Eswatini’s economic freedom score is 55.1, making it the 137th freest in the 2021 Index. Its overall score has decreased by 0.2 point, primarily because of a decline in trade freedom. Eswatini is ranked 27th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Eswatini remains in the mostly economically unfree category for the fourth year in a row. The economy has suffered from high levels of public debt and the accumulation of domestic arrears to the private sector, which negatively affects the fiscal health indicator. With policymaking ultimately in the hands of the king, significant economic reform appears to be unlikely.

**IMPACT OF COVID-19:** As of December 1, 2020, 122 deaths had been attributed to the pandemic in Eswatini, and the economy was forecast to contract by 3.5 percent for the year.

**BACKGROUND:** Eswatini (formerly Swaziland) gained independence from the United Kingdom in 1968. King Mswati III, who changed the country’s name in 2018, holds absolute power. Political parties are banned, and human rights groups accuse the government of imprisoning journalists and pro-democracy activists. Chiefs loyal to the king pick parliamentary candidates, and international observers declared that the 2018 elections were not credible. Eswatini has the world’s highest HIV/AIDS rate, although the rate of new infections has declined. The country depends on South Africa for the vast majority of its trade. Approximately 70 percent of the population works in subsistence agriculture, and unemployment is high. Manufacturing was diversified in the 1980s and 1990s but has grown little in the past decade.
The right to own property is protected by law; most Swazis, however, reside on Swazi Nation Land that is not covered by this constitutional protection. The constitution provides for an independent judiciary, but the king’s absolute power to appoint judges limits judicial independence. Corruption is a major problem. The legal and regulatory environments are underdeveloped, opaque, and inconsistent.

The top individual income tax rate is 33 percent, and the top corporate tax rate is 27.5 percent. The overall tax burden equals 17.0 percent of total domestic income. Government spending has amounted to 34.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 8.7 percent of GDP. Public debt is equivalent to 42.5 percent of GDP.

Eswatini’s business freedom can again be characterized as moderately free after two years in a lower category. The country has made it easier to register a new business, has increased the transparency of construction permits, and has made getting electricity less time-consuming. The value added per worker relative to the minimum wage has increased. The government subsidizes the information technology, education, agriculture, health, tourism, water, transport, and energy sectors.

Eswatini has six preferential trade agreements in force. The trade-weighted average tariff rate is 9.3 percent, and one official nontariff measure is in place. However, nontariff barriers continue to deter the development of more dynamic trade activity. Foreign investment is screened, and state-owned enterprises distort the economy. Overall supervision of the banking sector is weak, and the sector remains subject to government influence.