KINGDOM OF SWAZILAND

REPORT ON ALMATY PROGRAMME OF ACTION (APOA) 2003 – 2013 REVIEW
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1. INTRODUCTION

1.1 Overview
Swaziland is a landlocked, lower middle income country in Southern Africa and shares borders with South Africa accounting for about 75% of borders shared with Swaziland, and Mozambique in the east covering the remaining 25%.

Swaziland has a total surface area of 17,364 km², making it the smallest country in Southern Africa. Its population in 2012 stood at 1.1 million people. Due to its size, Swaziland is heavily reliant on external markets for her products mainly with South Africa in the region, and overseas countries. A large part of imports are also sourced mainly from South Africa.

Swaziland exports structure shows that a wide range of goods which include soft drink concentrates, textiles and apparel, iron ore, sugar, potable alcohol, sugar based products, canned fruits, timber, wood pulp, citrus fruits, fresh produce, handcrafts, beef, and refrigerators. Swaziland enjoys preferential market access for her exports in markets such as Southern African Customs Union (SACU), Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA), to the European Union through the Economic Partnership Agreement (EPA). Other markets include the USA through the African Growth Opportunity Act (AGOA), and Generalized System of Preferences (GSP) which allows for exports from developing countries to access markets of industrialized countries.

1.2 Swaziland’s International Trade Routes

A study on transport and logistics for Swaziland was undertaken 2004 to assess the main components of Swaziland’s transport and logistics chain to the sea and beyond, particularly those affecting the competitiveness of Swazi exports to regional and overseas markets. The study outlines Swaziland’s key trading partners, transit transport routes to regional and international markets.

The report indicates that Swaziland’s main external trade is with South Africa and is serviced by land routes, whilst the rest is with Europe, North America, and the Far East; and is undertaken through the ports of Maputo in Mozambique, and Durban, in South Africa. Maputo serves as the principal port for sugar and iron ore exports whilst the Durban port is used to export mainly sugar, ethanol, textile, and clothing and citrus fruits. Some high-value commodities and perishable products are exported to overseas markets via Oliver Tambo (OR) Tambo International Airport in South Africa. The rest of the products such as sugar, coca cola concentrate, refrigerators, zippers, caramel products, beverages, goes by road to regional markets in SACU, SADC, and East Africa. The diagram 1 below outlines Swaziland’s key trading partners, key transit routes, the distances and transit times.
Figure 1. Swaziland Import and Export Routes

Main Swaziland Exports
- Matsapha Industrial – Textiles, Coca Cola
- Sugar Mills, 250 000 t per annum
- Pulp Mill, 100 000 t per annum
- Coal / Anthracite (Maloma)

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<td>Mat-Maputo days</td>
<td>200</td>
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Source: Swaziland Transport and Logistics Report
1.2.1.1 Durban Port

The Durban port in South Africa is Swaziland’s major exit port and one of the busiest in Southern Africa as it creates links for Southern African countries with international trading routes and markets such as Far East, Middle East, Australasia, South and North America and the EU. The port is 550 km from Swaziland and is accessible by both road and rail from Swaziland. As one of Africa’s busiest port, the Durban port though well developed still faces challenges relating to congestion due to increased external trade from countries in Southern Africa and increased trade volumes from within South Africa. At the time of developing the Transport and Logistics study, the Durban port handled about 1.5 million Twenty Equivalent Unit (TEUs) of Twenty Foot Container (TFC) per annum, which has increased over the years through a phased expansion programme that targeted at least 2 million TEU per annum. It is however projected that this will still not be enough due to the forecasted increase in trade volumes.

1.2.2 Maputo Port

Maputo port, in Mozambique remains Swaziland alternative port which is 200 km away from Matsapha and is also accessible by both rail and road transport. The port mainly serves as a transit port for sugar and iron ore. Currently Swaziland owns a sugar warehouse at the Maputo port. Challenges faced by the Maputo port when using containerized traffic is the infrequent vessel calls, and lack of direct link with EU and Americas. Other issues relate to infrastructural development as the capacity of the port is 100,000 TEUs per annum, but currently handles 40,000 TEUs per annum.

1.2.3 Johannesburg Airport

The OR Tambo International Airport in Johannesburg, South Africa connects Swaziland’s high-value exports with airfreight services to international markets. The goods are transported mainly by road through Ngwenya-Oshoek border post to join the N17 highway which connects to super N4 highway (Komatiport corridor) linking Swaziland with Mozambique and Johannesburg. The airport is 4 hours driving distance from Swaziland. The challenge facing exports through this route is that road transport remains very expensive, something which makes the landed costs of exports less competitive in global markets. Swaziland’s aviation sector is currently linked to the OR Tambo International Airport. There are no direct flights from Swaziland to other regional and overseas countries. Furthermore, given that OR Tambo International Airport is by most countries in Southern Africa to send products to overseas countries, it is faces challenges as delays in transit times.

1.3 Challenges before APoA

Swaziland like other LLDCs faced a number of challenges due to her geographical location, something which at times clearly affected Swaziland’s export competitiveness in global markets. Below is a discussion of some of the challenges which include poor infrastructure both within Swaziland and within transit neighbors, high costs due to inefficiencies at the border, delays due to multiple administrative procedures at border and political instability in neighboring transit countries.
1.3.1 **Underdeveloped Infrastructure**

Before 2003, Swaziland transport infrastructure was not well developed compared to what it is today. Many of the present good road networks connecting to border crossings with transit countries were not tarred. The rail network coverage at that time had not been this vastly developed. It only linked Swaziland and South Africa. There was no link with Maputo port.

Dependence on transit neighbour’s infrastructure for accessing international markets also posed a serious challenge as it was not well developed. Maputo port which is nearest to Swaziland (200 km) lacked the proper infrastructure, hence Swaziland had to resort to using Durban port which was 550 km away. The road infrastructure was also in a bad state owing to destruction caused by the civil war in Mozambique.

The Durban port, in South Africa, though it was well developed at that time, faced a lot of challenges of congestion as most of SADC countries exports, such as Malawi, Botswana were transiting through this port, something which created need for its expansion.

1.3.2 **High Transit cost and Delays**

Most of the challenges encountered related to high transit fees and delays owing to high administrative burden in border crossing and transit ports. Most of border procedures were then cumbersome. For instance, its only in 2004 that all SADC countries adopted the Single Administrative Document (SAD) for customs declarations which greatly reduced required documentation for customs declarations and thus reduced the delays and costs on movement of goods. Before, large paperwork was required to declare goods and was different from country to country. Programmes such as automated customs declarations had not been introduced at that time. Also very important regional initiatives such as SADC and COMESA common license which allowed road freight to travel between member states without license or permit had also not been fully operationalized, hence that affected Swaziland exports by road to countries in the region.

1.3.3 **Political Instability in Transit Countries**

For a very long time, Swaziland was affected by the civil war in Mozambique, something which meant that the Maputo port, which was Swaziland premier port largely due to its proximity, was not accessible. Passage from Lomahasha border post to Maputo port was not always guaranteed. The road infrastructure had also been severely damaged by the war. As a result Swaziland had to reroute her freight to Durban port which was 550 km from Swaziland, thus incurring additional surface costs.
2. NATIONAL DEVELOPMENT PLANNING PROCESS

All programmes for the different ministries are incorporated into the national annual planning and budgeting framework which is approved by parliament. Then each ministry is allocated a budget based on the requests made, taking into account the national priorities. Swaziland has not been spared from the global financial and economic crisis and this has affected the planning and budgeting process for the country in all spheres, including the implementation of the Almaty Programme of Action.

For over a decade Swaziland has experienced very low levels of economic growth, both in absolute and relative terms. The economic growth has been declining, with an average of 2.5 percent for the period 2005 and 2007, a rate far lower than the required 5 percent target to create enough jobs and reduce poverty by half by 2015. The sluggish economic activity has worsened the poverty situation as the economy has grown at a lower rate than the population growth of 2.9 percent. The poor growth of the economy has also not created enough sustainable employment opportunities and there has been a closure of a number of companies which resulted to thousands of jobs losses hence worsening the socio-economic situation.

The sluggish economic growth over the years is attributable to a combination of factors that include: prolonged drought; change of market environment for the country’s exports; low levels of foreign direct investment and the poor macro-economic policy environment. The stagnation in growth was further exacerbated by the recent global economic and financial crisis which resulted in economic performance dropping to 2.4 percent and 1.2 percent in 2008 and 2009 respectively from 3.5 percent in 2007. As a result of the global financial crisis, the country experienced lower export earnings, reduced consumer spending, higher oil prices and slowing private sector investment in 2009 and 2010. There was a notable decline in manufacturing, agriculture, mining, construction and wholesale and retail sectors, owing to the high domestic inflation and restrictive monetary policy. The financial crisis has an adverse impact on poverty eradication, employment and achievement of the Millennium Development Goals (MDGs).

The textile sector has been affected and the impact is severe as companies mainly target the African Growth Opportunity Act (AGOA) market in the USA. The slumping demand in developing country export markets has resulted in multiple closures and downsizing of textile firms, resulting in loss of jobs and exacerbating the already high levels of unemployment. Between 2008 and mid 2009 about 3000 jobs had been lost. These jobs have been mainly occupied by vulnerable groups such as women and the youth who are mostly breadwinners in peri-urban and rural areas where dependency ratios are very high. Also, the global financial and economic crisis comes on the heels of the unprecedented food, fuel and commodity crises that led to a decline in production in the agricultural sector. Rising costs of farm inputs and the in-availability of trade finance has led to sharp declines in farm incomes and has further exacerbated rural poverty. Swaziland as an agro-based economy has been hit hardest in this respect. Other affected sectors include wood and pulp industry and the tourism sector.
3. FUNDAMENTAL TRANSIT POLICY

Swaziland has undertaken a number of reforms aimed at developing a comprehensive transit policy that includes improving the legal regulatory framework, establishing public-private sector composed committees, ratifying international conventions and reducing general transport and trade costs.

3.1 Reforms on Institutional and Legal Frameworks on Transit

Swaziland has in place the Customs Act of 1971 which is derived from the Customs Act of the Southern African Customs Union (SACU). The Act has clear provisions on how transit policy issues should be treated within SACU member states.

The customs department under the Swaziland Revenue Authority (SRA) has finalized its Standard Operating Procedure for the removal of goods in transit which facilitates the movement of such goods by allowing the acceptance of security for transit goods to include transit bonds that are acquitted or provisional payments which are acquitted or refundable upon proof that the goods have exited the territory of Swaziland.

3.2 National Trade and Transport Facilitation Committee

In an effort to promote public-private sector dialogue and cooperation on issues of formulating proper transit policy and procedures, Swaziland has established a number of national committees who meet on a regular basis to deliberate on these issues.

3.2.1 Customs–to–Business Forum

SRA established a Customs-to-Business Forum with the aim of establishing more meaningful engagements with the various private sector players to discuss customs issues. This forum exists in all SACU member states and forms part of the SACU-WCO Custom Development Programme which seeks to ensure that all SACU countries comply with international customs instruments and to modernize customs administration. Meetings of the forum are coordinated by SRA and the Chamber of Commerce and are used to tackle customs related issues.

3.2.2 National Working Group on Trade Facilitation

A National Working Group on Trade Facilitation was established in 2008 to coordinate all work relating to the WTO Negotiations on Trade Facilitation. The NWGTF is composed of key stakeholders such as trade, investment, animal and plant departments, standards organization, clearing agents, Transport Ministry, ICT, attorney generals offices, chamber of commerce and federation of small business. Work of the committee basically includes holding regular meetings to discuss trade facilitation policy issues and to also formulate key negotiating positions for Swaziland which will inform the ongoing WTO Trade facilitation negotiations in Geneva, Switzerland.
3.2.3 National Monitoring Committee (NMC) on NTBs

A National Monitoring Committee on Non Tariff Barriers (NTBs) to Trade was established in 2011 to coordinate all work relating to reporting, monitoring and eliminating NTBs in the Eastern and Southern Africa region. The establishment of the NMC forms part of the recommendation by the ongoing negotiations under the grand Tripartite (COMESA-EAC-SADC) Free Trade Area to members’ states to ensure that trade between countries in the Tripartite region is not impeded by unnecessary NTBs. These NMCs therefore coordinate work at national level to see to it that no new NTBs are introduced and existing NTBs are reported and addressed with a view to completely eliminate them. The NMC reports to the Tripartite NTBs Focal Point meetings. The NMC is composed of key public/private sector players.

3.3 Bilateral and Regional Agreements

On a bilateral level, Swaziland has standing Joint Bilateral Commissions (JBCs) with both Mozambique and South Africa which provide a platform for cooperation on a number of issues including customs and transit transport issues. The JBCs are held periodically and are normally attended at the highest level. The JBCs have led to the establishment of memoranda of cooperation in key areas such as customs, rail and road transport and immigration.

At regional level Swaziland is a member of both SACU and SADC. SACU has ongoing programmes such as the SACU-World Customs Organization (WCO) Custom Development programme and the Transport Sector Programme all of which aim at bringing efficiencies in movement of goods within member states.

SADC has in place a Transport, Communications and Meteorology protocol which seeks to establish an integrated transport policy and infrastructure in the SADC region that will further guarantee the right of freedom of transit of persons and goods, the right of landlocked countries to have unimpeded access to and from the seas. The protocol further promotes inter-and-intra modal cooperation between all stakeholders in the development of regional transport corridors to facilitate unimpeded access and travel between territories of member states. Swaziland, South Africa and Mozambique are members of SADC.

3.4. Ratification of International Conventions

Swaziland has ratified the Revised Kyoto Convention which is a blueprint for modernizing customs procedures and includes recommendations for the simplification of clearance procedures relating to the movement of transit goods amongst others.

3.5. Reducing Transit Transport & Trade Cost

A number of key reforms have been undertaken to increase transparency of transit and border regulation, establish streamlined border administrative procedures and in general simplifying border control and procedures.

a) The adoption of the Single Administrative Document for customs declarations which replaced the Common Customs Area Form 1 in 2004. This reduced the required...
documentation for customs declarations and thus reduced the delays and costs on movement of goods,

b) Automation of customs declaration systems by implementing ASYCUDA in 2008 which was funded by UNCTAD. From 2011 there has been full automation of customs declaration processes as well as the facility for Remote Direct Trader Input (DTI). Under Remote DTI, approved traders can prepare customs declarations from their offices and lodge them with customs, thus significantly contributing to reduced clearance costs,

c) The modernization of customs administration as a result of setting up the Swaziland Revenue Authority in 2011 is also seen as a major reform as this semi-autonomous organization is well equipped to quickly respond to customs issues,

d) Conducting the Time Release Study and subsequent report funded by the World Bank which highlighted bottlenecks in border procedures and provided solutions to address them,

e) Assigning SRA customs in 2012 as the authority responsible for issuing Certificates of Origin will greatly reduce costs and time to document processing. Before all certificates of origin were issued by an agency with offices only in Mbabane. SRA offices are located in all parts of Swaziland, particularly areas with high economic activity. This undertaking forms part of the recommendations under the Investor Road Map initiative,

f) Undertaking Infrastructural development projects such as upgrading border posts to improve the flow of traffic which leads to reduced clearance times for all transporters including transit consignments. Current projects include Lavumisa border post upgrading. This is funded from the national budget. There are also plans to upgrade Ngwenya border post which is Swaziland’s main and busiest entry point,

g) Extending operating hours at the Ngwenya border post linking Swaziland and South Africa from 10 pm to 12 pm midnight and adopting 24 hour operations on the Lomahasha border post linking Swaziland and Mozambique.
4. INFRASTRUCTURE DEVELOPMENT AND MAINTENANCE

Swaziland boasts of one of the best infrastructure in the SADC region which is able to cater for all forms of transport and movement of goods and people within and across the borders. Infrastructural development and maintenance has remained a priority area for the Government of Swaziland with significant resources from the national budget being allocated for the development of new and upgrading existing infrastructure on roads, rail and air. The bulk of resources have gone towards establishing a world class road which links Swaziland with all major transit routes such as sea ports in Richards Bay and Durban in South Africa, Maputo port in Mozambique and with airfreight services at Oliver Tambo International Airport in Johannesburg, South Africa all which provide gateways for Swaziland to access international markets. Below is an outline of infrastructural developments and maintenance undertaken by Swaziland in the past ten years. It covers road, rail and air transport and an inland dry port;

4.1 Road Infrastructure

Swaziland has established a sophisticated road transport network which links all of the country’s main manufacturing and production centers, allowing for an efficient movement of goods to rail depots, dry port and airports, from where they are railed to sea port and airfreight hub in Johannesburg to connect with international transit routes. Swaziland’s road networks also connect with regional transport corridors which link to regional markets in SADC and East Africa. Over 80 % of roads infrastructure to border posts that links Swaziland with either Mozambique or South Africa, is tarred. Below is a discussion on some of the major road networks, the towns and borders it links and connects and industries that it services.

4.1.1 MR 3 Highway (North-West to East & North East)

The most notable road infrastructure project is the MR3 dual-carriage highway which links Swaziland’s major towns and production centers such as Manzini (commercial hub), Matsapha (industrial Hub) Mbabane (administrative hub) with South Africa on the north-west through the Ngwenya-Oshoek border post. The Ngwenya border post remains Swaziland’s busiest crossing point and connects on the South African side with the N17 highway and the N4 highway which is the Johannesburg-Mpumalanga-Maputo Corridor. This corridor connects with other transport routes to Botswana, Zimbabwe, Malawi up to countries in the East of Africa. This stretch of highway was financed with funds from EU, African Development Bank as well as from national budget allocations. It services manufacturing industries in Matsapha for imports and exports to and from South Africa. Other high value exports from local industries are exported via this route to connect with airfreight services at Johannesburg International Airport to international markets.

The same MR3 highway cuts through Matsapha Industrial site passing through Manzini and Mpaka railway station up to Simunye ending at the Lomahasha border post connecting Swaziland with Mozambique in the east. The MR3 highway services coal mining activities in Mpaka and sugar cane production and milling in Simunye and Mhlume. All products are transported to Maputo port and exported to other countries. Iron ore dumps from Ngwenya iron-ore mine in the north-west are transported by trucks using the same highway, to Mpaka railway station where it is loaded on to a train to the Maputo port and exported to China and India.
4.1.2 MR 8 Highway (East to North East)

An MR8 single carriage highway links Manzini with the Durban port through the Lavumisa border post in the South of Swaziland. It passes through major towns such as Siphofaneni, Big Bend, Nsoko to Lavumisa joining the N2 highway in South Africa to the port of Durban (Manzini-Durban Corridor). Production centers located along this highway include Big Bend with a lot of citrus fruits and sugar plantations, a sugar mill and an ethanol distillery plant, while Nsoko has large citrus fruits estates. All products are exported through this corridor to markets in East Africa, North America and Europe.

Other highways include the MR 6 single carriage highway which connects from the MR 3 highway to Matsamo border post in the north connecting to the Johannesburg-Mpumalanga-Maputo corridor. This highway services timber processing and citrus fruits plantations in the north of Swaziland. There is also the MR 9 Highway in the South West which links Matsapha with Nhlangano to Mahamba border post connecting to the N2 highway to Durban. Nhlangano has several forest plantations and a timber processing plant with final products exported to overseas countries via Mahamba border post to the Durban port. The border post also services textiles and clothing industries located in Nhlangano who import fabric from the Far East and export to USA via the Durban port.

Ongoing major projects include the upgrading to tarmac of the Sicunusa to Nhlangano road which will link with Mahamba border post. This project will link key production centers such as Bhunya timber and pulp processing mill and a citrus fruits and pineapple canning plant in Malkerns all of which produce for exports to regional and overseas markets. There are other projects funded by the EU under its Accompanying Measures for Sugar Protocol (AMSP) countries which include upgrading of St Phillips road to link with MR8. This project will be completed before the end of 2013. Other EU funded projects due to start in 2013 include upgrading of the Mananga-Sihhooye and Dvokolwako-Manzana roads. The EU has allocated over 47 million Euros for these projects.

All road infrastructures has been financed through a combination of funds sourced from national budget and Swaziland’s cooperating partners such as Japan, Kuwait Fund, Swedish International Development Agency (SIDA), EU, African Development Bank, Republic of China on Taiwan. The maintenance of these roads is through funds sourced from the national budget allocation to the responsible Ministry of Works and Transport. It is worth stating that Swaziland does not have a roads agency and has not (yet) put in place road revenue generating projects such as toll gates.
Map of Swaziland showing major highways through cities and towns to major border posts
4.2 Air Transport

Sikhuphe International Airport

Like in many parts of the world, Swaziland has contributed positively towards developing and promoting the aviation industry. The Government has committed herself to develop airports mainly to facilitate trading of goods and services to international markets. The development of a new airport was part of the Millennium Projects, an initiative launched by the Government of Swaziland in 1999 to fast track development processes through the provision of enabling infrastructures in the economy. The construction of the new Sikhuphe International Airport formed part of the basket of projects that were to be implemented to complement the only existing Matsapha International Airport which has limited capacity when it comes to handling of cargo, long haul traffic and was only linked to regional and overseas countries through OR Tambo International Airport in Johannesburg, South Africa.

The new airport sought to improve Swaziland’s aviation connectivity with the rest of the world and in the process creating opportunities to promote international trade, FDI and tourism.

The airport structure consists of a cargo terminal covering about 1000sq.m and is able cater for 5000 tonnes per annum in a non-automated facility. There is also an additional safeguarding space for future growth measuring 2 x 4000 square meters. The airside infrastructure includes a runway that is 3.6 km long, 60m wide and the design is based on Code E aircraft (i.e. Boeing 747, Boeing 777 or Airbus A340), concrete apron covering an area of 332m by 260m and the design is based on handling/parking 2 Code E aircrafts and 3 Code C aircrafts (J41) and other link service roads.

The airport which is almost complete and is expected to be fully operational before the end of 2013 is located a few kilometers from the railway line linking Swaziland with Durban in the South and Swaziland with South Africa in the north through Mananga border post. Drawings of a dual carriage highway that will link Manzini and Sikhuphe International Airport are already in place. Phase one (of this project, (Mbadlane-Sikhuphe), which is aimed at creating efficient flow of traffic is nearing completion. This road is funded through loans from the Kuwait Fund and Arab Bank for Economic Development for Africa (BADEA).

Funds to build the airport were mainly sourced from the national budget and from cooperating partners such as Republic of China (Taiwan).

4.3 Rail Transport

The Swaziland Railway Corporation is a parastatal that handles all rail transport issues in Swaziland. It operates Swaziland’s railway lines which link Swaziland’s main industrial centers with South Africa, Mozambique and other SADC countries. Swaziland’s railway which covers a 300km network is considered to be one of the best in the SADC region in terms of transit times, reliability and predictability. The railway network consists of a 111 km track east to west from Matsapha Industrial site to Goba interchange in Mozambique. There is also the 189 km north to south line which runs from Mananga in the North to Golela in the South where it links with South African ports of Durban and Richards Bay. The Mananga link provides access to Johannesburg and Zimbabwe via Komatipoort. The Siweni line connects Swaziland with Maputo in Mozambique. A wide range of export products such as coal, iron ore, sugar, canned fruits are transported through railway to either Maputo or Durban port.
Imports are largely dominated by fuel, cement, wheat, textiles and clothing fabric, and vehicles.

4.3.1 New Railway line

The most notable railway project is the proposed joint construction of a 146 km railway line from Lothair, in South Africa to Sidvokodvo in Swaziland connecting with existing railway line linking South Africa, Swaziland and Mozambique. This project is aligned to the aspiration of building regional railway networks that will link regional economies in Southern Africa. Swaziland and South Africa signed a memorandum of understanding (MOU) to jointly fund the construction of the railway which is expected to cost US$ 2.3 billion. The MOU was signed in mid 2012, with implementation expected to start in financial year 2013/2014. Swaziland will contribute over 30% of finances for the project of which the Government has committed to stand as surety for, in raising the finances.

Other projects include the rehabilitation of the east-west line for reliable connectivity to the port of Maputo. This corridor linking Matsapha Industrial Hub and Maputo port is now marketable to customers. Swaziland Railway Corporation has also invested a lot of money into efficient communication systems such as the installation of computer based track warrant systems, upgrading from VHF to UHF Radio Based Train Management Systems.

Funds for all infrastructure development and maintenance are a combination sourced from the National Budget, cooperating partners as well as private loans secured by Swaziland Railway Corporation. Swaziland Railways Corporation has an existing MOU with her counterparts in Mozambique and South Africa addressing issues such as joint training, operating and maintenance on railway lines.

4.4 Dry Port in Matsapha

The Swaziland Railways Corporation also operates the Matsapha Inland Clearance Depot (Dry Port) which incorporates all the services associated with a sea port such as handling 3m, 6m and 12m containers which allows road trailers to provide clients with door-to-door services. There is also customs clearance facilities, computerized tracking of containers and temporary container storage. The dry port was funded with funds sourced from the Republic of China (Taiwan).
4.5 Challenges and Recommendations

Though Swaziland has invested billions of local funds to develop a world class transit transport infrastructure, gaps still exist which hinder the smooth movement of traffic in transit. Below is a discussion on these challenges covering road, rail and air;

a) There is a problem of congestion at air and sea ports resulting from increased volumes of trade. The Durban port though huge, services the whole of Southern Africa as well as increased trade volumes from within South Africa. This needs funds to be pumped into the expansion of ports;

b) Transport costs in Swaziland still remain very high due to a number of factors which include, relatively low volumes of imports and exports, particularly for rail transport thus resulting in high unit costs and tariffs due to poor equipment and infrastructure utilization. This is further exacerbated by traffic flow imbalances, resulting in a large
proportion of empty return hauls, and additional costs for repositioning empty containers. This also affects road transport

c) Rail transport faces bottlenecks such as the absence of one central train planning office to control train movement. There is need for the provision of double lines to enable trains to run in both directions at the same time. The train bridge design also has limitations as it only accommodates one train.

4.6 Information and Communications Technology (ICT) and Energy

4.6.1 ICT

Swaziland has embraced the introduction of new technologies particularly to improve efficiencies and effectiveness particularly in the business environment. Introduction of technologies such as e-customs, e-government, and soon to be introduced e-commerce, are all clear indications of the progress that Swaziland has made in this sector.

The Ministry of ICT is currently working towards liberalizing the communications sector. Two bills are currently being discussed in parliament and if all goes well, will be enacted into law before the end of 2013. These are the Communications Regulatory Bill that seeks to establish an independent entity to perform regulatory functions on electronic communications, data protection, e-commerce, and broadcasting. The electronic communications bill will provide guidelines to the regulator on licensing regimes and frameworks.

Swaziland also has in place the National Information Communication Infrastructure Policy which was launched in 2007 with the objective of setting up a road map for the development of ICT infrastructure that will be in line with Swaziland’s socio-economic development framework.

Swaziland has two players in the communications sector and these are Swaziland Post and Telecommunications Corporation (SPTC) which provides fixed line (voice and data) and postal services. There is also Mobile Telephone Network (MTN) Swaziland which provides cellular/mobile telephone services. Other mobile operators in the South Africa and Mozambique have expressed an interest to provide mobile services.

4.6.2 Energy

Swaziland energy sources include electricity, renewable energy, coal and coal products, and oil and oil products. All of Swaziland’s key production centers are well connected with electricity lines. Under renewable energy, a lot of progress has been made by Swaziland and includes the Ubombo Sugar cogeneration plant that produces about 10 GWh of electricity to the national grid and also for running the sugar mills. The electricity is generated from sugar cane processing by products baggase and trash from the cane.

Another sugar processing by product-molasses is used to produce ethanol for which Government is using to promote Bio fuels (Bio ethanol and Bio diesel) industry in Swaziland. Currently 10 % anhydrous ethanol blended with 90 % unleaded ethanol is used by selection of Government vehicles under a pilot project, which when successful will be rolled out nationally.
5 INTERNATIONAL TRADE AND TRADE FACILITATION

5.1 Trade Policy
Swaziland’s economy is highly dependent on international trade something which is largely attributed to the small size and population of the country. This situation has compelled Swaziland to pursue a more liberal trade policy approach which allows membership to regional and multilateral trading blocks. According to information sourced from the Swaziland Trade Policy Review report, most of the trade is done with South Africa, both on the import and export side. Exports and imports of goods and services, as a percentage of GDP, averaged 171.1% during 2004-06. In 2007, Swaziland ranked 94th among world merchandise exporters (considering the EC Member States together and excluding intra-EC trade), and 109th among importers. In services trade, Swaziland ranked 119th among exporters and 127th among importers.

Swaziland liberal trade policy ensures that Swaziland exports receive preferential market access to regional and international markets such as Southern African customs Union (SACU), the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA) all which combined provides market access to countries such as South Africa, Mozambique, Zambia, Malawi, Zimbabwe, Kenya, Uganda, Ethiopia in East Africa. Both regional communities have fully established free trade areas and are moving towards a customs union. Furthermore, SADC, COMESA and the EAC have established a grand tripartite free trade area which will see 26 countries with a combined population of 600 million people and a GDP of about US$ 1 trillion a year coming together to form an FTA.

Swaziland’s products also enjoy preferential market access to the EU through the SADC-EU Economic Partnership Agreement (EPA). Swaziland is also a beneficiary of the African Growth Opportunity Act (AGOA) and the Generalized System of Preferences (GSP) which creates market access to industrialized countries such as Australia, Canada, Japan, Russia, and New Zealand. More markets have been established under the SACU configuration which has concluded bilateral trade agreements with MERCOSUR countries (Argentina, Paraguay, Ecuador and Brazil) and with European Free Trade Association EFTA) countries including Norway, Switzerland, Iceland and Lichtenstein.

5.2 Swaziland’s Trade Performance
Swaziland has a wide range of exports, which include soft drink concentrates, textiles and apparel, sugar, potable alcohol, sugar based products, canned fruits, timber, wood pulp, citrus fruits, fresh produce, handcrafts, beef, zippers, and refrigerators. Other exports are iron ore and coal.

According to the latest annual report from Central Bank of Swaziland, in 2011, Swaziland’s export at f.o.b stood at US$1,729 million marking an increase from US$1,652 million in 2010. This was largely attributed to the re-opening the Ngwenya Iron Ore mine in 2011. The performance of the manufacturing sector has also improved in 2011.

Under the main export sector, sugar exports increased to US$253 million in 2011 from US$249 million, which is attributed to good prices in regional and EU markets as well as improved production due to increase in the number of cane growers which is a result of continued support from EU in the sugar industry.
Textile export declined by 11.2 % to reach US$ 87.8 million in 2011 something which is due to the after effects of the world economic downturn which weakened demand in US markets.

In the mining sector, coal exports received lower earnings from US$ 15.74 million in 2010 to US$ 15.71 million in 2011. This will be compensated by the re-opening of the iron ore mine where prospects show that there will be an increase in production levels.

The value of imports also decreased from US$ 1,787.95 million in 2010 to US$ 1,760.62 million in 2011, something which clearly reflects low economic activity in the public sector due to the fiscal challenges faced by Government in the year 2011. About 90 % of imports are from Swaziland's main trading partner, South Africa. Major commodities imported included industrial equipment, machinery and transport equipment, chemical products, mineral fuel, food and live animals.
Figure 2: Swaziland Exports 2007 – 2010 at 2 digit figures

List of products exported by Swaziland

Sources: ITC calculations based on UN COMTRADE statistics.
Data based on the partner reported data (Mirror data) are shown in orange
Unit: US Dollar thousand

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>All products</td>
<td>1113278</td>
<td>1062277</td>
<td>866614</td>
<td>914086</td>
</tr>
<tr>
<td>'17</td>
<td>Sugars and sugar confectionery</td>
<td>188056</td>
<td>187095</td>
<td>173119</td>
<td>183191</td>
</tr>
<tr>
<td>'33</td>
<td>Essential oils, perfumes, cosmetics, toiletries</td>
<td>319416</td>
<td>125402</td>
<td>117340</td>
<td>146306</td>
</tr>
<tr>
<td>'84</td>
<td>Machinery, nuclear reactors, boilers, etc</td>
<td>36085</td>
<td>73166</td>
<td>46419</td>
<td>34621</td>
</tr>
<tr>
<td>'61</td>
<td>Articles of apparel, accessories, knit or crochet</td>
<td>25815</td>
<td>74560</td>
<td>52120</td>
<td>58582</td>
</tr>
<tr>
<td>'21</td>
<td>Miscellaneous edible preparations</td>
<td>1028</td>
<td>84450</td>
<td>21373</td>
<td>24456</td>
</tr>
<tr>
<td>'62</td>
<td>Articles of apparel, accessories, not knit or crochet</td>
<td>21735</td>
<td>59567</td>
<td>47520</td>
<td>40193</td>
</tr>
<tr>
<td>'08</td>
<td>Edible fruit, nuts, peel of citrus fruit, melons</td>
<td>8381</td>
<td>54787</td>
<td>21373</td>
<td>24456</td>
</tr>
<tr>
<td>'85</td>
<td>Electrical, electronic equipment</td>
<td>1049</td>
<td>30895</td>
<td>37570</td>
<td>34428</td>
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<tr>
<td>'71</td>
<td>Pearls, precious stones, metals, coins, etc</td>
<td>263</td>
<td>6664</td>
<td>11905</td>
<td>99660</td>
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<tr>
<td>'27</td>
<td>Mineral fuels, oils, distillation products, etc</td>
<td>14011</td>
<td>65086</td>
<td>13272</td>
<td>48856</td>
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<tr>
<td>'20</td>
<td>Vegetable, fruit, nut, etc food preparations</td>
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<td>26122</td>
<td>21715</td>
<td>21612</td>
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<td>'38</td>
<td>Miscellaneous chemical products</td>
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<td>10633</td>
<td>16487</td>
<td>24296</td>
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<td>'22</td>
<td>Beverages, spirits and vinegar</td>
<td>9421</td>
<td>18515</td>
<td>14524</td>
<td>12812</td>
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<tr>
<td>'29</td>
<td>Organic chemicals</td>
<td>40832</td>
<td>12194</td>
<td>4949</td>
<td>18843</td>
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<td>'30</td>
<td>Pharmaceutical products</td>
<td>33</td>
<td>32880</td>
<td>4949</td>
<td>7302</td>
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<td>'90</td>
<td>Optical, photo, technical, medical, etc apparatus</td>
<td>762</td>
<td>7400</td>
<td>10088</td>
<td>5025</td>
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<tr>
<td>'76</td>
<td>Aluminium and articles thereof</td>
<td>908</td>
<td>4098</td>
<td>2706</td>
<td>2557</td>
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<tr>
<td>'72</td>
<td>Iron and steel</td>
<td>3547</td>
<td>13627</td>
<td>3211</td>
<td>2070</td>
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<tr>
<td>'02</td>
<td>Meat and edible meat offal</td>
<td>568</td>
<td>4006</td>
<td>1476</td>
<td>3956</td>
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<tr>
<td>'49</td>
<td>Printed books, newspapers, pictures etc</td>
<td>24543</td>
<td>543</td>
<td>3107</td>
<td>1330</td>
</tr>
<tr>
<td>'39</td>
<td>Plastics and articles thereof</td>
<td>15287</td>
<td>4426</td>
<td>4404</td>
<td>6125</td>
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<tr>
<td>'96</td>
<td>Miscellaneous manufactured articles</td>
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<td>6034</td>
<td>2883</td>
<td>3590</td>
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<tr>
<td>'52</td>
<td>Cotton</td>
<td>2357</td>
<td>2309</td>
<td>2467</td>
<td>1491</td>
</tr>
<tr>
<td>'32</td>
<td>Tanning, dyeing extracts, tannins, derivs, pigments etc</td>
<td>5455</td>
<td>2608</td>
<td>6884</td>
<td>8100</td>
</tr>
<tr>
<td>'87</td>
<td>Vehicles other than railway, tramway</td>
<td>7726</td>
<td>19359</td>
<td>19442</td>
<td>3496</td>
</tr>
<tr>
<td>'82</td>
<td>Tools, implements, cutlery, etc of base metal</td>
<td>394</td>
<td>1949</td>
<td>2289</td>
<td>1059</td>
</tr>
<tr>
<td>'73</td>
<td>Articles of iron or steel</td>
<td>1556</td>
<td>6498</td>
<td>2310</td>
<td>968</td>
</tr>
<tr>
<td>'48</td>
<td>Paper and paperboard, articles of pulp, paper and board</td>
<td>18011</td>
<td>12630</td>
<td>3075</td>
<td>1261</td>
</tr>
<tr>
<td>'99</td>
<td>Commodities not elsewhere specified</td>
<td>1062</td>
<td>1984</td>
<td>1367</td>
<td>1663</td>
</tr>
<tr>
<td>'93</td>
<td>Arms and ammunition, parts and accessories thereof</td>
<td>0</td>
<td>20</td>
<td>953</td>
<td>953</td>
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<td>'54</td>
<td>Manmade filaments</td>
<td>1910</td>
<td>2212</td>
<td>1203</td>
<td>1006</td>
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<tr>
<td>'68</td>
<td>Stone, plaster, cement, asbestos, mica, etc articles</td>
<td>1455</td>
<td>254</td>
<td>880</td>
<td>397</td>
</tr>
</tbody>
</table>

Source: International Trade Center – Market Analysis Tools
5.3 Reducing Transport & Trade Costs

Swaziland like other LLDCs has devised strategies to address the issues of high transport and trade costs which are affecting competitiveness of local exporters in global markets.

5.3.1 National Export Strategy (NES)

In 2006 Cabinet approved the National Export Strategy (NES) document which was formulated with the assistance of the Commonwealth Secretariat and the International Trade Center (ITC). The main objectives of developing the NES were to enhance competitiveness of Swaziland’s export products in global markets, encourage high-value addition on local export products to promote product and market diversification.

NES seeks to mainly address supply side constraints for the priority export products as well as cross-cutting issues such as improving trade facilitation and transport and logistics. Under the trade facilitation section, The NES seeks to put in place a policy to enhance export competitiveness through reduced transaction costs, to improve information dissemination on required exporting procedures and to harmonize the country’s trade facilitation policies and regulations with regional and international trade partners, as well as modernization of customs administration. Under Transport and logistics the objectives were formulated to promote better transport planning and production scheduling by Swaziland manufacturers and have more public investment in transport infrastructure.

NES remains a blue print document and is used by Government for reference purposes when formulating policy for Swaziland. One of the notable achievements has been the establishment of the Swaziland Revenue Authority in 2011 which was seen as key to modernization of customs administration in Swaziland.

5.3.2 Investor Road Map (IRM)

In April 2012, the Head of State re-launched the Investor Road Map which seeks to address issues on the Ease of doing Business in Swaziland. This was undertaken after an analysis was done by Government in consultation with the private sector on the main impediments to doing business in Swaziland. The analysis revealed that Swaziland had been performing badly in terms of world ranking reports on ease of doing business, something which was seen as deterrent to attracting FDI. In 2012 Swaziland was ranked 124 and 123 in 2013 out of 185 countries. The Head of State then commissioned Government, private sector and civil society representatives to meet on a regular basis on 17 thematic areas which required immediate attention. These included a theme ‘trading-across borders’, where the objectives were to find solutions to reduce high costs and delays associated with import and export of goods.

To date a lot of progress has been made regarding improving on trading across border. For instance, powers to issue certificates of origin have been transferred from the International Trade Department to the Swaziland Revenue Authority which was found to be better placed as it had offices in key production centers as well as border posts, yet ITD offices were only located in the capital city, Mbabane. These developments were appreciated by the private sector as it greatly reduced the cost and time of processing export documents.
5.3.3 Private Sector Development Strategy (PSDS)

There is also the Private Sector Development Strategy (PSDS) which was developed with technical support from the Commonwealth Secretariat. PSDS seeks to strengthen the contribution of enterprises to productive and equitable economic growth and employment in Swaziland. It also serves as a guide for private sector partnership with the Government of Swaziland. The key strategic areas for PSDS are: the creation of an enabling business environment, trade facilitation, employment, infrastructure and human resource development.

5.4 Challenges and Opportunities

Despite these positive developments highlighted above to reduce transport and trade costs, Swaziland exports still face elements of uncompetitiveness in global markets, an indication that challenges such as high transport and trade costs still exists.

On transport costs it has become clear that the huge investment in transport infrastructure development will not be enough as long as Swaziland still experiences low volumes of imports and exports, combined with traffic flow imbalance, resulting in a large proportion of empty return hauls, high transport costs will persist. This creates a need for proper co-operation between importers and exporters, to achieve savings by coordinating their imports and exports scheduling to achieve economies of scale. Collaboration of production levels amongst different manufactures should be encouraged to, as far as possible, synchronize their production output in order to generate traffic volumes that achieve economies of scale within the transport services.

Expansion of sea and air ports combined with improving coordination can go a long way in addressing poor infrastructure and congestion at these transit ports. More funds should be channeled towards improving these areas. There is also a need for Swaziland and South Africa who are in a Customs Union to consider jointly funding One-Stop-Border posts which will ultimately reduce trade costs. Mozambique can also be roped in.

5.5 World Trade Organization Negotiations

Swaziland is a member of the World Trade Organization (WTO) having joined in 1995. As a member, Swaziland is actively involved in the ongoing Doha Development Round of negotiations in Geneva, Switzerland. In 2005, the Government of Swaziland opened a permanent mission in Geneva to cover all aspects of the WTO activities including the ongoing negotiations. Capital and Geneva based officials attend selected negotiating meetings taking place in Geneva such as the WTO meetings of the Negotiating Group on Trade Facilitation (NGTF).

In 2007, Swaziland through technical assistance from the WTO Secretariat and other cooperating partners was able to undertake a Needs Assessment on Trade Facilitation which sought to assess the state of play in this subject, identify existing gaps and areas which required technical support. Through this assessment, Swaziland was able to establish a National Working Group on Trade Facilitation whose composition includes key public and private sector organizations which directly or indirectly handle trade facilitation issues. Swaziland has submitted a request for another review country assessment on trade facilitation which is scheduled in the second half of the year 2013.
6. INTERNATIONAL SUPPORT MEASURES

6.1 Overview
Swaziland like other LLDCs relies on official development assistance to undertake most of her programmes on improving transit transport. As a lower middle income country, Swaziland is not able to generate enough resources that will allow for allocations from the national budget to finance, for instance, most of her infrastructure development. During the ten year period under review Swaziland has received both financial and technical assistance in the form of grants and loans for purposes of implementing the APoA such as establishing good transport infrastructure and improving trade facilitation in general. Below are some of the projects that have benefited from such cooperation.

6.1.1 Roads infrastructure
There is the Manzini-Mbabane-Ngwenya MR3 dual carriage highway which links Swaziland’s two major cities to Ngwenya border post. The construction of this road was funded by EU and African Development Bank (ADB). Other roads included Big Bend to Lavumisa border post MR8 highway and Luve to Matsamo border post highway. Ongoing road projects include Sicunusa to Mahamba border post highway which is funded by a loan from the Kuwait Fund. There is also the link road from Mbadlane to Sipkhuphe International Airport funded by loans from the Kuwait Fund and the Arab Bank for Economic Development of Africa. The second phase of this project which is yet to secure funding will see construction of a dual carriage highway from Manzini city to Mbadlane.

Other projects include those funded by the EU under the Accompanying Measures for Sugar Protocol (AMSP) and include the upgrading of St Phillips road to link with MR8. This project will be completed before the end of 2013. There is also the upgrading of Mananga-Sihhoye and Dvokolwako-Manzana roads which are all due to start in 2013. The EU has allocated over 47 million Euros for these projects.

6.1.2 Rails
Swaziland and South Africa have initiated one of the biggest rail transport project which will see the construction of railway line from Lothair (South Africa) to Sidvokodvo (Swaziland). The 144 km railway line will be jointly financed by both countries and will cost US$2 billion. Swaziland Government will stand as surety to raise capital required to fund 30% of the project cost.

6.1.3 Air
The state-of-the-art Sikhuphe International Airport will be fully operational before the end of 2013. The airport was funded mainly from the national budget allocation as well as cooperating partners such as the Republic of China (Taiwan).

6.1.4 Inland Dry Port
An inland Dry Port located at Matsapha industrial site was financed by grants from the Republic of China (Taiwan). The funding covered upgrading of the port, purchase of equipment and machinery.
6.1.5 Technical Support Cooperation
Swaziland received a wide range of technical support on trade facilitation and improving administration of customs all of which had positive impacts on reducing transport and trade costs. The table below list some of the support received

<table>
<thead>
<tr>
<th>Area of Support</th>
<th>Objective</th>
<th>Funding or Supporting Agencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formulation of Swaziland Export Strategy for 2006 - 2009</td>
<td>Enhance competitiveness of Swaziland exports products</td>
<td>Commonwealth Secretariat &amp; International Trade Center</td>
</tr>
<tr>
<td>Investor Road Map 2005 and subsequent</td>
<td>Address ease of doing business</td>
<td>USAID Trade Hub Southern Africa</td>
</tr>
<tr>
<td>Swaziland Competitiveness Trade Support Programme</td>
<td>Address issues of supply side constraints, trade promotion and trade policy</td>
<td>EU</td>
</tr>
<tr>
<td>ASYCUDA Customs automation programme 2008</td>
<td>Automation data capturing</td>
<td>United Conference on Trade and Development (UNCTAD)</td>
</tr>
<tr>
<td>Customs Times Release Study</td>
<td>Identify bottlenecks in border procedures</td>
<td>World Bank</td>
</tr>
<tr>
<td>Needs Assessment on Trade facilitation in Swaziland 2007</td>
<td>Analysis of Swaziland’s trade facilitation procedures and to identify status and existing gaps</td>
<td>World Trade Organization, USAID Hub Southern Africa, World Customs Organization</td>
</tr>
<tr>
<td>Private Sector Development Strategy 2010</td>
<td>Strengthen enterprises contribution to productive and equitable economic and employment growth in Swaziland</td>
<td>Commonwealth Secretariat</td>
</tr>
<tr>
<td>Swaziland AID for Trade Strategy To start in 2013-2014 financial year</td>
<td>To identify key constraints to Swaziland’s trade expansion</td>
<td>African Development Bank (AfDB)</td>
</tr>
</tbody>
</table>

6.1.6 Training & Capacity Building
Officials from various Trade Support Institutions dealing with trade facilitation, transport and customs issues continue to receive training from development agencies and donor countries such as SIDA, Commonwealth Secretariat, JETRO in Japan, USAID Trade Hub Southern Africa, Trademark Southern Africa, Republic of China (Taiwan).

6.2 Market Access
Swaziland receives wide preferential market access to industrialized countries such the USA through AGOA and GSP granting countries such as Japan, Russia, New Zealand, and Turkey. To the EU Swaziland access this market under the Interim Economic Partnership
Agreement. There is also SACU-EFTA and SACU-MERCOSUR agreements creating more markets. At regional level Swaziland has access to SADC, COMESA and duty free SACU markets.

6.3 Aid for Trade

On aid for Trade, Swaziland is in the process of developing an aid for Trade strategy, with the technical and financial assistance from the African Development Bank (AfDB). This process, which is at the tendering stage, is expected be finished by the end of June, 2013.

6.4 South-South Cooperation

With regards to South – South Cooperation, Swaziland has not specifically received any assistance that addresses the main objectives of the Almaty Plan of Action. However, there is cooperation with Mozambique and South Africa in the area of improving tourism related infrastructure under the Lubombo Spatial Development Initiative (LSDI). Swaziland continues to participate in such forums, such as the Africa-South America Summit and the Africa-India Forum, where cooperation by the countries of the south is promoted.
7. MONITORING OF IMPLEMENTATION

7.1 Monitoring Structure
Swaziland is an active member of the LLDCs and has consistently monitored and reviewed the implementation of the Almaty Programme of Action for past 10 years. Below is a discussion on the various structures in place to monitor the APoA:

7.1.1 United Nations General Assembly
Swaziland has been an active participant in all United National’s General Assembly meetings where work of the UNOHRLLs on LLDCs is reported,

7.1.2 Ministerial Level
At Ministerial level Swaziland has participated in the meetings of Trade Ministers held in Ulaanbaatar 2007, Almaty in 2012. In 2009 Swaziland hosted the meeting for Trade Ministers where an Ezulwini Declaration was adopted. Swaziland has further participated in meetings of Ministers responsible for Foreign Affairs which are usually held in New York,

7.1.3 Embassy Level
Swaziland has a Permanent Mission in New York which attends to daily activities of the APoA under UN-ORHLLs. Another Permanent Mission is based in Geneva and attends to meetings of LLDCs coordinated currently by Paraguay. Swaziland actively participates in the ongoing WTO negotiations particularly Negotiations on Trade Facilitation which also covers issues of LLDCs.

7.1.4 National Level
At national level, all issues relating to implementation of the APoA are coordinated by the International Trade Department, under the Ministry of Commerce, Industry and Trade. It should be stated though that Swaziland does not have a National Monitoring Committee which will bring together all relevant stakeholders of the APoA.

7.2 Challenges
Challenges in monitoring and reviewing the APoA have been encountered at national level where there is lack of a clear monitoring mechanism that will allow for dissemination of information on its objective as well as monitor how its priorities are implemented. This is particularly important to ensure that the APoA is incorporated into the national development planning process. Establishing mandatory national monitoring committees that meet on a regular basis is seen as a best solution.
8. EMERGING ISSUES

The global economic meltdown and to some extent the global climate change debate and recent developments in the Eurozone debt crisis can be cited as some of the emerging issues which have had significant impact on socio-economic prospects for Swaziland.

8.1 Global Economic Meltdown

The global economic meltdown which started in 2007 as a financial crisis in the USA and spread to first world economies hitting their financial and banking sectors hard, peaked in 2008 pushing the US and a number of first world economies that were linked to the US financial sector, into recession. Economic growth was reduced significantly; unemployment increased, demand for imports declined,

Like other open economies, Swaziland was not spared from the devastating impact of the global economic crisis which the country experienced post 2008. Swaziland experienced lower export earnings due to decline in consumption demand in first world countries, increased unemployment due to shut down or lower production capacities of many factories, increase in oil prices, thus increasing inflation coupled with low foreign direct investment.

The manufacturing sector was hardest hit as it is largely dominated by goods produced mainly for export markets. A number of local factories were now running at low capacity, due to a decline in demand for their products. Growth in this sector remained at -0.3% in 2009.

The textiles sector, which is one of the biggest employer in Swaziland, was also adversely affected, given that most of the final products were targeting the AGOA markets in the USA. Due to a high fall in global demand for apparels this sector was forced to reduce production levels, something which lead to about 3000 people losing their jobs in the 2009-10 period. Furthermore, one of the biggest companies in pulp production in the world SAPPI had a plant in Swaziland which had to close down due to a combination of forest fires and fall in global demand for pulp.

8.2 Government Fiscal Challenges

South Africa was also affected at the same level as Swaziland, particularly in the fall of demand for key export commodities. This affected the whole SACU machinery resulting in a fall in SACU receipts which led to a financial crisis as SACU receipts account for about 60% of Swaziland’s national budget. This situation left government with a lot of socio-economic challenges such as a shortage of funds to cater for recurrent budget expenditure in the country. Government was also not able to raise funds externally to cover the shortfall and as a result had to suspend spending mainly on capital projects while at the same time, accumulated payment arrears to private sector. This in essence dampened economic growth, a number of SMEs were not paid for services rendered and had to close their businesses. Though the situation has improved due to increased remittances from the SACU revenue pool, Government has given priority to settling her arrears with the private sector and to replenish the country’s reserves held by the Central Bank.
8.3 Eurozone Debt Crisis

According to information sourced from the Central Bank of Swaziland another recent emerging issue has been the Eurozone debt crisis which had a negative impact as it brought a lot of volatility to currency and stock markets. The local currency Lilangeni which is pegged one-to-one with the South African rand, suffered high depreciation something which affected local exporters using intermediate imported inputs, and also put inflationary pressure on local food and fuel products.

8.4 Global Climate Change

Swaziland’s agricultural sector suffered from global climate changes with drought in the 2007-2009 period resulting in low yields. The impact was felt by many given that agriculture is the mainstay of the Swazi’s economy and the main source of livelihood for a majority of the Swazi population who live in the rural areas. Though Swaziland is now effectively out of drought, the weather still exhibits erratic patterns which makes it difficult for an average Swazi farmer to know exactly when to start ploughing.
9. RECOMMENDATIONS

Swaziland recommends that the next term of the Programme of Action (PA) on issues affecting LLDCs, there is a clear need to ensure that the monitoring mechanism is enhanced to ensure that all priorities are mainstreamed into the national development strategy of every country. This calls for establishment of monitoring structure at the UN, regional and setting up of national committees which will coordinate all activities of the next PA.

National committees should be composed of all relevant stakeholders who will meet on a regular basis to discuss on progress. The same committees will ensure that the national planning process takes into account priority areas of the next program of action. This will include influencing national budget allocation towards activities or programmes of the PA, holding regular consultation meetings and producing national reports such as midterm review. National committees should work on clear time bound and measurable indicators to assess progress made by countries.
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