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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.  |                     |
| <b>Population characteristics</b>                                      |            | <b>Health</b>  |                     |
| Population growth rate (1991-97)                                       | 2.4        | Population per physician (1996)                                    | 7,143               |
| Life expectancy at birth   | 60.1       | Public health expenditure<br>1990-96 (percent of GDP)              | 2.5                 |
| Infant mortality rate (per thousand)                                   | 65.0       | HIV-incidence<br>(percent of population,<br>age 15-49) (1999)      | 22.5                |
| Total fertility rate (percent of total)                                | 4.7        |  |                     |
| Urban population (percent of total)                                    | 32.9       | <b>Education</b>   |                     |
| Population younger than 35 years<br>of age (percent of total) (1996)   | 80.0       | Adult literacy rate  | 77.5                |
| <b>GDP per capita</b>  | US\$ 1,515 | Primary school enrollment<br>rate (percent of school-age<br>group) | 118.3               |
| <b>Access to safe water (1996)</b>                                     |            | <b>Poverty indicators (1995)</b>                                   |                     |
| Percent of population  | 56.7       | Poorest 40 percent<br>Share of income                              | 14 percent          |
| Urban  | 80.0       | Per adult equivalent<br>consumption                                | US\$ 230<br>or less |
| Rural  | 45.7       |  |                     |
| <b>Labor statistics (in thousands, unless<br/>otherwise indicated)</b> |            |  |                     |
| Labor force  | 345        |  |                     |
| Of which: agriculture<br>(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)<sup>1</sup>—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 REFORM<sup>2</sup>

### 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.<sup>3</sup> 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.

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<sup>1</sup> SACU member countries are Botswana, Lesotho, Namibia, South Africa, and Swaziland.

<sup>2</sup> Prepared by Arto Kovanen.

<sup>3</sup> 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/AIDS<sup>4</sup>

#### A. HIV Incidence and Demographic Effects

11. The most comprehensive cross-country study<sup>5</sup> 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.

| 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) |              |
|------|------------------------|--------------|--------------------------|--------------|------------------------------|--------------|---|--------------|--|--------------|
|      | 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*.

<sup>4</sup> Prepared by Markus Haacker.

<sup>5</sup> 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 study<sup>6</sup> 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

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<sup>6</sup> 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.<sup>7</sup> 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 GROWTH<sup>8</sup>

### 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  $\alpha$  represents the elasticity of output with respect to capital.

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

<sup>8</sup> Prepared by Markus Haacker.

22. Given estimates for the parameter  $\alpha$ , 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,  $\delta$  is the rate of depreciation,  $n$  is the rate of population growth, and  $g$  is the rate of technological progress.<sup>9</sup> Subsequent values for the capital stock are obtained by

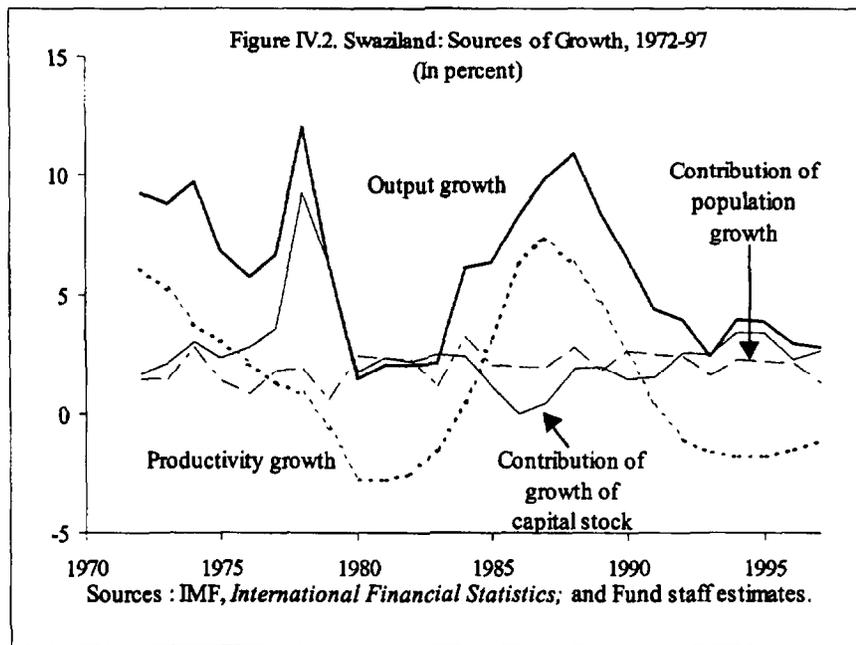
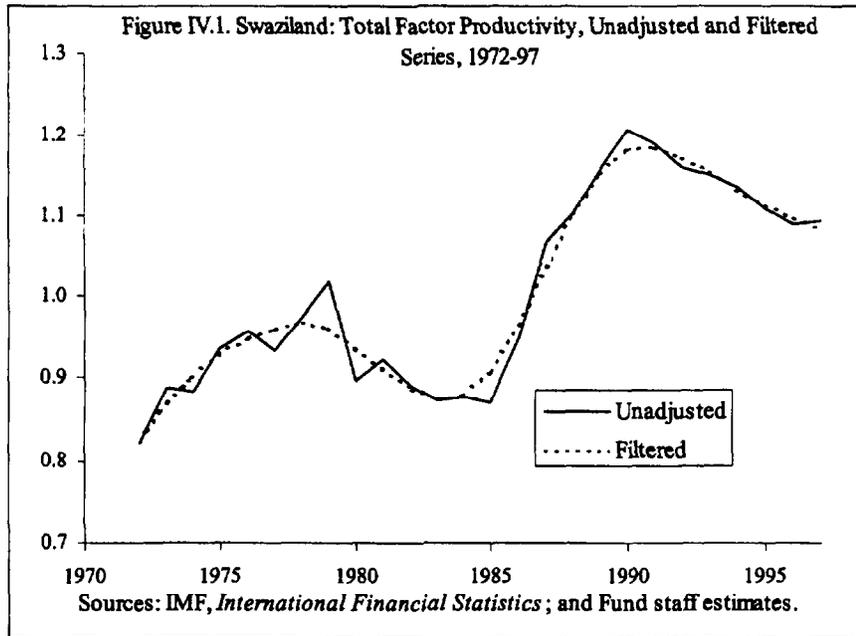
$$K_{t+1} = K_t + s_t \cdot \text{GDP}_t - \delta K_t. \quad (4)$$

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  $\alpha$  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.

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<sup>9</sup> 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  $1\frac{3}{4}$  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.

| 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<br>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<br>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<br>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)  |         |         |         |         |         |
| <b>Volume</b>                  |         |         |         |         |         |
| 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)   |         |         |         |         |         |
| <b>Yield</b>                   |         |         |         |         |         |
| 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) |         |         |         |         |         |
| <b>Producer prices</b>         |         |         |         |         |         |
| 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)                 |         |         |         |           |
| <b>Crop area</b>                 |  |         |         |         |           |
| Area under cultivation           | 39   | 39      | 38      | 43      | 43        |
| Area harvested                   | 38   | 38      | 38      | 40      | 41        |
|                                  | (In thousands of metric tons)              |         |         |         |           |
| <b>Production and processing</b> |  |         |         |         |           |
| Cane                             | 3,440                                      | 3,694   | 3,886   | 3,887   | 4,323     |
| Sucrose                          | 476  | 532     | 537     | 540     | 607       |
| Sugar                            | 422  | 471     | 476     | 475     | 534       |
| <b>Year-end stocks</b>           | 46   | ...     | ...     | ...     | ...       |
|                                  | (In metric tons per hectare harvested)     |         |         |         |           |
| <b>Sugarcane yield</b>           | 90   | 97      | 101     | 96      | 105       |
|                                  | (In thousands of metric tons of raw value) |         |         |         |           |
| <b>Domestic consumption 2/</b>   | 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) |         |         |         |         |         |
| <b>Output</b>                 |         |         |         |         |         |
| 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)    |         |         |         |         |         |
| <b>Area under cultivation</b> |         |         |         |         |         |
| 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)  |         |         |         |         |         |
| <b>Yield</b>                  |         |         |         |         |         |
| 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)              |       |       |       |       |       |
| <b>Livestock population</b>         |       |       |       |       |       |
| 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  |
| <b>Cattle statistics</b>            |       |       |       |       |       |
| 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  |
| <i>Of which</i>                     |       |       |       |       |       |
| 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/ Sheselweni Forestry.

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

|                               | 1995  | 1996  | 1997  | 1998  | 1999  |
|-------------------------------|-------|-------|-------|-------|-------|
| (In thousands of metric tons) |       |       |       |       |       |
| <b>Production</b>             |       |       |       |       |       |
| Chrysolite asbestos           | 28.6  | 26.0  | 25.9  | 27.7  | 22.9  |
| Coal                          | 171.7 | 129.0 | 203.1 | 410.0 | 426.3 |
| <b>Exports</b>                |       |       |       |       |       |
| Chrysolite asbestos           | 24.6  | 26.0  | 26.0  | ...   | ...   |
| Coal                          | 98.0  | 129.0 | 203.0 | ...   | ...   |
| <b>Stock</b>                  |       |       |       |       |       |
| 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) |         |         |         |         |
| <b>Mining</b>                    | 149.7        | 145.0   | 93.0    | 113.7   | 144.4   |
| <b>Manufacturing</b>             |              |         |         |         |         |
| 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   |
| <b>All industries</b>            | 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<br>(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        |
| 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        |
| <b>Total</b>               | <b>61,084</b> | <b>27,206</b> | <b>60,735</b> | <b>26,300</b> | <b>63,498</b> | <b>26,377</b> | <b>63,638</b> | <b>26,770</b> | <b>59,983</b> | <b>27,238</b> |
| 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<br>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           |
| <i>Of which</i>   |                             |         |         |         |                 |
| 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             |
| <i>Of which</i>   |                             |         |         |         |                 |
| 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            |
| <i>Of which</i>   |                             |         |         |         |                 |
| 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            |
| <i>Of which</i>   |                             |         |         |         |                 |
| 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<br>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   | 0.3     | 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<br>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<br>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<br>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            |
| <b>Total</b>  | <b>99.2</b> | <b>111.4</b> | <b>137.8</b> | <b>228.4</b> | <b>218.5</b>    |
| <b>Memorandum item:</b>                                 |             |              |              |              |                 |
| 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<br>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 1/ (continued)

|  | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00<br>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<br>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               |
| <b>Total</b>   | <b>379,338</b> | <b>563,241</b> | <b>388,592</b> | <b>448,181</b> | <b>560,038</b>  |
| 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 emalangeni; end of period) |       |      |      |      |      |
| <b>By type of instrument</b>               |       |      |      |      |      |
| 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  |
| <b>By original maturity</b>                |       |      |      |      |      |
| 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)   |       |       |        |        |        |
| <b>Monetary authorities</b>   |       |       |        |        |        |
| 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    |
| <b>Commercial banks</b>   |       |       |        |        |        |
| 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  |
| <b>Monetary survey</b>  |       |       |        |        |        |
| 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    |
| <b>Memorandum items:</b>  |       |       |        |        |        |
| 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<br>Dec. | 1996<br>Dec. | 1997<br>Dec. | 1998<br>Mar. | 1998<br>Jun. | 1998<br>Sep. | 1998<br>Dec. | 1999<br>Mar. | 1999<br>Jun. | 1999<br>Sep. | 1999<br>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           |
| <br>Assets = liabilities          | <br>1,059    | <br>1,353    | <br>1,446    | <br>1,587    | <br>1,947    | <br>1,991    | <br>2,112    | <br>1,952    | <br>2,112    | <br>2,206    | <br>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           |
| <br>Other items (net) 4/          | <br>76       | <br>117      | <br>142      | <br>128      | <br>103      | <br>142      | <br>141      | <br>120      | <br>112      | <br>82       | <br>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  | 1996  | 1997  | 1998  | 1998  | 1998  | 1998  | 1999  | 1999  | 1999  | 1999  |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                             | Dec.  | Dec.  | Dec.  | Mar.  | Jun.  | Sep.  | Dec.  | Mar.  | Jun.  | Sep.  | 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<br>Dec. | 1996<br>Dec. | 1997<br>Dec. | 1998<br>Mar. | 1998<br>Jun. | 1998<br>Sep. | 1998<br>Dec. | 1999<br>Mar. | 1999<br>Jun. | 1999<br>Sep. | 1999<br>Dec. |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| (In millions of emalangen) |              |              |              |              |              |              |              |              |              |              |              |
| 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<br>Dec. | 1996<br>Dec. | 1997<br>Dec. | 1998<br>Mar. | 1998<br>Jun. | 1998<br>Sep. | 1998<br>Dec. | 1999<br>Mar. | 1999<br>Jun. | 1999<br>Sep. | 1999<br>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<br>Dec. | 1996<br>Dec. | 1997<br>Dec. | 1998<br>Mar. | 1998<br>Jun. | 1998<br>Sep. | 1998<br>Dec. | 1999<br>Mar. | 1999<br>Jun. | 1999<br>Sep. | 1999<br>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            |
| <b>Total</b>                 | <b>807</b>   | <b>872</b>   | <b>947</b>   | <b>906</b>   | <b>971</b>   | <b>928</b>   | <b>1,050</b> | <b>1,044</b> | <b>1,026</b> | <b>963</b>   | <b>1,093</b> |

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         | 1996     | 1997     | 1998     | 1998     | 1998     | 1998     | 1999     | 1999     | 1999    | 1999    |
|-------------------------------|--------------|----------|----------|----------|----------|----------|----------|----------|----------|---------|---------|
|                               | Dec.         | Dec.     | Dec.     | Mar.     | Jun.     | Sep.     | Dec.     | Mar.     | Jun.     | Sep.    | Dec.    |
|                               | (In percent) |          |          |          |          |          |          |          |          |         |         |
| <b>Discount rates</b>         |              |          |          |          |          |          |          |          |          |         |         |
| 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    |
| <b>Treasury bills</b>         |              |          |          |          |          |          |          |          |          |         |         |
| 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    |
| <b>Prime lending rate</b>     |              |          |          |          |          |          |          |          |          |         |         |
| 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    |
| <b>Bank time deposits</b>     |              |          |          |          |          |          |          |          |          |         |         |
| 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    |
| <b>Bank savings deposits,</b> |              |          |          |          |          |          |          |          |          |         |         |
| 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<br>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<br>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          |
| Zippers                       | 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        |
| <b>Total domestic exports</b> | <b>835</b>                    | <b>831</b> | <b>951</b> | <b>957</b> | <b>910</b> |
| Reexports                     | 32                            | 20         | 10         | 11         | 12         |
| <b>Total exports, f.o.b.</b>  | <b>868</b>                    | <b>851</b> | <b>961</b> | <b>968</b> | <b>921</b> |

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<br>Est. | 1999<br>Est. |
|---------------------------|----------------------------------|-------|-------|--------------|--------------|
| <b>Volume</b>             | (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           |
| <b>Value</b>              | (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           |
| <b>Average unit price</b> | (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          |
| <b>Average unit price</b> | (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<br>Est. |
|---------------------------|----------------------------------|-------|-------|-------|--------------|
| <b>Volume</b>             | (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          |
| <b>Value</b>              | (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           |
| <b>Average unit price</b> | (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           |
| <b>Average unit price</b> | (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,<br>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

| SITC                                | Total Exports<br>(In thousands of emalangeni) | Exports to<br>South Africa | Share of<br>Exports to<br>South Africa<br>(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

| SITC                                   | Total Imports<br>(In thousands of emalangeni) | Imports from<br>South Africa | Share of<br>Imports from<br>South Africa<br>(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   |
|--|---|--|---|
| <b>A. Central government</b>   |   |  |   |
| <b>1. Taxes on net income and profits</b>                                    |   |  |   |
| <b>1.1 Taxes on companies</b>  |   |  |   |
| 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.<br><br>(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  |
|---|--|---|--|
| <p>1.11 Company income tax (Normal Tax). The Income Tax Order 1975, as amended. (concluded)</p> |  | <p>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.</p> <p>Contributions, whether in cash or in kind, made during the year of assessment toward any national disaster scheme established by the government.</p> <p>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.</p> |  |
| <p>1.12 Casino tax. The Casino Tax Act 1963 (Act No. 56, 1963, as amended.)</p>                 | <p>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.</p> |   | <p>(a) The annual license fee is E 2,000.</p> <p>(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:</p> <ul style="list-style-type: none"> <li>● in respect of the first year of operation of the casino, no levy shall be paid;</li> <li>● 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</li> <li>● in respect of the seventh year and subsequent years of operation, a levy of 4.5 percent shall be paid.</li> </ul> |

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). | <p>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.")</p>  | <p>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.</p> | <p><u>Taxable Income</u><br/>(In percent)</p> <table border="1"> <tr><td>0 - 13,000</td><td>0</td></tr> <tr><td>13,001 - 16,000</td><td>12</td></tr> <tr><td>16,001 - 20,000</td><td>16</td></tr> <tr><td>20,001 - 24,000</td><td>20</td></tr> <tr><td>24,001 - 28,000</td><td>24</td></tr> <tr><td>28,001 - 32,000</td><td>28</td></tr> <tr><td>32,001 - 36,000</td><td>32</td></tr> <tr><td>36,001 - 40,000</td><td>36</td></tr> <tr><td>40,001</td><td>39</td></tr> </table> | 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 | <p><u>Marginal Tax Rate</u></p> |
| 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  |  |   |            |   |                 |    |                 |    |                 |    |                 |    |                 |    |                 |    |                 |    |        |    |                                 |
|   |   |  | <p><u>Dividend Income</u></p> <p>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:</p> <p>(a) 10 percent in the case of dividends received by or accrued to an individual from companies listed on the Swaziland Stock Exchange;</p> <p>(b) 20 percent in the case of dividends received by or accrued to an individual from any other company.</p>                      |            |   |                 |    |                 |    |                 |    |                 |    |                 |    |                 |    |                 |    |        |    |                                 |
|   | <p>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.</p> |  |   |            |   |                 |    |                 |    |                 |    |                 |    |                 |    |                 |    |                 |    |        |    |                                 |
|   | <p>A system of provisional tax is in operation in respect of self-employed persons and other individuals whose income, other than remuneration subject to</p>   |  |   |            |   |                 |    |                 |    |                 |    |                 |    |                 |    |                 |    |                 |    |        |    |                                 |

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. <u>(concluded)</u> | 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.  | Tax due is determined on the basis of gross income as shown below:  |                     |                    |             |        |               |        |               |         |            |         |
|   |   |  | <table border="1"> <thead> <tr> <th><u>Gross income</u></th> <th><u>Tax payable</u></th> </tr> </thead> <tbody> <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> </tbody> </table> <p>Tax is payable at 10 percent of the interest accrued.</p> | <u>Gross income</u> | <u>Tax payable</u> | 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 |
| <u>Gross income</u>   | <u>Tax payable</u>  |  |   |                     |                    |             |        |               |        |               |         |            |         |
| 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.<br><br>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><br>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><br>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.   | <p>(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;</p> <p>(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</p> <p>(c) The tax on gains from shares in mineral rights is 37 ½ percent of that gain.</p> |
| 4. <u>Taxes on goods and services</u>                                |  |   |  |
| 4.1 <u>Sales tax</u><br>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><br>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>  |
| 4.3 <u>Business and professional licenses</u><br>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.                                      | <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> |

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

| Tax   | Nature of Tax  | Exemptions and Deductions   | Rates   |             |     |                            |     |          |     |                         |     |            |      |                |      |                    |      |                    |      |                 |      |
|---|--|---|---|-------------|-----|----------------------------|-----|----------|-----|-------------------------|-----|------------|------|----------------|------|--------------------|------|--------------------|------|-----------------|------|
| <b>4.4 Motor vehicle taxes</b>  |  |   |   |             |     |                            |     |          |     |                         |     |            |      |                |      |                    |      |                    |      |                 |      |
| 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> <table> <tr> <td>Motorcycles</td> <td>E 6</td> </tr> <tr> <td>Motorcycles (with sidecar)</td> <td>E 9</td> </tr> <tr> <td>Tractors</td> <td>E 9</td> </tr> <tr> <td>Tractors (with trailer)</td> <td>E 3</td> </tr> <tr> <td>Earthmover</td> <td>E 24</td> </tr> </table> <p>Other vehicles (by weight):</p> <table> <tr> <td>0 - 1,300 lbs.</td> <td>E 14</td> </tr> <tr> <td>1,301 - 1,699 lbs.</td> <td>E 16</td> </tr> </table> <p>(Broadly equivalent increases of E 2 for each additional 200 - 300 lbs.)</p> <table> <tr> <td>3,300 - 4,000 lbs.</td> <td>E 28</td> </tr> <tr> <td>Over 4,000 lbs.</td> <td>E 28</td> </tr> </table> <p>(plus E 3.50 for each additional 500 lbs.)</p> <p>35 cents per liter.</p> | Motorcycles | E 6 | Motorcycles (with sidecar) | E 9 | Tractors | E 9 | Tractors (with trailer) | E 3 | Earthmover | E 24 | 0 - 1,300 lbs. | E 14 | 1,301 - 1,699 lbs. | E 16 | 3,300 - 4,000 lbs. | E 28 | Over 4,000 lbs. | E 28 |
| Motorcycles   | E 6  |   |   |             |     |                            |     |          |     |                         |     |            |      |                |      |                    |      |                    |      |                 |      |
| Motorcycles (with sidecar)  | E 9  |   |   |             |     |                            |     |          |     |                         |     |            |      |                |      |                    |      |                    |      |                 |      |
| Tractors  | E 9  |   |   |             |     |                            |     |          |     |                         |     |            |      |                |      |                    |      |                    |      |                 |      |
| Tractors (with trailer)   | E 3  |   |   |             |     |                            |     |          |     |                         |     |            |      |                |      |                    |      |                    |      |                 |      |
| Earthmover  | E 24   |   |   |             |     |                            |     |          |     |                         |     |            |      |                |      |                    |      |                    |      |                 |      |
| 0 - 1,300 lbs.  | E 14   |   |   |             |     |                            |     |          |     |                         |     |            |      |                |      |                    |      |                    |      |                 |      |
| 1,301 - 1,699 lbs.  | E 16   |   |   |             |     |                            |     |          |     |                         |     |            |      |                |      |                    |      |                    |      |                 |      |
| 3,300 - 4,000 lbs.  | E 28   |   |   |             |     |                            |     |          |     |                         |     |            |      |                |      |                    |      |                    |      |                 |      |
| Over 4,000 lbs.   | E 28   |   |   |             |     |                            |     |          |     |                         |     |            |      |                |      |                    |      |                    |      |                 |      |
| <b>4.5 Fuel levy</b>  |  |   |   |             |     |                            |     |          |     |                         |     |            |      |                |      |                    |      |                    |      |                 |      |
|   | Levy on petroleum products.  |   |   |             |     |                            |     |          |     |                         |     |            |      |                |      |                    |      |                    |      |                 |      |
| <b>5. Taxes on international trade and transactions</b>   |  |   |   |             |     |                            |     |          |     |                         |     |            |      |                |      |                    |      |                    |      |                 |      |
| 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   |
|--|--|---|---|
| <b>5.2 Taxes on exports</b>  |  |   |   |
| 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.   |  |   |   |
| <b>6. Other taxes</b>  |  |   |   |
| 6.1 <u>Stamp taxes</u><br>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 <u>Miscellaneous licenses</u><br>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>B. Local taxes</b>  |  |   |   |
| <u>Real estate tax</u>   |  |   |   |
| 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.

