

Sub-Saharan Report

Sub-Saharan Africa is one of the focal regions of Global Challenge 2015.

These reports are by Mr. Kenshi Tsunemine, an expatriate employee working in Johannesburg with a view across the region.

Vol. 20: Swaziland

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Did you know there is a nation in Africa that has an “absolute monarchy” (note 1)? It is Swaziland, a landlocked country surrounded by South Africa and Mozambique. It is Swaziland that I am introducing this time, famous for its annual Reed Dance event from which the king’s wives are often chosen, as the power of the king in Swaziland, as you can imagine, is very strong.

Swaziland is located in southern Africa mostly encompassed by South Africa with a small section of its northeast border touching Mozambique. It is a very small country with a land mass of just 17,000 square kilometers, slightly smaller than the island of Shikoku in Japan (table 1). Swaziland basically has a temperate steppe-like climate, with the western highlands being rainy and cool, while the eastern lowlands, on the other hand, have little rain and temperatures can reach up to 40 degrees centigrade.

Table 1: Swaziland Country Information

Basic Data (2014)	
Population	1.1 million
Land Area	17 thousand km ²
Nominal GDP	\$4.3 billion
Per Capital GDP	\$3,848
Official Language	English, Swazi

Source: IMF

Travel from Swaziland’s capital of Mbabane to Johannesburg in South Africa takes about four hours by car or two hours by airplane, one hour by car to Matsapha International Airport in Manzini, Swaziland’s main commercial and industrial city, and then one hour by plane (pictures 1 and 2).



Picture 1: A view of Mbabane



Picture 2: The Swaziland and South Africa border



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In order for the Marubeni Research Institute to acquire live information from the field and contribute to the Company’s strategy, young Marubeni staff well-versed in economic and industry analysis have been posted to the region.

As far as tourist attractions go, Sibebe Rock (picture 3) (note 2), the world's third largest freestanding single rock formation, located just outside the capital Mbabane, and the Mlawula Nature Reserve, located in northeastern Swaziland and noted for its guided game drives (safaris), are two that stand out.

In addition, glassware crafted from recycled beer and wine bottles, known as Ngwenya (Swazi) Glass, is very popular as gift and souvenir items (picture 4).



Picture 3: Sibebe Rock

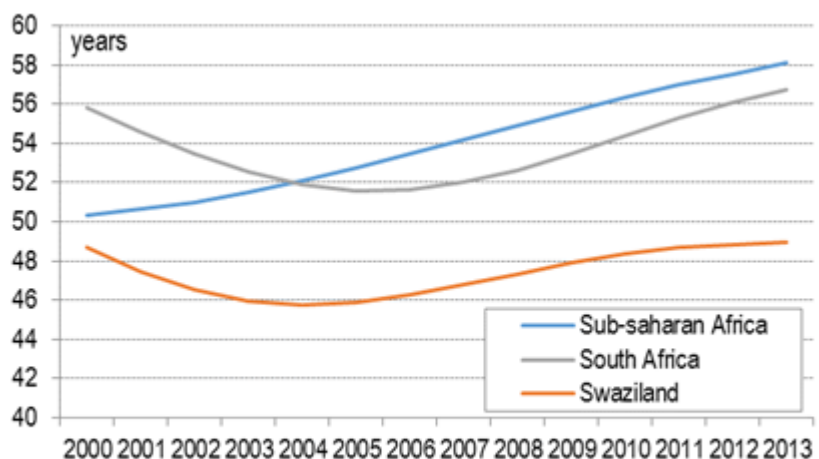


Picture 4: Handcrafted Ngwenya (Swazi) Glass (elephant figurines)

Swaziland is famous in that it was the first to introduce the famous Reed Dance. The Reed Dance is actually a kind of cultural event or festival held every year from the end of August to early September. Tens of thousands of young, unmarried women from across the country gather in traditional dress and ornaments (they adorn themselves in traditional costume and decorations with the upper body remaining naked) characteristically engaging in singing and dancing. Reeds are presented to the Queen Mother by the young women and they also pledge allegiance to the royal family. One of the aims of the event is to create solidarity among the young women, however, it also serves as a venue for the king to select wives, or as some say, a ritual where “a bride selects the king”, as polygamy is recognized in Swaziland.

At the same time, as some of you may know, Swaziland has one of the highest infection rates for HIV/AIDS in the world. According to United Nations statistics, the prevalence rate for HIV as a percentage of the total population for those between the ages of 15 and 49 is 27.7% (2014), which is the highest in the world (note 3). As a result, life expectancy in Swaziland is very low at 51 years and is one of the major challenges the country faces today (graph 1).

Graph 1: Average Life Expectancy



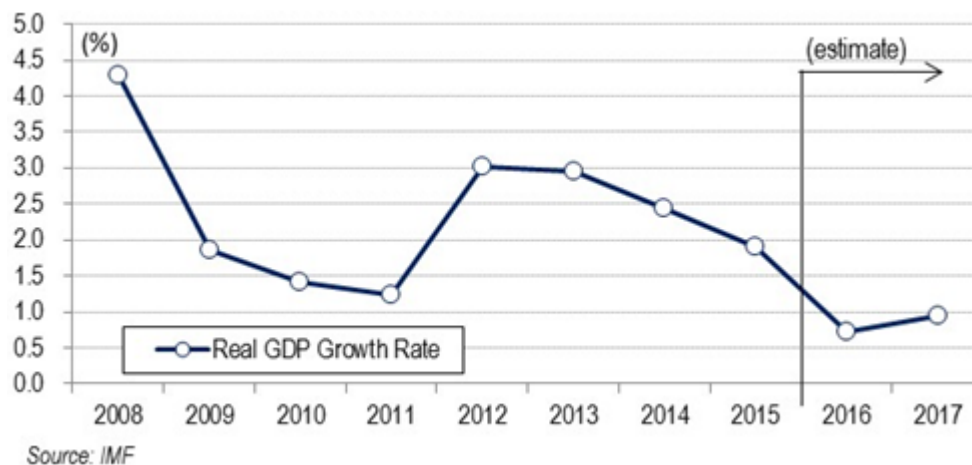
Source: World Bank "Life expectancy at birth"

Swaziland established itself as a kingdom and drew up its boundaries in the 19th century. Threatened by the Zulu people and the South African Boers (Afrikaners), Swaziland sought protection under the British as it was clearly distinct from the neighboring region making up the South African Federation, and became a protectorate of the British in 1902 after the Anglo-Boer War. Following this, mostly under King Sobhuza II, Swaziland would become a self-governing dominion and protectorate before finally being granted independence in 1968. Swaziland carried out its first elections in 1972 and were handily won by the Imbokodvo National Movement (IMN), which originally had been a royalist and nativist affiliated party. However, the following year King Sobhuza II abolished the constitution, which had been written under the guidance of Great Britain, claiming the INM went against the Swazi way of life and created an absolute monarchy with the three branches of government basically under his control. In 1978, a new constitution was introduced with a bi-cameral parliament, however parliament's function was to serve only as an advisory body to the king which meant that the complete authority of the king was guaranteed. King Sobhuza II died in 1982 with a struggle for the throne ensuing. In 1986 Musuwati III was crowned the new king of Swaziland.

The authoritative kingship was preserved under King Musuwati III, however, criticism of the monarchy began to increase in the early 1990s and calls to amend the constitution rose. In 1993, the first general elections in 20 years were carried out and a new constitution was finally enacted in 2006. Still, the post of prime minister, many top government positions and the leadership of the ruling party were held by members of the Dlamini family, who were very close with the royal family, so the strong influence and rule of the monarchy over the country was maintained. Also, all political activities, except those of the ruling IMN, have been prohibited, so democratization in Swaziland has not progressed, although there have been sporadic protests against the government and monarchy.

The economy of Swaziland has actually done fairly well under monarchial rule, although it has been sluggish in recent years (table 3).

Graph 2: Real GDP Growth Rate



Due to the country's geographical proximity to South Africa, Swaziland's economic dependence in terms of scale on South Africa is quite high. Most of its trade, more than 60% of its exports and well over 80% of its imports, is with South Africa. So, the downturn in the South African economy in recent years has led to downward pressure on Swaziland's economy as a result (table 2) (note 4).

Table 2: Swaziland's Major Trading Partners

Exports			Imports		
Country	Million Rand	%	Country	Million Rand	%
South Africa	11,587	62.1	South Africa	13,999	87.3
Mozambique	760	4.1	China	653	4.1
Italy	602	3.3	Taiwan	225	1.4
China	566	3.1	India	169	1.1
USA	551	3	Lesotho	94	0.6
Nigeria	487	2.6	USA	89	0.6
Spain	421	2.3	Egypt	68	0.4
Kenya	418	2.3	Mozambique	64	0.4
Romania	356	1.9	Germany	59	0.4
Angola	335	1.8	UAE	51	0.3
Total	18,659	100	Total	16,036	100

Source: Southern African Customs Union

Note: 1USD=9.65R, average of 2013

About 70% of Swaziland's population is engaged in agriculture with maize, sugar cane, and citrus fruit, among others, being the mainstay crops. However, there are indications that drought and the reduction in farm workers due to the HIV/AIDS epidemic has led to relatively stagnant agricultural production.

As far as other industries besides agriculture, sugar refining and textiles have been the other pillars of the economy (note 5). However, the textile industry has faced stagnation recently. Swaziland's textile product exports to the U.S. were exempt from tariffs due to the U.S. African Growth Opportunity Act (AGOA), whose aim is to help develop the apparel industry in Africa through expanded exports of textile products to the U.S. Unfortunately, from January of 2015 Swaziland was removed as a beneficiary of the AGOA (note 6) leading to sluggish textile exports to the U.S., which has also contributed to the slowdown in Swaziland's economy.

Another distinguishing feature of the Swaziland economy is that more than 50% of the government's revenues come in the form of dividends (revenue sharing receipts) from the Southern African Customs Union (SACU) as the country has scarce revenues of its own. In spite of the fact that Swaziland's public finances are heavily dependent on these SACU dividends, the king has been spending public money lavishly on private jets, luxury cars and new palace construction which has drawn a great deal of criticism recently.

In fiscal 2016, dividends paid by the SACU have fallen due to the slowing economies in neighboring countries. As such, the government will have a budget revenue shortfall of \$400 million (planned expenditures are \$1.34 billion), which means the government will have to borrow money from outside sources.

Swaziland's per capita GDP of \$3,800 is comparatively high for a country in sub-Saharan Africa, however, in reality the

standard of living of the general public and ordinary citizens is much lower than this. The lavish lifestyle of the royal family and the lack of democracy in Swaziland has in fact created a very unhealthy situation.

That said, while there have been no signs of sudden regime change yet, with the economy worsening due to being suspended from the AGOA and the continuing economic downturn in neighboring countries, it cannot be said that there is no possibility that public discontent will explode given the growing problems Swaziland is facing.

As you can see, Swaziland's monarchy is facing some tough challenges. Frankly speaking, Japan has few economic or political ties to Swaziland, not to mention the fact that the country is not really on the global radar screen or a hot topic in global news. In actuality there are currently only 16 Japanese citizens residing in Swaziland (2015, Japan Ministry of Foreign Affairs), and I'm afraid the average Japanese person may be only rudimentarily acquainted with the country if at all.



Picture 5: Swaziland highland (mountain) kandscape

So for those who want to go to someplace “different”, someplace off the beaten track, someplace really “rare” in Africa (and comparatively safe), this might be the country to go see; this might be the journey for you. And for those of you visiting South Africa who are interested in the country, especially Ngwenya (Swazi) Glass, you can easily add that visit to your agenda as Swaziland is very near (note 7).

Note 1: *Other monarchies in continental Africa are Morocco and Lesotho, although king's power in those countries is limited by their constitutions. Although Swaziland has a constitutional system, the extensive power of the monarchy (king) makes it, for all intents and purposes, the only absolute monarchy in Africa.*

Note 2: *Australia's Mt. Augustus and Ayers Rock are number 1 and 2.*

Note 3: *After Swaziland, other countries in southern Africa with high prevalence rates are Botswana (25.2%), Lesotho (23.4%), South Africa (18.9%), and Zimbabwe (16.7%).*

Note 4: *Swaziland's currency, the lilangeni, is pegged to the South African rand. The South African rand can be used domestically in Swaziland.*

Note 5: *One other major industry in Swaziland was pulp processing, however, pulp mill operations were closed down in 2010.*

Note 6: *To qualify for the tariff exemptions 5 conditions must be met, including having in place worker rights protection, public procurement-related legislation, counter-terrorism measures and so on. Swaziland was found not have met some of these conditions. However, it should be noted that as of February 2016, Swaziland had made improvements to meet 3 of the conditions it had not met, including worker rights protection, and as such has re-submitted an application to re-join the AGOA tariff exemption system.*

Note 7: One way to get to Swaziland from South Africa is through Kruger National Park, a South African tourist mecca, which takes less than one hour, so is quite an easy trip.

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