

## Services snapshot

# Swaziland



### KEY SERVICES DATA<sup>1</sup>, 2013

Services<sup>2</sup> share of industry value added 2012: **52%**  
 Trade in services<sup>3</sup> contribution to GDP: **26%**  
 Services share of total exports: **11%**  
 Services export composition 2012: **other commercial services (61%), transportation (26%), travel (13%)**  
 Services import composition 2012: **other commercial services (83%), travel (9%), transportation (8%)**  
 Services exports: **US\$ 242 million**  
 Services imports: **US\$ 715 million**  
 Services trade deficit: **US\$ 473 million**

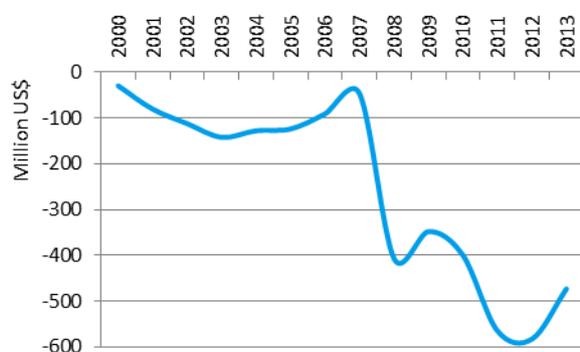
### SERVICES AT A GLANCE

Swaziland is one of the smallest states in Africa. Average growth in the last decade was 2% per annum<sup>4</sup> and expected to be sustained over the next two years.<sup>5</sup>

Services amounted to just over 50% of GDP in value-added terms in 2012.<sup>6</sup> Public administration, education, health and social work, community, social and personal services are the main segment (19% of total GDP), followed by wholesale and retail trade, hotels and restaurants (10%), finance, real estate and business services (8%) and transport, storage and communication (7%).<sup>8</sup> Since 2003, services have been the fastest growing sector at an average growth rate of 4% p.a. between 2003 and 2013.<sup>4</sup>

Services exports have grown slowly from US\$ 191 million in 2009 to US\$ 242 million in 2013 and the share of services in total exports has been declining, from 17% in 2009 to 11% in 2013. Both exports and imports are predominantly composed of commercial services other than travel and transport accounting respectively for 61% of services exports and 83% of services imports in 2012. Over the 6 years to 2012,

Figure 1. Services trade deficit



the export composition has shifted dramatically with travel services becoming more important and other business services less important.<sup>7</sup>

Trade in services contributed a steady 26% to GDP in 2013. Swaziland is a net importer of services. **The services trade deficit increased between 2007 and 2012 but is now recovering** (see Figure 1) and stands at US\$ 473 million. Since 2005 Swaziland has tended to be a net exporter of communication services; the largest trade surplus was recorded in 2010 at US\$ 16 million.<sup>7</sup>

## SERVICES SUBSECTORS

### Financial services

Insurance and financial services account for 5% of services exports and under 4% of services imports in 2012. The evolution of trade in this sector has been somewhat erratic but since 2003 has been more often in deficit than surplus (see Figure 2). **In 2013 Swaziland was a net importer of financial and insurance services.**<sup>7</sup>

There are 4 commercial banks, of which 3 are South African subsidiaries. The government-owned SwaziBank is in the process of being privatized. Of the remaining 3, the First National Bank of Swaziland is 100% foreign-owned whereas Nedbank Swaziland and Standard Bank Swaziland are partly foreign-owned (more than 60%), partly government-owned and 10% public. 265 non-banking institutions (NBIs), including 200 pension funds, 56 savings and credit cooperatives (SCCOs), and 5 insurance companies are in operation.<sup>9</sup>

There is a gap in financial services access between rural and urban areas and between youth and adults with 44% of the rural population and 78% of 18-19 year-olds lacking access to any form of financial services. Overall, 37.5% of the population has no access.<sup>8</sup>

Figure 2. Financial services share in services trade

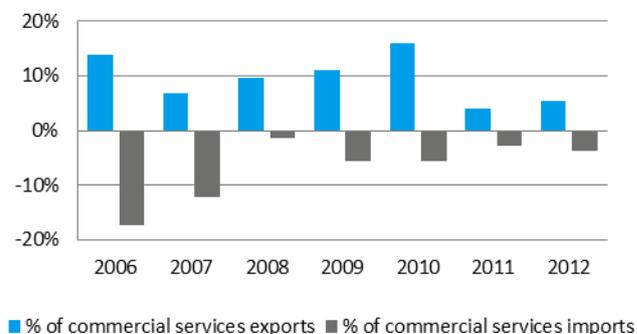


Figure 3. Communication services share in services trade

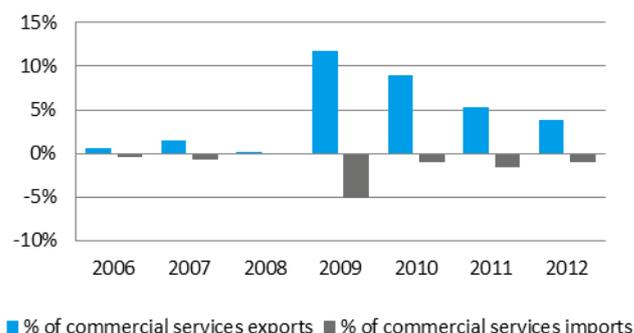
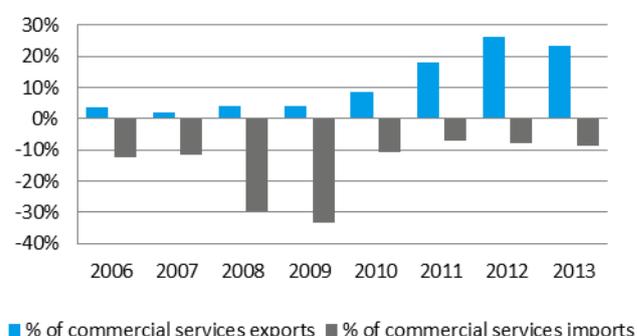


Figure 4. Transport services share in services trade



## Communication services

Communications is one of the services subsectors in which Swaziland has a trade surplus. In 2012 the subsector accounted for 4% of services exports and 1% of services imports. The shares of communication services in services exports and imports decreased between 2009 and 2013 (see Figure 3).<sup>7</sup>

The telecommunications network has been growing, in particular for mobile phone services<sup>9</sup>, whereas fixed telephone density was only 4% in 2013.<sup>10</sup> Between 2003 and 2013 the number of mobile cellular subscribers increased almost tenfold from 8% of the population in 2003 to 71% in 2013. The number of Internet users per 100 people similarly increased from 2 in 2003 to 25 in 2013.<sup>4</sup> At the end of 2013, 12.5% of households were recorded as owning a computer and 13% had Internet access at home.<sup>10</sup> The fixed network is 100% digital.<sup>9</sup>

## Transport services

Trade in transport services is traditionally in net deficit: in 2013 the net trade deficit was US\$ 5 million. The trade deficit has decreased significantly since 2009, given a gradual increase in exports and decrease in imports. Between 2009 and 2010: transport services exports almost tripled while imports more than halved. In the same period, the share of transport services in total services exports more than doubled from 4% to 8.5%, while the transport share of services imports plummeted from 33% to 11% (see Figure 4).<sup>7</sup>

Swaziland is landlocked but new rail lines have been built to connect the country with the nearest port, Maputo, in Mozambique. The road network is the largest and most used for trade, there being about 4,000 km of roads compared with only 300 km of railways. The roads that connect urban areas are paved. Air transport is for passenger flights only. There is one international airport, 2 state-owned and 9 private airports. Overall, the infrastructure is in need of maintenance.<sup>9</sup>

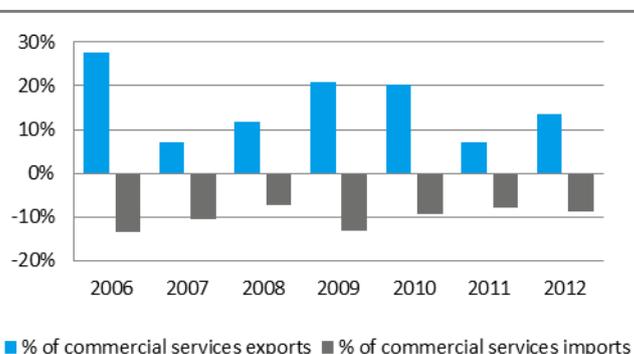
## Tourism

Travel services account for 13% of services exports and 9% of services imports in 2012 (see Figure 5). Traditionally in net surplus, trade in travel services started recording deficits in 2007. Between 2007 and 2012, the trade deficit increased from US\$ 20 million up to US\$ 41 million.<sup>7</sup>

The rich cultural heritage and diverse landscape in spite of the small size of the country have attracted increasing tourist arrivals. Tourism has been promoted particularly through membership of the Regional Tourism Organization of Southern Africa (RETOSA).<sup>9</sup> International tourist arrivals were 1 million in both 2010 and 2012, although there was an 18% decrease between 2010 and 2011.<sup>4</sup> Tourists mostly come from South Africa, Mozambique and Europe.<sup>9</sup>

According to the World Travel and Tourism Council, the majority of spending comes from domestic travel (86%). Tourism supported only 2% of total employment in 2013 but is expected to rise in the long-term. Business-related tourist spending accounts for nearly 3/4 of direct travel and tourism income in 2013.<sup>11</sup>

Figure 5. Travel services share in services trade



## FOREIGN DIRECT INVESTMENT (FDI)

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Inflows of FDI have fallen dramatically from US\$ 136 million in 2010 down to US\$ 67 million in 2013.<sup>4</sup> South Africa is one of the main investors and is particularly attracted into the insurance industry.<sup>12</sup> Swaziland is ranked 110th out of 189 economies in the World Bank's Ease of Doing Business Index 2014 and ranks at 8th position within the Sub-Saharan Africa region.<sup>13</sup>

## FOOTNOTES / SOURCES

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1. Key data derived from: UN statistics division – National Accounts Official Country Data, WTO Trade Profile, ITC Trade Map.
2. The services percentage of industry value added includes construction and utilities.
3. All trade data is for commercial services. Data for all figures derived from Trade Map (ITC, UNCTAD, WTO joint dataset).
4. World Bank – World Development Indicators.
5. World Bank – Global Economic Prospects.
6. UN statistics division – National Accounts Official Country Data.
7. ITC Trade Map.
8. African Development Bank – African Economic Outlook, Swaziland (2014).
9. WTO, Trade Policy Review, Kingdom of Swaziland (2009).
10. ITU, Country Profile, Swaziland
11. World Travel and Tourism Council - Travel and Tourism, Economic Impact, Swaziland (2014).
12. KPMG Africa Region 2012/2013, Country profile, Swaziland (2014)
13. World Bank Group – Doing Business Index, June 2014.



### For additional information

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