?option=com_content&view=article&id=357&Itemid=342.

[8] For example, a mid-term evaluation of the SADP, commissioned by FAO, concluded that implementation of the programme had been slow, with most activities remaining at the development stage.

[9] The fund amounts to 1 million euros. FAO online information. Viewed at: http://www.fao.org/news/story/en/item/241640/icode/.

[10] NAMBOARD Act No. 13 of 1985.

expenditure averaged 4.4% of the budget. A substantial proportion of it (45%) was capital expenditure associated with significant investments in irrigation development.[11]

4.19. The MOA provides agricultural extension services through the Department of Agriculture and Extension (DAE) and the Department of Veterinary and Livestock Services (DVLS). The Malkerns Research Station conducts agricultural R&D and also operates a training centre. Under the Swaziland Agricultural Development Programme, training on good agricultural practices (such as conservation, seed multiplication and agro-forestry) has been conducted in 17 rural development areas, benefiting some 2,000 farmers.[12] Some parastatal organizations also offer support services to farmers. For example, NAMBOARD is involved in training and creating awareness among vegetable producers and exporters regarding adherence to international standards, quality requirements, packaging and marketing.

4.20. A significant gap still exists between the provision of agricultural extension services and the actual needs of small farmers. There seems to be room for improvement in the provision of services such as dissemination of market information, marketing infrastructure development, the application of quality and food safety standards, product diversification and training for farmers.[13] The National Agricultural Extension Policy envisages a comprehensive reorganization of extension services under a new National Extension Regulatory Authority.

4.21. Efforts have been made to further develop irrigation infrastructure. The first phase of the Lower Usutu Smallholder Irrigation Project was completed in 2010. This E 1.6 billion project enables irrigation on 11,500 hectares of land, benefiting some 30,000 farmers. It adds to the 6,000 hectares of irrigable land already provided by the Maguga Dam in the north of the country.[14]

4.1.2.2 Border measures

4.22. In 2015, the simple average applied MFN tariff for agriculture (WTO definition) was 9.9%. The product groups bearing the highest average tariffs were: beverage, spirits and tobacco (20.4%), animals and animal products (15.1%), dairy products (12.7%) and sugars (12.6%). Under the ISIC (Rev. 2) definition, the simple average applied MFN tariff was 3.5%, with rates ranging from zero to 35% (Main Report, Table 3.4). A number of agricultural products are subject to non-*ad valorem* duties (Main Report, Section 3.3.1).

4.23. Imports of certain agricultural products (wheat, flour, dairy products, maize and rice) from outside the SACU area require a permit from the Ministry of Finance (Section 3.1.3). In addition, *ad valorem* import levies are collected on a range of milk products by Swaziland's Dairy Board, and on other farm products by the National Agricultural Marketing Board (NAMBOARD) (Section 3.1.2). NAMBOARD has statutory power to control imports of specified agricultural commodities by raising import levies in order to protect local production or on food security grounds.

4.24. For sanitary and phytosanitary reasons, the importation of live animals, products of animal origin and plant products requires an import permit (i.e. sanitary or phytosanitary certificate) (Section 3.1.6).

4.25. Swaziland notified the WTO that it did not provide export subsidies to agricultural products over the period 1996-2011.[15] Its notifications on domestic support measures are still pending.

4.1.3 Key subsectors

4.1.3.1 Sugar

4.26. Sugar is Swaziland's largest industry. It accounts for almost 60% of agricultural production, and 35% of agricultural wage employment.[16] It also accounts for about 23% of total merchandise exports. Swaziland is Africa's fourth largest sugar producer (after South Africa, Egypt and Sudan).

[11] Ministry of Agriculture (2014).
[12] Forsyth (2013), page 69.
[13] Ministry of Agriculture (2014).
[14] Forsyth (2013), page 69.
[15] WTO document G/AG/N/SWZ/1, 16 October 2012.
[16] Ministry of Agriculture (2014).

In 2013/14, it produced 653,337 metric tonnes, up from 626,984 in 2008/09 (Table 4.3). The area cultivated with sugar cane has continued to increase (58,979 ha in 2013/14), and although most sugar production still takes place on large estates on TDL, small-scale farmers are increasingly shifting to sugar cane cultivation taking advantage of new irrigation facilities and funding from international donors. There are three sugar mills (Mhlume, Simunye and Ubombo) with a combined annual production capacity of over 600,000 metric tonnes of raw, refined and brown sugar.[17]

Table 4.3 Sugar indicators, 2008/09-2013/14

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Cultivated area (ha)	52,068	52,822	53,372	54,876	57,263	58,979
Production (metric tonnes, MT)	626,984	605,657	582,019	646,781	658,137	653,337
Exports (MT)	298,392	273,360	333, 192	305,377	363,666	339,250
Value of exports (E million)	1,253.7	1,097.5	1,103.9	1,185.3	1,818.3	2,205.1
Domestic (SACU) sales (MT)	319,716	321,783	309,483	309,611	302,043	307,918
Value of domestic (SACU) sales (E million)	1,099.3	1,268.0	1,330.6	1,481.7	1,574.9	1,662.8

Source: Central Bank of Swaziland, Annual Report April 2013–March 2014. Viewed at: http://www.centralbank.org.sz/publications/annual/2013-14.pdf; and Swaziland Sugar Association. Viewed at: http://www.ssa.co.sz/index.php/industry-statistics/2013-12-11-06-16-55/sugar; and WTO (2009).

4.27. The structure of the industry is defined by the Sugar Act 1967. The Act establishes the Swaziland Sugar Association (SSA) as a private non-profit organization, where both growers and millers are represented. SSA regulates the sugar industry and is responsible for selling, exporting and marketing all sugar and molasses produced in the country. SSA also provides technical services to assist the industry in raising sugar cane productivity.

4.28. About half of the sugar available for sale is exported, mainly to the European Union. Despite smaller volumes of sales and declining sugar prices in the EU market, export earnings increased by 21% to E 2.2 billion in 2013/14, aided by a weak lilangeni/euro exchange rate.[18] The remaining sugar production is sold on the SACU market and locally. Under the Swazi Economic Empowerment Initiative, SSA's local sugar customers who add value to the sugar in Swaziland before exporting it to the rest of SACU receive a rebate on the standard price of sugar. They may add value by pre-packing sugar into small packs, producing intermediate/industrial products (e.g. icing sugar, biscuit blends) or producing finished products (e.g. canned fruits, soft drinks, confectionary). The size of the rebate depends on the extent of the value addition that takes place. The SSA is currently reviewing the Swazi Economic Empowerment Initiative.

4.29. The retail price of sugar is no longer regulated by the Government.

4.30. The preferential conditions for Swaziland's sugar exports to the EU were modified during the review period. Under the former Sugar Protocol (up to 30 September 2009), Swaziland and 19 other ACP countries each benefited from duty-free access to the EU market for specific quantities of sugar at a guaranteed price. Upon expiry of the Protocol, a transition period (from 1 October 2009 to 30 September 2015) followed during which guaranteed prices were gradually eliminated, country-specific quotas were increased with a view to eventually removing them, and preferential treatment was extended to 67 countries. At the end of the transition period, sugar from the 67 countries will have duty- and quota-free access to the EU market, with the only restriction being a volume-based safeguard clause. The current sugar regime has been maintained under the SADC-EU EPA Agreement.

4.31. The authorities acknowledge that the eventual removal of the quota system is likely to affect the competitiveness of Swazi sugar exports in the EU market, hence the need to improve efficiency and find alternative markets.[19] They are engaged in an adaptation strategy, whose main pillars are the promotion of productivity in smallholder cane growing, exploration of premium markets and sugar by-product diversification.

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[17] Swaziland Sugar Association. Viewed at: http://www.ssa.co.sz/index.php/industry-statistics/.

[18] Central Bank of Swaziland (2014). The Central Bank estimates the devaluation of the currency at 21.6% in 2013.

[19] Ministry of Agriculture (2014).

4.32. Swaziland's sugar exports are also allowed access to the US market under a preferential tariff quota, which is approximately at least 17,000 tonnes per annum. During the review period, Swaziland exported sugar to the US in 2010/11 (25,518 tonnes) and in 2014/15 (34,000 tonnes, combining the quotas for the marketing years 2013/14 and 2014/15. No further exports are envisaged for 2015/16 due to the loss of AGOA benefits, but they may resume under the U.S. GSP scheme.

4.33. Under SACU, the simple average applied MFN tariff on sugar and sugar confectionery is 12.6%, with rates ranging from zero to 39.9%; non-*ad valorem* tariffs apply as well (see Main Report). The export levy charged on sugar exports to the EU was abolished in 2009, concurrently with the expiry of the Sugar Protocol (Section 3.2.2).

4.1.3.2 Maize

4.34. Maize is Swaziland's staple food and the most cultivated crop. It is mainly grown by subsistence farmers in SNL with little or no access to irrigation, and is hence heavily dependent on climate conditions. Average maize yields (1.5 tonnes/ha) are low due to insufficient rainfall, depleted soil fertility, delayed planting, poor quality seeds and low use of fertilizers.[20] Production has been erratic during the review period and insufficient to meet domestic demand. The annual shortfall needs to be supplied through imports, mainly from South Africa. In 2013, imports of maize amounted to almost US$20 million.

4.35. The Government policy aims to increase maize production to reduce reliance on imports, while still meeting food security objectives. In October 2014, under the National Programme on Food Security, the Government launched a support scheme whereby it subsidized 50% of the cost of agricultural inputs (seeds, lime and fertilizer) used by small-scale maize producers. The measure is aimed at encouraging increased use of quality inputs and enhancing maize productivity.[21] The MOA also provides a tractor hire service for small farmers. It has been reported, however, that the service has not been sufficient or effective, and that it in fact results in delays in planting.[22]

4.36. The National Maize Corporation (NMC), a state-owned corporation under the Ministry of Agriculture, aims at guaranteeing a market to local maize farmers at competitive prices as well as providing good quality maize meal at reasonable prices to the Swazi people. As established under the Control of Cereals Act No. 28 of 1959, the Corporation's functions include purchase, storage and marketing of maize. It also has the exclusive right to import maize and hence is responsible for importing the grain to meet persistent domestic shortfalls. The NMC is responsible for keeping a reserve of 4,000 metric tonnes.

4.37. The Minister of Agriculture sets a minimum price at which the NMC purchases maize from farmers. The price is determined taking into account the South African Futures Exchange (SAFEX) benchmark price and the local costs of production. The retail price of maize is not regulated.

4.38. Under the Import Control Order of 1976 and Legal Notice No. 60 of 2000, maize is subject to an import permit issued by the Finance Ministry. In addition, NAMBOARD collects an import levy on maize and maize products (Section 3.1.2).

4.39. The authorities indicated that imports of genetically modified maize are allowed provided their importation is in accordance with the provisions of the Bio-Safety Act of 2012.

4.1.3.3 Livestock

4.40. Informal livestock breeding (mainly cattle) remains the dominant practice. It is a source of food and income for about 80% of the population, and provides draught animal power and manure for crop fields. Nevertheless, the sector suffers from low productivity mainly caused by

[20] Ministry of Agriculture (2014).

[21] Specifically, input subsidies are provided through a turnkey project loan (of US$37.9 million) from the Exim Bank of India, for a three-year term. Through the same project, 100 tractors are to be purchased to improve the Government's tractor hire service. Information provided by the Swazi authorities.

[22] Ministry of Agriculture (2014).

overgrazing, bad management and poor nutrition.[23] Moreover, the traditional belief that cattle ownership represents wealth contributes to holding back the commercial development of the sector. As livestock production falls short of domestic demand, Swaziland continues to rely on imported animal products, mainly meat and dairy.

4.41. In order to create employment in rural areas, commercialization of livestock (cattle, poultry, pigs and goats) is actively promoted by the Ministry of Agriculture under the Livestock Development Policy (1995). Initiatives include programmes for good animal husbandry and feeding practices, encouraging farmers to expand beyond rearing livestock into the processing stage, and marketing activities. During the review period, the Government put in place the Swaziland Livestock Information and Traceability System (SLITS)[24], which aims to help farmers meet uniform standards, avoid propagation of diseases and minimize local and cross-border theft.

4.42. Some industrial-scale livestock production takes place on Title Deed Land. Main products include beef, pork, and poultry and eggs. In fact, an important development in recent years has been the emergence of a modern poultry meat and egg industry, with some exports being sent to countries in the region. However, the poultry industry remains heavily reliant on imported inputs (feeds, feed ingredients, chicks and hatching eggs), which are sourced mainly from South Africa.

4.43. Swaziland's food-and-mouth disease (FMD) free status and the fact that it produces 100% hormone-free meat have enabled it to export boneless beef to the EU, Norway, South Africa, Mozambique and other African countries. All meat exports are handled by the state-owned Swaziland Meat Industries (SMI), which operates the Simunye abattoir, the only export abattoir.

4.44. Swaziland's beef exports benefit from preferential access to the EU market, as well as from a tariff-free quota of 500 tonnes in the Norwegian market.[25] So far, however, Swaziland has not been able to take full advantage of such preferences, mainly due to low productivity and lack of marketing skills.[26] Although the overall value of exports increased during the years under review (on account of the depreciation of the local currency), export volumes fluctuated (Table 4.4). Approval by the EU of Swaziland's standards and procedures for the domestic beef industry may help to boost exports.[27]

Table 4.4 Beef exports, 2009-13

	2009	2010	2011	2012	2013
Volume of exports (MT)	1,238	1,400	1,339	1,402	1,146
Value of exports (E '000)	50,338	62,178	70,637	85,888	85,252

Source: Central Bank of Swaziland, Annual Reports April 2012–March 2013 and April 2013–March 2014.

4.45. Imports of live animals and food and non-food products of animal origin require an import permit (Section 3.1.6). The average MFN tariff for live animals and some products of animal origin is zero; while the average tariff rate for meat is 20.7% and 10.6% for dairy products (Main Report Table A3.1).

4.2 Energy, mining and quarrying

4.2.1 Energy

4.46. Swaziland is a net importer of energy. The sources through which the country meets its energy needs include electricity, petroleum products, coal and waste. The use of renewable energy is minimal. Firewood is the main source of energy used in rural households where it serves as

[23] Ministry of Agriculture (2014).
[24] Online information from the Ministry of Agriculture. Viewed at: http://www.gov.sz/index.php?option=com_content&view=article&catid=80%253Aagriculture&id=865%253Alists&Itemid=594.
[25] Norwegian Directorate of Agriculture, online information. Viewed at: https://www.slf.dep.no/en/trade/import-regime#basic-goods.
[26] In 2013, Swaziland did manage to meet its beef quota to Norway, with exports totalling 629 tonnes.
[27] Government of the Kingdom of Swaziland, Budget Speech 2014. Viewed at: www.gov.sz.

heating and cooking fuel, while kerosene (paraffin) is mostly used in urban areas. In 2013, the electrification rate was 61% (77% in urban areas and 50% in rural areas).[28]

4.47. Swaziland has no oil reserves or oil refining facilities, and relies entirely on imports from neighbouring nations to meet its consumption requirements. Natural gas is not consumed in the country.

4.48. The Ministry of Natural Resources and Energy (MNRE) is responsible for the formulation and implementation of the sector's policies, and for ensuring optimal utilization of natural resources.[29] The overall policy framework for the sector continues to be determined by the National Energy Policy of 2003, which was under review at the time of writing this report.

4.2.1.1 Electricity

4.49. Domestic generation of electricity satisfies only a third of demand, while the rest is imported mostly from South Africa and a smaller part from Mozambique, with the attendant risk of shortages if there is any disruption in foreign supply. Electricity is more expensive than in any other SACU country.

4.50. Over the past few years, imports of electricity showed a persistent upward trend (Table 4.5). In 2013/14, electricity sales rose substantially, reflecting an increase in consumption, mainly for irrigation power and commercial uses. Domestic generation also rose to a record 346.6 GWh on account of abundant rains that supported hydro-power generators, however, an additional 859.9 GWh had to be imported to satisfy demand. The volume of domestic electricity generation remains unstable and highly dependent on weather conditions. A major challenge for the sector is to increase local production so as to diminish reliance on imports, especially in the face of frequent electricity supply shortages in the region. Imports of electricity are duty-free.

Table 4.5 Electricity consumption, 2009/10-2013/14

	2009/10	2010/11	2011/12	2012/13	2013/14
Domestic generation (GWh)	288.1	333.4	312.8	277.4	346.6
Imports (GWh)	909.4	805.5	813.4	821.9	859.9
SEC sales (GWh)	1,018.6	976.8	955.1	939.9	1,035.0

Source: Central Bank of Swaziland, Annual Reports April 2012-March 2013 and April 2013–March 2014.

4.51. Since 2007, the electricity sector has undergone regulatory restructuring aimed at liberalizing the industry, improving governance and avoiding conflicts of interest within public entities involved in the sector. One of the most important changes has been the separation of the operative and regulatory functions of the former Swaziland Electricity Board (SEB).

4.52. The legal framework for the electricity sector comprises three pieces of legislation, all enacted in 2007. The Electricity Act No. 3 opened up the markets for generation, transmission, distribution and supply of electricity.[30] It establishes the conditions for the licences required to participate in each market segment and the activities subject to tariff regulation. The Energy Regulatory Act created an independent regulator for the sector, the Swaziland Electricity Regulatory Authority (SERA); and the Electricity Company Act transformed the former SEB into the Swaziland Electricity Company (SEC).

4.53. SERA is empowered to issue, modify or revoke licences for the generation, transmission, distribution, supply (including off-grid and mini-grid supplies), importation and exportation of electricity, and for performing the role of integrated power system operator. It is responsible for regulating the electricity prices charged by licensees[31] and for monitoring their performance, as

[28] Information provided by the Ministry of Natural Resources and Energy with data from the Swaziland Household Energy Access Survey.
[29] Ministry of Natural Resources and Energy, online information. Viewed at: http://www.gov.sz/index.php?option=com_content&view=article&id=203&Itemid=234.
[30] A special provision for hydropower plants requires the transfer to the Government of all installations, property and rights needed for generation after the expiry of a licence (40 years for a generation licence).
[31] The Electricity Act requires prices to be determined in accordance with a defined and approved tariff methodology.

well as for protecting consumers.[32] Participation by individual power producers (IPP) is encouraged by the new legislation, but so far only one IPP (Ubombo Sugar Ltd.) has received a licence to generate electricity for its own use with the possibility of selling surpluses to the national grid.[33]

4.54. SEC is a state-owned enterprise regulated by SERA. It continues to hold a de facto monopoly on transmission, distribution, supply, and import of electricity, and operates the national grid. SEC has a load capacity of 200 MW and a transmission capacity of 700 MW. The Matraco 400 kv transmission line crosses Swaziland allowing electricity imports from Mozambique.[34] The opening of the Maguga Power Station in 2010 added 20 MW to the national grid.

4.55. SEC is the sole purchaser of electricity in the market. It purchases power from a few local private producers, for which the terms of operation are settled in a power purchasing agreement. The largest IPP is the Ubombo Sugar co-generation project, a mostly privately owned company, which sold 44.4 GWh in 2013/14, representing 12.7% of domestic production (or roughly 4% of total demand).[35]

4.56. The electricity tariff structure applies different rates to various categories of users; rates for domestic consumers are subsidized. SEC undertakes studies and proposes a final-user tariff to SERA, which approves or rejects the proposed rate by evaluating if it is cost-reflective and fair.[36] Swaziland currently has the highest tariffs of electricity in the region.[37]

4.2.1.2 Fuels

4.57. All petroleum products consumed in Swaziland are imported, mostly from the Durban refineries in South Africa, and occasionally from Mozambique. Distribution is in the hands of private oil companies. The prices of petroleum, diesel and paraffin are regulated by the Ministry of Natural Resources and Energy (MNRE), as they are considered to be strategic commodities. Petrol and diesel are subject to a fuel oil levy of E 0.70 per litre and a fuel tax of E 2.20 per litre. The proceeds are deposited in a special fund; the amount collected from the tax is used by the Government for the rehabilitation of infrastructure, while the levy amount is used to cushion hikes in international fuel prices.

4.58. The MNRE has been working for several years on a comprehensive Petroleum Bill that will consolidate all relevant legislation and address matters such as the regulation of the oil industry; ensuring stable and reliable petroleum availability for the economy; achieving regional competitiveness and fair pricing of petroleum fuels; and encouraging local participation in the industry.[38] The bill has not yet been submitted to Parliament.

4.59. Under the 2009 National Bio-Fuels Development Strategy and Action Plan, the authorities are considering the introduction of a requirement that 10% of total fuel be mixed with ethanol. They expect this measure would help diversify energy supply, induce the use of cleaner energy and support local production of ethanol, which is extracted from sugar molasses.

4.60. Oil companies are required to store a minimum quantity of stocks to ensure security of supply in the event of disruptions. The Government's own fuel storage capacity is by far insufficient, which remains a concern given the country's import dependency. The MNRE has started the construction of an 80-million-litre (90-day) strategic fuel storage facility in Phuzumoya.

4.61. As required by the Import Control Order of 1976 and Legal Notice No. 60 of 2000, imports of mineral fuels require an import permit from the Ministry of Finance. In 2013, imports of mineral fuels accounted for 15.3% of Swaziland's merchandise imports.

[32] Energy Regulatory Act of 2007 (Article 5).
[33] The authorities indicated that a new policy promoting IPPs is being drafted.
[34] Swaziland Energy Regulatory Authority, online information. Viewed at: http://www.sera.org.sz/index.php?option=com_content&view=article&id=7&Itemid=30.
[35] Central Bank of Swaziland (2014).
[36] Information provided by the Swazi authorities.
[37] African Development Bank (2013).
[38] Ministry of Natural Resources and Energy, online information. Viewed at: http://www.gov.sz/index.php?option=com_content&view=article&id=482&Itemid=361.

4.2.2 Mining and quarrying

4.62. The mining and quarrying sector accounts for 0.1% of GDP and its main products are coal, iron ore and quarried stone. After a period of sluggish performance, the sector has seen an expansion in the past few years owing to the commencement of iron ore production and improvements in the production of coal; this has been reflected in the growth of mineral exports. The simple average MFN tariff in mining and quarrying (ISIC Rev.2 definition) is 0.1%, with rates ranging from zero to 10% (Main Report, Table 3.4).

4.63. The Ngwenya iron ore mine was reopened in 2011, after almost four decades of closure. Important investments by the mine company resulted in a significant increase in production, which rose from 0.079 metric tonnes (MT) in 2011 to 1.2 million MT in 2013. As iron ore quality increased so did the value of sales. Exports of iron ore were worth E 558.6 million in 2013, up from E 393.7 million in 2012. All exports were destined for the Chinese market.[39]

4.64. Coal production was erratic during the first few years under review. However, following improvements at the only active coal mine, Maloma Colliery, linking it to a higher yielding coal seam, production has increased to record highs, reaching 257,090 metric tonnes in 2013 (up from 121,050 in 2011). Coal sales were worth E 245.7 million in 2013.[40] All local production of high-quality anthracite coal is exported to South Africa for industrial purposes, while domestic demand is met with imports from South Africa (mainly cheaper bituminous coal for use as fuel); the reason for this being that local coal is not compatible with most industrial/boiler equipment used in Swaziland.[41]

4.65. Quarry stone production also fluctuated during the review period. It was 292,704 cubic metres in 2013 (down from 308,440 in 2012). Despite this drop, sales increased to E 28.5 million in 2013 on account of price and quality increases. Quarried stone is mostly used locally for road construction and repair as well as for private sector construction projects. Other mineral deposits in Swaziland include gold, diamond, kaolin, nickel, and silica, but they are not currently exploited.

4.66. The Ministry of Natural Resources and Energy is responsible for overseeing the mining sector. Swaziland became a full participant in the Kimberley Process in May 2011.

4.67. As established in the Constitution, all mining rights are vested in the King and held in trust for the Swazi nation; mining royalties are paid to a royal trust fund. During the review period, a new Mines and Minerals Act No. 4 of 2011 was passed to regulate the management of minerals and mineral oils, including the granting of mineral rights. Any corporate or legal entity must be registered to operate in Swaziland in order to apply for a mineral right. In conducting their operations, the holders of mineral rights must give preference to the maximum extent possible to materials and products made in Swaziland and service agencies located in Swaziland and owned by its citizens and by companies incorporated in Swaziland.

4.68. The Mines and Minerals Act No. 4 of 2011 makes a distinction between large-scale and small-scale mining operations. Small-scale operations may be granted prospecting and mining permits; they are reserved for Swazi citizens and body corporates which are majority-owned by citizens of Swaziland. Small-scale operations are required to exploit the minerals in an economically and environmentally sustainable manner.

4.69. Large-scale operations require a licence for reconnaissance, prospecting and mining activities. The application information required for each type of licence differs but the procedures are the same (Box 4.1). Under the Act, the King has the right to acquire, in trust for the Swazi Nation, a 25% shareholding without any monetary consideration in any large-scale mining project for which a licence is granted, and the Government has the obligation to acquire an additional 25% share (of which 15% is maintained in a fund, and the remaining 10% may be acquired by any

[39] Central Bank of Swaziland (2014).
[40] Central Bank of Swaziland (2014).
[41] Ministry of Natural Resources and Energy, online information. Viewed at: http://www.gov.sz/index.php?option=com_content&view=article&id=479&Itemid=361.

person who is a citizen of Swaziland).[42] A number of mining licences have been granted since the entry into force of the Mines and Minerals Act in 2011.

Box 4.1 Procedure for obtaining licences related to large-scale mineral operations

Applications for reconnaissance, prospecting and mining licences:

1. An application is lodged with the Commissioner of Mines stating the type of licence sought: reconnaissance, prospecting or mining.
2. The Commissioner of Mines acknowledges receipt of the application, appraises the project's contents, suitability and relevance to the targeted area and makes a report based on the specific requirements.
3. The Commissioner of Mines forwards the application to the Minerals Management Board (MMB).[a]
4. The MMB considers the application and invites the project proponent to make a presentation of its project, including financial, technical, and marketing information.
5. After the presentation, the MMB evaluates the application using criteria developed within the legislative framework, and makes a recommendation to the King.
6. The King makes the final decision, based on the MMB's recommendation and other supporting information, which may have been supplied at the time of application or the presentation.
7. The project proponent is notified, in writing, of the outcome of its application.

a The MBB consist of the Commissioner of Mines, a mine engineer, an economist, a lawyer, and three other persons, including the chairperson, who are appointed by the King on the advice of the Minister of Natural Resources and Energy.

Source: Ministry of Natural Resources and Energy. Viewed at: http://www.gov.sz/index.php?option=com_content&catid=84:natural-resources-a-energy&id=405:mining-department&Itemid=232.

4.3 Manufacturing

4.70. The share of manufacturing in real GDP declined during the review period from 35.8% in 2008 to 28% in 2014, as the sector contracted at an annual average rate of 1.7% between those years. Nevertheless, it still contributes about 60% to merchandise exports (Appendix Table A1.1). It is estimated that manufacturing accounts for around 60% of total FDI in Swaziland and employs about a quarter of the labour force.[43]

4.71. Manufacturing activity remains focused on agro-processing industries, namely value-added sugar products (confectionery and soft drinks), canned fruit, and timber products (furniture, doors, floor fittings, pallets). Textile and clothing is also an important industry, although it has faced some difficulties in recent years. Given the limited size of the domestic market, a substantial part of manufacturing output is exported. The main export market remains South Africa.

4.72. The value-added sugar industry is dominated by soft drinks processing. Coca Cola Swaziland (Conco Ltd.) exports soft-drink concentrates to 20 countries in southern and eastern Africa, using local sugar raw materials. Processing of fruit is another important industry; production includes canned fruit, juice concentrates, jams, fruit cups and jars. The main producing firm and exporter of canned products is a South African company. Exports of preserved and processed fruit increased from US$18 million in 2008 to US$34.6 million in 2013, representing almost 2% of total merchandise exports.[44]

4.73. Traditionally, the Swazi textile and clothing industry has been a major contributor to employment and foreign exchange earnings, benefiting from preferential trade schemes, FDI inflows and government incentives. During the review period, however, the sector faced a number of challenges, including increased international competition, a volatile currency, a slowdown in foreign demand, the phase-out of export incentives[45], and the removal of Swaziland's AGOA eligibility status (as of January 2015). The combination of these factors has resulted in erratic performance of the textile and clothing industry. Company closures and job losses have been reported, while exports under the AGOA scheme declined to less than US$50 million in 2013 (17% less than in 2012).[46] This has led the industry to seek alternative outlets. Largely focused on the

[42] Mines and Minerals Act No. 4 of 2011 (section 133).
[43] Forsyth (2013).
[44] Refers to products under HS headings: 0811, 0812, 0814, 2007, 2008 and 2009.
[45] Under the Textile and Clothing Industry Development Programme, exporters could earn tradable duty credit certificates equal to 25% of the value of their exports. This scheme was terminated in March 2010.
[46] AGOA (2014).

US market until recently, the apparel industry is now turning towards the domestic and regional markets, especially that of South Africa, and although knit articles have traditionally dominated exports, manufacturers are now producing a wider range of products for the South African market.[47] Exports of textiles and clothing actually increased during the review period, amounting to US$193 million in 2013 or 10.1% of total merchandise exports (Table A1.1). The industry is largely dependent on imports of fabric and raw materials.

4.74. The Ministry of Commerce, Industry and Trade (MCIT) is responsible for formulating and implementing policies for the industrial sector. The MCIT encourages the development of manufacturing activities by establishing industrial estates and selling fully-serviced industrial land at concessionary rates. In collaboration with SIPA, the MCIT also encourages the establishment of industries by promoting domestic and foreign investment in manufacturing. Investment incentives provide financial and non-financial benefits, including concessional corporate tax rates, duty-free imports or duty rebates, and accelerated depreciation, among other benefits (Section 3.3.1).

4.75. The MCIT is in the process of formulating a new Industrial and Trade Policy 2015-22. According to a draft version of the document, the industrial policy objectives would include: more than doubling the manufacturing sector's contribution to GDP by achieving robust annual growth rates until 2022; increasing employment in manufacturing activities by 5% per year; promoting utilization of local and regional raw materials in the production of goods for domestic and export markets; increasing value addition in traditional and non-traditional tradable services; promoting diversification of industrial activities and widening the industrial base; increasing domestic and foreign investment; and promoting the participation of SMEs in manufacturing.[48]

4.76. Maximization of value addition and industry diversification are considered crucial for Swaziland's economic development, especially in light of the need to reach out to new markets. A recent Economic Diversification Study identified additional sugar and sugar-based products such as chewing gum, solid sugar and alcoholic solutions, as having a competitive advantage and thus suitable for diversification.[49]

4.77. The simple average SACU tariff on manufactured products is 8.7% (ISIC definition). Rates range from: 0-39.9% for sugar and sugar confectionery; 0-55% for preparations of fruit and vegetables; 0-624% for textiles, and 0-45% for clothing. (Main Report, Table 3.4). The apparel industry might stand to benefit from lower tariffs on imports of fabrics (from outside SACU), which are currently at about 22%.

4.4 Services

4.4.1 Main features and multilateral commitments

4.78. Services remain the most important sector of the Swazi economy and saw their share in real GDP grow from 48.7% to 54.7% in 2014; the largest services component is "public administration, defence, education, health and social care". Swaziland remains a net importer of services. Over the review period, Swaziland continued updating the regulatory and institutional frameworks for services, including the financial, telecommunications and transport subsectors.

4.79. Swaziland's specific commitments under the GATS are limited to some business services, hospital services, and hotel and restaurant services.[50] Its horizontal commitments comprise nine sectors/subsectors.[51] For all of them, there are no market access limitations for consumption abroad or commercial presence, while measures affecting cross-border supply are unbound. Under

[47] African Cotton and Textile Industries Federation (2010), *Impact of AGOA on the Swaziland Textile Industry*, August. Viewed at: http://www.cottonafrica.com/documents/ACTIF%20Report%20on%20Impact%20of%20AGOA%20on%20the%20Textile%20Industry%20in%20Swaziland_Jack%20Kipling_2010.pdf.

[48] Information provided by the Swazi authorities.

[49] Study quoted in African Development Bank, OECD, UNDP (2014a).

[50] WTO document S/DCS/W/SWZ/, 24 January 2003.

[51] Engineering services, integrated engineering services, medical and dental services, consultancy services related to the installation of computer hardware, research and experimental services on natural science and engineering, management consulting services, technical testing and analysis services, hospital services, and hotel and restaurant services.

movement of natural persons, Swaziland bound the supply of services by senior staff in several professional services.

4.80. Swaziland lodged MFN exemptions in relation to financial services and road transport. The former covers preferential access for members of the Common Monetary Area (CMA) to Swaziland's capital and money markets and the maintenance of exchange controls by the CMA. The latter covers any existing or future bilateral agreements on international road/rail transport reserving or limiting the supply of a transport service between Swaziland and the members of such agreements.

4.4.2 Financial Services

4.81. The financial services sector comprises banking institutions (commercial banks and building societies) and non-banking institutions (pension funds, saving and credit cooperatives and insurance companies). Two institutions are responsible for the regulation of the financial sector: the Central Bank of Swaziland oversees and regulates banking institutions, and the new Financial Services Regulation Authority (FSRA) is in charge of the regulation and supervision of non-banking institutions (NBIs).

4.4.2.1 Banking institutions

4.82. No major changes took place in the structure of the banking sector during the review period: there are four commercial banks, one building society and three licensed credit institutions[52] (Table 4.6). The banking sector's total assets amounted to E 12.9 billion in December 2013.[53]

4.83. The sector is characterized by a strong foreign presence. Three commercial banks are subsidiaries of South African holding companies; they account for about 85.5% of the banking sector's assets.[54] On the other hand, the Swaziland Development and Savings Bank (known as Swazibank) is entirely owned by the Government. Restructuring of Swazibank in an effort to improve governance and efficiency has been envisaged for several years, but no concrete actions have been taken so far. Nedbank (Swaziland) Limited is the sole banking institution to be listed in the Swaziland Stock Exchange. The Swaziland Building Society focuses on providing mortgage financial services for urban estate development on Title Deed Land.

Table 4.6 Banking institutions' shareholding structure, 2013

(%)

Banking institution	Government of Swaziland	Foreign	Public
Commercial banks			
First National Bank Swaziland Ltd.	--	100	--
Nedbank (Swaziland) Ltd.	23	67	10
Standard Bank Swaziland Ltd.	25	65	10
Swaziland Development and Savings Bank (Swazibank)	100	--	--
Other financial services institutions			
Swaziland Building Society	--	--	100
Blue Financial Services	--	100	--
First Finance	100	--	--

Source: Central Bank of Swaziland, Annual Report 2013/14.

4.84. Banking entities must hold a licence issued by the Central Bank of Swaziland to operate. The Financial Institutions Act of 2005 lists the requirements for obtaining a banking operator licence, which include a statement of business purposes, capital adequacy and sound financial integrity, balance sheets, and in the case of a foreign financial institution, evidence that it is subject to comprehensive supervision or regulation on a consolidated basis by the appropriate

[52] A fourth credit company lost its conditional licence in 2013 after failing to start operations within the fixed deadline.

[53] Central Bank of Swaziland (2014).

[54] Central Bank of Swaziland (2014).

authorities in its home country.[55] Fees for a first time licence are E 6,000 and to renew a licence costs E 1,000 plus E 500 per each branch; licences must be renewed every year.

4.85. A bank incorporated in Swaziland is required to have an initial paid-up capital of not less than E 15 million, or paid-up shares and reserves amounting to the greater of E 15 million or 5% of its liabilities to the public in Swaziland as per the most recent balance sheet. The minimum statutory capital adequacy ratio (CAR) for banks is 8% of total risk-weighted assets. In December 2013, all four commercial banks showed robust adequacy ratios, with the total capital ratio of the industry standing at 24.4%.[56] Liquidity requirements are 20% of total liabilities to the public for the private banks and 17% for Swazibank. By end-2013, banks' non-performing loans and advances represented 7.6% of gross loans, a slight improvement from the 10.6% recorded in December 2012.[57]

4.86. The Central Bank expects to implement the Basel II Agreement (a compilation of banking laws and regulations issued by the Basel Committee on Banking Supervision), although no specific date for implementation has been established. It should be noted that South African banks which own subsidiaries in Swaziland are already operating under Basel III in their home country.

4.87. Access to financial services in Swaziland remains difficult for the majority of the population. Credit lending is concentrated in the sugar subsector[58], and banking institutions seem wary of enlarging their prospective clientele. Moreover, borrowing fees and rates are high. Difficulty of access to banking credit has boosted the emergence of NBIs, especially savings and credit cooperatives (SACCOs). Nonetheless, over a third of the population still lacks access to any form of financial services.[59]

4.4.2.2 Non-banking institutions

4.88. The non-banking sector comprises 237 retirement funds, 67 SACCOs and 10 insurance companies.[60] Non-banking institutions account for about two-thirds of the financial sector's assets.[61]

4.89. Reform of the NBI sector started in 2005 with the enactment of the Retirement Funds Act and the Insurance Act. The Retirement Funds Act (2005) allowed for the use of retirement fund benefits as collateral to obtain loans for building on Swazi Nation Land (SNL), and required retirement funds to invest at least 30% of their assets in Swaziland.[62]

4.90. The Insurance Act (2005) put an end to the monopoly held by the Swaziland Royal Insurance Company (SRIC), in which the Government has a stake, and opened the insurance market to competition. In 2014, the SRIC still accounted for 44.3% of the insurance market in terms of premium income.[63]

4.91. Compulsory public liability motor vehicle insurance is the main product in the market. Workman's compensation insurance is also compulsory. An insurance company cannot provide both life and non-life insurance products. However, a non-life insurance company may offer life insurance products but only as a supplement to the main product. The SRIC enjoys an exemption allowing it to provide both life and non-life insurance because it was selling both types of products before the entry into force of the Insurance Act 2005. Insurance companies determine their own premium tariffs, without the need for government approval. A risk located in Swaziland cannot be covered by a non-resident insurance company. However, upon request by a Swazi insurer, the Financial Services Regulatory Authority (see below), may grant dispensation for contracting reinsurance with a non-resident insurance company.

[55] Financial Institutions Act of 2005 (part II).
[56] Central Bank of Swaziland (2014).
[57] Central Bank of Swaziland (2014).
[58] African Development Bank, OECD, UNDP (2014a), page 10.
[59] African Development Bank, OECD, UNDP (2014a), page 10.
[60] Information provided by the Swazi authorities.
[61] IMF (2014).
[62] The pace of compliance by the industry has been slow; the compliance rate was 28% in 2012 and 29% in 2013. Financial Services Regulatory Authority (2013), page 40.
[63] Information provided by the Swazi authorities.

4.92. Foreign investors may participate in the insurance market, provided the following conditions are met: only public companies with paid-up share capital of at least E 2 million may apply for registration as insurers; at least 25% of the shares of the company must be held either by natural persons who are citizens of Swaziland or by juridical persons; and at least 51% of the shares or interest of juridical persons must be held by citizens of Swaziland.[64] Additionally, at least 25% of the directors of the company must be citizens of Swaziland, and any insurer registered in Swaziland must maintain a principal office and appoint a principal representative in the country.

4.93. The main development during the review period was the enactment of the Financial Services Regulation Authority Act 2010 and the establishment of the Financial Services Regulatory Authority (FSRA) in 2010. Under its mandate, the FSRA is responsible for supervising and regulating all NBIs, including insurance companies, retirement funds, and SACCOs, all previously overseen by different entities. Currently, the FSRA is developing legislation to regulate SACCOs, and, in the meantime, it has issued guidelines to address SACCOs' licensing, governance and reporting issues.[65]

4.94. The establishment of the FSRA is expected to strengthen the institutional and regulatory framework for the NBI sector. This was of high priority to the Government as the number of NBIs expanded considerably in the last decade, and the lack of regulation of their activities posed a significant risk to the financial sector. NBIs are vulnerable and have no capacity to react to external shocks to the economy, since they cannot resort to the Central Bank as an emergency lender and do not have insurance guarantees. Moreover, insolvency in the NBI sector could have a contagion effect on commercial banking.[66] Swaziland does not have an insurance deposit scheme.

4.95. During the review period, there were no changes in the Swaziland Stock Exchange (SSE) listings. The SSE continues to host 6 equity companies. Domestic market capitalization of stocks in Swaziland reached E 2.05 billion in 2013.[67]

4.4.3 Telecommunications and postal services

4.96. The telecommunications sector continued to grow during the review period. Mobile subscriptions increased rapidly, reaching a penetration rate of 71.4% (Table 4.7). Internet broadband uptake also grew fast, albeit from a very low base; thus its penetration rate remains low and lags behind other SACU countries.

Table 4.7 Selected telecommunication indicators, 2008-13

	2008	2009	2010	2011	2012	2013
Fixed-line subscriptions	45,162	45,162	52,966	75,825	45,565	46,000
Fixed-line subscriptions per 100 inhabitants	3.91	3.85	4.44	6.26	3.70	3.68
Mobile subscriptions	531,643	664,432	725,802	766,540	805,000	893,000
Mobile subscriptions per 100 inhabitants	46.07	56.61	60.83	63.24	65.39	71.47
Fixed (wired) Internet subscriptions	20,000	3,507	4,200	4,700	3,812	n.a.
Fixed (wired) Internet subscriptions per 100 inhabitants	1.73	0.30	0.35	0.39	0.31	n.a.
Fixed (wired) broadband subscriptions	772	1,504	1,970	2,778	3,429	4,200
Fixed (wired) broadband subscriptions per 100 inhabitants	0.07	0.13	0.17	0.23	0.28	0.34
Individuals using the Internet (% of the population)	6.85	8.94	11.04	18.13	20.78	24.7

Source: International Telecommunications Union, ICT-EYE Statistics Database. Viewed at: http://www.itu.int/net4/itu-d/icteye/.

4.97. The sector is characterized by the existence of de facto monopolies in the fixed-line and mobile telephone markets. This has undermined price competition and the introduction of new

[64] In the case of a retirement fund, at least 51% of its membership must be citizens of Swaziland.
[65] Financial Services Regulatory Authority (2013).
[66] International Monetary Fund (2014).
[67] Financial Services Regulatory Authority (2013), page 57.

technologies.[68] The parastatal Swaziland Post and Telecommunications Corporation (SPTC) maintains a dominant position in the sector. Swazi Telecom, owned by SPTC, has the monopoly of fixed-line services, while Swazi MTN is the only mobile services provider. Swazi MTN's ownership structure is: SPTC (51%), MTN South Africa (30%) and a fund called Swaziland Empowerment Limited (19%).

4.98. The Ministry of Information, Communications and Technology (MICT) is the leading government body for telecommunications. It is responsible for defining strategies for the development and expansion of the sector, monitoring the implementation of ICT-related treaties and recommending draft regulations to the Cabinet, among other tasks.[69]

4.99. During the review period, the telecommunications sector underwent important institutional and legal reforms. Two long-awaited Acts were passed in 2013, the Electronic Communications Act and the Communications Commission Act. Together both acts repealed the previous Post and Telecommunications Corporation Act of 1983.

4.100. The Electronic Communications Act 2013 provides a framework for the development and regulation of electronic communications networks and services. It includes provisions on licensing requirements and procedures, obligations of dominant operators (e.g. access to networks, transparency and non-discrimination), universal service obligations, and management of the radio frequency spectrum, among others. The authorities are currently working on the draft of the interconnection and access principles and regulations.

4.101. The Communications Commission Act 2013 created an independent regulator for the sector, the Swaziland Communications Commission (SCCOM). By the same token, the Act brought an end to the dual role played by the SPTC as sole market operator and regulator. However, the SPTC has maintained its status as a state-owned company and still supplies the entire fixed-line services market. The SCCOM will be responsible for issuing licences for the different types of telecommunication services. The Commission has yet to become fully operational and perform its tasks in an independent manner.

4.102. The new legislation should enable market access for new mobile and fixed telephone operators and Internet services providers, therefore promoting competition, price reductions and improved service quality for the benefit of final users. The Swaziland Economic Recovery Strategy of 2011 pointed out that Swaziland is the very last country in the region to still have only one mobile services provider.[70] Without competition in the telecommunications sector, Swaziland may miss opportunities for the introduction of new technologies and for lowering tariffs for citizens and businesses.

4.103. The prices of telecommunication services in Swaziland are high by regional standards, affecting local firms and users. Tariffs are less affordable for households in Swaziland than in South Africa, Namibia and Botswana. Swaziland's ICT price basket (IPB) index is 10.3, compared to those of South Africa (3.2), Botswana (3.3) and Namibia (4.9).[71] The price of a fixed broadband subscription in Swaziland is equivalent to 22.2% of GNI per capita, for a mobile telephone subscription 6.6%, and for a fixed-line subscription 2%.[72]

4.104. Swazi Post, also under the SPTC, handles all traditional postal services in the country. However, the market is open to express courier services. The MICT is currently preparing new regulations in order to separate postal services from telecommunications.[73]

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[68] African Development Bank (2014b).

[69] Electronic Communications Act of 2013 (Article 9).

[70] This situation "seriously undermines the country's prospects of attaining first world status". Ministry of Economic Planning and Development (2011), *Economic Recovery Strategy, Final Draft* provided by the authorities.

[71] The ICT price basket (IPB) index measures the prices of a basket of telecom services (fixed-telephone, mobile-cellular and fixed-broadband services) as a percentage of a country's gross national income (GNI) per capita adjusted by PPP. International Telecommunications Union (2014), page 167.

[72] ITU (2014), page 167.

[73] Information provided by the Swazi authorities.

4.4.4 Transport

4.4.4.1 Overview

4.105. Transport services and infrastructure in Swaziland, a landlocked country, are crucial for regional integration and trade expansion. The country depends on its neighbours for access to overseas markets, hence the importance of having an extended and reliable transport network as well as efficient cross-border procedures. Most of Swaziland's trade is transported by road, although export cargo is often transported by rail to the port of Maputo (Mozambique). At present, air freight is almost non-existent, but the Government has plans to introduce cargo freight services following the recent opening of the King Mswati III International Airport at Sikhuphe.

4.106. The Ministry of Public Works and Transport (MPWT) is the lead agency for the sector. Road transport is managed by the Road Transportation Department of MPWT. Two parastatals, Swaziland Railway and the Swaziland Civil Aviation Authority (SWACAA) are in charge of supervising rail and air transport, respectively. The legislative framework consists mainly of four pieces of legislation: the Roads and Outspan Act of 1931, the Public Transport and Traffic Act of 2007, the Swaziland Railways Act No. 15 of 1962 and the Swaziland Civil Aviation Act of 2009.

4.107. The National Transport Policy of 2000 (NTP) remains the referential framework for the sector, although some local authorities have stressed the need for updating it. One of the main challenges facing the sector is inadequate maintenance of the transport infrastructure, particularly of the railway network, which has been underused in recent years.

4.108. In 2013, the Government prepared a Transport Master Plan, which, based on an assessment of the implementation of the NTP, proposes actions for the sector's development over a 20-year time period. It recommends investment programmes in all transport subsectors, maintenance and rehabilitation programmes, institutional reforms and the revision of policies and legislation.[74] The authorities indicated that the Master Plan was ready for submission to the relevant government structures to start the process of its adoption. Both the NTP and the Transport Master Plan highlight the need for reducing high transport costs that adversely affect the climate for doing business in the country.

4.109. Swaziland participates in the SADC Transport, Communications and Meteorology Protocol aimed at establishing an integrated transport policy and infrastructure in the SADC region that will further guarantee the right of freedom of transit of persons and goods, and the right of landlocked countries to have unimpeded access to and from the seas. The protocol also promotes inter-and-intra modal cooperation between all stakeholders in the development of regional transport corridors to facilitate traffic and travel between member States. Swaziland is also a signatory to the SACU Memorandum of Understanding on Road Transportation of 1990 (Section 4.4.4.2).

4.110. Transport costs in Swaziland remain high owing to several factors. These include: relatively low volumes of imports and exports, particularly for rail transport, thus resulting in high unit costs; traffic flow imbalances, resulting in a large proportion of empty return hauls, and additional costs for repositioning empty containers; and congestion in air and sea ports in neighbouring countries, which increases transportation time.

4.4.4.2 Road transport

4.111. Road transport is the backbone of the national transport system, as most people and merchandise are transported through this means. Private companies, mainly multinational enterprises, handle most road freight and cross-border operations through 14 border posts with South Africa (12) and Mozambique (2). More than 90% of cargo carried by road in cross-border movements goes to South Africa.

4.112. The national road network consists of 3,594 kilometres, of which 1,078 are paved roads.[75] The Roads Department of the MPWT is responsible for planning, construction and maintenance of the national road network. MPWT expenditure on roads amounted to an estimated E 250 million in

[74] Ministry of Public Works and Transport (2013).
[75] KPMG Services (Proprietary) Limited, *Swaziland Country Profile (2012)*.

2011/12. The number of registered vehicles of all types grew by an average of 7% per year during the period 2001-11, reaching 153,448.[76] Stronger and more comprehensive road safety policies and enforcement are among the challenges identified by the road transport authorities.

4.113. Since the last Review, no new legislation on road transport has been enacted. Although the NTP pleaded intensively for the establishment of a Roads Authority, the Road Authority Bill and the Roads Fund Bill of 2008 have stalled. Both bills are crucial for the maintenance and development of roads. While the Roads Fund Bill would provide a sound basis for management and investment in road infrastructure, an independent new authority under the Road Authority Bill would manage the control of overloaded vehicles (a main cause of the poor state of roads) thus contributing to lowering maintenance costs.

4.114. In addition to the Public Transport and Traffic Act of 2007 regulating general traffic, the Road Transportation Act of 2007 sets the rules for acquiring a permit for freight or public passenger transport. Enforcement of both acts is supervised by the Road Transportation Department of the MPWT, pending the creation of a new Roads Authority.

4.115. Swaziland is a signatory to the SACU Memorandum of Understanding (MoU) on Road Transportation (1990). The main objective of the MoU is to regulate the transport of goods and passengers by road, for payment, between or across the SACU countries to ensure an equal distribution of traffic among SACU-registered carriers. A permit is required for the transport of passengers or goods, issued in a standardized format by the respective transport authorities in each SACU country. A carrier of one SACU country is not allowed to carry goods between two points in another SACU country or between another SACU country and a third country unless the vehicle transits its country of registration. The authorities have indicated that there are ongoing negotiations to liberalize cabotage services within SACU. As regards the transportation of passengers, the conditions regarding the routes, frequency of service, stopping points, tariffs, etc. are set out in the permit. Once issued by the competent authority in one SACU country, the permit is valid in the other SACU countries for the duration for which it is issued.

4.116. Swaziland does not maintain price regulations for cargo transportation. In the case of passenger transport, private operators submit fare proposals to the MPWT, which then issues a decree through the Swaziland Gazette establishing maximum fares per kilometre.

4.117. In 2014, Swaziland obtained approval for a US$45.9 million loan from the African Development Bank for the construction of a highway connecting Manzini and Mbadlane (in the east) on the national road MR3. The total cost of the project is estimated at US$132.2 million, with the rest of the funds to be provided by the Swazi Government and other donors.[77] The major activities include upgrading a 30-km band of the MR3 road from a two-lane single carriageway to a two-lane dual highway; the construction of a new 32-kilometre two-lane single road; new rural feeder roads enabling access to health services; the implementation of institutional reforms; and technical assistance. Upon completion by mid-2018, the project is expected to increase trade activities and mobility of traffic; reduce transport and trade cost; create jobs; and improve access to health facilities.[78]

4.4.4.3 Rail transport

4.118. Swaziland has 301 kilometres of railway network. It connects Swaziland's main industrial areas with the Durban, Richards Bay and Maputo ports. The authorities are currently evaluating the prospect of rehabilitating unused rail lines and also building a railway link between west Swaziland and South Africa (Lothair).

4.119. The parastatal Swaziland Railway owns and operates the entire railway network and is responsible for its maintenance. According to the Transport Master Plan, improvement of the

[76] Ministry of Public Works and Transport (2013), page 5.

[77] Funding partners include the Kuwait Fund, the Abu Dhabi Development Fund, the Arab Bank for Economic Development and the OPEC Fund for International Development.

[78] African Development Bank (2014c).

parastatal's governance is needed, as is the implementation of independent rail safety regulations.[79]

4.120. Traditionally, local rail transport has relied on leased wagons and locomotives from companies in South Africa. However, Swaziland Railway has recently purchased new locomotives and wagons for its own use. Only nationals are allowed to work as locomotive drivers.

4.121. Most of the international rail traffic transported by Swaziland Railway is transit traffic. In 2012, the parastatal transported some 4.9 million tonnes of cargo, of which roughly 80% was transit traffic carrying mining materials from the region of Phalaborwa to the port of Richards Bay (both in South Africa). Freight traffic originating in or destined for Swaziland consists of containers and bulk cargo (fuel, cement, and sugar) transported to and from Swaziland Railway's main yard and inland container depot (dry port) at Matspha. The dry port provides the services associated with a sea port such as handling containers, customs clearance facilities, and temporary container storage. It handles around 10,000 TEUs per year. An additional two million tonnes of iron tailings are transported by rail to the ports of Maputo or Richards Bay.[80]

4.122. A joint agreement between Transnet (a private railway operator from South Africa) and Swaziland Railway will allow for the development of a new 146-kilometre line from Lothair (in the South African region of Mpumalanga) to Swaziland, enabling up to 200 wagons of freight to be transported between both places. At the time of writing, the project was still at the feasibility study phase.

4.4.4.4 Air transport

4.123. Air freight services are virtually non-existent because of their high cost. Instead, Swazi exporters send their shipments to the Johannesburg air hub by road transport, and from there link to airfreight services to overseas markets. Air services are provided for passenger transport.

4.124. Since the last Review, the Civil Aviation Authority Act of 2009 has come into force and a new air transport regulator, the Swaziland Civil Aviation Authority (SWACAA), has been established (replacing the former Department of Civil Aviation). The new Authority's mandate includes: regulation of the civil aviation industry, operation and management of airport facilities, issuing of air licences and negotiation of bilateral air services agreements.[81] The Transport Master Plan indicates that, after an interim phase, full separation of SWACAA's operational and regulatory functions must be achieved.

4.125. Another significant development since the last Review was the opening of the new King Mswati III Airport in Sikhuphe in 2014. It is located a few kilometres from the railway line linking Swaziland with Durban in the South and with the Mananga border post in the north. Works are under way for the dual carriage highway that will link the commercial city of Manzini and the airport in Sikhuphe. The Government expects the new airport will help attract tourism and foreign investment. It is unclear, however, whether the facility will be able to attract enough passenger traffic to break even, given competition from neighbouring air hubs in Durban and Nelspruit (South Africa) and the airport in Maputo (Mozambique). Swaziland has another smaller airport near Manzini, which also links to Johannesburg, but it is only open to private and charter flights.

4.126. SWACAA is responsible for the regulation and operation of the aerodrome and attendant airport services. However, the private sector may participate in the provision of certain services such as ground handling.

4.127. Airlink Swaziland, the national carrier, is a joint venture between the Government of Swaziland (60% of the shares) and Airlink South Africa (40%).[82] It is currently the only airline operating from the new King Mswati III Airport, providing three daily return flights to Johannesburg. At present, Airlink is the sole provider of ground handling services.

[79] Ministry of Public Works and Transport (2013).
[80] Ministry of Public Works and Transport (2013).
[81] Civil Aviation Authority Act of 2009 (Articles 7 to 10).
[82] Airlink Swaziland took over operations from Royal Swazi National Airways Corporation. Viewed at: http://www.flyswaziland.com/about_airlink.php.

4.128. SWACAA is currently reviewing licence applications submitted by some airlines in the region that wish to operate from the new airport to Maputo and Durban; at the time of writing no new licences had yet been granted.

4.129. Air traffic rights are allocated on the basis of the Decision Relating to the Implementation of the Yamoussoukro Declaration Concerning the Liberalization of Access to Air Transport Markets in Africa (1999) and under the bilateral air services agreements to which Swaziland is a party.

4.130. Swaziland maintains bilateral air services agreements (BASAs) and/or Memoranda of Understanding (MoUs) with 18 countries from Africa and Asia. At the time of writing of this report, Swaziland had signed BASAs with 9 partners, almost all of which were signed during the review period (Table 4.8).

Table 4.8 Bilateral air services agreements, 2014

Country	BASA status	MoU status	Freedoms covered
Botswana	Discussed and initialled	Signed	1st, 2nd, 3rd, 4th
Ethiopia	Signed 18 October 2011	Signed 18 October 2011	1st, 2nd, 3rd, 4th
Kenya	Signed 27 November 2010	Signed 27 November 2010	3rd, 4th, 5th
Kuwait	Signed (date n.a.)	Signed (date n.a.)	3rd, 4th, 5th
Libya	Discussed	Signed 12 December 2013	1st, 2nd, 3rd, 4th, 5th
Mozambique	Signed 23 September 2005	Signed 23 September 2005	1st, 2nd, 3rd, 4th
Namibia	Discussed and initialled	Signed 11 December 2013	1st, 2nd, 3rd, 4th, 5th
Qatar	Signed December 2011	Signed December 2011	1st, 2nd, 3rd, 4th, 5th
Rwanda	Signed 12 December 2012	Signed 12 December 2012	1st, 2nd, 3rd, 4th
Saudi Arabia	Discussed and initialled	Signed 11 December 2013	1st, 2nd, 3rd, 4th
Seychelles	Discussed and initialled	Signed 11 December 2013	1st, 2nd, 3rd
South Africa	Discussed and initialled	Signed December 2012	1st, 2nd, 3rd, 4th,
Sudan	Signed 10 December 2012	Signed 10 December 2012	1st, 2nd, 3rd, 4th
Tanzania	Discussed and initialled	Signed 11 December 2013	1st, 2nd, 3rd, 4th, 5th
Turkey	Signed 1 May 2013	Signed 1 May 2013	1st, 2nd, 3rd, 4th
UAE	Signed 9 December 2012	Signed 24 March 2011	1st, 2nd, 3rd, 4th
Zambia	Discussed and initialled	Signed 12 December 2013	1st, 2nd, 3rd, 4th, 5th
Zimbabwe	Discussed and initialled	Signed 11 December 2012	1st, 2nd, 3rd, 4th, 5th

n.a. Not available.

Source: Information provided by the authorities.

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5 APPENDIX TABLES

Table A1.1 Merchandise exports by product group, including re-exports, 2008-13

(US$ million and %)

	2008	2009	2010	2011	2012	2013
Total (US$ million)	1,352	1,566	1,964	1,689	1,761	1,917
	(% of total)					
Total primary products	34.6	34.7	27.9	31.5	39.6	37.4
Agriculture	32.5	33.7	26.6	30.1	32.5	32.0
Food	25.1	28.7	23.9	26.6	28.9	28.4
0611 Sugars, beet/cane, raw, solid, no added flavour/colour	15.4	14.0	13.1	17.7	19.6	18.8
0622 Sugar confectionery, not containing cocoa	1.2	0.9	1.1	1.1	1.4	2.2
0612 Other beet, cane and chemically pure sucrose, solid form	0.8	7.1	3.6	1.3	2.0	1.3
0581 Jams, fruit jellies, marmalades, fruit or nut puree, etc.	0.1	0.1	1.0	0.9	0.8	0.8
0619 Other sugars	0.5	0.5	0.6	0.6	0.7	0.8
0589 Fruit, nuts, n.e.s., whether or not sweetened	1.0	1.1	0.5	0.6	0.7	0.8
Agricultural raw material	7.4	5.1	2.7	3.5	3.6	3.6
2484 Wood of non-coniferous, sawn of a thickness > 6 mm	1.3	0.8	0.7	1.3	1.4	1.3
2483 Wood, coniferous (incl. for parquet flooring) shaped	0.5	0.3	0.3	0.4	0.7	0.8
Mining	2.1	1.0	1.3	1.5	7.1	5.5
Ores and other minerals	0.6	0.3	0.3	0.7	6.1	4.1
2815 Iron ores and concentrates, not agglomerated	0.0	0.0	0.0	0.2	5.6	3.8
Non-ferrous metals	0.0	0.0	0.0	0.0	0.0	0.0
Fuels	1.5	0.6	0.9	0.8	1.0	1.3
3212 Other coal, whether or not pulverized, not agglomerated	0.2	0.2	0.1	0.1	0.6	1.3
Manufactures	65.3	65.2	72.0	68.4	60.3	62.5
Iron and steel	0.0	0.1	0.0	0.0	0.0	0.0
Chemicals	45.9	48.4	56.2	51.6	42.5	46.3
5514 Mixtures of odoriferous substances, industrial use	24.1	24.4	29.8	28.1	24.1	26.6
5989 Chemical products and preparations, n.e.s.	15.8	17.3	20.7	18.1	14.2	15.7
5139 Carboxylic acids, etc.	0.7	1.1	1.3	1.7	1.9	1.9
Other semi-manufactures	2.3	1.7	1.5	1.8	1.8	2.0
6421 Packing containers, of paper, paperboard, cellulose wadding etc.	0.2	0.4	0.7	0.7	0.9	0.8
Machinery and transport equipment	4.3	3.5	3.1	2.6	1.7	1.6
Power generating machines	0.0	0.1	0.0	0.0	0.0	0.0
Other non-electrical machinery	1.8	0.8	1.3	1.7	0.9	0.8
Agricultural machinery and tractors	0.0	0.1	0.1	0.2	0.1	0.1
Office machines and telecommunication equipment	0.1	0.1	0.1	0.0	0.0	0.0
Other electrical machines	1.3	1.8	0.6	0.4	0.2	0.4
Automotive products	0.9	0.7	1.0	0.3	0.4	0.3
Other transport equipment	0.1	0.1	0.0	0.0	0.0	0.0
Textiles	0.9	0.4	0.5	1.5	1.6	1.7
6581 Sacks/bags, of textile, for packing goods	0.2	0.0	0.2	0.7	1.0	1.0
Clothing	7.6	8.2	8.3	8.8	9.3	8.4
8454 T-shirts, singlets and other vests, knitted or crocheted	2.2	2.5	2.4	2.4	2.2	1.8
8426 Trousers, breeches, etc., women's/girls', not knitted/crocheted	1.5	1.5	1.8	1.2	1.5	1.3
8414 Trousers, bib and brace overalls, breeches and shorts	0.8	0.3	0.5	1.4	1.4	1.2
8432 Suits, ensembles, jackets, trousers, etc.	0.2	0.3	0.5	0.6	0.7	0.7

	2008	2009	2010	2011	2012	2013
Other consumer goods	4.2	3.0	2.4	2.1	3.4	2.6
8921 Printed books, pamphlets, maps, etc. (excl. ad. material)	0.3	0.8	0.8	0.9	2.2	1.6
Other	0.1	0.1	0.1	0.1	0.0	0.0

Source: WTO Secretariat calculations, based on data provided by the authorities (SITC Rev.3).

Table A1.2 Merchandise imports by product group, 2008-13

(US$ million and %)

	2008	2009	2010	2011	2012	2013
Total (US$ million)	1,325	1,431	2,024	2,000	1,817	1,797
	(% of total)					
Total primary products	38.3	32.7	31.6	33.3	34.7	33.4
Agriculture	20.7	19.6	20.1	18.8	18.2	17.4
Food	19.2	18.6	19.2	18.0	17.3	16.1
0449 Other maize, unmilled	1.7	1.5	1.2	0.9	1.2	1.1
0423 Rice, milled, semi-milled	0.9	0.7	0.6	0.8	0.6	0.8
0481 Cereal grains, prepared n.e.s.	0.5	0.5	0.6	0.6	0.6	0.6
0819 Food waste, animal feeds n.e.s.	0.8	0.8	0.7	0.7	0.8	0.6
Agricultural raw material	1.5	1.0	1.0	0.7	0.9	1.3
Mining	17.6	13.2	11.5	14.6	16.5	16.0
Ores and other minerals	0.5	0.3	0.4	0.5	0.4	0.3
Non-ferrous metals	0.3	0.3	0.3	0.4	0.3	0.3
Fuels	16.7	12.5	10.8	13.7	15.8	15.3
Manufactures	61.0	60.2	59.2	57.6	55.7	58.7
Iron and steel	2.2	2.1	2.3	1.8	1.8	2.0
Chemicals	15.5	14.6	14.1	14.2	13.5	12.8
5429 Medicaments, n.e.s.	1.3	1.8	1.9	1.9	1.5	1.6
5514 Mixtures of odoriferous substances, industrial use	1.5	1.1	1.0	1.3	1.5	1.4
5621 Mineral or chemical fertilizers, nitrogenous	1.3	0.7	0.6	0.6	1.0	0.8
5541 Soap	0.7	0.6	0.7	0.7	0.7	0.6
Other semi-manufactures	10.6	9.9	10.3	10.1	9.4	10.0
6612 Portland cement and similar hydraulic cements	0.8	1.0	1.2	1.2	1.0	1.0
6911 Iron or steel structures, tubes and the like, for use in structures	0.9	0.7	0.7	0.6	0.7	0.6
6414 Kraft paper, etc., uncoated, n.e.s., rolls/sheets	0.6	0.6	0.5	0.9	0.8	0.5
Machinery and transport equipment	18.3	19.3	17.9	17.1	16.5	17.6
Power generating machines	0.4	0.3	0.6	0.8	0.3	0.3
Other non-electrical machinery	5.6	5.8	5.7	4.9	5.1	5.3
Agricultural machinery and tractors	0.6	0.7	0.4	0.6	0.6	0.5
Office machines and telecommunication equipment	2.7	3.9	2.8	2.3	2.4	2.2
Other electrical machines	2.8	3.0	3.2	2.9	2.8	2.7
7731 Insulated wire, cable etc.; optical fibre cables	0.6	0.5	0.6	0.4	0.5	0.6
Automotive products	6.3	5.7	5.1	5.4	5.3	6.6
7821 Goods vehicles	2.0	1.8	1.3	1.6	1.2	2.5
7812 Motor vehicles for the transport of persons, n.e.s.	2.5	2.3	2.3	2.5	2.7	2.4
7843 Other motor vehicle parts and accessories of 722, 781 to 783	1.1	1.0	0.9	0.9	1.1	1.1
Other transport equipment	0.5	0.6	0.5	0.8	0.6	0.6
Textiles	3.7	2.2	3.0	3.4	4.6	6.0
6552 Other knitted/crocheted fabrics, not impregnated/coated, etc.	0.9	0.1	0.1	0.1	0.7	1.0
6513 Cotton yarn, excluding thread	0.1	0.1	0.2	0.4	0.5	0.6
6531 Fabrics, woven, of synthetic filament yarn, excl. pile/chenille	0.4	0.3	0.3	0.3	0.6	0.6
Clothing	2.3	2.3	3.0	2.2	2.2	2.3
Other consumer goods	8.4	9.7	8.6	8.7	7.6	7.9
8931 Plastics containers, stoppers, lids, etc.	1.2	1.1	1.0	1.1	1.1	1.1
8921 Printed books, pamphlets, maps, etc. (excl. ad. material)	0.7	0.5	0.5	0.7	0.9	0.8
Other	0.7	7.0	9.1	9.1	9.7	7.9

Source: WTO Secretariat calculations, based on data provided by the authorities (SITC Rev.3).

Table A1.3 Merchandise exports by destination, including re-exports, 2008-13

(US$ million and %)

	2008	2009	2010	2011	2012	2013
Total (US$ million)	1,352	1,566	1,964	1,689	1,761	1,917
	(% of total)					
America	6.4	7.0	6.8	4.1	3.8	3.0
United States	6.3	6.9	6.7	4.1	3.8	3.0
Other America	0.1	0.1	0.0	0.1	0.0	0.0
Europe	5.1	12.2	9.1	10.4	12.3	12.4
EU(28)	5.1	12.2	9.1	10.4	12.3	12.3
Italy	0.1	1.1	1.5	3.6	2.4	3.3
Spain	0.2	1.4	1.0	1.1	2.2	2.3
Romania	0.0	1.6	1.1	0.3	1.2	1.9
Portugal	3.3	4.3	0.8	1.0	1.0	1.5
Finland	0.0	0.0	0.0	0.0	0.0	1.0
Hungary	0.0	0.0	0.0	0.0	1.3	0.7
United Kingdom	0.9	1.4	3.1	0.7	0.7	0.6
EFTA	0.0	0.0	0.0	0.0	0.0	0.2
Other Europe	0.0	0.0	0.0	0.0	0.0	0.0
Commonwealth of Independent States (CIS)	0.0	0.0	0.0	0.0	0.0	0.0
Africa	81.5	72.7	76.7	80.9	82.6	80.8
South Africa	67.1	51.1	57.7	63.8	69.7	62.6
SACU (excluding South Africa)	1.4	0.8	1.4	1.7	1.1	1.3
Mozambique	4.8	5.3	3.5	4.2	8.3	4.1
Nigeria	0.0	1.9	3.0	2.3	0.0	2.6
Kenya	1.9	4.3	2.7	2.1	1.2	2.3
Angola	2.6	2.1	1.8	1.3	0.0	1.8
United Republic of Tanzania	0.9	1.8	1.5	1.5	0.8	1.4
Zimbabwe	0.3	0.8	0.8	0.6	0.0	1.3
Ethiopia	0.3	0.7	0.6	0.3	0.0	0.6
Zambia	0.4	0.5	0.6	0.4	0.2	0.6
Uganda	0.5	1.1	1.0	1.1	1.0	0.6
Malawi	0.2	0.5	0.5	0.4	0.0	0.4
Mauritius	0.2	0.7	0.5	0.2	0.0	0.4
Middle East	2.4	0.0	2.5	2.4	0.3	0.4
Asia	4.5	8.1	4.6	1.8	1.0	3.4
China	1.0	2.5	0.2	0.0	0.7	3.1
Japan	0.1	0.1	0.0	0.0	0.0	0.0
Six East Asian Traders	0.6	0.4	0.0	0.0	0.0	0.1
Other Asia	2.8	5.2	4.4	1.7	0.2	0.2
Other	0.0	0.0	0.2	0.3	0.0	0.0

Source: WTO Secretariat calculations, based on data provided by the authorities.

Table A1.4 Merchandise imports by origin, 2008-13

(US$ million and %)

	2008	2009	2010	2011	2012	2013
Total (US$ million)	1,325	1,431	2,024	2,000	1,817	1,797
	(% of total)					
America	0.9	0.8	1.0	1.9	1.0	0.7
United States	0.7	0.5	0.6	1.0	0.7	0.5
Other America	0.2	0.3	0.4	0.9	0.4	0.1
Europe	1.3	3.0	2.0	2.6	2.5	1.8
EU(28)	1.3	3.0	1.9	2.4	2.3	1.6
Germany	0.1	0.3	0.3	0.3	0.3	0.3
Italy	0.3	0.5	0.1	0.1	0.2	0.2
The Netherlands	0.1	0.2	0.1	0.2	0.2	0.2
United Kingdom	0.3	0.6	0.4	0.4	0.2	0.2
France	0.1	0.1	0.1	0.1	0.2	0.2
Ireland	0.0	0.0	0.0	0.5	0.8	0.1
Sweden	0.1	0.4	0.1	0.0	0.0	0.1
Belgium	0.0	0.1	0.0	0.2	0.1	0.1
EFTA	0.0	0.1	0.1	0.2	0.2	0.2
Switzerland	0.0	0.1	0.1	0.2	0.2	0.2
Other Europe	0.0	0.0	0.0	0.1	0.0	0.0
Commonwealth of Independent States (CIS)	0.0	0.0	0.0	0.0	0.0	0.0
Africa	94.2	91.7	91.9	89.7	89.6	90.3
South Africa	93.7	90.5	91.2	88.7	88.7	88.6
SACU (excluding South Africa)	0.1	0.2	0.1	0.1	0.1	0.6
Egypt	0.0	0.4	0.1	0.1	0.1	0.4
Mozambique	0.1	0.4	0.1	0.4	0.4	0.4
Mauritius	0.0	0.0	0.1	0.1	0.1	0.2
Middle East	0.1	0.1	0.2	0.1	0.2	0.3
United Arab Emirates	0.0	0.0	0.2	0.1	0.1	0.3
Asia	3.4	4.4	4.6	5.1	6.7	6.9
China	1.0	1.7	1.8	2.8	3.9	3.8
Japan	0.5	0.1	0.1	0.2	0.1	0.0
Six East Asian Traders	1.3	1.6	1.0	0.8	1.6	2.0
Chinese Taipei	0.8	0.6	0.4	0.4	1.1	1.3
Malaysia	0.3	0.4	0.2	0.2	0.1	0.2
Hong Kong, China	0.1	0.6	0.3	0.1	0.2	0.2
Korea, Republic of	0.0	0.0	0.0	0.0	0.1	0.2
Other Asia	0.7	1.0	1.7	1.2	1.1	1.1
India	0.4	0.9	1.6	1.1	0.9	1.0
Other	0.0	0.0	0.3	0.7	0.0	0.0

Source: WTO Secretariat calculations, based on data provided by the authorities.