

### Regional Commitments

- Swaziland has signed and ratified the following COMESA legal instruments and protocols:
  - Protocol on the Gradual Relaxation and Eventual Elimination of visa and the
  - Charter establishing the Federation of National Associations of Women in Business in Eastern and Southern Africa.
- Swaziland has signed the Protocol for the Establishment of the Fund for Cooperation, Compensation and Development.
- Swaziland is a member of the Eastern and Southern Africa Trade and Development (PTA) Bank [www.ptabank.org](http://www.ptabank.org).
- South Africa remains Swaziland's largest trading partner, however Swaziland's intra-COMESA trade is increasing.
- Swaziland is currently fully integrated in the Southern African Customs Union (SACU). The movement of goods in the SACU area from one member state to another are free of customs duties and tariffs.

### Investment Environment

- The Swaziland Investment Promotion Authority (SIPA) is a one-stop shop responsible for attracting, promoting and facilitating local and foreign investment, as well as initiating, coordinating and facilitating the implementation of Government policies on investments.
- The Government is currently promoting the diversification of agricultural exports into various cash crops such as mushrooms, additional forms of livestock other than cattle e.g. goats and pigs, and dairy produce.
- A Cotton Strategic Plan is presently being finalized in a bid to revive the production in the cotton sub- sector. In line with the expectations of the Strategic Plan, cotton production is expected to increase to 15,000 tons by 2009 from the current production volume of 3,000 tons.
- A National Livestock Identification Project is underway in an effort to ensure acceptable standards are adhered to, so as to advocate for the removal of the ban on meat exports to the EU. However Swaziland meat is exported to countries within the southern African region.
- Investment incentives are provided to export based manufacturing sector include exporters of pharmaceuticals, electrical components, motor vehicle parts, refrigerators, washing machines, microwave ovens, industrial motors, leather products, medial disposables, and timber products.
- A Tourism Authority Bill aimed at expanding the tourism sector was completed in 2002. The Swaziland Tourism Authority is now in place. Authorities are currently branding Swaziland's tourism sector as "The Kingdom of Swaziland: A Royal Experience". The Lubombo Spatial Initiative encompassing the southern part of Mozambique, eastern Swaziland and northern KwaZulu Natal.

### Regional Interconnectivity

- Swaziland has developed road, railway, air, a dry port, and telecommunications links. Road networks amount to 1,171 km paved roads and 3167 proclaimed road network. (40% of which are paved.)
- Rail networks are provided by Swaziland Railway - Swaziland rail lines are linked to both South African and Mozambique railway systems, thereby facilitating the cost effective transportation of goods within the region.
- Trade is further facilitated by the Dry Port located at Matsapha Industrial Estate, where customs officers are on hand to undertake pre-customs clearing.
- The Matsapha International Airport is presently the country's main air terminal. Airlink Swaziland is the national air carrier offering 4 daily flights between Matsapha International Airport and Johannesburg International Airport. Swazi Express is another carrier offering daily flights to Durban, Nelspruit (RSA) and Maputo Mozambique).
- Swaziland has a well-developed telecommunications system. Cellular network coverage amounts to approximately 80% of the country.
- Current infrastructure projects include the construction of the following:
  - The Sikhupe International Airport in north-eastern Swaziland to be completed by 2008;
  - A highway linking Mbabane and the Oshoek Border Post with Republic of South Africa;
  - The Mliba-Mandlangampisi-Tjaneni-Msahweni Road;
  - Major and secondary roads under the Lubombo Spatial Initiative.

### Key Points:

- Swaziland is benefiting from its membership with the COMESA FTA arrangement as illustrated by increasing volumes of trade with the region.
- In 2006 annual exports to the COMESA region increased by 71.2% to US\$ 162.6 million and imports from the COMESA region increased by 24.1% to US\$ 10.8 million.
- Swaziland is diversifying its exports which have the potential to enter new markets in the region.
- Developments in the international trade arena for Swaziland's traditional exports, primarily sugar, have enforced Swaziland's participation in regionally based negotiations
- Swaziland has the potential to attract increasing numbers of regional tourists, as a result of increasing investment in the tourism sector.
- The Matsapha and Ngwenya industrial sites are being developed to promote regional and other FDI.

### Overall Economic Prospects

- GDP growth rate is expected to maintain an upward trend in 2007 from 2.8% in 2006. During 2006, economic growth was comprised of manufacturing (34%), services (46.6%) and agriculture (8%).
- Growth in the manufacturing sector is largely attributed to the production of sugar, citrus, and wood pulp. Increasing world demand for pineapples has lead to a strategy for increased cultivation to expand production.
- The expansion of the Komati area under the Komati Downstream Development Project (KDDP) has lead to an increase in sugarcane production recorded at 652,593 MT in 2005/6. Sugar exports subsequently increased by 8.4% to 320,232 MT in 2005/6 compared to 295,364 MT the previous year.-However, EU reform has lead to the reduction in the price of EU sugar imports. Swaziland is therefore closely following WTO talks that seek to arrive at an adequate mechanism of setting prices for agricultural exports. Approximately 60 million Euros worth of sugar exports to the EU are expected to be lost over the next four years.
- A Millennium Program has been initiated with the assistance of the World Bank (WB) to accelerate economic growth with strategic projects involving the development of infrastructure (including an airport at Sikhupe to be completed in 2008 and factory shells at Matsapha, Nhlanguano and Nwenya), and tourism (Ezulwini Valley- the country's main tourism centre), particularly pertaining to the growth of SMEs in Swaziland.

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## Trade Profile 2006-2007

Table 1: Swaziland's Top Extra-COMESA Export Trading Partners, 2001 - 2004

Partner	2001	2002	2003	2004
	US\$	US\$	US\$	US\$
1 South Africa	600,223,269	729,095,215	1,152,520,988	1,273,351,957
2 United States of America	29,034,316	88,648,984	171,557,687	131,305,417
3 Mozambique	31,663,080	60,265,088	70,166,655	69,197,320
4 New Zealand	6,713	18,270,755	27,691,077	46,468,726
5 Australia	1,534,237	24,656,679	28,889,801	37,584,104
6 China	4,801,311	10,985,213	50,020,206	32,403,653
7 United Kingdom	7,683,926	13,594,984	18,922,631	15,447,380
8 Tanzania	10,130,901	13,688,436	12,362,397	15,092,610
9 Angola	10,282,870	7,930,704	3,137,605	13,535,822
10 Japan	294,892	443,667	432,188	5,207,543
11 Italy	3,018,885	3,167,942	2,980,303	3,644,788
12 Turkey	10,946	98,193	896,292	2,489,380
13 France	2,089,865	2,923,452	2,561,044	1,497,028
14 Spain	757,974	1,061,826	1,932,782	1,424,934
15 Netherlands	1,286,203	845,448	1,001,525	1,225,468
16 Germany	392,938	980,757	1,838,945	1,215,212
17 Ireland	145,250	1,027,444	3,440,134	1,213,764

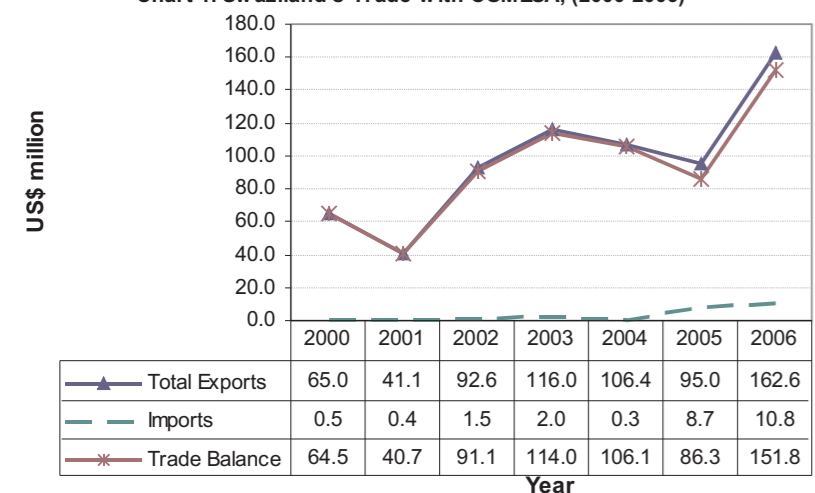
Source: COMSTAT Database  
Data for 2005 and 2006 unavailable

Table 3: Swaziland's Top Extra-COMESA Import Trading Partners, 2001 - 2004

Partner	2001	2002	2003	2004
	US\$	US\$	US\$	US\$
1 South Africa	793,017,382	841,043,365	1,237,771,347	1,442,623,804
2 Taiwan, Province of China	4,997,882	17,917,713	52,238,995	21,581,751
3 Hong Kong	8,056,305	11,525,545	22,222,221	6,809,365
4 Mozambique	2,853,769	2,553,912	7,380,778	5,114,131
5 China	3,681,876	7,008,516	19,716,996	4,479,593
6 Japan	7,185,479	3,635,358	7,533,908	2,176,009
7 United States of America	1,106,389	446,475	2,995,412	1,953,533
8 Italy	2,645,579	4,750,058	4,389,584	1,759,011
9 France	213,719	269,838	2,276,581	1,525,493
10 India	170,972	190,801	719,017	1,337,907
11 Cyprus	220,343	503,079	841,284	905,662
12 Korea DPR		35,266	228,341	890,947
13 Indonesia	801,129	1,294,031	3,974,698	869,967
14 Namibia	28,892	414,658	115,234	841,401
15 Pakistan		359,982	1,333,195	791,634
16 Singapore	1,073,939	1,579,234	3,563,432	721,586
17 United Kingdom	1,688,419	2,022,570	2,827,009	578,081
18 Netherlands	151,837	262,810	1,052,249	503,420
19 United Arab Emirates	103,108	20,503	143,260	335,360

Source: COMSTAT Database  
Data for 2005 and 2006 unavailable

Chart 1: Swaziland's Trade with COMESA, (2000-2006)



Source: COMSTAT Data base 2000 - 2004  
Mirrored from COMSTAT 2005-2006

Table 2: Intra COMESA Exports

Partners	Value in US\$	%
Sudan	57,745,652	35.50
Kenya	47,913,121	29.46
Uganda	25,127,288	15.45
Mauritius	6,919,749	4.25
Ethiopia	6,618,495	4.07
Malawi	5,483,805	3.37
Zambia	4,088,584	2.51

Source: Mirrored from COMSTAT data base

Table 4: Intra COMESA Imports

Partners	Value in US\$	%
Rwanda	3,914,260	36.10
Zambia	2,984,347	27.53
Egypt	1,210,980	11.17
Ethiopia	980,714	9.05
Burundi	914,949	8.44
Seychelles	259,590	2.39

Source: Mirrored from COMSTAT data base

Table 5: Swaziland's Top intra E xport Products, 2006

No.	HS	Product Description	Value US\$	% of Total
1	330210	Mixtures of odoriferous substances and mixtures	55,758,179	34.3
2	170111	Raw cane sugar	14,502,254	8.9
3	170199	Cane or beet sugar and chemically pure sucrose	11,675,068	7.2
4	850410	Ballasts for discharge lamps or tubes	8,711,715	5.4
5	210690	Food preparations, n.e.s.	8,286,781	5.1
6		<b>Other Products</b>	<b>63,712,022</b>	<b>39.2</b>
		<b>Total Exports</b>	<b>162,646,018</b>	<b>100.0</b>

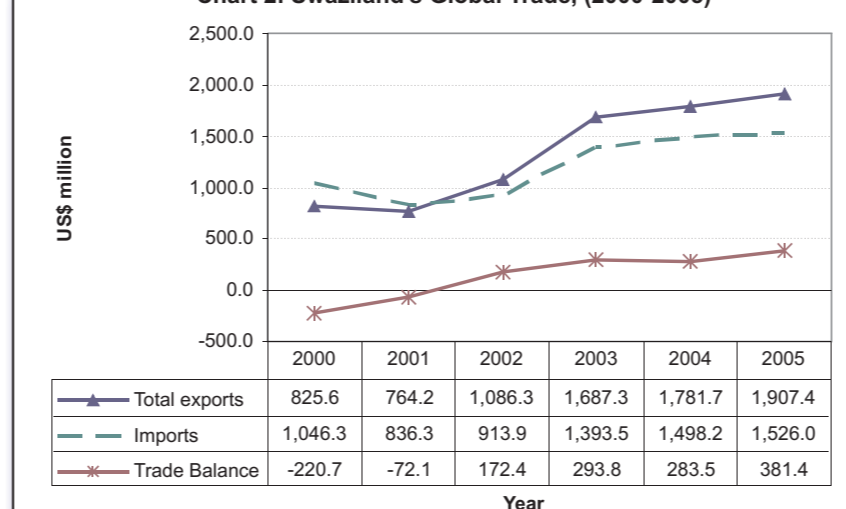
Source: Source: Mirrored from COMSTAT data base

Table 6: Swaziland's Top intra Import P roducts, 2006

No.	HS	Product Description	Value US\$	% of Total
1	090111	Coffee (excl. roasted and decaffeinated)	4,744,486	43.8
2	740311	Refined Copper	2,305,957	21.3
3	100510	Maize seed	611,270	5.6
4	090190	Coffee husks and skins	604,609	5.6
5	520300	Cotton, carded or combed	375,269	3.5
6		<b>Other Products</b>	<b>2,200,018</b>	<b>20.3</b>
		<b>Total Imports</b>	<b>10,841,609</b>	<b>100.0</b>

Source: Mirrored from COMSTAT data base

Chart 2: Swaziland's Global Trade, (2000-2005)



Source: COMSTAT Database 2000-2004, WTO 2005  
Data for 2005-2006 unavailable

- Swaziland's exports to the COMESA region increased by 71.2% to US\$ 162.6 million in 2006 from US\$ 95.0 million in 2005.
- Swaziland's imports to the COMESA region increased by 24.1% to US\$ 10.8 million in 2006 from US\$ 8.7 million in 2005.
- Swaziland exports coca cola concentrates to the entire African region. Moreover raw sugar exports are exported to various destinations. However, value added to agricultural products presents a potential area of investment for both local and foreign investors.

- Swaziland benefits the General System of Preference (GSP). The GSP is however due for a review in 2008.
- Swaziland has an increasing trade surplus with goods traded with the United States in recent years. Swaziland's exports to the U.S. consist predominately of 'textiles and apparel', which are exported duty-free under the AGOA.
- Swaziland's exports to the US under AGOA increased to US\$198.9 million in 2006 from US\$198.8 million in 2005. Exports to the US largely comprised textile and apparels. Textile and apparel exports to the US accounted for US\$ 135.3 million in 2006 compared to US\$ 161.0 million in 2005 (*agoa.info*).
- Growth in exports to the US market has been fuelled by the depreciation of the Emalengeni and quota restrictions on Chinese exports to the US. Bilateral discussions are underway between the Swaziland and US Government to extend the 2008 deadline of the AGOA Third Country Fabric provisions.

- Under AGOA, Swaziland exports approximately 6,000 products to the US duty free. Increasing exports to the USA via the AGOA initiative indicates bright future trade prospects for Swaziland's garment sector, owing to increased productivity, reduced production costs, and improved quality. The competitiveness of Swazi garment exports is however, determined by the ability of firms to achieve economies of scale, thereby enabling the countries garment exports to compete favourable with garment imports into the region.

Table 7: Swaziland's Top Export Products, 2004

No.	HS	Product Description	Value US\$	% of Total
1	330210	Mixtures of odoriferous substances and mixtures	786,357,741	43.1
2	170111	Raw cane sugar	129,611,336	7.1
3	470311	Unbleached coniferous chemical wood pulp	104,550,841	5.7
4	610910	T-shirts, singlets and other vests of cotton	73,231,338	4.0
5	610990	T-shirts, singlets and other vests of textile mate	32,069,357	1.8
6	620342	Men's or boys' trousers, bib and brace overalls	29,159,481	1.6
7	170490	Sugar confectionery not containing cocoa	26,834,676	1.5
8	200830	Citrus fruit, prepared or preserved	20,303,374	1.1
9	620469	Women's or girls' trousers, bib and brace	19,500,723	1.1
10	491199	Printed matter	17,855,850	1.0
11		<b>Other Products</b>	<b>584,295,361</b>	<b>32.0</b>
		<b>Total Exports</b>	<b>1,823,770,076</b>	<b>100.0</b>

Source: COMSTAT Database  
Data for 2005-2006 unavailable

Table 8: Swaziland's Top Import Products, 2004

No.	HS	Product Description	Value US\$	% of Total
1	271011	Light oils and preparations, of petroleum	67,787,513	4.5
2	271019	Medium oils and preparations, of petroleum	53,251,990	3.5
3	870323	Motor cars and other motor vehicles	29,527,740	2.0
4	300680	Waste pharmaceuticals	25,610,743	1.7
5	600632	Dyed fabrics, knitted or crocheted	20,538,221	1.4
6	330210	Mixtures of odoriferous substances and mixtures	18,731,294	1.2
7	100590	Maize (excl. seed)	18,434,125	1.2
8	870490	Motor vehicles for the transport of goods	17,967,785	1.2
9	252329	Portland cement	16,767,336	1.1
10	282530	Vanadium oxides and hydroxides	16,033,689	1.1
11		<b>Other Products</b>	<b>1,224,135,346</b>	<b>81.1</b>
		<b>Total Imports</b>	<b>1,508,785,782</b>	<b>100.0</b>

Source: COMSTAT Database  
Data for 2005-2006 unavailable

- The expiration of the Multifibre Agreement has adversely impacted Swaziland's economy- 15 factories were closed down leading to the loss of 13 000 jobs. However, plans are inderway to create a sustainable textile industry and one of the largest spinning, weaving and dying houses in Southern Africa has been completed.
- Swaziland's exports are eligible for preferential access to European markets under the Cotonou Partnership Agreement. Goods originating in Swaziland are also eligible for reduced customs levies when exported to participating industrialized countries under the Generalized System of Preference.
- Approximately 100,000 to 130,000 tones of sugar are exported to the EU under the EU Sugar Protocol, while about 40,000 tones of sugar are exported to the EU market the Special Preference Sugar agreement. The expiration of the Cotonou Agreement in the near future has resulted in the anticipation of a new agreement inline with the restructuring of the global sugar sector. The anticipated falling price of sugar in the EU market is likely to adversely affect Swaziland's sugar producers.