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INFORMATION**

June 26, 2000

To: Members of the Executive Board

From: The Acting Secretary

Subject: **Swaziland—Selected Issues and Statistical Appendix**

This paper provides background information to the staff report on the 2000 Article IV consultation discussions with Swaziland, which was circulated as SM/00/132 on June 26, 2000 and is tentatively scheduled for discussion on Wednesday, July 19, 2000.

Mr. Rothman (ext. 38652) and Mr. Haacker (ext. 34089) are available to answer technical or factual questions relating to this paper prior to the Board discussion.

Unless the Documents Section (ext. 36760) is otherwise notified, the document will be transmitted, in accordance with the procedures approved by the Executive Board and with the appropriate deletions, to the WTO Secretariat on Thursday, July 6, 2000; and to the African Development Bank, the European Commission, the European Investment Bank, the Food and Agriculture Organization, and the United Nations Development Programme, following its consideration by the Executive Board.

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INTERNATIONAL MONETARY FUND

SWAZILAND

Selected Issues and Statistical Appendix

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Approved by the African Department

June 23, 2000

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Swaziland: Selected Social and Demographic Indicators 1/

Area	Population	Density	
17,364 sq. km.	910,000	52.41 per sq. km.	
Population characteristics		Health	
Population growth rate (1991-97)	2.4	Population per physician (1996)	7,143
Life expectancy at birth	60.1	Public health expenditure	
Infant mortality rate (per thousand)	65.0	1990-96 (percent of GDP)	2.5
Total fertility rate (percent of total)	4.7	HIV-incidence	
Urban population (percent of total)	32.9	(percent of population,	
Population younger than 35 years		age 15-49) (1999)	22.5
of age (percent of total) (1996)	80.0		
GDP per capita	US\$ 1,515	Education	
Access to safe water (1996)		Adult literacy rate	77.5
		Primary school enrollment	
Percent of population	56.7	rate (percent of school-age	
Urban	80.0	group)	118.3
Rural	45.7		
Labor statistics (in thousands, unless		Poverty indicators (1995)	
otherwise indicated)		Poorest 40 percent	
		Share of income	14 percent
Labor force	345	Per adult equivalent	US\$ 230
Of which: agriculture		consumption	or less
(1990, in percent)	39.5		
Formal employment	96		
Private sector	64		
Public sector	32		

Sources: Ministry of Health; International Monetary Fund, *International Financial Statistics*; World Bank, *World Development Indicators, 1999*; *African Development Indicators, 2000*; and *Swaziland—Reducing Poverty Through Shared Growth*; Central Bank of Swaziland, *Annual Report, 1997/98*; and United Nations, *Demographic Yearbook, 1997*.

1/ Data refer to 1997, unless otherwise indicated.

I. INTRODUCTION

1. An expected tapering off in Swaziland's receipts from the Southern African Customs Union (SACU)¹—the major source of government revenue—as well the effects of the country's high incidence of HIV infection pose major challenges for the period ahead. Section II discusses possible changes in taxation as a means of offsetting the prospective slackening in SACU receipts, while Section III examines the fiscal and economic impact of the country's AIDS crisis. Moreover, boosting the economy's output potential over the medium term will require that adequate investment levels are maintained, and that the productivity of the country's capital is enhanced. A look at the historical record of investment and growth in Swaziland is presented in Section IV.

2. The Statistical Appendix updates the comprehensive set of economic and financial tables as well as the summary of the tax system contained in Swaziland—Statistical Appendix (SM/98/285; 12/28/98).

II. TAX REFORM²

A. Background

3. In Swaziland, government tax revenue has remained broadly stable over the past decade at a level slightly below 30 percent of GDP. The sources of tax revenue are heavily concentrated, with customs receipts based on a revenue-sharing arrangement under the SACU alone contributing more than one-half of total tax revenue, and company and personal income taxes (some 30 percent of tax revenue) and sales tax receipts (another 13 percent) accounting for the bulk of the remainder (Table II.1).

4. A number of changes are expected to take place in Swaziland's external environment in the near future which would have a dampening effect on Swaziland's SACU receipts. Specifically, new revenue-sharing arrangements are being negotiated among the SACU member countries, and, although the new arrangements have yet to be precisely and definitively determined, a tapering off in Swaziland's SACU receipts is envisaged over the medium term.³ Moreover, the extent of the tapering off in Swaziland's SACU receipts will be affected by the recent free trade agreement between South Africa and the European Union and the ones envisaged under the Southern African Development Community and the Common Market for Eastern and Southern Africa. At this juncture, highly tentative projections show Swaziland's SACU receipts declining from 16 percent of GDP in 2000 to 14 percent in 2004.

¹ SACU member countries are Botswana, Lesotho, Namibia, South Africa, and Swaziland.

² Prepared by Arto Kovanen.

³ For a discussion of the current SACU revenue-sharing arrangements, see SM/98/268 (12/16/98), pp. 29–30.

Table II.1. Swaziland: Central Government Tax Revenue, 1994/95-1998/99 1/

	1994/95	1995/96	1996/97	1997/98	1998/99
(In millions of emalangeni)					
Tax revenue	1,102	1,407	1,621	1,883	2,042
Taxes on net income and profits	365	393	486	529	582
Companies	209	201	244	250	262
Individuals	134	168	220	258	299
Nonresident dividends and interest	22	24	22	21	21
Taxes on goods, services, and international trade	698	917	1,059	1,262	1,352
Southern African Customs Union (SACU) receipts	567	744	852	1,007	1,076
Sales tax	131	173	207	255	275
Other taxes	39	97	76	92	109
(Percent of tax revenue)					
Taxes on net income and profits	33.1	27.9	30.0	28.1	28.5
<i>Of which</i>					
Companies	19.0	14.3	15.1	13.3	12.8
Individuals	12.2	11.9	13.6	13.7	14.6
Taxes on goods, services, and international trade	63.3	65.2	65.3	67.0	66.2
SACU receipts	51.5	52.9	52.6	53.5	52.7
Sales tax	11.9	12.3	12.8	13.5	13.5
Other taxes	3.5	6.9	4.7	4.9	5.3
(Percent of GDP)					
Tax revenue	27.6	29.3	29.2	28.8	28.2
Taxes on net income and profits	9.2	8.2	8.8	8.1	8.0
<i>Of which</i>					
Companies	5.2	4.2	4.4	3.8	3.6
Individuals	3.4	3.5	4.0	4.0	4.1
Taxes on goods, services, and international trade	17.5	19.1	19.1	19.3	18.7
SACU receipts	14.2	15.5	15.3	15.4	14.9
Sales tax	3.3	3.6	3.7	3.9	3.8
Other taxes	1.0	2.0	1.4	1.4	1.5

Source: Ministry of Finance.

1/ Fiscal year runs from April 1 to March 31.

5. Furthermore, the authorities are undertaking various tax measures which will have an adverse impact on tax revenue. In particular, on July 1, 2000, the company income tax rate will be reduced from 37½ percent to 30 percent, in line with the rate in South Africa, and the top personal income tax rate will be lowered from 39 percent to 33 percent. On the other hand, on the same date, the sales tax rate will be increased from 12 percent to 14 percent.

6. Against this background, it will be imperative for the authorities to offset the overall dampening impact on tax revenue of the factors cited above, especially the tapering off in SACU receipts. More specifically, to safeguard fiscal sustainability without unduly adversely affecting the level of existing public services, and permit a much-needed expansion in outlays for health and education—particularly given Swaziland's AIDS crisis and the need to enhance the skills base of the country's demographically young population—the authorities will need to meet the major challenge of maintaining tax revenue at its current level relative to GDP.

B. Required Changes

7. In view of the above, the authorities will need to move forward with wide-ranging reforms to expand the tax bases, particularly the income tax base. One option being considered is the introduction of a new income tax bill which would, among other things, extend withholding tax to interest and dividends paid to residents and to royalties and management fees received by residents; abolish tax deductions for mortgage interest payments and life insurance premiums; rationalize deductions for contributions to pension funds; tax gratuities paid on the termination of fixed-term employment contracts; effectively tax nonsalary allowances (i.e., benefits-in-kind) to employees in the private and public sector; remove the tax-exempt status of insurance companies and public enterprises; and streamline the depreciation schedule for companies.

8. Regarding the taxation of benefits-in-kind, the principle is that employees' benefits should be taxed irrespective of the form in which they are received. In Swaziland, the most important benefits-in-kind are housing that is provided free or at below-market rental rates by the employer for the employee's private use, and loans by the employer to employees at below-market interest rates, especially to purchase a residence or a vehicle. Sometimes, cash allowances are provided in lieu of, or in addition to, the other benefits. Although the current law allows these benefits to be taxed, those received by civil servants have been excluded from the tax net, and, given the dimension of the civil service in Swaziland, the taxation of nonsalary allowances could significantly widen the tax base. At 13 percent of GDP, the government wage bill in Swaziland is among the highest in the region and almost twice that of other "small" African countries (see SM/98/268 (12/16/98), page 11).

9. Although a new income tax bill has been drafted which incorporates many of the elements described above, it remains to be passed by Parliament, with, as a major sticking point, the requirement that benefits-in-kind of civil servants be effectively taxed. Within the existing income tax law, the authorities are attempting to close loopholes. Thus, some

changes are expected shortly to allow for the taxation of large-scale farming and capital gains, as well as for the application of withholding tax on management fees and royalties.

10. As for the sales tax, its base would need to be significantly widened to encompass public utilities and the trade sector as a prelude to the eventual introduction of a value-added tax. Currently, electricity, telecommunications, and water supplies are exempted from sales tax; the Sales Tax Act does not cover trade services; and even some food items are not subject to sales tax. Therefore, in addition to covering public utilities and trade services, the sales tax would need to be applied to all food items except, possibly, staples such as cereals and pulses and dairy products.

III. THE IMPACT OF HIV/AIDS⁴

A. HIV Incidence and Demographic Effects

11. The most comprehensive cross-country study⁵ estimated, as of December 1997, the rate of HIV infection in Swaziland at 18½ percent of the population aged 15–49. In February 2000, Swaziland's Ministry of Health estimated the rate of HIV infection at 22½ percent. Moreover, HIV prevalence among pregnant women has risen from 4 percent in 1992 (the earliest survey) to just over 30 percent currently.

12. Using a mortality rate among the HIV infected of 9½ percent, which is consistent with data reported by UNAIDS for sub-Saharan Africa, these estimates imply that about 1½–2 percent of Swaziland's working-age population die of AIDS each year. As indicated in Table III.1, this has implications for, among other things, Swaziland's population growth rate.

Table III.1. Swaziland: Impact of AIDS on Selected Demographic Indicators										
Year	Population Growth Rate		Life Expectancy at Birth		Crude Death Rate (Per 1,000)		Infant Mortality Rate (Under age 1) (Per 1,000)		Child Mortality Rate (Under age 5) (Per 1,000)	
	(In percent)		(In years)							
	With AIDS	Without AIDS	With AIDS	Without AIDS	With AIDS	Without AIDS	With AIDS	Without AIDS	With AIDS	Without AIDS
1998	2.0	3.2	38.5	58.1	21.4	10.1	103.4	83.8	168.1	114.4
2010	1.7	3.1	37.1	63.2	22.6	7.5	85.3	58.6	152.2	77.5

Source: U.S. Bureau of the Census, *World Population Profile: 1998*.

⁴ Prepared by Markus Haacker.

⁵ UNAIDS/World Health Organization, *Swaziland—Epidemiological Fact Sheet on HIV/AIDS and Sexually Transmitted Diseases*, 1998.

13. The authorities in Swaziland are aware of the scale of the epidemic and are promoting AIDS prevention. In May 1999, the government set up a high-level AIDS Crisis Management and Technical Committee. Reportedly, the use of condoms has increased rapidly over the last few years, albeit from a relatively low level. Several companies, as well as the Federation of Swazi Employers, have taken measures through educational efforts and the provision of condoms to help reduce the rate of HIV incidence among their employees.

B. Fiscal and Economic Impact

14. An earlier study⁶ estimated the effect of HIV-related illnesses in 1994 at 13 percent of the Ministry of Health's budget (or $\frac{1}{3}$ of 1 percent of GDP). HIV infections have subsequently doubled, and the number of AIDS cases has probably increased even more rapidly. Thus, in the coming years, some 30 percent of the health budget would be associated with HIV-related illnesses at an annual cost of $\frac{3}{4}$ of 1 percent of GDP. This estimate is in line with those in studies on other African countries, which estimate the cost of treating an AIDS patient at between 30 percent and 70 percent of per capita income.

15. Furthermore, government employees may take up to half a year of sick leave at full pay and a further six months at half pay. Assuming that replacing a government employee involves one-half of a year of training, the AIDS epidemic would add about 2 percent to the government's wage bill (or $\frac{1}{4}$ of 1 percent of GDP).

16. The AIDS epidemic is also a heavy burden on the Public Service Pension Fund, in particular through pensions for surviving dependents. The pension fund has to pay for sustenance of a deceased employee's children until they reach the age of 18. If, for example, each AIDS victim leaves one dependent who needs to be looked after for ten years, and 2 percent of government employees die of AIDS each year, the number of surviving dependents as a proportion of government employees would eventually rise to 20 percent. Officials of the pension fund estimate that, to date, 76 percent of total claims have been AIDS related.

17. Several studies have attempted to evaluate the impact of AIDS on output (income) and output (income) per capita. AIDS affects output directly as workers die, and indirectly as savings are reduced in order to pay for the treatment of AIDS patients or to respond to the loss of income associated with the death of a family member. Studies on other countries, based on variations of the neoclassical growth framework, suggest that the impact of AIDS on GDP per capita is negative, but small.

18. Data on the effect of the AIDS epidemic on production costs are not available for Swaziland. However, from studies in countries with similar rates of HIV infection, it appears

⁶ Whiteside, Alan, and Greg Wood, *The Socio-Economic Impact of AIDS in Swaziland*, Mbabane, Ministry of Economic Planning and Development, 1995.

that AIDS-related employee absenteeism has a significant impact on production costs.⁷ Other AIDS-related production costs depend, in particular, on the scale of medical benefits, death-in-service benefits, and company pension plans. From these studies, it appears that AIDS-related costs may well exceed 5 percent of the total wage bill for the formal sector.

19. The AIDS epidemic also has a potentially significant effect on the supply of human capital. Based on current estimates of HIV incidence, Swaziland may lose 20–25 percent of its highly educated and skilled population before these people can attain leading positions in the economy or the government. This will have a considerable adverse effect on productivity and the quality of public services.

C. Conclusions

20. The AIDS epidemic could have a significant impact on the government budget and on the economy. Even without taking into account the effect on the Public Service Pension Fund, the fiscal balance would deteriorate by about 1 percent of GDP owing to AIDS. Studies from comparable countries suggest that labor costs in the formal sector may increase by 5 percent or more; and the supply of highly educated and skilled labor may contract by 20–25 percent. While the authorities and the private sector are responding to the epidemic, especially by promoting HIV prevention, it is not yet evident that these measures have resulted in a decline in the number of new HIV infections.

IV. INVESTMENT AND GROWTH⁸

A. Historical Record

21. This section presents an analysis of the growth performance of the Swazi economy since 1972. The analysis is based on a neoclassical growth accounting framework, in which GDP growth is attributed to changes in productivity, the capital stock, and the labor force. Assuming constant returns to scale, GDP growth is given by

$$\frac{\dot{Y}}{Y} = \frac{\dot{A}}{A} + \alpha \cdot \frac{\dot{K}}{K} + (1 - \alpha) \cdot \frac{\dot{L}}{L}, \quad (1)$$

where A stands for total factor productivity, K the size of the capital stock, and L the size of the labor force. \dot{Y} , \dot{A} , \dot{K} and \dot{L} denote annual rates of change of the respective variables, and α represents the elasticity of output with respect to capital.

⁷ Loewenson, Rene, and Alan Whiteside, *Social and Economic Issues of HIV/AIDS in Southern Africa*, Southern African AIDS Information Dissemination Service, Harare, 1997.

⁸ Prepared by Markus Haacker.

22. Given estimates for the parameter α , the capital stock, and the labor force, and actual values for GDP, this framework can be used to draw inferences on the role of productivity growth, as

$$\frac{\dot{A}}{A} = \frac{\dot{Y}}{Y} - \alpha \cdot \frac{\dot{K}}{K} - (1 - \alpha) \cdot \frac{\dot{L}}{L}, \quad (2)$$

23. Data on GDP, investment, and population have been obtained from the IMF's *International Financial Statistics*. As reliable data on the size of the labor force are not available for Swaziland, the size of the total population serves as a proxy. Assuming that the economy initially is on a steady state growth path, the initial value for the capital stock for 1971 has been estimated as

$$K_{1971} = \frac{s}{\delta + n + g} \text{GDP}_{1971}, \quad (3)$$

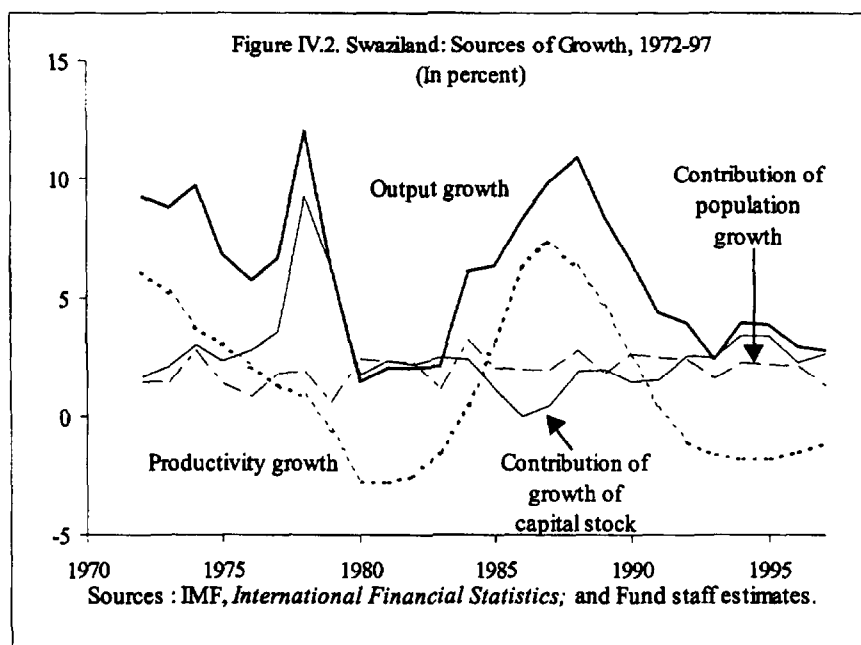
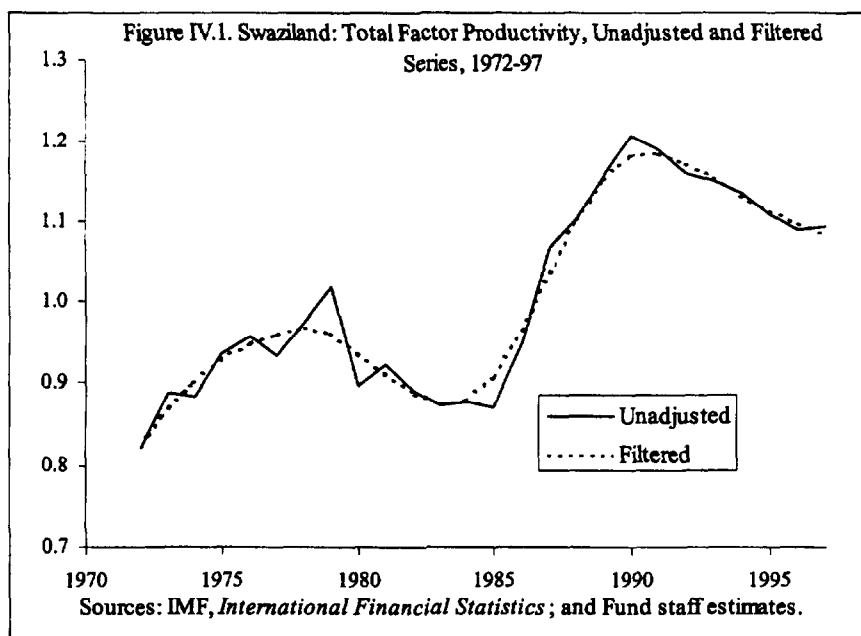
where s is the average investment rate for the years 1971–73, δ is the rate of depreciation, n is the rate of population growth, and g is the rate of technological progress.⁹ Subsequent values for the capital stock are obtained by

$$K_{t+1} = K_t + s_t \cdot \text{GDP}_t - \delta K_t. \quad (4)$$

24. Over the entire period under consideration (1972–97), GDP grew at an annual rate of just under 6 percent. Meanwhile, the population and the stock of capital grew at annual rates of 3 percent and of 7 percent, respectively. Using an estimate of α of 0.35, these rates imply an annual rate of productivity growth of 1¼ percent.

25. Changes in A reflect both true changes in productivity and spurious events such as good or poor harvests. To obtain a clearer picture of changes in productivity, a Prescott filter has been applied to the time series for A . The series for GDP has been adjusted correspondingly. Figure IV.1 gives the unadjusted and the filtered series for total factor productivity.

⁹ Various ways of estimating the initial level of the capital stock are discussed in Nehru, Vikram, and Ashok Dhareshwar, "A New Database on Physical Capital Stock: Sources, Methodology, and Results," *Revista de Analisis Economico*, Vol. 8 (June 1993), pp. 37–59.



26. From Figure IV.2, it is possible to distinguish several episodes regarding the link between investment, total factor productivity, and growth. The late 1970s and early 1980s were a period of rapid accumulation of physical capital. Between 1976 and 1984, GDP expanded by 5 percent annually (Table IV.1). Of this growth, capital accumulation contributed some $3\frac{2}{3}$ percent annually, and growth of the labor force another $1\frac{1}{4}$ percent.

Thus, total factor productivity actually declined by about $\frac{2}{3}$ of 1 percent annually, or $6\frac{1}{4}$ percent over the entire period. Between 1985 and 1989, output growth ($8\frac{3}{4}$ percent annually) was led by improvements in total factor productivity ($5\frac{2}{3}$ percent annually), while the contribution of capital accumulation (about 1 percent annually) was modest. These large productivity gains were associated particularly with rapid expansion of the manufacturing sector and high rates of foreign direct investment. Over the 1990–97 period, capital accumulation picked up, contributing $2\frac{1}{2}$ percent annually to GDP growth of some 4 percent. Total factor productivity, however, declined by $\frac{3}{4}$ of 1 percent annually.

Table IV.1. Swaziland: Sources of Growth, 1972–97				
(In percent per annum)				
Period	GDP Growth	Contribution of Capital Accumulation	Contribution of Population Growth	Total Factor Productivity Growth
1976–1984	5.0	3.7	1.8	-0.6
1985–1989	8.8	1.1	2.1	5.6
1990–1997	3.9	2.5	2.1	-0.8
1972–1997	5.9	2.5	2.0	1.2

B. Conclusions

27. The findings above suggest that, while investment rates in Swaziland have recently been high (an average of 28 percent of GDP over the 1990s), the fast pace of capital accumulation has not translated into high rates of economic growth. Thus, for Swaziland to boost its economic growth rate, both the maintenance of sufficiently high investment levels and enhancement of the productivity of the country's capital will be required. As for the latter, it will be particularly important that certain structural reforms be effectively pursued, especially regarding the restructuring and privatization of public enterprises; the encouragement of technologically advanced foreign direct investment through the retention of transparent guidelines for investment incentives; the implementation of the provisions of the Industrial Relations Act; and changes in the tenure arrangements on Swazi Nation Land. Also, it will be crucial that the skill base of Swaziland's demographically young population be improved through augmented budgetary allocations for education.

Table 1. Swaziland: Gross Domestic Product by Sector of Origin at 1985 Prices, 1995-99

	1995	1996	1997	1998	1999 Est.
(In millions of emalangeni)					
Primary production	150.7	170.8	171.8	179.1	174.5
Agriculture and livestock	110.4	139.8	134.9	137.9	132.9
SNL Crops 1/	24.0	46.6	37.4	39.8	34.1
TDL Crops 1/	73.3	78.6	81.7	80.9	80.1
Livestock, etc.	13.1	14.6	15.8	17.2	18.7
Forestry	16.7	15.8	18.4	17.7	18.1
Mining	23.6	15.2	18.5	23.5	23.5
Secondary production	565.3	585.0	618.8	633.0	660.2
Manufacturing	469.0	481.3	507.8	512.9	535.0
Electricity and water	39.0	44.0	44.9	46.9	48.4
Construction	56.5	59.7	66.1	73.2	76.9
Services	528.4	533.2	549.9	564.9	585.2
Wholesale and retail	93.3	98.9	108.8	119.2	124.9
Hotels and restaurants	28.5	28.2	29.3	26.7	28.5
Transport	53.9	52.5	51.8	55.6	58.5
Communications	28.8	29.9	31.5	32.1	34.0
Banking, finance, and insurance	43.1	46.8	51.9	50.7	51.7
Real estate, etc.	47.0	49.0	52.0	53.5	55.5
Government services	215.9	211.6	210.8	210.0	212.1
Other services	21.9	22.6	23.3	24.0	24.7
Owner-occupied dwellings	32.8	33.7	34.7	36.3	37.8
Less imputed bank services charge	-36.8	-40.0	-44.2	-43.2	-42.5
GDP at factor cost	1,244.4	1,289.0	1,340.5	1,377.0	1,420.0
Indirect taxes less subsidies	251.3	260.3	270.7	278.1	286.4
GDP at market prices	1,495.7	1,549.3	1,611.2	1,655.1	1,706.4
(Annual percentage change)					
Agriculture and livestock	-6.5	26.6	-3.5	2.2	-3.6
Forestry	3.7	-5.4	16.5	-3.8	2.2
Manufacturing	3.8	2.6	5.5	1.0	4.3
Services	3.2	0.9	3.1	2.7	3.6
GDP at market prices	3.0	3.6	4.0	2.7	3.1
(In percent of GDP at factor cost)					
Agriculture and livestock	8.9	10.8	10.1	10.0	9.4
Forestry	1.3	1.2	1.4	1.3	1.3
Manufacturing	37.7	37.3	37.9	37.2	37.7
Services	42.5	41.4	41.0	41.0	41.2

Sources: Central Statistical Office; and Fund staff estimates.

1/ Swazi Nation Land (SNL) and Title Deed Land (TDL), respectively.

Table 2. Swaziland: Gross Domestic Product by Sector of Origin at Current Prices, 1995-99

	1995	1996	1997	1998	1999 Est.
(In millions of emalangeni, unless otherwise indicated)					
Primary production	614.0	811.4	851.1	870.9	956.4
Agriculture and livestock	538.0	734.3	768.5	784.7	864.3
SNL crops 1/	50.7	102.8	88.1	97.5	89.9
TDL crops 1/	439.0	570.4	608.3	603.2	678.0
Livestock, etc.	48.3	61.1	72.1	84.0	96.4
Forestry	30.8	32.5	35.3	37.6	40.6
Mining	45.2	44.6	47.3	48.6	51.4
Secondary production	1,547.4	1,657.4	2,096.0	2,306.4	2,545.2
Manufacturing	1,278.4	1,350.2	1,757.3	1,929.5	2,148.7
Electricity and water	89.8	101.2	103.4	108.1	117.7
Construction	179.2	206.0	235.3	268.8	278.8
Services	1,482.1	1,657.9	1,945.8	2,057.3	2,232.0
Wholesale and retail	253.1	295.1	353.4	387.2	423.0
Hotels and restaurants	83.5	77.0	86.0	95.9	107.5
Transport	145.7	145.1	147.8	156.4	171.3
Communications	64.1	76.8	90.4	106.4	119.3
Banking, finance, and insurance	120.9	131.2	145.4	142.0	144.8
Real estate, etc.	60.5	63.4	65.4	67.9	74.5
Government services	721.2	843.6	1,038.3	1,087.9	1,158.1
Other services	67.6	69.9	73.4	75.5	82.1
Owner-occupied dwellings	92.5	93.7	98.5	103.5	114.0
Imputed bank service charge	-127.1	-137.9	-152.8	-165.4	-162.7
GDP at factor cost	3,643.5	4,126.7	4,892.9	5,234.6	5,733.6
Indirect taxes less subsidies	991.9	1,159.5	1,463.3	1,846.7	2,012.4
GDP at market prices	4,635.4	5,286.2	6,356.2	7,081.3	7,746.0
Memorandum item:					
GDP deflator (index, 1985=100)	292.8	320.1	365.0	380.2	403.4
(percent change)	15.9	9.3	14.0	4.2	6.1

Sources: Central Statistical Office; and Fund staff estimates.

1/ Swazi Nation Land (SNL) and Title Deed Land (TDL), respectively.

Table 3. Swaziland: Gross Domestic Product by Expenditure Category at Current Prices, 1995-99

	1995	1996	1997	1998	1999 Est.
(In millions of emalangen)					
Final consumption expenditure	3,304.1	4,300.1	5,930.2	6,294.0	7,096.1
Private	2,353.1	3,114.3	4,291.0	4,493.1	4,846.4
Government	951.0	1,185.8	1,639.2	1,800.9	2,249.7
Capital formation	1,568.2	1,579.3	2,079.5	2,424.5	2,626.0
Gross fixed capital formation	1,530.8	1,532.1	2,025.1	2,424.5	2,626.0
Public	305.9	290.7	317.8	446.1	526.7
Private	1,224.9	1,241.4	1,707.3	1,978.4	2,099.2
Increases in stocks	37.4	47.2	54.4	0.0	0.0
Balance of payments for goods and services	-236.9	-593.2	-1,653.5	-1,637.2	-1,975.9
Exports of goods and services	3,814.6	4,265.2	4,510.0	5,356.0	5,629.2
Imports of goods and services 1/	-4,051.5	-4,858.4	-6,163.5	-6,993.2	-7,605.1
GDP at market prices	4,635.4	5,286.2	6,356.2	7,081.3	7,746.2
(In percent of total)					
Final consumption expenditure	71.3	81.3	93.3	88.9	91.6
Private	50.8	58.9	67.5	63.5	62.6
Government	20.5	22.4	25.8	25.4	29.0
Capital formation	33.8	29.9	32.7	34.2	33.9
Gross fixed capital formation	33.0	29.0	31.9	34.2	33.9
Public	6.6	5.5	5.0	6.3	6.8
Private	26.4	23.5	26.9	27.9	27.1
Increases in stocks	0.8	0.9	0.9	0.0	0.0
Balance of payments for goods and services	-5.1	-11.2	-26.0	-23.1	-25.5
Exports of goods and services	82.3	80.7	71.0	75.6	72.7
Imports of goods and services 1/	-87.4	-91.9	-97.0	-98.8	-98.2
GDP at market prices	100.0	100.0	100.0	100.0	100.0

Sources: Central Statistical Office; and Fund staff estimates.

1/ The whole of the customs union receipts are treated as indirect taxes (and therefore deducted from imports, c.i.f. to get imports, f.o.b.), accounting for the big difference between the trade figures in the national income accounts and those in the balance of payments.

Table 4. Swaziland: Summary of Developments in Crop Production, 1994/95-1998/99 1/

	1994/95	1995/96	1996/97	1997/98	1998/99
(In thousands of metric tons)					
Volume					
Sugarcane	3,798.0	3,440.0	3,694.0	3,886.0	3,887.0
Cotton	6.2	14.0	16.2	16.9	14.9
Maize	83.7	149.2	119.0	137.7	118.0
SNL 2/	76.1	135.6	108.2	125.2	107.3
TDL 3/	7.6	13.6	10.8	12.5	10.7
Citrus fruit	66.2	87.2	89.3	100.1	107.8
Tobacco	17.0	10.0	16.0	18.0	50.0
(In metric tons per hectare)					
Yield					
Sugarcane	100.2	90.1	97.2	101.0	96.0
Cotton	...	...	0.6	0.6	0.5
Maize					
SNL 2/	1.7	2.1	2.1	1.9	1.9
TDL 3/	1.3	2.3	1.8	1.9	1.9
Tobacco	...	...	...	...	...
(In emalangeni per metric ton)					
Producer prices					
Sugarcane	812.0	904.0	1,131.0	...	...
Cotton	1,500.0	2,130.0	2,409.6	2,458.5	2,508.0
Maize	600.0	614.0	650.0	651.0	700.0
Citrus fruit	625.0	913.5	956.3	956.0	1,024.0
Tobacco	5,288.2	6,810.0	4,006.3	4,038.9	...

Sources: Central Statistical Office; and Swaziland Sugar Association.

1/ Variable crop years.

2/ Swazi Nation Land (SNL).

3/ Title Deed Land (TDL).

Table 5. Swaziland: Developments in Sugar Production, Processing, and Consumption, 1995/96-1999/2000 1/

	1995/96	1996/97	1997/98	1998/99	1999/2000
(In thousands of hectares)					
Crop area					
Area under cultivation	39	39	38	43	43
Area harvested	38	38	38	40	41
(In thousands of metric tons)					
Production and processing					
Cane	3,440	3,694	3,886	3,887	4,323
Sucrose	476	532	537	540	607
Sugar	422	471	476	475	534
Year-end stocks	46	...	...	...	...
(In metric tons per hectare harvested)					
Sugarcane yield	90	97	101	96	105
(In thousands of metric tons of raw value)					
Domestic consumption 2/	177	184	212	247	...

Source: Swaziland Sugar Association.

1/ Crop year beginning in May, unless otherwise indicated.

2/ Calendar year.

Table 6. Swaziland: Production of Other Major Crops on Title Deed Land, 1994/95-1998/99 1/

	1994/95	1995/96	1996/97	1997/98	1998/99
(In thousands of metric tons)					
Production					
Pineapples	19.7	11.6	8.4	22.1	23.9
Maize	7.6	13.6	10.8	12.5	10.7
Citrus fruits	66.2	87.2	89.3	100.1	107.8
Cotton	6.2	14.0	16.2	16.9	14.9
Tobacco	17.0	10.0	16.0	18.0	50.0
(In thousands of hectares)					
Area harvested					
Pineapples	0.8	0.4	0.2	1.3	1.7
Maize	4.5	6.5	5.2	6.5	5.6
Citrus fruits 2/	2.8	2.5	2.5	2.5	2.5
Cotton	...	...	29.0	30.0	30.0
Tobacco	...	...	...	...	...
(In metric tons per hectare)					
Yield					
Pineapples	24.6	29.0	42.0	17.0	14.1
Maize	1.7	2.1	2.1	1.9	1.9
Citrus fruits 2/	23.6	34.9	35.7	40.0	43.1
Cotton	...	...	0.6	0.6	0.5
Tobacco	...	...	...	...	...
(In thousands of emalangeni)					
Value					
Pineapples	2,654	1,957	2,357	2,889	...
Maize	4,560	8,350	7,020	8,138	7,490
Citrus fruits	41,375	79,659	85,402	95,700	110,387
Cotton	9,300	29,820	39,035	41,548	37,369
Tobacco	89,900	68,100	64,100	72,700	...
Total	147,789	187,886	197,914	220,975	...
(In emalangeni per metric ton)					
Unit value					
Pineapples	135	169	281	131	...
Maize	600	614	650	651	700
Citrus fruits	625	914	956	956	1,024
Cotton	1,500	2,130	2,410	2,458	2,508
Tobacco	5,288	6,810	4,006	4,039	...

Source: Central Statistical Office.

1/ Variable crop years.

2/ Area harvested refers to area under cultivation, an unknown portion of which is harvested. Therefore, the calculated yields are indicative only.

Table 7. Swaziland: Production of Food Crops on Swazi Nation Land, 1994/95-1998/99 1/

	1994/95	1995/96	1996/97	1997/98	1998/99
(In thousands of metric tons)					
Output					
Maize	76.1	135.6	108.2	125.2	107.3
Sorghum	0.4	1.4	0.7	0.6	0.4
Beans	2.2	4.8	5.0	0.9	0.7
Groundnuts	4.1	5.3	9.5	1.3	0.8
Jugo beans	2.3	3.0	1.7	1.1	0.6
(In thousands of hectares)					
Area under cultivation					
Maize	59.7	58.0	60.9	65.1	56.0
Sorghum	0.5	1.1	1.1	0.3	0.2
Beans	3.4	4.6	4.2	1.5	0.8
Groundnuts	3.1	3.8	6.3	2.0	1.2
Jugo beans	2.5	1.9	2.5	1.1	0.6
(In metric tons per hectare)					
Yield					
Maize	1.3	2.3	1.8	1.9	1.9
Sorghum	0.8	1.3	0.6	2.0	2.0
Beans	0.6	1.0	1.2	0.6	0.9
Groundnuts	1.3	1.4	1.5	0.7	0.7
Jugo beans	0.9	1.6	0.7	1.0	1.0

Source: Central Statistical Office.

1/ Crop year beginning September 1.

Table 8. Swaziland: Livestock Population and Processing, 1993-97

	1993	1994	1995	1996	1997
(In thousands of head)					
Livestock population					
Cattle	607.5	626.4	642.0	658.6	659.1
SNL 1/	491.8	518.6	495.4	537.8	...
TDL 2/	115.7	95.0	146.6	121.3	...
Goats	421.8	459.2	35.1	467.7	486.4
Sheep	31.0	27.0	24.3	35.4	36.1
Pigs	30.0	37.9	30.0	46.4	51.0
Cattle statistics					
Births	56.0	87.0	94.4	89.4	90.2
Deaths	73.5	31.8	23.7	33.2	26.8
Offtake	147.0	129.0	95.0	98.0	96.0
Of which					
SMC 3/	16.2	17.0	18.0	12.4	18.3
(In thousands of metric tons)					
Beef exports to European Union (EU)	0.3	1.0	0.5	0.5	0.3
EU beef export quota	3.5	3.5	3.5	3.5	3.5

Source: Central Statistical Office.

1/ Swazi Nation Land (SNL).

2/ Title Deed Land (TDL).

3/ Swaziland Meat Corporation (SMC).

Table 9. Swaziland: Forest Area and Processing, and Consumption of Forestry Products, 1992-96

	1992	1993	1994	1995	1996
(In thousands of hectares, unless otherwise indicated)					
Total forest area	107.6	107.5	103.7	105.3	105.6
Swazi Nation Land	4.5	4.5	4.5	4.5	4.5
Commercial forests	103.1	103.0	99.2	100.8	101.1
<i>Of which</i>					
Pines	81.1	81.5	79.3	79.5	78.3
Wood processing					
Wood pulp					
(thousands of metric tons)	159.4	181.5	181.5	170.9	148.2 1/
Sawn timber					
(thousands of cubic meters)	75.4	74.0	62.6	66.5	45.9
Mine timber					
(thousands of cubic meters)	45.1	45.6	46.7	47.0	102.1 2/
(In thousands of metric tons)					
Memorandum item:					
Exports of wood pulp	163.0	170.8	166.3	157.1	136.2 1/

Source: Central Statistical Office.

1/ SAPPI USUTU pulp only.

2/ Shesheleweni Forestry.

Table 10. Swaziland: Mineral Production and Exports, 1995-99

	1995	1996	1997	1998	1999
(In thousands of metric tons)					
Production					
Chrysolite asbestos	28.6	26.0	25.9	27.7	22.9
Coal	171.7	129.0	203.1	410.0	426.3
Exports					
Chrysolite asbestos	24.6	26.0	26.0	...	...
Coal	98.0	129.0	203.0	...	...
Stock					
Chrysolite asbestos	4.9	0.2	0.2	...	...

Sources: Central Statistical Office; and Geological Survey and Mines Department.

Table 11. Swaziland: Index of Industrial Production, 1994-98

	1994	1995	1996	1997	1998
	(1985 = 100)				
Mining	149.7	145.0	93.0	113.7	144.4
Manufacturing					
Sugar refining	132.9	128.3	130.5	132.9	146.7
Other agroprocessing	83.2	83.2	96.0	67.6	111.1
Drink processing	1,551.3	1,756.3	1,684.7	1,987.3	2,146.6
Wood pulp, timber, and packaging	102.0	103.9	76.3	103.2	97.3
Other manufacturing	649.8	682.9	774.6	831.9	760.9
All industries	234.8	247.3	255.9	269.8	273.1

Source: Central Statistical Office.

Table 12. Swaziland: Electrical Power and Demand, 1995-99

	1995	1996	1997	1998	1999
(In millions of kilowatt-hours)					
Total local production and imports 1/	717.9	789.8	810.4	830.7	846.0
Local production 2/					
Hydroelectric	95.6	191.0	192.0	189.6	192.1
Diesel	3.0	0.8	1.5	1.4	2.4
Imports (from ESKOM) 3/	619.3	598.0	616.9	639.7	652.4
Total sales 1/	589.7	664.7	679.0	709.7	733.8
Household	123.4	135.9	143.8	148.0	163.9
Commercial	52.1	56.1	61.5	63.2	74.5
Irrigation power and bulk	414.2	472.7	473.7	498.5	495.5

Source: Swaziland Electricity Board.

1/ The difference between production and sales is accounted for by transmission and distribution losses.

2/ Excludes self-generated power of several industrial concerns.

3/ South African Electricity Supply Commission (ESKOM).

Table 13. Swaziland: Retail Price Indices of Urban Families, 1995-99 1/

	1995	1996	1997	1998	1999
	(September 1988 = 100)		(January 1996 = 100)		
Middle- and high-income index 2/	207.7	104.6	112.2	120.9	127.0
Food	277.5	108.8	124.6	134.5	144.2
Alcohol and tobacco	196.7	107.8	119.8	130.4	149.9
Clothing and footwear	162.4	106.6	108.3	109.1	110.1
Housing	157.2	100.0	100.1	105.2	114.6
Fuel and power	158.9	100.9	101.5	105.8	107.6
Furniture and appliances	155.1	102.7	117.8	120.2	122.5
Household operations	189.9	103.1	109.4	116.4	119.8
Health care	158.3	104.3	112.1	128.4	132.7
Transport and communications	199.5	109.9	127.3	150.9	164.3
Leisure	145.7	104.5	105.1	113.5	113.1
Education	265.3	100.0	108.4	140.1	143.5
Personal care	189.8	104.6	107.4	110.5	113.1
Miscellaneous	162.3	100.4	101.2	101.2	103.1
Low-income index 3/	224.4	105.6	115.5	123.1	132.8
Food	273.6	109.0	127.2	139.4	153.8
Alcohol and tobacco	206.3	108.6	122.7	134.6	155.5
Clothing and footwear	162.7	106.3	108.9	97.1	93.8
Housing	161.4	100.0	100.0	105.4	115.4
Fuel and power	156.0	101.4	101.8	104.0	106.6
Furniture and appliances	160.5	103.3	110.1	112.8	115.4
Household operations	199.4	107.1	116.8	131.5	138.7
Health care	167.4	104.6	111.7	121.0	124.6
Transport and communications	227.0	102.7	111.9	127.7	127.7
Leisure	154.5	102.0	102.3	109.7	109.7
Education	286.2	100.0	108.9	142.8	146.5
Personal care	202.2	103.4	106.9	109.3	111.4
Miscellaneous	154.0	100.9	102.0	102.4	103.5
All-groups index 4/	207.8	104.6	112.5	121.3	127.5
	(Percentage change over previous year)				
Middle- and high-income index 2/	10.2	...	7.4	7.7	5.0
Low-income index 3/	11.9	...	9.4	6.6	7.9
All-groups index 4/	10.1	5.8	7.6	7.8	5.1
Memorandum item:					
Consumer price index in South Africa (annual percentage change)	8.6	7.4	8.6	6.8	5.3

Source: Central Statistical Office.

1/ As of December of each year.

2/ Families with incomes between E 2,400 and E 8,760 per annum.

3/ Families with incomes of E 2,399 per annum and below.

4/ Derived independently from the two income indices on the basis of a different basket of goods and services.

Table 14. Swaziland: Minimum Wages for General Workers in Selected Industries, 1995-99 1/

	1995	1996	1997	1998	1999
(In emalangeni per month)					
Retail and wholesale					
Mbabane and Manzini	487.2	549.2	617.9	617.9	701.2
Elsewhere	417.0	479.0	538.9	538.9	611.6
(In emalangeni per week)					
Manufacturing and processing	112.8	112.8	108.0	108.0	110.9
(In cents per day)					
Agriculture	523	523	607	680	1,075
(In cents per hour)					
Building and construction	231	244	282	296	315
Motor and engineering trades	215	148	169	186	...
(Annual percentage change)					
Retail and wholesale					
Mbabane and Manzini	22.4	12.7	12.5	0.0	13.5
Elsewhere	21.2	14.9	12.5	0.0	13.5
Manufacturing and processing	20.0	0.0	-4.3	0.0	2.7
Agriculture	16.0	0.0	16.1	12.0	58.1
Building and construction	24.9	5.6	15.6	5.0	6.4
Motor and engineering trades	13.8	-31.2	14.2	10.1	...

Source: Department of Labor.

1/ As of December of each year.

Table 15. Swaziland: Paid Employment in the Private and Public Sectors by Industry, 1994-98 1/

(Number of employees)

	1994		1995		1996		1997		1998	
	Private	Public	Private	Public	Private	Public	Private	Public	Private	Public
Agriculture/forestry	19,929	1,011	19,716	2,171	20,411	2,026	20,483	2,061	17,681	2,101
Mining and quarrying	1,246	0	1,126	0	1,138	0	947	0	929	0
Manufacturing	16,055	182	16,358	200	15,969	201	16,277	214	17,773	201
Electricity and water	0	1,128	0	1,180	0	1,189	0	1,205	0	726
Construction	3,368	870	3,639	1,898	3,935	1,066	4,983	1,070	3,795	2,026
Distribution	10,942	0	9,823	0	11,889	0	10,153	0	8,969	0
Transportation	1,784	3,484	2,378	1,777	759	1,944	1,351	1,981	1,422	1,836
Finance	3,911	2,009	3,554	1,259	5,088	1,090	4,994	1,098	5,084	761
Social services	3,849	18,522	4,141	17,815	4,309	18,861	4,450	19,141	4,330	19,587
Total	61,084	27,206	60,735	26,300	63,498	26,377	63,638	26,770	59,983	27,238
Memorandum item:										
Swazi mining migrant labor	14,488		15,304		14,371		19,960		10,336	

Source: Central Statistical Office.

1/ Paid employment (including part-time) as of June of each year.

Table 16. Swaziland: Summary of Central Government Operations, 1995/96-1999/2000 1/

	1995/96	1996/97	1997/98	1998/99	1999/00 Est.
(In millions of emalangeni)					
Total revenue and grants	1,454	1,704	2,039	2,275	2,436
Tax revenue	1,407	1,621	1,883	2,042	2,263
Of which					
Southern African Customs Union (SACU) receipts	744	852	1,007	1,076	1,221
Nontax revenue	40	63	137	188	89
Grants	7	20	18	45	85
Total expenditure and net lending	1,490	1,782	1,850	2,239	2,771
Current expenditure	1,140	1,487	1,532	1,689	2,185
Wages and salaries	634	735	797	833	1,020
Other goods and services	252	341	436	463	540
Interest payments	31	40	43	51	45
Subsidies and transfers	223	371	256	342	580
Of which					
NFPEs 2/	105	95	74	132	140
Capital expenditure	290	293	323	483	537
Net lending	60	2	-4	67	49
Overall surplus/deficit	-36	-78	189	36	-335
(In percent of GDP)					
Total revenue and grants	30.3	30.7	31.2	31.4	30.7
Tax revenue	29.3	29.2	28.8	28.2	28.5
Of which					
SACU receipts	15.5	15.3	15.4	14.9	15.4
Company tax	4.2	4.4	3.8	3.6	3.6
Personal income tax	3.5	4.0	4.0	4.1	4.0
Sales tax	3.6	3.7	3.9	3.8	3.9
Nontax revenue	0.8	1.1	2.1	2.6	1.1
Grants	0.1	0.4	0.3	0.6	1.1
Total expenditure and net lending	31.1	32.1	28.3	30.9	34.9
Current expenditure	23.8	26.8	23.4	23.3	27.5
Of which					
Wages and salaries	13.2	13.2	12.2	11.5	12.9
Capital expenditure	6.0	5.3	4.9	6.7	6.8
Overall surplus/deficit	-0.8	-1.4	2.9	0.5	-4.2
Financing	0.8	1.4	-2.9	-0.5	4.2
Foreign (net)	0.3	0.3	0.6	1.5	0.9
Domestic (net)	0.5	1.1	-3.5	-2.0	3.3
Memorandum item:					
GDP at current market prices (in millions of emalangeni) 3/	4,798	5,553	6,536	7,247	7,936

Sources: Ministry of Finance; and Fund staff estimates.

1/ The fiscal year runs from April 1 to March 31. Data are presented on a fiscal-year basis.

2/ NFPEs (nonfinancial public enterprises).

3/ Converted to a fiscal year-basis.

Table 17. Swaziland: Central Government Revenue and Grants, 1995/96-1999/2000 1/

	1995/96	1996/97	1997/98	1998/99	1999/00 Est.
(In millions of emalangeni)					
Tax revenue	1,407	1,621	1,883	2,042	2,263
Taxes on net income and profits	393	486	529	582	629
Companies	201	244	250	262	282
Individuals	168	220	258	299	320
Nonresident dividends and interest	24	22	21	21	26
Taxes on property	3	3	3	4	3
Taxes on goods, services, and international trade	967	1,124	1,347	1,451	1,625
Southern African Customs Union (SACU) receipts	744	852	1,007	1,076	1,221
Sugar export levy	0	14	27	19	18
Hotels and gaming taxes	1	2	3	3	5
Licences and other taxes	49	49	54	77	74
Sales tax	173	207	255	275	306
Road levy and oil tax	...	...	0	0	0
Other taxes	44	8	5	6	6
Nontax revenue	40	63	137	188	89
Property income	19	44	90	138	52
Fees, fines, and nonindustrial sales	21	11	47	50	38
Total revenue	1,448	1,684	2,020	2,230	2,352
Grants	7	20	18	45	85
Total revenue and grants	1,455	1,704	2,039	2,275	2,436
(In percent of GDP)					
Tax revenue	29.3	29.2	28.8	28.2	28.5
Taxes on net income and profits	8.2	8.8	8.1	8.0	7.9
Of which					
Companies	4.2	4.4	3.8	3.6	3.6
Taxes on property	0.1	0.1	0.0	0.1	0.0
Taxes on goods, services, and international trade	20.2	20.2	20.6	20.0	20.5
Of which					
SACU receipts	15.5	15.3	15.4	14.9	15.4
Nontax revenue	0.8	1.1	2.1	2.6	1.1
Grants	0.1	0.4	0.3	0.6	1.1
Total revenue and grants	30.3	30.7	31.2	31.4	30.7
(In percent of total revenue and grants)					
Tax revenue	96.7	95.1	92.4	89.8	92.9
Taxes on net income and profits	27.0	28.5	25.9	25.6	25.8
Of which					
Companies	13.8	14.3	12.2	11.5	11.6
Taxes on property	0.2	0.2	0.1	0.2	0.1
Taxes on goods, services, and international trade	66.5	66.0	66.1	63.8	66.7
Of which					
SACU receipts	51.1	50.0	49.4	47.3	50.1
Nontax revenue	2.7	3.7	6.7	8.3	3.7
Grants	0.5	1.2	0.9	2.0	3.5
Total revenue and grants	100.0	100.0	100.0	100.0	100.0
Memorandum item:					
GDP at current market prices (in millions of emalangeni)	4,798	5,553	6,536	7,247	7,936

Sources: Ministry of Finance; and Fund staff estimates.

1/ Fiscal year runs from April 1 to March 31.

Table 18. Swaziland: Economic Classification of Central Expenditure and Net Lending, 1995/96-1999/2000 1/

	1995/96	1996/97	1997/98	1998/99	1999/00 Est.
(In millions of emalangeni)					
Current expenditure	1,140	1,487	1,532	1,689	2,185
Wages and salaries	634	735	797	833	1,020
Other purchases of goods and services	252	341	436	463	540
Interest payments	31	40	43	51	45
Domestic	11	13	12	9	7
Foreign	21	27	30	41	38
Subsidies and other current transfers	223	371	256	342	580
Of which					
Subsidies to NFPEs 2/	105	95	74	132	140
Capital expenditure	290	293	323	483	537
Education	26	23	21	99	13
Agriculture	13	8	17	30	44
Transport and communications	78	121	108	184	204
Other	173	141	177	170	275
Net lending	60	2	-4	67	49
Gross lending	63	12	29	76	51
Repayments	-4	-10	-33	-9	-1
Total expenditure and net lending	1,490	1,782	1,850	2,239	2,771
(In percent of GDP)					
Current expenditure	23.8	26.8	23.4	23.3	27.5
Capital expenditure	6.0	5.3	4.9	6.7	6.8
Net lending	1.2	0.0	-0.1	0.9	0.6
Total expenditure and net lending	31.1	32.1	28.3	30.9	34.9
(In percent of total expenditure and net lending)					
Current expenditure	76.5	83.4	82.8	75.4	78.9
Wages and salaries	42.6	41.2	43.1	37.2	36.8
Other purchases of goods and services	16.9	19.1	23.6	20.7	19.5
Interest payments	2.1	2.2	2.3	2.3	1.6
Subsidies and other current transfers	15.0	20.8	13.9	15.3	20.9
Capital expenditure	19.5	16.4	17.4	21.6	19.4
Net lending	4.0	0.1	-0.2	3.0	1.8
Total expenditure and net lending	100.0	100.0	100.0	100.0	100.0
Memorandum item:					
GDP at current market prices (in millions of emalangeni)	4,798	5,553	6,536	7,247	7,936

Sources: Ministry of Finance; and Fund staff estimates.

1/ Fiscal year runs from April 1 to March 31. Data are presented on a fiscal-year basis.

2/ NFPEs (nonfinancial public enterprises).

Table 19. Swaziland: Economic Classification of Government Current Expenditure, 1995/96-1999/2000 1/

	1995/96	1996/97	1997/98	1998/99	1999/00 Est.
(In millions of emalangeni)					
General public service	385	636	561	582	947
General administration	257	436	356	376	736
Public order and safety	128	200	204	206	211
Defense	101	115	119	150	127
Social services	466	492	580	657	647
Education	321	324	390	452	454
Health	105	110	151	161	172
Other	40	58	39	44	21
Economic services	157	218	244	259	426
Agriculture	62	83	92	85	99
Manufacturing, mining, and construction	8	12	11	11	42
Water and sewerage	5	9	10	29	13
Transport and communication	57	76	89	115	120
Other	25	38	42	19	152
Interest payments	31	26	28	41	38
Total	1,140	1,487	1,532	1,689	2,185
(In percent of GDP)					
General public service	8.0	11.5	8.6	8.0	11.9
General administration	5.4	7.9	5.4	5.2	9.3
Public order and safety	2.7	3.6	3.1	2.8	2.7
Defense	2.1	2.1	1.8	2.1	1.6
Social services	9.7	8.9	8.9	9.1	8.2
Education	6.7	5.8	6.0	6.2	5.7
Health	2.2	2.0	2.3	2.2	2.2
Other	0.8	1.0	0.6	0.6	0.3
Economic services	3.3	3.9	3.7	3.6	5.4
Interest payments	0.6	0.5	0.4	0.6	0.5
(In percent of total current expenditure)					
General public service	33.8	42.8	36.6	34.5	43.3
General administration	22.5	29.3	23.2	22.3	33.7
Public order and safety	11.2	13.4	13.3	12.2	9.7
Defense	8.9	7.7	7.8	8.9	5.8
Social services	40.9	33.1	37.9	38.9	29.6
Education	28.2	21.8	25.5	26.8	20.8
Health	9.2	7.4	9.9	9.5	7.9
Other	3.5	3.9	2.5	2.6	1.0
Economic services	13.8	14.7	15.9	15.3	19.5
Interest payments	2.7	1.7	1.8	2.4	1.7
Memorandum item:					
GDP at current market prices (in millions of emalangeni)	4,798	5,553	6,536	7,247	7,936

Sources: Ministry of Finance; and Fund staff estimates.

1/ Fiscal year runs from April 1 to March 31.

Table 20. Swaziland: Capital Expenditure by Sector, 1995/96-1999/2000 1/

	1995/96	1996/97	1997/98	1998/99	1999/00
(In millions of emalangeni)					
General public services	88.8	56.2	69.4	70.5	191.2
General administration	67.4	29.7	37.8	41.3	119.8
Public safety and defense	21.4	26.5	31.6	29.2	71.5
Social services	44.9	67.5	78.5	175.6	59.3
Education	25.5	26.1	21.0	98.6	12.8
Health	6.3	4.6	7.0	9.1	15.9
Housing	14.1	32.9	47.9	67.7	30.6
Recreation and culture	2.0	3.9	2.6	0.2	0.0
Economic services	156.3	169.3	174.7	236.8	286.5
Agriculture	12.9	18.5	17.2	30.4	44.1
Industry and mining	22.2	20.9	7.9	7.1	14.3
Water and sewage	5.3	18.1	41.6	13.5	20.1
Transport and communications	77.8	94.0	75.8	165.2	204.3
Other	38.1	17.8	32.2	20.6	3.7
Total capital expenditure	290.0	293.0	322.6	482.9	537.0

Source: Ministry of Finance.

1/ Fiscal year runs from April 1 to March 31.

Table 21. Swaziland: Government Transfer Payments, 1995/96-1999/2000 1/

	1995/96	1996/97	1997/98	1998/99	1999/00 Est.
(In millions of emalangeni, unless otherwise indicated)					
Grants to students	43.9	42.4	56.4	51.4	65.5
Grants to mission hospital	21.6	24.4	25.8	43.2	41.4
Public assistance	0.0	2.0	1.9	1.9	2.0
Grants to town councils	8.8	11.7	11.5	11.9	20.1
Grants to youth and sports	0.6	0.5	0.6	0.7	4.3
External transfers 2/	10.3	11.8	14.1	45.3	23.6
Swaziland National Treasury	10.7	11.7	14.4	17.9	23.5
Cattle-dipping chemicals	2.1	5.8	3.3	5.4	5.4
Swaziland Komati Project Enterprise	...	...	...	...	4.4
Other	1.2	1.1	9.8	50.7	32.7
Total	99.2	111.4	137.8	228.4	218.5
Memorandum item:					
Transfers (in percent of GDP)	2.1	2.0	2.1	3.2	2.8

Sources: Ministry of Finance; and Fund staff estimates.

1/ Fiscal year runs from April 1 to March 31.

2/ These are subscriptions to international organizations.

Table 22. Swaziland: Flow of Funds From the Government to Public Enterprises, 1995/96-1999/2000 1/

	1995/96	1996/97	1997/98	1998/99	1999/00 Est.
(In thousands of emalangeni, unless otherwise indicated)					
Swaziland Railways	85,029	86,829	78,029	78,029	78,029
Share capital	61,049	61,049	61,049	61,049	61,049
Loan capital	16,980	16,980	16,980	16,980	16,980
Operating/transport subsidy	0	0	0	0	0
Capital subsidy	7,000	8,800	0	0	0
Swaziland Electricity Board	65,351	44,351	44,351	44,351	44,351
Share capital	44,351	44,351	44,351	44,351	44,351
Loan capital	0	0	0	0	0
Operating/transport subsidy	0	0	0	0	0
Capital subsidy	21,000	0	0	0	0
Swaziland Dairy Board	0	0	0	0	3,924
Share capital	0	0	0	0	0
Loan capital	0	0	0	0	0
Operating/transport subsidy	0	0	0	0	0
Capital subsidy	0	0	0	0	3,924
Small Enterprise Development Corporation	4,104	4,326	5,850	5,588	8,056
Share capital	2,041	2,041	2,041	2,041	2,041
Loan capital	0	0	0	0	0
Operating/transport subsidy	1,700	1,785	3,386	3,157	3,315
Capital subsidy	363	500	423	390	2,700
Swaziland Television Authority	4,505	3,614	7,444	13,047	8,449
Share capital	0	0	0	0	0
Loan capital	0	0	0	0	0
Operating/transport subsidy	4,505	3,614	7,444	9,899	8,449
Capital subsidy	0	0	0	3,148	0
Royal Swazi National Airways	84,223	114,255	100,084	107,618	104,567
Share capital	1,500	1,500	1,500	1,500	1,500
Loan capital	73,054	98,464	98,584	103,067	103,067
Operating/transport subsidy	9,669	14,291	0	3,051	0
Capital subsidy	0	0	0	0	0
Piggs Peak Hotel	2	2	2	2,502	1,827
Share capital	2	2	2	2	2
Loan capital	0	0	0	0	0
Operating/transport subsidy	0	0	0	0	0
Capital subsidy	0	0	0	2,500	1,825

Table 22. Swaziland: Flow of Funds From the Government to Public Enterprises, 1995/96-1999/2000 I/ (continued)

	1995/96	1996/97	1997/98	1998/99	1999/00 Est.
(In thousands of emalangeneni, unless otherwise indicated)					
University of Swaziland	44,623	44,200	50,340	64,961	62,844
Share capital	0	0	0	0	0
Loan capital	0	0	0	0	0
Operating/transport subsidy	40,126	44,200	50,340	60,457	61,844
Capital subsidy	4,497	0	0	4,504	1,000
Swaziland Water Services Corporation	39,184	40,089	39,512	51,432	34,145
Share capital	30,223	30,223	30,223	30,223	30,223
Loan capital	0	1,896	5,924	0	0
Operating/transport subsidy	8,961	7,970	3,365	2,243	1,122
Capital subsidy	0	0	0	18,966	2,800
Sebenta National Institute	1,400	1,900	2,110	3,213	2,326
Share capital	0	0	0	0	0
Loan capital	0	0	0	0	0
Operating/transport subsidy	1,400	1,900	2,110	2,216	2,326
Capital subsidy	0	0	0	997	0
Swaziland Development and Savings Bank	31,861	154,474	40,825	44,186	147,861
Share capital	9,861	9,861	9,861	9,861	9,861
Loan capital	20,000	0	0	0	0
Operating/transport subsidy	0	0	0	34,325	8,000
Capital subsidy	2,000	144,613	30,964	0	130,000
Post and Telecommunications Corporation	0	0	0	0	0
Share capital	0	0	0	0	0
Loan capital	0	0	0	0	0
Operating/transport subsidy	0	0	0	0	0
Capital subsidy	0	0	0	0	0
National Trust Commission	5,401	5,290	6,840	7,425	12,902
Share capital	0	0	0	0	0
Loan capital	0	0	0	0	0
Operating/transport subsidy	4,000	4,350	5,275	5,907	6,202
Capital subsidy	1,401	940	1,565	1,518	6,700
Swaziland Housing Board	11,250	10,800	10,800	10,800	10,800
Share capital	10,800	10,800	10,800	10,800	10,800
Loan capital	450	0	0	0	0
Operating/transport subsidy	0	0	0	0	0
Capital subsidy	0	0	0	0	0

Table 22. Swaziland: Flow of Funds From the Government to Public Enterprises, 1995/96-1999/2000 1/ (concluded)

	1995/96	1996/97	1997/98	1998/99	1999/00 Est.
(In thousands of emalangeni, unless otherwise indicated)					
Swaziland Investment Promotion Authority	0	0	0	1,500	3,552
Share capital	0	0	0	0	0
Loan capital	0	0	0	0	0
Operating/transport subsidy	0	0	0	1,500	3,552
Capital subsidy	0	0	0	0	0
National Maize Corporation	2,405	9,111	2,405	2,405	2,405
Share capital	2,405	2,405	2,405	2,405	2,405
Loan capital	0	0	0	0	0
Operating/transport subsidy	0	0	0	0	0
Capital subsidy	0	6,706	0	0	0
Enterprise Trust Fund	0	44,000	0	0	0
Share capital	0	44,000	0	0	0
Loan capital	0	0	0	0	0
Operating/transport subsidy	0	0	0	0	0
Capital subsidy	0	0	0	0	0
Motor Vehicle Accident Fund	0	0	0	11,124	34,000
Share capital	0	0	0	0	0
Loan capital	0	0	0	0	0
Operating/transport subsidy	0	0	0	11,124	34,000
Capital subsidy	0	0	0	0	0
Total	379,338	563,241	388,592	448,181	560,038
Share capital	162,232	206,232	162,232	162,232	162,232
Loan capital	110,484	117,340	121,488	120,047	120,047
Operating/transport subsidy	70,361	78,110	71,920	133,879	128,810
Capital subsidy	36,261	161,559	32,952	32,023	148,949
Gross flows (in percent of GDP)	7.9	10.1	5.9	6.2	7.1

Source: Ministry of Finance.

1/ Fiscal year runs from April 1 to March 31.

Table 23. Swaziland: Outstanding Domestic Government Debt by Type of Instrument,
and by Original Maturity, 1995-99

	1995	1996	1997	1998	1999
(In millions of emalangen; end of period)					
By type of instrument					
Government bonds and stocks	52.5	47.6	37.6	30.0	30.0
Central Bank of Swaziland	20.6	0.1	0.0	0.0	0.0
Banks	0.0	18.8	20.3	20.3	10.3
Other financial institutions	17.2	15.2	7.2	1.0	1.0
Other	14.7	13.5	10.1	8.7	18.7
Treasury bills 1/	50.0	50.0	40.0	40.0	40.0
Central Bank of Swaziland	0.0	0.0	0.0	0.0	0.0
Banks	49.9	49.8	32.0	32.5	40.0
Other	0.1	0.2	8.0	7.5	0.0
By original maturity					
Total government debt	102.5	97.6	77.6	70.0	70.0
Less than one year	54.9	60.0	47.6	40.0	40.0
From one to five years	17.6	7.6	0.0	0.0	0.0
From five to ten years	30.0	30.0	30.0	30.0	30.0
Over ten years	0.0	0.0	0.0	0.0	0.0

Source: Central Bank of Swaziland.

1/ The maturity of treasury bills is three months.

Table 24. Swaziland: Monetary Survey, 1995-99 1/

	1995	1996	1997	1998	1999
(In millions of emalangeni)					
Monetary authorities					
Net foreign assets	917	1,206	1,382	1,927	1,959
CBS	905	1,077	1,111	1,451	1,380
Government	12	130	271	476	579
Net domestic assets	-621	-935	-1,099	-1,663	-1,663
Central government (net)	-535	-771	-995	-1,480	-1,576
Claims	21	0	0	0	0
Deposits 2/	-555	-771	-995	-1,480	-1,576
Private sector	-40	-40	-65	-36	-35
Commercial banks (net)	30	17	43	10	34
Other items (net)	-76	-141	-83	-157	-86
Reserve money	296	272	283	265	296
Commercial banks					
Net foreign assets	107	259	328	530	783
Reserves	215	201	173	190	169
Required	73	83	92	107	88
Excess	143	118	81	83	81
Domestic credit	801	889	1,106	1,166	1,259
Central government (net)	-65	-33	42	38	36
Private sector	866	922	1,064	1,128	1,223
Other items (net)	-29	-66	-88	-118	-173
Private sector deposits	1,094	1,284	1,518	1,769	2,038
Monetary survey					
Net foreign assets	1,023	1,466	1,710	2,458	2,742
Domestic credit	226	79	46	-350	-353
Central government (net)	-600	-804	-953	-1,441	-1,541
Private sector 3/	825	883	999	1,091	1,188
Other items (net)	-22	-116	-51	-183	-164
Broad money	1,227	1,428	1,705	1,925	2,225
Currency in circulation 4/	80	91	109	107	137
Deposits	1,147	1,337	1,596	1,817	2,088
(Annual change in percent of beginning-of-period broad money, unless otherwise specified)					
Broad money	3.9	16.3	19.4	12.9	15.6
Net foreign assets	17.3	36.0	17.1	43.9	14.8
Domestic credit	-21.2	-12.0	-2.3	-23.2	-0.1
Central government (net)	-17.0	-16.7	-10.4	-28.6	-5.2
Private sector	-4.2	4.7	8.1	5.4	5.0
Other items (net)	7.9	-7.7	4.6	-7.8	1.0
Memorandum items:					
Currency/broad money (percent)	6.5	6.4	6.4	5.6	6.2
Reserve money/deposits (percent)	25.8	20.3	17.7	14.6	14.2
Money multiplier (broad money/reserve money)	4.2	5.3	6.0	7.3	7.5

Source: Central Bank of Swaziland (CBS).

1/ End-of-year data.

2/ Comprises government domestic deposits with the central bank and the counterpart of government external assets in rand.

3/ Includes public sector entities other than the government.

4/ Excludes rand in circulation.

Table 25. Swaziland: Assets and Liabilities of the Central Bank of Swaziland, 1995-99

	1995 Dec.	1996 Dec.	1997 Dec.	1998 Mar.	1998 Jun.	1998 Sep.	1998 Dec.	1999 Mar.	1999 Jun.	1999 Sep.	1999 Dec.
(In millions of emalangeni)											
Foreign assets	995	1,302	1,389	1,531	1,891	1,935	2,057	1,896	2,052	2,143	2,263
CBS managed 1/	984	1,172	1,118	1,131	1,478	1,497	1,581	1,409	1,519	1,581	1,684
Government	12	130	271	401	413	438	476	487	533	562	579
Claims on government	21	0	0	0	0	0	0	0	0	0	0
Claims on private sector	13	14	13	13	13	13	12	14	14	14	15
Claims on commercial banks	30	37	43	43	43	43	43	43	46	48	44
 Assets = liabilities	 1,059	 1,353	 1,446	 1,587	 1,947	 1,991	 2,112	 1,952	 2,112	 2,206	 2,322
Foreign liabilities	79	95	7	15	109	125	130	23	143	287	304
Government deposits 2/	555	771	995	1,147	1,367	1,406	1,480	1,479	1,507	1,503	1,576
Of which: Capital Investment Fund	350	526	554	575	686	705	705	741	709	777	777
Private sector deposits	53	54	78	81	73	69	48	59	64	59	50
Commercial banks	0	20	0	0	30	10	33	40	40	30	10
Reserve money	296	272	282	249	206	204	265	203	238	237	296
Currency in circulation 3/	107	124	141	136	149	152	152	148	165	173	200
Commercial bank deposits	189	148	141	113	57	52	113	54	73	65	96
 Other items (net) 4/	 76	 117	 142	 128	 103	 142	 141	 120	 112	 82	 80

Source: Central Bank of Swaziland (CBS).

1/ Includes capital investment fund deposits (excludes government pension fund assets).

2/ Includes government forex holdings.

3/ Excludes rand in circulation.

4/ Includes balances held with other banks in Swaziland, bills payable, unclassified assets, and unclassified liabilities.

Table 26. Swaziland: Assets and Liabilities of Commercial Banks, 1995-99 1/

	1995 Dec.	1996 Dec.	1997 Dec.	1998 Mar.	1998 Jun.	1998 Sep.	1998 Dec.	1999 Mar.	1999 Jun.	1999 Sep.	1999 Dec.
(In millions of emalangeni)											
Foreign assets 2/	185	516	465	451	527	618	592	674	658	877	845
Claims on government	50	68	52	60	50	60	53	60	59	60	50
Claims on private sector	866	922	1,064	974	1,023	1,010	1,128	1,161	1,105	1,109	1,223
Reserves	215	201	173	149	122	97	190	127	155	143	169
Balances with CBS	189	148	141	113	57	52	113	54	73	65	96
Cash in tills 2/	27	33	32	36	35	34	44	32	42	48	63
CBS Bills	0	20	0	0	30	10	33	40	40	30	10
Other items (net) 3/	69	9	39	16	14	109	-3	-12	75	84	-33
Assets = liabilities	1,385	1,717	1,794	1,650	1,736	1,894	1,959	2,010	2,053	2,272	2,254
Foreign liabilities	78	257	138	125	79	92	61	74	48	36	62
Government deposits	115	101	10	14	14	14	14	14	14	14	15
Private sector deposits	1,094	1,284	1,518	1,387	1,520	1,665	1,769	1,802	1,893	1,989	2,038
Demand	283	332	383	334	385	382	394	403	411	456	526
Time	561	663	820	745	821	967	1,051	1,086	1,129	1,200	1,176
Saving	251	289	316	308	315	315	325	313	353	333	336
Balances due to CBS	0	0	0	0	4	0	0	0	0	0	0
Capital accounts	98	75	128	124	119	122	114	120	98	234	139

Source: Central Bank of Swaziland (CBS).

1/ Includes the Swaziland Development and Savings Bank.

2/ Excludes rand in circulation.

3/ Includes balances held with other banks in Swaziland, bills payable, unclassified assets, and unclassified liabilities.

Table 27. Swaziland: Commercial Banks' Deposits by Sector, 1995-99 1/

	1995 Dec.	1996 Dec.	1997 Dec.	1998 Mar.	1998 Jun.	1998 Sep.	1998 Dec.	1999 Mar.	1999 Jun.	1999 Sep.	1999 Dec.
(In millions of emalangeni)											
Demand deposits	280	330	380	329	382	381	393	401	410	455	524
Central government	0	0	0	0	0	0	0	0	0	0	0
Other public bodies 2/	44	19	27	27	44	46	41	46	38	46	47
Personal	71	82	114	96	116	132	127	126	139	143	155
Business	165	228	239	206	222	203	225	229	233	266	322
Time and savings deposits	926	1,051	1,145	1,067	1,150	1,297	1,389	1,414	1,496	1,547	1,527
Central government	105	101	10	14	14	14	14	14	14	14	15
Other public bodies 2/	185	159	206	182	184	198	251	287	317	338	296
Personal	416	506	453	424	459	490	507	485	485	484	476
Business	221	285	476	447	493	595	617	628	680	711	740
Total deposits	1,207	1,381	1,525	1,396	1,532	1,678	1,782	1,815	1,906	2,002	2,051
Central government	105	101	10	14	14	14	14	14	14	14	15
Other public bodies 2/	228	178	233	209	228	244	292	333	355	384	343
Personal	487	588	567	520	575	622	634	611	624	627	631
Business	386	513	715	653	715	798	842	857	913	977	1,062

Source: Central Bank of Swaziland (CBS).

1/ Numbers do not include bank checks outstanding.

2/ Comprises local government, town councils, and statutory corporations.

Table 28. Swaziland: Commercial Banks' Liquidity Position, 1995-99

	1995 Dec.	1996 Dec.	1997 Dec.	1998 Mar.	1998 Jun.	1998 Sep.	1998 Dec.	1999 Mar.	1999 Jun.	1999 Sep.	1999 Dec.
(In millions of emalangeni, unless otherwise indicated)											
Total liquid assets 1/	351	337	400	332	301	374	393	324	334	325	387
<i>Of which:</i> balance with CBS	194	153	144	117	65	97	97	56	71	56	102
Required liquid assets	191	221	252	231	255	279	299	296	300	316	336
Domestic liquidity surplus	160	115	148	101	46	95	94	28	34	9	51
Net due from foreign banks	95	257	327	335	453	531	541	618	605	836	754
Total liquidity surplus	255	372	475	436	499	626	635	646	639	845	805
Memorandum items:											
Liquidity ratios (in percent)											
Required liquidity to deposits	16	16	16	17	17	17	17	16	16	16	16
Actual liquidity to deposits	29	24	25	24	20	22	22	18	18	16	19

Source: Central Bank of Swaziland (CBS).

1/ Comprises cash in tills, treasury bills and eligible stock of the Swazi Government, balances with the CBS and other banks, and other approved liquid assets. Since November 1997, it also includes rand notes and coins held by banks.

Table 29. Swaziland: Commercial Bank Loans and Advances by Category of Borrower, 1995-99

	1995 Dec.	1996 Dec.	1997 Dec.	1998 Mar.	1998 Jun.	1998 Sep.	1998 Dec.	1999 Mar.	1999 Jun.	1999 Sep.	1999 Dec.
(In millions of emalangeni)											
Industry	576	647	693	612	669	599	646	661	703	657	775
Agriculture and forestry	45	148	63	87	204	74	116	164	217	162	199
Mining and quarrying	4	5	5	3	4	4	3	3	4	3	3
Manufacturing	153	174	307	217	128	166	224	183	167	192	247
Construction	108	62	63	65	64	64	63	58	49	39	42
Distribution and tourism	102	105	99	107	108	109	113	111	113	105	135
Transport and communications	32	27	26	25	28	30	32	43	24	20	22
Social and personal services	31	31	37	40	42	42	46	44	45	43	68
Other	101	95	93	68	91	110	49	55	84	93	59
Personal loans 1/	217	217	242	280	282	286	336	317	250	240	267
Statutory bodies	13	7	8	10	18	42	61	60	63	60	45
Other 2/	2	0	4	4	2	1	7	6	10	6	6
Total	807	872	947	906	971	928	1,050	1,044	1,026	963	1,093

Source: Central Bank of Swaziland (CBS).

1/ Includes small amounts of loans to nonresidents.

2/ Local authorities and private financial institutions.

Table 30. Swaziland: Interest Rates in Swaziland and South Africa, 1995-99

	1995 Dec.	1996 Dec.	1997 Dec.	1998 Mar.	1998 Jun.	1998 Sep.	1998 Dec.	1999 Mar.	1999 Jun.	1999 Sep.	1999 Dec.
(In percent)											
Discount rates											
Central Bank of Swaziland	15.0	16.8	15.8	14.8	16.8	18.0	18.0	17.0	15.0	13.0	12.0
South African Reserve Bank	15.0	17.0	16.0	15.0	20.2	21.9	19.3	16.5	15.0	12.5	12.0
Treasury bills											
Swaziland	12.8	14.2	13.5	12.9	12.4	12.5	13.7	13.9	11.4	8.4	8.0
South Africa	14.2	16.1	14.8	12.9	17.4	20.1	17.0	14.4	12.9	10.9	10.7
Prime lending rate											
Swaziland	18.0	19.8	18.8	17.8	19.8	21.0	21.0	20.0	18.0	16.0	15.0
South Africa	18.5	20.3	19.3	18.3	21.5	25.5	23.0	20.0	18.0	16.5	15.5
Bank time deposits											
Swaziland (31 days)	9.8	11.2	10.3	9.3	11.3	12.5	12.5	11.6	9.8	7.3	6.8
South Africa (31 days)	14.8	17.9	15.2	13.2	19.0	20.8	18.0	14.9	13.3	11.3	10.8
Swaziland (12 months)	11.9	13.4	11.8	10.4	12.9	14.1	14.1	13.1	11.0	8.5	8.0
South Africa (12 months)	13.9	16.0	15.1	12.6	15.8	20.1	16.3	14.3	13.9	11.4	11.4
Bank savings deposits, Swaziland 1/	7.75-11.8	9.0-13.0	7.8-12.0	6.8-11.0	8.0-12.8	8.5-14.0	8.5-14.0	7.5-13.0	7.0-11.5	2.0-9.0	2.0-8.0

Source: Central Bank of Swaziland (CBS).

1/ Simple average of end-of-period minimum and maximum rates; rates on large-scale interbank deposits as well as other money rates often diverge widely from the deposit rates offered to the general public in Swaziland.

Table 31. Swaziland: Balance of Payments, 1995-99

	1995	1996	1997	1998	1999 Est.
(In millions of U.S. dollars, unless otherwise indicated)					
Exports, f.o.b.	868	851	961	968	921
Imports, f.o.b.	-1,064	-1,054	-1,089	-1,068	-1,051
Trade balance	-197	-204	-127	-100	-130
Services (net)	23	-8	15	14	7
Nonfactor services	-42	-126	-84	-41	-46
Factor incomes	65	118	99	55	53
Of which: labor income	82	75	84	78	79
Goods and services balance	-174	-212	-112	-87	-123
Unrequited transfers (net)	144	160	119	133	137
Official sector (nonduty Southern African Customs Union receipts)	142	158	117	130	134
Private sector	2	2	1	2	3
Current account balance	-30	-52	6	46	14
Capital account balance (net)	-19	30	30	23	13
Direct investment	31	28	-3	50	39
Portfolio investment	0	-9	-6	-1	-38
Other investment	-51	11	39	-26	13
Errors and omissions	79	37	-10	-19	-38
Overall balance	30	15	25	50	-11
Memorandum items:					
Current account/GDP (in percent)	-2.3	-4.2	0.4	3.6	1.1
Net official reserves (end of period)	251	257	284	329	318
In months of imports of goods and nonfactor services	2.4	2.6	2.8	3.4	3.2
Debt service (in percent of exports of goods and nonfactor services)	3.1	3.9	3.2	2.7	2.4
Total external debt (millions of US\$)	252	268	243	286	...
Public external debt (millions of US\$)	203	209	188	231	244
Private external debt (millions of US\$)	49	59	55	55	...
Total external debt/GDP (in percent)	19.7	21.8	17.6	22.3	...
GDP at current prices (millions of US\$)	1,278	1,230	1,379	1,281	1,268
Emalangeni per U.S. dollar (end of period)	3.65	4.68	4.87	5.86	6.15
(period average)	3.63	4.30	4.61	5.53	6.11

Sources: Central Bank of Swaziland; and Fund staff estimates.

Table 32. Swaziland: Balance of Payments, 1995-99

	1995	1996	1997	1998	1999 Est.
(In millions of emalangeni, unless otherwise specified)					
Exports, f.o.b.	3,148	3,657	4,430	5,351	5,629
Imports, f.o.b.	-3,861	-4,533	-5,016	-5,907	-6,423
Trade balance	-713	-877	-587	-555	-794
Services (net)	83	-34	69	76	45
Nonfactor services	-154	-541	-387	-227	-278
Factor incomes	237	506	456	302	323
Of which: labor income	298	324	386	433	484
Goods and services balance	-630	-911	-518	-480	-749
Unrequited transfers (net)	522	688	546	734	834
Official sector (nonduty Southern African Customs Union receipts)	515	678	541	720	817
Private sector	7	10	5	14	18
Current account balance	-108	-223	28	254	85
Capital account balance (net)	-70	130	137	129	82
Direct investment	113	121	-15	278	236
Portfolio investment	0	-38	-30	-8	-235
Other investment	-184	47	182	-141	80
Errors and omissions 1/	365	383	10	162	-135
Overall balance	187	290	176	545	31
Memorandum items:					
Current account/GDP (in percent)	-2.3	-4.2	0.4	3.6	1.1
Net official reserves (end of period)	916	1,205	1,381	1,926	1,958
In months of imports of goods and nonfactor services	2.4	2.6	2.8	3.4	3.2
Debt service (in percent of exports of goods and nonfactor services)	3.1	3.9	3.2	2.7	2.4
Total external debt	920	1,253	1,185	1,675	...
Public external debt	739	977	915	1,354	1,502
Private external debt	180	276	270	321	...
Total external debt/GDP (in percent)	19.8	23.7	18.6	23.7	...
GDP at current prices	4,635	5,286	6,356	7,081	7,746

Sources: Central Bank of Swaziland; and Fund staff estimates.

1/ Includes valuation adjustments.

Table 33. Swaziland: Merchandise Exports, 1995-99

	1995	1996	1997	1998	1999
(In millions of U.S. dollars)					
Sugar	114	146	126	105	101
Wood pulp	122	56	68	57	51
Wood and wood products	31	28	26	25	24
Asbestos	13	13	14	10	9
Canned fruits	16	13	15	17	13
Citrus fruits	15	20	16	13	12
Coal	2	2	2	9	9
Meat and meat products	4	4	2	2	3
Diamonds	7	6	0	0	0
Zipper	13	12	10	10	12
Edible concentrates	189	180	247	244	276
Cottonseed and linters	5	4	6	7	6
Fruit squashes	10	9	10	12	11
Brake linings	7	6	5	3	0
Cotton yarn	45	40	41	13	21
Other textiles	7	7	23	30	38
Face bricks	1	1	1	0	0
Plastic products	5	1	1	3	2
Footwear	6	3	0	0	0
Refrigerator	53	79	81	76	69
TV	13	8	0	0	0
Window screen	5	4	3	0	0
Paper products	19	27	29	28	18
Ethanol	0	3	5	3	1
Eucalyptus	1	1	1	3	4
Other food products	73	113	101	110	77
Other	59	48	119	175	153
Total domestic exports	835	831	951	957	910
Reexports	32	20	10	11	12
Total exports, f.o.b.	868	851	961	968	921

Sources: Central Statistical Office; and Central Bank of Swaziland.

Table 34. Swaziland: Sugar Exports by Volume, Value, and Unit Price, 1995-99

	1995	1996	1997	1998 Est.	1999 Est.
Volume	(In thousands of metric tons)				
Total	246	244	254	256	221
EU	136	193	176	176	175
United States	19	28	28	28	23
Other	91	23	50	52	23
Value	(In millions of emalangeni)				
Total	413	626	580	581	616
EU	277	476	438	435	518
United States	28	77	58	57	57
Other	108	73	84	89	41
Average unit price	(In U.S. dollars per metric ton)				
Total	462	597	496	411	456
EU	562	574	540	447	484
United States	406	640	450	368	406
Other	326	738	365	310	292
Average unit price	(In emalangeni per metric ton)				
Total	1,677	2,566	2,283	2,270	2,787
EU	2,037	2,466	2,489	2,472	2,960
United States	1,474	2,750	2,071	2,036	2,478
Other	1,184	3,174	1,680	1,712	1,783

Source: Swaziland Sugar Association.

Table 35. Swaziland: Other Principal Exports by Volume, Value, and Average Unit Price, 1995-99

	1995	1996	1997	1998	1999 Est.
Volume	(In thousands of metric tons)				
Wood pulp	160	131	171	183	181
Asbestos	28	26	26	28	23
Citrus fruits	43	50	55	51	53
Canned fruits	16	15	19	24	19
Coal	172	129	203	410	426
Value	(In millions of emalangeni)				
Wood pulp	441	240	342	311	377
Asbestos	49	58	64	57	57
Citrus fruits	56	85	75	70	72
Canned fruits	59	54	68	95	81
Coal	8	8	11	51	52
Average unit price	(In U.S. dollars per metric ton)				
Wood pulp	760	426	434	307	341
Asbestos	479	519	534	368	406
Citrus fruits	359	395	296	248	222
Canned fruits	1,013	837	777	716	698
Coal	13	14	12	23	20
Average unit price	(In emalangeni per metric ton)				
Wood pulp	2,756	1,832	2,000	1,697	2,083
Asbestos	1,738	2,231	2,462	2,036	2,478
Citrus fruits	1,302	1,700	1,364	1,373	1,358
Canned fruits	3,675	3,600	3,579	3,958	4,263
Coal	49	62	54	124	122

Source: Central Bank of Swaziland.

Table 36. Swaziland: Merchandise Imports, 1995-98

	1995	1996	1997	1998
	(In millions of U.S. dollars, unless otherwise indicated)			
Food and live animals	202	172	170	169
Beverages and tobacco	28	25	24	27
Inedible crude materials	119	50	48	52
Minerals, fuels, and lubricants	78	135	149	126
Animal and vegetable oils and fat	12	13	15	23
Chemicals and chemical products	152	172	137	148
Manufactures classified by material	197	168	186	182
Machinery and transport equipment	249	284	286	280
Miscellaneous manufactures	124	107	147	136
Commodities not classified by kind	4	14	17	16
Total imports, c.i.f.	1,166	1,138	1,180	1,159
Total imports, f.o.b	1,064	1,054	1,089	1,068
Imports f.o.b / imports c.i.f	0.91	0.93	0.92	0.92

Sources: Central Statistical Office; and Central Bank of Swaziland.

Table 37. Swaziland: Services and Income Account, 1995-99

	1995	1996	1997	1998	1999
(In millions of U.S. dollars)					
Nonfactor services: credit	152	101	126	117	110
Swazi Railways	15	12	11	10	9
Other shipment and transportation	12	9	10	9	8
Travel	48	38	39	37	36
Other official	2	3	2	5	4
Other private	74	39	65	56	52
Nonfactor services: debit	-194	-226	-211	-158	-155
Shipment and transportation	-32	-15	-23	-20	-27
Travel	-43	-42	-38	-46	-46
Other official	-3	-8	-9	-6	-5
Other private	-115	-161	-141	-86	-77
Factor income: credit	163	201	183	180	177
Investment income	81	126	99	102	98
Official	75	118	97	101	96
Private	5	8	2	1	1
Labor income	82	75	84	78	79
Factor income: debit	-98	-83	-84	-126	-124
Investment income	-82	-69	-45	-86	-84
Official and government-guaranteed	-14	-18	-21	-16	-12
Private	-68	-50	-24	-71	-72
Property income	-16	-15	-39	-39	-41
Labor income	0	0	0	0	0
Services and income: credit	314	302	309	297	287
Services and income: debit	-291	-309	-294	-283	-280
Total services and income (net)	23	-8	15	14	7

Source: Central Bank of Swaziland.

Table 38. Swaziland: Capital Account, 1995-99

	1995	1996	1997	1998	1999
(In millions of U.S. dollars)					
Direct investment (net)	31	28	-3	50	39
Direct investment (in Swaziland)	52	22	-15	60	41
Equity capital	32	27	4	7	6
Reinvestment of earnings	-1	-8	-25	23	28
Other long-term capital	12	-4	6	10	5
Other short-term capital	9	6	0	19	2
Direct investment abroad	-21	6	12	-9	-2
Equity capital	-3	-4	7	0	0
Reinvestment of earnings	-2	-5	-1	-1	-1
Other long-term capital	2	-1	0	0	0
Other short-term capital	-18	16	7	-9	-1
Long-term capital	0	-9	-6	-1	-38
Public sector (net)	4	3	-1	-1	-7
Loans drawings (liability)	11	22	13	13	6
Loans repayments (liability)	-18	-18	-14	-14	-13
SASOL funds (asset)	11	0	0	0	0
Private sector (net)	-4	-12	-5	-1	-31
Private sector (liability)	14	21	-2	16	-7
Corporate equity securities	1	0	0	0	0
Loans (drawings and repayments)	13	20	-2	16	-7
Private sector (asset)	-18	-32	-4	-17	-25
Corporate equity securities	-2	0	-2	-1	-2
Debt securities (money market)	-8	-2	0	-2	0
Loans (drawings and repayments)	1	-1	0	0	0
Other assets, including pension funds	-8	-29	-2	-14	-22
Short-term capital	-51	11	39	-26	13
Public sector (net)	-27	2	-10	17	41
Received under SACU (liability)	181	191	210	191	208
Monetary authorities' currency/deposits (liability)	-10	4	-19	22	26
Other liabilities	0	0	0	0	0
Receivable under SACU (asset)	-198	-194	-201	-197	-193
Private sector (net)	-23	9	49	-42	-27
Banks (net)	-5	-35	-15	-37	-52
Currency and deposits (asset)	-5	-77	11	-23	-42
Other liabilities (liability)	0	42	-26	-14	-9
Other	-18	45	64	-6	24
Trade credits (liability)	-4	1	2	3	-2
Other liabilities (liability)	-3	54	64	-7	14
Trade credits (asset)	-1	19	-7	-6	4
Currency holdings (asset)	-10	-29	5	4	9
Capital account balance	-19	30	30	23	13

Source: Central Bank of Swaziland.

Table 39. Swaziland: Public Sector External Debt, 1995/96-1999/2000 1/

	1995/96	1996/97	1997/98	1998/99	1999/00
(In millions of U.S. dollars)					
Multilateral loans	104	107	117	105	97
IBRD	10	19	8	1	1
IDA	6	6	5	5	5
Arab League	2	1	0	0	0
United Nations	0	0	0	0	0
AfDB/AfDF	67	63	87	83	77
EDF/EIB	15	14	13	13	11
IMF Trust Fund	0	0	0	0	0
IFAD	5	5	3	3	3
EDESA	0	0	0	0	0
Bilateral loans	90	78	67	68	59
United Kingdom	10	8	5	4	3
Germany	45	39	35	35	30
United States	9	9	8	8	8
Denmark	17	14	14	13	11
Canada	0	0	0	0	0
Other	9	8	5	8	7
Financial institutions	0	0	40	59	59
Development Bank of South Africa	0	0	0	25	25
Hambros Bank Limited	0	0	30	24	24
Commonwealth Development Corporation	0	0	10	10	10
Total	194	185	224	232	215

Sources: Ministry of Finance; and Central Bank of Swaziland.

1/ Fiscal year ending March.

Table 40. Swaziland: Public Sector External Debt Service, 1995/96-1999/2000 1/

	1995/96	1996/97	1997/98	1998/99	1999/00
(In millions of emalangeni)					
Multilateral loans	62	70	64	101	83
Interest	18	24	24	32	32
Principal	44	46	40	69	51
Bilateral loans	36	31	31	36	34
Interest	7	7	5	6	8
Principal	29	25	26	30	26
Financial institutions	0	0	0	10	10
Interest	0	0	0	10	10
Principal	0	0	0	0	0
Total	98	102	95	147	127
Interest	25	31	29	48	50
Principal	73	71	66	99	77

Source: Ministry of Finance.

1/ Debt service on government and government-guaranteed debt with original maturity of one year and over, disbursed and outstanding; fiscal years ending March 31.

Table 41. Swaziland: Export Products and Country of Destination, 1998

	Total Exports	Exports to South Africa	Share of Exports to South Africa
SITC	(In thousands of emalangeni)		(In percent)
Food and beverages	2,276,989	1,458,301	64
<i>Of which</i>			
Citrus fruit	69,259	55,809	81
Canned fruit and fruit juices	111,258	29,270	26
Sugar, mainly raw	863,404	270,829	31
Nonalcoholic beverages	1,741	1,625	93
Crude materials	612,169	430,724	70
<i>Of which</i>			
Coke and wood	161,514	98,899	61
Pulp and waste paper	304,350	235,452	77
Manufactures classified by material	387,598	284,513	73
<i>Of which</i>			
Cork and wood manufactures	9,479	8,890	94
Paper products	155,707	136,691	88
Textiles and yarns	185,280	126,736	68
Nonmetallic mineral	28,356	13,158	46
Machinery and transport equipment	498,018	457,250	92
General industrial machinery	105,413	96,593	92
Other machinery and equipment	392,605	360,657	92
Miscellaneous manufactured articles	543,125	264,225	49
<i>Of which</i>			
Furniture and parts thereof	35,015	24,231	69
Apparel and clothing	356,895	127,899	36
Footwear	2,830	2,794	99
Other	1,033,201	601,323	58
Grand total, f.o.b.	5,351,100	3,496,336	65

Sources: Central Bank of Swaziland; and Department of Customs and Excise.

Table 42. Swaziland: Main Import Products and Country of Origin, 1998

	Total Imports	Imports from South Africa	Share of Imports from South Africa
SITC	(In thousands of emalangeni)		(In percent)
Food and beverages	962,396	927,530	96
<i>Of which</i>			
Live animals	111,810	111,810	100
Dairy products	94,526	91,535	97
Vegetables	47,784	47,765	100
Cereals	1,239	1,239	100
Flour, malt, gluten	72,642	71,720	99
Sugar	31,629	31,135	98
Bread and pasta	25,544	25,457	100
Juice, jams	37,372	35,902	96
Ice cream, sauces, soups	76,386	75,776	99
Beverages	95,291	93,075	98
Chemicals and fuels	1,559,433	1,441,930	92
<i>Of which</i>			
Inorganic chemicals	44,287	43,422	98
Pharmaceuticals	112,007	84,306	75
Fertilizers	91,005	90,635	100
Toiletries, perfumes	45,734	45,646	100
Soaps, polishes, wax	63,716	62,089	97
Gelatin and adhesives	8,286	8,214	99
Plastics	126,291	100,393	79
Fuels (coal, petroleum)	739,197	737,901	100
Manufactures classified by materials	999,856	731,074	73
<i>Of which</i>			
Rubber and products thereof	64,687	59,798	92
Wood and products thereof	41,992	41,871	100
Paper products	130,120	128,907	99
Newspaper, printed	2,585	2,567	99
Special woven fabrics	21,706	16,143	74
Iron and steel products	213,652	163,670	77
Aluminum products	12,214	9,900	81
Nonmetallic minerals	115,187	109,725	95
Machinery, transport equipment, others	2,416,987	1,938,093	80
<i>Of which</i>			
Nonelectric machinery	43,316	41,911	97
Electric machinery	144,128	134,841	94
Vehicles	573,498	515,756	90
Clothing	161,687	141,852	88
Footwear	59,745	59,149	99
Furniture	82,527	82,023	99
Other	466,132	312,308	67
Grand total, c.i.f.	6,404,804	5,350,935	84

Sources: Central Bank of Swaziland; and Department of Customs and Excise.

Table 43. Swaziland: Summary of the Tax System as of December 31, 1999
(All amounts in emalangeni, unless otherwise indicated)

Tax	Nature of Tax	Exemptions and Deductions	Rates
A. Central government			
1. Taxes on net income and profits			
1.1 Taxes on companies			
1.11 Company income tax (Normal Tax). The Income Tax Order 1975, as amended.	Annual income tax is levied on taxable income derived from sources in Swaziland, or deemed to be in Swaziland, by all companies, foreign or domestic, public or private. Agricultural cooperatives, insurance societies, and public utility companies are also considered companies for taxation purposes. Taxable income is defined as gross income (excluding capital receipts, foreign and exempt income) less allowable deductions (including loss offsets) incurred in the process of production in Swaziland. The assessment year ends June 30 and tax (less provisional tax payments detailed below) is payable annually. Company tax legislation is integrated with personal income tax legislation. Consequently, where exemptions, deductions, and allowances normally appropriate for persons are appropriate for a particular company, these may be claimed (see 1.21 below). For farming companies, net change in livestock and produce held is deemed income (except for companies that opted otherwise under previous tax laws) and will be valued at purchase price or current market prices, whichever is lower.	Exemptions include, inter alia, dividend receipts of companies, receipts and accruals (including those from investments) of life insurance companies, building societies, pension benefit or provident funds, mutual savings banks, and mutual loan associations. Also excluded are the noninvestment profits of societies and associations that are derived solely through transactions with individual members, the first E 2,000 of interest income from deposits in a financial institution, other than those enjoying enhanced interest exemptions in the Swaziland Development and Savings Bank and the Swaziland Building Society, and interest income not exceeding E 10,000 derived from Swazi Bank and Swaziland Building Society and dividends and interest on Swaziland Building Society shares.	(a) <u>Mining</u> : 27 percent on taxable income up to E 20,000. 37.5 percent on taxable income above E 20,000. (b) <u>All other companies</u> : 37.5 percent of taxable income.

Table 43. Swaziland: Summary of the Tax System as of December 31, 1999 (continued)

Tax	Nature of Tax	Exemptions and Deductions	Rates
1.11 Company income tax (Normal Tax). The Income Tax Order 1975, as amended. (continued)	<p>Provisional tax: A system of provisional taxation is in operation in respect of all companies, directors of private companies, and any person whose income, other than remuneration under the PAYE (Pay-As-You-Earn) scheme, exceeds E 1,000 per annum. Provisional taxpayers pay provisional tax on account of their final liability for normal tax for the year. The advance payments are to be made (a) on or before the last day of the six months of the year of assessment, one-half of the tax payable on the estimated income for the year; and (b) on or before the last day of the year of assessment, the total taxes payable on the estimated income for the year less the amount of the previous provisional tax payment. The estimated income for the year will normally not be less than the taxable income in the preceding year of assessment. In the case of a company, the year of assessment will be the year in respect of which its financial accounts are drawn up. Farmers are required to make one payment of provisional tax on or before the end of the year of assessment on the estimated income for the year. As an introductory measure, a "phasing-in" period of five years is provided for payment of provisional tax. One-fifth of the provisional tax due for 1985/86 would be payable in that year and so on until full provisional tax payments are due in 1990/91. In terms of the provisions of the Income Tax (Amendment) Act of 1994, all companies which are provisional taxpayers are required, in addition to the two existing provisional tax payments mentioned above, to make a third payment for year of assessment. This final payment is due six months after the close of the year of assessment, by which time the company will be in a position to accurately estimate its taxable income.</p>	<p>A new business engaged in a manufacturing industry that is not already in existence in Swaziland or, with effect from July 1, 1988, any business that is predominantly engaged in exporting goods from Swaziland is exempt from normal tax for the first five years unless the cumulative taxable income less cumulative local wage bill exceeds 150 percent of the value of the assets, in which case the excess shall be taxed. The Minister of Finance makes the final decision whether a business is new, engaged in a manufacturing industry, is not already in existence in Swaziland, or is predominantly engaged in exporting goods from Swaziland.</p> <p>Where the Minister of Finance is satisfied that a new business is beneficial to the development of the economy, he may, subject to the approval of Cabinet, declare that business a development enterprise, and may issue a "development approval order" in respect of that business granting additional tax concessions to it. The concessions are exclusively for new investment in projects meeting all of the following criteria: (a) the investment vehicle must be a company that is incorporated in Swaziland; (b) the company must have reputable promoters with a demonstrably successful track record; (c) the tax concessions will be limited to enterprises in manufacturing, mining, international services, and tourism, subject to the proviso that the granting of the concessions would not unfairly discriminate against existing competing enterprises. Expansions of existing enterprises will be deemed eligible subject to the same proviso, provided that such expansions are implemented as stand-alone, independently incorporated businesses. Further, qualifying investment projects are required to yield a 10 percent minimum rate of return. Deductions allowed include expenditures and losses incurred in the production of income (excluding capital expenditures and dividend payments) interest repairs and maintenance. Any grant made to the University of Swaziland for the purpose of the university undertaking capital projects in the form of buildings, fittings, furniture, as well as other items associated with capital assets needed for the development of the university. An amount spent by a company as direct "listing" fees on the Swaziland Stock Exchange, subject to the proviso that only one third of the expense is claimable in the year of expense; the balance is spread equally in the next two years.</p>	<p>Ten percent corporate tax rate over a period of 15 years and exemption from withholding tax on dividends for the same period.</p>

Table 43. Swaziland: Summary of the Tax System as of December 31, 1999 (continued)

Tax	Nature of Tax	Exemptions and Deductions	Rates
1.11 Company income tax (Normal Tax). The Income Tax Order 1975, as amended. (continued)		<p>Contributions to pension schemes are limited to 20 percent of employee remuneration and annuities (less employees' contribution) up to E 1,750 per employee. The total contribution by a taxpayer to retirement annuity funds is limited to the greater of (a) 15 percent of taxable income accruing to the taxpayer in respect of trade carried on by him, provided such amount shall not exceed E 5,000 per annum; or (b) E 3,500 less contributions made by the taxpayer to a pension fund; or (c) E 1,750. All expenses relating to the training of Swazi employees are also deductible (in effect 200 percent) for taxpayers engaged in an industry gazetted by the Ministry of Finance with the scheme being approved by the Commissioner. Expenditures, direct and indirect, for research related to production are also deductible at the rate of annual cost or 4 percent of the total contract value, whichever is greater.</p> <p>Initial allowances are available for machinery or plant qualifying for wear and tear allowances and for building housing such machinery or plant and used by the taxpayer for the first time in a manufacturing business at the rate of 50 percent granted in the first year of assessment during which the machinery or plant or building was first used.</p> <p>Companies that are considered approved companies in the handicraft and cottage industry sector and companies considered to be engaged in the export of products from the handicraft and cottage industry sector ("export trading houses") are permitted to deduct from income, (i.e., in addition to the normal amounts permitted under the General Deduction Formula) additional</p>	

Table 43. Swaziland: Summary of the Tax System as of December 31, 1999 (continued)

Tax	Nature of Tax	Exemptions and Deductions	Rates
1.11 Company income tax (Normal Tax). The Income Tax Order 1975, as amended. <u>(concluded)</u>		amounts of 33 percent (for cottage industry) and 50 percent ("approved export trading houses") in respect of "approved export promotion expenditure," as defined. The additional expenditure allowance is subject to the company achieving an increase in volume of exports in the subsequent year. Contributions, whether in cash or in kind, made during the year of assessment toward any national disaster scheme established by the government. Farming: Special (100 percent) deductions (not exceeding 30 percent of gross income) are allowable for a variety of on-farm expenditures (e.g., irrigation, fencing). Where these deductions are made, initial and depreciation allowances are not allowable.	
1.12 Casino tax. The Casino Tax Act 1963 (Act No. 56, 1963, as amended.)	With effect from July 1, 1985, it is composed of an annual license fee and of a levy based on a percentage of the gross gaming room takings of the licensee less any amount paid out as winnings to casino patrons and is payable on an annual basis. A licensee is liable to normal tax.		(a) The annual license fee is E 2,000. (b) A levy payable on the gross gaming room takings of the licensee less any amount paid out as winnings to casino patrons, as follows: ● in respect of the first year of operation of the casino, no levy shall be paid; ● in respect of the second, third, fourth, fifth, and sixth years of operation of the casino, a levy of 2.0 percent shall be paid; and ● in respect of the seventh year and subsequent years of operation, a levy of 4.5 percent shall be paid.

Table 43. Swaziland: Summary of the Tax System as of December 31, 1999 (continued)

Tax	Nature of Tax	Exemptions and Deductions	Rates	
1.21 Individual income tax (Normal Tax). The Income Tax Order, 1975, as amended).	This is payable, subject to the deductions and exemptions noted, on income received by or accruing to all persons from sources within Swaziland or deemed to be within Swaziland. Tax is payable on assessed "taxable income," which is equal to gross income (excluding capital receipts and exempt income) less losses and allowable deductions. Taxable income includes, inter alia, annuities, wages and salaries, rent investment income, benefits in kind (e.g., free housing). After the calculation of taxable income and hence tax payable, certain "tax abatements" may be deducted where applicable. With effect from July 1, 1991, both men and women are subject to a uniform system of taxation. (See below under "rates.")	Exemptions include, inter alia, every person who is ordinarily resident in Swaziland, whose taxable income in one year of assessment does not exceed E 13,000 per annum. Other exemptions include salaries of United Kingdom and South African civil servants, consular personnel not permanent residents of Swaziland, war pensions and gratuities, the first E 2,000 of interest income received by or accrued to an individual from a deposit in a financial institution, other than those deposits enjoying enhanced interest exemptions in Swaziland Development and Savings Bank and the Swaziland Building Society, interest received from deposits in the Swaziland Development and Savings Bank (maximum E 10,000), interest received by nonresidents from Swaziland government securities and bonuses, dividends and interest on Swaziland building society shares (maximum E 10,000), capital sums due from a provident fund or benefit fund, pension one third of the total value of the annuity to which any employee becomes entitled may be commuted for a single payment, capital sums in commutation of a retirement annuity, gratuities to a maximum of 25 percent of total remuneration during employment, provided that the period of the agreement of employment is not less than two years; or if the period of the agreement is less than two years, the employee shall not enter into another agreement of employment with the same employer after the termination of his employment. Severance allowance payable under the Employment Act to an employee on the termination of his services is exempt from normal tax.	<u>Taxable Income</u>	<u>Marginal Tax Rate</u>
			(In percent)	
			0 - 13,000	0
			13,001 - 16,000	12
			16,001 - 20,000	16
			20,001 - 24,000	20
			24,001 - 28,000	24
			28,001 - 32,000	28
			32,001 - 36,000	32
			36,001 - 40,000	36
			40,001	39
			<u>Dividend Income</u>	
			The first E 2,000 of income received by an individual as dividend income is exempt from tax. Amounts received in excess of E 2,000 are taxed as follows:	
			(a) 10 percent in the case of dividends received by or accrued to an individual from companies listed on the Swaziland Stock Exchange;	
			(b) 20 percent in the case of dividends received by or accrued to an individual from any other company.	
	Employees are subject to monthly withholding at source; other taxpayers are assessed annually. Nonresidents are liable for income tax on income earned in Swaziland (including benefits in kind received for services rendered); however, dividends and interest payments are subject to special taxes (see 1.31 and 1.32). Personal income tax legislation is integrated with company tax legislation. Consequently, where exemptions, deductions, and allowances normally appropriate for companies are applicable to persons (e.g., owner-occupied farms), these may be claimed. For farmers, net change in produce and livestock held is deemed income (except for those farmers who opted otherwise under previous tax laws) and will be valued at the lesser of the purchase price or current market price (if purchased), and at standard book valuation otherwise.			
	A system of provisional tax is in operation in respect of self-employed persons and other individuals whose income, other than remuneration subject to			

Table 43. Swaziland: Summary of the Tax System as of December 31, 1999 (continued)

Tax	Nature of Tax	Exemptions and Deductions	Rates										
1.21 Individual income tax (Normal Tax). The Income Tax Order, 1975, as amended. (concluded)	PAYE, exceeds E 1,000 per annum (see 1.11 above). One of the important amendments introduced in the Income Tax (Amendment) Act No. 6 of 1994 was the introduction of the Final Deduction System "FDS" for employees, which came into operation on July 1, 1993. FDS constitutes a final liability to tax and is related to a full year of assessment. All employees, no matter how much they earn, are subject to the FDS, provided they have not derived any other taxable income during the year of assessment. Such employees are not required to furnish an income tax return if the income consists solely of employment income which is subject to FDS.	<p>Dividends received by nonresidents (see 1.32 below).</p> <p>Individuals farming on Swazi Nation Land (other than land leased) are exempt from normal tax in respect of income derived from such land.</p> <p>Deductions include, in addition to those for companies (1.11 above) where appropriate, employee contributions to pension funds (maximum E 1,750 where pension fund not established by law).</p> <p>Death, accident, sickness, or unemployment insurance and contributions to provident and benefit funds (other than a medical aid fund) are also deductible at a rate of 10 percent to a maximum of E 180. To receive this deduction on death, accident, and sickness insurance premiums on policies entered after July 1, 1974, the policy must be with the Swaziland Royal Insurance Corporation.</p>											
1.22 Graded tax. The Graded Tax Act of 1968, as amended.	This tax is payable by all persons (apart from the exemptions noted) resident or domiciled in Swaziland, and is thus akin to a head tax. Tax is determined on the basis of gross income and is payable annually for all except for employees whose deductions are made monthly at source.	Exemptions include all persons under the apparent age of 18, women earning less than E 15 per month, visitors, students, and the chronically ill.	<p>Tax due is determined on the basis of gross income as shown below:</p> <table><tr><th>Gross income</th><th>Tax payable</th></tr><tr><td>E 0 - E 299</td><td>E 4.20</td></tr><tr><td>E 300 - E 449</td><td>E 6.00</td></tr><tr><td>E 450 - E 600</td><td>E 12.00</td></tr><tr><td>Over E 600</td><td>E 18.00</td></tr></table> <p>Tax is payable at 10 percent of the interest accrued.</p>	Gross income	Tax payable	E 0 - E 299	E 4.20	E 300 - E 449	E 6.00	E 450 - E 600	E 12.00	Over E 600	E 18.00
Gross income	Tax payable												
E 0 - E 299	E 4.20												
E 300 - E 449	E 6.00												
E 450 - E 600	E 12.00												
Over E 600	E 18.00												
1.31 Tax on nonresidents' interest receipts. The Income Tax Order, 1975, as amended.	This tax is payable by persons or the estate of a deceased person not resident in Swaziland or a company not registered in Swaziland on accrued interest where the debtor (person or company) is domiciled in Swaziland. The recipient is legally liable for the payment of this tax within 14 days of the accrual of interest, but it is normally paid by the debtor and deducted from interest remitted.	Exemptions: interest on loans specifically exempt by government (usually government and other public body loans); building society shares; interest from loans to agricultural cooperatives and public utilities established by Parliament; interest received by church, charitable, or educational organizations; interest amounting to E 20 or less in a full tax year. Also, interest on importer's bills or notes is exempt where these have been handled through the banking system.											

Table 43. Swaziland: Summary of the Tax System as of December 31, 1999 (continued)

Tax	Nature of Tax	Exemptions and Deductions	Rates
1.32 Tax on nonresident shareholders. The Income Tax Order, 1975, as amended.	This tax is payable by persons or the estate of a deceased person not resident in Swaziland or any company not registered in Swaziland on dividends received from a company domiciled in Swaziland. This tax is payable on both interim and final dividends and is due within 30 days. Legal liability for payment resides with the recipient, but is normally paid by the payer and deducted from remitted dividends.	Exemptions include dividends paid by agricultural cooperatives and dividends received by church, charitable, or educational institutions, as are dividends accruing to a nonresident shareholder which the government has, in terms of a written undertaking, exempted from tax.	Tax is payable at the rate of 12½ percent where dividends are payable to a company incorporated (but not a branch of company headquartered in a third country) in Botswana, Lesotho, and South Africa. For all other destinations, tax is payable at the rate of 15 percent.
1.33 Tax on nonresident contractors. Income Tax Order, 1975, as amended.	This tax is payable by any person entering into any agreement for construction operations or professional services relating to construction operations or any other professional service to be rendered or performed in Swaziland with a nonresident person. The tax is deducted from each payment made to the nonresident. The nonresident is not relieved from any obligations to furnish returns for income tax and any assessment raised on the nonresident for income tax will be credited with the nonresident contractors' tax which has been paid on his behalf.	There are no exemptions.	Tax is payable at the rate of 10 percent.
1.34 Tax on nonresident entertainers and sportsmen. Income Tax Order, 1975, as amended.	This tax is payable by all nonresident entertainers and sportsmen who perform in Swaziland. The tax is payable on remuneration or gross receipts of any theatrical, musical, or sports performance where these receipts are received directly by the performers concerned. Legal liability for payment resides with the recipients. However, the payer is legally required to withhold the tax due from any remuneration payable.	There are no exemptions.	Tax is payable at the rate of 15 percent.

Table 43. Swaziland: Summary of the Tax System as of December 31, 1999 (continued)

Tax	Nature of Tax	Exemptions and Deductions	Rates
1.35 Tax clearance certificates.	A system of tax clearance is in operation. In terms of a Gazette Regulation, tax clearance is presently needed for the issue, renewal, or transfer of any license, other than renewal of motor vehicle licenses, or similar document relating to any trade, business, profession, or vocation; the transfer of immovable property or any endorsement to any title deed having the effect of transferring property; the registration or deregistration of a company; first registration of motor vehicles in Swaziland; and the tendering for the provision of goods or services to the government or a parastatal body, in excess of E 5,000.		
2. <u>Social security contributions</u>			
None.			
3. <u>Taxes on property</u>			
3.1 <u>Real estate taxes</u>	See 3.42.		The rate of tax varies with the size, or dutiable value, of the estate. The formula for determining the rate is: for every E 200 (or part thereof) in dutiable value, the tax rate rises by 0.015 percent. This is subject to a maximum tax rate of 33 1/3 percent (reached at a dutiable estate value of E 445,667).
3.2 <u>Tax on unutilized land</u> Land Tax Order, 1974, King's Order-In-Council No. 35, 1974.	This tax, which came into force on June 1, 1975, is levied by a Land Taxation Board on land deemed underdeveloped after a hearing initiated by the Minister of Agriculture (for agricultural land) or the Minister of Local Administration (for urban land). Tax may be levied on all or part of a property owner's land.		
3.3 <u>Death and succession duties</u> All death and succession duties under the Death Duties Act, 1942 were abolished by the Death Duties (Repeal) Act, 1985.			

Table 43. Swaziland: Summary of the Tax System as of December 31, 1999 (continued)

Tax	Nature of Tax	Exemptions and Deductions	Rates
3.4 <u>Property transfer tax</u>			
3.41 Transfer duty, Chapter 107 of the Laws, Revised Edition, 1959.	Duty is levied on the sale or long-term lease of fixed property situated in Swaziland. The person liable for payment of the tax is the party acquiring title to the property, or entering into a lease of 25 years duration (or longer), or entering into the lease of a claim for mineral rights for any period. The base for this tax is the value of the property being acquired or leased.	Exemptions include, inter alia, transfers of property by gift for public, municipal, religious, or charitable uses. Also, government purchases and purchases by public hospitals (for the sole use of the hospital) are exempt. Additionally, settlement of jointly owned property between married persons upon divorce, or on the death of one party, is exempt.	The rate of this duty is 2 percent on the first E 40,000 of transferred property value; and 4 percent of any amount exceeding E 40,000, but only E 60,000 and 6 percent on any amount exceeding E 60,000.
3.42 Mineral rights tax. The Mineral Rights Tax, Order No. 34, 1973.	Holders of mining rights are subject to taxes with respect to properties able to produce precious and nonprecious metals to which they hold rights. There are three distinct taxes that are grouped together: (a) a tax on the transfer of mining rights; (b) a ground tax on mineral rights; and (c) a capital gains tax.	None.	(a) Transfer of mining rights is taxed at the rate of 27 ½ percent on the first E 20,000 value and 37 ½ percent above E 20,000; (b) The tax on unexploited rights is E 10 per ha. in each of the first five years, rising to E 50 per ha. thereafter, if there has been no exploitation; and (c) The tax on gains from shares in mineral rights is 37 ½ percent of that gain.
4. <u>Taxes on goods and services</u>			
4.1 <u>Sales tax</u> The Sales Tax Act (Act. No. 12 of 1983).	A tax levied at the import and manufacturing level. To be collected on certain services and all goods other than those specifically exempted. Where payable on goods imported from outside the customs union area, valuation is 110 percent of customs value plus customs duties payable. Proceeds are received directly by the Swazi government, and are not paid into the SACU pool.	Many exemptions: necessities and intermediate goods for manufacturing all mostly exempt along with certain medical supplies, temporary imports, certain personal imports, electricity, etc.	12 percent on goods and services; and 20 percent on most alcohol and tobacco goods

Table 43. Swaziland: Summary of the Tax System as of December 31, 1999 (continued)

Tax	Nature of Tax	Exemptions and Deductions	Rates
4.2 <u>Selective excises</u> The Customs and Excise Act (Act No. 21 of 1971).	Specific duties are payable by the importer or manufacturer of beer, tobacco and cigarettes. Rates are those set by South Africa, with proceeds pooled under the Customs Union Agreement.	Exemptions are extended to exported goods.	<p>Rates of excise duty are mostly specific. Examples of these rates include:</p> <p>(a) Nonalcoholic beverages - E 4.36 per 100 liters;</p> <p>(b) Spirituous liquors - E 1,314.96 per 100 liters of absolute alcohol; and</p> <p>(c) Malt beer of prefermentation relative density of 1,040 degrees or less - E 39.27 per 100 liters.</p> <p>Annual fees are:</p> <p>(a) Betting licenses are charged on the basis of annual turnover;</p> <p>(b) Company license fees vary from E 20 per annum for companies with a share capital of less than E 10,000 to E 200 per annum for companies with a share capital above E 50,000.</p> <p>(c) Trading licenses are subject to a wide variety of rates, depending on the trade carried out, but are generally between E 25 and E 150 per annum; and</p> <p>(d) Liquor licenses vary in cost between rural and nonrural areas, with the type of establishment, and the type of beverage sold; they are between E 25 and E 750 per annum.</p>
4.3 <u>Business and professional licenses</u> Legal reference not available.	Annual license fees are charged for betting shops, companies with a place of business in Swaziland, persons or companies trading in Swaziland, and establishments licensed to sell or serve liquor.	None.	

Table 43. Swaziland: Summary of the Tax System as of December 31, 1999 (continued)

Tax	Nature of Tax	Exemptions and Deductions	Rates
4.4 Motor vehicle taxes			
Motor vehicle license fees. Legal reference not available.	License fees are levied on an annual basis. Rates vary with both the type and weight of the vehicle.	None.	<p>Annual fees for motor vehicles are:</p> <p>Motorcycles E 6</p> <p>Motorcycles (with sidecar) E 9</p> <p>Tractors E 9</p> <p>Tractors (with trailer) E 3</p> <p>Earthmover E 24</p> <p>Other vehicles (by weight):</p> <p>0 - 1,300 lbs. E 14</p> <p>1,301 - 1,699 lbs. E 16</p> <p>(Broadly equivalent increases of E 2 for each additional 200 - 300 lbs.)</p> <p>3,300 - 4,000 lbs. E 28</p> <p>Over 4,000 lbs. E 28</p> <p>(plus E 3.50 for each additional 500 lbs.)</p> <p>35 cents per liter.</p>
4.5 Fuel levy	Levy on petroleum products.		
5. Taxes on international trade and transactions			
5.1 Duties on imports Customs Union Agreement, 1969 (Legal Notice No. 71 of 1969) and the Customs, Fiscal, Excise, and Sales Duties Act, 1971 (Act No. 21 of 1971).	<p>A common taxation system is levied on imports in conjunction with Botswana, Lesotho, Namibia, and South Africa. Import duties are levied at the point of entry into the common customs area and thereafter are free to move within the entire area. The importer is legally liable for the payment of these duties, the proceeds of which are pooled and divided among the countries according to a formula. Duty rates are set by South Africa on the basis of the six-digit Harmonized Commodity Description and Coding System. The rate structure includes general and most-favored-nation clauses. Most duties are ad valorem with specific duties on some items.</p>	<p>Rebates, remissions, and refunds of import duties are allowed in some cases (mostly for raw materials and semimanufactures). As with duty rates, such rebates must conform with South African rebates.</p>	<p>There are 45 ad valorem rates, ranging from 0 to over 70 percent.</p>

Table 43. Swaziland: Summary of the Tax System as of December 31, 1999 (concluded)

Tax	Nature of Tax	Exemptions and Deductions	Rates
5.2 Taxes on exports			
5.21 Sugar levy. Sugar Export Levy Act No. 4 of 1997.	The Sugar Export Levy is a tax on all sugar exported from Swaziland to any country other than Botswana, Lesotho, Namibia, and South Africa. The levy is collected from the Swaziland Sugar Association, which is a statutory body representing all millers and growers.	None.	The levy is on the net ex-mill protocol sales to the European Union to be applied two years in arrears. Net ex-mill export protocol sales proceeds is the Swaziland currency equivalent of the gross amount received by the Association in respect of all sales of sugar exported less expenses as prescribed in the Act and is payable on a quarterly basis.
5.22 Cattle export slaughter tax. Details not available.			
6. Other taxes			
6.1 Stamp taxes Chapter 100 of the Laws, 1959. The Stamp Duties Act, 1970 (Act No. 37) and 1974 (Act No. 13), as amended by the Finance Act of 1985.	These taxes, which are mostly ad valorem with some specific taxes, are payable on a wide range of legal documents (affidavits, bills of exchange, checks, bonds, contract notes, receipts, property transfers, etc.)	Government and specified public enterprises.	Stamp duties vary considerably. For example, checks carry a 6 percent stamp duty, receipts for payments of E 2 or more carry an E 0.10 duty, customs bills of entry an E 0.40 duty, and affidavits, agreements, and contracts an E 1 stamp duty.
6.2 Miscellaneous licenses The Registration of Dogs Act, 1953, as amended by the Finance Act, 1985.	Taxes are charged for dog licenses.	None.	Dog license tax is E 1 per annum in rural areas and E 3 per annum in urban areas.
B. Local taxes			
Real estate tax			
Property tax. Legal reference not available.	Taxation in the form of rates is collected in the two principal towns (Mbabane and Manzini). Land and improvements are taxed at different rates with quinquennial valuation assessments. If changes in tax rates are desired by the town councils, approval is required by the central government before such changes can be enforced.	Exemptions include government-owned property.	Rates are assessed at 4 percent of the land value and 0.5 percent of the value of improvements in both towns.

Source: Ministry of Finance.

