

# Swaziland

## — slow growth better than no growth

October 2008

BY James Hall

Growth may be slower in Swaziland than in other SADC member states – about 2% GDP growth expected this year – but slow growth is not the same as no growth or negative growth, champions of the country's investment opportunities assert. Swaziland's liabilities – its small size, landlocked status, poverty and AIDS epidemic – have a counterbalance in a generally favourable business climate and close links with SA.

Those links include road and rail infrastructure, both of which continue to improve. The aggressive upgrading of a

national highway system begun in the mid-1990s sees new extensions each year, with a critical link connecting the Oshoek border post with the Matsapha Industrial Estate to be operational in 2009.

A controversial airport under construction in the rural hinterland will also see service in the year ahead, offering the potential for expanded airfreight capacity in the country.

A rail link to Gauteng is a perennial desire for shippers, and has received additional urgency this year in the wake of escalating fuel prices.

Trade figures underscore Swaziland's symbiotic relationship with SA, which surrounds the nation but for a sliver over

the north-eastern border with Mozambique. Up to 90% of imports originate in SA, including all petroleum products, though experiments by the big sugar plantations in the eastern lowveld to produce ethanol from sugar cane offer the first real alternative to that dependency, no matter how small originally.

Up to 70% of Swazi exports are absorbed by the SA economy. Road freight largely moves these goods. Rail handles all the coal excavated in the country, and sends it to SA via Komatipoort. The rail line to Durban brings in industrial inputs and takes out finished garments for export.

Everything else, from wood pulp to



oranges, soft drink concentrates to bulk sugar that constitute the country's main products, goes by road. This explains government's ongoing emphasis on highway construction.

## Hands-on approach lures investors

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Swaziland is a small and personable country, and the personal touch is just the approach that government's investment promotion agents find is the way to position the country in a competitive regional environment. Overseas investors may find locations that are more populous and have larger volumes of this and that,

but the Swaziland Investment Promotion Authority (Sipa) believes its "hands on, we care" approach to assisting incoming businesses is a valuable lure.

"We work with investors from the time they arrive in the country, and we never stop," said John Creamer, a business development director for Sipa.

Set up in the 1990s by the Ministry of Enterprise and Employment, Sipa

assesses a start-up company's business, infrastructure, tax, labour relations and other needs, and helps streamline the process.

Sipa's goal is to wed foreign-owned operations with local Swazi suppliers.

"We constantly go back to companies once they are established and ask 'What do you need?' If their needs can be met by a local supplier, we bring them together.

Sometimes, a need isn't recognized until we go over their operations, and we have had new companies start up to supply those needs," said Creamer.

Sipa's work attracting investors is helped considerably by government's efforts to upgrade the country's highway system, and Swaziland's proximity to SA, which is both a supplier of materials and purchaser of finished products.