

ESWATINI TRADE & TARIFF UPDATE (2021)

Regional Economic Communities

- Eswatini is a member of the Southern African Customs Union (SACU), the Common Market for East and Southern Africa and the Southern African Development Community (SADC).
- The African Continental Free Trade Agreement (AfCFTA) entered into force on 30 May 2019.
- Eswatini deposited its instrument of ratification and schedule of tariff concessions.

SACU

SACU is a customs union with duty-free intra-SACU trade and a common external tariff (CET) applicable to all goods entering from outside the Union.

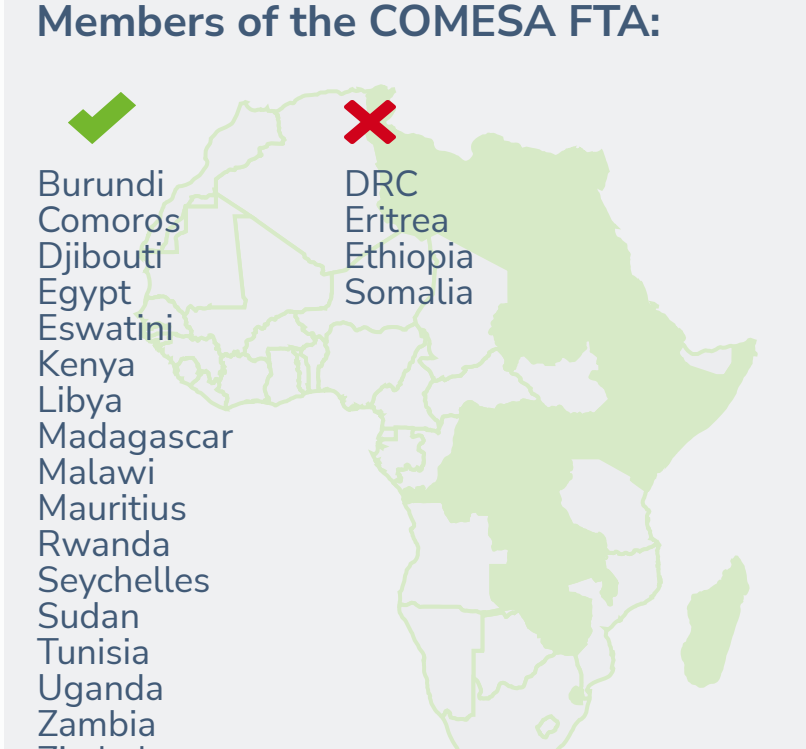
All are member of the Customs Union

Botswana
Eswatini
Lesotho
Namibia
South Africa

COMESA

- COMESA has 21 member states, 17 of which are part of the COMESA Free Trade Area.
- DRC, Eritrea, Ethiopia and Somalia are all in the process of acceding to the COMESA FTA

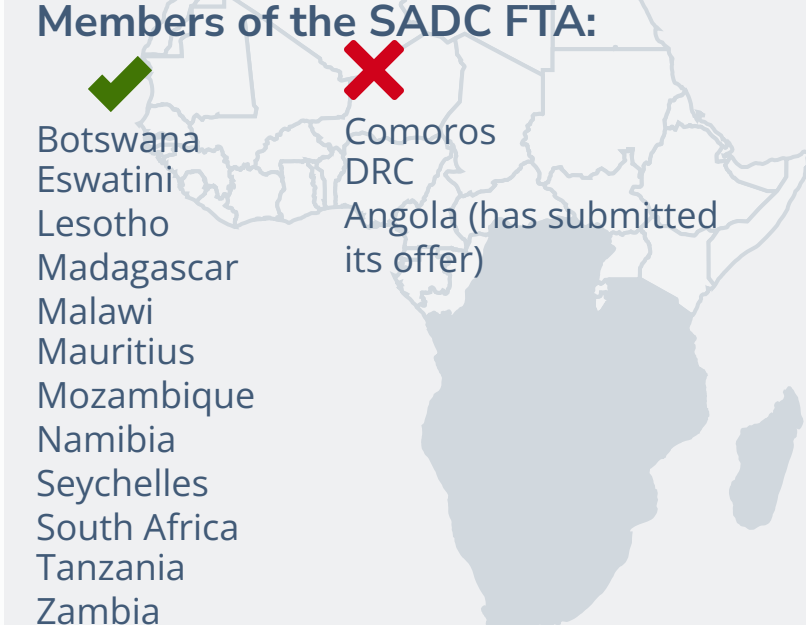
Members of the COMESA FTA:



SADC

- SADC is a Regional Economic Community with 16 member states - all the SACU countries, Angola, DRC, Seychelles, Comoros, Madagascar, Tanzania, Zimbabwe, Zambia, Mauritius, Mozambique and Malawi.
- 13 SADC member states are members of the SADC Free Trade Area (FTA).
- Comoros and DRC are yet to join the FTA.
- Angola has submitted its tariff offer to join the SADC FTA.

Members of the SADC FTA:



Intra-Africa total trade (imports & exports) 2021

84%

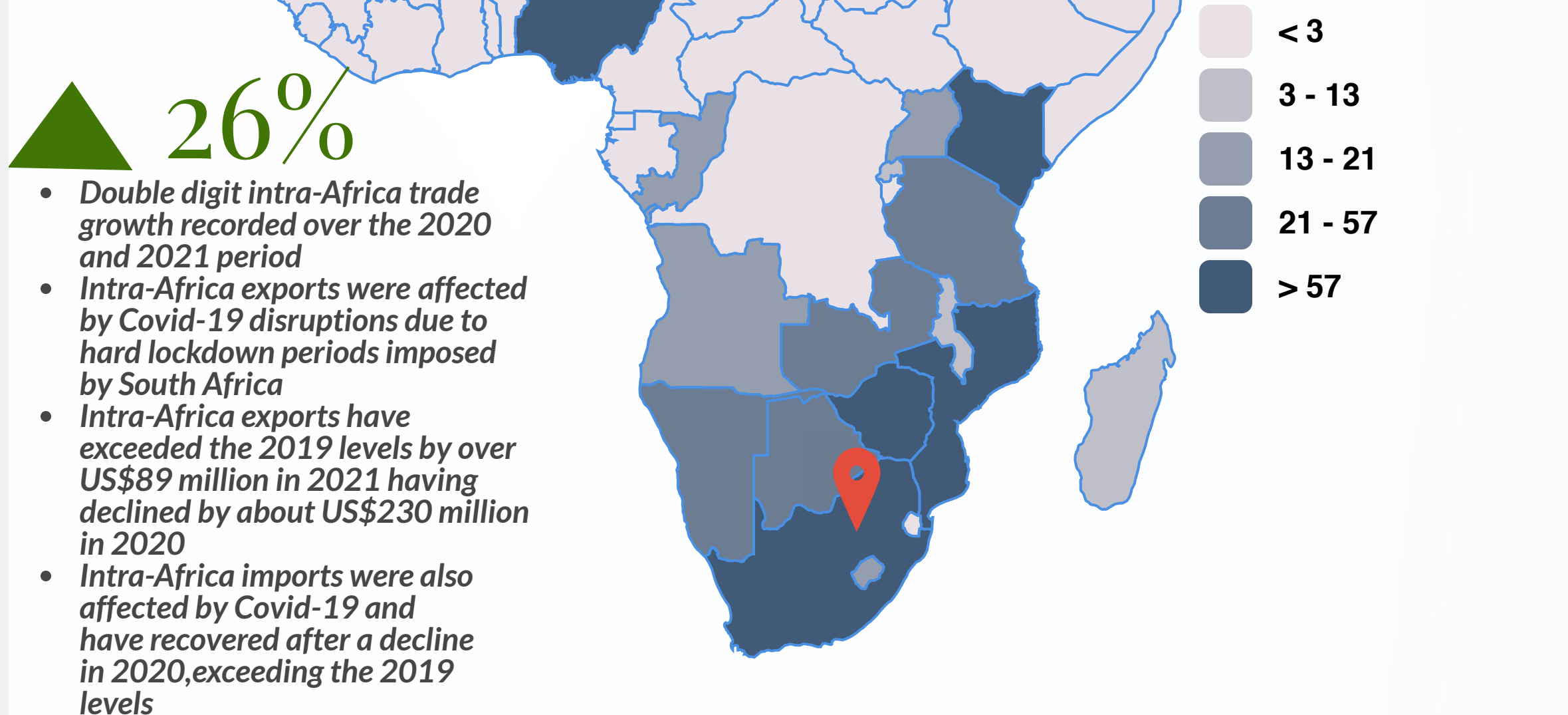
Eswatini's intra-Africa trade as share of its Global trade

US\$3.5 bn

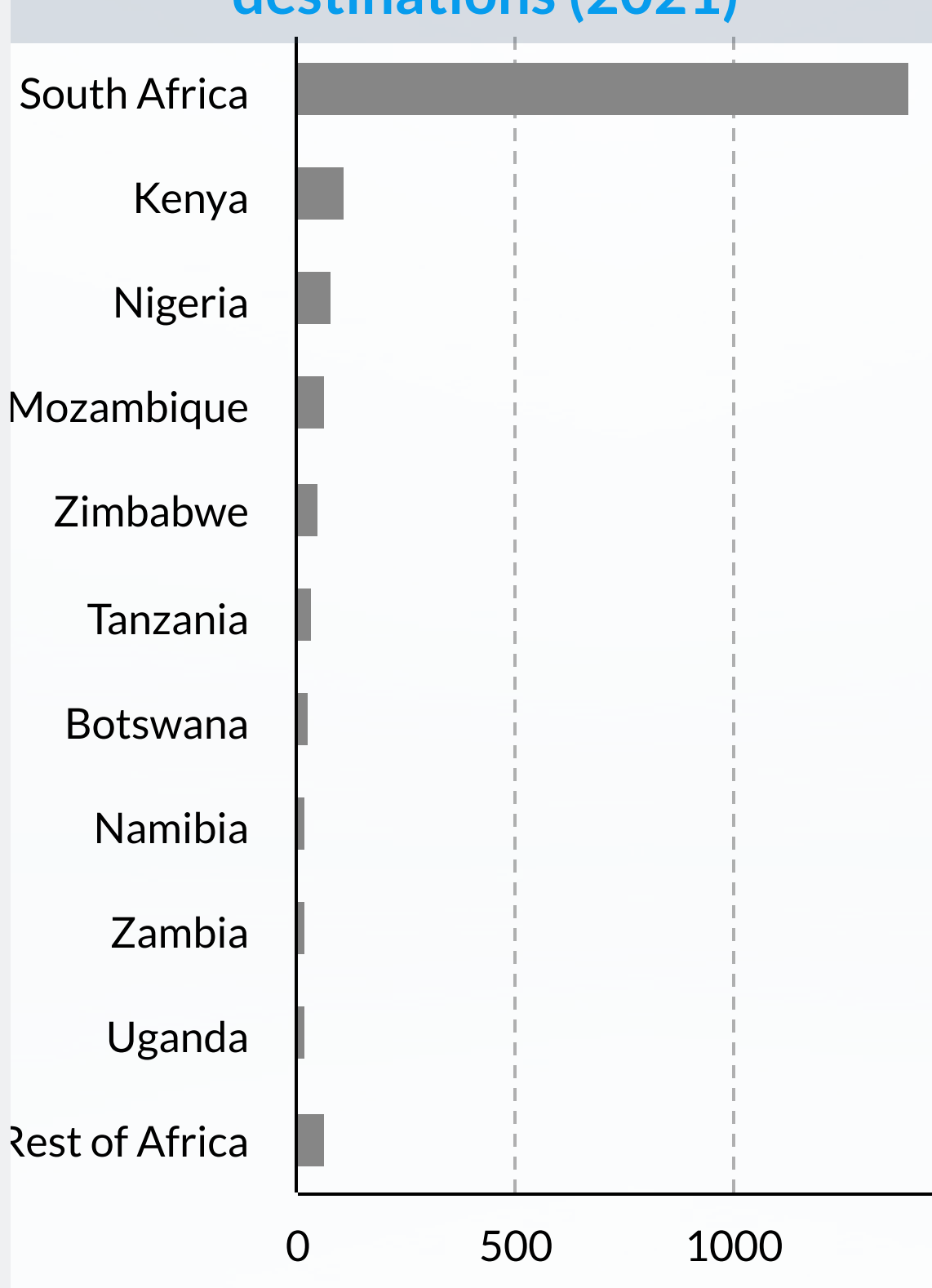
Eswatini's intra-Africa trade in 2021

Eswatini is a net exporter to Africa

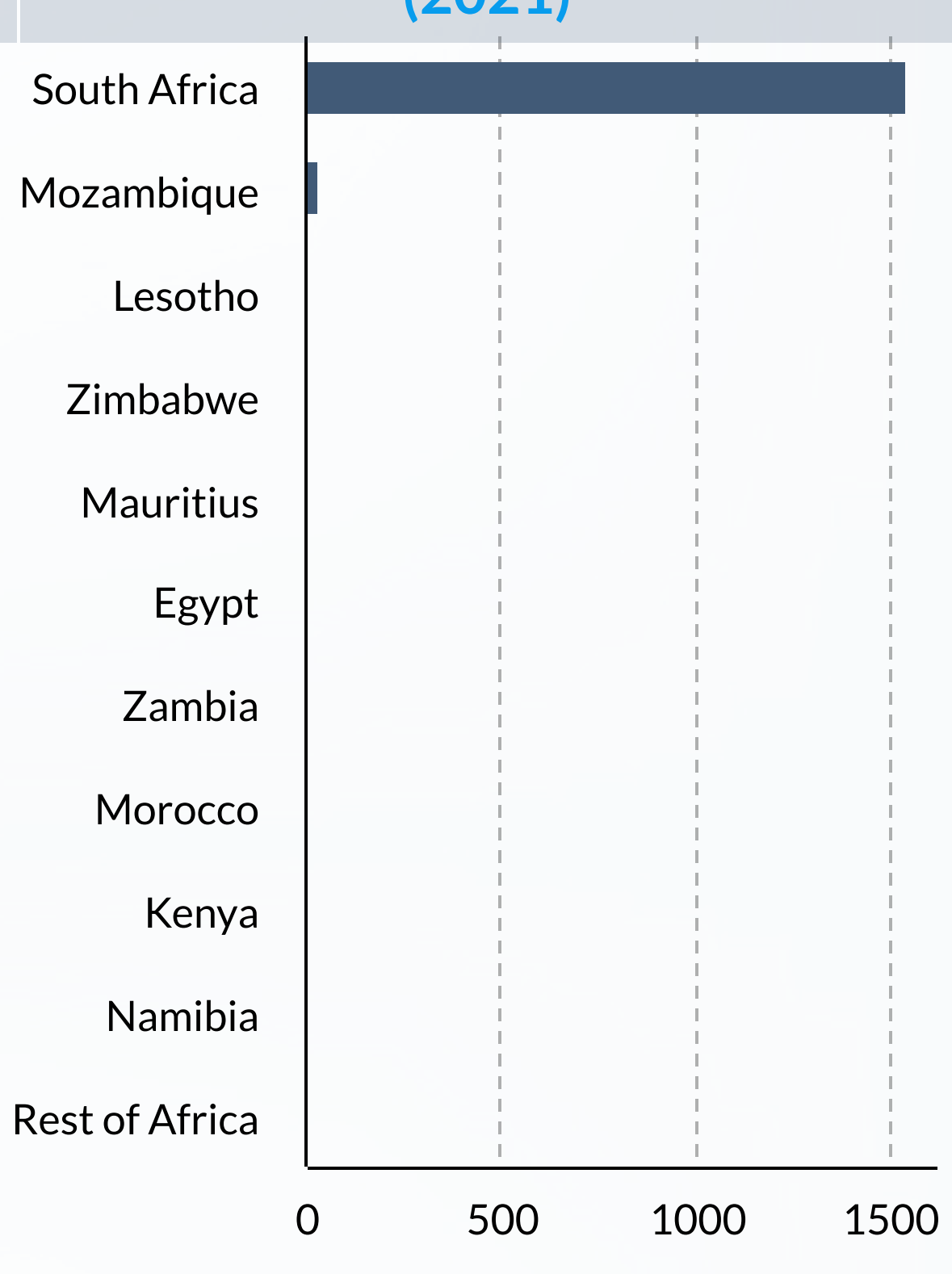
Exports accounted for 55% (US\$1.9 billion) of its total intra-Africa trade in 2021



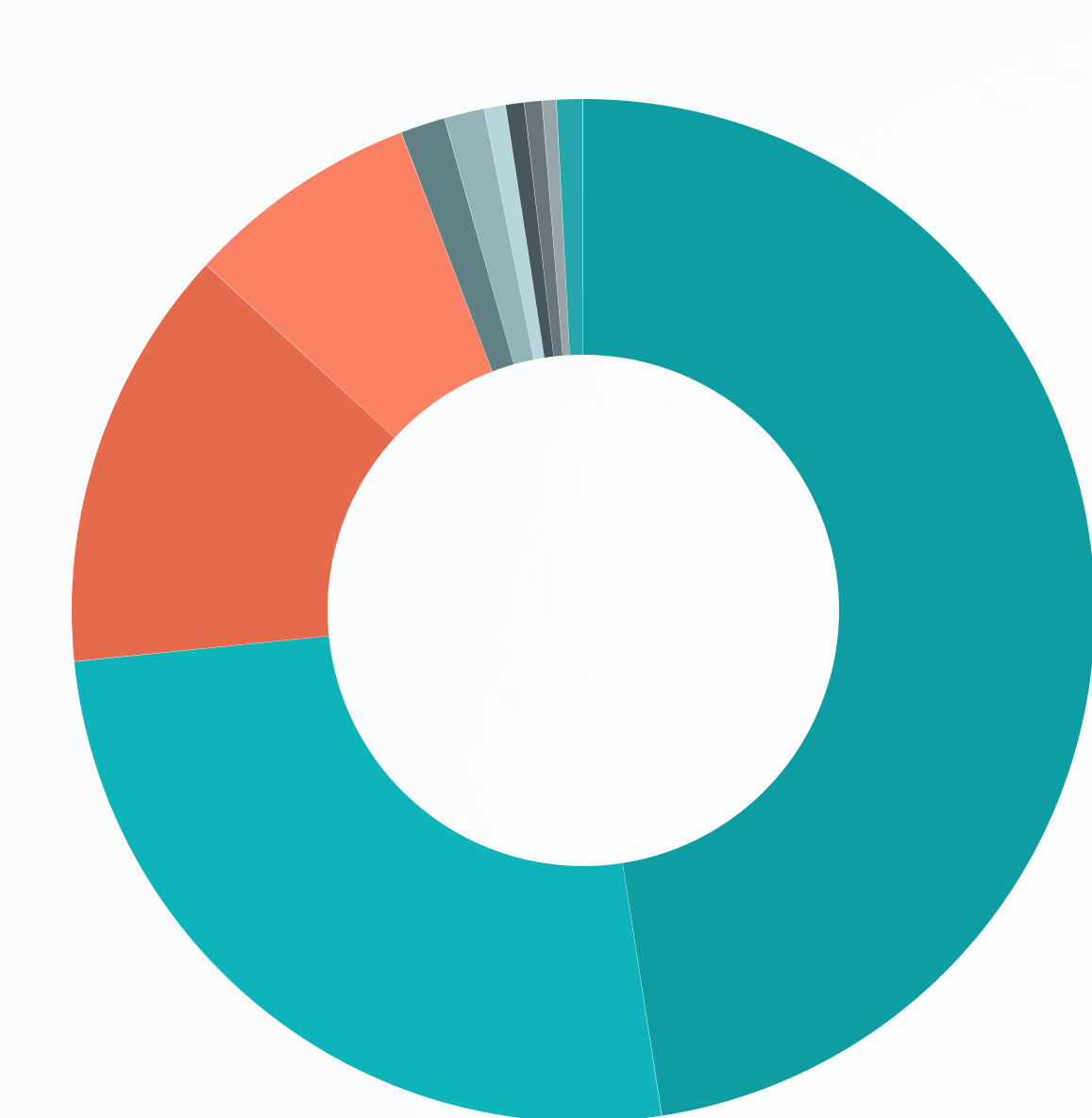
Top 10 intra-Africa export destinations (2021)



Top 10 intra-Africa import sources (2021)



Eswatini's intra-Africa exports by product group (2021)

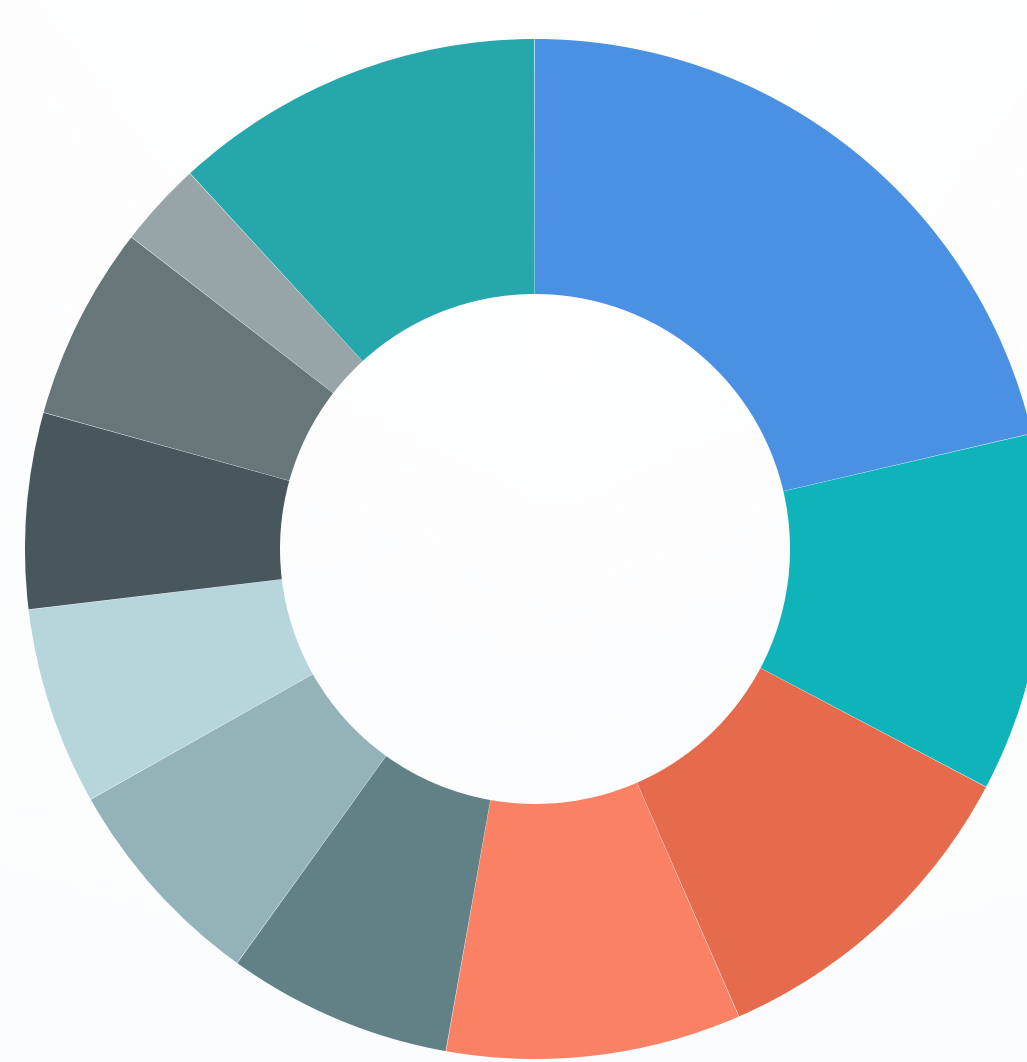


- Chemical products (47.55%)
- Food, beverages & tobacco (25.86%)
- Textiles & clothing (13.4%)
- Wood products (7.41%)
- Machinery (1.42%)
- Mineral products (1.27%)
- Misc manufact articles (0.66%)
- Vegetable products (0.6%)
- Paper products (0.56%)
- Plastic products (0.44%)
- Other (0.83%)

- Chemical products and Food, beverages & tobacco which accounted for 75% of total intra-Africa exports dominate Eswatini's intra-Africa exports basket
- Textiles & clothing and Wood products account for an additional 20% share of Eswatini's intra-Africa exports
- Top 10 intra-Africa export destinations account for about 96% of Eswatini's intra-Africa exports
- The bulk of Eswatini's intra-Africa exports are destined to South Africa (73%)
- Nigeria is the only non-SADC non-COMESA country that features in the Top 10 export destinations

Eswatini's intra-Africa imports by product group (2021)

- Eswatini's intra-Africa imports basket is relatively diversified with no single product group dominating imports
- Mineral products, food, beverages & tobacco are the top imported products with a combined share of about 33% in 2021
- 96% of Eswatini's intra-Africa imports originate from South Africa
- Intra-Africa imports are mostly from SADC and COMESA member states.
- Morocco is the only non-Member that features in the Top 10 import sources accounting for less than 1% share



- Mineral products (21.37%)
- Food, beverages & tobacco (11.37%)
- Machinery (10.73%)
- Chemical products (9.34%)
- Base metals (7.12%)
- Vegetable products (6.91%)
- Textiles & clothing (6.26%)
- Plastic products (6.22%)
- Transport equipment (6.15%)
- Paper products (2.71%)
- Other (11.81%)

5 year growth performance (exports)

- Eswatini's intra-Africa exports increased by 4% (CAGR) over review period 2017 - 2021
- Exports to top destination South Africa grew by 3% and exports to Nigeria declined 1% (CAGR) over review period 2017 - 2021
- Animal or vegetable oils recorded the highest growth rates (from a low base) of 45%; (CAGR) over review period 2017 - 2021

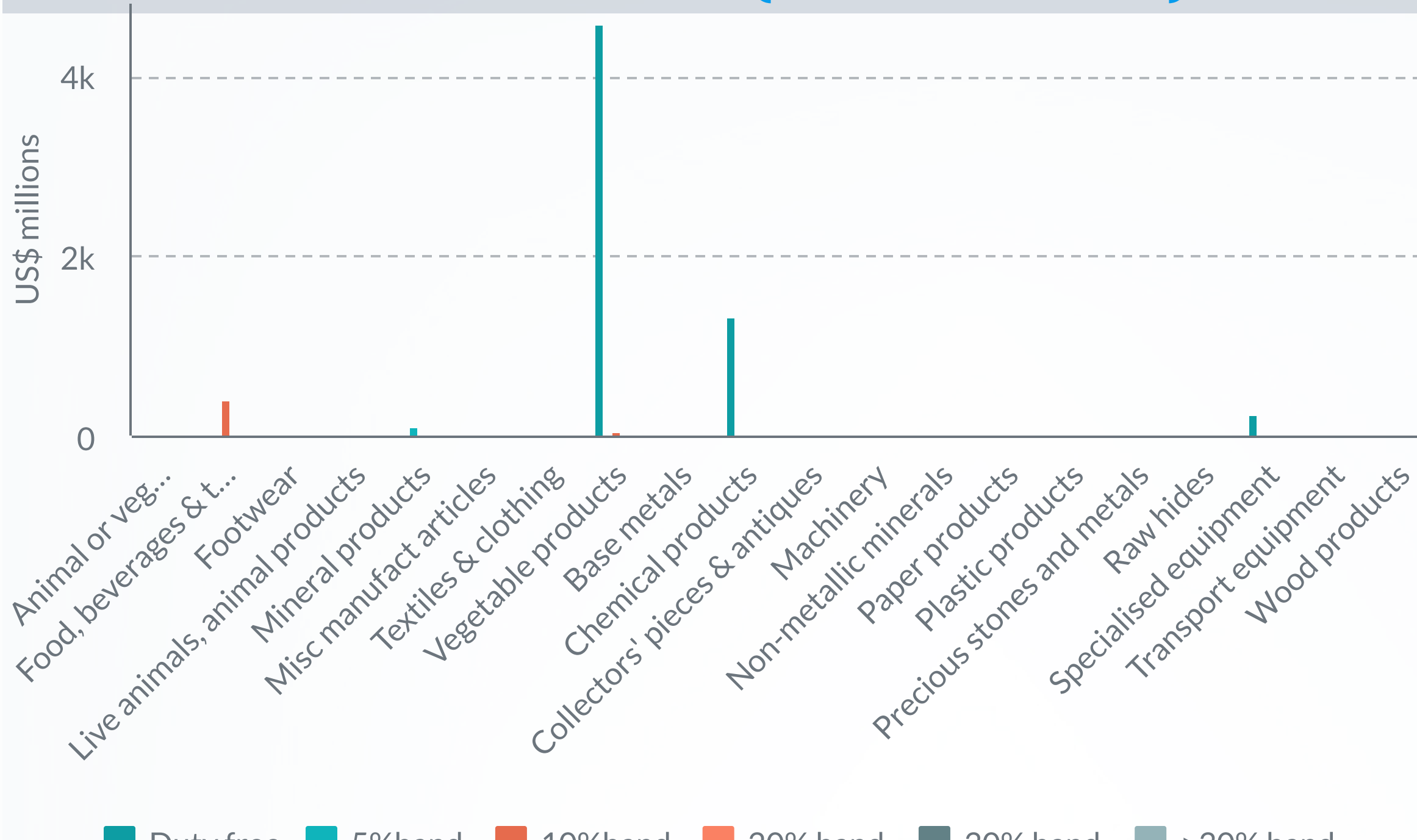
5 year growth performance (imports)

- Zambia's intra-Africa imports declined by 11% (CAGR) over review period 2017 - 2021.
- Top import suppliers South Africa, and the DRC's exports to Zambia declined by 2%; and 35% (CAGR) respectively over the review period (2017-2021)
- Plastics, Animal and vegetable oils, and Paper products recorded the highest growth rates of 9%; 7% and 6% (CAGR) respectively for period (2017-2021)

Export markets showing significant growth

- Eswatini depends on South Africa for its intra-Africa exports and hence the need to expand beyond SACU and or SADC
- Significant intra-Africa export growth was recorded for Congo which grew by 75% (CAGR) over review period (2017-2021)
- Eswatini needs to diversify its export base and become less reliant on South Africa.
- Market potential exists beyond SADC and COMESA and the challenge for Eswatini will be to penetrate other African markets competitively. The AfCFTA offers potential for this to materialise

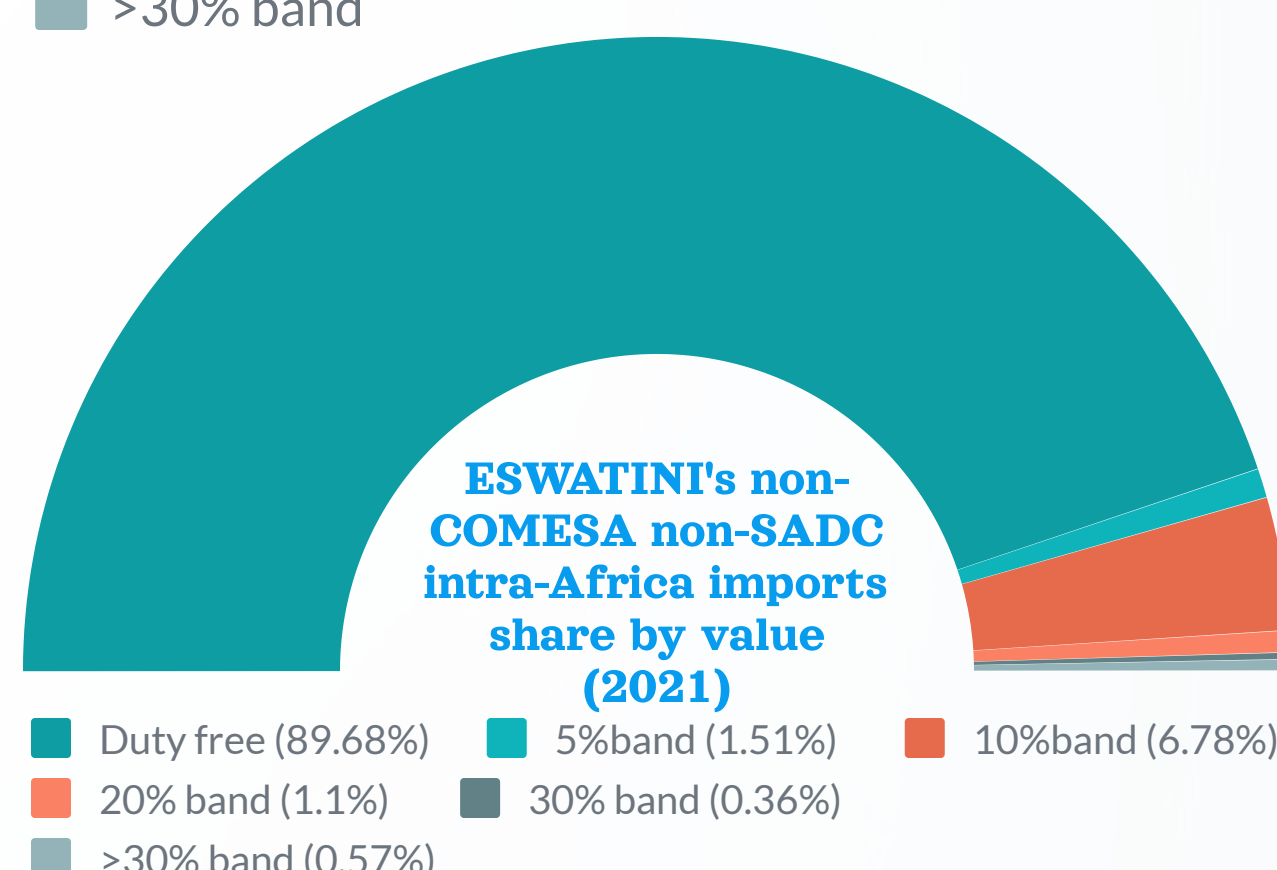
MARKET ACCESS - Eswatini's MFN tariff regime (SACU CET)



- Substantially all the goods imported into South Africa from SADC FTAs' countries enter duty-free
- Imports from countries outside the SADC FTA & SACU face MFN applied duties
- Less than 1% (US\$7 million) originate from outside COMESA and SADC the bulk of which enter duty free (90%) albeit dominated by one product group
- vegetable products which are largest import by value attract duty free tariffs

ESWATINI'S TRADE DEVELOPMENTS

- Eswatini has a relatively diverse economy dominated by the agriculture and manufacturing sectors
- Due to its small population of 1.3 million, Eswatini has positioned itself as an export-oriented economy, tapping into several free trade blocks and customs unions
- Export-oriented industries drive the economy and provide 80% of GDP
- South Africa is a large market and remains by far Eswatini's main trading partner. Meaningful export linkages are required to further boost this trading relationship
- Beyond trading with South Africa, Eswatini can explore other African markets through streamlining and digitising services which will enhance and expand its intra-Africa trade



Eswatini's average intra-Africa non-tariff trade costs for manufactured & agricultural goods (2014-2018)*

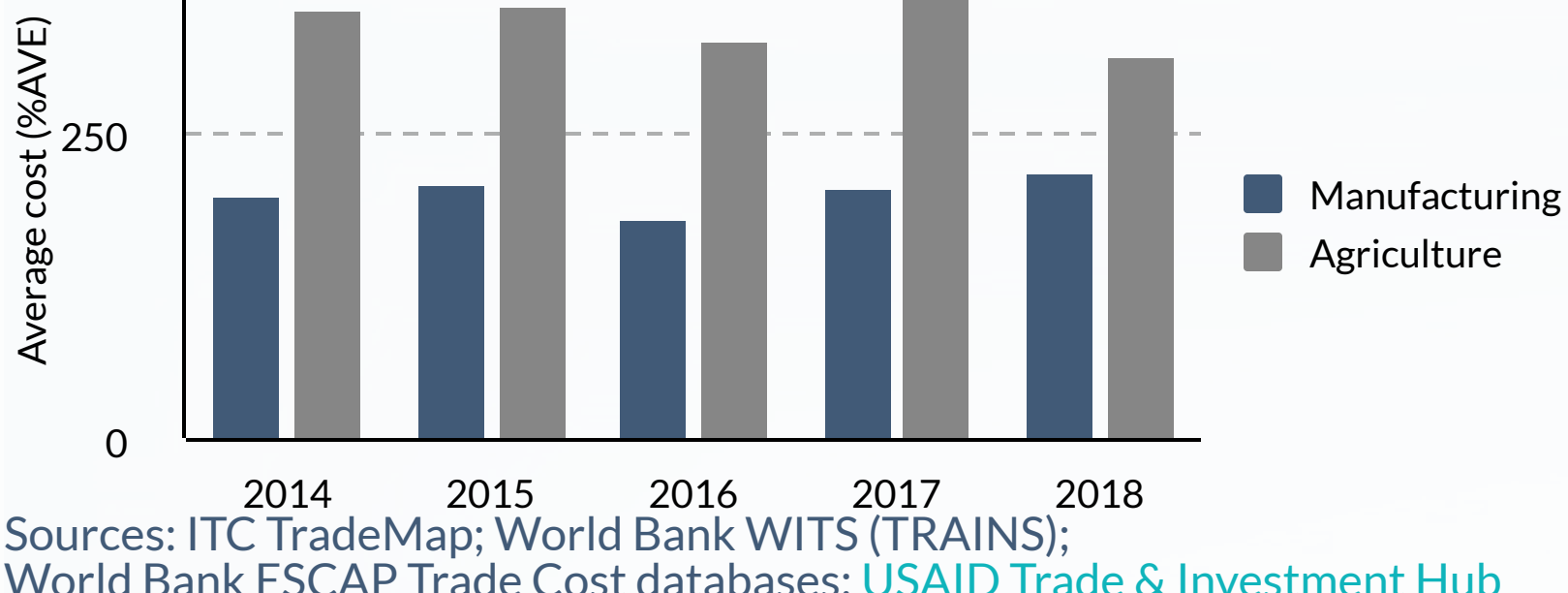
ESWATINI'S MANUFACTURED PRODUCTS NON-TARIFF TRADE COSTS (2015-2019) AD VALOREM EQUIVALENT

- Highest average non-tariff trade cost countries
 - Sao Tome & Principe- 356%
 - Chad- 332%
 - Cape Verde- 249%
- Lowest average non-tariff trade cost countries
 - Botswana- 41%
 - Ghana- 58%
 - Mauritius- 87%

ESWATINI'S AGRICULTURAL PRODUCTS NON-TARIFF TRADE COSTS (2015-2019) AD VALOREM EQUIVALENT

- Highest average non-tariff trade cost countries
 - Chad- 566%
 - Burundi- 470%
 - Rwanda- 368%
- Lowest average non-tariff trade cost countries
 - Namibia - 62%
 - Botswana- 91%
 - Zambia- 96%

*The estimates above are based on South Africa's non-tariff trade costs



This activity was commissioned by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ)



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