



Doing Business In Swaziland: A Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Swaziland

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Market Overview

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Swaziland is a small country (slightly smaller than New Jersey), with a population of 1.1 million. It is bordered by South Africa and Mozambique.

Export-oriented industries drive the economy and provide 80 percent of GDP. (*Central Bank Annual Report 2003/2004*, Central Bank of Swaziland)

Over 88 percent of the country's imports come from South Africa and nearly 62 percent of Swaziland's exports are bound for its dominant neighbor. (*Ibid*)

U.S. exports to Swaziland account for less than 1 percent of Swazi imports. U.S. imports from Swaziland account for 11 percent of Swazi exports. (Central Bank of Swaziland and USITC, 2003)

The United States runs a trade deficit with Swaziland of more than US\$180 million. (USITC, 2004)

Swaziland is a member of the Common Monetary Area (CMA). Its currency, the Lilangeni (plural: Emalangeni), is linked to the South African Rand at par.

Macroeconomic performance has continued to stagnate, with real GDP growth averaging 2.1 percent in 2004. (*Swaziland Country Report*, Economist Intelligence Unit, April 2005).

Swaziland is currently a member state of the Common Market for Eastern and Southern Africa (COMESA), The Southern Africa Development Community (SADC), and the Southern African Customs Union (SACU).

Swaziland continues to benefit from African Growth and Opportunity Act (AGOA) eligibility. On January 18, 2001, Swaziland was designated as the 35th AGOA eligible country. AGOA has created job opportunities, especially in the garment manufacturing industry.

Swaziland is a signatory of the General Agreement on Tariffs and Trade.

Market Challenges

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Swaziland is facing a serious socio-economic situation characterized by sluggish economic performance, poverty, high HIV/AIDS prevalence rate, and growing unemployment.

In addition, both the January 1, 2005 expiration of the WTO's Agreement on Textile and Clothing (ATC) and the reform of the European Union sugar regime are expected to have serious negative consequences for Swaziland's garment and sugar sectors.

Market Opportunities

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Privatization is high on the government's official agenda; however, progress in a given sector can be very slow unless a crisis emerges—such as huge profit losses. The Dairy Board was successfully privatized, and Swaziland Railways has started to privatize. Telecommunications, insurance, water, electricity, and several parastatals (Maize Board, Cotton Board, National Marketing Board, and Swaziland Agricultural Development Enterprise [SWADE]), when deregulated, will be prospective sectors for investment.

Some irrigated land, currently planted with sugar cane, will likely switch to new crops by the end of 2006 due to a decline in the EU price for Swazi sugar. The change in production will demand new capital investment and a shift in farm inputs. Although the specific crops to be planted on the land have not been announced, a shift to more citrus and vegetable crops is probable. Suppliers of seeds, pesticides, transportation, and storage for these products could find opportunities for new sales.

Franchising opportunities for U.S. business, such as restaurants and retail shops, are plentiful in Swaziland and have been successful in the past.

A number of bills influencing Swaziland's business environment are awaiting Parliament's approval:

The **Competition Bill** encourages competition in the economy by controlling anticompetitive trade practices, mergers and acquisitions, and protecting consumer welfare. The bill establishes a Competition Commission to enforce the new regulations.

The **Trade and Business Facilitation Bill** addresses small business concerns, but also has implications for larger enterprises. The bill removes the restriction limiting shop hours to 8:00 a.m. to 5:00 p.m., which has hindered some larger businesses.

The **Insurance Bill** provides a regulatory framework for insurance companies and intermediaries. This bill will open market opportunities in the insurance business, currently a parastatal.

Market Entry Strategy

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The Embassy recommends contacting the Swaziland Investment Promotion Authority (SIPA). SIPA can help to register companies and secure premises.

The Embassy advises potential investors to visit Swaziland prior to establishing a business. Some foreign businesses partner with Tibiyio Taka Ngwane, Swaziland Industrial Development Company (SIDC), and/or SWAKI (Swaziland Kirsh Industries). See Chapter 3, [Joint Ventures](#), for more information.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/2841.htm>

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Using an Agent or Distributor

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Marketing U.S. goods and services may best be accomplished through bases or agents in South Africa. The Foreign Commercial Service office at the U.S. Consulate General in Johannesburg can help U.S. businesses interested in accessing Swazi markets find agents and partners in South Africa. In addition, the following organizations are available to help foreign businesses find distributors and partners in Swaziland:

- The Swaziland Investment Promotion Authority (SIPA) and Swaziland Industrial Development Company (SIDC) can help in finding partners.
- Swaziland Kirsch Industries (SWAKI) offers local expertise to foreign businesses on a diversity of projects and can help larger enterprises not yet represented in Swaziland to establish retail outlets.

Swaziland Investment Promotion Agency

7th Floor, Mbandzeni House

Church Street

P.O. Box 4194

Mbabane H100, Swaziland

Tel.: (268) 404-0470/4

Fax: (268) 404-3374

www.sipa.org.sz

Swaziland Industrial Development Company

P.O. Box 866

Mbabane H100, Swaziland

Tel.: (268) 404-3391

Fax: (268) 404-5619

E-mail: sidc@africaonline.co.sz

www.sidc.co.sz

SWAKI

P.O. Box 1839

Manzini H100, Swaziland

Tel.: (268) 505-2693

Fax: (268) 505-2001

Establishing an Office

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The Swaziland Investment Promotion Authority (SIPA) is a government agency created to promote, attract and assist the establishment of both local and foreign enterprises. SIPA is the logical first point of contact for a new business in Swaziland. The following are SIPA's guidelines for establishing operations in Swaziland:

1. **Business Registration:** SIPA facilitates the registration of the company through legal practitioners (Companies Act of 1912). Costs range between US\$100 – US\$200.
2. **Immigration:** SIPA handles the applications for Entry Permits on behalf of the investor. Medical certificate, certificates of association, share certificates, bank statements, police clearances and two passport size photos are required. Permit fees range from US\$25 for up to 12 months to US\$250 for five years.
3. **Trading Licenses:** SIPA will also handle this application (Trading Licenses Order No. 20 or 1975). The cost of the license is US\$45.
4. **Utilities Services:** Applications are handled by SIPA.
5. **Environmental Compliance:** All non-services related businesses are required by law to apply for approval from the Swaziland Environmental Authority, a process that SIPA fully facilitates. All waste-creating industries are required by law to undertake an environmental impact assessment.

6. **Factory Inspectorate and National Provident:** Law requires these registrations. The registration process is facilitated by SIPA.

Foreign investors have encountered some difficulties working with SIPA and with government regulations outside of SIPA's scope. A May 2005 study by USAID's Regional Center for Southern Africa, the "Swaziland Investor Roadmap" describes in detail the problems encountered by investors in Swaziland. The study (available at: http://mbabane.usembassy.gov/local_links.html) outlines many step-by-step procedures related to employing, reporting, locating, and operating in Swaziland.

Two common problems described in the "Swaziland Investor Roadmap" are:

1. **Trading License/Entry Permit:** The current procedures require a Trading License to obtain an Entry Permit while simultaneously requiring an Entry Permit to obtain a Trading License. In practice, an investor must negotiate with both the Department of Immigration and the Ministry of Enterprise and Employment to reach an informal agreement as to which permission will be granted first.
2. **Entry Permit Review:** Some investors complain that the review of applications for employee Entry Permits can vary; thus, employers cannot predict if and when an employee will be able to work legally in the country.

The U.S. Embassy in Mbabane is working with SIPA and the government in general to clarify the issues raised in the "Swaziland Investor Roadmap." As circumstances change, this document will be updated accordingly.

Franchising

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Franchising opportunities for U.S. business, such as restaurants and retail shops, are plentiful in Swaziland. Franchises in Swaziland are mostly South African, or come to Swaziland by way of a South African entity that has purchased master franchise rights to the region, e.g. Kentucky Fried Chicken, John Deere, Bandag Tyres, FedEx, and DHL.

In the past, South African buyers have allegedly taken advantage of foreigners' ignorance of Swaziland's political independence, and illegally set up franchises in Swaziland without having proper licensing for the country. Swazi business people are thus often suspicious of new franchises in the country. Master franchise deals exclusively for Swaziland or for the region are not subject to restrictions beyond the requirements of any other business arrangement.

There are several urban centers that could support a variety of franchise types. Swazi business people are very interested in cutting their own deals with U.S. and other foreign firms for franchising rights instead of going through South Africa.

Uneasiness with South African dominance in regional franchising extends across southern Africa and can be an important impetus to U.S. firms, not only to sell Swazi franchising rights directly to Swaziland-based buyers, but to consider a Swazi franchiser for the broader region.

There are Swazis interested in becoming regional franchisers and who can command the resources necessary to do so. The disadvantage of Swaziland-based franchising is

the lack of a strong manufacturing base. In certain ventures, South Africa's ability to more readily provide needed supplies gives it an advantage.

Direct Marketing

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There are no restrictions against U.S. companies marketing their goods in Swaziland. The government's annual Swaziland International Trade Fair, held the last week of August or the first week of September, welcomes international companies for marketing purposes.

Joint Ventures/Licensing

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A number of organizations in Swaziland can help foreign firms to pursue joint ventures. The four largest are the Swaziland Industrial Development Company (SIDC), the Swaziland Investment Promotion Investment (SIPA), SWAKI, and Tibiyo Taka Ngwane.

SIDC is a private development finance company formed as a joint venture between the government and several international and local financial institutions. The main objective of SIDC is to assist incoming companies by financing joint ventures, equity participation, asset leasing, and providing factory shells. Partners include:

- Government of Kingdom of Swaziland – 34.9 percent
- German Investment and Development Company (DEG) - 22.1 percent
- International Finance Corporation (IFC) - 13.7 percent
- Commonwealth Development Corporation (CDC) - 10.9 percent
- Netherlands Development Finance Company (FMO) - 10.2 percent
- French Development Finance Institution (PROPARCO) - 5.0 percent
- Standard Bank of Swaziland - 1.6 percent
- Nedbank (Swaziland) Limited - 1.6 percent

SIPA is a government agency which facilitates investment in Swaziland. It can help foreign businesses search for partners.

SWAKI Group of Companies is a private entity, but forms joint ventures with incoming companies to boost small to medium enterprises.

Tibiyo Taka Ngwane, a private trust fund managed by the King for the nation, is a major player in Swazi joint venture enterprises. Tibiyo invites foreign partners to either form joint venture projects or to run Tibiyo's wholly owned projects under direct management contract. Tibiyo usually expects the joint venture partner to provide leadership in technical project implementation as well as professional management. When participating in a joint venture, Tibiyo is flexible on the level of its equity stake, generally ranging between 20-50 percent. It can provide limited loan financing to the joint venture at a favorable rate. Tibiyo, when requested, also can play a facilitator role to investors wanting to set up in the country but wishing to "go it alone."

Selling to the Government

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In marketing products and services to the government, one should not expect a steady flow of sales, but there are occasional opportunities for one-off sales of considerable size. Generally the government publishes tenders in the local media and, depending on

the commodity required, occasionally in the South African media. The U.S. Embassy in Mbabane has a fair overview of what opportunities exist. The commercial office in the U.S. Embassy welcomes the chance to direct interested American parties to the relevant authorities and actively seeks to secure fair consideration of American offers of goods and services.

There are three basic sources of government tenders. First, Government Stores, which is the government's procurement department located in the Ministry of Finance, purchases general supplies (furniture, stationary, etc.). Second, the Central Transport Authority (CTA) at the Ministry of Public Works and Transport purchases heavy equipment (tractors, bulldozers, generators, etc.). Third, individual Ministries directly purchase items unique to their work (meteorological equipment, x-ray machines, etc.).

Potential bidders pay for the right to bid at the government revenue office and then collect tender documents from Government Stores after showing receipt from the government revenue office. Bids are returned to the Central Tender Board. Bidders are invited for the opening of the bids. In some instances, a Ministry can apply for a tender waiver if there are too few companies supplying a particular commodity.

The government requires three quotes to procure an item. It will issue an order to the company selected, and then the company applies for an import permit from the Ministry of Finance.

Distribution and Sales Channels

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Swaziland uses two ports for imported goods: Durban, South Africa, and Maputo, Mozambique. Swaziland has a dry port at Matsapha, near Manzini, that clears consignments coming into Swaziland via the railway line.

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Service plans and warranties are an important selling point in Swaziland, especially for equipment and automobiles. In order to compete with South Africa products, U.S. businesses should make provisions for after-sale maintenance.

English is one of Swaziland's two official languages and, as long as labeling is done professionally and instructions for use are explicit, Swazi buyers will not have a problem with the commodity.

Electronic Commerce

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E-commerce is not widely used in Swaziland. Few individuals buy items over the internet or use credit cards. Only two financial institutions in the country have introduced e-banking.

Internet scams are common in Swaziland. When dealing with Swazi companies claiming to support e-commerce, it would be best to check with local banks to confirm the validity of the transaction.

Trade Promotion and Advertising

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Two newspapers in Swaziland offer advertising possibilities for U.S. businesses: the privately-owned *Times of Swaziland* and Tibiyo Taka Ngwane's *Swazi Observer*. A monthly magazine, *The Nation*, at one time banned by the government, has been back in circulation for some time. Swaziland has one business journal, *The Swaziland Business Yearbook*, now in its fourteenth year.

Newspapers:

The Swazi Observer

Observer House, West Street Mbabane

Tel (268) 404-5190, 404-5194

Fax (268) 404-5503

E-mail: observmb@realnet.co.sz

Website address: www.observer.org.sz

The Times of Swaziland

P.O. Box 156, Mbabane

Tel (268) 404-1550, 404-1551, 404-1552, 404-1553

Fax (268) 404-2438

E-mail: times@realnet.co.sz

Website address: www.times.co.sz

Other Publications:

The Nation

P.O. Box 3433, Mbabane

Tel. (268) 404-6611

E-mail: thenation@realnet.co.sz

Swaziland Business Yearbook

Published by Christina Forsyth Thompson

P.O. Box 592, Mbabane

Tel (268) 404-3400, 404-1839

Fax (268) 404-3400

E-mail: cft@realnet.co.sz

Website address: <http://www.swazibusiness.com/indexsbyb.html>

The government owns radio and television stations which sell advertising (no website is available for these ventures). Swaziland has one privately owned radio station broadcasting Christian material, but has no privately owned television stations. It is possible to advertise with South African television stations broadcasting into Swaziland.

Pricing

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Pricing of commodities in Swaziland is usually inclusive of all taxes. Swaziland charges 14 percent sales tax on all goods sold within the country.

Sales Service/Customer Support

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After-sale maintenance is top priority for any sale to succeed in Swaziland. Swazis are hesitant to buy products that cannot be serviced in Swaziland, and U.S. exporters should make provisions for in-country service to promote sales. For example, although government agencies may be willing to wait up to two weeks for automobile service in South Africa, private individuals will not tolerate the inconvenience. Like western consumers, many Swazis will demand same-day or overnight service on their vehicles.

Protecting Your Intellectual Property

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See Chapter 6, [Protection of Property Rights](#)

Due Diligence

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Proper due diligence should form the starting base for any business negotiation with Swazi concerns. U.S. companies should act prudently in completing due diligence reports prior to any proposed business deals.

The U.S. Department of Commerce's Foreign Commercial Services (FSC) Section at the U.S. Consulate General in Johannesburg can provide valuable background information on Swazi firms through their International Company Profile (ICP) service. Further information can be obtained by visiting www.buyusa.gov/southafrica or contacting the FCS Export Assistance Center at (+27) 11-778-4808.

Local Professional Services

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Professional Associations:

Law Society of Swaziland, High Court Building, Mbabane.
Phone: 404-9945

Accountants and Auditors

Kobla Quashie and Associates
Email: info@koblaquashie.co.sz

Management Consulting

Regional Excellence & Development Initiative
Email: info@redi.realnet.co.sz

KPMG Management Services Email: kpmg@kpmg.co.sz

Web Resources

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Business Yearbook
<http://www.swazibusiness.com/indexsbyb.html>

Swaziland Industrial Development Company
www.sidc.co.sz

Swaziland Investment Promotion Agency
<http://www.sipa.org.sz>

Tibiyo Taka Ngwane
<http://ww2.tibiyo.com>

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Chapter 4: Leading Sectors for U.S. Export and Investment

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Commercial Sectors

In the past, U.S. non-agricultural exports to Swaziland have been concentrated in boilers, machinery, appliances, transport equipment, and chemicals. In the service sector, U.S. interests have been involved in a variety of consulting work, including architecture, engineering, finance, and insurance consulting. The following is the Embassy's assessment of the best prospects for goods and services exports to Swaziland. The listing order does not indicate a sequential ranking of prospects.

- [Telecommunication Equipment and Services](#)
- [Miscellaneous Food Processing/Packaging](#)
- [Road Vehicles and Parts/Service](#)
- [General Industrial Equipment/Supplies](#)
- [Paper and Paperboard](#)
- [Electrical Power Systems/Parts](#)
- [Travel/Tourism Service](#)
- [Airplane and Helicopter Parts](#)
- [Ingredients for Beverage Concentrate](#)

Telecommunications Equipment and Services

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Swaziland's telecommunications network is fully digital. Optical fiber and local loop systems have been installed and link key areas throughout the country. The internet has become an integral part of the communications network in Swaziland. Internet service providers with web hosting services have been established in Manzini and Mbabane. The landline network is a state monopoly. A private company holding a state sanctioned monopoly provides cellular phone services.

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U.S. suppliers/manufactures will find a market for cellular phone products.

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By state sanctioned monopoly, only MTN Swaziland Ltd offers cellular service. The industry is scheduled to open to competition in 2008; however, the final status of the industry is yet to be determined.

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Swaziland Posts and Telecommunications Corporation
<http://www.sptc.co.sz>

Miscellaneous Food Processing/Packaging**Overview**[Return to top](#)

Swaziland is actively pursuing investors in value-added industries which use inputs such as sugar, citrus fruit, and vegetables. For example, Swaziland is a major exporter of soft drink concentrate and imports machine parts for this production.

	2002	2003	2004
Total Market Size	5.2	n.a.	n.a.
Total Local Production	0	n.a.	n.a.
Total Exports	0	n.a.	n.a.
Total Imports	5.2	n.a.	n.a.
Imports from the U.S.	0.2	n.a.	n.a.

Note:

-All figures in USD millions

-Figures from UN COMTRADE and refer only to industrial machine parts for food and drink preparation

-"n.a." - not available

-2002 Lilangeni/Dollar exchange rate: USD 1 = SZL 10.52

-2003 Lilangeni/Dollar exchange rate: USD 1 = SZL 8.00

-2004 Lilangeni/Dollar exchange rate: USD 1 = SZL 6.50

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U.S. suppliers/manufactures will find a market for drink preparation machine parts.

Road Vehicles and Parts/Service**Overview**[Return to top](#)

Swaziland registered 5,192 vehicles in 2004. The rate of new registrations has climbed steadily for the past 4 years. Although one major dealer left Swaziland in 2004, Peugeot and Nissan both established operations in the country.

New Registration of Vehicles in Swaziland

	2000/01		2001/02		2002/03		2003/04	
	New	Used	New	Used	New	Used	New	Used
Passenger Cars	458	1,104	406	1,301	809	906	869	1,735
Light Commercial	857	342	1,244	506	1,020	935	1,136	538
Heavy Commercial and Buses	170	432	198	345	385	563	484	430
Total	1,485	1,878	1,848	2,152	2,214	2,404	2,489	2,703

-Source: Central Statistics Office and Central Surveys

-Figures are given by fiscal year (April 1 – March 31)

Vehicles

	2002	2003	2004
Total Market Size	80.6	n.a.	n.a.
Total Local Production	0	n.a.	n.a.
Total Exports	0	n.a.	n.a.
Total Imports	80.6	n.a.	n.a.
Imports from the U.S.	0.07	0.03	0.15

Note:

-All figures in USD millions

-Figures refer to "Vehicles other than railway, tramway"

-"Total Market Size" from UN COMTRADE

-"Imports from the U.S." from USITC

-"n.a." - not available

-2002 Lilangeni/Dollar exchange rate: USD 1 = SZL 10.52

-2003 Lilangeni/Dollar exchange rate: USD 1 = SZL 8.00

-2004 Lilangeni/Dollar exchange rate: USD 1 = SZL 6.50

Best Prospects/Services

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U.S. suppliers/manufacturers will find a market for passenger vehicles and road tractors for semi-trailers.

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Swazis recognize the U.S. as the world leader in truck manufacturing and recently Swazi buyers have been looking more seriously at U.S.-manufactured trucks.

General Industrial Equipment/Supplies

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Swaziland is home to a young but substantial garment industry prompted by incentives offered by the African Growth and Opportunity Act (AGOA). The industry currently imports most of its textile requirements, but AGOA stipulates that preferential treatment will not apply to goods made from third country materials after September 30, 2007. At least one enterprise is already setting up operations to produce garment material locally. Such operations are capital intensive and will require machinery which could be provided by U.S. suppliers.

	2002	2003	2004
Total Market Size	n.a.	n.a.	n.a.
Total Local Production	n.a.	n.a.	n.a.
Total Exports	n.a.	n.a.	n.a.
Total Imports	1.4	n.a.	n.a.
Imports from the U.S.	0	n.a.	n.a.

Note:

-All figures in USD millions

-Figures from UN COMTRADE and refer to all machinery used for making textile fabrics

-"n.a." - not available

-2002 Lilangeni/Dollar exchange rate: USD 1 = SZL 10.52

-2003 Lilangeni/Dollar exchange rate: USD 1 = SZL 8.00

-2004 Lilangeni/Dollar exchange rate: USD 1 = SZL 6.50

Paper and Paperboard

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Swaziland is a major producer of wood pulp, exporting some and converting some into paper and paperboard locally. However, it imports nearly twice as much paperboard as it exports. Investment aimed at servicing both the local and export markets may be profitable.

	2002	2003	2004
Total Market Size	n.a.	n.a.	n.a.
Total Local Production	n.a.	n.a.	n.a.
Total Exports	11.5	n.a.	n.a.
Total Imports	24.0	n.a.	n.a.
Imports from the U.S.	0.2	0	0

Note:

-All figures in USD millions

-"Total Exports" and "Total Imports" from UN COMTRADE

-"Imports from the U.S." from USITC

-"n.a." - not available

-2002 Lilangeni/Dollar exchange rate: USD 1 = SZL 10.52

-2003 Lilangeni/Dollar exchange rate: USD 1 = SZL 8.00

-2004 Lilangeni/Dollar exchange rate: USD 1 = SZL 6.50

Electrical Power Systems/Parts

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South Africa's dwindling surplus of electricity for export will force Swaziland to invest in greater domestic production. Swaziland generates approximately 20 percent of its required 1.2 billion kilowatt hours of electricity and imports the remainder from South Africa. As demand for electricity in South Africa grows, the South African power utility, Eskom, will be less willing to sell to Swaziland.

SIPA has announced plans to build coal-powered plants to generate the 1,000-1,200 mw per year which Swaziland imports. The proposed site is in the lowveld near known coal fields. Swaziland has only one coal mine currently in operation.

Besides generation, Swaziland also demands equipment to maintain and extend its transmission and distribution system.

Best Products/Services

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Investors should examine the possibility of new power plants in Swaziland.

Copper wire, which is installed by the public electricity company, is a prime target for theft and thus must be replaced frequently. The wire is used to protect equipment from the country's severe lightening storms.

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The government is considering switching to composite wire which can not be melted down for other uses and thus is not attractive to thieves. Exporting such composite wire could be a profitable enterprise.

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Swaziland Electricity Board
<http://www.seb.co.sz>

The National Energy Policy
<http://www.ecs.co.sz/energy>

Travel/Tourism

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Swaziland has long been an attractive travel destination with a range of modern hotel accommodations available. Visitors traveling to South Africa often plan a short side trip

to Swaziland to experience unique traditions and an easy pace of life. Tourism is expected to grow steadily in southern Africa, and Swaziland will continue to capture a share of the regional market.

	1999	2000	2001	2002	2003
Bed nights	438,966	421,407	398,423	414,360	509,994
Total Receipts (\$)	30.1	28.0	22.4	20.8	33.5

Note:

- Total Receipts in USD millions
- Figures from Central Bank of Swaziland & CSO
- "n.a." - not available

- 1999 Lilangeni/Dollar exchange rate: USD 1 = SZL 6.15
- 2000 Lilangeni/Dollar exchange rate: USD 1 = SZL 6.72
- 2001 Lilangeni/Dollar exchange rate: USD 1 = SZL 8.57
- 2002 Lilangeni/Dollar exchange rate: USD 1 = SZL 10.52
- 2003 Lilangeni/Dollar exchange rate: USD 1 = SZL 8.00

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Ministry of Tourism Website
<http://www.mintour.gov.sz>

Airplane and Helicopter Parts

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Swaziland has two small commercial airlines along with privately owned planes.

	2002	2003	2004
Total Market Size	n.a.	n.a.	n.a.
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	n.a.	n.a.	n.a.
Imports from the U.S.	0.5	0.1	0.3

All figures in USD millions

- Figures from USITC
- "n.a." - not available

- 2002 Lilangeni/Dollar exchange rate: USD 1 = SZL 10.52
- 2003 Lilangeni/Dollar exchange rate: USD 1 = SZL 8.00
- 2004 Lilangeni/Dollar exchange rate: USD 1 = SZL 6.50

Opportunities

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A new airport capable of accommodating the largest passenger planes is under construction. Swaziland hopes this airport will serve as a new regional hub. Skeptics note that there are already modern airports nearby.

Ingredients for Beverage Concentrate

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Coca-Cola produces beverage concentrate in Swaziland. They import ingredients for artificial flavoring and coloring from the U.S. These imports account for the largest regular export from the U.S. to Swaziland.

	2002	2003	2004
Total Market Size	n.a.	n.a.	n.a.
Total Local Production	n.a.	n.a.	n.a.
Total Exports	n.a.	n.a.	n.a.
Total Imports	7.5	n.a.	n.a.
Imports from the U.S.	0.8	1.8	1.7

All figures in USD millions

-“Total Imports” figures from UN COMTRADE

-“Imports from the U.S.” figures from USITC

-Figures are the sum of odoriferous substances from food/drinks (HTS-330210) and chemically pure sugars other than sucrose, lactose, maltose, glucose, and fructose (HTS-294000).

-“n.a.” - not available

-2002 Lilangeni/Dollar exchange rate: USD 1 = SZL 10.52

-2003 Lilangeni/Dollar exchange rate: USD 1 = SZL 8.00

-2004 Lilangeni/Dollar exchange rate: USD 1 = SZL 6.50

Agricultural Sectors

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Swaziland’s agriculture sector is dominated by sugar and wood pulp production for export. Many Swazis practice subsistence agriculture focusing on maize cultivation. The country is historically a net importer of maize, and the quantity demanded depends significantly on unreliable rainfall. Besides subsistence production, the country meets much of its demand for agricultural products through imports from South Africa. [Maize](#) and [wheat](#) are the top agriculture products imported from the U.S.

The U.S. Foreign Agriculture Service office at the U.S. Embassy in Pretoria, South Africa, can provide information on exporting U.S. agriculture products to Swaziland. The office’s contact information is:

Foreign Agriculture Service
U.S. Embassy Pretoria, South Africa
Tel: +27-12-431 4235
Fax: +27-12-342 2264
Email: agpretoria@fas.usda.gov

Wheat

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Wheat is the only cereal with a significant import share from a country other than South Africa. Culturally, wheat is not a staple food in Swaziland. However, because of government price controls on bread and poor maize yields, people are consuming increasing amounts of imported wheat.

	2002	2003	2004
Total Market Size			
Total Local Production	300 tonnes	300 tonnes	300 tonnes
Total Exports	\$0 million	n.a.	n.a.
Total Imports	\$11.7 million	n.a.	n.a.
Imports from the U.S.	\$0.5 million	n.a.	n.a.

-“Total Production” figures from FAOSTAT

-Trade figures from UNCOMTRADE

-“n.a.” - not available

-2002 Lilangeni/Dollar exchange rate: USD 1 = SZL 10.52

Maize

Culturally, maize is the staple food, and many Swazis prefer it to other grains. Although many Swazis grow maize on their homesteads, the total production is insufficient to meet demand because of poor yields. Most maize imports come from South Africa.

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	2002	2003	2004
Total Market Size			
Total Local Production	76,200 tonnes	69,273 tonnes	70,000 tonnes
Total Exports	\$0.3 million	n.a.	n.a.
Total Imports	\$13 million	n.a.	n.a.
Imports from the U.S.	\$.09 million	n.a.	n.a.

-“Total Production” figures from FAOSTAT

-Trade figures from UNCOMTRADE

-“n.a.” - not available

-2002 Lilangeni/Dollar exchange rate: USD 1 = SZL 10.52

Opportunities

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U.S. companies may find opportunities to sell seed maize. Swaziland desperately needs to increase its yields, and improved seeds are an important component of this process. Swaziland does not have legislation regarding genetically modified organisms, but the Ministry of Agriculture has encouraged farmers not to plant GM maize. SADC, of which Swaziland is a member, discourages its member countries from importing GMOs without adequate controls and regulations.

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Import Tariffs

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Swaziland, together with Botswana, Lesotho, Namibia and South Africa, are members of the Southern Africa Customs Union (SACU). As a Custom Union, the five countries have a common external tariff, but each country has an internal tax that applies to imports from the other member states as well from third countries. In Swaziland, this tax is the General Sales Tax, GST, of 14 percent which is governed by the Sales Tax Act (Act No.12 of 1983).

According to a recent report by USAID's Regional Center for Southern Africa, entitled the "Swaziland Investor Roadmap" (available at <http://mbabane.usembassy.gov>), the rates of customs duty and excise duty are determined at the SACU level. The taxes collected are remitted into the SACU revenue pool from which they are distributed to the five countries in accordance with an agreed revenue sharing formula.

For a number of products, the Import Duty and Excise Tariff provides for both *ad valorem* and specific rates of duty. The *ad valorem* rates of duty range from 0-40 percent. Most products originating in SADC countries are duty free.

The Excise Tariff is contained in Part 2 of Schedule No. 1 of the Act. Excise duty is charged on both imported and locally manufactured goods, but it applies only to a limited number of consumer products, like beverages, spirits, and tobacco. Goods manufactured for export are exempt.

Trade Barriers

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Transporting goods to and from Swaziland is a potential barrier. Swaziland has no direct sea access and a very small international airport. However, quality facilities are available nearby. The ports at Durban, South Africa, and Maputo, Mozambique, can be accessed by rail, and a dry port in Swaziland facilitates the road-to-rail connection.

Johannesburg International Airport is easily accessible by road and a new, large airport is under construction in eastern Swaziland. Swaziland's main roads are in good condition.

For information on Swaziland transportation barriers, please see a recent study by USAID's Regional Center for Southern Africa, entitled "Improving Transportation Logistics for Competitiveness of Swaziland," posted on the Embassy's website: http://mbabane.usembassy.gov/local_links.html.

In addition to transportation, government procedures can hinder business in Swaziland. There is a general lack of procedural transparency, and reliable information regarding trade and investment is not readily available. The U.S. Embassy recommends that those interested in investing in Swaziland personally visit the country.

Import Requirements and Documentation

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Permits are required for certain imports, including all agricultural products, mineral fuels, used clothes, mineral oils, motor vehicle parts, used cars, medicinal drugs, and electrical appliances. Licensing permits issued by the Ministry of Finance are generally easy to obtain and are valid for one shipment. Goods consigned to Swaziland from outside SACU must be cleared through customs at the first port of importation into SACU. A bill of entry must be completed and submitted to customs along with copies of the supplier's invoices and a Swaziland import permit.

U.S. Export Controls

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Swaziland's "listed" items are those that appear on the U.S. Department of Commerce Control List. These require a license to be exported to Swaziland based on the Export Control Classification Number and the Country Chart. These items are detailed on the U.S. Department of Commerce's Bureau of Industry and Security website at www.gpo.gov/bis/ear/ear_data.html

The Country Chart, which includes Swaziland, is in Part 738. The Commerce Control List is in Part 774; there are 10 categories that can be pulled up as separate files.

Temporary Entry

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There is no restriction on temporary entry of goods in transit to another country, but importers may be charged transit rebates, which include warehousing guarantee bonds. Transit rebates ensure that goods destined for a third country leave Swaziland. Transit rebates are paid upon entry into Swaziland, and the owner of the goods applies for refund of the rebate when the goods leave Swaziland.

Labeling and Marking Requirements

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Only country of origin labeling is required.

Prohibited and Restricted Imports

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Importing illicit drugs and arms of war is prohibited.

Customs Contact Information

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Commissioner of Customs and Excise
African City Building, Gwamile Street
Private Bag
Mbabane, Swaziland
T: 268-404-8147 F: 268-404-0774

Standards

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Overview

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Following proposals contained in a preliminary report for a national quality system, the government is considering establishing a standardization, testing, and quality assurance unit under the Ministry of Enterprise and Employment (MOEE). This unit would act as a standards institution, including offering customer protection through quality assurance and helping industries on matters related to standardization and quality control.

Standards Organizations

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Swaziland does not have a standards organization. In the absence of such an organization, issues of conformity, certification, accreditation, etc. need to be researched on a product-by-product basis.

Trade Agreements

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Various regional and international trade agreements facilitate access to export markets in Africa and overseas. Through such arrangements as the Cotonou Agreement, Swazi products are generally granted preferential access to all of the world's important markets, including the European Union, the United States, Canada, Japan, and Australia. The Southern Africa Development Community's (SADC) ongoing trade negotiations with the EU, when finalized, will increase Swazi trade in this arena, as will U.S. free trade negotiations with the Southern African Customs Union (SACU).

Swaziland is currently a member state of the Common Market for Eastern and Southern Africa (COMESA). The Preferential Trade Area agreements for Eastern and Southern Africa grant Swazi goods and services preferential access to a market of over 250 million people.

The SADC Trade Protocol came into force in January 2000. This initiative is strongly supported by the World Bank, International Monetary Fund, and the African Development Bank. Under SADC, a company with operations in Swaziland can supply the entire SADC region with minimal export controls. SADC is made up of Angola, Botswana, Democratic Republic of the Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, Swaziland, South Africa, Tanzania, Zambia and Zimbabwe.

Swaziland membership in the Southern African Customs Union (SACU) (with Botswana, Lesotho, Namibia, and South Africa), allows for duty-free exchange of goods to a market of 45 million people. Goods from outside the Union require an import permit. Member countries receive due shares of the customs pool generated by commodities imported from outside the SACU. Customs revenue continues to be a major component of Swazi government receipts, accounting for an estimated 55 percent of total revenue. The Renegotiated SACU Agreement came into effect in July 2004. The new agreement revises the revenue sharing formula, possibly decreasing the percentage of Swaziland's revenue derived from customs revenue.

Swaziland continues to benefit from eligibility for the African Growth and Opportunity Act (AGOA). On January 18, 2001, Swaziland was designated as the 35th AGOA eligible country. Foreign investors have taken advantage of Swaziland's AGOA-eligible status, especially in the garment manufacturing industry. However, a December 2004 study carried out by the RCSA urges diversification away from garment manufacturing because of changes in WTO rules which expose Swazi garment manufactures to greater Asian competition. Swaziland welcomed the AGOA Acceleration Act of 2004, especially the extension of the Least Developed Countries (LDC) for Swaziland until 2007. As an LDC, Swaziland may use non-U.S. fabric and yarn in apparel wholly assembled in their countries and still qualify for duty- and quota-free treatment until September 30, 2007.

“The Elimination of Quotas Under the World Trade Organization Agreement on Textiles and Clothing: *The Impact on Swaziland*” commissioned by USAID in December 2004 examines the future of the garment industry in detail:
http://mbabane.usembassy.gov/local_links.html

Swaziland is a signatory of the General Agreement on Tariffs and Trade. The GATT Agreement affects Swazi industry through its membership in SACU. To meet GATT obligations, South Africa, on behalf of SACU, has submitted schedules for the gradual reduction of tariffs for some commodity imports.

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Chapter 6: Investment Climate

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Openness to Foreign Investment

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Although Swaziland's government strongly encourages foreign investment, and has done so for the past 15 years, it has not been very effective in implementing that policy. The government has largely left events to take their own course, following the trends, interests, and opportunities that the country's location and resources offer. The emphasis on foreign investment is more a matter of policy statements by the government and individual Ministers than a matter of laws and institutions to support such policy. Calls for more concerted action on this policy have intensified in the last few years as Swaziland has suffered from drought and general economic recession.

Major legislation to support a solid investment climate is lacking in Swaziland. As many investors first enter new regions through buying shares in the securities market, a Securities Code is sorely needed. A Securities Bill has been proposed but not yet passed. Companies are governed by the outdated Companies Act of 1912, which is retooled from an 1889 South African law. A bill replacing the Companies Act has been drafted and will regulate incorporation, registration, management, administration, and dissolution of companies. The Minister of Enterprise and Employment presented the bill to Parliament in 2005 where it is currently being debated. While foreign businesses currently operating in Swaziland complain about the lack of regulations, some also emphasize that it would be a mistake to decide against investing in Swaziland for this reason alone.

In order to promote foreign investment, the government established the Swaziland Investment Promotion Authority (SIPA). SIPA provides needed services for investors and implements strategies for attracting desired foreign investors.

There are no formal policies or practices discriminatory to foreign-owned investors and companies in Swaziland. Foreign investors are free to invest in most sectors of the Swazi economy; however, investors should be aware of state-run or state-sanctioned monopolies. Pineapple canning, cellular telephone network, landline network, electricity, water, and insurance are all state sanctioned or state owned monopolies. A Trade and Business Facilitation Bill, drafted in 2001, limiting certain sectors to some degree of Swazi ownership and encouraging small-scale entrepreneurship in rural areas, had not been passed by Parliament as of August 2005.

Privatization of parastatals has become an issue in Swaziland. Key parastatals are targeted for privatization, with the possibility of joint ventures for foreign investors. Swazi Post and Telecommunications Corporation (SPTC) is one such potential opportunity. However, as of August 2005, the government had monopolies in insurance, telephones, water, and electricity. Parastatals successfully privatized include the Swaziland Dairy Board and Royal Swazi Airways, which formed a joint venture with South African Airways to form Swazi Airlink. In sectors that are in public hands, the country is not large enough to support many competing companies.

Foreign investment is only screened to the extent that the specific financial institution the investor employs will engage in typical background and credit checks. If the investors come in with their own funding, there is no further screening.

Residence and work permits are a source of tension between the expatriate business community and a government otherwise friendly to foreign investment. All foreign nationals working in Swaziland require work and residence permits. Employers must apply to the Immigration Office for a work permit, demonstrating that no Swazi is available to fill the vacancy. Residence permits are only good for two years, at which time they must be renewed. Although they almost always are, expatriate businesspeople complain that the process is cumbersome and exasperating.

The Chamber of Commerce has proposed a more streamlined procedure, but at present, foreign nationals who have lived and worked in Swaziland for years still feel a degree of insecurity as their presence in the Kingdom is subject to this periodic review. However, there are expatriates who have lived in Swaziland for decades on a series of two-year residence permits.

Non-governmental organizations support foreign investment except when specific locally-owned businesses are threatened. The reaction is largely emotional and is combated by firm government commitment to foreign investment.

The government encourages foreign direct investment by providing factory shells and financial incentives for foreign investors, including a 10-year exemption from withholding tax on dividends and a low corporate tax of 10 percent for approved investment projects. New investors also enjoy duty-free import of machinery and equipment.

Conversion and Transfer Policies

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Through the Common Monetary Area (CMA), the Swaziland lilangeni (plural emalangeni, E) is pegged at par to the South African rand. Monetary policy is determined by developments in South Africa. The CMA allows for the unfettered flow of funds between Swaziland, Lesotho, Namibia, and the Republic of South Africa. The four nations form a single exchange control territory. Each, however, administers exchange control within its borders for transfers with the rest of the world.

No person in Swaziland is permitted to hold or deal in foreign currency other than an authorized dealer. A resident requiring currency for permissible purposes must apply through an authorized dealer, and a resident who acquires foreign currency must sell it to an authorized dealer in local currency within 90 days. Residents wishing to buy or sell foreign currencies, i.e. currencies other than Swazi emalangeni or South African rand, may do so only through an authorized dealer in foreign exchange. Authorized dealers in Swaziland are First National Bank of Swaziland, Nedbank, Standard Bank, and Swazi Bank.

As long as an import permit issued by the Ministry of Finance covers imported goods, a local importer may buy foreign currency for payment to an overseas supplier subject to specified terms and conditions. These conditions include evidence that the goods have been or are to be received in Swaziland, including bills of landing, invoices, and parcel post receipts.

As government policy encourages foreign investment, the inflow of capital by non-residents is welcomed. To avoid inconvenience on subsequent repatriation of interest, dividends, profits and other income accrued, the Central Bank's prior approval is necessary for all capital transfers into Swaziland from outside the CMA. In practice, approval is routinely granted when required for genuine investment activity; however, frustrating bureaucratic delays are not uncommon.

Raising capital in Swaziland by issue of bonds, shares, etc. in aggregate amounts of more than E100,000 during a 12-month period requires approval by the Central Bank. Applications, with supporting details, should be routed through a bank in Swaziland for consideration by the Central Bank.

Dividends derived from current trading profits are freely transferable on submission of documentation (including latest annual financial statements of the company concerned), subject to provision for a non-resident shareholders tax of 15 percent. Local credit facilities may not be utilized for paying dividends.

The Central Bank of Swaziland follows the flow of foreign investment in and out of the country as it follows all foreign exchange. The Central Bank has formal powers to screen and regulate foreign exchange and with it investment, but these powers are exercised in a formal, routine, and equitable manner. There have been no changes in policies or practices in recent years, although there is some concern that unscrupulous investors are taking advantage of Swaziland's liberal policies. In response, the Central Bank of Swaziland and the Ministry of Finance are currently drafting an amendment to the Money Laundering Act of 2001 to raise Swaziland's banking standards to those of the international community. Even without the legislation in place, banks are already conforming to many international regulations in order to remain competitive.

Expropriation and Compensation

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Expropriation and nationalization are prohibited. There have been no known cases of a foreign business being expropriated. The land tenure system in Swaziland, however, is confusing for investors, as much of the land is held by the monarchy in trust for the people of Swaziland. While the Embassy knows of no reported disputes over government expropriation of foreign holdings and land used by foreigners, land leases are unclear and uncertainty exists as to the details of land ownership rights.

Dispute Settlement

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Swaziland has a dual legal system comprised of Roman-Dutch law and customary law. This parallel system can be confusing and has, at times, presented problems for foreign-owned businesses. In addition to a Western-style court system, Swaziland's traditional courts, with the King as supreme authority, are available as a vehicle for dispute settlement. Swazi employees have brought grievances against foreign employers to these traditional courts. Such disputes, however, could in the past be transferred to the formal court system at the option of the foreign employer/investor. It remains to be seen if the courts will interpret Swaziland's new constitution as allowing the transfer of cases from traditional to formal courts.

In general, the Swazi legal system has effectively enforced property and contractual rights. There is no comprehensive commercial law. A mortgage system exists. Parliament passed the Industrial Relations Act of 2000 and amended it in September 2005 to create and strengthen the Conciliation, Mediation and Arbitration Commission (CMAC). CMAC provides an opportunity for disputes to be resolved before reaching the industrial court.

Swaziland is a member of the International Centre for the Settlement of Investment Disputes and a member of the Multilateral Investment Guarantee Agency (MIGA).

Performance Requirements and Incentives

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There are two performance requirements that may affect foreign business in Swaziland.

The first is that government policy requires hiring qualified Swazi workers when possible. This has discouraged some businesspeople from relocating to Swaziland, as spouses may find employment difficult.

The other performance requirement affects only exporters who wish to label their product as made in Swaziland. Local export authorities require that the local content of such exports be at least 25 percent. This determination, however, is often difficult to make and seems to be conducted on a case-by-case basis.

Incentives for qualifying investors, particularly those in export-driven manufacturing, include a 10 percent corporate tax rate, as opposed to the standard 30 percent; no withholding tax on declared dividends; factory shells rented at cost; and a 150 percent training allowance.

Right to Private Ownership and Establishment

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Foreign investors own many of Swaziland's largest businesses, either fully or with minority participation by Swazi institutions. There are no restrictions on foreign ownership that discriminate against foreign investors. Both foreign and domestic private entities have a right to establish businesses, and private entities have a right to establish, acquire, and dispose of interests in business enterprises.

Protection of Property Rights

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Protection for patents, trademarks, and copyrights is currently inadequate under Swazi law. Swaziland has an intellectual property rights regime inherited from the colonial era, under which copyrights, patents, and trademarks were more or less protected under various acts promulgated by the colonial authorities. The Ministry of Justice, responsible for these concerns, has been working on improved laws.

Patents are currently protected under a 1936 act that automatically extends patent protection upon proper application to products that have been patented in either South Africa or Great Britain. Updated patent legislation has been approved by the Cabinet, passed by both houses of Parliament, and is now awaiting the King's royal assent. Under the new legislation, patents would be granted by the government with technical

assistance from the African Regional Industrial Property Organization in Harare. Protection would be extended to pharmaceutical and agricultural chemical products.

Copyright protection is addressed under four statutes, dated 1912, 1912, 1918, and 1933. According to the Registrar General for the Ministry of Justice, the statutes have yet to be implemented and copyright protection in Swaziland is "limited." The Ministry of Justice is in the process of drafting an updated Copyright Act, based on the World Intellectual Property Rights Organization (WIPO) model. Swaziland does not have bilateral copyright relations with the United States.

The 1981 Trademarks Act was revised in 1994. The office of the Registrar General in the Ministry of Justice and Constitutional Affairs registers trademarks according to the updated act. There are no ongoing disputes with regard to copyrights, patents, or trademarks in Swaziland.

The government has acceded to the WTO TRIPS agreement, but has not signed the WIPO internet agreement.

Transparency of Regulatory System

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Proposed laws and regulations are published in the Government Gazette thirty days prior to a bill's presentation to Parliament. When bills become law, they are again published in the Gazette.

Efficient Capital Markets and Portfolio Investment

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Swaziland's fledgling stock market is far too small to invite significant portfolio investments. Rather it offers people a chance to participate in Swazi enterprises in the long term.

Capital markets in Swaziland are in their infancy, yet policy -- or rather an under-presence of policy -- supports the relatively free flow of financial resources in the stocks and bonds markets. Swaziland's financial market is closely tied to South Africa's and operates under generally similar conditions. There is no discrimination against foreign investors.

Commercial banks offer credit on market terms, but the rules of the CMA forbid non-Swazis from raising domestic loan capital, although they can apply to the Central Bank for an exception. This restriction has not greatly discouraged foreign capital flows into Swaziland in the past, but could increasingly sour the Swazi investment climate as regional competitors build investment regimes more attractive to foreign business.

While commercial bank accounting systems are generally transparent and consistent with international norms, legal and regulatory systems are more obscure and unpredictable. The Securities Bill, currently being drafted, is expected to make legal and regulatory systems in the country transparent. Presently, Swaziland banks use the Financial Institutions Order of 1975.

At present, there is no effective regulatory system established to encourage portfolio investment, although the Central Bank of Swaziland is drafting the above-mentioned law.

Both "cross share-holding" and "stable shareholder" arrangements exist in Swaziland. One bank is wholly owned by its foreign parent company and two are partially owned together with the Government. There have been no hostile takeovers by domestic or foreign interests. As Swaziland's financial markets are emerging, a variety of credit instruments have yet to be developed. As of November 2004, the estimated total assets of Swaziland's banks equaled US\$636 million.

Political Violence

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There have been no major incidents involving political violence to commercial property in Swaziland, but there have been recent reports of a series of petrol bombings. Targets have included local government buildings (tinkhundla), the National Court, and the Government's spokesperson's house. Most of the instances have resulted in minor damage, but one person has been hospitalized. The perpetrators are still at large. Labor protests occur, resulting from a mix of political and economic reasons, and contain political overtones (primarily due to a government restriction on political parties). The Industrial Relations Act (IRA) does not permit "strikes;" however, it provides that employees who are not engaged in "essential services" have the right to participate in peaceful protest action to promote their socioeconomic interests. The IRA details the steps to be followed when disputes arise and provides penalties for employers who conduct unauthorized lockouts.

Although urban discontent with political and economic conditions is common, there is little reason to believe political violence will be serious problem in the foreseeable future.

Corruption

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The government has set up an Anti-Corruption Unit, but the law establishing the Unit has been criticized for being difficult to implement. During 2004, several members of Parliament were charged with counts of fraud and corruption, and they are currently awaiting trial. Swaziland has signed and ratified the UN Anticorruption Convention.

Bilateral Investment Agreements

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A Free Trade Agreement between SACU and the U.S. is under negotiation (as of August 2005).

OPIC and Other Investment Insurance Programs

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The Overseas Private Investment Corporation, the U.S. Trade and Development Guarantee Agency, and the Multilateral International Guarantee Agency are active in Swaziland and are sources for export financing and insurance.

Labor

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Swaziland has a severe shortage of local employment opportunities for a rapidly expanding labor force. There is a high level of domestic underemployment and subsistence farming. Poor production conditions in rural areas are causing migration to urban areas where unemployment is increasingly obvious. An estimated 10 percent of the work force is employed in South Africa as mine workers, teachers, and domestic servants.

With a 42 percent prevalence rate, HIV/AIDS among Swazis is a serious concern for employers. In addition, a shortage of trained workers in specialized fields results in a heavy reliance on expatriate technicians, accountants, and engineers. Both of these factors may present difficulties for new businesses establishing themselves in Swaziland.

The Industrial Relations Act of 2000 permits all workers to join unions. It grants trade unions the right to organize and associate freely with certain restrictions on activities not considered central to union business. The Industrial Relations Act was drafted with the help of the International Labor Organization (ILO).

Foreign-Trade Zones/Free Ports

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The United Nations Industrial Development Organization (UNIDO) and consultants from International Development Ireland Ltd. presented a report on the feasibility of establishing an export processing zone (EPZ) in Swaziland in the mid-1990s. The report concluded that Swaziland's plans for provision of Duty Free Status (DFS) to manufacturers provide the same benefits as an EPZ in other countries, such as Mauritius. Swaziland supports four industrial areas. The largest is Matsapha, located between the main cities of Mbabane and Manzini, and is directly served by rail and road links. The Matsapha dry port maximizes time and cost savings for importers and exporters using the ports of Durban and Maputo. The other three industrial areas are Mbabane, Ngwenya, and Nhlngano.

Foreign Direct Investment Statistics

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The manufacturing sector receives the majority of foreign direct investment (FDI). South African investment has consistently accounted for around 45 percent of FDI. The British inject the largest portion of the remaining 55 percent, followed by Taiwan, the United States, Denmark, the Netherlands, and Germany. FDI grew by 10.4 percent in 2003, and much of this growth was through reinvested earnings.

There is no policy of encouraging Swazis or Swazi business to invest abroad generally, but a handful of Swazi businesses invest abroad, primarily in South Africa.

(in US\$ millions)

	2001	2002	2003
Value of FDI	50.14	48.7	60.8
As % of GDP	25.22%	23.35%	28.98%
FDI Flows	201.66	490.29	606.48
As % of GDP	2.51%	2.42%	3.11%

Web Resources

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AGOA: <http://www.agoa.gov>

Government of Kingdom of Swaziland: <http://www.gov.sz>

SIPA: <http://www.sipa.org.sz/investment.html>

UNICEF: <http://www.unicef.org/infobycountry/swaziland.html>

USAID Regional Center for Southern Africa: http://www.usaid.gov/locations/sub-saharan_africa/countries/rdsa/

USAID Southern Africa Trade Hub: <http://www.satradehub.org>

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Chapter 7: Trade and Project Financing

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How Do I Get Paid? (Methods of Payment)

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Swaziland importers utilize most of the standard payment methods available in international commerce. The most commonly used are:

- Cash in Advance
- Letters of Credit (LC),
- Bank Collections and Bills of Exchange
- Open Account
- Sales on Consignment
- International Money Transfers

American exporters should offer quotations based on the f.o.b. value at the port of export. As a general rule, such quotations should also include a statement of the actual charges for freight and insurance, plus any additional charges, to the port of delivery. Quotations are usually in terms of the currency of the country of origin. The terms of payment for imported goods vary according to the type of buyer and the buyer's access to capital.

How Does the Banking System Operate?

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The Central Bank of Swaziland is the monetary authority responsible for management of the country's foreign exchange reserves, administration of exchange controls, and regulation of financial institutions.

There are four commercial banks operating in Swaziland: First National Bank of Swaziland, NedBank, SwaziBank, and Standard Bank. The government-owned Swaziland Development and Savings Bank went bankrupt due to millions of dollars of unpaid loans in June 1995 and is currently being restructured.

Each of the operating banks has at least two branches. Normal banking facilities are offered at all four banks, and interest rates on borrowing are below those in South Africa (as of August 2005). The prime rate is 10.5 percent and the mortgage rate is 9.5 percent (as of August, 2005).

Through Swaziland's membership in the Common Monetary Area, after-tax profits can be repatriated anywhere the investor chooses. The corporate tax rate is 30 percent, and new businesses can apply for a 10-year rate of 10 percent. Dividends, subject to a withholding tax of 15 percent, are likewise freely remitted. There are no exchange regulations affecting transactions within the CMA.

Export financing is available through the Export-Import Bank but must be applied for by a Swazi partner. There are no Export-Import Bank bundling facilities in Swaziland. Project financing is available through such multilateral institutions as the World Bank and African Development Bank. In the past, resources have gone largely to infrastructure development, including roads and irrigation systems.

Foreign-Exchange Controls

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Exchange controls are currently administered by the Central Bank Exchange Control Department. All international commercial transactions must be through authorized foreign exchange dealers.

U.S. Banks and Local Correspondent Banks

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Banks with correspondent U.S. banking arrangements are:

- First National Bank of Swaziland Limited
- Nedbank
- Standard Bank

Project Financing

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Sources of Project Financing in Swaziland

Swaziland Industrial Development Company (SIDC)

SIDC is prepared to take up shares, thereby providing equity finance where required. SIDC also offers medium- to long-term loans and leases factory space. SIDC will only participate in projects that are technically feasible, financially viable, and soundly

managed. SIDC gives priority to projects which provide permanent employment, generate foreign exchange, and improve Swaziland's human capacity.

Swaziland Investment Development Company
P.O. Box 866
Mbabane
Tel: (+268) 404-4010/2
Fax: (+268) 404-5619
<http://www.sidc.co.sz>

Tibiyo Taka Ngwane

Tibiyo Taka Ngwane conducts free enterprise business on behalf of the Swazi Nation with the King serving as Trustee. Tibiyo has a portfolio of nearly 30 interests in sectors including mining, manufacturing, property, finance, agriculture, tourism, and transport.

Tibiyo frequently works in partnership with major companies and international development agencies.

Tibiyo Taka Ngwane
P.O. Box 181
Kwaluseni
Tel: (+268) 518-4390
Fax: (+268) 518-4399
<http://www.tibiyo.com>

U.S. Trade and Development Agency (TDA)

The U.S. Trade and Development Agency promotes economic development in developing countries by funding feasibility studies, consultants, training programs, and other project planning services. In Africa, TDA assists U.S. firms by identifying major development projects that offer large export potential and by funding U.S. private sector involvement in project planning. This, in turn, helps position U.S. firms for follow-on activities during the implementation phase of the project. TDA recently opened an office in Johannesburg, located at the Ronald H. Brown Commercial Center. For additional information contact:

U.S. Trade and Development Agency
Mr. Doug Shuster – Country Manager
15 Chaplin Road (cnr. Oxford); Illovo
South Africa
Tel: +27 (0)11 778 4804; Fax: +27 (0)11 268 6104
<http://www.tda.gov>
Email: Dshuster@ustda.gov

Small Business Development in Swaziland

For a comprehensive listing of organizations in Swaziland that support small and medium business development, please refer to the OPIC/U.S. Department of Commerce publication entitled Africa, "A Guide to Business Finance for U.S. Firms." <http://permanent.access.gpo.gov/lps15194/sb-guide.pdf>

Southern Africa Global Competitiveness Hub

Additional information may be obtained from the United States Agency for International Development (USAID). Services for Swaziland are provided from Regional Center's for Southern Africa's Southern Africa Global Competitiveness Hub in Botswana.

Southern Africa Global Competitiveness Hub
International Commerce Park
Plot 40
P.O. Box 602090
Gaborone, Botswana
Tel: (+267) 390-0884
info@satradehub.org
<http://www.satradehub.org>

Multilateral Development Banks

The African Development Bank Group

The African Development Bank Group (AfDB), headquartered in Abidjan, Côte d'Ivoire (West Africa), is an international financial institution created by Africans in 1963 to promote the economic and social development of its member African countries. Due to the current situation in the host country, the AfDB has temporarily relocated to Tunis, Tunisia. The Bank Group covers Africa exclusively, with its lending operations and non-lending development activities all centered on Africa. Founded with initial capital resources of \$250 million, it has authorized capital today of over \$24 billion. The bank is owned by its 77 member countries, 53 of which are African. The United States joined the AfDB in 1983 after membership was opened to non-African countries and currently holds approximately 5.6 percent of shares outstanding.

The AfDB is comprised of three institutions: the African Development Bank (ADB), the African Development Fund (ADF), and the Nigerian Trust Fund (NTF). Collectively, these institutions are known as the AfDB or Bank Group. The AfDB lends to creditworthy African member countries and the poorer African member countries.

African Development Bank (Temporary Relocation to Tunis)
Tel: +216 71 333 511; Fax: +216 71 351 933
E-mail: afdb@afdb.org
www.afdb.org

African Development Bank (Statutory Headquarters in Cote D'Ivoire)
Tel: +225 20 204 444; Fax: +225 20 204 959
E-mail: afdb@afdb.org

Export-Import Bank

This is an independent U.S. Government agency that helps finance the overseas sales of U.S. goods and services. In almost 70 years, Ex-Im Bank has supported more than \$400 billion in U.S. exports.

Ex-Im Bank's mission is to create jobs through exports. It provides guarantees of working capital loans for U.S. exporters, guarantees the repayment of loans, or makes loans to foreign purchasers of U.S. goods and services. Ex-Im Bank also provides credit

insurance that protects U.S. exporters against the risks of non-payment by foreign buyers for political or commercial reasons. Ex-Im Bank does not compete with commercial lenders, but assumes the risks they cannot accept. It must always conclude that there is reasonable assurance of repayment on every transaction financed.

To qualify for Ex-Im Bank support, the product or service must have significant U.S. content and must not affect the U.S. economy adversely. Ex-Im Bank supports the sale of U.S. exports worldwide, and will support the financing of the export of any type of goods or services, including commodities, as long as they are not military-related. For more information, please visit www.exim.gov.

Web Resources

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African Development Bank Group: www.afdb.org

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

Export-Import Bank of the United States: <http://www.exim.gov>

Overseas Private Investment Corporation: <http://www.opic.gov>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

Southern Africa Global Competitiveness Hub: <http://www.satradehub.org>

Swaziland Industrial Development Company: <http://www.sidc.co.sz>

Tibiyo Taka Nwane: <http://ww2.tibiyo.com>

Trade and Development Agency: <http://www.tda.gov>

U.S. Agency for International Development: <http://www.usaid.gov>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

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Chapter 8: Business Travel

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Business Customs

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Foreigners still largely dominate the Swazi business sector and the Swazi business community has experience with foreign businesspeople. Nevertheless, a familiarity with some Swazi social and cultural customs would be helpful to any American planning on doing business in the country.

- Although Swazi society is apparently open to outsiders, it is only so on a superficial level. Developing strong institutional and personal relations is possible in Swaziland but takes time. Newcomers are advised of what is and what is not considered the "Swazi way."
- Historically, there is little indigenous entrepreneurship. Swazis are accustomed to working for wages, not starting their own businesses. There is only a fledgling Swazi entrepreneurial community.
- Swazis tend to be more relaxed and easy-going in business style, both in behavior and ethics. Business is built less around principles and the honor of a person's word than on the basis of what works at the time. This can be disconcerting to some Americans.
- Quality customer service is not widely practiced. According to a Swazi businessman trained in the United States, customer service is a new idea to many Swazis and something that must be taught.
- Decision-making is not always a quick or easy process. Some Swazis may say "yes" merely out of politeness. Traditionally, decisions are made communally, not individually. Standing against the majority is not easy. Americans should be conscious of this and not expect rapid decisions.
- Swazis tend not to be confrontational and at times not forthcoming with opinions. Speaking one's mind, even when solicited, is not as respected as it is in the United States. This can clash with the American tendency to be very direct.

- In making business deals with Swazi partners, bargaining is common and expected. It is not an insult to try and talk somebody down.
- Foreign business people have noted that native Swazis can have a difficult time assuming managerial roles. One factor that impinges on their decision-making freedom is reluctance to fire workers or employees connected to the royal family.

Travel Advisory

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Please view the Consular Information Sheet for Swaziland:

http://travel.state.gov/travel/cis_pa_tw/cis/cis_1031.html

Visa Requirements

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A passport is required. U.S. citizens do not need a visa for short visits of up to 60 days for tourism and business. For further information on visa requirements, contact the Embassy of the Kingdom of Swaziland, 1712 New Hampshire Avenue, NW, Washington, DC 20009, phone (202) 234-5002.

U.S. companies that require travel of foreign businesspersons to the United States should be advised that visa applicants must qualify for a visa, and issuance may take one to two days. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov>

Telecommunications

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Telephones in Mbabane and Manzini are connected to the rest of Swaziland and to international operators through the local exchange. Direct dialing is available to many countries, including the U.S. A call to the continental U.S. costs about \$7.20 for 3 minutes. Several Internet service providers are available and there are several Internet cafes in Mbabane.

Transportation

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Flights from Matsapha Airport, near Manzini, link Swaziland with Johannesburg, Maputo, and Durban. Flights use small propeller planes and are fairly reliable. Good roads link Swaziland to South Africa and Mozambique.

Owning a private car is essential in Swaziland, as public transportation is not reliable or safe. Taxis and buses run in the major towns, but it is not advisable to use them. Paved roads link the main centers, but most side roads are unpaved, dusty, and uneven during the dry season and slippery during the rainy season.

Motor vehicle registration is simple, provided the car is in good working condition. All cars require a road worthiness certificate issued by the Ministry of Public Works and Transportation.

In August 2005 the price of gasoline price was \$3.00/gallon. Unleaded gasoline is available but the octane rating is not as high as in the U.S. Third-party insurance is covered by a levy included in the gasoline price.

Language

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English and siSwati are the official languages, and English is the official written language. Businesspeople will have little trouble being understood by educated Swazis.

Health

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Medical facilities are limited throughout Swaziland. Although the Mbabane Clinic in the capital is small, it is well equipped and well staffed for minor procedures. For advanced care, Americans often choose to go to South Africa where better facilities and specialists exist. Most prescription drugs are available locally or can be imported from South Africa, but travelers are advised to bring sufficient quantities of their own required medication. A doctor's note describing the medication may be helpful if questioned by authorities.

Malaria prophylactics are recommended for travel to the lowlands of Swaziland.

Hepatitis A and Hepatitis B vaccinations are recommended. Rabies exists in all areas of Swaziland, including Mbabane. Those people who wish to walk or jog are advised to be vaccinated with HDCV.

Per capita, Swaziland has more HIV-infected persons than any other country in the world. All of the usual precautions must be taken to avoid this easily prevented infection. In the highly unlikely case of sexual assault, it is recommended that the victim take post-exposure prophylactics as soon as feasible, and certainly within 48 hours.

Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from the Centers for Disease Control and Prevention's hotline for international travelers at 1-877-FYI-TRIP (1-877-394-8747); fax 1-888-CDC-FAXX (1-888-232-3299), or via the CDC's Internet site at <http://www.cdc.gov/travel>.

Local Time, Business Hours, and Holidays

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New Year's Day, Jan. 1
Good Friday, Mar./Apr. (TBA)
Easter Monday, Mar./Apr. (TBA)
King's Birthday, Apr. 19
National Flag Day, Apr. 25
National Worker's Day, May 1
Ascension Day, May (TBA)
Public Holiday, July 22 (birthday of King Sobhuza II)
Umhlanga (Reed Dance), Aug./Sept. (TBA)
Somhlolo (Independence Day), Sept. 6
Christmas Day, Dec. 25
Boxing Day Dec. 26
Incwala, Dec./Jan. (TBA)

Swazi holidays falling on a Sunday are observed on the following Monday. Holidays falling on a Saturday are observed on that day, unless the government makes an announcement to the contrary.

Work Week: Monday-Friday, 8 a.m.- 5 p.m.

Web Resources

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Centers for Disease Control and Prevention: <http://www.cdc.gov/travel>

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov>

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Chapter 9: Contacts, Market Research, and Trade Events

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- [Trade Events](#)

Contacts

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Swaziland Business Year Book 2005
P.O. Box 592
Mbabane H100, Swaziland
Tel.: (268) 404-3400
Fax: (268) 404-3400
E-mail: cft@realnet.co.sz
<http://www.swazibusiness.com/sbyb/>

International Trade Department
Trade Promotion Unit
Ministry of Foreign Affairs and Trade
P. Box 418 Mbabane
Tel.: (268) 404-5180
Fax: (268) 404-3833
Mob: (268) 617-2961
E-mail: itd@realnet.co.sz

Swaziland Investment Promotion Agency: <http://www.sipa.org.sz/>

Tibiyo Taka Nwane: <http://ww2.tibiyo.com>

Swaziland Industrial Development Company: <http://www.sidc.co.sz>

Federation of Swaziland Employers and Chamber of Commerce
Emafini Business Centre
Malagwane Hill
P.O. Box 72
Mbabane H100, Swaziland
Tel.: (268) 409-0768/4408
Mob: (268) 603-8545/(268) 605-7950
Fax: (268) 409-0051
E-mail: zodwa@business-swaziland.com
<http://www.business-swaziland.com/chamber/html/scci.html>

Hotels and Tourism Association
Mbabane, Swaziland
Tel.: (268) 404-2218
Mob: (268) 604-1529
E-mail: aliand@realnet.co.sz

Swaziland Handicraft Association
Tel.: (268) 614-9097

Swaziland Association of Architects, Engineers, and Surveyors
P.O. Box A387, Swazi Plaza
Tel.: (268) 404-2309
Fax: (268) 404-2309
E-mail: ribar@africaonline.co.sz

The Building Contractors Association
P.O. Box 518
Mbabane H100, Swaziland
Tel.: (268) 404-0071
Fax: (268) 404-4258
E-mail: soconswad@realnet.co.sz

Market Research

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To view market research reports produced by the U.S. Commercial Service please, go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

<http://buyusa.gov/southafrica/en/332.html>

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the links below.

<http://www.export.gov>

<http://www.buyusa.gov>

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.