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**Trade Policy Review Body**

**TRADE POLICY REVIEW**

REPORT BY THE SECRETARIAT

SEYCHELLES

This report, prepared for the first Trade Policy Review of Seychelles, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from Seychelles on its trade policies and practices.

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Document WT/TPR/G/433 contains the policy statement submitted by Seychelles.

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## SUMMARY

1. This is the first Trade Policy Review of Seychelles since its accession to the WTO in 2015. Seychelles' real GDP grew at an average annual rate of 2.4% during 2015-21, despite having contracted by 7.7% in 2020 due to the COVID-19 pandemic, which significantly disrupted all economic activities, notably tourism. Seychelles has the highest GDP per capita in Africa, making it the only country in the region classified by the World Bank as high-income. The economy is highly dependent on tourism and fisheries, and particularly vulnerable to the risks posed by climate change. To deal with these challenges, Seychelles launched the National Climate Change Policy in 2020, and is refocusing its development strategy around a sustainable blue economy.

2. As a small island state with limited scope for economic diversification, Seychelles relies heavily on the rest of the world and is extremely vulnerable to external shocks. Not only does it depend heavily on tourism, but it imports over 90% of its total primary and secondary production inputs. International trade, therefore, plays an important role in Seychelles' economy, with merchandise trade (exports and imports), representing 109.6% of GDP in 2018-20. The small size of the economy, the remote access to international markets and suppliers, and limited participation in global value chains also reduce the ability of local firms to exploit economies of scale and to export. The global spread of the pandemic and the resulting containment measures took a toll on Seychelles' trade, but it has proven resilient despite the fact that it is relatively concentrated both in terms of products and markets. In 2021, almost two thirds of total merchandise exports were shipped to the EU-27, which was also the source of about one third of Seychelles' total merchandise imports.

3. During the pandemic, fiscal and monetary policy measures were introduced to support the economy, ensure food and nutrition security, and mitigate the financial impact on private businesses. Annual inflation averaged 2.1% during 2015-20 but jumped to 9.8% in 2021 because of the disruptive effects of the pandemic that increased international commodity prices, and the lagged impact of a weaker Seychelles rupee. According to the IMF classification, Seychelles maintains a floating exchange rate, and as such it is determined by demand and supply in the market. Foreign exchange interventions are done only to limit disorderly market conditions and to build external buffers. With the exception of 2020, during the review period Seychelles achieved primary surpluses through a prudent expenditure policy and gradually widening the tax base. Traditionally, Seychelles has current account deficits reflecting a long-standing structural savings-investment imbalance, which is financed by overseas borrowing.

4. Seychelles' trade policy is articulated towards building a diversified, more resilient, and open economy that is fully integrated globally. Such commitment is reflected in the steady progress made in the implementation of its WTO membership obligations since its accession in 2015, as well as in its active participation in regional trade initiatives and the newly adopted national policy strategy - Vision 2033.

5. Seychelles participates actively in the WTO, having submitted 82 notifications since its accession. As of July 2022, some notifications were outstanding in some areas (e.g. agriculture, trade facilitation, and regional trade agreements (RTAs)). Seychelles has not been involved in any WTO dispute as a complainant, a respondent, or a third party.

6. Seychelles grants at least MFN treatment to all of its trading partners. It has four RTAs in operation, including one with the European Union that has been in force since 2012. During the review period, Seychelles concluded and implemented the Economic Partnership Agreement with the United Kingdom and was actively engaged in various trade negotiations with other African economies, notably on the SADC Free Trade Area, the COMESA Free Trade Area, as well as the African Continental Free Trade Area (AfCFTA) and Tripartite Free Trade Area (TFTA). In 2015, Seychelles signed and ratified the Protocol on Trade under the SADC, thus joining the SADC Free Trade Area in place since 2000. It also signed and ratified the SADC Protocol on Trade in Services in 2015 and 2016, respectively. This Protocol entered into force in January 2022.

7. During the review period, Seychelles took various steps towards enhancing its foreign investment regime. Instead of a negative list, activities open to foreign investment are now identified using a positive listing approach. FDI is generally permitted without restrictions, except for certain activities, which are either reserved for Seychellois or subject to foreign equity limits or a needs

assessment. These activities involve mainly tourism and transportation services, as well as certain business and recreational services.

8. Seychelles ratified the WTO Agreement on Trade Facilitation (TFA) in January 2016 and has notified to the WTO its commitments in Categories A, B, and C, along with the definitive dates for their implementation (Categories B and C). Some notifications mainly related to transparency are pending. As of June 2022, it had implemented about 88% of these commitments, with full implementation expected by December 2025. Seychelles does not have a single window or authorized operators programme but has committed to implement them under the TFA (Category C) by December 2023 upon receipt of capacity-building support. Seychelles uses the transaction value as its primary method to determine the value of imported goods.

9. Seychelles' MFN average applied tariff is 2.7% (down from 3.8% in 2015), one of the lowest among WTO Members. The MFN tariff rate reduction during the review period was mainly due to the conversion to the HS17 nomenclature and the decrease of some tariff rates, notably for clothing and other textiles articles, vehicles, and certain agricultural products. The applied MFN average tariff for both agricultural and non-agricultural goods (WTO definition) also declined during 2015-22, from 8.6% to 7.4% for agricultural products and from 2.9% to 1.8% for non-agricultural goods (including AVEs). Seychelles bound all of its tariff lines using only *ad valorem* duties. The average bound rate is 9.9%; there are 29 tariff lines where applied rates are higher than bound rates.

10. In addition to tariffs, imports are subject to fees for customs operations, a VAT of 15%, and where applicable an excise tax. Both the VAT and excise tax apply equally to imported and locally produced goods. Imports of selected products are also subject to a sugar tax since 2019, and to different types of environmental levies, some of which were also introduced during the review period.

11. Seychelles maintains import prohibitions and an import permit system for certain goods mostly based on national security, health, and environmental considerations. The product coverage of these measures is broadly the same as the one in place at the time of Seychelles' accession to the WTO, with some exceptions. As of July 2022, the list of import prohibitions comprised 13 product categories, including toxic chemicals, counterfeit currencies, and arms, while the requirement of an import permit applied to nearly 50 product categories, covering for example plastic items, fertilizers, and alcoholic beverages, as well as agricultural, tobacco, and pharmaceutical products.

12. Seychelles does not yet have any legal and institutional frameworks for the application of anti-dumping, countervailing, and safeguard measures. According to the authorities, the preparation of Seychelles' first legislation in these areas is ongoing.

13. Seychelles does not apply any export duties, charges, or levies. A permit is required to export certain products. The list of products subject to an export permit is based mainly on health and environmental considerations. It has not changed since it was established in 2014, and includes chemical products, live plants and animals, fish and fishery products, and motor vehicles. Seychelles also requires a permit to export the Coco-de-Mer nut – one of its distinctive and native products. This permit is reserved for domestic exporters.

14. Seychelles does not maintain any support programme for exports and promotes them mainly through its free-zone regime known as International Trade Zones. It has further notified to the WTO that it did not provide any export subsidies for agricultural products during the period 2015-21.

15. Seychelles applies various types of incentives schemes (mostly fiscal concessions, credits at subsidized interest rates, grants, and targeted subsidies) to promote business activities in general but also in specific sectors, notably agriculture and fisheries. Some incentives were introduced as a result of the pandemic to support micro, small, and medium-sized enterprises (MSMEs), as well as large enterprises.

16. Seychelles' SPS and TBT regimes have not been subject to significant changes since 2014, except for the introduction of labelling requirements for food products in 2019, and some institutional changes in the area of SPS. SPS measures are mainly governed by the Animal and Plant Biosecurity Act, 2014; the Food Act, 2014; and their regulations. Seychelles also has specific sanitary legislation for the exportation of fish products. The Agriculture Department under the Ministry of Agriculture, Climate Change and Environment is the regulatory authority for both animal and plant health since



2021. In the area of TBT, Seychelles' standardization and conformance system is mainly governed by the Seychelles Bureau of Standards Act, 2014. The adoption of the Act's regulations is still pending. According to the authorities, Seychelles had 358 standards in 2021, of which 84% were equivalent to international standards. Currently, the Seychelles Bureau of Standards, Seychelles' national standardization body, administers four technical regulations. Since its WTO accession, Seychelles neither raised nor was the object of any SPS/TBT specific trade concerns.

17. In June 2022, Seychelles amended the legal and institutional framework of its competition policy through the adoption of the Fair Trading Act 2022. It applies to all enterprises operating in Seychelles in any sector of activity, including branches, subsidiaries, or affiliates when dealing with competition issues, and to any goods and services for sale in the country in the case of consumer protection, with few exceptions (e.g. financial services). Seychelles does not apply price controls.

18. According to the Government, Seychelles' public enterprises operate in general on a commercial basis and play an important role notably in the energy, retail, and banking sectors. The State has an exclusive right in the provision of public transportation (in peak hours), airport, postal, and utilities services. The development of islands owned by the Government is also reserved for public enterprises. Seychelles has notified to the WTO that it does not maintain any state trading enterprises within the meaning of Article XVII of the GATT 1994 and the Understanding on its interpretation.

19. Seychelles' government procurement system is partially centralized and was not subject to any significant change during the review period. The authorities identified various challenges including the use of non-competitive procurement methods to fast-track projects, differences in the tenders' evaluation criteria across procuring entities, and enforcement of debarment for non-performing bidders. They further indicate that there is no preference scheme in place and that a review of the regulations is currently ongoing to improve efficiency and transparency. Seychelles is an observer in the Committee on Government Procurement but has not yet applied for accession to the Agreement on Government Procurement as provided for in its WTO accession commitments.

20. During the review period, Seychelles introduced some institutional changes to improve efficiency and facilitate intellectual property (IP) rights registration. Seychelles' IP regime is governed by the Industrial Property Act, 2014; the Copyright Act, 2014; and their regulations, which cover and protect IP rights in accordance with the TRIPS Agreement. According to the authorities, IP legislation is going through a review process, which shall result in the adoption of a new law. In 2016, Seychelles accepted the Protocol Amending the TRIPS Agreement.

21. The agriculture sector (including fisheries and forestry) accounts for more than 20% of GDP and virtually all of Seychelles' merchandise exports. Seychelles has limited agricultural land because of its granitic surface and because protected forests cover much of its total land. Primarily consisting of small farms, agriculture is largely commercially based. The sector is characterized by subsistence production. Seychelles is a net food importer, with about 80% of food imported, including the main staples. Some of the key objectives of Seychelles' agricultural policies include enhancing food and nutrition security, improving traditional farming methods, and facilitating the involvement of the private sector. According to Seychelles' notifications to the WTO, most support measures in the sector have been under the "Green Box", and the majority were for research, pest and disease control, training services, infrastructural services, and payments for relief from natural disasters.

22. Fisheries is the second most important activity of Seychelles' economy, closely behind tourism. Fishing mainly consists of artisanal demersal fisheries, artisanal pelagic, industrial, and seafood processing. Production and trade are dominated by canned tuna, fish oil, smoked fish, and fishmeal. The fisheries industry receives extensive support from the Government aiming to, *inter alia*, boost the development and competitiveness of the industry. Seychelles is implementing its Blue Economy Strategic Framework and Roadmap 2018-2030 with the aim of making maximum use of its 1,358 million km<sup>2</sup> of ocean in the most sustainable manner possible. In October 2018, Seychelles issued the world's first sovereign blue bond to attract private investment and finance a transition to sustainable fisheries.

23. Electricity, gas, and water production contributed 3.2% to GDP during 2015-20. Almost all of Seychelles' primary energy requirements (petroleum products) are imported. Under its Energy Policy 2010-2030, Seychelles plans to, *inter alia*, reduce energy dependency through both public and

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private participation and ownership, increase energy efficiency, and promote renewable energy sources (wind and solar), which currently account for 5% of total electricity demand. This could also contribute to enlarged security of supply, as well as meeting projected international commitments under the Paris Agreement for 100% renewable energy use by 2050.

24. The manufacturing sector comprises mostly MSMEs. In 2015-20, manufacture of fishery products represented 4.2% of economic activity, and other manufacture contributed an additional 3% to GDP. Seychelles-manufactured products are generally not competitive mainly because most inputs are imported, inhibiting manufacturers from achieving competitive prices, and because of high production costs. The only manufacturing subsector where Seychelles currently has a comparative advantage is processed or preserved fish and fish products. Seychelles is a signatory to the ITA, which includes some manufacturing industries. The average applied MFN tariff on manufactured goods (ISIC 3 definition) is 2.3%, with tariffs ranging from zero to 200% on certain tobacco products and retreaded tyres.

25. The services sector, led by real estate and accommodation and food service activities, accounts for almost 80% of Seychelles' GDP and about two thirds of total employment. Seychelles is a net foreign exchange earner, mostly from tourism. Seychelles made horizontal and specific GATS commitments in all 11 services subsectors.

26. Financial and insurance activities contributed 6.5% of GDP over 2015-20. The Central Bank of Seychelles and the Financial Services Authority are jointly in charge of ensuring the soundness and stability of the financial system. According to the authorities, Seychelles is committed to moving towards a digital economy that encompasses the need to tie in technology with financial services through certain initiatives (notably fintech and digitalizing the payment system) to allow for greater efficiency and financial inclusion, and to enhance consumer protection. There are eight commercial banks licensed, two are majority-owned by the Government, and the rest are majority foreign-owned. The insurance sector remains small. The pandemic and the ensuing defaults and delayed loan repayments have impacted banks' profitability. Nevertheless, according to the IMF, Seychelles' banking subsector is healthy and continues to be well capitalized.

27. The telecommunications services sector represented 4.2% of GDP during 2015-20. Seychelles is a net exporter of ICT services. The sector contributed to moderate the socio-economic effects of the pandemic by facilitating work-from-home and educational arrangements. However, it also accentuated the need to address local digital inequalities. During the review period, no changes were made regarding policy, legislation, or institutional arrangements in the sector. The Broadcasting and Telecommunications Act, 2000 still provides the key regulatory framework. In 2022, a policy decision was taken for the establishment of an independent telecom regulator. There are four telecom service providers, all private companies. According to the International Telecommunication Union, Seychelles is only one of two African countries in which fixed broadband prices met the affordability threshold. It also ranks first in Africa for fixed broadband prices. Nonetheless, mobile broadband prices are still high.

28. Transportation and storage contributed 7.1% to GDP during 2015-20. Seychelles became a net importer of transport services during the review period. Maritime transport is of vital importance to Seychelles, as the country is composed of 115 scattered islands. Indeed, the bulk of Seychelles' trade is handled by sea transport. Cabotage by foreign companies is not allowed. Air transport market access policy consists of gradual liberalization through bilateral air service agreements. Transshipment has become a sizeable business, thanks to the existence of freeport zones, both near the port and at the airport where warehousing, merchandizing space, and other infrastructural services are available, for re-export mainly to other African countries. The National Development Strategy 2019-2023 places great emphasis on infrastructure to facilitate the socio-economic transformation and support Seychelles' transportation systems.

29. The tourism sector is the mainstay of the economy and a major foreign exchange earner. In 2019, the travel and tourism industry represented 27.2% of GDP and employed some 27% of the population. Before the pandemic, the sector was one of Seychelles' fastest-growing activities, supported by high and rising FDI inflows into the industry. Tourism has a strong impact on the rest of the economy, as Seychelles maintains a strong domestic supply chain involving the use and promotion of local products. Also, tourism services rely on environmental policy to market Seychelles as a zero-carbon footprint destination. Seychelles has been applying a moratorium since 2015 on the construction of large hotels (i.e. 25 rooms or more). FDI in tourism activities is subject to certain

conditions; foreign equity in accommodations (e.g. hotels, guest houses, self-catering establishments, and motels) of 16 to 24 rooms is limited to 80%. Additionally, foreign investment in other tourism activities, such as catering services, tourist guides, and travel agents, is not allowed.

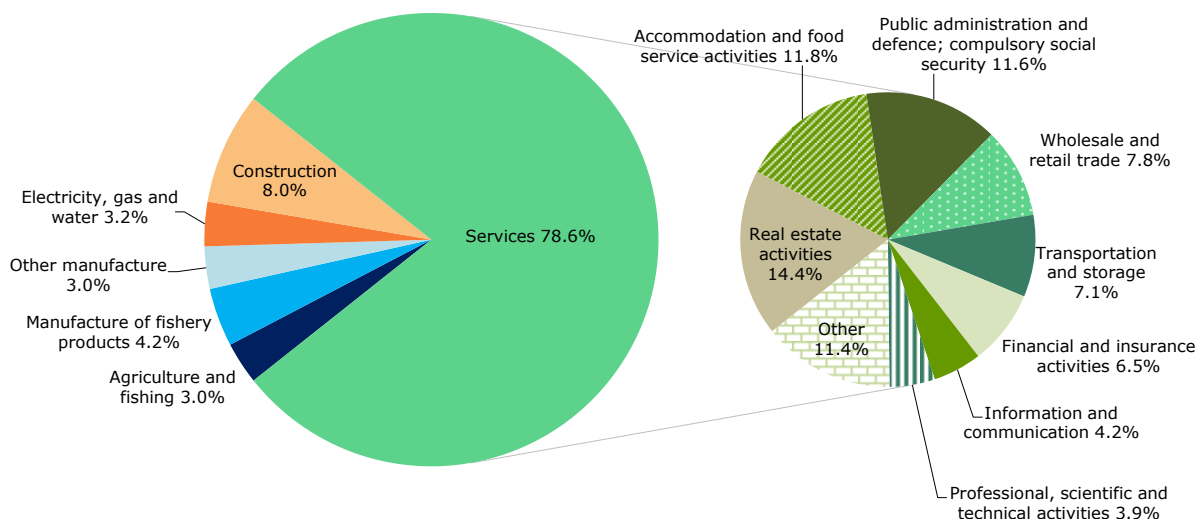
## 1 ECONOMIC ENVIRONMENT

### 1.1 Main Features of the Economy

1.1. The Republic of Seychelles is an archipelago of 115 granite and coral islands, with an exclusive economic zone (EEZ) of approximately 1.4 million km<sup>2</sup>, almost 3,000 times the size of its land area (455 km<sup>2</sup>). It is one of the world's biodiversity hotspots, with extremely rich marine and terrestrial life. Seychelles has a population of almost 100,000<sup>1</sup>, about 90% of which is clustered on the main islands of Mahé, Praslin, and La Digue. According to the World Bank, Seychelles has the highest GDP per capita in Africa, at USD 12,354 in 2021, which makes it one of only two African countries classified as a high-income economy.<sup>2</sup> According to the United National Development Programme (UNDP), Seychelles has the second-highest human development index in Africa, ranking 67<sup>th</sup> of 189 economies.<sup>3</sup>

1.2. The structure of Seychelles' economy is shown in Chart 1.1. The services sector (led by real estate and accommodation and food service activities) is the main contributor to GDP, with a 78.6% share during 2015-20, followed by construction (8%); manufacture of fishery products (4.2%); electricity, gas, and water (3.2%); and agriculture and fishing (3%).

**Chart 1.1 GDP by economic activity (at basic prices), 2015-20**



Note: Simple average during the period 2015-20.

Source: WTO Secretariat based on National Bureau of Statistics. Viewed at: <https://www.nbs.gov.sc/>.

1.3. Seychelles is highly dependent on tourism and fisheries. In 2019, it is estimated that the travel and tourism industry represented 27.2% of GDP and employed some 27% of the population.<sup>4</sup> Tourism is also critical in terms of foreign exchange and tax revenue. Fisheries is the second-most important industry, contributing around 20% to GDP<sup>5</sup>, with Seychelles being a major seafood processing hub. However, pressures from the fisheries and tourism sectors on coastal and marine natural resources are reaching unsustainable levels. Seychelles is now refocusing its development

<sup>1</sup> The population of [Seychelles](#) has grown steadily since the 1960s, and it is currently growing at a rate of 0.4% per year. This trend of very slow growth is expected to continue. UNDP, *World Population Review: Seychelles*. Viewed at: <https://worldpopulationreview.com/countries/seychelles-population>.

<sup>2</sup> World Bank, *The World Bank in Seychelles: Overview*. Viewed at: <https://www.worldbank.org/en/country/seychelles/overview#1>.

<sup>3</sup> Also according to the UNDP, "Between 1990 and 2019, Seychelles' life expectancy at birth increased by 2.6 years, mean years of schooling increased by 2.6 years and expected years of schooling increased by 2.7 years. Seychelles' GNI per capita increased by about 88.5% between 1990 and 2019". UNDP, *Human Development Report 2020: Seychelles*. Viewed at: <https://hdr.undp.org/sites/default/files/Country-Profiles/SYC.pdf>.

<sup>4</sup> WEF (2019), *Travel & Tourism Competitiveness Report 2019*. Viewed at: [http://www3.weforum.org/docs/WEF\\_TTCR\\_2019.pdf](http://www3.weforum.org/docs/WEF_TTCR_2019.pdf).

<sup>5</sup> Estimate provided by the authorities.

around a sustainable blue economy (Section 4.1.4 and Box 4.1) under its Vision 2033, which was launched in 2019 (Section 2.2.2).

1.4. Climate change poses long-term sustainability risks to Seychelles. Indeed, as a small island developing state (SIDS), Seychelles is most vulnerable and greatly affected by the negative impacts of climate change. It is estimated that an increase in the average global temperature of 2 degrees Celsius would be catastrophic for the country, given that over 90% of the critical infrastructure is located along the shoreline. The changing climatic conditions are related to higher temperatures and sea level rise affecting marine and coastal life, and thus fisheries, while beach erosion and coral bleaching threaten tourism; these types of events have a human impact as well. With the aim of addressing this challenge, the Seychelles' National Climate Change Policy was launched in 2020.<sup>6</sup>

1.5. As a SIDS with limited scope for diversification<sup>7</sup>, Seychelles relies heavily on the rest of the world and its economy is extremely vulnerable to external shocks. Not only does it depend heavily on tourism, but it imports over 90% of its total primary and secondary production inputs. International trade, therefore, plays an important role in Seychelles' economy, with merchandise trade (exports and imports) representing 109.6% of GDP in 2018-20.<sup>8</sup> Seychelles' trade is relatively concentrated both in terms of products and markets (Section 1.3.1). The small size of Seychelles' economy, the remote access to markets and suppliers, and limited participation in global value chains also reduce the ability of firms to exploit economies of scale and to export.

1.6. According to UNCTAD, "[l]ow levels of local entrepreneurship and innovation have generated a dual economy, split between sectors with FDI presence and those reserved for domestic investors". Additionally, "Seychelles has adopted a prudent and selective approach to FDI entry, imposing regulatory limitations" on FDI (Section 2.4.1). This approach "served the country well", due to its size, "the scarcity of land and the need to preserve natural resources". Nonetheless, "a competitiveness gap is emerging between ... sectors ... which are more exposed to competition and modern management techniques, and those reserved for [domestic investors], where low levels of competition have [restrained] development and innovation".<sup>9</sup>

## 1.2 Recent Economic Developments

1.7. During the 2015-19 period, the economy of Seychelles grew at an average annual rate of 4.4%, driven primarily by significant tourist earnings and strong output in the fishing industry. Over the same period, annual CPI inflation averaged 2.3%, helped by prudent monetary policy and a stable exchange rate, while the external current account deficit, as a percentage of GDP, averaged 18% mostly because of its significant trade deficit.

1.8. In 2020, the IMF estimates that Seychelles' real GDP contracted 7.7% mainly due to the COVID-19 pandemic that significantly disrupted all economic activities, notably tourism, which plummeted by more than 60%. In 2020, for the first time since 2008, Seychelles did not achieve a primary surplus, with a deficit of 15.3% of GDP (Table 1.1) that followed an underperformance on revenues while expenditures exceeded the planned amount in face of the pandemic.<sup>10</sup> Seychelles applied strict public health measures including lockdowns and the closing of its international airport. According to the IMF, Seychelles' economy has weathered the pandemic relatively well, including through fiscal and monetary policy measures to support the economy, ensure food security, and mitigate the financial impact of the pandemic on private businesses.<sup>11</sup>

1.9. The main aid to the private sector was the Financial Assistance for Job Retention (FA4JR) scheme aimed at avoiding redundancies by guaranteeing the salaries of employees and self-employed individuals affected by the pandemic up to a maximum of SCR 30,000 per month. To support investment in agriculture and fisheries and improve those sectors' contribution to food and

<sup>6</sup> Ministry of Environment, Energy and Climate Change (now Ministry of Agriculture, Climate Change and Environment) (2020), *Seychelles' National Climate Change Policy*.

<sup>7</sup> Scarcity of land and limited labour supply constrain economic diversification in Seychelles.

<sup>8</sup> WTO Statistics database, *Trade Profiles: Seychelles*. Viewed at: [https://www.wto.org/english/res\\_e/statis\\_e/daily\\_update\\_e/trade\\_profiles/SC\\_e.pdf](https://www.wto.org/english/res_e/statis_e/daily_update_e/trade_profiles/SC_e.pdf).

<sup>9</sup> UNCTAD (2020), *Investment Policy Review: Seychelles*, p. 5.

<sup>10</sup> Central Bank of Seychelles, *Annual Report 2020*, p. 6. Viewed at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202020.pdf>.

<sup>11</sup> IMF (2022), *Seychelles: First Review under the Extended Fund Facility Arrangement*, IMF Country Report No. 22/6, p. 4.

nutrition security, the interest on loans was lowered from 3% to 1%. In addition, as of May 2020, the levy on imports of poultry and pork was increased. The associated revenue raised was added to the Livestock Trust Fund to help farmers cope with higher costs.<sup>12</sup> Moreover, the Central Bank of Seychelles (CBS) supported the operating expenditures of impacted businesses through two credit line facilities: the Private Sector Relief Scheme for Micro, Small and Medium Enterprises, and the Private Sector Relief Scheme for Large Enterprises. These schemes were withdrawn on 1 April 2022 (Section 3.3.1 and Table 3.5).

1.10. On 29 July 2021, the IMF approved Seychelles' request for a 32-month arrangement under an Extended Fund Facility (EFF), which provided for a concessionary loan of about USD 106 million aimed at preserving macroeconomic stability (e.g. fiscal consolidation, reducing debt sustainability risks, narrowing the of the current account deficit, and protecting the most vulnerable segment of the population), and advancing key structural reforms (wage bill, pension fund, and social protection system reforms) to raise and sustain long-term growth.<sup>13</sup>

1.11. According to the IMF, Seychelles has achieved a macroeconomic turnaround in line with expectations at the time of the EFF approval. Market sentiment has improved, fiscal deficits have narrowed, and debt ratios are on a downward trajectory. This recovery was aided by the authorities' strides in restoring macroeconomic stability and the implementation of structural reforms during the ongoing EFF-supported programme.<sup>14</sup> As a result, Seychelles' real GDP growth for 2021 is estimated at 2.6%, pushed by the swift recovery of the tourism industry.<sup>15</sup> Nonetheless, the unemployment rate increased from 3.0% in 2019 to 4.3% in 2020 (Table 1.1).<sup>16</sup> For 2022, the IMF estimates real GDP growth at 4.6%.<sup>17</sup>

**Table 1.1 Selected economic indicators, 2015-21**

	2015	2016	2017	2018	2019	2020	2021
GDP at current prices (SCR million)	18,852.5	19,848.5	21,473.9	22,762.9	23,635.2	21,151.0	22,316.9
GDP at current prices (USD million)	1,416.0	1,490.2	1,573.4	1,636.3	1,684.2	1,200.6	1,320.5
Real GDP (% change at 2014 constant prices)	5.6	5.4	4.5	3.2	3.1	-7.7	2.6
Population ('000)	93.4	94.7	95.8	96.8	97.6	98.5	99.3
GDP per capital (USD)	15,157.5	15,740.1	16,416.7	16,910.7	17,252.0	12,193.9	12,353.9
Unemployment, total (% of total labour force)	4.2	4.0	3.7	3.5	3.0	4.3	..
Inflation (CPI % change, period average)	4.0	-1.0	2.9	3.7	1.8	1.2	9.8
<b>GDP by economic expenditure (% of GDP at current prices)</b>							
Household consumption	59.7	59.4	58.8	59.9	58.3	67.1	52.5
Government consumption	24.0	23.5	23.0	25.0	24.6	30.3	27.1
Gross fixed capital formation	30.7	28.9	29.9	28.8	28.1	25.3	34.2
Net exports	-7.9	-11.8	-11.7	-13.7	-10.9	-22.8	-13.9
Exports	97.1	77.2	85.9	81.5	78.5	65.8	93.4
Imports	105.0	89.0	97.6	95.2	89.4	88.6	107.3
<b>Government budget (% of GDP)</b>							
Revenue and grants	33.7	36.9	34.3	37.3	35.7	34.5	33.8
Total revenue	32.9	35.6	33.6	36.0	35.3	33.8	30.9
Tax	29.4	31.2	30.5	32.0	31.4	30.1	27.1
Non-tax	3.6	4.4	3.1	4.0	3.9	3.7	3.8
Grants	0.8	1.3	0.7	1.2	0.4	0.7	2.8
Expenditure and net lending	31.4	36.8	34.1	37.5	35.5	52.9	39.7
<b>Primary balance, accrual basis</b>							
Including grants	4.3	3.4	3.1	2.8	2.6	-15.3	-3.0

<sup>12</sup> The FA4JR scheme was introduced in April 2020 and extended until the end of the year. Nonetheless, as of July 2020, only the salaries of Seychellois workers were guaranteed. CBS, *Annual Report 2020*, pp. 3-4. Viewed at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202020.pdf>.

<sup>13</sup> In addition to funds received from the IMF, Seychelles received support loans from the African Development Bank (USD 20 million) and the World Bank (USD 35 million). CBS, *Annual Report 2021*, p. 45. Viewed at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202021.pdf>.

<sup>14</sup> IMF Country Report No. 22/6, p. 16.

<sup>15</sup> Among the actions taken by the authorities to revive the tourism industry were widespread vaccine coverage at home and the gradual removal of restrictions on visitors entering Seychelles.

<sup>16</sup> Unemployment statistics were not produced in 2021 due to pandemic restrictions.

<sup>17</sup> IMF (2022), *World Economic Outlook*, April.

	2015	2016	2017	2018	2019	2020	2021
Excluding grants	3.6	2.1	2.5	1.6	2.2	-16.0	-5.8
Overall balance, accrual basis	2.3	0.0	0.2	-0.2	0.2	-18.3	-6.0
<b>Public debt (SCR billion, end-of-period)</b>							
Total public debt	11.8	12.6	12.4	12.3	13.4	19.4	18.5
External debt	5.8	5.6	5.6	5.8	5.8	10.1	8.2
% of GDP	29.6	28.7	28.1	26.3	25.0	48.8	32.9
Domestic debt	6.0	7.0	6.8	6.5	7.5	9.5	10.3
% of GDP	30.90	35.9	34.0	29.5	32.0	45.6	41.1
<b>Money and interest rate</b>							
Reserve money (end-of-period, annual per cent change)	9.5	14.5	18.9	4.5	22.7	40.4	11.1
Broad money (M3) (end-of-period, annual % change)	2.9	12.1	16.4	7.7	13.9	29.1	5.8
Monetary sector credit to private sector (% GDP)	24.6	26.0	29.3	31.8	37.6	49.0	40.0
<b>Interest rates (%)</b>							
Saving rates	2.9	2.9	2.4	2.9	2.9	2.3	1.6
Lending rate	12.57	12.42	12.05	12.58	12.36	9.34	9.02
Treasury bills	9.1	6.4	5.4	5.2	5.5	4.7	3.7
<b>External sector</b>							
Current account (% of GDP)	-18.1	-19.3	-18.8	-17.3	-16.6	-23.2	-20.3
Trade in goods and services based on BoP (% of GDP)	192.0	191.3	207.8	216.1	202.0	187.1	182.9
Terms of Trade on goods (- = deterioration)	-12.1	17.0	2.6	3.0	-6.2	-9.0	4.4
SCR/USD (period average)	13.3	13.3	13.6	13.9	14.0	17.6	16.9
SCR/EURO (period average)	14.8	14.8	15.5	16.5	15.8	20.2	20.1
SCR/GBP (period average)	20.3	18.0	17.5	18.5	17.9	22.6	23.2
Nominal effective exchange rate (% of change: - depreciation)	7.8	2.4	-3.9	-3.3	2.9	-17.7	1.6
Real effective exchange rate (% of change: - depreciation)	9.8	-0.1	-3.2	-2.0	3.4	-12.8	8.3
Gross international reserves	535.5	523.0	544.7	549.0	580.0	559.2	702.1
Net international reserves	423.4	414.6	424.3	407.7	430.0	400.5	528.6
Net reserves in months of imports	3.9	3.3	3.3	2.8	2.8	3.6	3.6

.. Not available.

a Figures include private external debt.

Note: Provisional data for GDP data from 2018 and 2020. GDP data in 2021 derived from the IMF's *World Economic Outlook* (April 2022) due to no data availability from the CBS and National Bureau of Statistics (as of 19 May 2022).

Source: National Bureau of Statistics, *Statistics*. Viewed at: <https://www.nbs.gov.sc/>; CBS, *Statistics*. Viewed at: <https://www.cbs.sc/>; IMF Data, *International Financial Statistics*. Viewed at: <https://www.imf.org/en/Data>; IMF Data, *IMF Data Mapper*. Viewed at: <https://www.imf.org/external/datamapper/datasets>; World Bank, *World Development Indicators*. Viewed at: <https://databank.worldbank.org/home.aspx>; and UNCTAD, *Data Center*. Viewed at: <https://unctadstat.unctad.org/EN/>; and data provided by the authorities.

### 1.2.1 Monetary and exchange rate policies

1.12. The CBS is responsible for conducting monetary policy. The Central Bank of Seychelles Act, 2004 (as amended) states that the primary objective of the CBS is to promote domestic price stability. The other objectives of the CBS are to advise the Government on banking, monetary, and financial matters, including the monetary implications of proposed fiscal or credit policies or operations of the Government, and to promote a sound financial system.

1.13. Annual CPI inflation averaged 2.1% during 2015-20 but jumped to 9.8% in 2021 because of the disruptive effects of the pandemic that increased international commodity prices, and the lagged impact of the weaker Seychelles rupee (SCR).<sup>18</sup> For 2022, the IMF estimates a reduction of the average inflation rate to 5.6%<sup>19</sup>, while the authorities' forecast is 4.1%, driven mainly by the elevated international commodity and fuel prices, although the stronger SCR is expected to dampen their impact.

1.14. According to the IMF, the CBS stands ready to act if inflationary pressures persist and is working to ensure a well-functioning interest-rate-based monetary policy framework.<sup>20</sup> In January 2019, the monetary policy framework transitioned from reserve money targeting to an interest rate-based framework. This was done through the introduction of a Monetary Policy Rate (MPR) that lies in the middle of the pre-existing interest rate corridor.<sup>21</sup> The MPR serves as the key policy rate signalling the monetary policy stance.

1.15. Due to the pandemic and its associated economic and social challenges, the CBS felt it necessary to support domestic economic activity. In this light, monetary policy has remained accommodative since Q2 2020. The MPR was reduced to 4% in Q2 2020 and, in line with this, the Standing Credit Facility (SCF) and Standing Deposit Facility (SDF) were also lowered to 7% and 1%, respectively. A further loosening of monetary policy was implemented in Q3 2020 when the MPR was reduced to 3%. Subsequently, the SCF was lowered to 6% while the SDF remained unchanged at 1%; these rates were maintained until Q2 2021.

1.16. Despite the accommodative monetary policy since Q2 2020, interest rates in the market remained elevated and were not necessarily conducive to growth, thereby implying limited transmission of monetary policy. Therefore, to align market interest rates with prevailing macroeconomic fundamentals, the Board of the CBS approved a structural shift in the interest rate corridor in Q3 2021. Consequently, the MPR was set at 2% while the interest rates on the SDF and SCF were reduced to 0.5% and 3.5%, respectively. In line with this, there was a general reduction in interest rates in the domestic market.

1.17. As already indicated, as part of a range of support measures implemented by the CBS to support operating expenditures of individuals and businesses impacted by the pandemic, two credit line facilities were introduced in 2020 under private sector relief schemes. Given the gradual rebound in economic activity that has been observed since early 2021, the Board of the CBS approved the unwinding of COVID-19 Policy and Relief Measures in January 2022. The two credit line facilities were closed as of 1 April 2022 (Section 4.4.2.1).

1.18. According to the IMF, the exchange rate regime of Seychelles is classified as floating. As such, the exchange rate is determined by demand and supply in the market. Subsequently, foreign exchange interventions are done only to limit disorderly market conditions and to build external buffers.<sup>22</sup> In 2021, for example, because of speculative behaviour on both the buying and selling sides, the CBS felt that the exchange rate was not adjusting to reflect market conditions. Therefore, according to the CBS, it sold "foreign exchange to commercial banks after which the market resumed its normal function".<sup>23</sup>

1.19. The exchange market in Seychelles was liberalized in November 2008, which resulted in the elimination of restrictions on the making of payments and transfers for current international

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<sup>18</sup> CBS, *Annual Report 2021*, p. 27. Viewed at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202021.pdf>.

<sup>19</sup> IMF (2022), *World Economic Outlook*, April.

<sup>20</sup> IMF Country Report No. 22/6, p. 10.

<sup>21</sup> With the discontinuation of reserve money as the operating target, the MPR serves as the key policy variable used for signalling the prevailing monetary policy stance. This is complemented by the interest rate corridor, which adjusts accordingly to changes in the MPR. The MPR lies within the interest rate corridor, with the Standing Deposit Facility and the Standing Credit Facility serving as the floor and ceiling, respectively. The interbank lending rate (the average rate at which banks lend funds to one another) is expected to fluctuate between the floor and ceiling, with adjustments impacted by any shifts in the MPR. In addition, the direct monetary policy tool, Minimum Reserve Requirement (MRR), remains a supporting policy indicator. CBS, *The Monetary Policy Rate*. Viewed at: <https://www.cbs.sc/monetary/CurrentFramework.html>.

<sup>22</sup> IMF Country Report No. 22/6, p. 10.

<sup>23</sup> CBS, *Annual Report 2021*, p. 61. Viewed at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202021.pdf>.



transactions. The *de jure* exchange rate regime is floating, and its *de facto* exchange rate regime is classified as floating.<sup>24</sup> The evolution of the nominal and real effective exchange rates is shown in Table 1.1. In 2021, both rates appreciated partly due to the strong growth in tourism earnings compared to 2020 (Section 1.2.3). On average, the SCR strengthened by 4.1% and 1.1% relative to the US dollar and the euro, respectively.<sup>25</sup>

### 1.2.2 Fiscal policy

1.20. From 2008 until 2019, Seychelles achieved primary surplus (including grants) through a prudent expenditure policy and a gradual widening of the tax base. Nonetheless, the primary surplus (including grants) of 2.6% of GDP in 2019 became a deficit of 15.3% of GDP in 2020 largely as a result of the measures taken to contain the pandemic's impact on tourism earnings. For 2021, the primary balance (including grants) is estimated at 3% of GDP (Table 1.1), as economic activity picked up following the easing of travel restrictions during the year, expenditure cuts, and higher revenues.<sup>26</sup>

1.21. During the review period, the Government continued to raise funds on both the domestic and external markets to finance its fiscal needs. The aggregated stock of public debt stood at some USD 1,260 million in 2021, i.e. 74% of GDP (up from USD 903 million in 2020 or 94% of GDP). The authorities aim at reducing total public debt to around 50% of GDP by 2026.<sup>27</sup> The stock of external debt, as a share of GDP, decreased from 48.8% in 2020 to 32.9% in 2021, while the stock of domestic debt rose due to increased net issuance of bonds.<sup>28</sup>

1.22. According to the IMF, the Seychellois authorities are committed to reducing debt vulnerabilities and fiscal risks by frontloading the fiscal adjustment and returning to a primary surplus of 2.9% as a share of GDP as early as 2023 (compared to a deficit of 0.4% at EFF approval).<sup>29</sup>

1.23. Among the main fiscal measures applied/envisaged to achieve such targets are structural reforms to: (i) improve the efficiency of government spending; (ii) rationalize the modernization of the Seychelles Revenue Commission to widen the tax base with revisions of the exemptions under the VAT; (iii) improve customs tax collection by moving to online services, and reducing paper transactions and costs; (iv) reduce business tax rates to make them equitable; (v) reform excise taxes; (vi) end the unemployment relief scheme effective March 2022; and (vii) phase out the FA4JR scheme by March 2022.<sup>30</sup> As a result, the authorities expect a primary fiscal deficit (including grants) of 0.8% of GDP in 2022.

1.24. In addition, the authorities are working to adopt a new Public Enterprises Act to strengthen management of SOEs (Section 3.3.5). The Public Enterprise Monitoring Commission is to become the only authority to oversee public enterprises and will establish targets for these SOEs to ensure that they generate revenue and are accountable to Government, and their decisions are aligned with national plans.<sup>31</sup>

### 1.2.3 Balance of payments

1.25. In line with the inherent characteristics of a SIDS that depends heavily on imports, traditionally Seychelles has a current account deficit; it averaged 19.1% of GDP over 2015-21. This deficit also reflects a long-standing structural savings-investment imbalance financed by overseas

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<sup>24</sup> IMF (2019), *Seychelles: Staff Report for the 2019 Article IV Consultation*, IMF Country Report No. 19/194.

<sup>25</sup> CBS, *Annual Report 2021*, p. 53. Viewed at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202021.pdf>.

<sup>26</sup> CBS, *Annual Report 2021*, p. 44. Viewed at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202021.pdf>.

<sup>27</sup> IMF Country Report No. 22/6.

<sup>28</sup> CBS, *Annual Report 2021*, p. 47. Viewed at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202021.pdf>.

<sup>29</sup> IMF Country Report No. 22/6, p. 7.

<sup>30</sup> CBS, *Annual Report 2021*, p. 45. Viewed at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202021.pdf>.

<sup>31</sup> IMF Country Report No. 22/6, p. 55.

borrowing. The current account deficit averaged USD 283 million during 2015-21, amounting to USD 297.4 million in 2021 (Table 1.2).

**Table 1.2 Balance of payments, 2015-21**

(USD million)

	2015	2016	2017	2018	2019	2020	2021
Current account	-255.9	-287.4	-295.7	-282.9	-279.7	-279.1	-297.4
Goods and services	-123.5	-145.5	-143.8	-179.5	-183.8	-198.3	-215.6
Credit	1,297.4	1,352.9	1,562.9	1,678.4	1,609.2	1,024.1	1,231.1
Debit	1,420.9	1,498.4	1,706.8	1,857.8	1,793.0	1,222.4	1,446.7
Goods	-473.0	-531.9	-590.3	-615.4	-630.6	-358.7	-506.9
Credit	449.4	459.2	564.8	572.7	483.2	473.1	515.7
<i>of which: re-exports (credit)</i>	196.3	172.7	278.4	242.0	259.5	198.2	198.4
Debit	922.4	991.0	1,155.1	1,188.1	1,113.8	831.8	1,022.6
Services	349.5	386.3	446.5	435.9	447.0	160.4	291.3
Credit	848.0	893.7	998.1	1,105.7	1,126.0	551.0	715.4
<i>of which: tourism earnings</i>	392.7	413.7	482.7	559.2	589.7	221.3	309.6
Debit	498.5	507.4	551.6	669.8	679.1	390.6	424.1
Primary income	-105.4	-132.2	-136.2	-105.0	-89.5	-67.5	-80.0
Credit	17.4	13.3	15.5	23.4	16.2	11.8	8.0
Debit	122.8	145.5	151.7	128.4	105.7	79.3	88.0
Secondary income	-27.0	-9.7	-15.7	1.5	-6.4	-13.3	-1.9
Credit	32.1	47.8	42.4	63.3	59.8	27.3	39.2
Debit	59.1	57.5	58.1	61.8	66.2	40.6	41.1
Capital account	36.9	54.2	52.3	49.8	38.3	20.9	23.8
Financial account	-215.8	-225.3	-246.8	-223.4	-241.9	-256.7	-263.9
Direct investment	-193.0	-119.3	-206.3	-317.9	-265.2	-134.6	-148.6
Assets	-87.1	-78.4	-81.9	-10.3	-8.1	-54.5	-48.4
Liabilities	105.9	40.9	124.5	307.7	257.1	80.1	100.2
Portfolio investment	-35.9	51.8	53.5	-30.4	11.3	96.5	-13.1
Assets	-43.9	61.1	38.5	-33.1	1.2	51.2	-19.0
Liabilities	-8.0	9.3	-15.0	-2.7	-10.1	-45.3	-5.9
Other investment	-59.9	-158.0	-112.4	121.0	-12.0	-192.0	-246.8
Assets	-187.4	-90.2	-12.2	135.5	-0.3	-185.7	4.6
Liabilities	-127.5	67.8	100.1	14.4	11.7	6.3	251.5
Reserve assets	73.0	0.1	18.4	3.8	24.0	-26.6	144.6
Net errors and omissions	3.3	8.0	-3.4	9.8	-0.5	1.5	9.7

Note: Based on data including offshore.

Source: CBS, *Statistics*. Viewed at: <https://www.cbs.sc>.

1.26. The current account deficit, as a share of GDP, increased from 16.6% in 2019 to 23.2% in 2020 and subsided to 20.3% in 2021 (Table 1.1), thanks to the gradual recovery of tourism earnings. Indeed, these went from USD 589.7 million in 2019 to USD 221.3 million in 2020 and USD 309.6 million in 2021 (Table 1.2).

1.27. As shown in Table 1.1, the stock of net official reserves held at the CBS increased from USD 423.4 million at the end of 2015 to USD 528.6 million in 2021. In terms of reserves adequacy, this was equivalent to 3.6 months of Seychelles' total imports of goods and services in 2021 (3.9 months in 2015).

### 1.3 Trade and Investment Performance

#### 1.3.1 Trade in goods

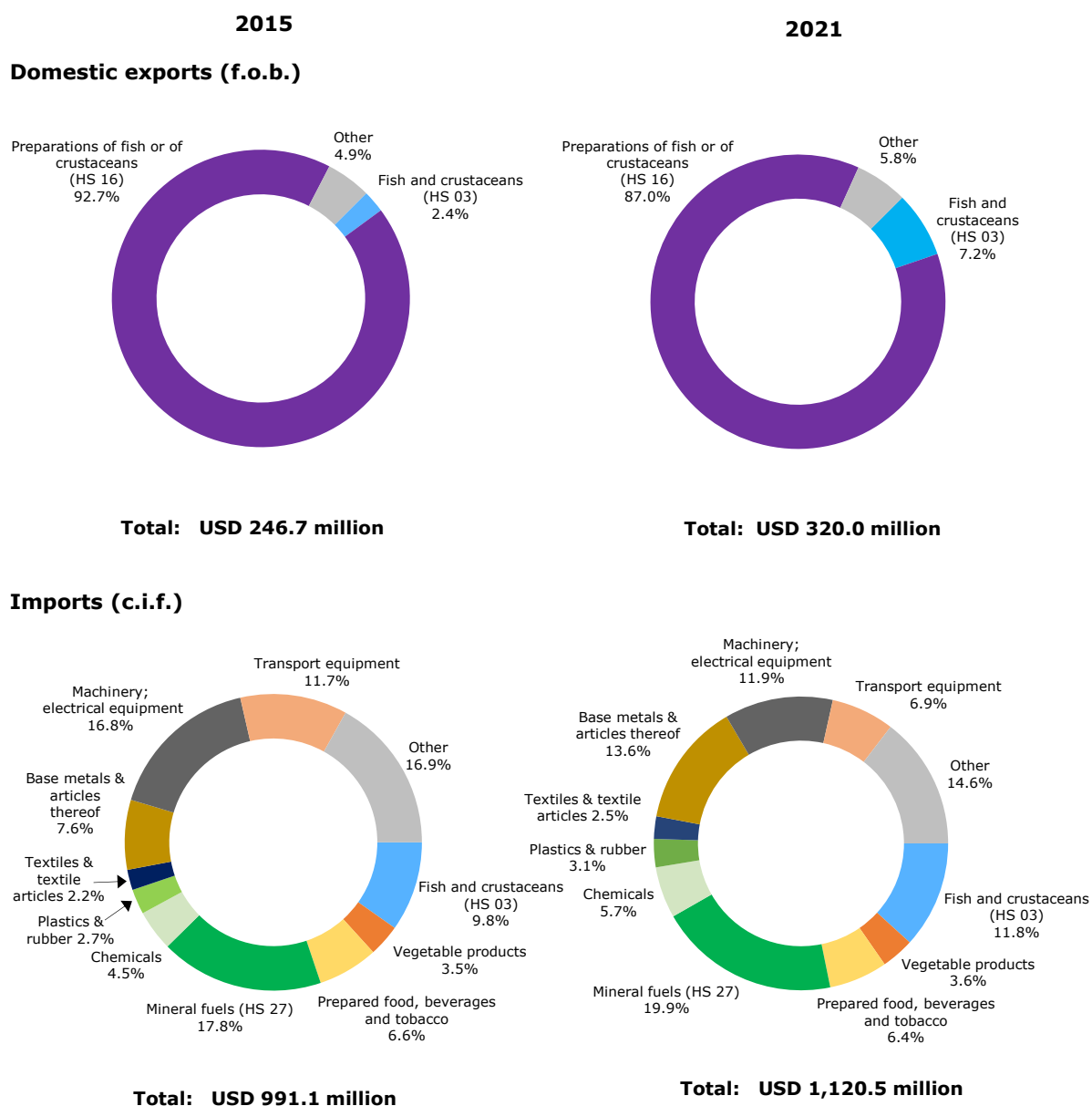
1.28. Based on balance of payments figures, Seychelles' merchandise exports (including re-exports) grew 14.8% between 2015 and 2021, while merchandise imports increased by 10.9% between the same years. As a result, the trade deficit increased from USD 473.0 million in 2015 to USD 506.9 million in 2021 (Table 1.2).

1.29. In 2020, Seychelles ranked 138<sup>th</sup> among world merchandise exporters and 143<sup>rd</sup> among importers (considering the countries of the European Union together and excluding intra-EU trade).

Services exports, mainly travel services, are also a significant source of foreign exchange earnings. In services trade, Seychelles ranked 98<sup>th</sup> among exporters and 131<sup>st</sup> among importers.<sup>32</sup>

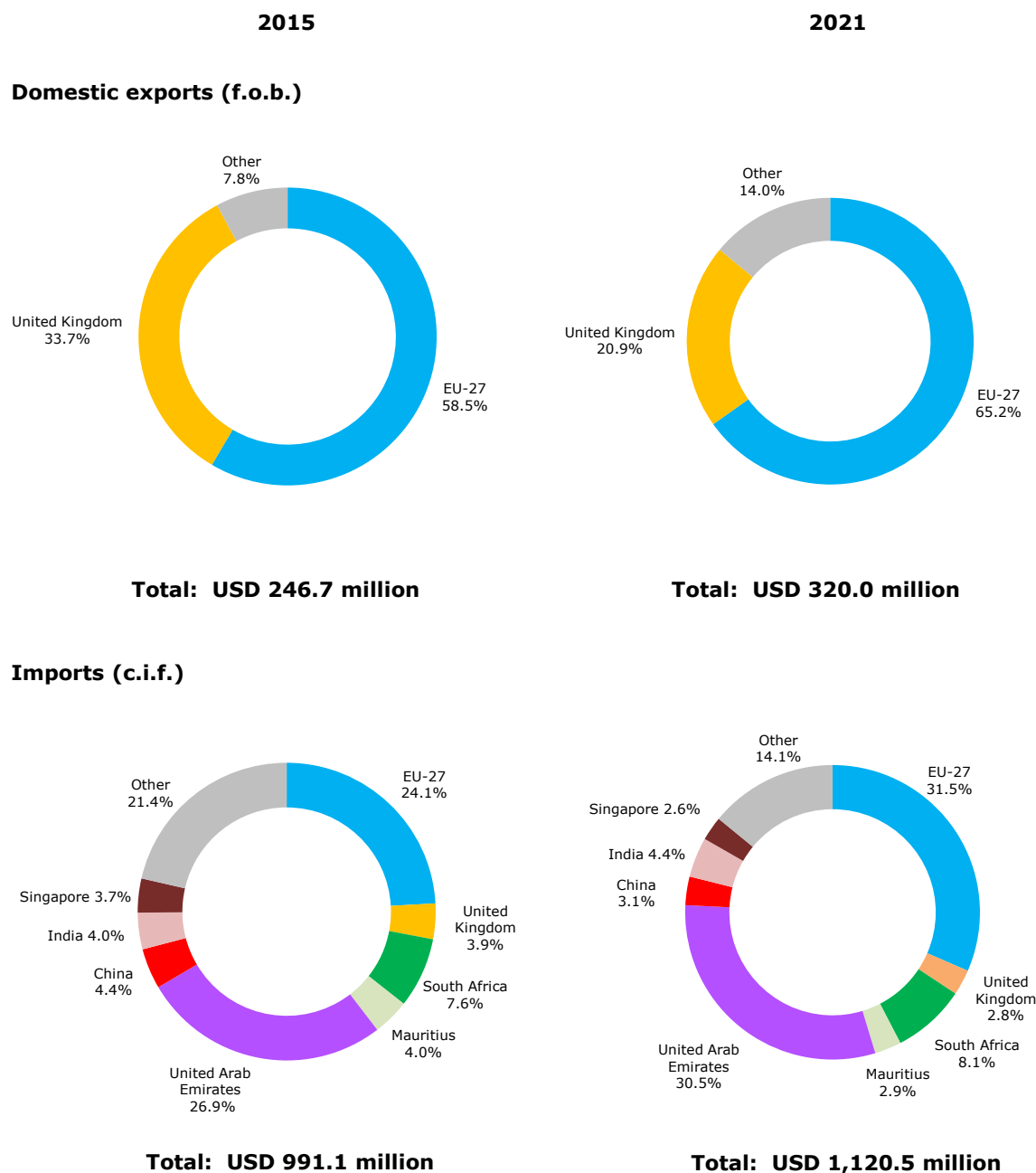
1.30. The global spread of the pandemic and the resulting containment measures took a toll on Seychelles' merchandise exports and imports but not as much as expected. Domestic exports went from USD 246.7 million in 2015 to USD 320.0 million in 2021 (Chart 1.2), an increase from USD 288.6 million in 2020 (Table A1.1). The category of preparations of fish or of crustaceans (HS 16), mostly canned tuna, is the main contributor towards merchandise exports earnings, representing 87.0% of the total in 2021 (compared with 92.7% in 2015). Next come fish and crustaceans (HS 03), which represented 7.2% of total merchandise exports in 2021 (2.4% in 2015), and residues and waste from the food industries (HS 23) with 2.8% (Table A1.1).

**Chart 1.2 Product composition of merchandise trade by main HS section, 2015 and 2021**



Source: WTO Secretariat estimates, based on data from National Bureau of Statistics, *Statistical Bulletins, Merchandise Trade*, various editions (31 March 2022, 31 March 2021, 31 March 2020, 29 March 2019, and 29 March 2018). Viewed at: <https://www.nbs.gov.sc/statistics/merchandise-trade>.

<sup>32</sup> WTO Statistics database, *Trade Profiles: Seychelles*. Viewed at: [https://www.wto.org/english/res\\_e/statis\\_e/daily\\_update\\_e/trade\\_profiles/SC\\_e.pdf](https://www.wto.org/english/res_e/statis_e/daily_update_e/trade_profiles/SC_e.pdf).

**Chart 1.3 Direction of merchandise trade, 2015 and 2021**

Source: WTO Secretariat estimates, based on data from National Bureau of Statistics, *Statistical Bulletins, Merchandise Trade*, various editions (31 March 2022, 31 March 2021, 31 March 2020, 29 March 2019, and 29 March 2018). Viewed at: <https://www.nbs.gov.sc/statistics/merchandise-trade>.

1.31. Domestic merchandise exports are highly concentrated geographically. In 2021, 65.2% of total exports were shipped to the EU-27, compared with 58.5% in 2015 (Chart 1.3). France is Seychelles' largest export market, taking 40.1% of total exports in 2021 (up from 37.9% in 2015), followed by the United Kingdom with 20.9%, and Italy with 13.9%. Asia was also an important export destination in 2021 with 6.0% of the total in 2021, up from 5.2% in 2015 (Table A1.2).

1.32. Seychelles' merchandise imports went from USD 991.1 million in 2015 to USD 1,120.5 million in 2021, after dropping to USD 982.7 million in 2020 (Table A1.3). Such outcome was attributed to the overall recovery in economic activity and higher international commodity prices, notably fuel. Indeed, mineral fuels (HS 27) dominated total merchandise imports with 19.9% share in 2021, up from 17.8% in 2015. Next came imports of fish and crustaceans (HS 03) with 11.8% share in 2021,

machinery and mechanical appliances (HS 84, 6.8%), and ships, boats, and floating structures (HS 89, 3.3%) (Chart 1.2 and Table A1.3).

1.33. The EU-27, led by France, Italy, and Spain, was the source of 31.5% of Seychelles' total merchandise imports in 2021, compared with 24.1% in 2015 (Chart 1.3). The United Arab Emirates represented 30.5% of total imports in 2021 (up from 26.9% in 2015), while Asia's share, mostly India and China, went from 21.3% in 2015 to 14.7% in 2021 (Table A1.4).

### 1.3.2 Trade in services

1.34. Seychelles is a net exporter of services, an important source of foreign exchange mostly from tourism. Unsurprisingly, restrictions on international travel because of the pandemic significantly impaired the services surplus. Indeed, it decreased from USD 446.5 million in 2019 to USD 160.4 million in 2020 and recovered somewhat to USD 291.3 million in 2021 (Table 1.3).

**Table 1.3 Trade in services, 2015-21**

(USD million)

	2015	2016	2017	2018	2019	2020	2021
<b>Trade balance</b>	<b>349.5</b>	<b>386.3</b>	<b>446.5</b>	<b>435.9</b>	<b>447.0</b>	<b>160.4</b>	<b>291.3</b>
<b>Total exports, of which:</b>	<b>848.0</b>	<b>893.7</b>	<b>998.1</b>	<b>1,105.7</b>	<b>1,126.0</b>	<b>551.0</b>	<b>715.4</b>
Transport	207.6	203.3	234.3	181.2	161.5	109.9	127.5
Travel	392.7	413.7	483.3	559.2	589.7	221.3	309.6
Royalties & licence fees	1.3	1.3	1.4	1.4	1.4	1.4	1.4
Telecommunications, computer, and information services	12.4	12.1	12.7	13.0	13.3	9.5	9.8
Other business services	225.6	248.3	250.8	344.4	345.0	190.7	254.7
of which technical, trade-related, and other business services	225.6	248.3	250.8	191.5	191.5	189.3	226.5
Government goods and services	8.5	15.0	16.3	6.5	15.0	18.2	12.3
<b>Total imports, of which:</b>	<b>498.5</b>	<b>507.4</b>	<b>551.6</b>	<b>669.8</b>	<b>679.1</b>	<b>390.6</b>	<b>424.1</b>
Transport	170.3	181.1	207.9	214.2	217.4	140.2	223.1
Travel	30.3	53.5	61.8	67.7	67.1	25.6	32.1
Construction	6.5	4.5	5.9	3.1	5.7	6.1	7.3
Insurance and pension services	6.6	6.1	7.3	7.4	7.9	6.8	8.3
Financial services	3.3	3.6	3.7	6.8	11.3	9.6	13.5
Royalties & licence fees	1.8	1.5	1.7	2.7	3.3	2.0	2.4
Telecommunications, computer, and information services	0.9	0.9	1.0	1.3	1.6	1.5	1.8
Other business services	276.2	253.4	258.9	362.2	361.5	195.8	108.8
of which technical, trade-related, and other business services	276.2	253.4	258.9	222.0	218.2	174.9	87.5
Government goods and services	2.7	2.9	3.3	4.3	3.4	3.1	26.9

Note: Based on data including offshore.

Source: CBS, *Statistics*. Viewed at: <https://www.cbs.sc/>.

1.35. Despite the pandemic, travel (tourism) remains the most important services category, contributing 43.3% of total value of services exports in 2021 (46.6% in 2015). Other business services (led by technical, trade-related, and other business services) constitute the second-largest export service category with a share of 35.6% in 2021, followed by transport services (17.8%). Imports of services are led by transport, accounting for 52.6% of the total value of services imports in 2021 (34.2% in 2015), followed by other business services (25.6%) and travel (7.6%).

### 1.3.3 Foreign direct investment

1.36. According to UNCTAD, FDI inflows have contributed significantly to the positive economic and social performance of Seychelles in recent years by playing a major role in the development of key economic activities, notably tourism, fisheries, financial services, and telecom.<sup>33</sup> Nonetheless, in UNCTAD's view, several constraints limit Seychelles' capacity to tap the expected benefits of FDI,

<sup>33</sup> In the 1990s, the first foreign investors in Seychelles came with the privatization of some tourism and manufacturing activities and the acquisition by Heinz European Seafood of a majority stake in the tuna cannery. UNCTAD (2020), *Investment Policy Review: Seychelles*.

including through business linkages.<sup>34</sup> According to the latest World Bank's *Ease of Doing Business Report*, Seychelles' main strengths refer to paying taxes and registering property, while the most important issues still hindering FDI inflows are starting a business, getting credit, protecting minority investors, and enforcing contracts.<sup>35</sup>

1.37. Despite the moratorium on the construction of large new hotels since 2015, Seychelles has almost doubled its FDI stock, as a share of GDP, since 2010. It reached 273.6% in 2020 and 235.1% in 2021. Nonetheless, FDI inflows averaged USD 155 million during 2015-21, below the average registered over 2010-14 (USD 216 million) partly due to the pandemic-related delay in investment projects. Seychelles' stock of FDI abroad averaged USD 289 million during 2015-21 (Table 1.4).

**Table 1.4 FDI inflows and outflows, 2015-21**

(USD million)

	2015	2016	2017	2018	2019	2020	2021
FDI inflows	194.5	155.2	191.9	119.5	143.7	122.3	156.9
FDI inward stock	2,761.8	2,917.0	2,899.5	3,019.1	3,162.8	3,285.1	3,442.0
FDI inward stock (% of GDP)	195.0	195.7	184.3	184.5	187.8	273.6	235.1
FDI outflows	10.0	10.3	5.9	5.1	-2.1	10.2	-3.1
FDI outflow stock	311.9	320.3	287.5	292.6	290.5	300.8	297.6
FDI outflow stock (% of GDP)	22.0	21.5	18.3	17.9	17.2	25.1	20.3

Source: UNCTAD, *Data Center*. Viewed at: <https://unctadstat.unctad.org/EN/>; and data provided by the authorities.

1.38. According to UNCTAD, Seychelles is the second-best performer in FDI attraction among SIDS considering the size of the population and GDP. Moreover, FDI inflows have become more diversified in recent years. The recent reduction in tourism-related FDI (3.2% of total FDI inflows in 2020 and 2021) has been compensated by an increase in investment in the International Business Companies sector (offshore corporations), but also in other sectors such as health, fishing, and telecom.<sup>36</sup>

1.39. According to latest figures from Seychelles Investment Board (SIB), some 96% of total FDI inflows in 2020 came from the United Arab Emirates, followed by Germany (1.4%). In recent years, Mauritius, India, and Sri Lanka have also been important investors in Seychelles.<sup>37</sup>

<sup>34</sup> UNCTAD (2020), *Investment Policy Review: Seychelles*.

<sup>35</sup> World Bank, *Doing Business 2020: Seychelles*. Viewed at: <https://archive.doingbusiness.org/en/data/exploreconomies/seychelles>.

<sup>36</sup> UNCTAD (2020), *Investment Policy Review: Seychelles*.

<sup>37</sup> Data based on approved investment by sectors from SIB.

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## 2 TRADE AND INVESTMENT REGIMES

### 2.1 General Constitutional and Legal Framework

2.1. Seychelles is a presidential republic that gained independence in 1976 and whose political system is defined by the Constitution of 1993. During the review period, the Constitution was amended four times – in 2016, 2017, 2018, and 2022 – with a view to strengthening democracy and good governance.<sup>1</sup> The most significant changes in this regard took place in 2016 and 2017. The amendments of 2016 reduce the number of presidential terms to two from three, while those of 2017 provide for, *inter alia*, a clear succession procedure in the event the President dies, resigns, or is removed from office. Following any of these events, a new presidential election is to be carried out within three months, with the Vice President assuming power in the meantime. Other changes refer, *inter alia*, to law enforcement and the role of military personnel.

2.2. Under the Constitution, the State has three independent branches: executive, legislative, and judiciary. The executive is represented by the President who is the Head of State, the Head of Government, and the Commander-in-Chief of the Defence Forces. The President is assisted by a Cabinet that is responsible for advising on the country's policies and any other matters as requested. The President is directly elected by the people for a period of five years and, following the amendments of 2016, can be re-elected only once. The last elections took place in October 2020 with the current President taking office the same month.

2.3. The legislative branch is represented by a unicameral Parliament – the National Assembly – consisting of up to 35 members elected every 5 years. Elections are based on a mixed voting system where 26 members are directly elected by simple majority vote and 9 are elected based on proportional representation whereby each political party is allocated one seat for each 10% of the votes obtained. The last parliamentary elections were held in 2020 at the same time as the presidential election, but this is not always the case.<sup>2</sup> The National Assembly is responsible for making laws by passing bills that have been developed by Ministries and approved by the Cabinet. Before becoming a law (Act), the proposed new law or amendments to an existing law – a bill – is introduced in the National Assembly by the Cabinet. The examination of the bill then goes through different stages, including consultations with relevant stakeholders, publication in the Official Gazette, and a period for receiving comments of at least 30 days. Once the National Assembly has agreed on the bill's final form, the bill is submitted for adoption. If the National Assembly passes the bill, the President must assent for it to become an Act.<sup>3</sup> The Act is then published in the Official Gazette. Any change to the Constitution must be approved by the National Assembly.

2.4. All concluded and signed international treaties and agreements must be ratified by the National Assembly. Once an international treaty or agreement is ratified, its domestication is done through changes in domestic legislation, or through direct application, as is the case for WTO Agreements. When changes in domestic legislations are deemed necessary, the relevant authorities proposed the changes for consideration by the National Assembly.

2.5. In the hierarchy of laws, the Constitution occupies the highest position, followed by international treaties or agreements, Acts (Statutes) by the National Assembly, and Regulations (Statutory Instruments). In the event of a discrepancy between the provision of international

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<sup>1</sup> These amendments were adopted through the Constitution of the Republic of Seychelles (Seventh Amendment) Act of 16 April 2016; Constitution of the Republic of Seychelles (Eighth Amendment) Act of 18 April 2017; Constitution of the Republic of Seychelles (Ninth Amendment) Act of 20 August 2018; and Constitution of the Republic of Seychelles (Tenth Amendment) Act of 20 June 2022.

<sup>2</sup> The authorities indicate that it is not mandatory to organize the presidential and parliamentary elections at the same time. The President can call at any time for presidential elections as well as parliamentary elections under certain conditions (Constitution, Sections 52A and 110).

<sup>3</sup> The President can refuse to assent to a bill if he or she believes that it infringes on or may infringe on the Constitution. The President must then refer the bill to the Constitutional Court for a decision concerning its constitutionality within 14 days. The Constitutional Court must inform both the President and the National Assembly of its decision. If the bill infringes on any provision of the Constitution, it must be returned to the National Assembly for review.

treaties/agreements and domestic legislation, the provisions of international treaties/agreements prevail.<sup>4</sup>

2.6. The Judiciary branch is headed by the Chief Justice and has four levels of courts (in ascending order): the Magistrates Courts, the Constitutional Court, the Supreme Court, and the Court of Appeal. There are also specialist courts and tribunals.

2.7. Seychelles is member of the Commonwealth of Nations and of the Indian Ocean Rim Association, which consist of 54 and 23 members, respectively.

## 2.2 Trade Policy Formulation and Objectives

### 2.2.1 Trade policy formulation

2.8. The institutional framework for the formulation and implementation of Seychelles' trade policy has remained largely the same since its accession to the WTO in 2015. The Ministry of Finance, National Planning and Trade (MFNPT) is responsible for the formulation and implementation of Seychelles' trade policy, through its Trade Department.<sup>5</sup> It also leads the negotiations of trade agreements, including those at the multilateral level, and oversees their implementation.<sup>6</sup> During the review period, the MFNPT was renamed four times to reflect changes in its functions but that were not related to its trade mandate.<sup>7</sup>

2.9. The Trade Department works in coordination with other Ministries and government agencies to foster synergies and ensure coherence across national policies that either directly or indirectly affect trade. To this end and according to the authorities, various national committees have been established to advise on the country's trade policy formulation regarding, for instance, intellectual property rights, technical barriers to trade (TBT), sanitary and phytosanitary (SPS) issues, trade facilitation, trade and customs, and investment and services domestic regulations.

2.10. The Trade Department acts as the National Notification Authority (NNA) and National Enquiry Point (NEP), and as such it is responsible for the submission of notifications to the WTO, and for addressing queries regarding any trade-related issues, including TBT and SPS measures. The roles of the NNA and the NEP were officially established in 2015.

2.11. All trade-related legislation is enacted by the National Assembly and must be assented to by the President to become law (see above). Trade agreements are negotiated by the Executive branch but are subject to the National Assembly for ratification.

### 2.2.2 Trade policy objectives

2.12. Seychelles' trade policy is aimed towards building a diversified, more resilient, and open economy that is fully integrated into global markets.<sup>8</sup> Such commitment is reflected in the steady progress made in the implementation of its WTO membership obligations since its accession in 2015, as well as in its active participation in regional trade initiatives and the newly adopted national policy strategy – Vision 2033. Seychelles' trade policy is further guided by the principles of trade facilitation and the objective of developing a conducive business environment and promoting the participation of the private sector.<sup>9</sup>

<sup>4</sup> In this regard, the authorities indicate that Seychelles will not ordinarily engage in a treaty that contradicts its Constitution, and that procedures in this regard will follow Section 64(4) of the Constitution.

<sup>5</sup> Moreover, the Trade Department has policy and legislative mandates from the Customs Management Act, Excise Tax Act, Industrial Property Act, Copyright Act, and all of their subsidiary legislation. Since 2018, it has also had regulatory functions for postal services through the absorption of the Postal Regulatory Authority.

<sup>6</sup> Ministry of Finance, National Planning and Trade (2020), *Trade Department Policy Functions*, October.

<sup>7</sup> Since 2015, the current MFNPT has had the following names: (i) Ministry of Finance, Trade and Investment; (ii) Ministry of Finance, Trade and the Blue Economy (since 2015); (iii) Ministry of Finance, Trade, and Economic Planning (2017); (iv) Ministry of Finance, Trade, Investment, and Economic Planning (2018); and in March 2022, it adopted its current name. These changes were adopted to reflect changes in the Ministry's functions and responsibilities but have not affected its trade mandate.

<sup>8</sup> WTO document WT/ACC/SYC/64, 5 November 2014.

<sup>9</sup> Information provided by the authorities.



2.13. Vision 2033 was launched in August 2019 and is Seychelles' first long-term strategy for development. It sets the country's economic and development goals for the next 15 years. Highly dependent on tourism and fisheries exports, Seychelles aspires to become a diversified economy that enjoys stable, inclusive, and sustainable growth and Vision 2033 outlines the transformations needed to reach this outcome. The implementation of the plan is based on three five-year National Development Strategies (NDS), starting with NDS 2019-2023, which was launched simultaneously with Vision 2033. Both documents were developed based on a wide consultation process engaging stakeholders from the public and private sectors and from civil society. The NDS 2019-2023 contains an action plan based on six pillars: (i) good governance, transparency, and accountability; (ii) people at the centre of development; (iii) social cohesion; (iv) innovative economy; (v) economic transformation; and (vi) environmental sustainability and resilience.<sup>10</sup> Under the economic transformation pillar, Seychelles seeks to move from low-productivity to high-productivity activities within and across all sectors, which entail, *inter alia*, the adoption of new technologies and management practices. Specific to trade, under this pillar, Seychelles seeks to enhance its import substitution strategy, and promote economic diversification by increasing the value-added contribution notably in fisheries and by focusing on the development of the blue economy, which is considered as one of the country's main drivers of growth in the long term. The MFNPT will be responsible for monitoring the implementation of Vision 2033 and the NDS 2019-2023.

2.14. More recently, in the context of the presentation of the Annual Budget for 2022 at the National Assembly, the MFNPT identified – in line with these strategies – three main objectives in the areas of trade and investment: (i) modernize the country's investment framework; (ii) facilitate sustainable diversification of products and services; and (iii) establish the regulatory framework and policies that support the development of science, technology, and innovation in business.<sup>11</sup>

## 2.3 Trade Agreements and Arrangements

### 2.3.1 WTO

2.15. Seychelles acceded to the WTO in April 2015, thus becoming its 161<sup>st</sup> Member, and since then has made steady progress in implementing its accession commitments.<sup>12</sup> Seychelles bound all of its tariff lines and grants MFN treatment to all of its trading partners. It has an average final bound rate of 9.8% and an applied MFN rate of 2.7% (Table 3.2). In trade in services, Seychelles made partial commitments in all 11 sectors identified in the WTO Services Sectoral Classification list (Section 4.3).<sup>13</sup>

2.16. Seychelles is engaged in the work of the WTO and participates in various groups. It is part of the African, Caribbean and Pacific (ACP) and African groups, the G-90 (which comprises the ACP and African groups, and least developed countries), and the small vulnerable economies (SVE) group, which seeks flexibilities and enhanced special and differential treatment for SVEs in WTO negotiations. Seychelles also participates in the Article XII Members group, which comprises Members that joined the WTO after 1995 and seek to address the imbalances resulting from the gap between their commitments (broader), and those of the original Members. Seychelles is particularly active in the fisheries' subsidies negotiations, with other areas of interest including, agriculture, e-commerce, services, TRIPS, investment facilitation, and WTO reform.<sup>14</sup> Seychelles is a co-sponsor of the Joint Statement on Investment Facilitation for Development<sup>15</sup>, and has joined the proposals to resume Appellate Body appointments and functioning.<sup>16</sup>

2.17. In January 2016, Seychelles accepted the Agreement on Trade Facilitation (TFA), and in June of the same year the Protocol Amending the TRIPS Agreement. As of July 2022, it had implemented

<sup>10</sup> These pillars are in line with Seychelles' commitments taken at the multilateral and regional levels, such as those under the United Nations Agenda 2030 for Sustainable Development and the African Union's Agenda 2063.

<sup>11</sup> MFNPT (2021), *Budget 2022 Government of Seychelles Delivered by Naadir Hassan, Minister for Finance, National Planning and Trade*, November.

<sup>12</sup> WTO document WT/ACC/SYC/64, 5 November 2014.

<sup>13</sup> The WTO Services Sector Classification (WTO document MTN.GNS/W/120, 10 July 1991) is based on the UN Central Product Classification and comprises 11 sectors and 55 subsectors.

<sup>14</sup> Participation in WTO meetings is facilitated by Seychelles' permanent representation in Geneva, which comprises one delegate.

<sup>15</sup> WTO document WT/L/1130, 10 December 2021.

<sup>16</sup> WTO document WT/DSB/W/609, 12 January 2018, and its revisions.

87.8% of its TFA obligations, and implementation of all remaining commitments was expected to be completed by December 2025.<sup>17</sup> Seychelles is a signatory to the WTO Information Technology Agreement.<sup>18</sup> It has observer status in the Committee on Government Procurement and has not yet applied for accession to the Agreement on Government Procurement as provided for in its WTO accession commitments.

2.18. Since its accession, Seychelles has submitted 82 notifications to the WTO covering agriculture, anti-dumping, import licensing, intellectual property, pre-shipment inspections, regional trade agreements, rules of origin, SPS and TBT measures, services, state trading, subsidies and countervailing measures, trade facilitation, trade-related investment measures, and quantitative restrictions (Table A2.1). As of July 2022, some notifications were outstanding in some areas (e.g. agriculture, trade facilitation, and regional trade agreements).

2.19. Since its accession, Seychelles has not been involved in any WTO dispute as a complainant, a respondent, or a third party.

### 2.3.2 Regional and preferential agreements

#### 2.3.2.1 Reciprocal preferences

2.20. During the review period, Seychelles concluded and implemented the Economic Partnership Agreement (EPA) with the United Kingdom, one of its main trading partners, and was actively engaged in various trade negotiations with other African economies, notably on the Southern African Development Community (SADC) Free Trade Area, Common Market for Eastern and Southern Africa (COMESA) Free Trade Area, as well as the African Continental Free Trade Area (AfCFTA) and Tripartite Free Trade Area (TFTA). In 2015, Seychelles signed and ratified the Protocol on Trade in goods under SADC, thus joining the SADC Free Trade Area in place since 2000. It also signed and ratified the SADC Protocol on Trade in Services in 2015 and 2016, respectively. This Protocol entered into force in January 2022, after reaching the ratification threshold of 12 members.

2.21. With ratification of the EPA with the United Kingdom and the SADC Protocols, Seychelles counts four regional trade agreements (RTAs)<sup>19</sup> in force and operation involving about 30 economies.<sup>20</sup> The two other agreements are: (i) the Interim EPA between the European Union and the Eastern and Southern African (ESA) States (the Comoros, Madagascar, Mauritius, Seychelles, and Zimbabwe)<sup>21</sup>; and (ii) the Common Market for Eastern and Southern Africa (COMESA) (Chart 2.1). In 2020, Seychelles' trade with its RTA partners ranged between 0.4% (SADC) and 88.1% (European Union) of its total merchandise exports, and between 5.1% (COMESA) and 34.4% (European Union) of its total merchandise imports.<sup>22</sup>

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<sup>17</sup> WTO TFA database. Viewed at: <https://tfadatabase.org/>.

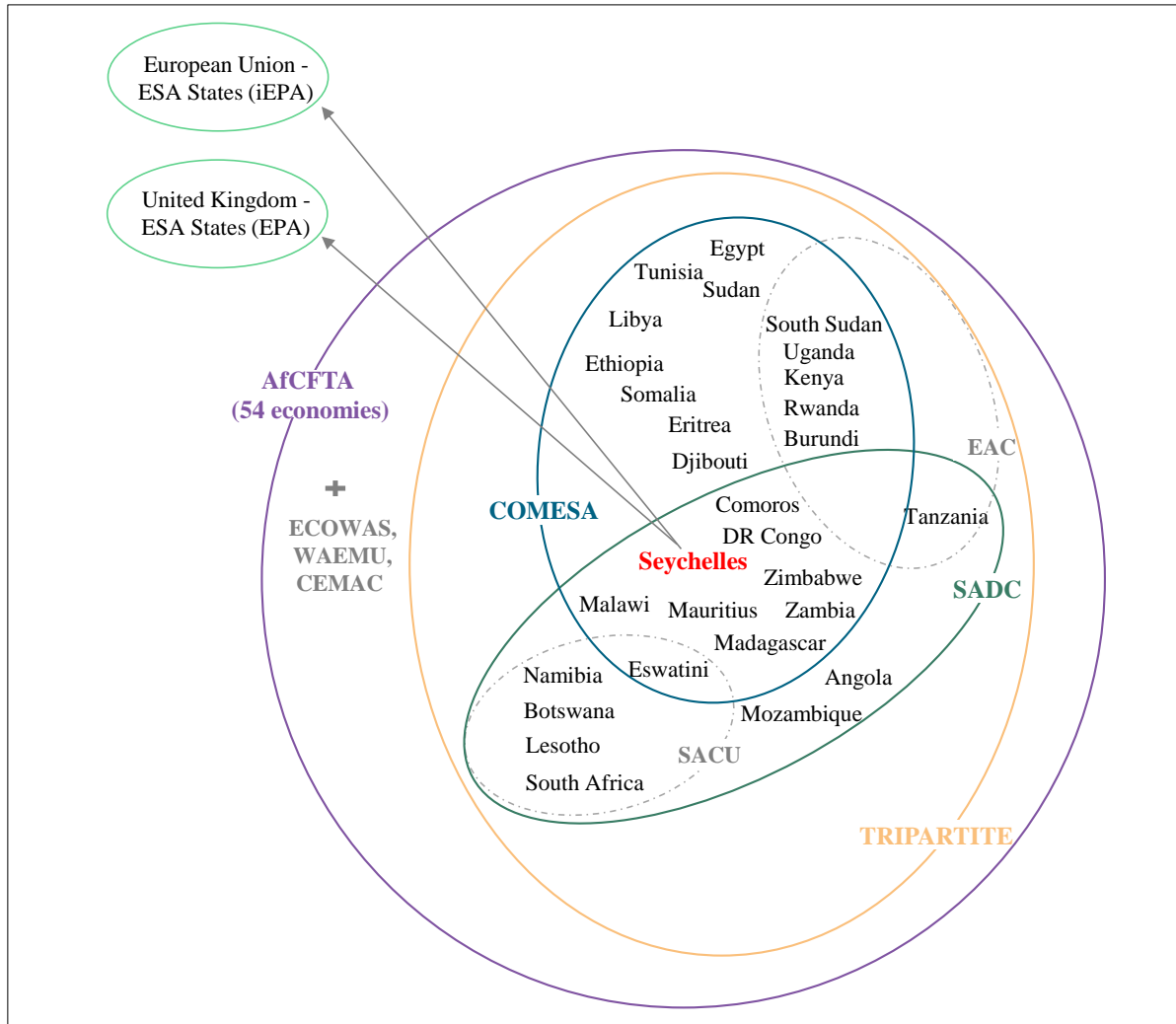
<sup>18</sup> Seychelles has not endorsed the declaration for the expansion of the ITA coverage as there is a discrepancy in the bound rates for 42 tariff lines.

<sup>19</sup> RTAs are defined at the WTO as trade agreements providing for reciprocal preferences among its parties.

<sup>20</sup> Counting the European Union as one.

<sup>21</sup> The Comoros joined the Interim EPA between the European Union and the ESA States in July 2017. The Agreement started applying on a provisional basis in February 2019. The accession of the Comoros to the Interim EPA was notified to the WTO Secretariat in January 2021 (WTO document WT/REG445/N/1, 18 January 2021).

<sup>22</sup> National Bureau of Statistics (2021), *Statistical Bulletin*, MT2020/4, 31 March.

**Chart 2.1 RTAs signed by Seychelles, as of July 2022**

Source: WTO Secretariat, RTA Section.

2.22. In addition, Seychelles signed the TFTA in 2015 and the AfCFTA in 2018, comprising 28 and 54 members, respectively. So far, Seychelles has ratified only the AfCFTA (2021), and the Agreement is currently in force for 43 countries but is not operational. Negotiations under both initiatives are ongoing and are guided by the African Union's vision of harmonizing existing (and sometimes overlapping) regional economic communities and consolidating them into one, with the TFTA serving as a stepping stone. However, given capacity constraints in some of the Agreements' members, the overlap between these two initiatives poses a risk to their progress.

2.23. Seychelles has notified most of its RTAs in force, except for the AfCFTA and the SADC Protocol on Trade in Services (Table A2.2).

### 2.3.2.1.1 Common Market for Eastern and Southern Africa (1994)

2.24. Seychelles is a founding member of COMESA, which was established in 1994 as an economic cooperation organization with the objective of building a free trade area for goods and ultimately a customs union and common market among its members.<sup>23</sup>

<sup>23</sup> COMESA Treaty, Articles 46-47.

2.25. Currently, COMESA comprises 21 African countries, of which 16, including Seychelles, participate in the COMESA Free Trade Area.<sup>24</sup> Seychelles joined the COMESA FTA in 2009, and as such it grants duty-free and quota-free treatments to all imports originating from other FTA parties only, except for very few tariff lines (less than 2% of the total) that are either excluded or subject to a reduced rate (Chart 3.4). COMESA members that have not yet joined the FTA are the Democratic Republic of Congo, Eritrea, Eswatini, Ethiopia, and Somalia.<sup>25</sup> Seychelles notified its participation in the COMESA FTA to the WTO in May 2022.<sup>26</sup>

2.26. The customs union, originally planned for 2004, is not yet operational. The work for its implementation is ongoing and progress remains slow. In June 2009, COMESA members adopted the regulations guiding its functioning, and agreed to align their tariff and tariff nomenclature to those the common external tariff (CET) and the common tariff nomenclature, as well as their customs management regulations to that of the customs union within a maximum period of eight years.<sup>27</sup> The parties are still in the process of aligning their duties to the CET, which consists of three bands: 0% for capital goods and raw materials, 10% for intermediate goods, and 25% for finished goods. As of 2019, Seychelles had aligned 29% of its tariff lines to the CET.<sup>28</sup> For other COMESA members, the share of lines aligned to the CET ranged from 0% (Djibouti) to 74% (Burundi, Kenya, Rwanda, and Uganda). Seychelles has also aligned 55.9% of its tariff nomenclature to the common tariff nomenclature and has fully harmonized its customs legislation with the COMESA customs management regulations. In addition, the CET of COMESA has been harmonized with the CET of the East African Community, so that countries participating in both customs unions can comply with both agreements.

2.27. With a view to establishing a common market, COMESA members are also seeking to gradually liberalize trade in services and achieve the free movement of labour and capital among its members.<sup>29</sup> In trade in services, they have prioritized negotiations in four sectors, namely communication, financial, tourism, and transport services. In 2014, schedules of specific commitments for 11 parties – Burundi, Djibouti, Egypt, Eswatini, Kenya, Malawi, Mauritius, Seychelles, Sudan, Uganda, and Zambia – were adopted by Council of Ministers and gazetted. Seychelles has not made commitments on cross-border supply for most of the subsectors under financial services and in some tourism-related services. Seychelles has liberalized postal and courier services. The second round of negotiations covering three additional services sectors (business, construction and related engineering, and energy-related services) began in 2019 and is ongoing.<sup>30</sup>

2.28. In the area of investment, COMESA adopted the Investment Agreement for the COMESA common investment area in 2007 and revised it in 2017. The Agreement is not in force, as it has not reached its ratification threshold.<sup>31</sup> As of July 2022, Seychelles had not ratified this agreement.<sup>32</sup> The Agreement seeks to, *inter alia*, encourage the gradual elimination of investment restrictions and build a conducive business environment to promote investments in the region.

2.29. Other topics covered by the COMESA treaty and related legal instruments include competition policy, customs matters, dispute settlement, export promotion, and trade remedies.

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<sup>24</sup> The COMESA Free Trade Area was established in October 2000 and included originally nine COMESA members.

<sup>25</sup> COMESA, *Annual Report 2019*. Eswatini benefits from a derogation from the tariff liberalization under COMESA pending the implementation of the TFTA.

<sup>26</sup> COMESA was notified to the WTO in 1995 as a customs union, but the notification does not cite Seychelles as a signatory (WTO document WT/COMTD/N/3, 29 June 1995). Seychelles notified its participation in the COMESA FTA to the WTO in May 2022 (WTO document WT/COMTD/RTA23/N/1, 31 May 2022).

<sup>27</sup> Flexibilities may apply for sensitive products during a specific transition period, by for instance excluding them from the application of the CET. COMESA, *Brief on the COMESA Customs Unions*. Viewed at: <https://www.comesa.int/comesa-customs-union/>.

<sup>28</sup> COMESA, *Annual Report 2019*.

<sup>29</sup> COMESA Treaty, Article 4, paras. 4 and 6.

<sup>30</sup> COMESA, *Annual Report 2020*.

<sup>31</sup> COMESA (2020), *Medium Term Strategic Plan 2021-2025*; and *Official Gazette of the Common Market for Eastern and Southern Africa (COMESA)*, Vol. 27, February 2022.

<sup>32</sup> Information provided by the authorities.

### 2.3.2.1.2 Southern African Development Community (2008)

2.30. Seychelles has been a member of the SADC since 2008.<sup>33</sup> SADC is an economic cooperation organization comprising 16 African countries seeking to deepen regional integration.<sup>34</sup> Various protocols have been adopted to this end, covering, *inter alia*, trade in goods and services, investments, fisheries, education, energy, and health.<sup>35</sup> Under the Protocol on Trade, SADC members agreed to gradually establish a free trade area for goods in the region.<sup>36</sup> The SADC FTA has been in place since 2000, and currently counts 13 SADC Members, including Seychelles.<sup>37</sup> Seychelles joined the SADC FTA in 2015 following the ratification of the Protocol on Trade. Seychelles signed the Protocol in April 2015 and ratified it in May of the same year. The Protocol was notified to the WTO in January 2016.<sup>38</sup>

2.31. Under the SADC Protocol on Trade, Seychelles committed to liberalize 97.5% of its tariff lines over a transition period of 12 years ending in 2026 with most lines (about 91.7%) being bound to zero upon the Agreement's entry into force. Seychelles excluded 141 tariff lines from the application of the Agreement, including vehicles, alcoholic beverages, certain fishes, mineral waters, tea, and tobacco products. With the Agreement's entry into force in 2015, the 85.6% of lines that were duty-free on an MFN basis became bound to zero and an additional 6.1% of the lines were liberalized. As of January 2022, 96% were duty-free in line with its liberalization schedule (Chart 3.4). Upon Seychelles' accession to the SADC FTA, its exporters faced zero duties for all product lines when entering Botswana, Eswatini, Malawi, Namibia, Lesotho, and South Africa (i.e. members of the Southern African Customs Union (SACU)), except for 13 lines in the case of Malawi and 10 for the others. In the other markets of the SADC FTA, Seychellois products benefited from duty-free treatment for 88.8% (Mauritius) to 99% (Tanzania) of the total number of their tariff lines.<sup>39</sup> The Protocol on Trade also includes provisions on customs cooperation, intellectual property rights, trade remedies, TBT, SPS, trade in services, and dispute settlement.

2.32. During the review period, Seychelles also became party to the SADC Protocol on Trade in Services, which has been open for signature since 2012. Seychelles signed this Protocol in 2015 and ratified it in August 2016. The Protocol entered into force on 13 January 2022 following its ratification by 11 SADC members.<sup>40</sup> The five countries that have not yet ratified the Protocol are Angola, the Comoros, Democratic Republic of Congo, Madagascar, and Tanzania. The Protocol provides for the progressive liberalization of trade in services starting with negotiations over six priority sectors, namely communication, financial services, tourism, transport, construction, and energy-related services. This first round of negotiations was concluded in June 2019 and resulted in the adoption of various sectoral Annexes to the Protocol<sup>41</sup> and of the Parties' list of commitments, with some exceptions.<sup>42</sup> The Annexes and lists of commitments became effective with the entry into force of the SADC Protocol on Trade in Services in January 2022 for those parties that had ratified it.<sup>43</sup> The second round of negotiations was launched in 2021 and covers regulatory issues and all

<sup>33</sup> Seychelles originally joined SADC in September 1997. It withdrew in 2004 but re-joined in 2008.

<sup>34</sup> The 16 SADC members are Angola, Botswana, the Comoros, Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia, and Zimbabwe.

<sup>35</sup> SADC, *SADC Protocols*. Viewed at: <https://www.sadc.int/sadc-protocols>.

<sup>36</sup> The SADC free trade area was established in 1996 with the Protocol on Trade and has been in force since 2000.

<sup>37</sup> The other 12 members are Botswana, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Tanzania, Zambia, and Zimbabwe. Angola, the Comoros, and Democratic Republic of Congo are not yet participating.

<sup>38</sup> The SADC Protocol on Trade was notified to the WTO by its participants at that time in WTO document WT/REG176/N/1/Rev.1, 27 August 2004, and the accession of Seychelles was notified in WTO document WT/REG368/N/1, 8 January 2016.

<sup>39</sup> WTO document WT/REG368/1, 6 July 2018.

<sup>40</sup> According to the SADC Protocol on Trade in Services (Article 30), the Protocol shall enter into force 30 days after the deposit of instruments of ratification by two thirds of the SADC members.

<sup>41</sup> The Annexes that have been adopted are the Annex on Substantial Business Operations, Annex on Movement of Natural Persons, Annex on Interim Arrangements relating to Commitments on Subsidies, Annex on Financial Services, Annex on Tourism Services, Annex on Telecommunication Services, and Annex on Postal and Courier Services.

<sup>42</sup> The lists of commitments that were not adopted were those of Mozambique (in relation to energy-related services), Madagascar (construction and energy-related services), Angola, and the Comoros.

<sup>43</sup> SADC (2022), "SADC Protocol on Trade in Services Enters into Force", 27 January. Viewed at: <https://www.sadc.int/latest-news/sadc-protocol-trade-services-enters-force>.

remaining sectors (business services; distribution; educational, health, and social services; environmental services; and recreational, cultural, and sporting services). Negotiations are ongoing.<sup>44</sup>

2.33. Seychelles is a signatory to the SADC Protocol on Finance and Investment, in force since 2010.<sup>45</sup>

### 2.3.2.1.3 Interim Economic Partnership Agreement with the European Union (2009)

2.34. Seychelles is a party to the interim agreement establishing a framework for an Economic Partnership Agreement (Interim EPA) between the European Union and Eastern and Southern Africa (ESA) countries. The other ESA signatories to the Interim EPA are Madagascar, Mauritius, Zimbabwe, and the Comoros, who joined later. The Agreement was signed in August 2009 pending the conclusion of a comprehensive EPA with the entire ESA region and has been applying on a provisional basis since May 2012. The Interim EPA was notified to the WTO Secretariat in 2012 and remains open to all ESA States willing to accede.

2.35. The Interim EPA contains six chapters covering, *inter alia*, trade in goods, fisheries, economic and development cooperation, areas for future negotiation, and dispute settlement. In trade in goods, the European Union committed to grant duty-free, quota-free access for all imports (except arms and ammunition) from ESA States upon the Agreement's date of application, while Seychelles had to liberalize most – not all – of its tariff lines by 2022. As of January 2022, Seychelles had removed duties on about 96% of its tariff lines in accordance with its liberalization schedule (Chart 3.4). By the same year, the other ESA States will have eliminated duties for 85.8% (Zimbabwe) to 98.2% (Mauritius) of their tariff lines. Seychelles started to implement its tariff liberalization schedule under the Interim EPA in February 2013, when about 84% of its tariff were already duty-free on an MFN basis.<sup>46</sup>

2.36. The parties further included a rendezvous clause, under which they agree to continue negotiations and complete a full and comprehensive EPA that would include trade in services, customs and trade facilitation, TBT, SPS, agriculture, and other trade-related issues (e.g. competition policy, investment and private development, intellectual property, and the environment).<sup>47</sup>

2.37. In 2019, the European Union and the ESA States launched negotiations to deepen and update the coverage of the Interim EPA. Since the launch of negotiations, several rounds have already taken place.<sup>48</sup>

### 2.3.2.1.4 Tripartite Free Trade Area Agreement (2015)

2.38. As part of the SADC and COMESA, Seychelles participates in the negotiations for the TFTA Agreement, which groups the member states of COMESA, the East African Community (EAC), and the SADC (28 members). The TFTA Agreement was signed in June 2015 by 16 parties, including Seychelles, and has been open for signature since then. The Agreement is not yet in force and will only enter into force once at least 14 signatories have ratified it. As of July 2022, most of its members had signed it but only a minority had ratified it.<sup>49</sup> Seychelles has not yet ratified the Agreement. The TFTA Agreement covers trade in goods and services and seeks to deepen the economic integration across these three regional economic communities through regulatory harmonization in trade and trade-related areas and be a stepping stone towards the establishment of a continental FTA as provided under the African Union's regional integration road map. Negotiations for the TFTA and for

<sup>44</sup> SADC, *Regional Negotiations among SADC Member States*. Viewed at: <https://extranet.sadc.int/english/tis/trade-in-services-negotiation-in-sadc/negotiations-among-sadc-member-states/>.

<sup>45</sup> Information provided by the authorities.

<sup>46</sup> WTO document WT/REG307/1, 30 August 2017.

<sup>47</sup> Interim EPA, Article 53.

<sup>48</sup> European Commission (2021), *Individual Information Sheets on Implementation of EU Trade Agreements*, Commission Staff Working Document, SWD (2021) 297 final, 27 October.

<sup>49</sup> As at July 2022, 24 parties have signed the TFTA Agreement, and 11 of those have ratified it.

the AfCFTA are to be conducted in parallel and be subsequently consolidated and merged into one single process.<sup>50</sup>

2.39. TFTA negotiations are ongoing, and cover, *inter alia*, rules of origin, tariff offers, and services commitments.

### 2.3.2.1.5 African Continental Free Trade Area (2018)

2.40. The AfCFTA was signed in March 2018 by 44 African economies, including Seychelles, and entered into force in May 2019 for those that had ratified it.<sup>51</sup> Seychelles ratified the AfCFTA in September 2021. Currently, the AfCFTA comprises 54 signatories and is in force for 43 of them.<sup>52</sup>

2.41. The AfCFTA is one of the most ambitious plurilateral trade initiatives in progress today. It provides, *inter alia*, for the progressive liberalization of trade in goods and services among its members, as well as for cooperation in various areas including investment, intellectual property rights, and competition policy in accordance with the African Union Agenda 2063.<sup>53</sup> Once fully implemented, it will be the largest free trade zone in the world, in terms of membership, the second largest in terms of population (1.3 billion in 2020) after the Regional Comprehensive Economic Partnership (RCEP) (2.3 billion), and the third largest in terms of gross domestic product (GDP) (USD 2.4 trillion in 2020), after RCEP (USD 26 trillion) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) (USD 10.7 trillion).<sup>54</sup>

2.42. The free trade area for goods was launched in January 2021 but is not operational and negotiations are ongoing. Pending completion of the negotiations, AfCFTA parties agree to provisionally implement the FTA using the rules of origin agreed so far and the tabled tariff offers. Yet no trade is reportedly taking place under the AfCFTA.<sup>55</sup>

2.43. AfCFTA negotiations are organized according to three phases and are currently being conducted in parallel, instead of successively as initially planned. The first phase of negotiations focuses on trade in goods and services. In trade in goods, members agreed to liberalize 97% of tariff lines over a transition period that varies with the member's level of development. For non-LDC members, customs duties must be eliminated over a transition period of 15 years, starting on 1 July 2020, with 90% of the tariff lines becoming duty-free within the first 5 years. For LDC members, the transition period is 23 years, with 90% of the tariff lines becoming duty-free within the first 10 years. As of April 2022, an agreement had been reached on about 88% on the rules of origin; 43 members had submitted their offers for tariff liberalization, and 46 had done so for their services commitments. Seychelles has submitted both offers.<sup>56</sup> The second phase of negotiations covers investment, competition policy, and intellectual property rights, and the third phase on digital trade was launched in May 2021.<sup>57</sup> The deadlines to complete both the first and second phases of negotiations have been extended multiple times since 2020 and 2021, respectively.

2.44. The AfCFTA also includes provisions on trade remedies, trade facilitation, TBT, SPS, and dispute settlement.

<sup>50</sup> African Union (2012), *Boosting Intra-African Trade Action Plan*.

<sup>51</sup> In May 2019, the AfCFTA entered into force for the 24 economies that had deposited their instrument of ratification (AfCFTA, Article 23).

<sup>52</sup> The 43 members are Algeria, Angola, Burkina Faso, Burundi, Cameroon, Central African Republic, Cabo Verde, Chad, Côte d'Ivoire, Congo, Djibouti, Democratic Republic of the Congo, Egypt, Equatorial Guinea, Eswatini, Ethiopia, Gabon, Gambia, Ghana, Guinea, Kenya, Lesotho, Mali, Malawi, Morocco, Mauritania, Mauritius, Namibia, Nigeria, Niger, Rwanda, South Africa, Sahrawi Arab Democratic Republic, Senegal, Seychelles, Sierra Leone, Sao Tomé and Príncipe, Tanzania, Togo, Tunisia, Uganda, Zambia, and Zimbabwe.

<sup>53</sup> African Continental Free Trade Area Agreement, Articles 1 and 4.

<sup>54</sup> Estimates by WTO Secretariat.

<sup>55</sup> TRALAC. Viewed at: <https://www.tralac.org/resources/infographic/13795-status-of-afcfta-ratification.html>.

<sup>56</sup> African Union (2022), 35<sup>th</sup> Ordinary Session of the African Union Assembly: Decisions, Declarations, Resolution and Motion, 5-6 February.

<sup>57</sup> The authorities indicate that the first meeting of the committee on Digital Trade was held in May 2022.

### 2.3.2.1.6 Economic Partnership Agreement with the United Kingdom (2019)

2.45. The EPA between the United Kingdom and the ESA States – Seychelles, Mauritius, and Zimbabwe – was signed in January 2019 to ensure continuity after the United Kingdom withdrew from the European Union. The Agreement entered into force in January 2021 and was notified to the WTO Secretariat immediately after.<sup>58</sup> The Agreement follows the same structure of the Interim EPA with the European Union, and its provisions are to a large extent also the same. Under the United Kingdom-ESA EPA, the United Kingdom committed to eliminate duties for all goods originating in ESA States (excepts for arms and ammunitions) upon the Agreement's entry into force, and ESA States will reduce their duties for goods originating in the United Kingdom in accordance with their schedule under the European Union-ESA Interim EPA, which will be fully implemented by 2022.<sup>59</sup>

2.46. Like the Interim EPA between the European Union and ESA States, the United Kingdom-ESA EPA includes a rendezvous clause under which the Parties agree to conduct future negotiations on areas not covered by the EPA, listing the same areas as those under the Interim EPA with the European Union (e.g. agriculture, competition policy, TBT, trade facilitation, SPS, and services). The Parties agreed to establish the timetable of these negotiations, not later than six months from the entry into force of the Agreement. In this regard, the authorities indicate that both Parties have agreed to delay any new negotiations due to resource constraints in both sides.<sup>60</sup>

2.47. Similarly, the United Kingdom-ESA EPA also includes an automatic derogation from the rules of origin for exports of canned tuna and tuna loins to the United Kingdom but reduces the permitted annual quantities to reflect the size of UK market and trade flows with ESA States in recent years.<sup>61</sup> For Seychelles, it was particularly important to replicate this provision in the United Kingdom-ESA EPA, given the importance of tuna exports for its economy.

### 2.3.2.2 Unilateral preferences

2.48. Seychelles is member of the Indian Ocean Commission (IOC), a cooperation organization established in 1984. The other IOC members are the Comoros, Madagascar, Mauritius, and Reunion Island (France). Under the IOC, Seychelles grants, on a unilateral basis, a tariff reduction of 5 percentage points to certain goods originating in IOC members. This reduction applies to goods with an MFN rate higher than 5%, except for those falling in HS Chapters 22 (beverages, spirits, and vinegars) and 24 (tobacco and manufactured tobacco substitutes), and HS Headings 27.10 (certain types of petroleum oils and oils) and 27.11 (petroleum gases and other gaseous hydrocarbons).

2.49. In 2015, Seychelles reached the status of "high-income" country – the first one to do so in Africa – as defined by the World Bank, and as such it would no longer qualify for the Generalized System of Preferences (GSP) programmes applied by certain countries. For instance, Seychelles was removed in January 2017 from the list of beneficiaries of the United States' GSP and African Growth and Opportunity Act programmes.<sup>62</sup>

## 2.4 Foreign Investment Regime

### 2.4.1 Overview

2.50. Foreign investment in Seychelles is governed by the Investment Act of 2010, and the recently adopted Investment (Economic Activities) Regulations of 2022. These instruments are complemented by the Policy Paper on Economic Activities Reserved for Seychellois of 2020, and

<sup>58</sup> WTO document WT/REG427/N/1, 7 January 2021.

<sup>59</sup> United Kingdom Department for International Trade (2019), *Continuing the United Kingdom's Trade Relationship with the Eastern and Southern African Region*, February.

<sup>60</sup> EPA between the United Kingdom and the Eastern and Southern Africa States, Article 52.

<sup>61</sup> Agreement establishing an Economic Partnership Agreement between the Eastern and Southern Africa States and the United Kingdom of Great Britain and Northern Ireland (2019), Protocol 1, Article 42.

<sup>62</sup> United States Presidential Proclamation 9333 of 30 September 2015, to Modify Duty-Free Treatment Under the Generalized System of Preferences and for Other Purposes, *Federal Register*, Vol. 80, No. 192, 5 October, p. 60249.



sector-specific legislations with investment-related provisions, as is the case for the aquaculture and tourism sectors.

2.51. During the review period, Seychelles took various steps towards enhancing its foreign investment regime. In 2018, it adopted a new investment policy that outlines Seychelles' guiding principles (i.e. policy statements) to develop its policies and legislation, as well as its policy objectives, which include: (i) achieving a conducive and transparent environment to attract investment and operate businesses; (ii) modernizing the legal framework for investment; (iii) applying international best practices and standards for investment; and (iv) respecting the environment and sociocultural fabric of the country.

2.52. In 2022, Seychelles also adopted a new set of foreign investment regulations, the Investment (Economic Activities) Regulations 2022, which repealed and replaced the Investment (Economic Activities) Regulations 2014. These regulations were adopted after a review process that was launched in 2018, and that initially led to the adoption of a new set of regulations in October 2020. However, these regulations were annulled in December 2020 by the National Assembly. Following their annulment, the review process resumed and was completed with the adoption of the regulations of 2022. The regulations of 2022 seek to improve the clarity, consistency, and transparency of Seychelles foreign investment regime<sup>63</sup> by, *inter alia*, using a positive listing approach to identify the activities open to foreign investment, instead of a negative listing approach as in the regulations of 2014 (i.e. the regulations of 2014 list the activities reserved for Seychellois). Overall and despite this change in the approach, the regulations of 2022 provide for investment conditions that are similar to those under the regulations of 2014 with some exceptions, notably the broadening in the application of a needs assessment requirement. According to the authorities, the regulations of 2022 also clarify the legal status of the Policy Paper on Economic Activities Reserved for Seychellois adopted in 2020, by making it binding.

2.53. At the institutional level, Seychelles created in October 2020 a new ministry – the Ministry of Investment, Entrepreneurship, and Industry (MIEI) – and transferred all investment-related activities, until then under the responsibility of the Investment Department of the Ministry of Finance, Trade, Investment, and Economic Planning (MFTIEP), to this new ministry.<sup>64</sup> The MIEI – through its Investment Department – is responsible for administering and enforcing the Investment Act of 2010, the Investment (Economic Activities) Regulations of 2022, and the Reserved Economic Activity Policy. The MIEI also houses the country's investment promotion and facilitation agency – Seychelles' Investment Board (SIB).

#### 2.4.2 Regulatory framework

2.54. Foreign investment is generally permitted without restrictions, except for certain activities, which are either reserved for Seychellois or subject to foreign equity limits or a needs assessment, known as economic needs test (ENT). The services activities open to foreign investment without restrictions are listed in the Investment (Economic Activities) Regulations 2022. The list is based on the WTO Services Sectoral Classification list<sup>65</sup>, and includes most of the subsectors identified under this classification. Subsectors not listed (i.e. subsectors where no commitments were made) include real estate services, postal services (reserved for the State), retailing services, sewage services (reserved for the State), travel agencies and tour operators' services, tourist guides services, sporting and other recreational services, and road and air transport services.<sup>66</sup> These regulations also provide for the list of activities subject to foreign equity restrictions (Table A2.3). The list is limited to very few activities and is similar to that under regulations of 2014. It includes restaurants, certain type of hotels, and the maintenance and repair of certain type of vessels. These regulations are further complemented by the Policy Paper on Economic Activities Reserved for Seychellois, which lists specific activities reserved for Seychellois. This list includes, for instance,

<sup>63</sup> One of the objectives of the review was to remove certain inconsistencies identified and differences between the regulations of 2014 and WTO Accession Working Party document. The few differences between the lists in the two documents include, for example, the addition of tree-lopper and landscaping services, as well as dealers in Coco de Mer and Latanier leaves, in the list of activities reserved for Seychellois under the Investment (Economic Activities) Regulations.

<sup>64</sup> The MFTIEP further changed its name to Ministry of Finance, National Planning and Trade (Section 2.2).

<sup>65</sup> The WTO Services Sector Classification (WTO document MTN.GNS/W/120, 10 July 1991) is based on the UN Central Product Classification and comprises 11 sectors and 55 subsectors.

<sup>66</sup> Certain public transportation services are reserved for the State.

boat charter, clearing agency, tour guiding, plumbing, security, and water sports services (Table A2.3), and compared to the regulations of 2014, adds a few activities such as photography, and manufacturing and trading of handicrafts, as well as the processing of all plant products and crop production.

2.55. According to the regulations, any activity not scheduled in the lists of (i) activities permitted to foreign investment, (ii) activities permitted but with equity limitations, and (iii) reserved activities in the Reserved Economic Activity Policy, or any other investment regulations shall be subject to an ENT.<sup>67</sup> This differs from the former regulations (2014) where only the following activities were subject to an ENT: animal or livestock keeping, bakery, certain sewage services, certain refuse disposal services, fruit and vegetable farming, garage services, hairdressing, production of inputs services for agriculture, retailing, and spa and massages.<sup>68</sup>

2.56. During the review period, Seychelles also made some amendments to the foreign investment conditions in the aquaculture and tourism sectors. In aquaculture, Seychelles removed in 2020 the prohibition on foreign investment and now allows foreigners to participate in up to 49% of the equity of a company engaged in aquaculture activities.<sup>69</sup> In tourism, Seychelles has applied a moratorium since 2015 on the construction of large hotels (i.e. 25 rooms or more) on Mahé, Praslin, La Digue, and the other inner islands.<sup>70</sup>

2.57. All foreign investors willing to undertake a commercial activity in Seychelles must register at the SIB and go through an assessment process.<sup>71</sup> This process involves all relevant stakeholders and is coordinated by the SIB. Foreign investors must first submit to the SIB a business plan and all other required documents. The SIB then refers the project to all relevant government agencies, including the ENT Committee when required, for their comments and recommendations. If the SIB does not receive any objections, the project is recommended. Once the project is recommended, the SIB communicates the assessment to the investor who can proceed to register its company and apply for a tax identification number (TIN) and the corresponding business activity licences if applicable.<sup>72</sup> In case of any objection by the relevant agencies, the investor must address the issues identified to resume the process.

2.58. ENTs are administered by the ENT Committee, which comprises eight members (including a chair and co-chair) each representing a different government entity.<sup>73</sup> The ENT Committee will assess the proposed project based on certain factors to determine whether the proposed foreign investment will fill a gap in a particular sector and then make a recommendation. In 2019, the number of factors used to evaluate the project increased from three to five to include sustainability and technology considerations.<sup>74</sup> The five evaluation factors relate to: (i) provision of new products or services; (ii) degree of innovativeness of the products or services to be provided; (iii) economic and environmental sustainability; (iv) introduction of technology; and (v) the creation of employment opportunities for locals. The SIB acts as the Secretariat to the ENT Committee, and as such it processes applications and communicates the decisions of the Committee to foreign investors.<sup>75</sup>

<sup>67</sup> Investment (Economic Activities) Regulations 2022, Section 3 (3), 4 July 2022.

<sup>68</sup> Investment (Economic Activities) Regulations 2014, Section 3 (3), 6 October 2014.

<sup>69</sup> Fisheries (Aquaculture) Regulations 2020, 1 December 2020, Article 24. With the change in the regulations, the aquaculture licence can now be granted to a citizen of Seychelles, or a company registered in Seychelles, of which at least 51% of the shares are owned by Seychelles citizens.

<sup>70</sup> Tourism Development (Accommodation Establishments) Regulations 2020, 24 August 2020.

<sup>71</sup> The authorities indicate that the role of the SIB is not to approve the investment project but to facilitate the scoping process, under which it seeks the input of the regulatory bodies on the activity being proposed. If there are no objections from these bodies, the investor may proceed to either the development phase (in case facilities are required) or the licensing phase.

<sup>72</sup> Seychelles Investment Board, *Investment Process*, and Seychelles Licensing Authority. Viewed at: <https://investinseychelles.com/investors-guide/investment-process> and <https://www.sla.gov.sc/>.

<sup>73</sup> These entities include the SIB, the Seychelles Licensing Authority, the Enterprise Seychelles Agency, and the Trade Department under the MFNPT. Information provided by the authorities.

<sup>74</sup> The three factors used until 2019 were: (i) the provision of new products or services; (ii) the improvement of the country's infrastructure; and (iii) employment implications for Seychellois (WTO document WT/ACC/SYC/64, 5 November 2014).

<sup>75</sup> Seychelles Investment Board, *Investment Process*. Viewed at: <https://investinseychelles.com/investors-guide/investment-process>.

### 2.4.3 Other aspects of Seychelles' foreign investment regime

2.59. During the period, Seychelles continued to promote local and foreign investment in general and in selected sectors, i.e. agriculture and fisheries, mainly through fiscal incentives (Section 3.3.1).

2.60. In 2021, Seychelles made the general business rate more attractive by reducing it from 25% to 15% for the first SCR 1 million of taxable income and from 33% to 25% for the remainder, except for companies in the telecommunications, banking, and insurance sectors and for alcohol and tobacco sector producers.<sup>76</sup> As part of this reform, these rates will also apply to the tourism, agriculture, and fisheries sectors, which used to benefit from a preferential rate. The new rates will not apply for certain activities in the agriculture and fisheries sectors until 2023. For instance, in agriculture, companies engaged in farming, processing, and exporting activities will continue to benefit from a lower business tax rate of 0% (instead of 15%) on the first SCR 250,000 of taxable income and 15% (instead of 25%) on the remainder, depending on the activity (Sections 3.3.1 and 4.1).

2.61. Seychelles also maintains international trade zones that provide tax and duty exemptions to exporting companies undertaking redistribution, light assembling, manufacturing, processing, and export services (Sections 3.2.4 and 4.3).<sup>77</sup>

2.62. Seychelles has bilateral investment treaties (BITs) with four countries: China, Cyprus, France, and Egypt, of which only those with Cyprus and France are in force. During the review period, Seychelles did not sign any new BITs and, in 2017, it terminated its BIT with India.<sup>78</sup> Its RTAs in operation do not cover investment but most of them provide for the negotiations of investment provisions. Seychelles, as part of COMESA, also participates in the Trade and Investment Framework Agreement with the United States, signed in 2001.<sup>79</sup>

2.63. Seychelles has 28 double taxation agreements (DTAs) currently in force, including with some of its main economic partners (i.e. United Arab Emirates and South Africa). Six DTAs entered into force during the review period: with Swaziland (2015), Kenya (2015), Belgium (2015), Singapore (2015), Jersey (2016), and Guernsey (2017).<sup>80</sup> Seychelles is member of the International Centre for Settlement of Investment Disputes and the Multilateral Investment Guarantee Agency. In May 2020, it also ratified the New York Convention on international arbitration.

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<sup>76</sup> Business Tax (Amendment of Schedules) Regulations, 21 December 2021.

<sup>77</sup> Financial Services Authority (2022), *International Trade Zone Guidelines*, 22 March.

<sup>78</sup> UNCTAD (2020), *Seychelles Investment Policy Review*.

<sup>79</sup> UNCTAD (2020), *Seychelles Investment Policy Review*.

<sup>80</sup> Seychelles Revenue Commission, *Tax Information Exchange Agreements and Double Taxation Agreements*. Viewed at: <https://www.src.gov.sc/pages/resources/dtas.aspx>.

### 3 TRADE POLICIES AND PRACTICES BY MEASURE

#### 3.1 Measures Directly Affecting Imports

##### 3.1.1 Customs procedures, valuation, and requirements

###### 3.1.1.1 Customs procedures and requirements

3.1. Seychelles' legal and institutional frameworks for customs procedures have remained largely the same since its accession to the WTO. Customs procedures are governed by the Customs Management Act 2011 and its regulations of 2014 (and their amendments), as well as by the Trades Tax Regulations, 1997, which have yet to be fully repealed.<sup>1</sup> According to the authorities, the exercise to transfer the provisions that are still in force<sup>2</sup> under the Trades Tax Regulations and consolidated them with the Customs Management regulations was still ongoing, but they expect to complete this exercise and repeal these provisions by 2023.

3.2. Seychelles Revenue Commission (SRC) under the Ministry of Finance, National Planning and Trade (MFNPT) continues to be Seychelles' tax and customs authority, and as such it is responsible for implementing the customs legislation and carrying out all customs operations. The SRC administers 12 types of customs regimes or procedures classified according to five categories: (i) import (i.e. home use)<sup>3</sup>; (ii) export (permanent, temporary, and re-export); (iii) transit; (iv) transshipment; and (v) special customs procedures, including temporary storage, customs warehouse, international trade zones (Section 3.2.4), re-importation, temporary admission, specific end-use, inward processing, and outward processing. Goods imported under special procedures may be subject to duty exemptions or other tax benefits under certain conditions.<sup>4</sup>

3.3. Importers for commercial purposes must have their business legally registered in Seychelles and have – depending on their activities – a retail or wholesale licence to commercialize their consignments once they are cleared through customs.<sup>5</sup> These licences are granted by the Seychelles Licensing Authority and renewed every five years. If the applicant is a foreigner, the Seychelles Licensing Authority will issue the licence upon the recommendation of the Seychelles Investment Board (Section 2.4.2). The Seychelles Investment Board will recommend the issuing of a retail or wholesale licence for a foreigner based on the approvals by the relevant agencies, and the results of the Economic Needs Test in the case of retail licences.

3.4. Imports are cleared based on the submission of the following documents: (i) a customs declaration or bill of entry; (ii) a commercial invoice; (iii) a packing list; (iv) a transport document (bill of landing or waybill); and (v) an insurance certificate. These documents are submitted along with the payment of the relevant import duty and taxes (VAT, and excise tax if applicable), and other documents when applicable, i.e. an import licence/permit for restricted goods (Section 3.1.5), a biosecurity permit (Section 3.3.3), or certificate of origin (if seeking the application of a preferential regime). All customs declarations must be submitted electronically through the ASYCUDA platform, attaching all the required documents.

3.5. Importers may choose to fulfil all customs formalities themselves (acting on their own behalf) or hire the services of a customs broker. The use of customs brokers is optional. The licence to operate as a customs broker – "Clearing Agent" Licence – is reserved for Seychellois. In 2020, it

<sup>1</sup> Customs Management Regulations, 2014. In addition to these regulations, the Customs Management Act is complemented by other regulations covering separately various areas, including tariffs and goods classifications, rules of origin, and prohibitions.

<sup>2</sup> Currently about 40% of the sections (i.e. some 95 sections out of 250) under the Trades Tax Regulations are still in force, the remaining have been already repealed. Customs Management (Amendment of Trades Tax Regulations, 1997) Regulations 2014, and WTO document WT/ACC/SYC/64, 5 November 2014, Annex 2, Table 11.

<sup>3</sup> Under the "home use" customs procedure, imported goods are released for free circulation in Seychelles after payment of any import duties, taxes, or levies chargeable and completion of all customs formalities (Customs Management Act, 2011, Section 2).

<sup>4</sup> Customs Management Act, 2011, Parts VIII, IX, and XI.

<sup>5</sup> Seychelles removed the licence requirement to import in 2014. Licences (Trade) (Amendment) Regulations, 2014.

took on average 48 hours to process customs documents and an additional 6 to 72 hours to complete customs clearance of goods depending on the risk level.<sup>6</sup>

3.6. Seychelles maintains an expedited clearance procedure – known as direct delivery/release – for imports deemed as "urgent" due to their nature, condition, or use. The list of "urgent goods" comprises perishable goods and medicines, spare parts for aircraft and ships, hazardous goods, human remains, and bank cheques.<sup>7</sup>

3.7. Seychelles ratified the WTO Agreement on Trade Facilitation (TFA) in January 2016 and has notified to the WTO its commitments in Categories A, B, and C, along with the definitive dates for their implementation (Categories B and C). Some notifications mainly related to transparency are pending. As of June 2022, it had implemented about 88% of these commitments, with full implementation expected by December 2025.<sup>8</sup>

3.8. Seychelles does not have a single window or authorized operators programme but has committed to implementing them under the TFA (Category C) by December 2023 upon receipt of capacity-building support.

3.9. Seychelles is not party to the (Revised) Kyoto Convention on the Simplification and Harmonization of Customs Procedures.

3.10. In the area of customs control, the SRC conducts verifications over declared goods based on an automated risk management system, which has been identified as one of its priorities for modernization under its Strategic Plan 2020-2022.<sup>9</sup> Seychelles' risk management processes use a standard system of selectivity lanes (i.e. red, yellow, blue, green) implemented through the ASYCUDA platform. Declared goods are assigned to one of the four lanes depending on their risk profile. Goods in the green lane (low-risk goods) are released immediately without inspection, while goods in the blue (low-risk), yellow (medium-risk), and red (high-risk) lanes are subject to controls/audits before (yellow and red lanes) or after their release (blue lane). Regardless of the lane assigned, consignments may be subject to random controls.<sup>10</sup> In 2020, 38% of total declarations qualified for the blue lane, 29% for green, 25% for yellow, and 8% for red.<sup>11</sup>

### 3.1.1.2 Customs valuation

3.11. During the review period, Seychelles did not make any significant change to its rules on customs valuation. These rules are described in the Customs Management Regulations, 2014 and are based on the WTO Customs Valuation Agreement.<sup>12</sup> Seychelles uses the transaction value as its primary method to determine the value of imported goods. If the value is not available, Seychelles applies in a sequential order the other five WTO methods of valuation.<sup>13</sup>

3.12. As at July 2022, Seychelles had completed the implementation of its system of advance rulings for tariff classification and the origin of goods in line with its TFA commitments (2020), but had still to implement the one for customs valuation. Seychelles does not use minimum customs values for goods valuation and does not maintain any pre-shipment inspection regime.<sup>14</sup>

3.13. The Customs Management Regulations, 2014 provide for the right of appeal for decisions taken by the customs authorities based on a customs declaration.<sup>15</sup> The decision can be appealed to the SRC Commissioner General, and if dissatisfied, the importer can take it further to the Revenue

<sup>6</sup> Information provided by the authorities.

<sup>7</sup> SRC, *Import and Export*. Viewed at: <https://www.src.gov.sc/pages/customs/importandexport.aspx>.

<sup>8</sup> WTO TFA database. Viewed at: <https://tfadatabase.org/>.

<sup>9</sup> Seychelles Revenue Service (2019), *Strategic Plan 2020-2022*.

<sup>10</sup> According to the authorities, in 2020, about 5% of the consignments under the green lane were subject to random controls.

<sup>11</sup> Information provided by the authorities.

<sup>12</sup> Customs Management Regulations, 2014 – Arrangement of Regulations, 2 June 2014, Sections 5-14. Currently, the same regulations apply for the customs valuation of imports and exports.

<sup>13</sup> The other five methods of valuation are: (i) the transaction value of identical goods; (ii) the transaction value of similar goods; (iii) the deductive method; (iv) the computed value method; and (v) the fall-back method. No data were available on the use of each valuation method.

<sup>14</sup> WTO document G/PSI/N/1/Rev.4/Add.3, 21 September 2020.

<sup>15</sup> Customs Management Act, 2011, Section 32.

Tribunal. If the importer continues to be dissatisfied, it can appeal to the supreme and appeals courts as last resorts.<sup>16</sup>

### 3.1.2 Rules of origin

3.14. Seychelles uses only preferential rules of origin but has some provisions on non-preferential rules of origin in its legislation.

3.15. The provisions on non-preferential rules of origin are contained in the Customs Management (Origin of Goods) Regulations, 2013 and have not been subject to any change since 2015.<sup>17</sup> According to these regulations, non-preferential rules of origin shall be used to determine the origin of a good for the purpose of: (i) applying MFN import duties; (ii) implementing non-tariff measures when provided under Seychellois legislation; and (iii) issuing of certificates of origin. The regulations contain the criteria to determine if the good originates in Seychelles, and the main principle to assess the origin of a good whose production took place in more than one country.<sup>18</sup> However, they do not provide any specific rules to determine the origin of goods imported on a non-preferential basis. In this regard, the authorities indicate that Seychelles does not require a certificate of origin for imports to claim MFN treatment, and applies the MFN regime to all imports, including those from non-WTO Members. The regulations further refer to the WTO Agreement on Rules of Origin for the interpretation of non-preferential rules of origin, and to Seychelles' RTAs or other preferential arrangements for the application of the corresponding preferential rules of origin.

3.16. Seychelles applies preferential rules of origin to implement the tariff regime under the four RTAs it has currently in place, namely the Common Market for Eastern and Southern Africa (COMESA) FTA, the Southern African Development Community (SADC) FTA, the United Kingdom-Eastern and Southern Africa (ESA) Economic Partnership Agreement (EPA), and the European Union-ESA Interim EPA (Section 2.3.2). Imported goods complying with these rules of origin qualify as originating and therefore are eligible for preferential treatment. The rules of origin under these RTAs follow common principles. According to these rules of origin, a good will be, in general, deemed originating if: (i) it has been wholly produced in the territory of one of the parties; or (ii) it has been produced in the territory of the parties and undergone sufficient transformation when using non-originating inputs. Sufficient transformation requirements follow specific rules of origin that are based on a change in tariff classification, a regional value content (or value-added rule) (RVC), and/or additional criteria such as production process requirements. Except for the COMESA FTA, the RVC is expressed as a maximum allowance for non-originating inputs ranging between 30% and 60% of the good's ex-works price for the SADC FTA<sup>19</sup>, and between 10% and 60% of the ex-works price for the RTAs with the European Union and the United Kingdom.<sup>20</sup> For the COMESA FTA, the RVC is expressed as minimum requirement for local content, which shall be at least 35% of the ex-factory cost, or 25% for goods that have been designated as of particular importance for the economic development of the parties.<sup>21</sup> Alternatively, COMESA parties also provide for an import material content criterion, under which a good produced in the territory of the parties is considered as originating if the c.i.f. value of non-originating inputs does not exceed 60% of the total cost of inputs (domestic and imported) used in the goods production.

3.17. All of these RTAs, except for the COMESA FTA, include a *de minimis* provision (or tolerance rule, not accumulative with the value-added rule) that provides some flexibility in the application of the rules of origin by allowing the use of non-originating inputs in the production of a good without affecting its origin status. According to this clause, a good is considered to be originating if the value of the non-originating inputs used in its production that do not meet the relevant rules of origin does not exceed a certain percentage of the product's value (i.e. good's ex-work price). This percentage

<sup>16</sup> Revenue Administration Act, 2009 (and their amendments), Part IV.

<sup>17</sup> Customs Management (Origin of Goods) Regulations, 2013.

<sup>18</sup> According to the regulations, when more than one country is involved in the production of a good, such good shall be deemed to originate in the country where it underwent its last substantial processing.

<sup>19</sup> WTO document WT/REG176/4, 12 March 2007, and information provided by the authorities.

<sup>20</sup> Agreement establishing an Economic Partnership Agreement between the Eastern and Southern Africa States and the United Kingdom of Great Britain and Northern Ireland (2019), Protocol 1; and Interim Agreement establishing a framework for an Economic Partnership Agreement between the Eastern and Southern Africa States, on the one part, and the European Community and its Member States, on the other part (2009), Protocol 1.

<sup>21</sup> Procedures Manual on the Implementation of the Protocol on the Rules of Origin for Products to be traded between the Member States of the Common Market for Eastern and Southern Africa (2002), Chapter 2.

is 10% for the SADC FTA, and 15% under the EPA with the European Union and the United Kingdom, unless specified otherwise. The tolerance rule does not apply to products falling within HS Chapters 50-63 (textiles and clothing products) under the EPA with the European Union and the United Kingdom, and HS Chapters 50-63, 87 (vehicles), and 98 (special classification provisions) under the SADC FTA.

3.18. Both EPAs permit diagonal cumulation for products obtained or processed in the European Union; the United Kingdom; an ESA State; other African, Caribbean, and Pacific (ACP) States; or the Overseas Countries and Territories (OCT) of the European Union. Cumulation with a neighbouring developing country<sup>22</sup> may also be allowed so that materials originating in one of such countries, other than an ACP State, can be considered as materials originating in an ESA State when incorporated into a product obtained there.

3.19. Goods imported into Seychelles from an RTA party must be accompanied by the corresponding certificate of origin to claim preferential treatment. Regarding exports, the SRC is responsible for issuing preferential certificates of origin upon request and for a fee of SCR 100.<sup>23</sup>

3.20. Seychelles has notified the preferential rules of origin under the four RTAs it is currently implementing (Section 2.3.1).<sup>24</sup>

### 3.1.3 Tariffs

#### 3.1.3.1 Applied MFN tariff

3.21. Seychelles' tariff 2022 comprises 5,869 lines at the eight-digit level under the HS 2017 version (HS17). The tariff is described in the Customs Management (Tariffs and Classification of Goods) Regulations, 2018 and their amendments.<sup>25</sup> These regulations repealed and replaced those of 2014 and were issued to update the tariff nomenclature following the adoption of HS17. HS22, the latest HS version, is expected to be adopted by the end of September 2022.

3.22. Seychelles maintains a relatively liberal tariff regime. In 2022, almost all of its tariff lines were duty-free, and it has one of the lowest MFN average applied tariffs among WTO Members (Chart 3.1).<sup>26</sup> Duties (by HS chapter) apply mainly to fish, crustaceans, beverages, spirits, vinegars, and textile products (Chart 3.1).

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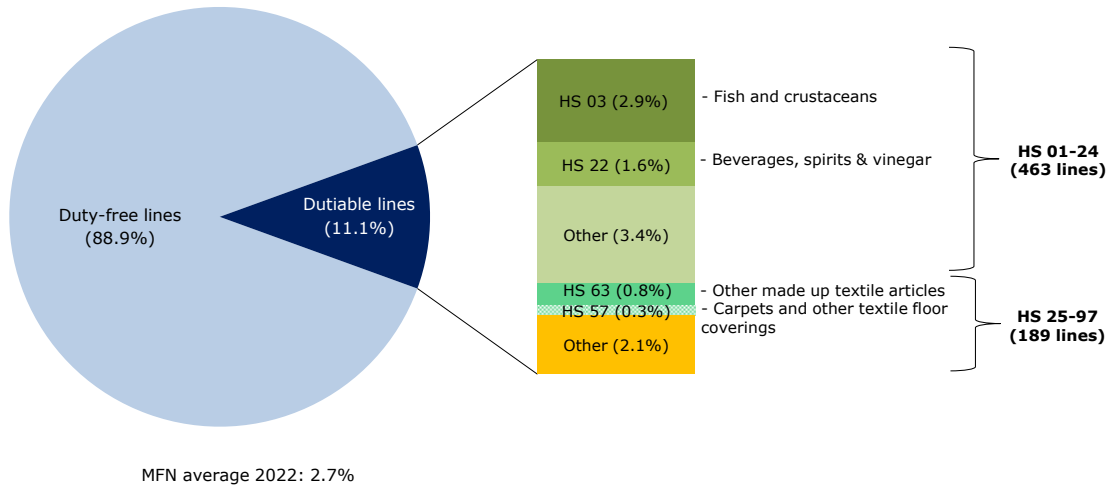
<sup>22</sup> These countries are Algeria, Egypt, Libya, Maldives, Morocco, and Tunisia.

<sup>23</sup> Revenue Administration (Fees) (Amendment) Regulations, 2020.

<sup>24</sup> WTO document G/RO/N/141, 2 May 2016. The notifications for these four RTAs have also been submitted to the Committee on Regional Trade Agreements.

<sup>25</sup> Customs Management (Tariffs and Classification of Goods) Regulations, 2018. As of June 2022, these regulations had been amended eight times since 2018, with the last one adopted in October 2020. These amendments have not led to any significant change in Seychelles' tariff. The list of amendments can be viewed at: <https://www.src.gov.sc/pages/resources/CustomsManagementAct.aspx>.

<sup>26</sup> WTO, ITC, and UNCTAD (2022), *World Tariff Profiles 2022*. According to this report, in 2021 Seychelles had the sixth-lowest MFN average applied tariff among WTO Members, the lowest being 0% and the highest 21.6%.

**Chart 3.1 Overview of the MFN applied tariff, 2022**

Note: Percentages denote the share of the total number of tariff lines (5,869 tariff lines). Product categories are given in HS chapters.

Source: WTO Secretariat calculations, based on WTO IDB and CTS databases. Viewed at: <https://tao.wto.org/>.

3.23. In 2022, the applied MFN average tariff was 2.7%, down from 3.8% in 2015, the year of Seychelles' accession to the WTO.<sup>27</sup> This decrease can be explained mainly by the conversion to the HS17 nomenclature and the reduction of some tariff rates, notably for clothing and other textiles articles, vehicles, and certain agricultural products. Consequently, the applied MFN average tariff for both agricultural and non-agricultural goods also declined during 2015-22, from 8.6% to 7.4% for agricultural products (WTO definition), and from 2.9% to 1.8% for non-agricultural goods (including AVEs) (WTO definition) (Table 3.1).

**Table 3.1 Main indicators of the MFN tariff, 2015 and 2022**

(%, unless otherwise indicated)

	MFN applied		Final bound <sup>a</sup>
	2015	2022	
Bound tariff lines (% of all tariff lines)	n.a.	n.a.	100
Simple average rate	3.8	2.7	9.9
WTO agricultural products	8.6	7.4	17.5
WTO non-agricultural products	2.9	1.8	8.7
Duty-free tariff lines (% of all tariff lines) <sup>b</sup>	84.9	88.9	46.6
Non- <i>ad valorem</i> tariffs (% of all tariff lines)	2.7	4.0	0.0
of which: duty-free tariff lines (% of all tariff lines)	1.3	1.7	0.0
Non- <i>ad valorem</i> tariffs with no AVEs (% of all tariff lines)	0.2	0.6	0.0
Simple average rate of dutiable lines only	25.3	25.6	18.6
Tariff quotas (% of all tariff lines)	0.0	0.0	0.0
Domestic tariff "peaks" (% of all tariff lines) <sup>c</sup>	12.1	9.7	0.7
International tariff "peaks" (% of all tariff lines) <sup>d</sup>	10.1	6.9	27.7
Standard deviation	13.4	12.0	14.0
Coefficient of variation	3.6	4.4	1.4
Nuisance applied rates (% of all tariff lines) <sup>e</sup>	0.0	0.1	0.0
Total number of tariff lines	5,556 <sup>f</sup>	5,869	5,644

<sup>27</sup> In 2014, prior to its accession, Seychelles reported an even higher applied MFN average that stood at 6.4% (WTO document WT/ACC/SYC/64, 5 November 2014).



	MFN applied		Final bound <sup>a</sup>
	2015	2022	
Duty-free rates including duty-free tariff lines in a specific tariff form	4,719	5,217	2,632
<i>Ad valorem</i> rates (>0%)	758	516	3,012
Non- <i>ad valorem</i> tariffs	150	233	0
Specific rates	146	228	0
of which: duty-free tariff lines	72	97	0
Compound	4	5	0

n.a. Not applicable.

a Final bound rates are based on the Consolidated Tariff Schedule (CTS) in HS17 nomenclature.

b Duty-free lines in a specific tariff form are taken into account in the calculations.

c Domestic tariff peaks are defined as those exceeding three times the overall simple average applied rate.

d International tariff peaks are defined as those exceeding 15%.

e Nuisance rates are those greater than zero, but less than or equal to 2%.

f Includes one line with no rate assigned.

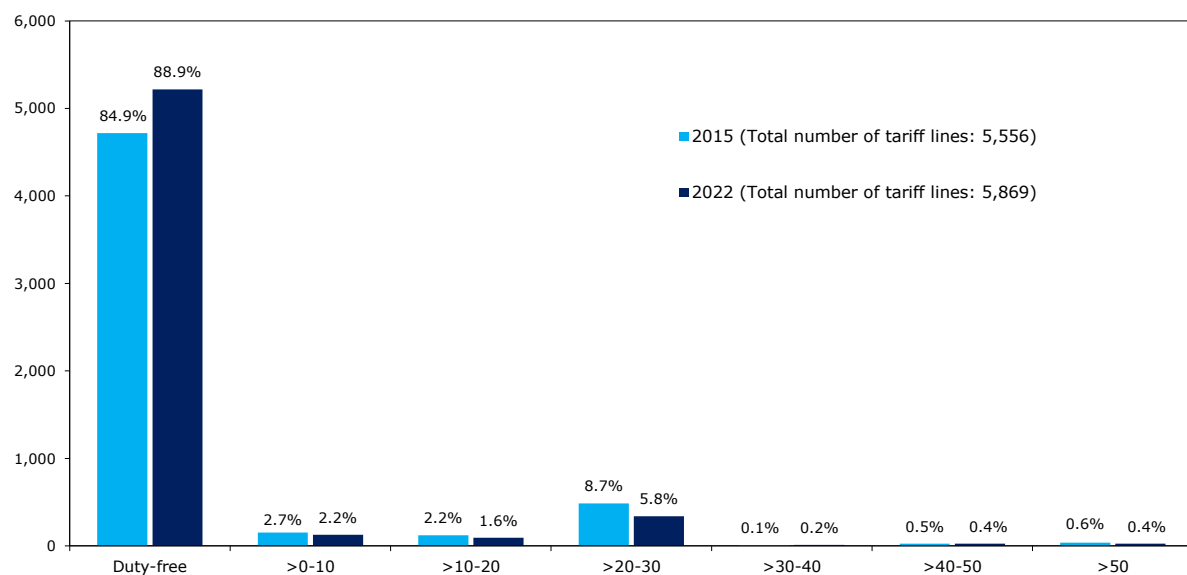
Note: The 2015 tariff is based on HS07 nomenclature consisting of 5,556 tariff lines (8-digit level). The 2022 tariff is based on HS17 nomenclature consisting of 5,869 tariff lines (8-digit level). *Ad valorem* equivalents for 2015 were estimated based on 2015 import data (8-digit level). *Ad valorem* equivalents for 2022 were provided by the authorities.

Source: WTO Secretariat calculations, based on WTO IDB and CTS databases. Viewed at: <https://tao.wto.org/>.

3.24. Seychelles has maintained almost the same tariff structure as the one in place at the time of Seychelles' accession to the WTO (Chart 3.2). The majority of tariffs lines – 96% of them – have *ad valorem* duties and are organized according to eight bands (0%, 5%, 10%, 15%, 25%, 50%, 100%, and 200%). For dutiable lines, the most frequent rate is 25% with almost 6% of tariff lines subject to this rate. Products with a duty of 100% or 200% fall in the following HS chapters: fish and crustaceans (duty of 100%); preparations of cereals, flour, starch or milk (100%); tobacco and tobacco products (200%); and rubber and related articles (200%). The tariff exhibits some dispersion, and reverse tariff escalation discouraging the imports of unprocessed goods (Table A3.1).

**Chart 3.2 Distribution of MFN applied tariff rates, 2015 and 2022**

(Number of tariff lines)



Note: Figures above the bars refer to the percentage of total lines. They do not add to 100% because AVEs were not available for some lines (0.2% and 0.6% of the lines in 2015 and 2022, respectively).

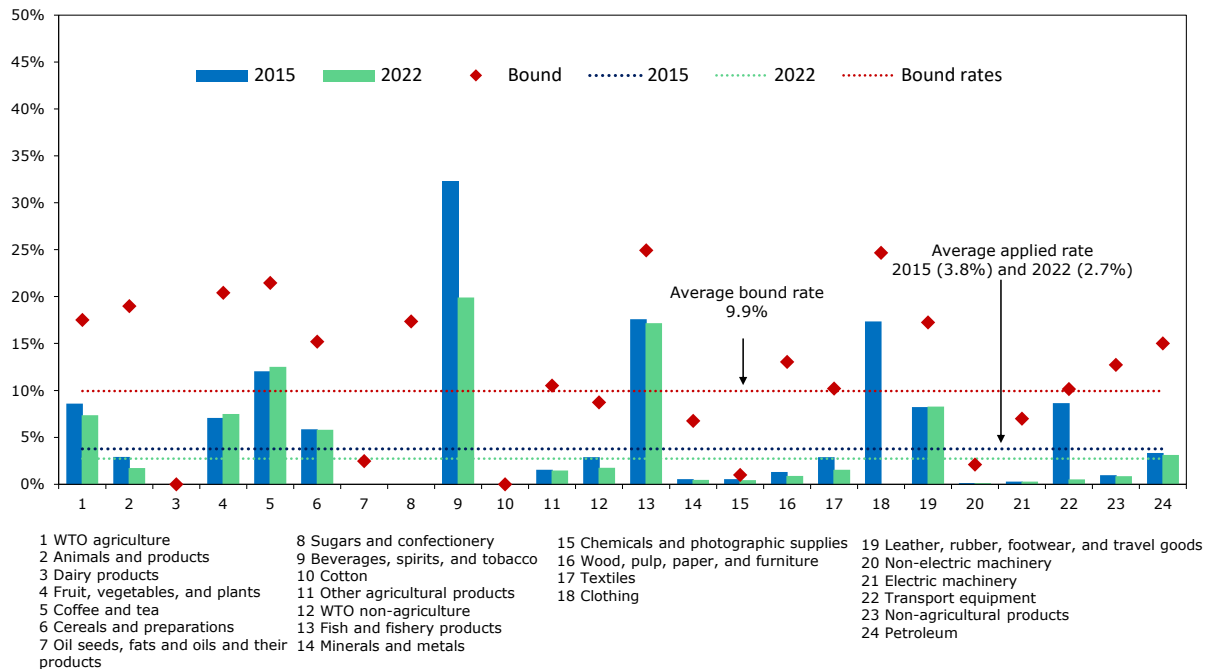
Source: WTO Secretariat calculations based on IDB database. Viewed at: <https://tao.wto.org/>.

3.25. Non-*ad valorem* lines (233 lines) are subject to specific duties, except for 5 lines that are subject to compound rates.<sup>28</sup> Almost half of non-*ad valorem* lines are duty-free. For the remaining lines, *ad valorem* equivalents (AVEs) were provided by the authorities and calculated using the unit value method based on trade data for 2019-21, where available.<sup>29</sup> Estimated AVEs ranged from 0.7% to 157.8%, with the highest rate applying to stout beer. Other products subject to compound or specific duties (greater than zero) included pork and poultry meat, alcoholic and non-alcoholic beverages, and cigarettes.

3.26. By WTO category, average applied MFN rates range from 0% to 19.9%. The most protected products are beverages, spirits, and tobacco (with an average applied MFN rate of 19.9%); fish and fishery products (17.2%); coffee and tea (12.5%); and leather, rubber, footwear, and travel goods (8.3%) (Chart 3.3). By HS section, the highest average applied MFN rate is for live animals and products (12.5%), followed by prepared food (11.9%), vegetable products (6%), and plastics and rubber (5.3%) (Table A3.1).

3.27. Seychelles does not apply tariff rate quotas, either on an MFN or preferential basis but applies seasonal tariffs under the SADC FTA (see below).

**Chart 3.3 Average applied MFN and bound tariff rates, by WTO category, 2015 and 2021**



Source: WTO Secretariat calculations, based on WTO IDB and CTS databases. Viewed at: <https://tao.wto.org/>.

### 3.1.3.2 Bound tariff

3.28. Upon accession to the WTO, Seychelles bound all of its tariff lines using only *ad valorem* duties. Bound duties consist of eight different rates that range from 0% to 200% (i.e. 0%, 6.5%, 10%, 25%, 50%, 100%, 125%, and 200%), and mirror most of those used for its applied MFN tariff. The most frequent bound rates are 0%, 10%, and 25%, accounting together for about 97% of tariff lines.<sup>30</sup> Products subject to duties greater than 100% include certain alcoholic beverages, tobacco products, and retreaded or used pneumatic tyres. Seychelles has completed the implementation of

<sup>28</sup> These five lines referred to pork and poultry meat.

<sup>29</sup> The authorities provided AVEs for 104 tariff lines of the 136 tariff lines that were subject to a non-*ad valorem* duty higher than zero.

<sup>30</sup> Lines subject to a rate of 0%, 10%, and 25% account for, respectively, 47%, 23%, and 27% of the total number of tariff lines.

its bindings for all tariff lines, except for two (HS 02071200 and 02071400). These two lines refer to poultry meat, and their final bound rate is to be implemented by 2023.

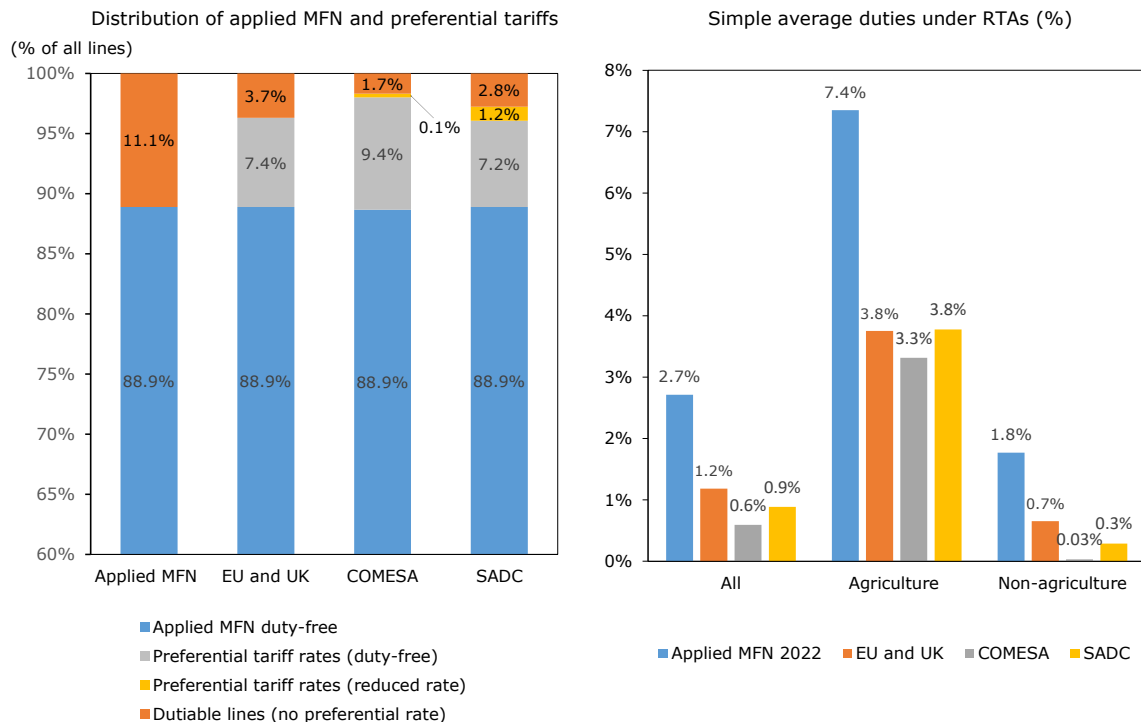
3.29. In 2022, the average bound rate was 9.9%, considerably higher than the current applied MFN average of 2.7% (Table 3.1), thus providing the Government with some policy space but at the same time resulting in some uncertainty. By WTO category, the gap between bound and MFN rates was on average most pronounced for beverages, spirits, tobacco; clothing; sugars and confectionery; and animal products (Chart 3.3).

3.30. At the product level, a comparison between bound and applied rates shows that there are 29 tariff lines where commitments are being breached (Table A3.2).<sup>31</sup> These lines include certain alcoholic and non-alcoholic beverages, and chemical products.

### 3.1.3.3 Tariff preferences

3.31. Under its RTAs, Seychelles grants duty-free treatment to almost all imports from about 30 economies (Section 2.3.2). In 2022, duty-free lines accounted for 96.1% (SADC) to 98.3% (COMESA) of the total number of tariff lines across RTAs, and the average preferential rate varied between 0.6% (COMESA) to 1.2% (European Union and United Kingdom) (Chart 3.4), which are all more advantageous than the corresponding indicators at the MFN level. However, given Seychelles' relatively liberal trade regime, the scope for preferences is limited and most of the benefits for Seychelles' partners come from the preferences applied to agricultural products. For these products, the preferential average rate stands at 3.3% (COMESA) and 3.8% (SADC, the European Union, and the United Kingdom) depending on the RTA, compared to 7.4% at the MFN level. For non-agricultural products, differences between preferential and MFN rates are less pronounced. The preferential average duty for non-agricultural products was virtually zero or close to zero under these RTAs, compared to 1.8% at the MFN level.

**Chart 3.4 Tariffs under RTAs, 2022**



Source: WTO Secretariat calculations based on WTO database. Viewed at: <https://tao.wto.org/>.

<sup>31</sup> A comparison between the applied and bound rates was not possible for about 0.5% (32 lines) of the total number of tariff lines. These lines were subject to an *ad valorem* tariff and the corresponding AVE was not provided and could not be calculated.

3.32. Seychelles applies seasonal tariffs under the SADC FTA to 66 agricultural tariff lines (at the eight-digit level) including flowers, fruit juices, milk-based drinks, and non-alcoholic beer. These lines are subject to a preferential rate of 5% from January through April and 0% for the rest of the year (May through December). At the MFN level, these lines are subject mostly to specific rates (i.e. SCR 5 per litre or SCR 10 per litre) with AVEs ranging from 0.7% to 156.4%; eight lines had an *ad valorem* duty of 25%.

#### 3.1.3.4 Tariff exemptions and concessions

3.33. Seychelles grants duty exemptions and reductions to certain categories of goods under different legislations, which in some instances overlap. Exemptions are granted mostly for social and economic purposes, notably for the promotion of exports and investment in fisheries and agriculture. Exempted goods (fully or partially) in these sectors include capital, protective, and safety equipment (fully exempted), bait (fully exempted), vehicles used for goods transportation (rebate of 50%), and inputs used in the production and processing of agricultural goods (rebate of 5%).<sup>32</sup> Other exemptions are provided under Sections 223 to 240 of the Trades Tax Regulations, 1997, and include goods imported in the national interest, for use of the President, under technical aid and assistance programmes, and under agreements with the Government (Table A3.3).<sup>33</sup>

3.34. Other goods exempted from customs duties under other legislation include: (i) goods imported for personal use by post or courier (excluding alcohol and tobacco products) worth up to SCR 3,000 (up from SCR 1,500 in 2015)<sup>34</sup>; and (ii) goods imported for the personal use of passengers, crews, and persons with disabilities.<sup>35</sup>

3.35. Additionally, Seychelles grants duty concessions to imported goods under its International Trade Zone regime (Section 3.2.4), and other customs procedures whereby imported goods are not intended for final consumption in the country, such as temporary imports and inward processing.

#### 3.1.4 Other charges affecting imports

3.36. In addition to tariffs, imports are subject to fees for customs operations, and various internal taxes and levies<sup>36</sup>, some of which were introduced during the review period based on health and environmental considerations.

##### 3.1.4.1 Fees for customs operations

3.37. The list of customs-related operations subject to a fee, including the amounts of those fees, remains largely the same as that in place at the time of Seychelles' accession to the WTO.<sup>37</sup> This list is provided in the Revenue Administration (Fees) (Amendment) Regulations, 2020 and includes fees relating to goods' storage and administrative and registration procedures (Table A3.4). The fee to process an import declaration (i.e. bill of entry) under the ASYCUDA system is SCR 25.

3.38. In 2020, Seychelles removed a fee of SCR 100 per consignment that used to apply to all imported goods – regardless of their value – through post or courier (other than packages containing documents).<sup>38</sup>

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<sup>32</sup> Customs Management (Promotion of Agricultures and Fisheries) Exemption and Rebate Regulations, 2014.

<sup>33</sup> The authorities indicates that they are expecting to fully repeal the Trades Tax Regulations, 1997 by 2023.

<sup>34</sup> Customs Management (Importation of Goods through Post or Courier) Regulations, 2019; and information provided by the authorities.

<sup>35</sup> Customs Management (Passenger Allowance) Regulations, 2018; and Customs Management (Exemptions for Persons with Disabilities) Regulations, 2021.

<sup>36</sup> Seychelles did not bind its other duties and charges to zero when acceding to the WTO but committed to ensure their compliance with WTO Agreements (WTO document WT/ACC/SYC/64, 5 November 2014).

<sup>37</sup> WTO document WT/ACC/SYC/64, 5 November 2014.

<sup>38</sup> Customs Management (Importation of Goods through Post or Courier) (Amendment) Regulations, 2020.

### 3.1.4.2 VAT and excise tax

3.39. Imports are also subject to a VAT of 15%, and where applicable an excise tax. Both the VAT and excise tax apply equally to imported and locally produced goods. For imported goods, both taxes are calculated based on the goods' c.i.f. (cost, insurance, freight) value, plus import duties, and any other applicable tax, fee, or charge. Levies are not included in the VAT calculation.

3.40. The list of excisable goods has remained largely the same since 2015. The excise tax applies to six product categories: tobacco and cigarettes, alcoholic beverages, motor vehicles, petroleum products, aerials (antennas) and aerial reflectors, and since 2018 to popsicles containing alcohol.<sup>39</sup> Together excisable products account for 3.5% of the total number of tariff lines (199 lines at the eight-digit level, HS17)<sup>40</sup> with most lines referring to alcoholic beverages and vehicles. The excise tax takes the form of a specific or *ad valorem* rate depending on the product category. Vehicles and aerials and aerial reflectors are subject to an *ad valorem* rate ranging from 5% to 190%. For the remaining product categories, a specific rate is in general applied. During the review period, the Government increased the rates for some of these products, notably for alcohol beverages and tobacco.<sup>41</sup> The excise tax is collected at the border for imported goods and at the point of production for those domestically produced. Producers of excisable goods must register with the SRC prior to engaging in production.

3.41. Seychelles exempts certain products (imported and locally produced) from the payment of VAT and excise tax. VAT exemptions apply, for example, to medicaments and agricultural products<sup>42</sup>, while fuel is exempted (fully or partially) from the excise tax for, *inter alia*, domestic air transport operators, tourist operators, and fishing vessels.<sup>43</sup> VAT and excise tax exemptions also apply to certain goods – imported or locally produced – intended for the agricultural and fisheries sector (Section 4.1.2.1).<sup>44</sup>

3.42. Of the taxes and levies collected at the border, the excise tax and VAT had the largest contribution to tax revenue. In FY2020, the excise tax and VAT on imports contributed 14% and 15%, respectively, to Seychelles total tax revenue, while duties' contribution was 4%.<sup>45</sup>

### 3.1.4.3 Food-specific taxes

3.43. Seychelles applies a sugar tax of SCR 4 per litre to imported and locally produced sugar-sweetened drinks, except for local fresh fruit drinks without additives, and plain milk.<sup>46</sup> The tax covers 189 tariff lines (or 3.2% of the total number of lines) including alcoholic beverages and flavoured milk and was introduced in April 2019 based on health considerations.

### 3.1.4.4 Environmental levies

3.44. Seychelles applies based on environmental considerations: (i) a levy on motor vehicles<sup>47</sup>; (ii) a levy on cans, and PET and plastic bottles; and (iii) since 2018, a levy on glass bottles.<sup>48</sup> The levy on cans is SCR 1 per can, while the levies on PET, plastic, and glass bottles is either SCR 1, or SCR 2 for glass bottles containing alcoholic beverages.

3.45. The levy on motor vehicles varies with the engine capacity of the vehicle and since 2018 has been collected at the Seychelles Licensing Authority upon registration of the motor vehicle, and not

<sup>39</sup> The excise tax regime is described by the Excise Tax Act, 2009 and its regulations. Popsicles containing alcohol became an excisable product with the adoption of the Excise Tax (Amendment of Schedule 1) Regulations, 2018.

<sup>40</sup> In 2014, the number of lines at the 8-digit level (HS07) subject to an excise rate was 182.

<sup>41</sup> Based on data provided by the authorities.

<sup>42</sup> The list of VAT exemptions is given in Value Added Tax (Amendment of First Schedule) Regulations, 2018.

<sup>43</sup> Excise Tax (Fuel Exemptions and Concessions) (Amendment) Regulations, 2018 and 2020.

<sup>44</sup> Seychelles Investment Board, *Seychelles Tax Guide*. Viewed at: <https://investinseychelles.com/investors-guide/investor-resources/seychelles-tax-guide>.

<sup>45</sup> Seychelles Revenue Commission (2020), *Annual Report*.

<sup>46</sup> Excise Tax (Imposition of Sugar Tax on Drinks) Regulations, 2019.

<sup>47</sup> Environment Protection (Environmental Levies) (Amendment) Regulations, 2020.

<sup>48</sup> Environment Protection (Environmental Levies on PET, Plastic and Glass Bottles and Cans) Regulations, 2020; and Excise Tax (Amendment of Schedule 1) (Glass Bottle Levy) (No. 2) Regulations, 2018.

at the border. In 2020, the administration of the levy on cans and on PET, plastic, and glass bottles was transferred from the MFNPT to the Ministry of Environment, Energy and Climate Change. However, for practical purposes, the levy's collection continues to be at the border by the customs authorities.<sup>49</sup> In this regard, the authorities indicate that in practice these levies apply only to imports, as there is no local production.

3.46. In February 2021, Seychelles also introduced a levy on the importation of gasses and equipment containing refrigerant gasses having ozone-depleting or global-warming potential.<sup>50</sup>

### 3.1.5 Import prohibitions, restrictions, and licensing

3.47. Seychelles maintains import prohibitions and restrictions for certain goods mostly based on national security, health, and environmental considerations. These measures mirror to a large extent those in place at the time of Seychelles' accession to the WTO (with few exceptions), and are listed in the Customs Management (Prohibited and Restricted Goods) Regulations, 2019 (and their amendments).<sup>51</sup> These regulations repealed and replaced those of 2014, and were issued primarily to update the HS codes of the goods subject to import controls following the migration from the HS07 to the HS17 version.

3.48. The list of import prohibitions and restrictions currently in force and its related legislation have been notified to the WTO. The most recent notification in this regard was submitted in 2021 when Seychelles submitted its biennial notification on quantitative restrictions.<sup>52</sup> The same year, Seychelles also submitted its replies to the annual questionnaire on import licensing procedures providing a comprehensive description of these procedures for each restricted good.<sup>53</sup>

3.49. The list of import prohibitions comprises 13 product categories (Table 3.2), including toxic chemicals, counterfeit currencies, and arms. Based on environmental reasons, Seychelles introduced during the review period a prohibition on the imports of: (i) non-biodegradable plastic bags and utensils (with some exemptions based on their intended use) (June 2017); (ii) non-biodegradable plastic straws (June 2019); and (iii) balloons (September 2021).<sup>54</sup> Seychelles no longer prohibits the import of certain military goods (e.g. military uniforms and armoured vehicles) but instead requires a permit for their importation (see below).

**Table 3.2 List of prohibited products, 2022**

Goods	Reasons
Non-biodegradable plastic straws	Environmental protection
Balloons	Environmental protection
Non-biodegradable plastic bags and utensils	Environmental protection
Controlled drugs	Health protection
Toxic chemicals	Health protection
Counterfeit currencies	Anti-fraud
Chlorofluorocarbon (CFC) gas and equipment dependent on CFCs and hydrofluorocarbons	Environmental protection
Waste or waste product or both of any kind	Environmental protection
Fur-skins, hides and skins of animals	Health protection
Bodies for motor vehicles	Public safety
Parts and accessories for motor vehicles	Public safety
Arms and ammunition	National security
Any non-tobacco product resembling to a tobacco product (i.e. sweets, snacks and toys)	Health protection

Source: Customs Management (Prohibited and Restricted Goods) Regulations, 2019, 17 June 2019, and their amendments.

<sup>49</sup> Excise Tax (Amendment of Schedule 1) (No. 2) Regulations, 2020.

<sup>50</sup> Environment Protection (Environmental Levies) (Amendment) Regulations, 2021.

<sup>51</sup> Customs Management (Prohibited and Restricted Goods) Regulations, 2019.

<sup>52</sup> WTO document G/MA/QR/N/SYC/2, 7 April 2021. Its next (biennial) notification will be due in 2024.

<sup>53</sup> WTO document G/LIC/N/3/SYC/4, 6 December 2021.

<sup>54</sup> The prohibition of plastics gags and utensils, balloons were issued, respectively, in Environment Protection (Restriction on Importation, Distribution and Sale of Plastic Utensils and Polystyrene Boxes) Regulations, 2017, 30 June 2017; Environment Protection (Restriction on the Manufacturing, Importation, Distribution and Sale of Plastic Straws), Regulations, 2019; and Customs Management (Prohibited and Restricted Goods) (Amendment) (No. 3) Regulations, 2020.

3.50. Additionally, Seychelles controls the imports of a selected number of products through a system of (non-automatic) licences or permits – as they are referred to under its national legislation. This system is implemented based on health, public safety, national security, environmental, conservation, and socio-economic considerations. The list of goods subject to an import licence comprises nearly 50 product categories (Table A3.5) and includes endangered species, plastic items, fertilizers, and alcoholic beverages, as well as agricultural, tobacco, and pharmaceutical products. This list remains broadly the same as the one in place at the time of Seychelles' accession to the WTO, with few additions. During the review period, Seychelles introduced a licence requirement to import certain military equipment (previously prohibited) (2019), popsicles with alcoholic content (2019), biodegradable plastic straws (2019), and hand sanitizers (2020).<sup>55</sup> For the latter, the measure intends to ensure quality standards and prevent the imports of counterfeit products.

3.51. Anyone willing to import restricted goods either for personal consumption<sup>56</sup> or commercial purposes must submit the corresponding import permit, in addition to the other standard import requirements (Section 3.1.1). Permits are granted by the relevant ministries and agencies through the Import and Export Permit Unit of the MFNPT. The Unit acts as a one-stop shop for processing and dispatching these applications but the decision to grant or reject an application is the responsibility of the relevant ministry or agency. Currently, 13 government institutions are involved in the approval of a licence. Import licences are in general granted for a period of one year renewable.

### **3.1.6 Anti-dumping, countervailing, and safeguard measures**

3.52. Seychelles does not have yet any legal and institutional frameworks for the application of anti-dumping, countervailing, and safeguard measures. Consequently, and in accordance with its accession commitments, Seychelles has not taken any contingency actions to date. According to the authorities, the preparation of Seychelles' first legislation in these areas is ongoing.

## **3.2 Measures Directly Affecting Exports**

### **3.2.1 Customs procedures and requirements**

3.53. Export procedures and requirements are governed by the Customs Management Act 2011 and have not been subject to any significant change since 2015. All exporters must submit electronically a pre-departure declaration before goods are loaded, along with the corresponding export permit in the case of restricted goods (see below).<sup>57</sup> Exporters – like importers – trading for commercial purposes must be legally registered in Seychelles and have a business licence depending on their activity, e.g. manufacturing licence. No other licence is required. For goods that are to be re-exported, traders must submit a pre-export notification, except for goods placed under an International Trade Zone or temporary storage procedure.

3.54. Exporters can obtain a sanitary, phytosanitary, or origin certificate for their products upon payment of a fee. The certificate of origin is issued by customs authorities, while sanitary and phytosanitary (SPS) certificates are issued by the Agriculture Department, except for fishery exports. Health certificates for fishery products for export are issued by the Fish Inspection and Quality Control Unit under the Seychelles Bureau of Standard (Section 3.3.3).

3.55. A fee also applies for services provided for biosecurity reasons (e.g. inspections), notably to exporters of animal and agricultural products.<sup>58</sup> These services are provided by the Department of Agriculture.

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<sup>55</sup> The licence requirements for these goods were introduced through the Customs Management (Prohibited and Restricted Goods) Regulations, 2019; the Environment Protection (Restriction on the Manufacturing, Importation, Distribution and Sale of Plastic Straws), Regulations, 2019; and the Customs Management (Prohibited and Restricted Goods) (Amendment) (No. 2) Regulations, 2020.

<sup>56</sup> Except for alcohol beverages and cigarettes as permitted under the regulations for passenger allowance.

<sup>57</sup> The current export permit system was modified in 2014 through the Customs Management (Export Permit) Regulations, 2014, to apply a more targeted approach where only certain products are subject to an export permit. Prior to this date, Seychelles required an export permit for all exports.

<sup>58</sup> Animal and Plant Biosecurity (Fees and Charges) Regulations, 2014.

3.56. Seychelles does not maintain an export facilitation scheme *per se* but does provide exporters with a faster clearance and shipment process for their goods, according to the authorities. The authorities further indicate that they are in the process of formalizing this procedure through the adoption of a Customs Approved Secure Exports Scheme in accordance with the Customs Management Act, 2011.<sup>59</sup>

### 3.2.2 Taxes, charges, and levies

3.57. Seychelles does not apply any export duties, charges, or levies. Exports are subject to a zero rate for the VAT, and the excise tax when applicable.

### 3.2.3 Export prohibitions, restrictions, and licensing

3.58. Seychelles does not apply any export prohibitions but requires a licence or permit – as referred to in its national legislation – to export certain products based mainly on health and environmental considerations (Table 3.3). The current regime has been implemented since autumn 2014 through the Customs Management (Export Permit) Regulations, 2014 and is in line with Seychelles' accession commitments, under which Seychelles was going to require an export permit only for a limited number of goods instead of for all goods, as it used to.

3.59. The list of products subject to an export permit includes chemical products, live plants and animals, fish and fishery products, and motor vehicles, and it has not changed since it was established in 2014.

**Table 3.3 List of restricted products for exportation, 2022**

Goods	Institution	Reasons
Human remains, tissues, ashes, and biological samples from laboratories for research or diagnostic purposes	Ministry of Health	Health and environmental protection
Pesticides	Ministry of Health	Health and environmental protection
Medicines, and any other medical or related products that may appear on the market and judged by the authority responsible for public health to require export permit	Ministry of Health	Health protection
Waste and products derived from waste	Ministry of Agriculture, Climate Change and Environment	Health and environmental protection
Hazardous waste	Ministry of Agriculture, Climate Change and Environment	Health and environmental protection
Certain products falling in HS Chapter 43 (Fur-skins and artificial fur) and 44 (Wood and wood articles) of concern to the environment; or whose characteristics may be harmful to the environment, includes re-export and product recall, and materials that may contain biological risk (e.g. soil)	Ministry of Agriculture, Climate Change and Environment	Environmental protection
Species listed under Appendix to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)	Ministry of Agriculture, Climate Change and Environment	Conservation and Environmental protection
Palm plants	Ministry of Agriculture, Climate Change and Environment	Environmental protection
Corals and shells	Ministry of Agriculture, Climate Change and Environment	Environmental protection
Genetically modified organisms	Ministry of Agriculture, Climate Change and Environment	Health protection
Live plants and plant products	Ministry of Agriculture, Climate Change and Environment	Health protection
Live animals and animal products	Ministry of Agriculture, Climate Change and Environment	Health protection
Fish and fisheries products	Seychelles Fishing Authority	Health protection
Motor vehicles	Ministries of Internal Affairs and of Transport	Public safety

Source: Customs Management (Export Permit) Regulations, 2014, 22 September 2014.

<sup>59</sup> Customs Management Act, 2011, Sections 195-197.



3.60. In addition to the products listed in these regulations, Seychelles requires a permit to export the Coco-de-Mer nut – one of its distinctive and native products.<sup>60</sup> This permit is reserved for domestic exporters.

3.61. Seychelles has notified to the WTO most of the products requiring a permit, with few exceptions (e.g. live animals and animal products).<sup>61</sup>

### 3.2.4 Export support and promotion

3.62. Seychelles does not maintain any support programme for exports and promotes them mainly through its free-zone regime known as International Trade Zones (ITZs).<sup>62</sup> Seychelles has further notified to the WTO that it did not provide any export subsidies for agricultural products during the period 2015-21.<sup>63</sup>

3.63. Seychelles maintains ITZs to attract investments and promote exports by providing certain tax concessions to businesses established within them. ITZs are governed by the act of the same name – International Trade Zone Act, 1995 – and its regulations (and their amendments) and are administered by the Financial Services Authority (FSA). The FSA is responsible for regulating and supervising all ITZ operations, including issuing ITZ licences. According to the authorities, exports and imports from ITZs amounted to about USD 487 million and USD 440 million in 2021; exports consisted mainly of canned tuna.

3.64. Companies operating in an ITZ benefit from a zero rate for duties, VAT, and excise tax (when applicable) on their imports. They are also exempted from property taxes and are not subject to any foreign ownership restriction. According to the authorities, ITZ incentives were not based on export performance or on local content requirements.

3.65. ITZ companies can sell goods or services to the "domestic market" subject to approval of the FSA<sup>64</sup> but must ensure that its main revenue is not derived from such sales. The FSA has the discretion to decide the amount or value of the goods to be exported to the domestic market on a case-by-case basis.<sup>65</sup> According to the authorities, ITZ companies are allowed to sell up to 20% of the goods they produce to the domestic market.

3.66. Companies willing to operate in an ITZ must be export-oriented and engage in one of the following areas of activity and request the corresponding licence: (i) light-assembly; (ii) processing; (iii) redistribution; (iv) export services; and (v) manufacturing. These licences are granted by the FSA provided that, *inter alia*, the company's focus is exporting, and it meets the minimum level of investment as defined in the legislation. The minimum level of investment varies between USD 5,000 and USD 15,000 depending on type of licensable activity. The FSA can exercise some discretion in granting or refusing a licence.<sup>66</sup> Licences are subject in general to a processing fee, and, once approved, to an annual fee (Section 4.3 and Table 4.9).

3.67. During the review period, Seychelles amended some of the conditions/benefits effective under ITZs. In 2019, it removed the concession of the zero-rated business tax for business within ITZs and harmonized the application of this tax across businesses within and outside ITZs in accordance with international standards.<sup>67</sup> With this measure, companies within ITZs are now subject to a business tax of 15% for the first SCR 1 million of taxable income, and 25% for the remainder (Section 2.4.2),

<sup>60</sup> Coco-de-Mer (Restriction on the Processing, Trade and Export of Unprocessed Kernel of Mature Nut) Regulations, 2020.

<sup>61</sup> WTO document G/MA/QR/N/SYC/2, 7 April 2021.

<sup>62</sup> The ITZ regime was notified to the WTO in 2016 in WTO document G/SCM/N/284/SYC, 10 May 2016) under the name of Industrial Trade Zones.

<sup>63</sup> WTO documents G/AG/N/SYC/1, 7 March 2016 (covering 2015); G/AG/N/SYC/2, 30 January 2017 (covering 2016); G/AG/N/SYC/5, 2 March 2020 (covering 2017); G/AG/N/SYC/6, 2 March 2020 (covering 2018); G/AG/N/SYC/7, 2 March 2020 (covering 2019); G/AG/N/SYC/9, 11 July 2022 (covering 2020); and G/AG/N/SYC/10, 11 July 2022 (covering 2021). The notification for 2022 is pending.

<sup>64</sup> Products from an ITZ sold to the "domestic market" constitute an ordinary import into Seychelles, and as such they must comply with all customs formalities and tax payments.

<sup>65</sup> International Trade Zone Act 1995, Section 11.

<sup>66</sup> Financial Services Authority (2022), *International Trade Zone Guidelines*, 22 March.

<sup>67</sup> This review was implemented following the review conducted by the European Code of Conduct Group.

except for those licensed prior to December 2019. The latter will continue to temporarily benefit from this concession until December 2022. In 2019, Seychelles also introduced some requirements on substantial activities to be met on an annual basis to continue to benefit from an ITZ licence, including employment and expenditure requirements.<sup>68</sup> In 2018, Seychelles also amended the scope of the activities covered by its export services licence and limited them to certain services only and to goods handled in the ITZs.<sup>69</sup>

3.68. Seychelles also maintains an inward processing customs procedure and drawback mechanism. Under inward processing, goods enter the country temporarily exempted from the payment of duties and internal taxes to undergo specified manufacturing, processing, or repair and then are further re-exported. Similarly, drawbacks for re-exports also allow importers to obtain refunds for duties on the imported goods, or materials contained in the re-exported goods or consumed in their production.

### 3.2.5 Export finance, insurance, and guarantees

3.69. Seychelles does not maintain any financing, insurance, or guarantee programme designed exclusively for exporters but maintains such programmes for SMEs and for businesses in the agricultural and fisheries sectors – whether they are exporters or not. Under these programmes, the Government co-finances the payments of interest rates and provides credit guarantees for commercial loans under certain conditions (Section 3.3.1).

## 3.3 Measures Affecting Production and Trade

### 3.3.1 Incentives

3.70. Seychelles maintains various types of incentives to promote and support business activities in general but also in specific sectors, notably agriculture and fisheries (Sections 4.1.2 and 4.1.4). These measures take mostly the form of fiscal concessions, credits at subsidized interest rates, grants, and targeted subsidies; and some of them were implemented during the review period. For instance, in 2017 Seychelles introduced a grant scheme to support the early stages of an enterprise, and in 2018 a series of producer subsidies to support livestock farmers. In 2020, it also adopted three new credit schemes in response to the COVID-19 pandemic to support micro, small, medium, and large enterprises.

3.71. The three COVID-19-related schemes were notified to the WTO in 2021 in accordance with Article 25.1 of the Agreement on Subsidies and Countervailing Measures and Article XVI:1 of the GATT 1994<sup>70</sup>, while some of the other measures were notified in 2016.<sup>71</sup>

3.72. At the institutional level, Seychelles established in 2018 the Enterprise Seychelles Agency under the Department of Industry and Entrepreneurship in the Office of the Vice President to implement all policies relating to MSMEs and to provide them with, *inter alia*, advisory, training, and marketing services.<sup>72</sup> In 2020, the Department (including Enterprise Seychelles Agency) was transferred to the Ministry of Investment, Entrepreneurship, and Industry.

#### 3.3.1.1 Fiscal incentives

3.73. In December 2021, Seychelles reformed its business tax regime and harmonized it across sectors while seeking to maintain an attractive and conducive environment for businesses. It reduced its business tax rate from 25% to 15% for the first SCR 1 million of taxable income and from 33% to 25% for the remainder, with some exceptions (Section 2.4).<sup>73</sup> Under this reform, Seychelles shall

<sup>68</sup> International Trade Zone (Substantial Activity Requirements) Regulations 2019.

<sup>69</sup> These services are repair and reconditioning of goods, warehousing and rental of storage space, and logistic services.

<sup>70</sup> WTO document G/SCM/N/372/SYC, 27 October 2021.

<sup>71</sup> WTO document G/SCM/N/284/SYC, 10 May 2016.

<sup>72</sup> Enterprise Seychelles Agency Act, 2018. The Enterprise Seychelles Agency replaced the Small Enterprise Promotion Agency, and was given a broader mandate to support MSMEs in all industries.

<sup>73</sup> Exceptions include telecommunications service providers, banks, insurance companies, and alcohol and tobacco manufacturers who are subject to a rate of 25% on the first SCR 1 million of taxable income, and

also remove the preferential business tax regime in place for certain tourism, agriculture, and fisheries activities and align the rate with the general one. This change has already been implemented for the tourism sector but a moratorium has been provided until December 2023 for the agricultural sector and individual fishermen.<sup>74</sup> In the meantime, individual fishermen and farmers, and farming partnerships/entities will continue to be exempted from this tax, while other businesses (e.g. processors and exporters) in the agricultural sector will continue to benefit from a rate of 0% (instead of 15%) on the first SCR 250,000 of taxable income, and 15% (instead of 25%) on the remainder. This preferential regime also continues to apply to certain tourism services, e.g. tour operators, restaurants, tourist guides, travel agents, and boat charters.<sup>75</sup>

3.74. Seychelles also applies tax and duty exemptions to companies operating in its ITZ.<sup>76</sup> Since 2019, the concession on the business tax is no longer part of the benefits package for companies in ITZs (Section 3.2.4).

### 3.3.1.2 Credit and other support programmes

3.75. Seychelles maintains various credit schemes to support the activities of SMEs (Table 3.4). Under the SME scheme, eligible enterprises benefit from subsidized rates and flexible repayment conditions for a loan of up to SCR 3 million. It applies to Seychellois entrepreneurs and enterprises majority owned by Seychellois, and does not cover retail, wholesale, and import businesses. Loans are granted through the Development Bank of Seychelles (DBS), credit unions, and commercial banks.

**Table 3.4 Credit and other schemes supporting SMEs, 2022**

Subsidy scheme	Form of assistance	Eligibility	Main conditions
SME scheme	Loans of up to SCR 3 million, with a minimum personal contribution not exceeding 2.5% of the loan amount	Businesses with an annual turnover of less than SCR 6 million that are 100% owned by Seychellois or have at least 51% Seychellois ownership	- Interest rates: 5% on the first SCR 1 million; and 7% on the next SCR 2 million - Repayment terms: 7 to 10 years - Grace period: up to 6 months
Small Business Financing Agency Fund	Loans between SCR 15,000 and SCR 300,000	Seychellois entrepreneurs or companies that are 100% owned by Seychellois	- Interest rates: 4% on loans up to SCR 75,000; and 25% for loans above SCR 75,000 - Repayment terms: 7 years - Grace period: up to 6 months
Seychelles energy efficiency and renewable energy programme (SEEREP) Rebate Scheme	Loans up to SCR 150,000; for loans of more than SCR 75,000, a personal contribution of at least 2.5% of the loan amount is required	Businesses with an annual turnover of less than SCR 6 million willing to adopt energy-efficient products and renewable energy technologies	- Interest rates: 5% - Repayment terms: 5 years
Solar Photovoltaic (PV) Rebate Scheme	Subsidy of 15% on the installation cost using USD 3.2 per watt for installation up to 15 KW	Businesses owned by local or foreign entrepreneurs	Purchase and installation of PV panels

Source: Information provided by the authorities; Enterprise Seychelles Agency (2020), *MSMEs Guide to Incentives*; and DBS, *Small and Medium Enterprise (SME) Scheme*. Viewed at: <http://www.dbs.sc/product-loans/small-and-medium-enterprise-sme-scheme>.

3.76. Under the Small Business Financing Agency Fund, also administered by DBS, Seychellois entrepreneurs or SMEs can get a loan of SCR 15,000 to SCR 300,000 to develop their businesses under preferential conditions.

then to a rate of 33% on the remainder. According to OECD estimates based on about 100 countries, the overall average income tax rate was 22.4% in 2021. OECD (2021), *Corporate Tax Statistics 2021*.

<sup>74</sup> Business Tax (Exemption of Tax to Farming Partnerships and Farming Entities) Order, 2021; Business Tax (Exemption of Tax to Individual Fishers and Individual Farmers) Order, 2021; and Business Tax (Amendment of Schedules) Regulations, 2021, all of which were adopted on 31 December 2021.

<sup>75</sup> Enterprise Seychelles Agency (2020), *MSMEs Guide to Incentives*.

<sup>76</sup> Financial Services Authority (2022), *International Trade Zone Guidelines*, 22 March.

3.77. Others support schemes include preferential credit schemes to encourage small enterprises to adopt energy efficient products and renewable energy technologies, as well as a rebate of 15% on the installation of solar photovoltaic PV systems (Section 4.2).

3.78. At the sectoral level, Seychelles also maintains a broad set of measures comprising credit schemes, grants, fiscal concessions, and producer subsidies intended to support the agricultural and fisheries sectors (Section 4.1.2.1). Seychelles has three credits schemes, namely the Agricultural Development Fund, the Fisheries Development Fund, and the Blue Investment Fund, under which it provides loans at preferential conditions for businesses. In 2017, Seychelles also launched the Blue Grant Fund to provide financing to projects promoting marine conservation, sustainable fisheries, and the blue economy in general (Section 4.1.4 and Box 4.1). Businesses in the agricultural and fisheries sectors also benefit from exemptions (or reductions) of customs duties, VAT, and/or the excise tax notably for the purchase of inputs and capital goods. In addition, registered livestock farmers have benefited since 2018 from subsidies aimed at reducing the production costs of poultry and pork meat (Section 4.1.4).

3.79. Seychelles also has a few grant schemes to support entrepreneurs. It maintains for instance the Youth Local Grant and the Programme de Promotion de l'Entreprenariat des Jeunes, under which eligible entrepreneurs benefit from a grant of up to SRC 100,000 to start their business.<sup>77</sup> Beneficiaries must be Seychellois and between 18 and 35 years old. These schemes are administered by the Seychelles National Youth Council under the Ministry for Youth, Sports and Family. Moreover, in 2017, Seychelles launched the Seed Capital Grant Scheme to assist start-ups with a capital of SCR 50,000 for their development. The scheme is currently administered by the Enterprise Seychelles Agency<sup>78</sup> through a committee established for this purpose and has been allocated a fund of SCR 5 million per year for a period of five years.<sup>79</sup> To apply, businesses should, *inter alia*, have been recently established (i.e. less than three years), have turnover not exceeding SCR 2 million, and be fully owned by Seychellois. Activities excluded from this grant include retail and/or wholesale, importation, and tobacco and alcohol production.

### 3.3.1.3 COVID-19-related schemes

3.80. In response to the COVID-19 pandemic, Seychelles introduced in March 2020 another three credit schemes to support businesses affected by the pandemic: (i) the Private Sector Relief Scheme for MSMEs; (ii) the Private Sector Relief Scheme for Large Enterprises; and the (iii) the Small Business Support Fund for micro and small businesses that are 100% owned by Seychellois (Table 3.5). These schemes provide credit guarantees and loans at subsidized rates, and other preferential conditions, which vary depending on the scheme. These two private sector relief schemes were discontinued as from 1 April 2022, while the Small Business Support Fund has an indefinite duration, subject to yearly reviews.

**Table 3.5 COVID-related credit schemes, 2021**

Subsidy scheme	Eligibility	Form of assistance	Annual budget (SCR '000)
Private Sector Relief Scheme for MSMEs	MSMEs <sup>a</sup> owned by local or foreign entrepreneurs	Loans at subsidized rates and other preferential conditions; credit guarantees (up to 70% of the loan)	500
Private Sector Relief Scheme for Large Enterprises	Large enterprises <sup>b</sup> owned by local or foreign entrepreneurs	Loans at subsidized rates and other preferential conditions; credit guarantees (up to 50% of the loan)	750

<sup>77</sup> Enterprise Seychelles Agency (2020), *MSMEs Guide to Incentives*; and information provided by the authorities.

<sup>78</sup> Prior to the creation of the Enterprise Seychelles Agency, the administration of this fund rested on the Department of Industry and Entrepreneurship.

<sup>79</sup> Enterprise Seychelles Agency (2020), *Annual Report*.

Subsidy scheme	Eligibility	Form of assistance	Annual budget (SCR '000)
Small Business Support Fund	Micro and small businesses <sup>c</sup> that are 100% owned by Seychellois and were established prior to March 2020	Loans without interest, and subject to other preferential conditions, including credit guarantees (100% of the loan)	100

a MSMEs are defined as those with annual sales turnover not exceeding SCR 25 million.

b Large enterprises are defined as those with annual sales turnover exceeding SCR 25 million.

c Micro and small businesses are those with an annual turnover of less than SCR 2 million.

Source: WTO Secretariat, based on WTO document G/SCM/N/372/SYC, 27 October 2021.

### 3.3.2 Standards and other technical requirements

3.81. Seychelles' standardization and conformance system is mainly governed by the Seychelles Bureau of Standards Act 2014<sup>80</sup>, and has not been the object of any significant change since 2015. The Act defines the responsibilities of the Seychelles Bureau of Standards (SBS) – the national standardization body – and the main procedures to develop standards (voluntary and mandatory). The adoption of the Act's regulations is still pending. The Act is complemented by other provisions on standards scattered across various legal instruments and administered by different agencies.<sup>81</sup> The main ones are the Food Act, 2014, the Environment Protection Act, 2016<sup>82</sup>, and the Public Health Act, 2015 (and their regulations), which were adopted at the time of Seychelles' accession to the WTO or immediately after to ensure compliance with the Agreement on Technical Barriers to Trade (TBT Agreement).<sup>83</sup> In addition, Seychelles has identified the need to develop a legislation to regulate the quality of cosmetics (imported and locally produced).

3.82. The SBS continues to be the country's national standardization body, and as such it is responsible for the development of standards in Seychelles. It is also the main provider of conformity assessments (e.g. inspections, certifications, calibrations, and testing services) and metrology services (see below). The SBS acts as the National Metrology Laboratory. The SBS represents the country at the international level and is currently a correspondent member of the International Organization for Standardization (ISO).<sup>84</sup> The SBS operates under the Ministry of Investment, Entrepreneurship, and Industry, and is administered by a board, consisting of seven members, appointed by the President.<sup>85</sup>

3.83. The Trade Department under the MFNPT is the National Notification Authority and Enquiry Point under the TBT Agreement. Seychelles also maintains a National Committee on Technical Barriers to Trade to deliberate on any TBT-related issues; the Committee comprises representatives of all agencies with regulatory functions in this area.

3.84. When considering the development of a new standard, the SBS' policy is to directly adopt an existing international standard with or without changes, where appropriate and possible. If not possible, a new standard is developed. In 2021, the total number of standards in Seychelles' catalogue was 358 (219 in 2015), of which about 84% (or 300) (75% in 2015) were equivalent to international standards. Based on the recommendation of the SBS Board, the SBS may declare a standard as mandatory (i.e. technical regulations) or withdraw a mandatory standard by a notice published in the Official Gazette. Currently, the SBS has declared four standards as mandatory. They refer to concrete blocks, toilet soaps, UHT milk and cream milk, and refillable gas cylinders.<sup>86</sup>

<sup>80</sup> Seychelles Bureau of Standards Act, 2014. During the review period, the Act was amended twice, in 2016 and 2021. These amendments referred to certain administrative and institutional aspects of the SBS.

<sup>81</sup> The authorities expressed their difficulty in making any reform in this area to further improve compatibility with the TBT Agreement given the variety of agencies regulating standards.

<sup>82</sup> The Environment Protection Act of 2016 repealed and replaced the one of 1994.

<sup>83</sup> WTO document WT/ACC/SYC/64, 5 November 2014.

<sup>84</sup> Correspondent members participate in ISO meetings as observers, and therefore do not influence the development of standards.

<sup>85</sup> Seychelles Bureau of Standards (Amendment) Act, 2021.

<sup>86</sup> These standards are cited in Seychelles' catalogue as follows: (i) SS9:1991 – Rev.3:2005 (S.I.38:2005) – Specification for Bureau of Standards for concrete blocks; (ii) SS11:1991 – Rev.2:2005 (AMD.1:2006) – Specification for periodic inspection and testing of refillable gas cylinders; (iii) SS23:1994 – Rev.1:2004 (S.I.20 of 2004) – Specification for toilet soap; and (iv) SS33:1994 – Rev.1:1999 (S.I.34 of 1999) – Specification for modified UHT and modified pasteurized skimmed, partly skimmed and full cream

Standards also become mandatory if they are cited in the legislation as it is the case of the standards for biodegradable plastics.<sup>87</sup> All products – imported or domestically produced – must comply with the corresponding mandatory standard to be sold in Seychelles.<sup>88</sup> To import a product subject to mandatory standard, a certificate or authorization is required. This certificate or authorization is granted by the agency administering the standard upon approval of the SBS.

3.85. The SBS manages the development of Seychelles' standards and is responsible for their approval and adoption. The current procedure for preparing and issuing standards or technical regulations has not changed since 2015. The process allows for public consultations and is conducted according to the following stages. To start, the SBS identifies the need for a new standard and prepares a preliminary study and a draft outline. It then establishes a committee comprising representatives from the private sector, government, academia, and civil society to review and complete the draft standard. The Committee puts the proposed standard for public consultation for a period of 60 days. After this period, the Committee prepares the final version of the standard, and must approve it by consensus. Once approved, the Committee takes the draft standard before the SBS Board for approval. Upon approval, the standard is published online (on the SBS website), in local newspapers, and in the Official Gazette. According to the authorities, a review process is conducted every five years to assess the suitability of existing standards.

3.86. From 1 January 2015 to 30 June 2022, Seychelles made four TBT notifications (i.e. regular notifications) regarding proposed technical regulations.<sup>89</sup> These measures covered plastics items (bags and straws) and tobacco, and were based on health, safety, and environmental considerations. In accordance with the TBT Agreement (Article 15.2), Seychelles also notified in 2015 the measures in place to ensure the implementation and administration of this Agreement. During the same period, Seychelles neither raised nor was the object of any TBT specific trade concern in the TBT Committee.

3.87. Seychelles' conformance infrastructure is limited, and its development is ongoing. Seychelles does not have a national accreditation body but collaborates with the Southern African Development Community Accreditation Services (SADCAS), SADC's regional accreditation body, which provides accreditation services to SADC members. The SBS acts as SADCAS focal point to promote accreditation. Conformity assessments for imported products subject to a Seychelles technical regulation are conducted by the government agency administering the standard. Conformity assessment procedures vary across agencies and mainly include verification and validation of the certificate of conformity or tests certificate, and visual inspection and verification at the port of entry. The SBS benefit from various accreditations and offers certain conformity assessment services, such as product certification and testing for businesses willing to sell their products domestically or abroad.<sup>90</sup> The SBS has also been designated as the official testing laboratory for the testing of fish and fishery products for export from Seychelles (Section 3.3.3). In 2021, the Drug Quality Control Laboratory under the Ministry of Health gained accreditation for the chemical analysis of pharmaceuticals, which is an important step towards facilitating and ensuring the quality control of the pharmaceuticals sold in the country. There are no accredited private laboratories in the country. Seychelles is not signatory to any mutual recognition agreement for the acceptance of conformity assessment results.<sup>91</sup>

3.88. In the area of metrology, the SBS also hosts the National Metrology Laboratory, which is responsible for ensuring that the country's units of measurement are consistent with international standards. It also provides calibration services to the private sector for measuring instruments.

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milk. SBS, *Standardisation Services: List and Prices of Declared Standards*. Viewed at: <https://sbs.sc/wp-content/uploads/2021/03/Brochure-2021-list-with-B-stds-new.pdf>.

<sup>87</sup> According to the authorities, as of July 2022, only standards regarding biodegradable plastic have become mandatory through their publication in the legislation. These standards are contained in: (i) the Environment Protection (Restriction on Manufacturing, Importation and Distribution of Plastic Bags) Regulations, 2017; and (ii) Environment Protection (Restriction on Importation, Distribution and Sale of Plastic Utensils and Polystyrene Boxes) Regulations, 2017, both dated 30 June 2017.

<sup>88</sup> Seychelles Bureau of Standards, 2014, Sections 18-19.

<sup>89</sup> Notifications were made under Articles 2.9.2 and 2.10 of the TBT Agreement. WTO ePing TBT and SPS Platform. Viewed at: <https://eping.wto.org/>.

<sup>90</sup> SBS testing services are provided through four laboratories covering environmental, food chemistry, microbiology, and chemical analysis. Seychelles Bureau of Standards, *Services Offered*. Viewed at: <https://sbs.sc/services-offered/>.

<sup>91</sup> In this regard, the authorities indicate that the Drug Quality Control Laboratory is allowed to use the International Laboratory Accreditation Cooperation (ILAC) Mutual Recognition Arrangement Mark in combination with the SADCAS accreditation symbol for accreditation activities covered by SADCAS.

Seychelles is a corresponding member in the International Organization of Legal Metrology (OIML). In December 2021, Seychelles ceased to be an associated member of the General Conference on Weights and Measures (CGPM) of the International Bureau of Weights and Measures (BIPM) due to its cost according to the authorities.

3.89. Regarding marks and labelling, Seychelles requires all food products – imported or locally produced – to be labelled to be sold in the country.<sup>92</sup> Label requirements are described in the recently adopted Food Act (Labelling of Pre-Packaged Foods) Regulations, 2019, and include information regarding the ingredients and their content, allergens, and the good's country of origin. Under certain conditions, cottage foods and certain alcoholic beverages are exempted from some labelling requirements.<sup>93</sup> Seychelles also maintains a standardized packaging regime for tobacco since 2012. Under this regime, all tobacco products must include a health warning combining text and pictures covering 50% of the main surfaces of the packaging. Seychelles updated the warning images under this regime in November 2015 and started to fully implement the packaging on 1 December 2016.<sup>94</sup>

### 3.3.3 Sanitary and phytosanitary requirements

3.90. Seychelles' legal framework for the application of SPS measures was not subject to any significant change during the review period, except for the introduction of labelling requirements for food products in 2019. The adoption and implementation of SPS measures are mainly governed by the Animal and Plant Biosecurity Act, 2014, and the Food Act, 2014<sup>95</sup>, and their regulations (Table 3.6). Seychelles also has a specific sanitary legislation for the exportation of fish products – the Export of Fishery Products Act, 1996 and its regulations – reflecting their importance for the country's economy. At the institutional level, Seychelles' regulatory authority for both animal and plant health – the National Biosecurity Agency – came into operation in 2016 but was phased out in December 2020 and replaced by the Agriculture Department under the Ministry of Agriculture, Climate Change and Environment.

**Table 3.6 Main legal instruments governing the application of SPS measures, 2022**

Legislation	Date of entry into force
Animal and Plant Biosecurity Act, 2014	28 April 2014
Food Act, 2014	28 April 2014
Export of Fishery Products Act, 1996	3 February 1997
Export of Fishery Products (Sanitary) Regulations, 2010	6 December 2010
Export of Fishery Products (By-Products) Regulation, 2010	6 December 2010
Export of Fishery Products (Aquaculture Feed) Regulations, 2010	6 December 2010
Export of Fishery Products (Aquaculture) Regulations, 2010	6 December 2010
Animal and Plant Biosecurity (Animal and Plant) Regulations, 2014	17 October 2014
Animal and Plant Biosecurity (Biosecurity Import Permit) Regulations, 2014	17 October 2014
Animal and Plant Biosecurity (Animal) Declaration of Notifiable Diseases Regulations, 2014	17 October 2014
Animal and Plant Biosecurity (Fees and Charges) Regulations, 2014	17 October 2014
Animal and Plant Biosecurity (Regulated) Quarantine Plant Pests Regulations, 2014	17 October 2014
Animal and Plant Biosecurity (Designation of Biosecurity Points of Entry and Biosecurity Points of Departure) Order, 2014	17 October 2014
Food (Import Certificate) Regulations, 2019	29 March 2019
Food Act (Labelling of Pre-Packaged Foods) Regulations, 2019	29 March 2019
Food (Contaminant and toxins in food or feed) Regulations, 2019	19 March 2019
Food Act (General Hygiene) Regulations	1 March 1992
Food Act (Sanitation) Regulations	1 March 1992

Source: WTO Secretariat based on information provided by the authorities.

<sup>92</sup> Food Act, 2014, Sections 14 and 18; and Food Act (Labelling of Pre-Packaged Foods) Regulations, 2019, Section 3.

<sup>93</sup> Food Act (Labelling of Pre-Packaged Foods) Regulations, 2019, Section 6.

<sup>94</sup> Tobacco (Health Warnings and Messages) Regulations (Act 14 of 2009 Tobacco Control Act), 2019.

<sup>95</sup> Both acts were developed at the time of Seychelles' accession to the WTO and used the WTO Agreement on the Application of Sanitary and Phytosanitary Measures, the CODEX Alimentarius, and World Organisation for Animal Health guidelines as a basis.

3.91. The Food Act, 2014 deals with food safety and covers all food for human consumption and feed<sup>96</sup>, while the Animal and Plant Biosecurity Act, 2014 seeks to prevent the introduction and spread of pests and diseases affecting animals, plants, people, and the environment. To this end, the Animal and Plant Biosecurity Act, 2014 regulates the movement of plants, animals, and their products and contains provisions on pre-border, border, and post-border measures and procedures (e.g. permit requirements, inspections, and quarantines). Both acts provide for the adoption of international standards developed by the relevant international organizations in these areas. In this regard and according to the authorities, Seychelles continues to face challenges mainly due to budget constraints, as the adoption and implementation of international standards and application of the SPS Agreement are costly. Most of this cost was supported by the Government under its regular budget and complemented by the support of international partners through projects' execution. The authorities further indicate that Seychelles maintains an appropriate level of protection that is consistent with its international and regional obligations, and that is based on the least restrictive SPS measures available to reduce SPS-related risks to very low levels but not to zero. Seychelles applies all SPS and food standards equally to imported and domestic goods.<sup>97</sup>

3.92. At the institutional level, three government entities have responsibilities in the area of SPS: (i) the Agriculture Department under the Ministry of Agriculture, Climate Change and Environment (previously under the Ministry of Fisheries and Agriculture)<sup>98</sup>; (ii) the Public Health Authority under the Ministry of Health; and (iii) the SBS under the Ministry of Investment, Entrepreneurship and Industry (Section 3.3.2).

3.93. In January 2021, the Agriculture Department became the country's regulatory authority for both animal and plant health following the merging under its own department of the Seychelles Agricultural Agency (SAA) and the National Biosecurity Agency (NBA), which used to act as the regulatory authorities in previous years. Prior to January 2021, the agency responsible for biosecurity was the NBA, which came into operation in 2016, and prior to 2016, it was the SAA. As the biosecurity regulatory authority, the Agriculture Department is responsible for implementing the Animal and Plant Biosecurity Act, 2014 and for preventing the introduction and spread of animal and plant pest and diseases including invasive alien species that could harm human health or the country's biodiversity and agriculture.<sup>99</sup> The Agriculture Department is also in charge for issuing biosecurity permits for the importation of animals, plants, and their products and SPS certificates for their exportation.<sup>100</sup> At the border, it conducts inspections and verifications, implements quarantine and treatments for regulated imports and exports, and applies sanctions in case of non-compliance.

3.94. The Public Health Authority (PHA) is the entity responsible for administering and implementing the Food Act, 2014, through market surveillance and inspection at the point of entry. In this regard and according to the authorities, the PHA is currently developing a system for the control of imported food at the point of entry to focus on high-risk products according to a selection process based on risk assessment. Work is also ongoing to develop a review mechanism under which older regulations would be systematically updated and brought into conformity with the Codex Alimentarius.

3.95. The SBS is responsible for providing testing services for food and food products and acts as the national laboratory for the testing of fish and fishery products for export.<sup>101</sup> The SBS also hosts the Fish Inspection and Quality Control Unit, which is responsible for conducting sanitary controls on fish and fishery products for exportation and issuing the corresponding health certificate.<sup>102</sup>

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<sup>96</sup> The Food Act does not cover cosmetics, tobacco, plants prior to harvesting, live animals, birds and live fish (not intended for human consumption), drugs or medicinal products, hormonally products or veterinary products for use in livestock feeds, and residues and contaminants normally found in food.

<sup>97</sup> Food Act, 2014, Section 18.

<sup>98</sup> Until 2021, the Department of Agriculture used to operate under the Ministry of Agriculture and Fisheries. In 2021, as part of a broad restructuring of government entities to improve efficiency, the Department of Agriculture was transferred to the Ministry of Environment, Energy, Climate Change.

<sup>99</sup> Seychelles Agricultural Agency (Repeal) Act, 2021.

<sup>100</sup> Under the Animal and Plant Biosecurity Act, 2014, biosecurity is broadly defined as the policy and regulatory framework for analysing and managing the risks to animal and plant life and the associated risks to the environment, economy, and public health.

<sup>101</sup> WTO document WT/ACC/SYC/64, 5 November 2014.

<sup>102</sup> SBS, *Fish Inspection and Quality Control Unit (FIQCU)*. Viewed at: <https://sbs.sc/fiqcu/>.



3.96. Moreover, Seychelles maintains a National Biosecurity Committee (NBC) and a National SPS Committee, as a sub-committee of the NBC to improve the governance and transparency mechanisms in these areas. The Trade Department under the Ministry of Finance, National Planning, and Trade serves as the National SPS Enquiry Point and National Notification Authority. Since its accession to the WTO, Seychelles has made six SPS notifications mostly of emergency measures covering meat products and fresh tomatoes<sup>103</sup>, and it has not raised or been the object of any specific trade concern.

3.97. Under the Animal and Plant Biosecurity Act, 2014 and the Customs Management (Prohibited and Restricted Goods) Regulations, 2019, the importation of plants, animals, and their products, as well as of regulated food products (i.e. eggs, fish and seafood, fruits, vegetables, meat, and spices) requires a biosecurity permit, in addition to an import permit (Section 3.1.5 and Table A3.5).<sup>104</sup> Both the biosecurity and import permits are approved by the Agriculture Department. Once approved, the biosecurity permit is issued by the Agriculture Department, and the import permit is issued by the Trade Department. Since 2019, the importation of milk and milk products is also subject to a health certificate, attesting the product is safe for human consumption.<sup>105</sup> These imports must be also accompanied by the corresponding sanitary or phytosanitary certificate issued by the relevant agency of the exporting country for customs clearance. Upon arrival in Seychelles, imports of these products are subject to an inspection by the Agriculture Department and released if found compliant with the legislation.

3.98. The importation of pharmaceutical and veterinary products requires a health permit and an import permit, both issued by the Ministry of Health. The health permit is delivered subject to the approval of the Agriculture Department.<sup>106</sup>

3.99. All food products – imported or locally produced – are subject to label requirements to be sold in Seychelles (Section 3.3.2).<sup>107</sup> These requirements are described in the newly adopted Food Act (Labelling of Pre-Packaged Foods) Regulations, 2019.<sup>108</sup>

3.100. For exports, businesses in Seychelles involved in the export of food products undergo a process of sanitary approval by the competent authority. Approval requirements include the Hazard Analysis and Critical Control Point (HACCP) system certification. The export of all fishery products is regulated by the Export of Fishery Products Act, 1996 and requires sanitary controls and a health certificate issued by the Fish Inspection and Quality Control Unit under the SBS.

3.101. Seychelles requires a permit for the export of genetically modified organisms (Section 3.2.3), but there are no legal provisions regarding its importation.<sup>109</sup>

3.102. In the area of risk assessment, currently border inspections are conducted upon arrival for all consignments of plant and animal products. For food imports, border inspections are conducted upon request by any relevant border agency, but the PHA is currently developing an automated risk management system for food products based on a selection process (see above).<sup>110</sup>

3.103. Seychelles is a member of the Codex Alimentarius Commission, the World Organisation for Animal Health, and the International Plant Protection Convention. At the regional level, Seychelles participates in SPS groups under the SADC, COMESA, and the African Union Inter-African Phytosanitary Council that seek, *inter alia*, to develop and adopt SPS agreements under these groupings.

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<sup>103</sup> Notifications recorded up to 30 June 2022.

<sup>104</sup> Animal and Plant Biosecurity Act, 2014, Section 68.

<sup>105</sup> Food (Import Certificate) Regulations, 2019. No information was provided on the institution responsible for issuing such certificate.

<sup>106</sup> Information provided by the authorities.

<sup>107</sup> Food Act, 2014, Sections 14 and 18; and Food Act (Labelling of Pre-Packaged Foods) Regulations, 2019, Section 3.

<sup>108</sup> Cottage foods and certain alcoholic beverages are exempted from some labelling requirements under certain conditions (Food Act (Labelling of Pre-Packaged Foods) Regulations, 2019, Section 6).

<sup>109</sup> Information provided by the authorities.

<sup>110</sup> Information provided by the authorities.

### 3.3.4 Competition policy and price controls

#### 3.3.4.1 Competition policy

3.104. In June 2022, Seychelles amended the legal and institutional framework of its competition policy through the adoption of the Fair Trading Act, 2022. The Act – which aims to safeguard the interests of consumers and promote market competition in Seychelles – was assented to on 13 June and came into force on 1 August 2022. The Act strengthens Seychelles' competition policy framework by consolidating and modernizing the legislation. It replaces and repeals the Fair Competition Act, 2009; the Consumer Protection Act, 2010; and the Fair Trading Commission Act, 2009. The Act builds upon these three legal instruments but is more comprehensive and detailed, and contains some new provisions, notably on enforcement. It provides, for instance, for the creation of an independent Fair Trading Tribunal and allows the Fair Trading Commission to impose fixed penalties. The new Act is aligned with the COMESA Competition Rules in accordance with Seychelles' commitments under this group.

3.105. The Fair Trading Act applies to all enterprises<sup>111</sup> operating in Seychelles in any sector of activity when dealing with competition issues, and to any goods and services for sale in the country in the case of consumer protection, with few exceptions (e.g. financial services).<sup>112</sup> The Act lists all prohibited conduct in the area of consumer protection (Part IV) and competition (Part V).<sup>113</sup> The Act prohibits – as did its predecessor – the abuse of a dominant position, collusive/concerted practices (i.e. horizontally and vertically), and mergers having a negative impact on competition.<sup>114</sup> The Act further describes the process and conditions to determine whether a merger can be approved.

3.106. At the institutional level, the Fair Trading Commission (FTC) continues to be Seychelles' competition authority and as such it is responsible for implementing the Fair Trading Act, 2022, and advising the Government on competition and consumer protection issues. The FTC is in charge of receiving complaints and initiating investigations, and prior to the Fair Trading Act, it also had an adjudicative role through its Board of Commissioners. This function has now been taken over by the new Fair Trading Tribunal (see below) thus ensuring the separation between the investigative and adjudicative functions. Other responsibilities of the FTC include carrying out market inquiries/investigations at any time to detect and prevent prohibited conducts. Following the enquiry and the publication of the corresponding report<sup>115</sup>, the FTC may decide, *inter alia*, to initiate a formal investigation against any contravention reported in the market inquiry or make recommendations to a regulatory authority in relation to any consumer or competition matters.<sup>116</sup> The FTC can also prepare opinion papers on competition issues, as well as market research reports.<sup>117</sup> The FTC operates under the oversight of the MFNPT.

3.107. In addition to the FTC, Seychelles established through the Fair Trading Act, 2022 a new independent tribunal – the Fair Trading Tribunal (FTT) – that is expected to go into operation on 1 August 2022. The FTT replaces the Appeals Tribunal established under the former legislation and will be responsible for adjudicating all consumer and competition matters. The Tribunal comprises a chairperson and seven other members who can serve for five years with the possibility of re-appointment. The Chairperson – a magistrate – is nominated by the Chief Justice, and the other members are appointed by the Minister of Finance, National Planning and Trade in consultation

<sup>111</sup> Under the Act (Section 2), an enterprise is defined as follows: "a person, firm, partnership, corporation, company, association or other juridical person, engaged in commercial activities for gain or reward, and includes its branches, subsidiaries, affiliates or other entities directly or indirectly controlled by it".

<sup>112</sup> Fair Trading Act, 2022, Section 3. The provisions on consumer protection (Part IV) and merger (Sections 131-137) under the Act do not apply to financial services and institutions, which are the responsibility of the Central Bank of Seychelles and the Seychelles Financial Services Authority.

<sup>113</sup> Under the Act (Section 2), a "prohibited conduct" is defined as "an act or omission in contravention of any of the provisions of Part IV or V".

<sup>114</sup> Fair Trading Act, 2022, Sections 125-127.

<sup>115</sup> The market inquiry report contains the FTC's assessment and conclusions following the market inquiry.

<sup>116</sup> Fair Trading Act, 2022, Section 138.

<sup>117</sup> Market research reports are preliminary background reports, according to the authorities, while the opinion papers contain proposals for the Government on policy changes to resolve any competition or non-competition issues that have been observed in the market and that the FTC may not be able to address using legislation. An opinion paper may be issued following the conclusion of a market inquiry or investigation but may also be issued when circumstances are sufficiently clear that a market inquiry is not necessary.

with the Chief Justice.<sup>118</sup> Both the FTC Board of Commissioners and Appeals Tribunal stopped operating at the end of 2021<sup>119</sup>, and will be officially dissolved when the Fair Trading Act, 2022 commences (1 August 2022).<sup>120</sup> According to the authorities, no new cases have been adjudicated since December 2021 pending the establishment of the tribunal's entry into operation.

3.108. The investigation and adjudication procedures are described in Sections 30 to 60 of the Fair Trading Act, 2022. The FTC may initiate an investigation regarding an alleged prohibited conduct of an enterprise *ex officio* or upon receiving a complaint by any public or private entity.<sup>121</sup> During the investigation it can, *inter alia*, request information or documents, search any premises and seize evidence on warrant, and since August 2022, impose a fixed penalty ranging between SCR 1,500 and SCR 20,000 for each prohibited conduct committed.<sup>122</sup> If after the completion of an investigation<sup>123</sup>, the FTC determines that the alleged prohibited conduct has been committed, it shall refer the matter to the FTT for adjudication. If no prohibited conduct was found, the complainant may appeal the decision to the FTT within 30 days of the receipt of the notice by the FTC, unless permitted otherwise. For cases sent before the tribunal, if the tribunal determines that a respondent has committed a prohibited conduct, the respondent must pay a financial penalty (i) not exceeding SCR 500,000 in relation to the alleged prohibited conduct; or (ii) 10% of the turnover of the enterprise in Seychelles during the period of the alleged prohibited conduct up to a maximum period of five years.<sup>124</sup> Prior to 2022, only the second option was available. The decision shall be published and may be appealed before the Supreme Court, instead of the Appeals Tribunal under the former legislation. If the respondent fails to comply with the decision of the FTC or FTT, a financial penalty or/and imprisonment may be imposed.

3.109. During the review period, the investigative work of the FTC has been driven mostly by issues on consumer protection.<sup>125</sup> In 2020, the FTC initiated 17 new investigations (up from 12 in 2015) concerning anti-competitive practices, compared to 180 new investigations (down from 311 in 2015) dealing with consumer protection. Of the 2020 investigations on competition, 15 were about anti-competitive mergers and 2 about anti-competitive concerted practices. There were no cases about abuse of dominance. In 2020, only one case regarding competition issues was filed before the Board of Commissioners. During the same year, the FTC conducted seven enquiries regarding freight forwarding logistics, port charges, public procurement, truck rates, telecommunication, stevedoring, and asphalt. The FTC also prepared an opinion paper on stevedoring and cargo handling, and two market research reports on meat packaging and retail sector.<sup>126</sup>

3.110. In the area of international cooperation, the FTC and the COMESA Competition Commission signed a memorandum of understanding in April 2016 to deepen the cooperation, and coordination regarding national policies and investigations.<sup>127</sup>

### 3.3.4.2 Price controls

3.111. Seychelles does not apply any price controls. Moreover, upon its WTO accession it committed that any price control introduced would be applied in accordance with WTO agreements.

### 3.3.5 State trading, state-owned enterprises, and privatization

3.112. Seychelles has notified to the WTO that it does not maintain any state trading enterprise within the meaning of Article XVII of the GATT 1994 and the Understanding on its interpretation. Its

<sup>118</sup> Fair Trading Act, 2022, Section 14.

<sup>119</sup> The FTC Board of Commissioners ended its mandate in November 2021 and the Appeals Tribunal ceased taking new cases as of December 2021.

<sup>120</sup> Fair Trading Act, 2022, Section 144.

<sup>121</sup> Fair Trading Act, 2022, Section 33. Complaints where the estimated value of the subject matter exceeds SCR 5 million do not fall under the Jurisdiction of the Commission and are treated by the Supreme Court.

<sup>122</sup> Fair Trading Act, 2022, Section 41.

<sup>123</sup> The FTC can terminate an investigation at any stage if it is of the opinion that the matter being investigated does not justify further investigation.

<sup>124</sup> Fair Trading Act, 2022, Section 55.

<sup>125</sup> Fair Trading Commission (2015-2020), *Annual Reports*.

<sup>126</sup> Fair Trading Commission (2020), *Annual Report*, and data provided by the authorities.

<sup>127</sup> COMESA Competition Commission. Viewed at: <https://www.comesacompetition.org/2016/04/>.

notifications covered the period 2015-21 with the last one submitted in March 2022.<sup>128</sup> The authorities have stressed that the Seychelles Trading Company (STC) does not benefit from any exclusive or special rights and operates on the basis of commercial considerations and in a non-discriminatory manner. The STC is fully owned by the Government and its main activities are the importation, storage, and distribution of basic commodities (e.g. rice, flour, and oil), but it is also engaged in retail and manufacturing activities (i.e. bread, tea, and processed paper).<sup>129</sup>

3.113. Seychelles' public sector comprises 32 enterprises, of which 29<sup>130</sup> are entirely owned by the Government, and 3 are owned through majority shareholding. These enterprises operate primarily in the transport, financial, and energy sectors with about half of them having activities in these areas (Table 3.7). The remaining are engaged in other services activities, including tourism, agriculture, and real state, and classified by the authorities as services and development-related activities.<sup>131</sup> During the review period, Seychelles did not conduct any privatization process, and according to the authorities, had no privatization plans for the moment. There is no privatization policy or guidelines, except for those in the Public Finance Management Act, 2012 (Section 17) whereby any sale of any assets belonging to a public body above SCR 1 million requires Cabinet approval.

**Table 3.7 List of state-owned enterprises, 2022**

No	SOE <sup>a</sup>	Government ownership 2020	Activities	Sector as classified by the PEMC <sup>b</sup>	Subject to public procurement legislation <sup>c</sup>
1	Petro Seychelles Ltd	100%	Hydrocarbon exploration and administration	Energy	No
2	Seychelles Petroleum Company Ltd (SEYPEC)	100%	Supply of petroleum products	Energy	No
3	Seychelles Progress Ltd	100%	SEYPEC Tanker	Energy	No
4	Seychelles Pioneer Ltd	100%	SEYPEC Tanker	Energy	No
5	Seychelles Patriot Ltd	100%	SEYPEC Tanker	Energy	No
6	Seychelles Prelude Ltd	100%	SEYPEC Tanker	Energy	No
7	Public Utilities Corporation	100%	Generation, transmission, distribution and sale of electrical energy; and supply of potable water and sanitation services	Energy	Yes
8	Development Bank of Seychelles	61%	Provision of affordable financing services	Financial services	Yes
9	Financial Services Authority	100%	Offshore and financial services regulator	Financial services	Yes
10	Housing Finance Company Ltd	100%	Mortgage financing services	Financial services	No
11	Seychelles Commercial Bank Ltd	60%	Provision of banking services	Financial services	No
12	Nouvobank	78%	Provision of banking services	Financial services	No
13	Seychelles Pension Fund	<sup>d</sup>	Collection of contributions from members and payment of benefits when they reach retirement	Financial services	Yes
14	Opportunity Investment Company Limited	100%	Subsidiary of the Seychelles Pension Fund	Financial services	No
15	Air Seychelles Ltd (entirely owned by the State since 2021)	100%	Country's national airline	Transport	No

<sup>128</sup> WTO documents G/STR/N/16/SYC, 10 May 2016; G/STR/N/17/SYC/Corr.1, 10 August 2020; G/STR/N/18/SYC, 10 August 2020; and G/STR/N/19/SYC, 11 March 2022.

<sup>129</sup> Public Enterprise Monitoring Commission (2021), *Public Enterprises Annual Report 2020*, December 2021.

<sup>130</sup> When taking into account Seychelles Pension Fund.

<sup>131</sup> Seychelles classifies state-owned enterprises into four groups according to their activities, namely energy, financial services, transport, and services and development.

No	SOE <sup>a</sup>	Government ownership 2020	Activities	Sector as classified by the PEMC <sup>b</sup>	Subject to public procurement legislation <sup>c</sup>
16	Seychelles Civil Aviation Authority	100%	Aviation regulatory and safety oversight; and provision of air navigation, aviation security and operational Services at Seychelles International and Praslin Airports	Transport	Yes
17	Seychelles Ports Authority	100%	Management of public ports and jetties	Transport	Yes
18	Seychelles Public Transport Corporation	100%	Provision of public transport services within Seychelles	Transport	Yes
19	Islands Development Company Ltd	100%	Management of Outer Islands owned by the Government	Services and development	No
20	Green Island Construction Company Limited	100%	Subsidiary of Islands Development Company Ltd	Services and development	No
21	Green Tree Investment Company Limited	100%	Subsidiary of Islands Development Company Ltd	Services and development	No
22	L'Union Estate Company Ltd	100%	Farming and tourism	Services and development	No
23	National Information Services Agency	100%	Print media (i.e. Seychelles Nation)	Services and development	Yes
24	Paradis des Enfants Entertainment Ltd	100%	Management of family amusement, fun parks and entertainment facilities	Services and development	No
25	Property Management Corporation	100%	Management and maintenance of government buildings and other propriety	Services and development	Yes
26	Seychelles Postal Services Ltd	100%	Provision of public postal services	Services and development	No
27	Société Seychelloise d'Investissement Ltd	100%	An investment and holding company on behalf of the Government	Services and development	No
28	Seychelles Trading Company Ltd	100%	Importation, storage, distribution, and retail of basic commodities and other consumer goods; and production of bread, tea and processed paper	Services and development	No
29	Seychelles Fishing Authority (a public enterprise since 2019)	100%	Oversight of the fisheries sector	Services and development	Yes
30	Bois de Rose Investment Ltd	100%	Owner of shopping complex at Bois De Rose; leases out shopping complex	Services and development	No
31	2020 Development Company Ltd	100%	Provision of real estate services	Services and development	No
32	Seychelles Parks and Gardens Authority (formerly the Seychelles National Parks Authority, and a public enterprise since 2019)	100%	Management and administration of parks and gardens	Services and development	Yes

- a In 2020, the Government became the sole owner of the Opportunity Investment Company Limited and of Air Seychelles Limited in 2021. Prior to these dates, government ownership was 51% and 60%, respectively. Also, in 2019, one public enterprise (i.e. Green Oak Investment Company Limited) was dissolved and two were newly categorized as public enterprises: the Seychelles Fishing Authority and the Seychelles National Parks Authority (SNPA). In 2021, the SNPA was merged with the National Botanical Gardens Foundation to create the Seychelles Parks and Gardens Authority.
- b Seychelles classifies SOEs into four groups according to their activities, namely energy, financial services, transport, and services and development.
- c Seychelles public procurement legislation does not apply to SOEs incorporated under the Companies Act, 1972 (Public Procurement Regulations, 2014, Section 2(2)).
- d Owned by its members.

Source: WTO Secretariat based on information submitted by the authorities and the *Public Enterprise Monitoring Commission Annual Report 2020*.

3.114. The governance of public enterprises is mainly regulated by the Public Enterprise Monitoring Commission Act, 2013 (and its amendments).<sup>132</sup> This Act provides for, *inter alia*, the establishment of a Commission of the same name (see below) and the submission by public enterprises of operations and financial reports. The Act is complemented by other legal instruments specific to each enterprise, as well as by the Public Finance Management Act, 2012; the Financial Institutions Act, 2004; and the Companies Act, 1972.<sup>133</sup> During the review period, the Government continued its effort to enhance the legal framework in this area to improve transparency and efficiency. In 2019, the Cabinet adopted the Code of Corporate Governance that sets governance standards for public enterprises, and in December 2020 the Ownership Policy for Public Enterprises that clarifies the Government's role and expectations with respect to public enterprises. As of July 2022, a new bill – the Public Enterprises Bill – was also being developed to strengthen the governance and monitoring of public enterprises, notably regarding the enforcement of enterprises' reporting obligations. The bill is expected to be sent to the National Assembly for final adoption in the coming months.

3.115. The Public Enterprise Monitoring Commission (PEMC) remains the main government agency with responsibilities in this area. The PEMC monitors the activities of Seychelles' public enterprises and evaluates their performance in accordance with the PEMC legislation. The PEMC is responsible for ensuring their efficiency, promoting good governance, and giving recommendations to improve their performance. During the review period, the supervision of four public enterprises (the DBS, the Housing Finance Company Limited, Seychelles Commercial Bank Limited, and Nouvobank) was transferred from the PEMC to the Central Bank of Seychelles.

3.116. Seychelles' public enterprises operate in general on a commercial basis to achieve both commercial and/or social objectives, except with respect to the provision of certain services where the State has an exclusive right. This is the case for the provision of public transportation (in peak hours), as well as airport, postal, and utilities services.<sup>134</sup> The development of islands owned by the Government is also reserved for a public enterprise. State presence is also important in the energy, retail, and banking sectors. In the energy sector, the Seychelles Petroleum Company (SEYPEC) is the only importer of fuel in Seychelles<sup>135</sup>, and is also among the most profitable state-owned enterprises (see below). In the retail sector, the STC is country's main importer and wholesaler of food. According to World Bank estimates, in 2016 STC accounted for about 80% of the country's total imports of food and other consumer goods.<sup>136</sup> The STC sells primarily 14 essential commodities<sup>137</sup> at subsidized prices in the domestic market to ensure their availability and affordability.<sup>138</sup> The authorities have identified the reform of the STC as one of its priorities in order

<sup>132</sup> Public Enterprise Monitoring Commission Act, 2013.

<sup>133</sup> Public Finance Management Act, 2012; Financial Institutions Act, 2004; and Companies Act 1972; and their amendments.

<sup>134</sup> WTO document WT/ACC/SYC/64, 5 November 2014.

<sup>135</sup> SEYPEC, *About Us*. Viewed at: <https://www.seypec.com/about-us>.

<sup>136</sup> World Bank (2107), *The Republic of Seychelles Systematic Country Diagnostic*, 23 June. Moreover, according to the authorities, during the period 2015-20, STC accounted on average for about 3.4% of the country's total annual imports.

<sup>137</sup> The authorities indicate that STC imports include primarily 14 basic commodities in accordance with its mandate. These commodities are rice, high protein flour, milk powder, infant formula, potatoes, onions, sunflower oil, apples, oranges, lentils, salt, margarine, sugar, and sanitary items.

<sup>138</sup> In addition to the STC, two other public enterprises engage in food trading activities, namely the Island Development Company (IDC) and L'Union Estate Company Ltd. The latter is mainly engaged in the cultivation of vegetables and fruits and their sale in the domestic market, while the IDC is a food exporter, notably of coconut oil. Information provided by the authorities.

to decrease its costs of operation and improve efficiency.<sup>139</sup> In the banking sector, Nouvobank is Seychelles' leading commercial bank.

3.117. In terms of performance, together public enterprises provided a net revenue to the Government during 2015-20. SEYPEC was the most profitable among public enterprises in 2020, followed by Nouvobank, while Air Seychelles was the least profitable. Nine other public enterprises reported losses in that year, including Petro Seychelles, Public Utilities Corporation, Seychelles Public Transport Corporation (SPTC), and STC. Of those with losses, some have experienced sustained losses for many years: Air Seychelles has had losses since 2017, Petro Seychelles since 2014, and SPTC since 2012.<sup>140</sup> According to the public annual budget 2022, subventions allocated to public enterprises amounted to SCR 149 million, mainly directed to Air Seychelles (64% of the total amount), Seychelles Public Transportation Company (19%), and Seychelles Postal Services Company (5%).<sup>141</sup>

3.118. SOEs can participate in public procurement processes for goods and services. Their participation is subject to the same terms and conditions as any other private company. However, the public procurement legislation does not apply to SOEs incorporated under the Companies Act, 1972<sup>142</sup>, including Air Seychelles and SEYPEC (Table 3.7).

### 3.3.6 Government procurement

#### 3.3.6.1 Legal and institutional framework

3.119. Government procurement is regulated by the Public Procurement Act, 2008 and its regulations of 2014. The procurement system is partially centralized and was not subject to any significant change during the review period, except for a change in the approval threshold for consultancy services in 2016. However, according to the authorities, the regulations are being reviewed to improve efficiency and transparency, and thus further changes are expected.

3.120. At the institutional level, the Procurement Oversight Unit (POU) is responsible for implementing the public procurement legislation and for monitoring public procurement processes to ensure compliance. It is also in charge of formulating Seychelles' procurement policy and proposing improvements when necessary. In addition to the POU, Seychelles' procurement system features three different approval authorities that intervene depending on the value of the contract to be awarded. The National Tender Board under the MFNPT is the higher procurement approval authority, followed by the national or entity-specific procurement committees (when available), and the procuring entities. The National Tender Board is responsible for reviewing and approving all contracts exceeding SCR 750,000; contracts worth this amount or less are approved either by the national or entity-specific procurement committees, or the procuring entities (see below). The members of the National Tender Board are appointed by Seychelles' president and comprise one chairperson and six members, of which at least three shall be from the private sector and the rest from the public sector.<sup>143</sup> Members are appointed for a period of three years.

3.121. The authorities have identified various challenges including the use of non-competitive procurement methods to fast-track projects, differences in the tenders' evaluation criteria across procuring entities, enforcement of debarment for non-performing bidders, and the lack of guidelines for the introduction of preference schemes for local bidders to address their concerns.<sup>144</sup>

3.122. Seychelles has been an observer in the WTO Committee on Government Procurement since September 2015 and has yet to apply for accession to the Agreement on Government Procurement as provided for in its WTO accession commitments. At the time of its accession, Seychelles

<sup>139</sup> MFNPT (2020), *Budget 2021 Government of Seychelles Delivered by Naadir Hassan, Minister for Finance, National Planning and Trade*, February.

<sup>140</sup> Public Enterprise Monitoring Commission (2021), *Public Enterprises Annual Report 2019 and Public Enterprises Annual Report 2020*, February and December 2021.

<sup>141</sup> MFNPT (2021), *Budget 2022 Government of Seychelles Delivered by Naadir Hassan, Minister for Finance, National Planning and Trade*, November.

<sup>142</sup> Public Procurement Regulations, 2014, Section 2(2).

<sup>143</sup> The authorities further indicate that the members must be persons of integrity, possessing qualifications and experiences in public administration, general economics, legal, finance, engineering, and technical fields.

<sup>144</sup> National Tender Board (2020), *Annual Report*.

committed to initiate negotiations to accede to the Agreement on Government Procurement within one year after joining the WTO. In this regard, the authorities indicate that this delay is due to an ongoing review of its public procurement legislation.

3.123. Seychelles has not taken any commitments in its RTAs regarding public procurement.

3.124. According to the authorities, there are currently no consolidated data on Seychelles' total spending in government procurement for works, goods, and services.<sup>145</sup>

### 3.3.6.2 Procurement procedures

3.125. The procedures under the Public Procurement Act, 2008 and its regulations 2014 apply to all procurements carried out by the Government, except for those conducted by public enterprises incorporated under the Companies Act, 1972. The latter are not subject to these rules and are, according to the authorities, advised to formulate their own procurement policies to conduct such processes.

3.126. Procuring entities are responsible for preparing an annual procurement plan with their procurement needs/projects<sup>146</sup>, and for conducting the entire procurement process up to approval in accordance with the legislation. Additional approval is required only for contracts exceeding SCR 150,000. Contracts for the procurement of goods, services<sup>147</sup>, and works exceeding SCR 150,000 and up to SCR 750,000 are approved and awarded by an independent procurement committee, which can be either one of the three national procurement committees in place, or when available the procurement committee established under the procurement entity. Currently, five government entities have a procurement committee<sup>148</sup>; entities without their own procurement committee shall use the corresponding national procurement committee (i.e. for goods and services, consultancy services, or civil works). Procurement contracts exceeding SCR 750,000 are approved and awarded by the National Tender Board (NTB).<sup>149</sup> For consultancy services, contracts up to SCR 150,000 must be approved by the corresponding national procurement committee, and contracts exceeding this amount by the NTB. Prior to 2016, procuring entities could approve consultancy contracts up to SCR 50,000.<sup>150</sup>

3.127. Each contracting entity must appoint an Evaluation Committee for all contracts. The Evaluation Committee will prepare an evaluation report and recommendations for the award of a contract, which shall be submitted to the corresponding approvals authority.

3.128. Seychelles maintains three main procurement methods: (i) direct bidding; (ii) limited bidding (limited selection for consultancy services)<sup>151</sup>; and (iii) open bidding (open selection for consultancy services) (Table 3.8).

<sup>145</sup> National Tender Board (2015, 2017, and 2020), *Annual Report*.

<sup>146</sup> Procurement plans can be revised and updated based on the entities' needs. Procurement plans are published and made available to public.

<sup>147</sup> Excluding consultancy services. For consultancy services, additional methods and procedures may apply.

<sup>148</sup> When possible and upon the consent of the POU, procuring entities may establish a procurement committee comprising up to four members appointed by its chief executive officer and including a chairperson, two members from the procuring entity, and one other person who is not a public officer. The government entities with a procurement committee are Seychelles Financial Authority, Seychelles Civil Aviation Authority, Public Utilities Corporation, Seychelles Ports Authority, and Seychelles Defence Forces.

<sup>149</sup> Regardless of the value of the contract, a procuring entity or Procurement Committee shall seek the NTB's approval when a variation exceeds 7.5% of the original contract price.

<sup>150</sup> Since 2016 and according to the authorities, this threshold is no longer applied with the aim of reducing abuse in the award contracts within that threshold.

<sup>151</sup> Limited selection applies to the procurement for consultancy services, and is conducted through direct invitation to a shortlist of bidders without open advertisement.



**Table 3.8 Procurement methods, 2022**

Procurement methods	Description	Scope of application for contracts
Open bidding (national or international)	Open bidding is the default method for the procurement of goods, works, and non-consultancy services. It is open to all bidders through advertisement of the opportunity.	Goods, services (excluding consultancy services), works
Limited bidding (national or international)	Limited bidding is used when circumstances do not justify or permit the use of open bidding. Under this method, bids are obtained by direct invitation to shortlisted bidders, without open advertisement. It may be used when: (i) the goods, works, or services are only available from a limited number of suppliers; or (ii) there is an urgent need for the goods, non-consultancy services, or works.	Goods, services (excluding consultancy services), works
Open selection (national or international)	Open selection is used for the procurement of all consultancy services, except when provided for otherwise. It is open to application for short-listing.	Consultancy services
Limited selection	Limited selection is used when circumstances do not justify or permit the use of open selection. Under this method, bids are obtained by direct invitation to shortlisted bidders, without open advertisement. It may be used when: (i) consultancy services are only available from a limited number of suppliers; or (ii) there is an urgent need for these services.	Consultancy services
Direct bidding	Direct bidding is used to achieve timely and efficient procurement, where the circumstances or value do not justify or permit the use of competition. Direct bidding may be used when: (i) the goods, works, or consultancy or non-consultancy services are available from only one supplier and no alternative exists; (ii) there is an emergency and an urgent need for the goods, works, or services; (iii) additional goods, works, or services must be procured from the same supplier to ensure compatibility, standardization, or continuity; (iv) an existing contract could be extended for additional goods, works, or services of a similar nature and there is no advantage in using another procurement method; or (v) the estimated value of the goods, works, or services do not exceed SCR 150,000.	Goods, services, and works
Sealed quotations (from not less than three bidders)	Sealed quotations shall only be used for the procurement of: (i) readily available standard goods; (ii) small works; or (iii) other small services.	Goods, services, and works

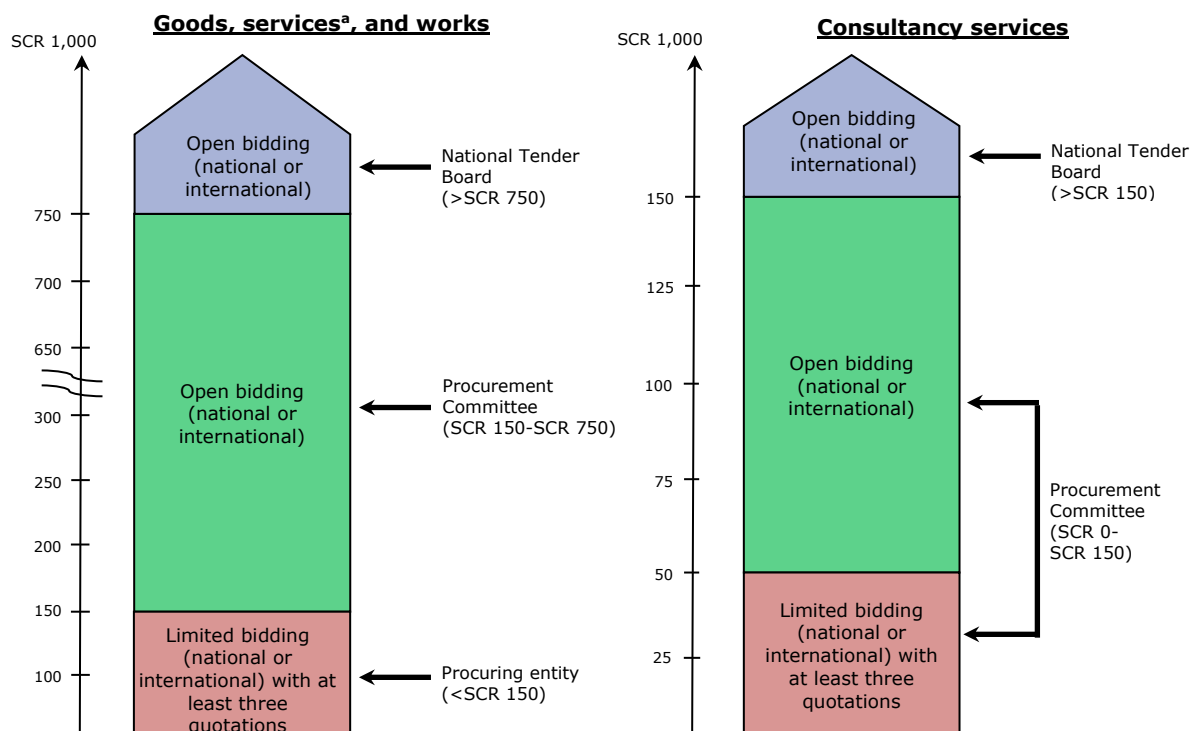
Source: Public Procurement Act, 2008; and information provided by the authorities.

3.129. Each procurement entity chooses the method based on various criteria including the amount of the contract; any special circumstance, such as an emergency requirement; and whether national or international competition is required. A procuring entity shall not split up procurement requirements with the intention of avoiding a particular method.<sup>152</sup> Contracts worth SCR 150,000 or less shall be awarded according to a limited bidding with at least three quotations. Contracts exceeding SCR 150,000 must follow an open bidding process, which shall as a general rule be limited to citizens and local suppliers unless the procuring entity considers appropriate to conduct an international bidding<sup>153</sup> and allow foreign competition.<sup>154</sup> The procuring entity may do so if: (i) the goods, works, or services are not available under competitive prices (and other conditions) from at least three suppliers in Seychelles; or (ii) regional or international participation is required in accordance with an agreement entered into by the Government (Chart 3.5).

<sup>152</sup> Public Procurement Act, 2008, Section 56.

<sup>153</sup> Open international biddings are open to all bidders, including Seychellois, local, and foreign bidders. According to the Public Procurement Act, 2008, a foreign bidder or supplier is one who does not have a licence to conduct business activities in Seychelles.

<sup>154</sup> Public Procurement Act, 2008, Section 58.

**Chart 3.5 Procurement method and approval authority by contract amount, 2022**

a Excluding consultancy services.

Source: Public Procurement Regulations, 2014, First Schedule.

3.130. A procurement entity may require bidders to be citizens of Seychelles or local bidders in order to be eligible to participate in a public procurement only: (i) when an open national bidding is used and the activity is not likely to attract foreign bidders at a reasonable price given the market conditions; (ii) a limited national selection is used; or (iii) the procurement is subject to a reservation scheme.<sup>155</sup>

3.131. Procuring entities not using open or limited bidding methods (e.g. direct bidding) require prior approval of the corresponding approval authority. A procuring entity may purchase goods, services, or works using the direct bidding method in cases of extreme urgency.<sup>156</sup>

3.132. When bids are international (open or limited), foreign bidders participate on equal terms with local bidders.

3.133. Procurement notices are published in the national newspaper and the NTB's website. For open international biddings, notices are also published in regional or international media or widely read Internet sites; the period for submission of bids or pre-qualification applications shall be longer to allow sufficient time for foreign bidders to respond.<sup>157</sup> The bidding period shall be at least: (i) two weeks for open national bidding; (ii) eight weeks for open international bidding; (iii) two weeks for limited bidding where shortlisted bidders are citizens of Seychelles only; or (iv) four weeks for limited bidding where shortlisted bidders include foreign bidders.<sup>158</sup>

3.134. The procurement of goods, services, and works may be subject to a preference scheme, consistent with the Government's economic and social policies. However, according to the authorities, Seychelles currently does not have any preferences scheme in place.<sup>159</sup>

<sup>155</sup> Public Procurement Act, 2008, Section 90.

<sup>156</sup> Public Procurement Act, 2008, Section 65.

<sup>157</sup> Public Procurement Act, 2008, Section 58; and Public Procurement Regulations, 2014, Section 19.

<sup>158</sup> Public Procurement Regulations, 2014, Section 50.

<sup>159</sup> Public Procurement Regulations, 2014, Section 50.

3.135. In 2020, NTB approved 745 contracts (out of 996 recommendations) for the procurement of works, goods/services, and consultancy services, which together totalled SCR 1 billion, compared to SCR 2.2 billion in 2015 and SCR 0.8 billion in 2017. Of the approved contracts, about 66% were for open tender, 23% for limited, and 11% were direct bids.<sup>160</sup>

### 3.3.7 Intellectual property rights

#### 3.3.7.1 Legal and institutional framework

3.136. Seychelles' intellectual property (IP) regime is mainly governed by the Industrial Property Act, 2014 and the Copyright Act, 2014, and their regulations (Table 3.9). The Industrial Property Act (IPA) covers the protection and use of geographical indications, industrial designs, integrated circuits, layout-designs, patents, and trademarks. There is no legislation dealing with the protection of plant varieties. During the review, Seychelles did not make any major change to the IP legal framework except for some institutional changes to improve efficiency and facilitate IP rights registration (see below). According to the authorities, IP legislation is currently being reviewed and the new law is expected to be adopted in the near future. In June 2016, Seychelles adopted the Protocol Amending the TRIPS Agreement. As of July 2022, Seychelles had notified most of its IP legislation.

**Table 3.9 Main IP related legislation, 2022**

Legislation	Date of entry into force
Industrial Property Act, 2014	28 April 2014
Copyright Act, 2014	21 April 2014 (amended in 2019) <sup>a</sup>
Industrial Property (Geographical Indication) Regulations, 2014	27 October 2014
Industrial Property (Industrial Design) Regulations, 2014	20 October 2014
Industrial Property (Layout Design) Regulations, 2014	27 October 2014
Industrial Property (Marks) Regulations, 2014	27 October 2014
Industrial Property (Patents) Regulations, 2014	27 October 2014
Copyright (Voluntary Registration) Regulations, 2015	20 April 2015

a The institutional provisions of the Copyright Act, 2014 were amended through the Transfer of Statutory Functions (Copyright Act) Order, 2019 (2 September 2019).

Source: Compiled by WTO Secretariat based on the Seychelles Legal Information Institute Database. Viewed at: <https://seylli.org/>.

3.137. At the institutional level, the Trade Department under the MFNPT and the Office of the Registrar General under the Department of Legal Affairs in the Office of the President are the two main government entities with responsibilities in the area of IP. The Trade Department is responsible for the formulation of IP policies and legislations, while the Office of the Registrar General oversees the registration of all IP rights. The Office of the Registrar General maintains separate registers for the various types of IP rights (e.g. patents, trademarks, industrial designs, and layout-designs); and it examines the corresponding IP applications and grants a certificate of registration provided requirements are met. Currently, Seychelles has recorded registrations for patents, trademarks, industrial designs, and copyrights, with trademarks exhibiting by far the largest number of registrations (Table A3.6). According to the authorities, the digitalization of its registers and applications is ongoing.

3.138. Prior to June 2019, the Ministry of Tourism and Culture had also some responsibilities in this area and was in charge for the registration of copyrights and the administration of the related legislation, but at that date, the Cabinet approved the transfer of the registration functions of the Ministry of Tourism and Culture to the Office of the Registrar General and of the regulatory functions to the MFNPT. The formal handing over of copyright registration from the Ministry of Culture to the Office of the Registrar General took place in January 2020.<sup>161</sup>

<sup>160</sup> National Tender Board (2020), *Annual Report*.

<sup>161</sup> Prior to this institutional change, and following a Cabinet decision, Seychelles agreed in February 2018 to the creation of an IP office – as planned at the time of its accession to the WTO – to centralize all registration activities into a single institution and streamline the administration of IP rights. However, according to the authorities, the implementation phase for the establishment of this office is still to be launched.

3.139. Since 2017, Seychelles has also had a National IP Committee that coordinates the work on IP-related matters among all stakeholders. The Trade Department under the MFNPT acts as the Secretariat to the National IP Committee and is the WTO Enquiry Point for all IP issues.

3.140. Seychelles legislation protects IP rights in accordance with the TRIPS Agreement, and in some cases provides even a higher level of protection. For example, Seychelles protects the rights of broadcasting organizations for 50 years instead of 20 under the TRIPS Agreement, and also protects utility models, which are not included under the TRIPS Agreement (Table 3.10). Seychelles' legislation also provides for the protection of moral rights, which are not protected under the TRIPS Agreement.

**Table 3.10 Terms of protection, 2022**

Duration of protection	Under Seychelles' legislation	Under TRIPS Agreement
Patents	20 years (IPA, Section 21)	20 years (Article 33)
Industrial designs	5 years, renewable for two consecutive periods of 5 years (IPA, Section 28)	At least 10 years (Article 26)
Trademarks (marks, collective marks, and trade names)	10 years, renewable for consecutive periods of 7 years (IPA, Section 78)	7 years, renewable indefinitely (Article 18)
Utility models	10 years, renewable (IPA, Section 38)	Not mentioned explicitly in the TRIPS Agreement
Copyrights and related rights	<p>Works' rights (both economic and moral) (including photographic works) are protected during the life of the author and for 50 years after death (Copyright Act (CA), Article 19).</p> <p>Audiovisual rights (both economic and moral) are protected for 50 years from the date on which the work was either made, or first made available to the public by publication or other means, whichever date is the latest (CA, Article 19).</p> <p>The rights (both economic and moral) of works of applied art are protected for 25 years from the making of the work (CA, Article 19).</p> <p>The rights of performers and broadcasting organizations are protected for 50 years from the year in which the performance took place, and the broadcast took place (CA, Section 23).</p> <p>The rights of producers of phonograms and phonograms are protected for 50 years from the year in which the phonogram was published/fixated for the first time (CA, Section 24).</p>	<p>Works' rights, other than those for a photographic work or a work of applied art are in general protected during life of the author and 50 years after death (Articles 9 and 12).</p> <p>Photographic works and works of applied art are protected for 25 years from the making of the work (Berne Convention, Article 7, as incorporated in the TRIPS Agreement).</p> <p>Performers and producers of phonograms are protected for 50 years, and broadcasting organizations for 20 years (Article 14.5).</p>
Layout-Designs of Integrated Circuits	10 years, non-renewable, counted from the date of registration or from the first commercial exploitation, anywhere in the world (exploited for not more than 2 years); or on from the registration of the layout-design filed by the rights holder, if the layout-design has not been previously exploited commercially anywhere in the world (IPA, Sections 54, 61, and 62).	At least 10 years counted from the date of registration or from the first commercial exploitation, wherever in the world it occurs.
Geographical indications	Registered geographical indications are protected for an indefinite period, provided the specific characteristic, quality, or reputation that has been the basis for the grant of the protection exists (IPA, Section 96).	Geographical indications are protected against: (a) being misused by misleading the public as to the geographical origin of the good, and against any use that may constitute unfair competition; and (b) a geographical indication which, although true as to the territory, region, or locality in which the goods originate, falsely represents to the public that the goods originate in another territory (Article 22).

Duration of protection	Under Seychelles' legislation	Under TRIPS Agreement
Undisclosed information	Undisclosed information on data from clinical trials for pharmaceuticals and for agricultural and chemical products shall be protected against unfair commercial use and disclosure (IPA, Section 106).	Undisclosed information on data from clinical trials for pharmaceuticals and agricultural chemicals shall be protected against unfair commercial use and disclosure (Article 39).

Source: WTO Secretariat based on Seychelles' legislation and the TRIPS Agreement.

3.141. Seychelles applies registration fees and other services (e.g. access to registry) for copyrights, geographical indications, industrial designs, patents, and trademarks. Registration fees have not changed since 2015 and vary between SCR 100 and SCR 5,000.<sup>162</sup> The highest fee applies to international applications for patents.<sup>163</sup> According to the authorities, the average time to register a patent is 3 weeks, and 2.5 months for a trademark.

3.142. The protection of IP rights is enforced by Seychelles' court system, with sanctions taking the form of civil or criminal remedies depending on the proceeding.<sup>164</sup> Provisional measures may also be applied to, *inter alia*, prevent an IP infringement from occurring, for instance by preventing the entry into Seychelles of allegedly illegal goods.<sup>165</sup> Criminal sanctions for the infringement of IP rights include fines and imprisonment. Any person who infringes the rights granted to geographical indications, industrial designs, integrated circuits, layout-designs, patents, and trademarks is liable upon conviction for a fine of up to SCR 500,000 or imprisonment for a maximum of five years<sup>166</sup>, or both.<sup>167</sup> Violators of a copyright are subject to a fine not exceeding SCR 50,000 and/or imprisonment up to five years; penalties double for recidivists whose first conviction occurred less than five years before.<sup>168</sup> Decisions by the Court on an IP infringement can be appealed to the Court of Appeal.<sup>169</sup>

3.143. At the border, Seychelles' customs authorities may suspend clearance of allegedly illegal goods (e.g. counterfeit or misleading goods) in accordance with IP and customs legislation.<sup>170</sup> Any person who imports or exports goods infringing IP rights, typically copyrights and trademarks, commits an offence and is on conviction subject to criminal sanctions (see above).<sup>171</sup> In 2018, Seychelles adopted procedural guidelines to assist customs officers in the monitoring and protection of IP rights at the border to improve and facilitate the control of goods.<sup>172</sup>

### 3.3.7.2 International cooperation and other aspects of Seychelles' IP regime

3.144. Seychelles has been a member of the World Intellectual Property Organization (WIPO) since 2000 and is a signatory to 3 of the 26 agreements administered by this organization, namely the Beijing Treaty on Audiovisual Performances, the Paris Convention, and the Patent Cooperation Treaty.<sup>173</sup> These agreements have been in force since 2002, except for the first, which Seychelles has still to ratify. No other WIPO-administered treaties have been signed since 2015. In October 2021, Seychelles acceded to the African Regional Intellectual Property Organization. Seychelles is not a member of the International Union for the Protection of New Varieties of Plants (UPOV) Convention but holds observer status in its Council.

<sup>162</sup> WTO document WT/ACC/SYC/64, 5 November 2014.

<sup>163</sup> Seychelles Investment Board, *Investor's Guide: Intellectual Property*. Viewed at: <https://investinseychelles.com/investors-guide/investor-resources/intellectual-property>.

<sup>164</sup> Enforcement provisions are described in the Copyright Act, 2014, Part V; and the Industrial Property Act, 2014, Part VIII.

<sup>165</sup> Industrial Property Act, 2014, Section 111.

<sup>166</sup> If the infringement results from negligence, imprisonment shall not exceed three years.

<sup>167</sup> Industrial Property Act, 2014, Section 119.

<sup>168</sup> Copyright Act, 2014, Section 31.

<sup>169</sup> Industrial Property Act, 2014, Section 116.

<sup>170</sup> Provisions on Border Measures for the Protection of Intellectual Property Rights are contained in Chapter 13 of the Customs Management Regulations, 2014.

<sup>171</sup> Industrial Property Act, 2014, Section 118.

<sup>172</sup> MFNPT (2018), *Procedural Guidelines on Border Measures for the Protection of Intellectual Property Rights*.

<sup>173</sup> These three agreements are in addition to the WIPO Convention. WIPO IP Portal, *Seychelles*. Viewed at: <https://wipolex.wipo.int/en/treaties/ShowResults?code=SC>.

3.145. Under its RTAs, Seychelles has not taken any IP commitment going beyond those under the TRIPS Agreement. In its RTAs with the European Union and the United Kingdom, Seychelles includes a provision on future negotiations covering various areas, including IP rights (Section 2). In the SADC Protocol on Trade, it committed to have and implement IP laws in line with the TRIPS Agreement.<sup>174</sup>

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<sup>174</sup> SADC Protocol on Trade, Article 24.

## 4 TRADE POLICIES BY SECTOR

### 4.1 Agriculture, Forestry and Fisheries

#### 4.1.1 Main features and recent developments

4.1. Agriculture and fisheries accounted for 3.0% of GDP during 2015-20, although manufacture of fishery products contributed a further 4.2% to GDP (Chart 1.1). Given the near-complete shutdown of tourism due to the pandemic, the fisheries industry was the key foreign exchange earner for the economy while simultaneously highlighting its importance for food security. Seychelles has limited agricultural land because of its granitic surface and because protected forests cover much of its total land.<sup>1</sup> Developments mainly in tourism, coupled with accelerated urbanization, have impacted agricultural land over the past decade.

4.2. According to the FAO, Seychelles' agricultural area is about 1,550 hectares (ha) (3.4% of the country's total area), while 3% of the land area is occupied by permanent crops.<sup>2</sup> Most arable land is in remote mountainous areas, which limits access to markets and water supply. The agricultural sector is very vulnerable to climate change and also suffers from bush fires, soil erosion, soil fertility loss, and insufficient financial investment. Moreover, variations in climate patterns (mainly rainfall and temperature) result in important changes in cropping systems affecting productivity and production.<sup>3</sup>

4.3. Primarily consisting of small farms rarely exceeding 2 ha, agriculture in Seychelles is largely commercially based. There has been limited investment in agriculture and improved agricultural technology since the 1970s when agriculture was the main economic activity.<sup>4</sup> Backyard farming (involving the production of fruits, vegetables, and livestock) supplements household food or household income. Agriculture is mainly driven by an ageing population, and the youth trained in modern farming techniques prefer to work in different sectors after their training.<sup>5</sup>

4.4. The agricultural sector is characterized by subsistence production; it is largely rainfed with about 260 ha of agricultural area irrigated. Seychelles has an irrigation potential of about 1,000 ha. The majority of agricultural production is low in inputs with about 12.2 kg of pesticide and 48 kg of fertilizer applied per ha.<sup>6</sup> The main cash crops are coconuts, cinnamon, vanilla, vegetables (e.g. lettuce, cabbage, chili, pumpkin, cucumber), roots (e.g. sweet potatoes, cassava), and horticulture (notably papaya and bananas). Total crop production went from 828 tonnes in 2019 (SCR 41.4 million) to 1,447 tonnes in 2020 (SCR 72.4 million), and 1,941 tonnes in 2021 (SCR 97.1 million).<sup>7</sup>

4.5. Seychelles is a net food importer, with about 80% of food coming from external markets.<sup>8</sup> It imports virtually all requirements of the main staples, namely wheat and rice. Vegetable oil, meat, milk, dairy products, and fruits and vegetables that cannot be produced locally are also mainly imported. The continued uncertainty surrounding the effects of the pandemic, coupled with shipping and transportation challenges experienced since 2020, heightened the importance of enhancing food and nutrition security in Seychelles. The pandemic also had an important effect on self-sufficiency ratios. Indeed, these ratios increased for crops from 34% in 2019 to 48% in 2020 and 71% in 2021 for 15 priority crops. Similarly, self-sufficiency ratios for poultry increased from 17% in 2019 to 23%

<sup>1</sup> It is estimated that Seychelles has a forest area of about 33,700 ha, i.e. 73.3% of the land area. Around half of the forests are within national parks or other conservation areas. FAO, *Seychelles*. Viewed at: <https://www.fao.org/countryprofiles/index/en/?iso3=syc>.

<sup>2</sup> FAO, *Seychelles*. Viewed at: <https://www.fao.org/countryprofiles/index/en/?iso3=syc>.

<sup>3</sup> FAO (2019), *Climate-Smart Agriculture in Seychelles*, p. 3. Viewed at: <https://www.fao.org/3/ca5407en/CA5407EN.pdf>.

<sup>4</sup> The development agenda of Seychelles took a turn to reliance on tourism and fisheries as the main pillars after the construction of the airport.

<sup>5</sup> FAO (2021), *Transforming Agriculture in Africa's Small Island Developing States*, p. 12. Viewed at: <https://www.fao.org/3/cb7582en/cb7582en.pdf>.

<sup>6</sup> FAO (2019), *Climate-Smart Agriculture in Seychelles*, p. 4. Viewed at: <https://www.fao.org/3/ca5407en/CA5407EN.pdf>.

<sup>7</sup> Data provided by the authorities. No data were available prior 2019.

<sup>8</sup> FAO (2019), *Climate-Smart Agriculture in Seychelles*, p. 6. Viewed at: <https://www.fao.org/3/ca5407en/CA5407EN.pdf>.

in 2020, and 26% in 2021, while for pork they rose from 35% in 2019 to 39% in 2020 and 45% in 2021.<sup>9</sup>

4.6. The value of agricultural imports (WTO definition) was USD 75.6 million in 2021 (up from USD 66.0 million in 2020). Agricultural exports amounted to USD 320.4 million in 2021 (compared with 288.5 million in 2020), dominated by canned tuna exports (USD 229 million in 2015 and USD 260 million in 2021). In 2021, Seychelles' main export markets were France (USD 129 million), the United Kingdom (USD 67 million), and Italy (USD 44 million).<sup>10</sup>

4.7. Output from the agricultural sector is estimated to have contracted by 0.5% in 2020, primarily because of a decline in demand due to the pandemic.<sup>11</sup> In 2021, the sector grew by 1% in view of the increased production of key agricultural products, notably in livestock slaughtered. Indeed, in 2021, the slaughter of broiler chickens, pigs, and cattle expanded by 31%, 12%, and 26%, respectively.<sup>12</sup> By contrast, the production of eggs is estimated to have declined by 3.1% in year-on-year terms. Regarding crop production, mixed movements were observed in the first three quarters of 2021 compared to the same period in 2020. Cinnamon production increased by 644% while output of tea declined by 40%.<sup>13</sup>

4.8. The fisheries industry contracted by 1% in 2020 (against a 14% growth rate in 2019) impacted by the imposed restrictions on movement, weaker domestic and external demand, and challenges relating to aviation connectivity for exports.<sup>14</sup> In 2021, the industry expanded by 4% on account of higher demand for seafood products.<sup>15</sup>

## 4.1.2 Agricultural policy

### 4.1.2.1 Overview

4.9. The Ministry of Agriculture, Climate Change and Environment has the overall responsibility for the agriculture sector, including forests.<sup>16</sup> The Agriculture Department<sup>17</sup> is in charge of the implementation of agricultural programmes and strategic projects that support the enhancement of national food and nutrition security, facilitate the increase of the contribution of agriculture in GDP and key socio-economic indicators, and facilitate the development and modernization of the sector. Agricultural education is done by the Seychelles Agricultural and Horticultural Training Centre under the Ministry of Education.<sup>18</sup>

4.10. Some of Seychelles' state-owned enterprises (SOEs) are engaged in agriculture and related activities, such as Seychelles Trading Company (STC), Green Tree Investment Company, L'Union Estate Company, and Seychelles Fishing Authority (SFA) (Section 3.3.5 and Table 3.7).

4.11. The STC, established in 2008 as Seychelles Marketing Board (SMB), is involved in the importation of food products, mainly rice, flour, and oil. According to the authorities, the STC operates as a commercial entity and has no monopoly rights on the importation, exportation, or domestic distribution of any products or services.

4.12. Green Tree Investment Company, a subsidiary of the Island Development Company (IDC), and L'Union Estate Company are engaged in agriculture as part of the Government's strategy to ensure food and nutrition security and the development and management of the Outer Islands. The IDC participates in the export of coconut products.

<sup>9</sup> Data provided by the authorities.

<sup>10</sup> Data provided by the authorities.

<sup>11</sup> Central Bank of Seychelles (CBS), *Annual Report 2020*, p. 13. Viewed at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202020.pdf>.

<sup>12</sup> Data provided by the authorities.

<sup>13</sup> Preliminary statistics up to September 2021 shown relative to the same period in 2020. CBS, *Annual Report 2021*, p. 12. Viewed at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202021.pdf>.

<sup>14</sup> CBS, *Annual Report 2020*, p. 11. Viewed at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202020.pdf>.

<sup>15</sup> Data provided by the authorities.

<sup>16</sup> Following the change in Government in late 2020, the Ministry of Fisheries and Agriculture was split.

<sup>17</sup> The Agriculture Department took over Seychelles Agriculture Agency (SAA), which was phased out.

<sup>18</sup> Information provided by the authorities.



4.13. Seychelles participates in the Comprehensive Africa Agriculture Development Programme (CAADP).<sup>19</sup> Under the CAADP<sup>20</sup>, Seychelles aims to improve traditional farming methods and encourage innovative farming techniques such as hydroponics and vertical farming to maximize land use. The CAADP aims at achieving 50% self-sufficiency in agricultural products, notably poultry and pork.<sup>21</sup> According to the authorities, the ultimate goal of the CAADP in Seychelles is to support the development and implementation of a coherent and comprehensive agricultural programme covering all major subsectors (crops, livestock, fisheries, and forestry) and to support the integration of agriculture into other economic activities.

4.14. In the context of the CAADP, the Seychelles National Agriculture Investment Plan (SNAIP) was launched as a framework that seeks to harmonize, consolidate, and accelerate the implementation of the country's agriculture and food security and nutrition-related policies and strategies during 2015-20. The SNAIP defines agricultural (including forestry, crops, livestock, and fisheries) priorities, goals, and outcomes with the aim of providing desired volumes of production and ensuring food security.<sup>22</sup> The SNAIP is still being applied.<sup>23</sup>

4.15. The SNAIP emphasizes the following principles: diversifying food production to improve nutrition at the household level; managing risks to ensure food stability at the national level; promoting agro-processing for value addition and import substitution; building capacities in various public and private institutions involved in the implementation of the SNAIP programmes; and promoting good land husbandry practices for soil conservation and improving soil fertility as well as climate-smart agriculture. In addition, the SNAIP aims to: (i) encourage and facilitate the involvement of private sector, farmer organizations, and civil society in its implementation; (ii) provide a single comprehensive programme and budget framework; and (iii) include a formalized process for donor coordination and harmonization of management systems and procedures.<sup>24</sup>

4.16. The SNAIP's total budget over 2015-20 is estimated at SCR 1,582 million (about USD 127 million), covering five areas<sup>25</sup>: (i) protection and sustainable use of agriculture land and water, SCR 122.2 million (USD 9.9 million); (ii) productivity, commercialization, and diversification of crops and livestock, SCR 485.1 million (USD 39.1 million); (iii) sustainable fisheries management and aquaculture development, SCR 789.7 million (USD 63.78 million); (iv) food security and nutrition, SCR 16.95 million (USD 1.47 million); and (v) human and institutional capacity development, SCR 68.2 million (USD 13.6 million). The largest proportion of the allocation is the fisheries budget, which represents 50% (SCR 790 million) of the total budget, followed by crops and livestock at 31%. On average, SCR 264 million will be disbursed per year, representing 1.5% of Seychelles GDP in 2013. Available resources for SNAIP implementation total SCR 1,060.5 million (USD 85.5 million).

4.17. According to the authorities, Seychelles' agricultural policy is also guided by the National Food and Nutrition Security Policy (NFNSP), the National Policy on the Allocation and Retraction of State Agricultural Land, the Seychelles Livestock Policy, the Agro-forestry Policy, and Agro-tourism Policy.

4.18. The NFNSP was developed in 2013 to ensure effective, efficient food security through increased sustainable agricultural production and to strengthen and align institutional capacity to respond to changes/shocks in the global food security situation. It elevated the issue of food security and nutrition with the participation of other Ministries. The NFNSP has elaborated Seychelles' food

<sup>19</sup> Seychelles signed the CAADP in September 2011.

<sup>20</sup> The Seychelles CAADP is based on five pillars: protection and sustainable use of agricultural land and infrastructure; agricultural research, irrigation, and extension; sustainable fisheries development; marketing and trade of agricultural produce; and food and nutrition security.

<sup>21</sup> Seychelles Investment Board, *Agriculture*. Viewed at: <https://investinseychelles.com/key-sectors/other/agriculture>.

<sup>22</sup> Ministry of Foreign Affairs (2015), *Seychelles National Agricultural Investment Plan (SNAIP), 2015-2020*, p. 4. Viewed at: <http://mofa.gov.sc/downloads/seychelles-national-agricultural-investment-plan.pdf>.

<sup>23</sup> The CAADP and the SNAIP are aligned to the National Development Strategy 2019-23. Seychelles has sought technical assistance under the 11<sup>th</sup> European Development Fund (EDF) for the interim Economic Partnership Agreement (iEPA) to identify and address the gaps in the SNAIP.

<sup>24</sup> Ministry of Foreign Affairs (2015), *Seychelles National Agricultural Investment Plan (SNAIP), 2015-2020*, p. 5. Viewed at: <http://mofa.gov.sc/downloads/seychelles-national-agricultural-investment-plan.pdf>.

<sup>25</sup> Agricultural spending budget is under the Medium-Term Expenditure Framework (MTEF).

basket and staple food diet on the basis of roots and tubers (sweet potatoes, cassava), vegetables, pulses (dried beans, mostly imported), fruits, livestock products, and fish.<sup>26</sup>

4.19. In 2020, the National Policy on the Allocation and Retraction of State Agricultural Land was launched with an overall objective to govern the land tenure, land administration, and management of state agricultural land. It aims to ensure that land and water are secured and used efficiently and sustainably and are protected from encroachment from alternative uses (particularly tourism and residential housing), and that it is allocated in a manner that is fair, equitable, and transparent. The land is being leased at a preferential rate of SCR 6.50/m<sup>2</sup>.<sup>27</sup>

4.20. The Access and Benefit Sharing Policy provides a national framework for access to genetic resources and the fair and equitable sharing of benefits arising from their utilization. It aims at fulfilling Seychelles' commitments to the conservation, protection, and sustainable use of biodiversity and associated ecosystems and traditional knowledge in particular under the United Nations Convention on Biological Diversity and related treaties, such as the International Treaty on Plant Genetic Resources for Food and Agriculture (IT-PGRFA) articulated by the FAO.<sup>28</sup>

4.21. The Cinnamon Policy, under the Department of Environment, aims to provide a national framework for exploitation and management of the cinnamon industry and a basis for any legislative or regulatory framework to regulate the cinnamon industry, and to revitalize the industry by ensuring that the resource is managed in an efficient and sustainable manner.<sup>29</sup>

4.22. Under the Animal and Plant Biosecurity Act, 2014, the National Biosecurity Agency was established as the regulatory authority for both animal and plant health. It came into operation in 2016 (Section 3.3.3).

4.23. During the pandemic, policies were aimed at moderating the risks to both producers and consumers. To minimize impact on the supply side, the Government requested the STC to provide an appropriate market structure while ensuring minimal price volatility for both local meat and vegetable produce. Additional measures included reallocation of underdeveloped agricultural land to interested farmers, and the removal of quotas on livestock production. Moreover, the cinnamon industry was revived in an effort to boost the exportation of value-added natural resources.<sup>30</sup>

4.24. Over the 2020-22 period, the IDC continued its trial projects to cultivate different seeds, plants, and soil-prepping techniques on the island of Desroches. Eggplants, lettuce, tomatoes, pumpkins, and different herbs are already being produced on the island. Farmers are also being invited to visit the island of Coëtivy to assess the viability for large-scale agriculture. Pork, poultry, and some vegetables are expected to be produced on a commercial scale on the island in a bid to increase food security and reduce the importation of such products.<sup>31</sup>

4.25. In agriculture and fisheries, companies engaged in farming (for agriculture only), processing, and exporting activities benefit from a lower business tax rate: 15% on the first SCR 1 million and 25% on the remainder (farmers and individual fishers have been exempted for the three-year period 2021-23). However, these rates will increase in 2023 to be harmonized with the general rates in accordance with the tax reform of 2021.<sup>32</sup> These companies, as well as boat owners (used for fishing), also benefit from refunds/reductions from VAT and/or import duties on fuel or capital equipment. Following the tax reform of 2021, Seychelles also made the general business rate more

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<sup>26</sup> Ministry of Foreign Affairs, *Seychelles National Agricultural Investment Plan (SNAIP), 2015-2020*, p. 48. Viewed at: <http://mofa.gov.sc/downloads/seychelles-national-agricultural-investment-plan.pdf>.

<sup>27</sup> Data and information provided by the authorities.

<sup>28</sup> Information provided by the authorities.

<sup>29</sup> Information provided by the authorities.

<sup>30</sup> As part of this plan, potential Seychellois investors would access available land to harvest cinnamon. Subsequently, products that are widely sought after in international markets, such as essential oil and the essence of cinnamon, can be produced. CBS, *Annual Report 2021*, p. 13. Viewed at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202021.pdf>.

<sup>31</sup> CBS, *Annual Report 2021*, p. 13. Viewed at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202021.pdf>.

<sup>32</sup> Companies qualifying for this reduction are farming entities, agricultural processors and exporters, fisheries processors and exporters, and boat owners.

attractive by reducing it from 25% to 15% for the first SCR 1 million of taxable income and from 33% to 25% for the remainder.

4.26. Foreign investment in animal or livestock keeping, crop production, and horticultural services is not allowed (Section 2.4 and Table A2.3).

#### 4.1.2.2 Market access

4.27. Seychelles' simple average applied MFN tariff on agricultural products (WTO definition) decreased from 8.6% in 2015 to 7.4% in 2022 (Table 3.1). Using ISIC 1 definition (agriculture, hunting, and fishing), the average MFN applied rate is 8.1%, with rates ranging from zero to 100% (Table A3.1).

4.28. Import permits are required for most agricultural goods for SPS reasons in line with the Animal and Plant Biosecurity Act, 2014 (Section 3.3.3). For certain agricultural products, imports are controlled through non-automatic licensing (Section 3.1.5).

#### 4.1.2.3 Domestic support and export subsidies

4.29. Seychelles has provided domestic support notifications for 2013-17.<sup>33</sup> Most support, by far, was provided in the form of Green Box measures during the period, with the exception of 2016 when special and differential (S&D) treatment development programmes (investment loans and lease of land, both at preferential rates) exceeded Green Box measures (Table 4.1). The notified Green Box expenditures are for research, pest and disease control, training services, extension and advisory services, infrastructural services, and payments for relief from natural disasters.

**Table 4.1 Domestic support, 2013-17**

(SCR million)

	2013	2014	2015	2016	2017
Green Box	26.43	30.18	29.24	17.51	16.30
S&D	3.81	4.99	3.16	21.89	1.24
Product-specific AMS	3.60	3.60	3.60	3.60	3.60

Source: WTO notifications to the Committee on Agriculture.

4.30. Seychelles has notified that no export subsidies were provided during the period 2015-21.<sup>34</sup>

4.31. According to the authorities, Seychelles did not put in place any price control or food subsidies programmes during the review period.

4.32. The Agricultural Development Fund (ADF), a loan scheme introduced on 4 January 1995 (last amended on 25 February 2021), finances the development of small and medium-sized agricultural and horticultural development, particularly in terms of food and nutrition security. The loan amount ranges from SCR 25,000 to SCR 5 million depending on if the loan is for crops or livestock and on the type of project: commercial<sup>35</sup>, semi-commercial<sup>36</sup>, or traditional (Table 4.2).<sup>37</sup> The annual interest rate is 2.5% for SCR 25,000-SCR 3 million, and 5% for loans over SCR 3 million and up to

<sup>33</sup> WTO documents G/AG/N/SYC/3, 2 February 2017; G/AG/N/SYC/4, 27 August 2019; and G/AG/N/SYC/8, 10 March 2020.

<sup>34</sup> WTO documents G/AG/N/SYC/1, 7 March 2016; G/AG/N/SYC/2, 30 January 2017; G/AG/N/SYC/5, 2 March 2020; G/AG/N/SYC/6, 2 March 2020; G/AG/N/SYC/7, 2 March 2020; G/AG/N/SYC/9, 11 July 2022 (covering 2020); and G/AG/N/SYC/10, 11 July 2022 (covering 2021)

<sup>35</sup> According to information provided by the authorities, commercial crops farmers produce in excess of 2 tonnes of crops monthly (more than 24 tonnes per year); commercial broiler chicken farmers produce in excess of 8 tonnes of broiler chicken monthly (in excess of 100 tonnes per year); commercial pork farmers produce in excess of 1 tonne of pork monthly (more than 12 tonnes per year); and commercial table eggs farmers produce more than 3,500 table eggs per day or more than 1.2 million eggs per year.

<sup>36</sup> According to information provided by the authorities, semi-commercial crops farmers produce less than 2 tonnes but more than 500 kg of crops monthly; semi-commercial broiler chicken farmers produce less than 8 tonnes of broiler chicken monthly (less than 100 tonnes per year); semi-commercial pork farmers produce less than 1 tonne of pork monthly (less than 12 tonnes per year); and semi-commercial table eggs farmers produce less than 3,500 table eggs per day or less than 1.2 million eggs per year.

<sup>37</sup> According to information provided by the authorities, traditional crops farmers produce less than 500 kg of crops monthly.

SCR 5 million. The maximum term of repayment is 5 to 12 years, and the grace period is based on the type of project, the maturity period of the crop and/or livestock, and the projected cash flow.

**Table 4.2 Loans under the ADF, 2022**

Category	Crop	Livestock
Commercial	Max SCR 2 million	Max SCR 5 million
Semi-commercial	Max SCR 1 million	Max SCR 2 million
Traditional	Max SCR 350,000	n.a.

n.a. Not applicable.

Source: Data provided by the authorities.

4.33. The ADF facilitates funding for extension of agricultural projects such as: (i) construction of farm buildings (e.g. shade house/greenhouse, chicken pen, pigsty, and other livestock sheds and stores) and infrastructure (e.g. water storage facility); (ii) upgrading of existing farm buildings, equipment and machineries, and other farm assets; (iii) replacement and/or purchase of new machineries, equipment and tools, and other farm assets; (iv) setting up of irrigation and other agricultural technology systems; (v) site preparation and development; (vi) working capital (not exceeding 40% of the project cost); and (viii) raw materials and other agricultural inputs.<sup>38</sup>

4.34. Table 4.3 summarizes the government-led incentives provided to livestock and crop farmers, which also vary depending on the type of project (commercial, semi-commercial, or traditional).

**Table 4.3 Incentives provided to livestock and crop farmers, 2022**

Category	Output	Incentives	
		Loan	Lease Period
<b>Commercial</b>			
Broiler chicken producers	Greater than or equal to 8 tonnes per month	Maximum of SCR 5 million	30 years
Pig producers	Greater than or equal to 1 tonne per month	Maximum of SCR 5 million	30 years
Layer producers	Greater than or equal to 3,500 eggs per day	Maximum of SCR 5 million	30 years
Crop producers	Greater than or equal to 2 tonnes per month	Maximum of SCR 2 million	30 years
<b>Semi-commercial</b>			
Broiler chicken producers	Less than 8 tonnes per month	Maximum of SCR 2 million	20 years
Pig producers	Less than 1 tonne per month	Maximum of SCR 2 million	20 years
Layer producers	Less than 3,500 eggs per day	Maximum of SCR 2 million	20 years
Crop producers	Greater than 500 kg and less than 2 tonnes per month	Maximum of SCR 1 million	20 years
<b>Traditional</b>			
Crop producers	Less than 500 kg per month	SCR 350,000.00	10 years

Source: Information provided by the authorities.

4.35. Since 2018, with the launch of the new agricultural comprehensive plan, derived from SNAIP, financial subsidies have been given to livestock farmers to assist in curbing their cost of production<sup>39</sup>:

- For each kg of broiler poultry meat produced, the livestock farmer benefits from a subsidy of SCR 2.30 on the cost of production (the rationale being that livestock feed accounts for 65% of the cost of production).
- Pig farmers benefit from SCR 6.50 on each kg of pork produced for the same reason.
- A subsidy of SCR 4/kg on the slaughtering cost of SCR 7/kg for broiler chicken is given at any local abattoir to reduce the cost of production.
- A subsidy of SCR 300 on the slaughtering cost of SCR 500 for one pig is given at any local abattoir.

<sup>38</sup> Information provided by the authorities.

<sup>39</sup> Information provided by the authorities.

- A transportation cost subsidy of SCR 25 is given to livestock producers on Praslin and La Digue on each bag of feed transported between the jetties of Mahé and the Inner Islands. The air freight cost of day-old chicks to the Inner Islands is also covered by this subsidy.

4.36. Agricultural producers in Seychelles also benefit from the payment of certain taxes<sup>40</sup>:

- As per Value Added Tax (Refunds for Persons Engaged in Farming, Fishing and Supporting Activities) Regulations, 2018 (SI91), VAT refunds are provided to persons engaged in farming for goods, excluding motor vehicles except for specialized motor vehicles. VAT refunds are also provided for supporting activities including abattoir, animal feed factories, and hatchery.
- As per Excise Tax (Concessions) Regulations, 2018 (SI54), persons engaged in farming benefit from concessions of 12.5% on the excise tax for the importation of commercial vehicles.
- As per Business Tax (Exemption of Tax to Farming Partnerships and Farming Entities) Order, 2021 (SI106) and Business Tax (Exemption of Tax to Individual Fishers and Individual Farmers) Order, 2021 (SI107), individual farmers, farming entities, and farmers' partnerships are exempted from the payment of business tax on any income derived from any farming activity involving the production of agricultural products.

4.37. In March 2020, with the onset of the pandemic and in order to support local livestock producers facing more expensive imported inputs, the Government, through the Livestock Trust Fund (LTF), pays registered farmers for the difference in animal feed prices, day-old chicks, and hatching eggs abattoir and carcass throughput (as major inputs in the livestock subsector) with the aim of maintaining livestock input prices pre-COVID-19. Livestock feed producers/importers receive the subsidy on the basis of invoices submitted and certified by the Agriculture Department. The eventual payment from the LTF resources is approved by the Minister of Agriculture and payment is then made directly to the animal feed suppliers by the Ministry of Finance.<sup>41</sup>

4.38. In July 2020, with an increase in the cost of livestock inputs due to the pandemic, the Government brought on further measures in the form of subsidies to livestock producers on the Inner Islands, namely Praslin, La Digue, and Denis, who depend on producers on the island of Mahé for their supply of feed and day-old chicks. These additional measures are the following<sup>42</sup>:

- Livestock producers on these islands receiving animal feed from Mahé jetty could benefit from a SCR 25 subsidy on each bag of feed transported to the any of these islands' jetties. The invoice/receipt for livestock feed transportation is delivered by the livestock farmer and certified by the Agriculture Department;
- Freight of day-old chicks to Praslin in particular is also covered by the government measure. The invoice/receipt is certified in this case by Air Seychelles, the Agriculture Department, and the hatchery or the importer of the day-old chicks; and
- The Government subsidizes the cost of agricultural inputs, such as seed, fertilizers, insecticides, herbicides, agricultural equipment, and other chemicals (Table A4.1).

#### 4.1.3 Forestry

4.39. Seychelles' forestry industry is generally perceived as marginal. However, its indirect economic and environmental benefits are considerable. For example, the amenity provided by the forests is extremely important for the tourism industry. The extremely vulnerable water supply is highly dependent on the vegetation cover provided by forests. Forest areas are estimated at 33,700 ha. About 90% of the forests are natural with plantations established for commercial purposes covering some 4,800 ha. Although the forest ecosystem is largely secondary with

<sup>40</sup> Information provided by the authorities.

<sup>41</sup> Information provided by the authorities.

<sup>42</sup> Information provided by the authorities.

significant levels of invasive species, it still offers a wealth of biological diversity and protects inland water ecosystems and important watersheds.<sup>43</sup>

4.40. According to the FAO, Seychelles has faced several obstacles regarding its forestry industry, namely the lack of comprehensive forestry policy and legislation, weak institutional capacity, and limited information on forests' contribution to the economy and tourism. The Government has recognized the need to sustainably manage, regulate, and control the use of forests and is currently preparing, with the support of the FAO, a new forestry policy and legislation, as well as an action plan and road map for implementation. The aim is to enhance stakeholder participation in national forest programmes and contribute to assessment of forest legislation, as well as assist with the monitoring of sustainable forest management.<sup>44</sup>

4.41. In February 2019, the Ministry of Environment, Energy and Climate Change (now the Ministry of Agriculture, Climate Change and Environment) initiated, with the support of the FAO, a project called "Capacity building for preparation and implementation of national forest inventory of Seychelles". The project expects to strengthen national capacity for implementing an integrated forest land and tree resources assessment.<sup>45</sup>

4.42. According to the FAO, Seychelles has managed to reduce deforestation over the years, thanks to good environmental management policies. In addition, good policy steering and governance, and adequate land tenure security have contributed to improved biodiversity conservation, making Seychelles the first country in the western Indian Ocean region to designate marine protected areas.<sup>46</sup>

#### 4.1.4 Fisheries

4.43. With an exclusive economic zone (EEZ) of 1.37 million km<sup>2</sup>, Seychelles is a large ocean state with current and future prosperity intrinsically linked to its ocean and coastal resources. Fisheries is the second-most-important activity of Seychelles' economy, closely behind tourism. The sector employs around 7,500 people<sup>47</sup>, approximately 15% of the total labour force.<sup>48</sup> According to Seychelles' National Bureau of Statistics (NBS), exports of fish and fish products represented 92% of total merchandise exports in 2021, with the EU-27 and the United Kingdom being the primary markets.

4.44. Under its National Development Strategies 2019-2023, Seychelles aims at increasing value-added contribution in fisheries and to develop the Blue Economy (see below).

4.45. Per capita consumption of fish, estimated at almost 60 kg/person, is the highest in Africa and more than twice the global average.<sup>49</sup> Production and trade mainly consist of canned tuna, fish oil, smoked fish, and fishmeal (Tables 4.4 and 4.5).

**Table 4.4 Fish production, 2015-20**

(Million tonnes)

Product	2015	2016	2017	2018	2019	2020
Canned tuna	32,068	35,569	40,480	51,077	45,812	52,043
Smoked fish	57.20	49.90	27.93	18.01	22.46	19.48
Fish meal	6,820	8,084	8,322	8,061	7,809	9,003
Fish oil	885	1,037	572	1,641	1,158	881
Sea cucumber	65.00	55.00	58.60	46.00	55.98	55.86
Other (shark fins & rays)	1.47	24.01	72.03	58.92	58.26	10.74

<sup>43</sup> FAO, *Seychelles*. Viewed at: <https://www.fao.org/countryprofiles/index/en/?iso3=syc>.

<sup>44</sup> FAO (2019), *Seychelles and FAO*. Viewed at: <https://www.fao.org/3/au744e/AU744E.pdf>.

<sup>45</sup> FAO (2019), *Seychelles and FAO*. Viewed at: <https://www.fao.org/3/au744e/AU744E.pdf>.

<sup>46</sup> FAO (2019), *Climate-Smart Agriculture in Seychelles*, p. 3. Viewed at: <https://www.fao.org/3/ca5407en/CA5407EN.pdf>.

<sup>47</sup> SFA (2022), *Employment Study and Capacity Needs Assessment for the Fisheries Sector in Seychelles*.

<sup>48</sup> The majority of the labour force is employed by the Indian Ocean Tuna Ltd (IOT) cannery, a Thai Union Group company that comprises a mostly foreign labour workforce of 2,300.

<sup>49</sup> Republic of Seychelles, *Seychelles Blue Economy: Strategic Policy Framework and Roadmap, Charting the Future (2018-2030)*, p. 45. Viewed at: [http://www.seychellesconsulate.org.hk/download/Blue\\_Economy\\_Road\\_Map.pdf](http://www.seychellesconsulate.org.hk/download/Blue_Economy_Road_Map.pdf).

Product	2015	2016	2017	2018	2019	2020
Other fisheries production (Tuna loins & fish roe)	170.00	101.00	72.03	56.73	..	..
<b>Total production</b>	<b>40,067</b>	<b>44,920</b>	<b>49,605</b>	<b>60,959</b>	<b>54,916</b>	<b>62,013</b>

.. Not available.

Source: Information provided by the authorities.

**Table 4.5 Fish trade, 2015-21**

(Million tonnes and SCR million)

	2015	2016	2017	2018	2019	2020	2021
<b>Fish and fish exports (Mt)</b>							
Fresh and frozen fish <sup>a</sup>	1,164	3,099	5,561	10,966	13,284	11,180	9,523
Canned tuna	30,911	36,904	34,665	36,356	35,951	42,976	46,205
Dried shark fin & sea cucumber	66.00	56.56	59.92	48.69	55.98	58.39	56.90
Fish meal	6,283	8,084	8,322	8,029	7,809	9,003	7,734
Fish oil	885	1,037	572	1,641	1,158	881	957
<b>Total exports (Mt)</b>	<b>39,309</b>	<b>49,181</b>	<b>49,180</b>	<b>57,040</b>	<b>58,258</b>	<b>64,098</b>	<b>64,477</b>
<b>Fish and fish exports (SCR million)</b>							
Fresh and frozen fish <sup>a</sup>	31.03	69.49	107.90	223.25	224.01	274.05	299.25
Canned tuna	3,044	3,473	3,494	3,817	3,098	4,382	4,397
Dried shark fin & sea cucumber	45.89	39.19	43.94	40.86	63.51	88.24	91.70
Fish meal	96.30	102.79	115.23	127.13	114.93	173.83	139.26
Fish oil	40.64	40.78	35.06	292.83	77.17	77.23	68.96
<b>Total exports (SCR million)</b>	<b>3,258</b>	<b>3,725</b>	<b>3,796</b>	<b>4,501</b>	<b>3,577</b>	<b>4,995</b>	<b>4,996</b>
<b>Gross domestic export (SCR million)</b>	<b>3,284</b>	<b>3,757</b>	<b>3,911</b>	<b>4,601</b>	<b>3,664</b>	<b>5,085</b>	<b>5,414</b>
Domestic exports (fish only) (%)	1.0	2.0	3.0	5.0	6.0	5.0	6.0
Domestic exports (Fish & fish products) (%)	99.0	99.0	97.0	98.0	98.0	98.0	92.0
<b>Fish and fish imports (Mt)</b>							
Fish, fresh or chilled	13.14	24.77	15.46	18.62	13.19	14.50	9.06
Fish, frozen	66,966	60,689	76,945	78,663	58,321	73,991	70,148
Fish, fillets, and other fish meat	4.92	5.19	3.78	8.94	2.86	4.01	4.72
Fish, dried, salted	39.48	60.00	53.68	40.37	32.08	31.82	40.72
Fish prepared and preserved	0	0	0	0	0	0	0
Molluscs and crustaceans prepared or preserved	438.22	617.83	682.54	762.48	752.86	727.55	443.60
<b>Total imports (Mt)</b>	<b>67,462</b>	<b>61,397</b>	<b>77,700</b>	<b>79,494</b>	<b>59,122</b>	<b>74,769</b>	<b>70,646</b>
<b>Fish and fish imports (SCR million)</b>							
Fish, fresh or chilled	1.85	3.63	2.94	4.07	2.79	2.80	2.66
Fish, frozen	1,229	1,415	2,176	2,218	1,271	2,111	2,063
Fish, fillets, and other fish meat	0.84	0.72	0.65	0.95	0.89	1.18	0.90
Fish, dried, salted	6.08	8.34	8.06	6.64	5.14	4.75	7.00
Fish prepared and preserved	0	0	0	0	0	0	0
Molluscs and crustaceans prepared or preserved	66.33	72.71	80.48	98.01	79.99	79.30	60.31
<b>Total imports (SCR million)</b>	<b>1,304</b>	<b>1,500</b>	<b>2,268</b>	<b>2,328</b>	<b>1,360</b>	<b>2,199</b>	<b>2,134</b>

a Inclusive of both artisanal and by catch.

Source: Information provided by the authorities.

4.46. Fishing subsectors are mainly artisanal demersal fisheries, artisanal pelagic, industrial, and seafood processing. Artisanal demersal fisheries, the main source of local fish supply, mainly consist of hook and line, and trap fishing. Indian Ocean tuna fisheries largely consist of skipjack, yellow fin, and big eye species, contributing 20% of the global tuna catch.<sup>50</sup>

4.47. On 24 February 2020, the Seychelles and the European Union signed a new six-year sustainable fisheries partnership agreement (SFPA) and associated implementing protocol. It sets out the fishing opportunities for EU vessels, the financial compensation to be paid by the European Union, and the modalities of sectoral support to the fishing industry of Seychelles. The SFPA covers the period 24 February 2020 to 23 February 2026, with an EU financial contribution of

<sup>50</sup> Republic of Seychelles, *Seychelles Blue Economy: Strategic Policy Framework and Roadmap, Charting the Future (2018-2030)*, p. 46. Viewed at: [http://www.seychellesconsulate.org.hk/download/Blue\\_Economy\\_Road\\_Map.pdf](http://www.seychellesconsulate.org.hk/download/Blue_Economy_Road_Map.pdf).

EUR 5.3 million per year, of which EUR 2.8 million is earmarked for the support of the fisheries policies of Seychelles.<sup>51</sup>

4.48. On 10 June 2022, the Seychelles and the European Union signed a new agreement to govern access by Seychelles' fishing vessels to waters of Mayotte<sup>52</sup>, under the jurisdiction of the European Union. The Agreement will have a duration of six years and provides for fishing opportunities for eight Seychelles purse seiners.

4.49. Seychelles has private fishing agreements with the Taiwan Deep Sea Tuna Boat-Owners and Exporters Association to carry out longline fishing for tuna and tuna-like species in Seychelles waters.

4.50. Seychelles has a reciprocal fisheries agreement with Mauritius, allowing it to fish in Seychelles' EEZ.

4.51. Seychelles is a member of the Indian Ocean Tuna Commission (IOTC), which has responsibility for the conservation and management of tuna stocks that migrate in or out of the Indian Ocean.<sup>53</sup> Licences to fish in Seychelles' EEZ are subject to the payment of licence fees and are of a limited duration; licensed vessels must be listed on the IOTC positive record of vessels authorized to fish in the areas of competence of the IOTC.

4.52. As from 1 January 2022, the operations of Seychelles-registered purse seiner vessels are regulated under a new legal framework. The agreement establishes the terms and conditions under which company fishing vessels registered and flagged in Seychelles may carry out purse seine fishing and related activities in the Seychelles fishing zone and outside Seychelles EEZ. The agreement includes revising the licence fee from USD 90,000 to EUR 115,000, and the authorization fee from USD 500 to EUR 5,000 annually.

4.53. The major challenges facing the Seychellois fishing industry, according to the authorities, include the erosion of EU preferential market access, and combating illegal, unreported, and unregulated (IUU) fishing.

4.54. The main fisheries legislation is the Fisheries Act, 2014. According to the authorities, a new Fisheries Bill is being finalized with the aim of providing a modern legislative framework and contributing to the development of the industry in a sustainable manner, based on conservation and management principles in accordance with international agreements and conventions.

4.55. The Ministry of Fisheries and the Blue Economy has the overall responsibility for the fisheries industry. The SFA is a parastatal organization that functions as the executive arm of the Government for fisheries and related matters.<sup>54</sup> The SFA collaborates with local and regional partners including police, the Coast Guard, the Air Force, and the National Drug Enforcement Agency to develop the fishing industry and to safeguard the resource base for sustainable development.<sup>55</sup>

4.56. The overall goal of the fisheries policy is to provide effective, efficient, transparent, and accountable service delivery through a participatory approach to ensure long-term sustainable fisheries and aquaculture management and conservation so that the sector continues to play a key role in the sustainable development of Seychelles and its socio-economic well-being. The policy is structured around 10 policy objectives: good governance and institutional strengthening; sustainable management of fisheries and climate resilience; infrastructure support and value chain development; building efficiency in the industry; investment and economic growth; increasing Seychellois stake-holding in the industrial fisheries sector; employment, training, resourcing, and

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<sup>51</sup> European Commission, *Sustainable Fisheries Partnership Agreement with Seychelles*. Viewed at: [https://ec.europa.eu/oceans-and-fisheries/fisheries/international-agreements/sustainable-fisheries-partnership-agreements-sfpas/seychelles\\_en](https://ec.europa.eu/oceans-and-fisheries/fisheries/international-agreements/sustainable-fisheries-partnership-agreements-sfpas/seychelles_en).

<sup>52</sup> Mayotte is an overseas department and region of France, located in the Indian Ocean.

<sup>53</sup> Republic of Seychelles, *Seychelles Blue Economy: Strategic Policy Framework and Roadmap, Charting the Future (2018-2030)*, p. 46. Viewed at: [http://www.seychellesconsulate.org.hk/download/Blue\\_Economy\\_Road\\_Map.pdf](http://www.seychellesconsulate.org.hk/download/Blue_Economy_Road_Map.pdf).

<sup>54</sup> SFA is 100% state-owned and a public enterprise since 2019. SFA, *Our History*. Viewed at: <https://www.sfa.sc/index.php/about-us1/history>.

<sup>55</sup> Republic of Seychelles, *Seychelles Blue Economy: Strategic Policy Framework and Roadmap, Charting the Future (2018-2030)*, p. 52. Viewed at: [http://www.seychellesconsulate.org.hk/download/Blue\\_Economy\\_Road\\_Map.pdf](http://www.seychellesconsulate.org.hk/download/Blue_Economy_Road_Map.pdf).



human resource development; strengthening monitoring, control, and surveillance; research and innovation in the fisheries sector and aquaculture; and sustainable development of aquaculture.<sup>56</sup>

4.57. Foreign investment in artisanal fishing (including demersal fishing) is not allowed (Section 2.4 and Table A2.3).

4.58. The fisheries subsector in Seychelles receives extensive support (see below) aiming to, *inter alia*, boost the development and competitiveness of the industry, create decent jobs and sustainable livelihoods, and contribute towards food and nutrition security. Addressing harmful fisheries subsidies is a government concern. However, according to the authorities, some subsidies are necessary to support the industry, and phasing out subsidies will require time to implement. Seychelles' position in the WTO negotiations on fisheries subsidies is to ensure that the provisions of any agreement will not hinder the development of its domestic fisheries industry, therefore supporting the provision of S&D treatment for developing countries.<sup>57</sup>

4.59. Support to the fisheries subsector includes:

- Subsidized prices for ice for registered boat owners and fishermen<sup>58</sup>;
- 100% fuel excise tax exemption (on a refund basis) for commercial fishing boats and fuel bought for resale for fuelling commercial fishing vessels (excluding shark fishing)<sup>59</sup>;
- Voluntary insurance scheme available for all full-time boat owners registered with SFA to cover all losses due to all types of natural perils and for all registered fishers and farmers<sup>60</sup>;
- Gainful occupation permit, allowing the holder to be gainfully occupied in Seychelles as an employee or as a self-employed person<sup>61</sup>;
- Sickness benefit for SFA-registered fishermen<sup>62</sup>;
- VAT exemptions for goods and equipment approved for importation by persons engaged solely in farming, fishing, and supporting activities.<sup>63</sup> There is also a refund on any VAT paid on supplies of taxable goods, excluding all motor vehicles except specialized motor vehicles as certified by the relevant Ministry, bought by the eligible person<sup>64</sup>;
- Starting in 2021 and until the end of 2023, individual fishers are exempted from the payment of business tax on any income derived from any fishing activity or fishing-related activity in the case of a fisher<sup>65</sup>;
- Any equipment used solely in the production or processing of agricultural goods or commercial fishing activities, including the processing of fish products of at least SCR 1,000, is exempted from custom duty. There is also a rebate of 50% of the applicable customs duty rate on importation of commercial motor vehicles, and a 5% rebate of the

<sup>56</sup> Information provided by the authorities.

<sup>57</sup> Republic of Seychelles, *Seychelles Blue Economy: Strategic Policy Framework and Roadmap, Charting the Future (2018-2030)*, pp. 70-71. Viewed at: [http://www.seychellesconsulate.org.hk/download/Blue\\_Economy\\_Road\\_Map.pdf](http://www.seychellesconsulate.org.hk/download/Blue_Economy_Road_Map.pdf).

<sup>58</sup> Registered boat owners and fishermen pay only SCR 30 per 50 kg bag, SCR 15 per 25 kg bag, and SCR 10 per 15 kg of ice.

<sup>59</sup> As set out in the Excise Tax (Full Exemption and Concessions) Regulations, 2018.

<sup>60</sup> The premium for the insurance package is 4% of the insured boat value, of which 50% is paid by the Government.

<sup>61</sup> There is a processing fee of SCR 1,000. The fee for the whole duration of the permit being sought at SCR 500 per month or part thereof is payable when submitting the application.

<sup>62</sup> Registered boat owners and fishermen obtain SCR 67 per day on a doctor's approved sick leave. The SFA registration card has to be produced upon seeking financial assistance.

<sup>63</sup> Value Added Tax Act, 2010.

<sup>64</sup> VAT (Refunds for Persons Engaged in Farming, Fishing and Supporting Activities) Regulations, 2018.

<sup>65</sup> The individual fisher shall furnish annual tax returns to the Seychelles Revenue Commission. Business Tax (Exemption of Tax to Individual Fishers and Individual Farmers) Order, 2021.

applicable customs duty rate on importation of inputs and minor operating equipment<sup>66</sup>; and

- Exemption or reduced income tax rate.<sup>67</sup>

4.60. In addition, the fisheries industry has access to the Fisheries Development Fund (FDF); loans offered by the Development Bank of Seychelles (DBS); schemes for SMEs, i.e. the SME scheme and the Small Business Financing Agency Fund; the Blue Investment Fund (BIF); and the Blue Grants Fund (BGF).

4.61. The FDF is derived from the Fisheries Partnership Agreement (FPA) with the European Union, whereby 56% of the proceeds must be reinvested in fisheries and ports development. The primary purpose of the FDF is to further economic development of the fisheries subsector by improving the financing opportunities for local investors (Table 4.6).

**Table 4.6 Fisheries Development Fund, 2022**

Item	Conditions
Maximum loan amount	EUR 500,000
Minimum personal contribution	5% of total project cost
Interest rate	3%
Repayment terms	10 years (12 years in exceptional cases)
Grace period (with capitalized interest)	Not exceeding 9 months from the date of the first disbursement
Guarantee/security	As per normal DBS requirements or shall not be less than 1.0 times the loan amount
Application fee	1% of the loan amount not exceeding SCR 5,000
Bank charges	In accordance with the bank policy
Penalty	Equivalent to commercial bank's prevailing saving's rate plus 1%

Source: Information provided by the authorities.

4.62. Joint venture investment projects can also benefit from the FDF; however, the projects should be based on technological transfer and foreign direct investment (FDI), and must have 51% Seychellois beneficiary ownership.

4.63. Loans offered by the DBS focus mainly on the financing of artisanal and semi-industrial fishing, for the purchase or construction of boats, purchase of navigational equipment, and repair of fishing boats (Table 4.7).<sup>68</sup>

**Table 4.7 Loans by the Development Bank of Seychelles, 2022**

Item	Conditions
Minimum loan amount	SCR 50,000
Maximum loan amount	SCR 5.8 million
Interest rate	11.5%

Source: Information provided by the authorities.

4.64. Administered by the DBS and with the participation of other banks, the SME scheme and the Small Business Financing Agency Fund are available to all sectors, including fisheries with the aim of encouraging the development of businesses and entrepreneurship, excluding retail and wholesale businesses (Section 3.3.1 and Table 3.4).

4.65. The BIF is a loan scheme administered by the DBS and developed specifically to support the expansion and diversification of sustainable fishery value chains. Up to USD 3 million (in SCR equivalent) is offered at 4% interest rate (Table 4.8).<sup>69</sup>

<sup>66</sup> Customs Management (Promotion of Agriculture and Fisheries) Exemption and Rebate Regulations, 2014.

<sup>67</sup> A citizen of Seychelles with emoluments not exceeding SCR 8,550.50 does not pay income tax. Citizens with income above that amount are eligible for a reduced income tax. Income and Non-Monetary Benefits Tax Act, 2017, and its amendment.

<sup>68</sup> Loans by the DBS are available for all sectors, not only fisheries.

<sup>69</sup> DBS, *Blue Investment Fund – Your Partner in Building Sustainable Fisheries*. Viewed at: [https://www.dbs.sc/sites/default/files/article-files/BIF%202%20PAGER%20032021\\_1.pdf](https://www.dbs.sc/sites/default/files/article-files/BIF%202%20PAGER%20032021_1.pdf).

**Table 4.8 Blue Investment Fund, 2022**

Item	Conditions
Amount	Minimum SCR equivalent to USD 10,000 Maximum SCR equivalent to USD 3 million
Interest rate	4% fixed rate
Repayment terms	Up to 15 years
Financing coverage	Up to 90% of the project cost (10% pf the project cost to be contributed by the applicant as co-financing)
Applicants	All Seychellois; locally registered civil society organizations; and locally registered, Seychellois majority-owned commercial entities, including small and medium-sized fisheries enterprises, public-private partnerships, and local-foreign joint ventures
Activities excluded	Purchases of fishing vessels and purchases of fishing gear

Source: DBS, *Blue Investment Fund – Your Partner in Building Sustainable Fisheries*. Viewed at: [https://www.dbs.sc/sites/default/files/article-files/BIF%202020PAGER%20032021\\_1.pdf](https://www.dbs.sc/sites/default/files/article-files/BIF%202020PAGER%20032021_1.pdf).

4.66. The BGF is administered by the Seychelles Conservation and Climate Adaptation Trust (SeyCCAT).<sup>70</sup> SeyCCAT's goal is to competitively grant at least USD 700,000 per year to support Seychellois-led projects that advance marine conservations, sustainable fisheries, development of new and existing marine protected areas (MPAs), and selected other blue sectors. In 2021, the total requested amount from 54 applications (SCR 47.6 million) more than doubled the funds available (SCR 23.7 million). As a result, the BGF was closed and is due to reopen in 2023.<sup>71</sup>

4.67. The BIF and the BGF are part of the Seychelles' Blue Finance approach and the Blue Economy Strategic Framework and Roadmap 2018-2030.

#### 4.1.4.1 Blue Economy

4.68. On 31 January 2018, Seychelles launched its Blue Economy<sup>72</sup> Strategic Framework and Roadmap 2018-2030 "as a means of realising the nation's development potential through innovation and knowledge-led approaches, being mindful of the need to conserve the integrity of the Seychelles marine environment and heritage for present and future generations".<sup>73</sup> According to the authorities, the aim is to make maximum use of its 1,358 million km<sup>2</sup> of ocean in the most sustainable manner possible.<sup>74</sup>

4.69. In 2015, the Department of the Blue Economy, under the Office of the Vice President, was established to promote the sustainable use of marine resources and coordinate the use of the EEZ. It also oversees the implementation of the Strategic Framework and Roadmap 2018-2030. The Department's primary target is to bring about economic diversification in order to increase Seychelles' self-sufficiency and resilience to external shocks. According to the authorities, this is being pursued through the reinforcement of the country's traditional sectors (e.g. fisheries, tourism, ports, environment, and maritime security) by encouraging more value addition across their value chains. Also, through the development of hybrid sectors such as sports tourism and the exploration and/or subsequent development of emerging sectors (e.g. marine biotechnology, extractive industry, aquaculture, and renewable energy).<sup>75</sup>

4.70. In October 2018, Seychelles issued the world's first sovereign blue bond, worth USD 15 million with guarantees from the World Bank and the Global Environment Facility, to attract

<sup>70</sup> SeyCCAT was established by the Conservation and Climate Adaptation Trust of Seychelles Act, 2015.

<sup>71</sup> SeyCCAT, *The Blue Grants Fund 6 Is Now Closed: Check Back in 2023!* Viewed at: <https://seycat.org/how-to-apply/>.

<sup>72</sup> The term "Blue Economy" refers to the sustainable development of ocean resources, while significantly reducing environmental risks and ecological scarcities. Republic of Seychelles, *Seychelles Blue Economy: Strategic Policy Framework and Roadmap, Charting the Future (2018-2030)*, p. 1. Viewed at: [http://www.seychellesconsulate.org.hk/download/Blue\\_Economy\\_Road\\_Map.pdf](http://www.seychellesconsulate.org.hk/download/Blue_Economy_Road_Map.pdf).

<sup>73</sup> It is articulated through four strategic priorities: creating sustainable wealth; sharing prosperity; securing healthy, resilient, and productive oceans; and strengthening the enabling environment. Republic of Seychelles, *Seychelles Blue Economy: Strategic Policy Framework and Roadmap, Charting the Future (2018-2030)*, p. viii. Viewed at: [http://www.seychellesconsulate.org.hk/download/Blue\\_Economy\\_Road\\_Map.pdf](http://www.seychellesconsulate.org.hk/download/Blue_Economy_Road_Map.pdf).

<sup>74</sup> SIB, *Blue Economy*. Viewed at: <https://investinseychelles.com/key-sectors/blue-economy>.

<sup>75</sup> There are also cross-cutting efforts to empower the local population at large, especially youth and women. For this, special focus has been placed on education/training and sensitization.

private investment and finance a transition to sustainable fisheries, and in particular the implementation of the Mahé Plateau Demersal Fisheries Management Plan.<sup>76</sup> This 10-year blue bond to finance fisheries projects makes Seychelles the world's first country to utilize capital markets for funding the sustainable use of marine resources.<sup>77</sup> Seychelles is using the proceeds of the blue bond, i.e. BGF (USD 3 million) and BIF (USD 12 million), to support private (business, civil society, and NGOs) and public investment in ocean conservation, sustainable fisheries, and Blue Economy value chains (Box 4.1).

#### Box 4.1 Seychelles' blue bonds

##### ***What are blue bonds?***

Blue bonds are financial instruments issued by governments, development banks, or other entities to raise capital from impact investors to finance marine and ocean-based projects that have positive environmental, economic, and climate benefits.

##### ***Why did Seychelles decide to issue blue bonds?***

Like many small island developing states (SIDS), Seychelles' economy is highly dependent on the ocean for food, nutrition, and livelihoods; marine habitats; and other Blue Economy sectors such as tourism. As the economy grew, Seychelles recognized the need to rebuild and sustainably utilize its marine resources through improved governance and management of the relevant sectors. However, the costs of transitioning to sustainable economic activities can be substantial for a small island state, both in terms of management costs and socio-economic losses.

##### ***What makes blue bonds unique?***

Unlike green bonds, which are predominantly terrestrial based, blue bonds are ocean-space related. Blue bonds combine public and private investment to mobilize resources for empowering local communities and businesses.

##### ***What are the goals of blue bonds?***

- 1) Expanding sustainable use of marine protected areas through investments in planning, implementing, and enforcing planned expansion of areas within Seychelles' EEZ.
- 2) Improving governance of priority fisheries by investing in finalizing key fisheries management plans and building the institutional capacity to implement those plans.
- 3) Sustainable development of the Blue Economy by investing in developing greater value addition from aquaculture, industrial, semi-industrial, and artisanal fishing, and processing sectors.

##### ***What is the structure of the Seychelles sovereign blue bond?***

The sovereign blue bond was issued with a ceiling value of USD 15 million, with a maturity of 10 years. The blue bond, as well as the programme of marine and ocean-related activities it supports, was prepared with assistance from the World Bank and the Global Environment Facility. This support includes a partial World Bank guarantee (USD 5 million) and concessional loan from the Global Environment Facility (USD 5 million), which will partially subsidize payment of the bond coupons.

##### ***How are the proceeds of blue bonds used?***

The proceeds, referred to as Blue Finance, are being used to capitalize a Blue Grants Fund (USD 3 million) and Blue Investment Fund (USD 12 million), each of which provides financing for marine and ocean-related activities that contribute to the transition to sustainable fisheries and use of marine resources.

##### ***Who administers blue bonds?***

The proceeds are being managed by SeyCCAT, which also administers the BGF. The DBS on the other hand, is administering loans from the BIF. These two funds are designed to complement each other. SeyCCAT, a public-private trust, provides grants for local enterprises to develop innovative business models. If successful, this model can facilitate applying for a loan from the Blue Investment Fund.

<sup>76</sup> SFA (2019), *Mahé Plateau Trap and Line Fishery Co-management Plan*. Viewed at: [https://www.sfa.sc/images/2021/06/18/Mahe Plateau Trap and Line Fishery Co-Mangement Plan - March 2019.pdf](https://www.sfa.sc/images/2021/06/18/Mahe%20Plateau%20Trap%20and%20Line%20Fishery%20Co-Mangement%20Plan%20-%20March%202019.pdf).

<sup>77</sup> Republic of Seychelles, *Seychelles Blue Economy: Strategic Policy Framework and Roadmap, Charting the Future (2018-2030)*, pp. 8-9. Viewed at: [http://www.seychellesconsulate.org.hk/download/Blue\\_Economy\\_Road\\_Map.pdf](http://www.seychellesconsulate.org.hk/download/Blue_Economy_Road_Map.pdf).

***Who are the main beneficiaries of blue bonds?***

The main beneficiaries are Seychellois whose livelihood depend on marine resources and the ocean, notably artisanal, semi-industrial fishers, and operators in seafood value chains (such as aquaculture and national and local institutions engaged in management of marine resources).

Source: Information provided by the authorities.

**4.1.4.2 Aquaculture**

4.71. The overall goal of the aquaculture policy is to guide an effectively managed and environmentally responsible aquaculture industry that contributes towards food security and the creation of wealth in Seychelles. It is structured around eight policy objectives: good governance in aquaculture; sustainable environmental policy for aquaculture; coordinated support for the development of aquaculture; investment in aquaculture; inclusive participation in the industry; aquaculture products and markets policy; development of aquaculture on the Outer Islands; and R&D in aquaculture.<sup>78</sup>

4.72. In 2020, Seychelles removed the prohibition on foreign investment on aquaculture, allowing foreigners to participate in up to 49% of the equity of a company engaged in these activities (Section 2.4.1 and Table A2.3).

**4.2 Energy**

4.73. Electricity, gas, and water contributed 3.2% to GDP during 2015-20 (Chart 1.1). Some of Seychelles' SOEs are engaged in the energy sector, notably Seychelles Petroleum Company (SEYPEC) and Public Utility Corporation (PUC) (Section 3.3.5 and Table 3.7).

4.74. Some 99.2% of Seychelles' primary energy requirements (petroleum products) are imported and resold by the fully state-owned SEYPEC.<sup>79</sup> Seychelles' fuel import bill (HS 27) represented 19.9% of the total value of merchandise imports in 2021, compared with 17.8% in 2015 (Section 1.3.1 and Table A1.3).

4.75. Seychelles' dependence on imported fuels, and its vulnerability to fluctuations in oil prices prompted the Government to encourage greater use of renewable energy and to utilize energy resources in a more efficient manner. To achieve this, the Energy Policy 2010-2030 was launched with the following vision: basic energy services must be affordable for the whole population; energy base will be diversified and in the long term, energy supply will be 100% based on renewables<sup>80</sup>; energy supply will be based on both public and private participation and ownership; demand for energy services should always be met with the most energy-efficient technologies; for security reasons, Seychelles must have access to at least a nine-month stock of petroleum products at all times; and energy will be priced to consumers at its true cost.<sup>81</sup>

4.76. The Energy Act, 2012, implemented by the Seychelles Energy Commission (SEC)<sup>82</sup>, governs all activities regarding generation, transmission, distribution, sales, and use of electricity. Although it is not yet fully in force, the Act also makes provisions for the development of renewable energy

<sup>78</sup> Information provided by the authorities.

<sup>79</sup> Following the closure of the Shell Oil Company in April 1985 after having been Seychelles' sole supplier of fuel for almost 20 years, SEYPEC was founded, with one sole mandate: fulfilling the country's energy requirements through the supply of fuel. SEYPEC's operations are based at three depots: New Port, Airport, and Praslin. Its main functions revolve around the storage and supply of petroleum products to the domestic and international market, the bunkering of vessels, aviation refuelling operations, and the management of its shipping arm. SEYPEC, *About Us*. Viewed at: <https://www.seypec.com/about-us>.

<sup>80</sup> Reducing energy dependency combined with more renewable energy production could also contribute to increased security of supply, as well as meeting projected international commitments under the Paris Agreement for 100% renewable energy use by 2050. Republic of Seychelles, *Seychelles Blue Economy: Strategic Policy Framework and Roadmap, Charting the Future (2018-2030)*, p. 61. Viewed at: [http://www.seychellesconsulate.org.hk/download/Blue\\_Economy\\_Road\\_Map.pdf](http://www.seychellesconsulate.org.hk/download/Blue_Economy_Road_Map.pdf).

<sup>81</sup> SIB, *Proposal for Energy Policy of the Republic of Seychelles, 2010-2030*. Viewed at: <https://investinseychelles.com/key-sectors/other/renewable-energy>.

<sup>82</sup> The SEC was set up in July 2009 with the responsibility for the oversight and planning of the Government's approach on energy issues. Since then, the SEC's mandate has expanded to incorporate regulatory functions.

and energy efficiency including through VAT exemption. Indeed, the SEC is implementing an interim procedure for importers to be exempted from VAT upon importation of energy-efficient electrical appliances. It is available only for air conditioners, refrigerators, freezers, washing machines, and light bulbs, along with solar photovoltaic (PV) systems and components, and solar water heating systems, provided they comply with minimum energy performance standards. Moreover, some incentives are being granted to encourage adoption of new, cleaner technologies, notably through the Solar PV Rebate Scheme, and Seychelles Energy Efficiency and Renewable Energy Programme (SEEREP) Rebate Scheme (Section 3.3.1 and Table 3.4).<sup>83</sup>

4.77. The European Union funded the development of the Energy Act, 2012, which has paved the way for the integration of renewable energy sources into the electricity grid. Oil upstream and downstream activities are not covered by the Act, and the SEC does not regulate the petroleum sector. An upstream policy is under development to promote efficient and safe petroleum operations. Land transport and production of electricity count for more than 80% of oil consumption in Seychelles.<sup>84</sup>

4.78. The PUC, a 100% state-owned parastatal body established in 1986 under the PUC Act, is the main energy provider in Seychelles. Private producers vary from distributed generators and auto-producers to independent power producers. Currently, the PUC provides permission to producers such as large hotels, which either cannot connect to the grid or cannot be supplied sufficiently by the PUC. The SEC provides the registration certificates and licence as per the Energy Act, 2012. Electricity on the main islands of Mahé, Praslin, and La Digue is generated using internal combustion engines running on fuel oil and gas oil. The supply of electricity on the other islands is from small gas oil operating engines.<sup>85</sup>

4.79. A number of oil and gas exploration licences have been granted by PETRO Seychelles<sup>86</sup> and are considered in the development of Seychelles Marine Spatial Plan (SMSP). In 2014, the SMSP initiative was launched to develop a comprehensive marine plan and address climate change adaptation, protect marine biodiversity, and support the Blue Economy. It is a government-led process with funding being provided through private grants and the Government.<sup>87</sup> The SMSP uses an ecosystem-based approach to propose new MPAs in conjunction with improved management of the ocean.<sup>88</sup>

4.80. Under its Inclusive Industrial Competitiveness Policy 2015-2020, Seychelles is gradually replacing its current utilities tariff system, based on increasing unit/marginal rates, by flat unit rates to reduce the risk of penalizing successful producers by higher utility rates.

4.81. Seychelles' energy policy focuses on the need to reduce energy dependency through increased energy efficiency and promotion of renewable energy sources (wind and solar), which currently account for 5% of total electricity demand. Increasing the use of renewable energy sources requires a progressive change of the energy system and infrastructure, such as the modernization of the network system, introduction of technologies such as smart meters, battery storage, and other grid stabilizing technology. Seychelles is looking to accelerate the adoption of renewable energy technologies through the revision of the energy policy and legislative framework and the establishment of new promotional schemes in addition to the ones already mentioned.

4.82. The energy policy is currently being reviewed, with a new policy document to be presented to the Government for approval by the end of 2022. According to the authorities, under this new energy policy document, Seychelles aims to simplify the overall vision and structure with a more relevant, targeted, and actionable targets. These targets are very ambitious for a SIDS and are in line with the objectives of the Paris Agreement by further committing to reducing economy-wide absolute

<sup>83</sup> Air conditioners, refrigerators, and freezers have been included as restricted goods.

<sup>84</sup> Republic of Seychelles, *Seychelles Blue Economy: Strategic Policy Framework and Roadmap, Charting the Future (2018-2030)*, p. 64. Viewed at: [http://www.seychellesconsulate.org.hk/download/Blue\\_Economy\\_Road\\_Map.pdf](http://www.seychellesconsulate.org.hk/download/Blue_Economy_Road_Map.pdf).

<sup>85</sup> Tourism activities (hotels) are the main consumers of electricity on these islands.

<sup>86</sup> In 1984, the Government established a national oil company, currently PETRO Seychelles, to strengthen its exploration and development of petroleum capabilities. It is 100% state-owned.

<sup>87</sup> In part from SeyCCAT.

<sup>88</sup> The SMSP applies global best practices, scientific data, local expert knowledge, and stakeholder input to create maps showing how the ocean is being used. SMSP, *Seychelles Marine Spatial Plan: The Initiative*. Viewed at: <https://seymsp.com/the-initiative/>.

greenhouse gas (GHG) emissions by 293.8 ktCO<sub>2</sub>e in 2030 (26.4%) compared to "business as usual" scenario. Seychelles also seeks to achieve a substantial mitigation benefit, lowering the GHG emission to 817 ktCO<sub>2</sub>e by 2030, relative to baseline emissions.<sup>89</sup>

4.83. Imports of electrical energy (ISIC 4 definition) have a zero-duty rate (Table A3.1).

### 4.3 Manufacturing

4.84. In recent times, the manufacturing sector has grown generally in line with economic trends as increased purchasing power and sustained tourism growth facilitated its rapid evolution.<sup>90</sup> In total, the manufacturing sector employed about 4,000 people (7.6% of total labour force in 2020).<sup>91</sup>

4.85. In 2020, the manufacturing sector faced significant challenges, key of which was the pandemic that increased prices of imported goods and reduced demand from the tourism sector. With the exception of the manufacture of food, which grew in 2020 and was supported by an increase in the production of canned tuna, the other three manufacturing industries contracted, notably the output of spirits and mineral water.<sup>92</sup>

4.86. In 2021, the manufacturing sector is estimated to have declined by 4.2%, mainly due to a 7.0% reduction in the output of manufacture of fishery products associated with difficulties encountered in the production of canned tuna, such as labour disruptions, rising costs, and increased competition in international markets. By contrast, manufacture of beverages and tobacco increased by 6.0% on account of strong performance in the production of mineral water, soft drinks, and beer.

4.87. Resource-based manufacturing represents about three quarters of Seychelles' total manufacturing output; very limited low-technology or medium-technology products are currently being manufactured, and no high-technology products. Manufacturing is indeed dominated by food products (in particular processed fish or fish products) and beverages. Seychelles-manufactured products are generally not competitive because most inputs (e.g. raw materials, packaging materials, cardboard boxes, condiments) are imported. This inhibits manufacturers from achieving competitive prices, as do high production costs; the quality of output also needs to be improved to increase the chance of penetrating export markets. Other major challenges facing the sector are related to the high cost of utilities and its vulnerability to international price trends, and the continuous increase in the costs of doing business, such as operating infrastructure, the high rental cost of privately owned premises, and access to affordable financing.<sup>93</sup>

4.88. The manufacturing sector comprises mostly micro, small, and medium-sized enterprises (MSMEs), further categorized as "cottage/micro enterprises" (annual sales turnover not exceeding SCR 2 million, and/or not exceeding 10 full-time employees); "small enterprises" (annual sales turnover between SCR 2 million and SCR 10 million, and/or not exceeding 15 full-time employees); and "medium enterprises" (annual sales turnover between SCR 10 million and SCR 25 million, and/or not exceeding 50 full-time employees).

4.89. Indian Ocean Tuna is Seychelles' largest manufacturing company and the largest single employer, and it accounts for most of the country's merchandise exports.<sup>94</sup> In terms of spatial patterns, almost all manufacturing activities are concentrated on the main island of Mahé. There is potential for the development of manufacturing activities on the Outer Islands, but transportation costs and the difficulty in recruiting local workforce on these islands are major constraints.

<sup>89</sup> Information provided by the authorities. Overall GHG emissions are measured in kilotons of carbon dioxide equivalent (kt CO<sub>2</sub>e), by weighing non-carbon dioxide gases by their global warming potential.

<sup>90</sup> CBS, *Annual Report 2020*, p. 18. Viewed at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202020.pdf>.

<sup>91</sup> The fish-processing industry accounts for about half of the total employment in manufacturing.

<sup>92</sup> CBS, *Annual Report 2020*, p. 18. Viewed at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202020.pdf>.

<sup>93</sup> Entrepreneurship and Industry Department, *Policies and Legislations*. Viewed at: <http://www.industry.gov.sc/policies-and-legislations/policies>.

<sup>94</sup> Indian Ocean Tuna is also the largest company in Seychelles and the second-largest tuna canning factory in the world.

4.90. The only manufacturing subsector where Seychelles can be said to have a comparative advantage is processed or preserved fish and fish products. Other than that, the only significant manufactured export is specialized orthopaedic appliances. While rum exports have grown in the last few years, the value of these exports is still relatively small. Seychelles has also been slow in recent years in diversifying products and its export markets; more than 90% of its exports are to the EU-27. Seychelles' geographical position, topography, and small population are significant constraints to the diversification and structural transformation.

4.91. To address some of these challenges and make the industrial sector sustainable and a strong economic pillar, the Government is putting a renewed focus on industrial policy, mainly through the Seychelles Inclusive Industrial Competitiveness Policy 2015-2020 launched in 2015 by the Ministry of Investment, Entrepreneurship Development and Business Innovation (now the Ministry of Investment, Entrepreneurship, and Industry). This policy recognizes the potential of industrialization and encourages the private sector competitiveness, notably of MSMEs. Among its main objectives are promoting agro and fish processing for value addition in niche exports; encouraging knowledge-based industries such as information and communications technology (ICT), call centres, extraction, pharmaceuticals, technology, and innovation; and developing competitive industries that use local raw materials.<sup>95</sup>

4.92. Some of the strategic objectives under this policy are to further create a sustainable business environment, including through public-private partnerships (PPP); foster foreign and local direct investments; advance the development of human capital; conclude bilateral investment treaties (BITs), economic partnership agreements, and industry protocols; conclude bilateral/multilateral investment agreements; provide fiscal incentives; promote and protect intellectual property rights (IPRs); invest in the development of quality infrastructure; invest in sustaining local raw materials; improve and strengthen MSMEs' performance; develop quality assurance and environmental/health standards; and improve and promote exports.

4.93. The manufacturing sector may also benefit from the following general economic support or stimulus packages and state aid<sup>96</sup>:

- The Government subsidizes the interest rate on loans provided by the banks to SMEs; the maximum repayment period was increased to 10 years; and
- The Small and Medium Business Development Fund administered by the DBS helps companies registered in Seychelles and 100% owned by Seychellois to borrow a maximum loan of SCR 100,000. The Government guarantees 100% of the loan (no security needed), and it is interest-free with a 12-month moratorium and a maximum repayment period of 3 years, exclusive of the 12-month moratorium for the principal amount of the loan. It has an indefinite duration, subject to yearly reviews.

4.94. In addition, some measures were taken to enable businesses to cope with the financial impact of the pandemic, such as adjusting the monetary policy rate, setting up a credit facility to assist affected individuals and businesses with their cash flow, and establishing a moratorium/rescheduling of loan facilities. This also included the Private Sector Relief Scheme for Micro, Small and Medium Enterprises, and the Private Sector Relief Scheme for Large Enterprises (Section 3.3.1 and Table 3.5). These two private sector relief schemes were discontinued as from 1 April 2022 (Section 4.4.2.1).

4.95. Manufacturing industries that meet certain requirements are also eligible for finance schemes, such as the Seed Capital Grant Scheme, scrapped during the pandemic but reintroduced in 2022.<sup>97</sup> This scheme was launched in 2016 to provide capital of up to SCR 50,000 to fund small start-up<sup>98</sup>

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<sup>95</sup> The industrial sector is defined as those economic sectors that focus on manufacturing, processing, re-processing, value-added, related services, and expertise for competitive producers. Entrepreneurship and Industry Department, *Policies and Legislations*. Viewed at: <http://www.industry.gov.sc/policies-and-legislations/policies>.

<sup>96</sup> Information provided by the authorities.

<sup>97</sup> Entrepreneurship and Industry Department, *Policies and Legislations*. Viewed at: <http://www.industry.gov.sc/policies-and-legislations/policies>.

<sup>98</sup> A start-up is a business that is no older than 36 months from the date of registration with the Registration Division and at the time of submitting the application.



businesses and assist them in their early stages of development. The Ministry of Finance, Trade, Investment and Economic Planning allocated SCR 25 million for the scheme for the period 2017-21; SCR 5 million was allocated each year, to assist at least 100 applicants per year.

4.96. The average applied MFN tariff on manufactured goods (ISIC 3 definition) is 2.3%, with tariffs ranging from zero to 200% on certain tobacco products and retreaded tyres (Table A3.1).

4.97. Seychelles is signatory to the WTO Information Technology Agreement, which includes some manufacturing industries.<sup>99</sup>

4.98. Seychelles' manufacturing exports no longer benefit from preferential access to export markets under certain Generalized System of Preferences (GSP) programmes as a consequence of reaching the status of "high-income" country. In January 2017, for example, Seychelles was removed from the list of beneficiaries of the United States' GSP and African Growth and Opportunity Act (AGOA) programmes (Section 2.3.2.2).

4.99. Foreign investment in manufacturing and trading of handicrafts is not allowed (Section 2.4 and Table A2.3).

### International trade zones

4.100. The Financial Services Authority (FSA) is responsible for the regulation and control of all activities in International Trade Zones (ITZ). There are five types of licences under the International Trade Zone Act, 1995 (ITZ Act 1995) (Table 4.9).

**Table 4.9 Minimum level of investment and licence fees in ITZ, 2022**

Type of licence	Minimum level of investment	Processing fees	Annual licence fee
Redistribution	USD 5,000	Nil	USD 550
Light assembly	USD 5,000	Nil	USD 550
Manufacturing	USD 15,000	USD 1,300	USD 2,700
Processing	USD 15,000	USD 1,300	USD 2,700
Export	USD 10,000	USD 500	USD 1,500

Source: FSA (2022), *International Trade Zone Guidelines*.

4.101. Under Section 3 of the ITZ Act 1995, an ITZ may be a single business or multiple businesses. Goods brought into, or services provided to a person in, any place in Seychelles, other than a zone, from a zone shall be deemed to be goods imported into, or services provided from, a place outside Seychelles. Goods moving from one zone to another zone or from one zone for the purposes of being exported to a foreign country shall not, while in transit through any other part of Seychelles, be treated as goods that have been imported into Seychelles.<sup>100</sup>

4.102. Under the ITZ Act 1995, manufacturing industries operating within the ITZ are eligible to receive the following incentives: 0% customs duty imported into the ITZ; 0% VAT for goods imported into the ITZ; 0% rate of excise tax provided the goods entered for export under the customs legislation; exemption from paying for ITZ work permit fee; 100% foreign ownership is allowed; ability to import foreign workers for skills absent in Seychelles; exemption from stamp duty; and exemption from immovable property tax.<sup>101</sup>

4.103. ITZ previously benefited from a 0% business tax concession. With the review conducted by the Code of Conduct Group (COCG) for Business Taxation<sup>102</sup>, the ITZ Act 1995 was amended to repeal this concessionary tax rate as it was deemed harmful by the COCG. Subsequent to the amendments, existing licence holders (ITZ operators licensed before 27 December 2019) have been granted a grace period of three years to continually benefit from the business tax concession until

<sup>99</sup> Seychelles has not endorsed the declaration for the expansion of the ITA coverage as there is a discrepancy in the bound rates for 42 tariff lines.

<sup>100</sup> FSA (2022), *International Trade Zone Guidelines*.

<sup>101</sup> FSA (2022), *International Trade Zone Guidelines*.

<sup>102</sup> The COCG is an international organization under the scope of the European Union with the mandate of assessing tax measures in jurisdictions significantly lower or at a rate of zero as opposed to the general tax rate in that particular jurisdiction. FSA (2022), *International Trade Zone Guidelines*.

31 December 2022.<sup>103</sup> According to the authorities, ITZ companies are allowed to sell up to 20% of the goods they produced to the domestic market (Section 3.2.4).

#### 4.4 Services

4.104. The services sector accounted for 78.6% of economic activity during 2015-20 (Chart 1.1) and accounted for about two thirds of total employment. Tourism is the main driver of economic growth and the main employer in Seychelles. Another important services segment is telecommunications, where there has been rapid advancement and innovation in recent years that facilitated the switch to digital platforms. Such development was deemed critical during the pandemic, given the health restrictions and urgency to reduce the risks of community transmission locally.

4.105. Some of Seychelles' SOEs are engaged in the sector, notably the FSA, the DBS, Seychelles Commercial Bank, Nouvobank, Air Seychelles, Seychelles Civil Aviation Authority, Seychelles Ports Authority, and Seychelles Public Transport Corporation (Table 3.7). During the review period, the supervision of four SOEs was transferred from the Public Enterprise Monitoring Commission (PEMC) to the Central Bank of Seychelles (CBS): the DBS, Housing Finance Company Limited, Seychelles Commercial Bank Limited, and Nouvobank (Section 3.3.5).

4.106. The newly adopted Investment (Economic Activities) Regulations, 2022 lists the services activities that are open to foreign investment without restrictions. It is based on the WTO Services Sectoral Classification list.<sup>104</sup> Activities subject to foreign equity restrictions include restaurants, certain type of hotels, and the maintenance and repair of some type of vessels. In addition, there are few specific services reserved to Seychellois (e.g. boat charter, clearing agency, and tour guides), while other activities are subject to an economic needs test (Section 2.4 and Table A2.3).

4.107. In its GATS schedule, Seychelles made horizontal and partial commitments in all 11 sectors identified in the WTO Services Sectoral Classification list: business services; communication services; construction and related engineering services; distribution services; educational services; environmental services; financial services; health and related social services; tourism and travel-related services; recreational, cultural, and sporting services; and transport services.<sup>105</sup>

4.108. Under some of its regional trade agreements, Seychelles is also seeking to gradually liberalize trade in services. For example, Common Market for Eastern and Southern Africa (COMESA) members have prioritized services negotiations in communication, financial, tourism, and transport. The Southern African Development Community (SADC) Protocol provides for progressive liberalization in six priority sectors: communication, financial services, tourism, transport, construction, and energy-related services. Under the African Continental Free Trade Area (AfCFTA), Seychelles has already submitted its services commitments (Section 2.3.2.1).

4.109. According to UNCTAD, *de facto* monopolies exist in transportation and telecommunication services: "While the size of the market may explain concentration in some sectors and might be justified in certain areas where value for money might not be guaranteed to private operators, it nevertheless affects business operations, as exemplified by the high cost of shipping at the Port [Victoria] and of electricity".<sup>106</sup> PPP legislation, currently being developed, may provide an opportunity for the entry of new economic operators in sectors that were closed until now.<sup>107</sup> According to the authorities, a new policy has been announced that will allow private players in public road transport. This policy, however, has not yet been published officially.

<sup>103</sup> New ITZ operators licensed after 27 December 2019 are advised to clarify their tax obligations with the Seychelles Revenue Commission (SRC). FSA (2022), *International Trade Zone Guidelines*.

<sup>104</sup> The WTO Services Sector Classification (WTO document MTN.GNS/W/120, 10 July 1991) is based on the UN Central Product Classification and comprises 11 sectors and 55 subsectors.

<sup>105</sup> WTO document GATS/SC/153, 30 June 2015.

<sup>106</sup> UNCTAD (2020), *Investment Policy Review: Seychelles*, p. 34; and IMF Country Report No. 19/194.

<sup>107</sup> UNCTAD (2020), *Investment Policy Review: Seychelles*, p. 34.

#### 4.4.1 Financial services

##### 4.4.1.1 Overview

4.110. Financial and insurance activities contributed 6.5% of GDP over 2015-20 (Chart 1.1). During the pandemic, the financial services industry faced critical financial stability challenges; in particular, commercial banks remained susceptible to risks associated with undesirable movements in the exchange rate and elevated levels of uncertainty, which translated to subdued private sector lending and asset performance. Nonetheless, it is estimated that financial services expanded in 2020-21 partly due to the support offered by CBS, mainly through two credit line facilities administered by the relevant credit-granting institution: the Private Sector Relief Scheme for Micro, Small and Medium Enterprises, and the Private Sector Relief Scheme for Large Enterprises. On 31 January 2022, the CBS Board approved its strategy for unwinding of its pandemic-related support measures, including the withdrawal of the private sector relief schemes effective on 1 April 2022 (Section 3.3.1 and Table 3.5).

4.111. The CBS, under the Financial Institutions Act, 2004 (as amended), is responsible for regulating financial institutions<sup>108</sup>, credit unions<sup>109</sup>, and payment service providers and payment system operators<sup>110</sup>, as well as other non-banking institutions such as the DBS, Housing Finance Company Limited, and financial leasing companies.<sup>111</sup> The FSA, under the Financial Services Authority Act, 2013 (as amended), is responsible for non-bank financial services, including the insurance industry, private pensions, leasing, peer-to-peer lending, capital markets, and wealth and asset management. The CBS and the FSA are jointly in charge of ensuring the soundness and stability of the financial system.

4.112. According to the authorities, there is ongoing engagement with the Attorney General's Office for legislative changes to relevant regulations for adoption of Basel II<sup>112</sup> Pillar. Moreover, the CBS is finalizing amendments to the Foreign Exchange Act, 2003 whereby payment service providers and credit unions will now be included in the definition of authorized dealers, hence permitting these entities to engage in foreign currency transactions, as approved by the CBS. The CBS is also finalizing a proposed framework for bank resolution aligned with the BCBS recommendations and FSB Key Attributes of Effective Resolution Regimes as well as adoption of Basel III capital definition, which focuses on high-quality capital, predominantly in the form of shares and retained earnings that can absorb losses.<sup>113</sup> Lastly, the CBS will be finalizing its regulatory/supervisory framework for non-bank credit-granting institutions.

4.113. Other work that remains ongoing is the strengthening of the regulatory framework for credit unions, banks, and other financial services providers. Furthermore, the CBS has initiated discussions with relevant stakeholders in relation to its framework to regulate and supervise fintech<sup>114</sup> firms wishing to engage in the provision of payment services locally as well as setting out its roadmap for development and implementation of green finance.<sup>115</sup>

<sup>108</sup> Banks and Bureaux de Changes under the Financial Institutions Act, 2004 (as amended).

<sup>109</sup> Under the Credit Union Act, 2009.

<sup>110</sup> Under the National Payment System Act, 2014.

<sup>111</sup> Under the Financial Leasing Act, 2013. It should be noted that currently no such institutions have been licensed.

<sup>112</sup> Basel II is the second set of international banking regulations defined by the Basel Committee on Bank Supervision (BCBS). It is an extension of the regulations for minimum capital requirements as defined under Basel I. The Basel II framework operates under three pillars: capital adequacy requirements, centralized supervision, and market discipline. Pillar 1 improves on the policies of Basel I by taking into consideration operational risks in addition to credit risks associated with risk-weighted assets. Bank for International Settlements (BIS), *Enhancements to the Basel II Framework*. Viewed at: <https://www.bis.org/publ/bcbs157.htm>.

<sup>113</sup> The new features include specific classification criteria for the components of regulatory capital. BIS, *Definition of Capital in Basel III: Executive Summary*. Viewed at: [https://www.bis.org/fsi/fsisummaries/defcap\\_b3.htm#:~:text=Regulatory%20capital%20under%20Basel%20II,the%20components%20of%20regulatory%20capital](https://www.bis.org/fsi/fsisummaries/defcap_b3.htm#:~:text=Regulatory%20capital%20under%20Basel%20II,the%20components%20of%20regulatory%20capital).

<sup>114</sup> Financial technology (fintech) delivers financial services through software, such as online banking, mobile payment apps, or cryptocurrencies.

<sup>115</sup> The Seychelles Fintech Strategy along with the modernization of the National Payment System Plan was approved by Cabinet in August 2021.

4.114. In 2014, the Government adopted the Financial Sector Development Implementation Plan (FSDIP), which aims at strengthening and modernizing the financial system and ensuring financial stability. According to the authorities, Seychelles is committed to moving towards a digital economy that encompasses the need to tie in technology with financial services through certain initiatives (notably fintech and digitalizing the payment system) to allow for greater efficiency and financial inclusion, and to enhance consumer protection. In September 2020, the growing importance of cybersecurity at a national level was highlighted following a ransomware attack on the DBS.<sup>116</sup>

4.115. The Anti-Money Laundering Act, 2006 established a Financial Intelligence Unit (FIU), bringing the Seychelles' anti-money laundering regime more into line with international practices. The FIU has the authority to request information considered relevant to an offence under the Act, and from reporting entities, supervisory agencies, and law enforcement agencies. The FIU may enter into an agreement or arrangement to facilitate the exchange of information with a foreign counterpart agency that performs similar functions and is subject to similar secrecy obligations. The Anti-Money Laundering Act requires reporting entities to take "reasonable measures" to ascertain the purpose of any transaction in excess of SCR 100,000, or of SCR 50,000 in the case of cash transactions, and the origin and ultimate destination of the funds involved in the transactions.

4.116. With the enactment of the Anti-Money Laundering and Countering the Financing of Terrorism Act, 2020 (AML/CFT Act), the FSA assumed responsibility for AML/CFT Supervisor for the existing sectors it was hitherto supervising and regulating from a prudential supervisory standpoint only under the relevant regulatory legislations. The regulated sectors for which the FSA assumed the role of AML/CFT Supervisor in 2020 in addition to its prudential supervision responsibilities are: fiduciary (trusts and company service providers); insurance (insurance companies and intermediaries); capital markets (Securities Act licensees); and gambling (gambling licensees). Similar to its prudential supervisory activities, the FSA adopts a risk-based approach concept to AML/CFT supervision.<sup>117</sup>

4.117. The enactment of the AML/CFT Act also assigned the responsibility for AML/CFT supervision of banks, non-bank deposit-taking institutions, credit unions, payment system providers, and *bureaux de change* to the CBS who previously was undertaking only prudential supervision of these entities. The CBS, with the assistance of the World Bank, has developed the risk-based supervisory framework for implementation, and this resulted in the risk-based supervisory policy being approved by the CBS Board of Directors in August 2021.

4.118. In 2021, following amendments to the Business Tax Act that ensured that the tax system conformed to international standards, Seychelles was moved from the EU tax haven blacklist to the EU grey list.<sup>118</sup> This is expected to enhance the reputation of Seychelles in international markets.<sup>119</sup>

4.119. In November 2021, Fitch Ratings upgraded Seychelles' Long-Term Foreign-Currency Issuer Default Rating (IDR) from B to B+ due to its positive economic performance in 2021.<sup>120</sup> This rating was ratified in May 2022.

<sup>116</sup> CBS, *Annual Report 2020*, p. 23. Viewed at:

<https://www.cbs.sc/Downloads/publications/Annual%20Report%202020.pdf>. In April 2022, a Financial Consumer Protection Act was assented by the President. With a commencement notice of 1 May 2022, the Act has a transitional period of six months.

<sup>117</sup> SIB, *The AML-CFT Framework*. Viewed at: <https://investinseychelles.com/key-sectors/financial-services/aml-cft>.

<sup>118</sup> EU member States use the black and grey lists to tackle external risks of tax abuse and unfair tax competition. Adopted in 2017, the lists are managed by the Code of Conduct Group for Business Taxation and monitored by the European Commission.

<sup>119</sup> SIB, *Memberships*. Viewed at: <https://investinseychelles.com/key-sectors/financial-services/membership>.

<sup>120</sup> CBS, *Annual Report 2021*, p. 21. Viewed at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202021.pdf>. Fitch Ratings is a credit rating agency and is one of the "Big Three credit rating agencies", the other two being Moody's and Standard & Poor's, recognized statistical rating organizations designated by the US Securities and Exchange Commission.

4.120. The Financial Services Reform Strategy Committee is currently in the process of drafting a financial services reform strategy.<sup>121</sup>

#### 4.4.1.2 Banking

4.121. Seychelles is home to six locally incorporated commercial banks<sup>122</sup> and two branches of foreign banks, with SCR 33 billion (about USD 2.3 billion) in total assets in 2021.<sup>123</sup> Banks can be broadly categorized into state-owned and foreign-owned commercial banks. Currently, out of the eight commercial banks licensed, two are majority-owned by the Government, namely Nouvobank (78%) and Seychelles Commercial Bank (60%), with SCR 12 billion in total assets in 2021. The remaining banks are majority foreign-owned<sup>124</sup>, with SCR 21 billion in total assets in 2021. In addition, there is the state majority-owned DBS.<sup>125</sup>

4.122. The CBS is responsible for licensing, regulating, and supervising banks, non-bank deposit-taking institutions, and cash dealers. It has considerable powers of inspection and control over what it considers to be unsafe, unsound, or unlawful practices. As of 2011, a single licensing regime exists, doing away with the distinction between offshore and onshore banking. Licences are issued by the CBS and are granted only to companies incorporated under the Companies Act, 1942 or foreign companies that have registered under the Companies Act.<sup>126</sup>

4.123. The minimum capital requirement (CAR) to set up a bank is SCR 20 million (about USD 1.4 million). The CBS poses various prudential requirements including keeping of unimpaired capital at a level agreed between the applicant and the CBS and in proportion to assets; a reserve fund to which at least 20% of annual profits must be transferred until the fund equals the amount of paid up or assigned capital<sup>127</sup>; and the average level of liquid assets must be maintained at the currently prescribed percentage of total liabilities.<sup>128</sup> Other key prudential requirements applied to banks:

- As per Regulation 4(1) of the Financial Institutions (Liquidity Risk Management) Regulations, 2009, a bank shall maintain liquid assets in an amount which shall not, as a daily average each month, be less than 20% of the bank's total liabilities.
- As per Regulation 5(1) of the Financial Institutions (Capital Adequacy) Regulations, 2010, the capital adequacy ratio (CAR) must meet or exceed 12% and core capital ratio (CCR) must meet or exceed 6%.
- As per Regulation 5 of the Financial Institutions (Foreign Currency Exposure) Regulations, 2010, as amended, the prescribed limits for total long position to capital ratio and total short position to capital ratio are 30% in both cases.
- As per Section 29(1) of the Financial Institutions Act, 2004, no financial institutions shall without the prior written approval of the CBS extend one or more credits to any one customer or group of closely related customers for amounts aggregating more than 25%

<sup>121</sup> The Secretariat of the Committee is under the Ministry of Finance, National Planning and Trade.

<sup>122</sup> Five banks are currently in operation, the other was licensed in March 2021 but is yet to commence operations.

<sup>123</sup> In 2021, the CBS revoked the banking licence of Bank Al Habib Limited as part of the process following application from the bank to voluntarily wind down. This brought down the number of banks in operation to seven with an additional bank licensed in March 2021, but which has yet to start operations.

<sup>124</sup> These are MCB (99.9995% owned by MCB Investment Holdings Ltd); ABSA (99.7% owned by ABSA Group Ltd); ASBS (70% owned by Al Salam Bank Bahrain and 30% owned by Seychelles Pension Fund); BOC (100% owned by Government of Sri Lanka), and BOB (63.74% owned by Government of India). The other bank licensed is not yet in operation.

<sup>125</sup> The DBS was created in 1977 as a joint venture between the Government and other shareholders. The Government owns 61% of its shares. As of 31 March 2022, the DBS is no longer a public enterprise.

<sup>126</sup> Under the Financial Institutions Act, 2004, licence processing fees vary according to the licence being applied for. Annual licence fees depend on the activities to be undertaken; for banks they are based on total assets.

<sup>127</sup> Section 24(1) of the Financial Institution Act, 2004 (as amended).

<sup>128</sup> Under Regulations 4(1) of the Financial Institutions (Liquidity Risk Management) Regulations, 2009: A bank shall maintain liquid assets in an amount which shall not, as a daily average each month, be less than 20% of the bank's total liabilities. The CBS also requires monthly balance sheet submissions; accounts must be prepared and audited each year, and then published.

of such financial institution's core capital, or such lower percentage as the CBS may prescribe.

4.124. Banking services are exempt from VAT, except for services provided to merchants accepting a credit card or debit card as payment (merchant's discount), the issue and renewal of credit and debit cards, safe deposit locker services, and services for maintaining customers' accounts.

4.125. The COVID-19 crisis and the ensuing defaults and delayed loan repayments have impacted banks' profitability. Nevertheless, according to the IMF, Seychelles' banking subsector is healthy, continues to be well capitalized, and remains highly liquid, with limited impact of the pandemic on loan portfolios. As at end-2021, the CAR stood at 22.6%, almost double the minimum limit of 12.0%; the liquidity ratio was 40.8%, twice the minimum limit of 20.0%; and the net profit before tax of the banking industry was SCR 756 million, resulting in Return on Assets (ROA) and Return on Equity (ROE) of 2.28% and 24.68%, respectively. In terms of asset quality, non-performing loans (NPLs) stood at approximately SCR 533 million as at end-2021, with the ratio of NPL to gross loans of 5.47%.

#### **4.4.1.3 Insurance**

4.126. Seychelles has eight providers of general insurance services, mostly motor vehicle, and together accounted for premiums of SCR 492.1 trillion in 2021. General insurance includes accident and (generally short-term) health insurance, guarantee, liability, motor, property, and travel insurance. The long-term insurance market consists mostly of life insurance, pensions, and permanent health insurance. There are six local companies and eight foreign companies. There are no reinsurance businesses domiciled in Seychelles. The FSA is currently working on a review of the licensing framework for the non-domestic insurer licence applications.

4.127. Non-domestic insurers are subject to the same licensing and supervisory requirements as domestic insurers as per the Insurance Act, 2008 and as per the Insurance (Non-Domestic Business) Regulations, 2009. There is no cap on foreign participation in the insurance sector.

4.128. Since the enactment of the Insurance Act in 2008, there has been no substantial change, with the exception of an amendment in December 2018 to repeal Section 122 of the Act and remove any exemptions and concessions as per the Second Schedule of the Act. The FSA is currently reviewing the Insurance Act to better adhere it to international standards and take account of the change in the landscape of the insurance industry locally.

4.129. Established under the Financial Services Authority Act, 2013, the FSA is responsible for licensing, regulating, enforcing regulatory and compliance requirements, monitoring, and supervising the conduct of business in the non-bank financial services sector in Seychelles. The FSA licenses insurance and reinsurance companies, as well as insurance brokers, company or individual insurance agents, insurance managers, and insurance salespersons.

4.130. The minimum stated capital for an insurance company carrying on general or long-term insurance business is SCR 3 million, and SCR 5 million for a reinsurance company.

4.131. Insurance premiums are unregulated, and market driven. Motor third-party is the only compulsory insurance cover by law. Other insurance covers are required by certain institutions, for example, mortgage insurance for banks.

#### **4.4.2 Telecommunications**

4.132. The ICT sector, which comprises telecommunications services, wholesale and retail trade in ICT products, multimedia, and other activities such as call centres, software development, website development and hosting represented 4.2% of GDP during 2015-20 (Chart 1.1). Seychelles is a net exporter of ICT services, with exports amounting to USD 9.8 million in 2021, and imports of USD 1.8 million (Table 1.3). The telecom industry experienced growth rates of 14% and 13% in 2020 and 2021, respectively, contributing to moderate the socio-economic effects of the pandemic

by facilitating work-from-home and educational arrangements. However, it also accentuated the need to address local digital inequalities.<sup>129</sup>

4.133. During the period 2015-20, a massive increase occurred in the number of Internet users and mobile broadband subscriptions, and in international bandwidth capacity (Table 4.10).

**Table 4.10 Selected telecoms indicators, 2015-21**

(Number)

Indicator	2015	2016	2017	2018	2019	2020	2021
Fixed telephone subscriptions	21,341	20,836	19,652	20,290	20,122	18,882	17,768
Mobile cellular subscriptions	148,244	151,857	167,282	178,946	193,672	183,882	184,161
Internet users (%)	54.3	56.5	58.8	70.1	75.0	79.0	..
Fixed broadband subscriptions	13,420	14,035	15,221	19,689	26,974	34,966	41,280
Mobile broadband subscriptions	17,945	21,330	71,962	78,178	89,896	84,034	94,426
International bandwidth, in Mbit/s	2,092	2,791	3,798	4,217	5,461	6,418	20,020

.. Not available.

Source: ITU, *Statistics*. Viewed at: <https://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx>.

4.134. Telecommunications tariffs and the cost of fixed broadband Internet connections have fallen for business and residential users, and the variety of services offered, and their quality have increased over the last few years. In the latest ITU report, Seychelles ranks 33<sup>rd</sup> in the world in terms of affordability.<sup>130</sup> Seychelles is also only one of two African countries in which the fixed broadband prices met the affordability threshold of 2% monthly gross national income (GNI) per capita. It also ranks first in Africa for fixed broadband prices.<sup>131</sup> Despite the reductions in prices of fixed broadband Internet, there is still room for improvement. Mobile broadband prices are still high. Nevertheless, according to the authorities, when the third operator launches its services, mobile broadband prices are expected to fall. As a result of the pandemic, the Government, in close partnership with telecommunications services providers, has agreed to reduce the cost of Internet as from 2022.

4.135. Before the establishment of the Seychelles East Africa System (SEAS) submarine cable in 2012 (a partnership between the Government and the private sector), Seychelles had slower and more expensive satellite connections. This first submarine cable has allowed a significant expansion in the ICT industry. In 2020, a second submarine cable licence was issued to introduce competition in the provision of wholesale international Internet bandwidth. The new cable system will connect to the 2Africa system and is expected to be ready for service provisioning in 2023. In addition, in 2022 Seychelles connected to a second submarine cable system, the Pakistan East Africa Connecting Europe (PEACE), which is expected to be in operation by end of July 2022, thereby boosting capacity and providing Seychelles additional safeguards against any risks to damages on the single connection.<sup>132</sup>

4.136. Seychelles has four telecom service providers, all private companies: Airtel Seychelles<sup>133</sup>, Cable & Wireless Seychelles Ltd (CWS)<sup>134</sup>, Intelvision, and Kokonet.<sup>135</sup> These licensees offer mobile telephony services, including international mobile roaming (IMR) services. Additionally, there are international long-distance network licensees that offer international voice and international

<sup>129</sup> CBS, *Annual Report 2020*, p. 22. Viewed at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202020.pdf>.

<sup>130</sup> The report analyses prices and trends through five representative baskets of services: data-only mobile broadband, fixed broadband, mobile cellular (low usage), data and voice low consumption, and data and voice high consumption. ITU (2021), *Measuring Digital Development: ICT Price Trends 2020*. Viewed at: [https://www.itu.int/en/ITU-D/Statistics/Documents/publications/prices2020/ITU\\_ICTPriceTrends\\_2020.pdf](https://www.itu.int/en/ITU-D/Statistics/Documents/publications/prices2020/ITU_ICTPriceTrends_2020.pdf).

<sup>131</sup> ITU (2021), *Measuring Digital Development: ICT Price Trends 2020*. Viewed at: [https://www.itu.int/en/ITU-D/Statistics/Documents/publications/prices2020/ITU\\_ICTPriceTrends\\_2020.pdf](https://www.itu.int/en/ITU-D/Statistics/Documents/publications/prices2020/ITU_ICTPriceTrends_2020.pdf).

<sup>132</sup> This second cable system is being built by Vodafone Carrier Services, a branch of the 2Africa cable network, one of the biggest subsea projects covering 37,000 km and linking 26 countries. The cable will be leased by Intelvision Seychelles through a 15-year lease agreement facilitated by USD 10 million from the Managed Co-Lending Portfolio Programme. CBS, *Annual Report 2021*, p. 20. Viewed at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202021.pdf>.

<sup>133</sup> Airtel Seychelles is a 100% foreign-owned subsidiary of Airtel, based in India.

<sup>134</sup> Cable & Wireless Seychelles is a 100% foreign-owned subsidiary of Cable & Wireless Communications, based in the United Kingdom.

<sup>135</sup> Intelvision and Kokonet are 100% Seychellois-owned companies.

bandwidth services. CWS is the incumbent operator with the bulk of fixed line subscriptions and also provides mobile, Internet, and subscription television broadcasting services.

4.137. At the end of 2021, Airtel Seychelles was the operator with the largest share of mobile subscriptions. 3G and 4G mobile coverage is available in over 95% of the land areas, and 5G mobile coverage is limited to a few areas. IMR is not yet regulated in Seychelles, given that bilateral and multilateral relationships have to be negotiated. In addition, there is the need for reciprocity by mobile network operators from other countries despite recent attempts such as the SADC "Roam Like At Home Initiative". This initiative was aimed to convince operators to allow consumers to pay charges as close as they would have paid in their home countries. It was signed in 2007 by SADC ministers of communication but is yet to be fully implemented.<sup>136</sup> Nevertheless, Seychelles has implemented the transparency component of the SADC initiative whereby the mobile operators publish their roaming charges.

4.138. During the review period, no changes were made regarding policy, legislation, or institutional arrangements in the telecom industry. The Broadcasting and Telecommunications Act, 2000 still provides the key regulatory framework. In 2022, a policy decision was taken for the establishment of an independent regulator for the telecommunication and broadcasting sector. According to the authorities, the ICT market is fully open, with no restriction or limitation with respect to foreign investment and participation to acquire licences for the provision of broadcasting and/or telecommunication services in Seychelles. There are no citizenship requirements for directors. However, telecom licensees must be domestically registered and established as local companies.

4.139. The Department of Information Communications Technology (DICT), under the Office of the Vice President, is responsible for, *inter alia*, policy and planning, improved public access, resource-sharing and capacity-building, consumer protection and industry development, and cybersecurity policy including e-government development.<sup>137</sup> It is also responsible for licensing broadcasting and telecommunications service providers. All licensed public broadcasting and telecommunications service providers are required to submit their proposed tariffs, or alterations thereto, for determination by the DICT prior to commercializing. Interconnection among licensed operators is mandatory; operators negotiate the terms of interconnection. In 2019, DICT determined new and reduced interconnection rates for implementation by operators. The reduced interconnection rates are set for implementation. Regulations mandating the registration of all mobile prepaid SIM cards was amended in 2021, to improve monitoring and reduce unregistered SIM cards on the market.

4.140. The Broadcasting and Telecommunications Act, 2000 is to be replaced and repealed by the Communications Bill, 2022, to be submitted to the National Assembly in 2022. According to the authorities, the eventual implementation of the Bill will not change the status quo *vis-à-vis* foreign investment and foreign participation in the ICT sector. One of the key changes envisaged under the new legislation includes the creation of an independent regulator, the Communications Authority, that will also be in charge of implementing the new Act. The new Communications Bill aims to allow Seychelles to keep abreast with regulatory developments in the electronic communications and broadcasting industries. It makes provision for the regulation of electronic communications services, electronic communications network services, and broadcasting services and provides for a comprehensive regulatory regime for the ICT sector.

4.141. The new legislation provides for the establishment of a Communications Tribunal to hear and determine appeals against any decisions, directions, or orders of the Authority. The new legislation aims to create a more transparent licensing regime for persons providing electronic communications or broadcasting service. According to the authorities, price regulation will be based on the use of market analysis to determine whether a relevant market is not effectively competitive, and service provided by an operator is not subject to a degree of competition that is sufficient to protect the interests of customers.

4.142. Seychelles aims to maintain a competitive regulatory environment for its ICT industry. The DICT is to implement some initiatives with the objective of further enhancing competition in the ICT industry, such as the adoption of Mobile Number Portability (MNP) in the mobile market, and the

<sup>136</sup> SA News (2017), "SADC Ministers Push for Affordable Roaming Tariffs", 6 September. Viewed at: <https://www.sanews.gov.za/south-africa/sadc-ministers-push-affordable-roaming-tariffs>.

<sup>137</sup> DICT, *Mandate, Powers, and Functions*. Viewed at: <https://dict.gov.ph/about-us/our-mandate/>.



introduction of Broadcasting and Telecommunications (Quality of Service) Regulations in 2022. Also, as part Seychelles' digital economy agenda, telecommunications companies are expected to play a significant role in ensuring that digital gaps are reduced under the new Act.

#### 4.4.3 Transport

4.143. Transportation and storage contributed 7.1% to GDP during 2015-20 (Chart 1.1). Based on balance of payments data, Seychelles became a net importer of transport services during the review period. Indeed, exports of transport services, mostly of passenger services such as tourists flying to Seychelles and "other transport services", decreased from USD 207.6 million in 2015 to USD 127.5 million in 2021. Imports, mostly freight costs and other transport services, increased from USD 170.3 million to USD 223.1 million over the same period (Table 1.3).

4.144. Trade in transport services contracted sharply in 2020, impacted by the closure of borders and travel restrictions taken to counter the effects of the COVID-19 pandemic, but recovered somewhat in 2021. Exports of transport services went from USD 161.5 million in 2019 to USD 109.9 million in 2020, and USD 127.5 million in 2021. The bulk of Seychelles' trade is handled by sea transport, while higher-value items are transported by air. Transshipment has become a sizeable business, thanks to the existence of freeport zones, both near the port and at the airport where warehousing, merchandizing space, and other infrastructural services are available, for re-export to other destinations, mainly other African countries.

4.145. The National Development Strategy 2019-2023 places great emphasis on infrastructure to facilitate the socio-economic transformation and support Seychelles' transportation systems. Key transport infrastructural developments are underway, notably the extension of the Mahé Quay, and there are also plans to extend the Seychelles International Airport. The National Development Strategy 2019-2023 also encourages the adoption and use of environmentally friendly transports through tax incentives.

##### 4.4.3.1 Maritime transport and port services

4.146. Seychelles has two main institutions in charge of maritime transport and port services, fully state-owned: the Seychelles Maritime Safety Authority (SMSA), established under the Maritime Safety Authority Act, 2019; and the Seychelles Ports Authority (SPA), created under the Seychelles Ports Authority Act, 2004. SPA is responsible for the provision of the main port infrastructure, superstructure, and other related facilities and is bestowed with controlling and regulatory powers. SPA manages Port Victoria, the main international gateway to the economy.

4.147. SPA also administers 1,663 nautical square miles of the Victoria Port, including the management of berthing and movement of vessels in and out of Port Victoria; the main International Commercial Port (Mahé Quay), the Industrial Fishing Port, and Ile Du Port; and a network of domestic, inter-island jetties and terminals on Mahé, Praslin, and La Digue.<sup>138</sup>

4.148. SMSA is responsible for registration of ships; licensing of ships; survey of ships; measurements of ships; certification of ships; mortgages and maritime liens for ships; local voyages; masters and seamen; wrecks and removal of wrecks in Seychelles waters; safety and security of crews and ships operating in Seychelles waters; protection of the marine environment; limitation and division of liability; and other general decisions pertaining to the safety, security, and pollution prevention in the maritime industry.

4.149. Since the Maritime Safety Authority Act, 2019, came into force, SMSA has been given new legal mandates and as a result is currently working on regulations to correctly implement such mandates.<sup>139</sup> SMSA is also the focal contact point with the International Maritime Organization (IMO), and the custodian of the following acts and regulations:

<sup>138</sup> SPA, *The Seychelles Ports Authority*. Viewed at: <http://www.seyport.sc/index.php>.

<sup>139</sup> According to the authorities, many of the regulations being worked on by SMSA have already received Cabinet Approval and are currently at the Attorney General's Office.

- The Merchant Shipping Act, 1995, and various of its regulations.<sup>140</sup> In this regard, SMSA and the Attorney General's Office are in the process of finalizing the following regulations: Seychelles Maritime Safety Authority (Licences) Regulation; Seychelles Maritime Safety Authority (Hire Craft) Regulation; Seychelles Maritime Safety Authority (Watercraft Activities) Regulation; Seychelles Maritime Safety Authority (Administrative Issuances) Regulation; Seychelles Maritime Safety Authority (Fees) Regulation; Merchant Shipping (Identification of Ships) Regulation; and Merchant Shipping (Certification of Seafarers of International Ships) (Amendment) Regulation.
- The Control of Hire Craft Act and Regulations, 1973 regulate vessels being let out for hire for charter, sports, or other purposes. SMSA is drafting a new regulation to update some fees and provisions of the Act.
- The Beach Control Act, 1971 and its subsidiary Regulation, 1978 regulate all activities operating in the inshore waters of Seychelles, including, *inter alia*, activities such as parasailing and water sports. A new regulation is being worked on to revamp the laws regulating the use of the inshore waters, as the Act is outdated.

4.150. In accordance with Section 4(2)(l) of the Maritime Safety Authority Act, 2019, SMSA is mandated to coordinate activities of agencies and bodies involved in search and rescue operations and thus SMSA has initiated the process to domesticate the International Convention on Maritime Search and Rescue by putting forth the proposal to the Ministry of Transport's Legal Committee.

4.151. The Eastern Africa, Southern Africa, and Indian Ocean four-year project funded by the European Union aims to facilitate the process of effectively implementing the following in the maritime sector: the provisions of the International Convention on the Safety of Life at Sea (SOLAS) and the International Ship and Port Facility Security Code (ISPS CODE); port state control; the handling of dangerous goods; safe and secure port reception facilities; domestication of the ISPS CODE to provide for compliance of port facilities in Seychelles with the set standards; and domestication of the Maritime Labour Convention (MLC) to provide for adequate protection for Seychellois seafarers.<sup>141</sup>

4.152. According to the authorities, Port Victoria applies the International Ship and Port Facility Security Code (ISPS Code). Port licences are issued to local companies and local citizens.

4.153. Cabotage by foreign companies is not allowed.

#### 4.4.3.2 Land transport

4.154. The main institutions in charge of land transport are the Department of Land Transport (DOLT) and the Seychelles Land Transport Agency (SLTA), both under the Ministry of Transport. In addition, the Seychelles Public Transport Corporation, fully state-owned, provides public transport services.

4.155. The DOLT is custodian to the Road Transport Act and its regulations: Chapter 206 Road Transport Act, 1 January 1936 (Schedule); and the Road Transport (Amendment) Bill No. 14, 2019. This Act and subsidiary legislation mainly regulate the use and safety of vehicles, as well as safety of pedestrians on public roads. This legal framework deals with restrictions on the weight of vehicles imported, the licensing of vehicles and drivers, motor dealers' vehicle licences, registration of vehicles, traffic rules and offences on the public roads, and appointment of the Road Transport Commissioner (RTC), and it gives the Minister of Transport the power to make regulations.

<sup>140</sup> These include Merchant Shipping (Registration of Non-Government Ships) Regulations, 1995; Merchant Shipping (Registration of Government Ships) Regulations, 1995; Merchant Shipping (Tonnage) Regulations, 1995; Merchant Shipping (Appointment of Surveyors) Regulations, 1995; Merchant Shipping (Local Certificates of Registry) Regulations, 1995; Merchant Shipping (Local Safety and Load Line Certificates) Regulations, 1995; Merchant Shipping (Local Voyages) (Safety) Regulations, 1995; Merchant Shipping (Manning and Certification) Regulations, 1995; Merchant (Masters and Seaman) Regulations, 1995; Merchant Shipping (Oil Pollution Preparedness and Response) Regulations, 2001; Merchant Shipping (Certification of Seafarers of International Ship) Regulations, 2014; and Merchant Shipping (International Ship and Port Facility Security Code) Regulations, 2020.

<sup>141</sup> Information provided by the authorities.

Subsidiary legislation further regulates the operations of the different transport sectors including self-drive hire operators; omnibus operators, including the Seychelles Public Transport Corporation (SPTC); and taxi operators. Subsidiary regulations under the Road Transport Act also make provisions for the conditions of vehicles on the public roads.<sup>142</sup>

4.156. Chapter 205 of the Road Act, 1902, regulates all public roads and highways on the main islands of Mahé, Praslin, and La Digue. It also lays down the power of the Ministry of Transport in relation to all public roads, such as construction, maintenance, and permissions given to other authorities, such as the PUC, to carry out such works on any public road.

4.157. The Seychelles Land Transport Agency Act, 2009, established the SLTA to provide efficient and adequate land transport including land transport services and infrastructure. It also defines the SLTA's objectives, functions, and powers. The SLTA is in charge of managing and implementing land traffic management measures and services, facilitating mobility by improving access to land transport, and overseeing the performance of contract relating to land transport infrastructure developments.<sup>143</sup>

#### 4.4.3.3 Air transport services

4.158. Air transport grew strongly during 2015-19, largely driven by tourism, only to collapse in 2020 as a result of the COVID-19 crisis. Seychelles has one international airport located on the island of Mahé. Seychelles International Airport opened in 1972 and is the head office of the national carrier Air Seychelles.<sup>144</sup> Seychelles International Airport is owned by the Government and operated by Seychelles Civil Aviation Authority (SCAA). Ground handling services at Seychelles International Airport are provided by Air Seychelles. There is one domestic airport on the island of Praslin (owned by the Government and operated by the SCAA), and several other private fields.

4.159. Air Seychelles offers international flights to Johannesburg, South Africa; Port Louis, Mauritius; Mumbai, India; and Tel Aviv, Israel, as well as charter services on demand. In January 2018, Air Seychelles announced the closure of its sole long-haul route (Paris). Air Seychelles has codeshare agreements with Air India, Etihad Airways, and South African Airways. Some 10 other airlines provide passenger transport services to other countries. On the domestic network, Air Seychelles operates daily domestic flights between Mahé and Praslin, as well as charter services throughout the archipelago.<sup>145</sup>

4.160. In 2012, the United Arab Emirates' national carrier, Etihad Airways, invested USD 45 million in Air Seychelles for a 40% share in the airline following problems of management and profitability.<sup>146</sup> In 2018, Air Seychelles announced a business transformation plan to focus on its domestic and regional networks, with a reduced workforce. The aim of the plan was to ensure the long-term profitability and sustainability for the airline in response to rapidly increasing competition.<sup>147</sup> In 2021, Air Seychelles went into administration with the aim of considering optimal ways of restructuring the airline and settling its debts.<sup>148</sup>

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<sup>142</sup> These refer to, *inter alia*, the equipment and conditions of vehicles, the emission of smoke from vehicles, the load of vehicles on the road, the lighting of vehicles on the road, and the vehicle licensing and registration.

<sup>143</sup> The Act also specifies the power of the Minister of Transport over the SLTA, and the procedure for appointment of its CEO.

<sup>144</sup> Air Seychelles was incorporated in 1977, officially named Air Seychelles in 1978, and began long-haul services in 1983. It is 100% state-owned. Air Seychelles, *About Us*. Viewed at: <https://www.airseychelles.com/en/about-us>.

<sup>145</sup> Air Seychelles, *About Us*. Viewed at: <https://www.airseychelles.com/en/about-us>.

<sup>146</sup> The National News (2014), "Air Seychelles Profits from Successful Expansion Strategy", 10 April. Viewed at: <https://www.thenationalnews.com/business/air-seychelles-profits-from-successful-expansion-strategy-1.585990>.

<sup>147</sup> Air Seychelles (2018), "Air Seychelles Announces Business Transformation Plan to Safeguard Long-term Profitability", 23 January. Viewed at: <https://www.airseychelles.com/en/about-us/news/2018/01/air-seychelles-announces-business-transformation-plan-safeguard-long-term>.

<sup>148</sup> IMF Country Report No. 22/6, p. 9.

4.161. The SCAA was established under the Civil Aviation Authority Act, 2005 as an administrative and financial body corporate to provide for the services, facilities, and regulation of civil aviation activities in Seychelles with the power to do anything for the purpose of discharging or facilitating the discharge of its functions. The SCAA is responsible for, *inter alia*, regulating and promoting the development of air transport, maintaining and managing its aerodromes providing for the necessary services and facilities, advising the Government on all matters relating to civil aviation, and representing Seychelles internationally as the national body in all matters relating to civil aviation.<sup>149</sup> Seychelles became a Contracting State to the International Civil Aviation Organization's (ICAO) Chicago Convention on 25 May 1977.

4.162. Market access for air transport services is governed by the Civil Aviation Authority Act, 2005 and its associated regulations, which according to the authorities are in line with the provisions of the 1944 Convention on International Civil Aviation. Seychelles' market access policy consists of gradual liberalization through 82 bilateral air service agreements/arrangements (BASAs) (Table A4.2). Traffic rights are allocated on a bilateral basis that reflects the current and estimated future point-to-point traffic, as well as connecting traffic. BASAs govern the allocation of traffic rights, designation, and frequency entitlements. Tariffs are set freely by airlines in accordance with the relevant article of the BASAs.

4.163. According to the authorities, cabotage by foreign companies is not allowed.

#### 4.4.4 Tourism

4.164. Seychelles' natural beauty makes tourism its most important economic activity. Accommodation and food service activities represented 11.8% of GDP in 2015-20 (Chart 1.1). The travel and tourism industry provides around 12,500 jobs (26.8% of total employment).<sup>150</sup> Based on balance of payments data, net exports of travel services amounted to USD 277.5 million in 2021, compared with USD 362.4 million in 2015 (Table 1.2). Seychelles ranked 62<sup>nd</sup> of 140 countries in the World Economic Forum's (WEF) Travel & Tourism Competitiveness Report 2019 (54<sup>th</sup> in 2015), the best performer in Africa after Mauritius. This performance reflects an efficient prioritization of the travel and tourism sector by the Government, as witnessed by exhaustive GATS commitments.<sup>151</sup> Nonetheless, the WEF report calls for an expansion of Seychelles' protected areas (where Seychelles ranks 138<sup>th</sup>), and for better protection of the country's threatened wildlife (136<sup>th</sup>). Moreover, Seychelles ranks unfavourably on price competitiveness (136<sup>th</sup>).<sup>152</sup>

4.165. Before the pandemic, tourism had been one of Seychelles' fastest-growing activities, supported by high and rising FDI inflows into the tourism industry (Section 1.3.3). Tourism has a strong impact on the rest of the economy, as Seychelles maintains a strong domestic supply chain involving the use and promotion of local products. Also, tourism services rely on environmental policy to market Seychelles as a zero-carbon footprint destination.

4.166. The pandemic has had a severe effect on the industry, with tourist arrivals in 2020-21 well below the levels reached during 2015-19. Consequently, tourism earnings fell from USD 590 million in 2019 to USD 221 million in 2020, albeit increasing to USD 310 million in 2021 (Table 4.11).

**Table 4.11 Selected tourism indicators, 2015-21**

Indicator	2015	2016	2017	2018	2019	2020	2021
Visitor arrivals	276,233	303,177	349,861	361,844	384,204	114,858	182,849
Average length of stay (nights)	9.9	9.9	9.5	10.1	9.9	8.8	9.8
Tourism earnings (USD million)	392	414	483	559	590	221	310

<sup>149</sup> The SCAA is administered by a CEO reporting to a Board of Directors appointed by the Minister responsible for Civil Aviation. SCAA, *Statute*. Viewed at: <https://www.scaa.sc/index.php/about-us/statute>.

<sup>150</sup> WEF (2019), *Travel & Tourism Competitiveness Report 2019*. Viewed at: [https://www3.weforum.org/docs/WEF\\_TTCR\\_2019.pdf](https://www3.weforum.org/docs/WEF_TTCR_2019.pdf).

<sup>151</sup> WTO document GATS/SC/153, 30 June 2015.

<sup>152</sup> WEF (2019), *Travel & Tourism Competitiveness Report 2019*. Viewed at: [https://www3.weforum.org/docs/WEF\\_TTCR\\_2019.pdf](https://www3.weforum.org/docs/WEF_TTCR_2019.pdf).

Indicator	2015	2016	2017	2018	2019	2020	2021
Average expenditure per diem (USD)	144	138	145	153	155	219	173
Hotel bed occupancy rate (%)	59	60	60	66	68	46	32

Source: CBS, *Annual Report 2021*, p. 20. Viewed at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202021.pdf>; and information provided by the authorities.

4.167. Seychelles has 759 licensed hotels in operation, with a total capacity of 7,093 rooms.<sup>153</sup> Seychelles has been applying a moratorium since 2015 on the construction of large hotels (i.e. 25 rooms or more) in Mahé, Praslin, La Digue, and the other Inner Islands.<sup>154</sup> Foreign equity on hotels and other lodging services between 16 and 24 rooms is limited to 80%. Additionally, foreign investment in other tourism activities (e.g. catering services, tourist guide, and travel agency) is not allowed (Section 2.4 and Table A2.3). Except for Outer Island development purposes<sup>155</sup>, the Government has no equity stake in hotels. Nonetheless, it leases land to investors who wish to construct hotels.

4.168. Tourism is under the responsibility of the Department of Tourism, under the Ministry of Foreign Affairs and Tourism. This followed a restructuring of the Ministry of Foreign Affairs to include the tourism portfolio. The previous Department of Tourism and the Seychelles Tourism Board were amalgamated into one entity. The Department of Tourism is responsible for promoting the sustainable development of the tourism industry and for promoting Seychelles abroad.

4.169. Tourism is mainly regulated through the Tourism Development Act, 2019, the Tourism Development (Accommodation establishments) Regulations, 2020, and the Tourism Development (Vertical Integration) (Amendment) Regulations, 2020.

4.170. In 2018, the Department of Tourism launched the Tourism Master Plan: Updated Situational Analysis to update the Tourism Master Plan first developed in 2012, and address policy, regulatory, infrastructural, institutional, marketing, human resources, and statistical gaps. The tourism strategy "Destination 2023" provides the roadmap for the sector's growth up to 2023 and beyond. In 2021, the Department of Tourism launched "Experience Seychelles: Grand Diversity, Nature's Sanctuary, Creole Rendezvous", a digital campaign encompassing Seychelles' three main tourism pillars.

4.171. Some of the key aims of these strategies are increasing yields per visitor, with greater focus on offering experiences that are more authentic by adapting culture-based tourism-to-tourism packages; market and product diversification to improve the industry's resilience in the face of external threats; raising the visibility of Seychelles on the international market; and upskilling and training the local labour force to meet the needs of the sector.

4.172. The business tax regime for tourism activities, which used to be the same preferential regime as that for agriculture and fisheries, was also aligned in 2021 with the general rates (Section 2.4.2). Some of the incentives offered to tourism activities include:

- Operators of the services industry receive business tax concessions on taxable income. Incomes between SCR 0 to SCR 250,000 are subject to 0% tax, while incomes above SCR 250,000 are subject to a 15% flat tax; and

<sup>153</sup> Data provided by the authorities.

<sup>154</sup> The moratorium on rooms varies. In the north of Mahé, it is limited to 20 rooms per developer. For the rest of Mahé and Praslin, the development is limited to 24 rooms per developer; 15 on Cerf Island; and 5 on La Digue. Tourism Development Act, 2019. Viewed at: <https://old.seylli.org/sc/Act%208%20-%20Tourism%20Development%20Act%20-%202023rd%20August%202019.pdf>.

<sup>155</sup> This managed by the Island Development Company.

- Travel and tourism suppliers also benefit from certain special deductions on taxable income: training certified by the Department of Tourism (the total amount of deductions allowable for training certified by the Department of Tourism is 150% of the actual expenditure incurred); marketing and promotion expenditure<sup>156</sup>; emoluments paid to graduates<sup>157</sup>; special rates for accelerated depreciation<sup>158</sup>; and emoluments paid to a musician by a licensed accommodation.<sup>159</sup>

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<sup>156</sup> This is a special deduction, in addition to any other allowable deduction, of the expenditure incurred for marketing and promotion to the extent of 5% of the taxable income or the actual expenditure, whichever is lower, for tourism services providers (e.g. tourism establishments, restaurants, transportation services (including domestic ferry services, boat and yacht charters, and car hire), travel agents and tour guides, water sports operators, and underwater dive centre operators, as well as equestrian operators).

<sup>157</sup> Subject to income tax being paid, the total amount of deductions allowed from taxable income shall be 200% on emoluments paid by an employer to a qualified graduate of Seychelles Institute of Technology (SIT), Farmers Training Centres (FTC), Maritime Training Centre (MTC), and Seychelles Tourism Academy (STA), for tourism's services providers (as above).

<sup>158</sup> The special rates are applicable to the following services: hotel, guest house, or self-catering; café or restaurant; fixed- or rotary-wing passenger transport services in respect to all domestic flights; domestic ferry services for the transport of freight or passengers; boat or yacht charter (including live-aboard); car hire operator; underwater dive operator; dive centre; water sports operator; travel agent; tour operator; tour and/or tourist guide; equestrian operator; and gambling/casino operator.

<sup>159</sup> The total amount of deductions allowed from the taxable income of a licensed accommodation in respect of a musician under a contract of service is 125% of the actual amount paid to the musician.

## 5 APPENDIX TABLES

Table A1.1 Domestic exports by HS section and major HS chapter, 2015-21

	2015	2016	2017	2018	2019	2020 <sup>a</sup>	2021 <sup>a</sup>
<b>Total domestic exports (USD million)</b>	<b>246.7</b>	<b>282.1</b>	<b>286.5</b>	<b>330.7</b>	<b>261.1</b>	<b>288.6</b>	<b>320.0</b>
	(% of total)						
01 Live animals and products	2.5	3.0	4.2	6.2	8.5	7.5	7.6
HS 03 Fish and crustaceans	2.4	2.9	3.9	5.7	8.2	7.1	7.2
02 Vegetable products	0.4	0.4	0.3	0.3	0.6	0.2	0.2
03 Fats and oils	1.2	1.1	0.9	6.4	2.1	1.5	1.3
04 Prepared food, beverages and tobacco	95.7	95.4	92.5	85.8	87.8	89.9	90.0
HS 16 Preparations of fish or of crustaceans	92.7	92.5	89.3	83.0	84.5	86.2	87.0
HS 23 Residues and waste from the food industries; prepared animal fodder	2.9	2.9	2.9	2.8	3.2	3.4	2.8
05 Mineral products	0.0	0.1	0.0	0.0	0.0	0.0	0.0
06 Chemicals and products thereof	0.0	0.0	0.0	0.0	0.0	0.0	0.0
07 Plastics, rubber, and articles thereof	0.0	0.0	0.0	0.0	0.0	0.0	0.0
08 Raw hides and skins, leather, and its products	0.0	0.0	0.0	0.0	0.0	0.0	0.0
09 Wood and articles of wood	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10 Pulp of wood, paper and paperboard	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11 Textiles and textile articles	0.1	0.0	0.0	0.0	0.0	0.0	0.0
12 Footwear, headgear, etc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13 Articles of stone, plaster, cement	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14 Precious stones and metals, pearls	0.1	0.0	0.2	0.2	0.1	0.2	0.1
15 Base metals and articles thereof	0.0	0.0	0.5	0.4	0.4	0.5	0.7
16 Machinery, electrical equipment, etc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
17 Transport equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
18 Precision equipment	0.1	0.0	1.2	0.7	0.4	0.1	0.1
19 Arms and ammunition	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20 Miscellaneous manufactured articles	0.0	0.0	0.0	0.0	0.0	0.0	0.0
21 Works of art, etc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0

a Provisional.

Source: WTO Secretariat estimates, based on data from National Bureau of Statistics, *Statistical Bulletins, Merchandise Trade*, various editions (31 March 2022, 31 March 2021, 31 March 2020, 29 March 2019, and 29 March 2018). Viewed at: <https://www.nbs.gov.sc/statistics/merchandise-trade>.

**Table A1.2 Domestic exports by destination, 2015-21**

	2015	2016	2017	2018	2019	2020 <sup>a</sup>	2021 <sup>a</sup>
<b>Total domestic exports (USD million)</b>	<b>246.7</b>	<b>282.1</b>	<b>286.5</b>	<b>330.7</b>	<b>261.1</b>	<b>288.6</b>	<b>320.0</b>
	(% of total)						
<b>Americas</b>	<b>0.0</b>	<b>0.1</b>	<b>0.6</b>	<b>0.9</b>	<b>1.2</b>	<b>1.3</b>	<b>0.9</b>
United States	0.0	0.1	0.6	0.9	1.2	1.3	0.9
<b>Europe</b>	<b>93.4</b>	<b>93.4</b>	<b>91.2</b>	<b>84.5</b>	<b>85.7</b>	<b>87.9</b>	<b>86.6</b>
EU-27	58.5	64.7	64.1	58.6	56.2	62.3	65.2
France	37.9	37.1	36.6	38.6	35.8	40.2	40.1
Italy	14.5	17.8	15.6	12.7	13.0	10.9	13.9
Germany	0.8	3.6	4.8	2.7	3.1	6.6	5.9
Netherlands	1.9	1.8	2.9	2.1	1.5	2.2	2.3
Denmark	2.2	2.8	2.8	1.3	1.6	1.4	1.8
Finland	0.8	1.0	0.5	0.2	0.7	0.7	0.8
Cyprus	0.1	0.1	0.1	0.2	0.1	0.1	0.2
EFTA	1.2	0.9	0.7	0.5	0.4	0.5	0.2
Iceland	0.4	0.2	0.1	0.4	0.4	0.3	0.1
Other Europe	33.7	27.9	26.3	25.5	29.2	25.1	21.3
United Kingdom	33.7	27.9	26.3	25.4	28.6	24.3	20.9
Türkiye	0.1	0.0	0.0	0.0	0.6	0.8	0.4
<b>Commonwealth of Independent States (CIS)<sup>b</sup></b>	<b>0.3</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Africa</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>1.0</b>	<b>0.4</b>	<b>0.7</b>	<b>1.0</b>
Ghana	0.0	0.0	0.1	0.3	0.0	0.0	0.6
Mauritius	0.1	0.1	0.3	0.2	0.2	0.4	0.2
<b>Middle East</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.3</b>	<b>0.3</b>
United Arab Emirates	0.1	0.1	0.1	0.1	0.1	0.3	0.3
<b>Asia</b>	<b>5.2</b>	<b>5.0</b>	<b>5.3</b>	<b>10.5</b>	<b>7.9</b>	<b>6.0</b>	<b>6.0</b>
China	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Japan	1.1	0.1	0.2	0.2	0.5	0.3	0.1
Other Asia	4.1	4.9	5.1	10.3	7.5	5.7	5.9
Hong Kong, China	1.8	1.5	1.6	1.5	2.8	2.2	2.0
Chinese Taipei	0.4	0.6	0.2	0.1	0.4	1.3	1.6
Thailand	0.0	0.7	0.0	0.5	0.1	0.5	1.2
India	0.0	0.0	0.3	0.3	0.3	0.7	0.5
Australia	0.3	0.4	2.0	7.2	2.8	0.4	0.3
Sri Lanka	1.6	1.6	0.9	0.6	1.0	0.5	0.2
<b>Other</b>	<b>0.5</b>	<b>0.9</b>	<b>2.3</b>	<b>2.8</b>	<b>4.7</b>	<b>3.8</b>	<b>5.1</b>
<i>Memorandum:</i>							
EU-28	92.2	92.5	90.4	84.0	84.7	86.6	86.0

a Provisional.

b Commonwealth of Independent States, including certain associate and former member States.

Source: WTO Secretariat estimates, based on data from National Bureau of Statistics, *Statistical Bulletins, Merchandise Trade*, various editions (31 March 2022, 31 March 2021, 31 March 2020, 29 March 2019, and 29 March 2018). Viewed at: <https://www.nbs.gov.sc/statistics/merchandise-trade>.



**Table A1.3 Merchandise imports by HS section and major HS chapter, 2015-21**

HS Section/chapters	2015	2016	2017	2018	2019	2020 <sup>a</sup>	2021 <sup>a</sup>
<b>Total imports (USD million)</b>	<b>991.1</b>	<b>1,040.1</b>	<b>1,303.5</b>	<b>1,271.0</b>	<b>1,166.6</b>	<b>982.7</b>	<b>1,120.5</b>
	(% of total)						
01 Live animals and products	13.5	15.8	16.5	17.3	13.5	18.0	15.6
HS 03 Fish and crustaceans	9.8	11.9	12.8	13.2	9.6	13.9	11.8
HS 04 Dairy produce	1.8	1.9	1.7	1.9	2.0	2.0	2.0
02 Vegetable products	3.5	4.7	3.1	3.5	3.6	3.9	3.6
03 Fats and oils	1.4	1.6	1.6	1.4	1.1	3.5	1.5
04 Prepared food, beverages, and tobacco	6.6	7.1	5.8	6.1	6.6	5.9	6.4
HS 22 Beverages, spirits, and vinegar	2.2	2.6	2.1	2.2	2.3	1.6	1.8
05 Mineral products	18.4	16.6	16.9	20.2	19.1	17.6	20.8
HS 27 Mineral fuels	17.8	15.9	16.4	19.1	17.9	16.5	19.9
06 Chemicals and products thereof	4.5	4.6	3.7	4.1	4.5	5.1	5.7
07 Plastics, rubber, and articles thereof	2.7	4.1	4.7	3.0	3.3	2.9	3.1
HS 39 Plastics and articles thereof	2.0	3.3	1.5	2.3	2.5	2.2	2.3
08 Raw hides and skins, leather, and its products	0.2	0.2	0.1	0.2	0.2	0.1	0.2
09 Wood and articles of wood	1.9	1.9	1.3	1.5	1.9	1.8	1.2
10 Pulp of wood, paper, and paperboard	2.1	2.2	1.7	1.7	1.6	1.9	1.5
11 Textiles and textile articles	2.2	1.9	1.2	1.4	2.1	1.9	2.5
12 Footwear, headgear, etc.	0.4	0.5	0.3	0.3	0.4	0.4	0.4
13 Articles of stone, plaster, cement	1.6	1.8	1.3	1.4	1.5	1.5	1.2
14 Precious stones and metals, pearls	0.2	0.2	0.1	0.1	0.1	0.1	0.1
15 Base metals and articles thereof	7.6	6.9	8.0	6.6	7.7	8.4	13.6
HS 72 Iron and steel	2.3	2.0	1.8	1.6	2.2	2.1	4.8
HS 73 Articles of iron or steel	2.5	2.3	2.4	2.8	3.5	4.1	4.6
HS 83 Miscellaneous articles of base metal	1.7	1.5	2.1	1.2	0.9	1.2	3.3
16 Machinery, electrical equipment, etc.	16.8	13.5	15.3	12.2	14.3	11.9	11.9
HS 84 Machinery and mechanical appliances; parts thereof	9.6	8.2	11.2	6.9	8.9	6.4	6.8
HS 85 Electrical machinery and equipment and parts thereof	7.2	5.2	4.1	5.3	5.5	5.4	5.2
17 Transport equipment	11.7	11.4	14.5	14.9	13.9	11.2	6.9
HS 89 Ships, boats, and floating structures	6.0	4.3	8.3	9.4	7.2	8.1	3.3
HS 87 Vehicles	4.1	6.4	4.2	4.2	5.0	2.3	2.0
18 Precision equipment	1.6	1.4	1.1	1.3	1.3	1.1	1.2
19 Arms and ammunition	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20 Miscellaneous manufactured articles	3.1	3.7	2.7	2.6	3.2	2.8	2.5
21 Works of art, etc.	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0

a Provisional.

Source: WTO Secretariat estimates, based on data from National Bureau of Statistics, *Statistical Bulletins, Merchandise Trade*, various editions (31 March 2022, 31 March 2021, 31 March 2020, 29 March 2019, and 29 March 2018). Viewed at: <https://www.nbs.gov.sc/statistics/merchandise-trade>.

**Table A1.4 Merchandise imports by origin, 2015-21**

	2015	2016	2017	2018	2019	2020	2021 <sup>a</sup>
<b>Total imports (USD million)</b>	<b>991.1</b>	<b>1,040.1</b>	<b>1,303.5</b>	<b>1,271.0</b>	<b>1,166.6</b>	<b>982.7</b>	<b>1,120.5</b>
	(% of total)						
<b>Americas</b>	<b>2.9</b>	<b>2.6</b>	<b>2.4</b>	<b>2.1</b>	<b>1.9</b>	<b>1.7</b>	<b>1.8</b>
United States	2.0	1.3	1.3	1.4	1.3	1.1	1.0
Other America	0.9	1.3	1.0	0.7	0.6	0.6	0.8
Brazil	0.8	1.0	0.8	0.4	0.4	0.5	0.7
<b>Europe</b>	<b>28.3</b>	<b>29.2</b>	<b>30.4</b>	<b>32.2</b>	<b>28.3</b>	<b>33.9</b>	<b>34.9</b>
EU-27	24.1	24.6	27.3	25.2	24.1	29.8	31.5
France	8.1	8.6	9.1	9.9	8.9	11.3	10.9
Italy	2.5	2.7	2.2	2.5	3.1	2.5	8.3
Spain	7.8	7.7	10.8	7.8	5.9	11.1	8.1
Netherlands	1.6	1.9	1.6	1.6	1.5	1.7	1.5
Germany	2.1	1.6	1.6	1.3	2.2	1.1	1.1
Belgium	0.7	0.9	0.9	0.9	1.1	0.8	0.8
EFTA	0.3	0.3	0.3	0.3	0.6	0.3	0.6
Switzerland	0.3	0.3	0.3	0.3	0.6	0.3	0.6
Other Europe	3.9	4.2	2.8	6.7	3.6	3.7	2.8
United Kingdom	3.9	4.2	2.8	6.7	3.6	3.7	2.8
<b>Commonwealth of Independent States (CIS)<sup>b</sup></b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>
<b>Africa</b>	<b>13.8</b>	<b>15.9</b>	<b>11.7</b>	<b>12.6</b>	<b>12.9</b>	<b>12.0</b>	<b>13.8</b>
South Africa	7.6	9.4	6.6	7.2	7.6	6.5	8.1
Mauritius	4.0	4.0	3.2	3.3	3.7	3.9	2.9
Eswatini	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Egypt	0.5	0.8	0.6	0.6	0.7	0.6	0.6
<b>Middle East</b>	<b>27.4</b>	<b>28.3</b>	<b>24.1</b>	<b>28.2</b>	<b>29.8</b>	<b>26.7</b>	<b>30.5</b>
United Arab Emirates	26.9	28.2	24.0	28.1	29.4	26.5	30.5
<b>Asia</b>	<b>21.3</b>	<b>20.7</b>	<b>22.7</b>	<b>20.2</b>	<b>19.2</b>	<b>16.2</b>	<b>14.7</b>
China	4.4	3.0	2.6	3.7	3.6	3.4	3.1
Japan	1.4	1.9	1.4	1.1	1.2	0.5	0.2
Other Asia	15.5	15.8	18.7	15.4	14.4	12.3	11.4
India	4.0	4.9	3.2	5.2	5.2	5.0	4.4
Singapore	3.7	3.8	3.3	3.3	2.9	2.2	2.6
Thailand	1.2	1.3	1.0	1.5	1.1	1.4	0.9
Hong Kong, China	0.5	0.7	6.4	0.6	0.6	0.9	0.8
Malaysia	1.5	1.2	0.9	1.2	1.0	0.8	0.7
<b>Other</b>	<b>6.2</b>	<b>3.2</b>	<b>8.7</b>	<b>4.6</b>	<b>7.8</b>	<b>9.4</b>	<b>4.0</b>
<i>Memorandum:</i>							
EU-28	28.0	28.9	30.1	31.9	27.7	33.5	34.3

a Provisional.

b Commonwealth of Independent States, including certain associate and former member States.

Source: WTO Secretariat estimates, based on data from National Bureau of Statistics, *Statistical Bulletins, Merchandise Trade*, various editions (31 March 2022, 31 March 2021, 31 March 2020, 29 March 2019, and 29 March 2018). Viewed at: <https://www.nbs.gov.sc/statistics/merchandise-trade>.

**Table A2.1 Notifications to the WTO, 1 May 2015 to 31 July 2022**

Agreement	Description	Periodicity	WTO documents (most recent if submitted periodically or for amended notifications)
<b>Agreement on Agriculture</b>			
Articles 10 and 18.2 (ES:1, ES:2)	Export subsidies	Annual	G/AG/N/SYC/10, 11/07/2022
Article 18.2 (DS:1)	Domestic support	Annual	G/AG/N/SYC/8, 10/03/2020
<b>Agreement on the Application of Sanitary and Phytosanitary Measures</b>			
Article 7 and Annex B	Sanitary/phyto-sanitary regulations	<i>Ad hoc</i>	G/SPS/N/SYC/1, 13/02/2017 to G/SPS/N/SYC/6, 26/01/2022
<b>Agreement on Implementation of Article VI of the GATT 1994 (Anti-Dumping Agreement)</b>			
Article 16.4	Anti-dumping actions (preliminary and final)	<i>Ad hoc</i>	G/ADP/N/193/SYC, 01/02/2018
Article 16.4	Anti-dumping actions (taken within the preceding six months)	Semi-annual	G/ADP/N/193/SYC, 01/02/2018 G/ADP/N/294/Add.1, 21/04/2017
Article 16.5	Establishment of competent authorities	Once, then changes	G/ADP/N/193/SYC, 01/02/2018
Article 18.5	Laws and regulations	<i>Ad hoc</i>	G/ADP/N/1/SYC/1, G/SCM/N/1/SYC/1, G/SG/N/1/SYC/1, 01/03/2016
<b>Agreement on Import Licensing Procedures</b>			
Article 1.4(a)	Sources of information and of publications concerning import licensing procedures	<i>Ad hoc</i>	G/LIC/N/1/SYC/1, 22/08/2016
Articles 5.1-5.4	Institution of licensing procedures or subsequent changes	<i>Ad hoc</i>	G/LIC/N/2/SYC/3, 20/01/2022 G/LIC/N/2/SYC/2, 20/01/2022 G/LIC/N/2/SYC/1, 24/06/2020
Article 7.3	Replies to questionnaire on import licensing procedures	Annual	G/LIC/N/3/SYC/4, 06/12/2021
Article 8.2(b)	Changes in relevant laws or regulations	<i>Ad hoc</i>	G/LIC/N/2/SYC/3, 20/01/2022 G/LIC/N/2/SYC/2, 20/01/2022 G/LIC/N/2/SYC/1, 24/06/2020 G/LIC/N/1/SYC/1, 22/08/2016
<b>Agreement on Pre-shipment Inspection</b>			
Article 5	Adoption of laws and regulations, and subsequent changes	Once and then changes	G/PSI/N/1/Rev.4/Add.3, 21/09/2020
<b>Agreement on Rules of Origin</b>			
Article 5	Existing non-preferential rules of origin; and related judicial decisions and administrative rulings of general application	Once (within 90 days of the date of entry into force of the WTO Agreement for the Member concerned)	G/RO/N/141, 02/05/2016
Annex II, para. 4	Existing preferential rules of origin and subsequent changes; and related judicial decisions and administrative rulings of general application	<i>Ad hoc</i>	G/RO/N/219, 29/04/2021 G/RO/N/141, 02/05/2016
<b>Agreement on Safeguards</b>			
Article 12.6	Laws, regulations and administrative procedures relating to SG measures	<i>Once</i>	G/ADP/N/1/SYC/1, G/SCM/N/1/SYC/1, G/SG/N/1/SYC/1, 01/03/2016

Agreement	Description	Periodicity	WTO documents (most recent if submitted periodically or for amended notifications)
<b>Agreement on Subsidies and Countervailing Measures</b>			
Article 25.1	Report on subsidies	Biennial	G/SCM/N/372/SYC, 27/10/2021
Article 25.11	Semi-annual report on countervailing duty actions	Semi-annual	G/SCM/N/363/Add.1, 14/10/2020
Article 32.6	Laws or regulations and subsequent changes, including changes in the administration of such laws	<i>Ad hoc</i>	G/ADP/N/1/SYC/1, G/SCM/N/1/SYC/1, G/SG/N/1/SYC/1, 01/03/2016
<b>Agreement on Technical Barriers to Trade</b>			
Article 2.9.2	Technical regulations	<i>Ad hoc</i>	G/TBT/N/SYC/4, 25/10/2018 G/TBT/N/SYC/3, 07/02/2017 G/TBT/N/SYC/2, 21/04/2016
Article 2.10.1	Technical regulations (urgent)	<i>Ad hoc</i>	G/TBT/N/SYC/1, 17/02/2016
Article 15.2	Adoption of laws, regulations, or administrative arrangements	Once	G/TBT/2/Add.114, 25/09/2015
<b>Agreement on Trade-Related Aspects of Intellectual Property Rights</b>			
Article 63.2	Adoption of laws and regulations	Once, then changes	IP/N/1/SYC/1 to IP/N/1/SYC/11, 29/07/2022
Article 63.2, and the Decision of the Council for TRIPS of 21 November 1995 on the Checklist of Issues on Enforcement	Enforcement law and practices	Once, then changes	IP/N/6/SYC/1, 07/04/2016
Article 69	Specification of contact points	Once, then changes (if any)	IP/N/3/SYC/1, 04/04/2016
<b>Agreement on Trade-Related Investment Measures</b>			
Article 6.2	List of publications containing investment measures related to goods	Once, then changes	G/TRIMS/N/2/Rev.25/Add.2, 13/04/2016
<b>Agreement on Trade Facilitation (WT/L/911, replaced by WT/L/931)</b>			
Article 15	Notification and implementation of Category A commitments designated for developing and least developing countries	Once	WT/PCTF/N/SYC/1, 17/09/2015
Article 16	Indicative and definitive dates for implementation of provisions designated in Categories B and C	Once	G/TFA/N/SYC/1/Add.2, 22/08/2019 G/TFA/N/SYC/1/Add.1, 23/02/2018 G/TFA/N/SYC/1, 25/06/2017
<b>Decision on Notification Procedures for Quantitative Restrictions (G/L/59/Rev.1)</b>			
G/L/59/Rev.1	List of quantitative restrictions in force	Biennial; <i>Ad hoc</i> (changes)	G/MA/QR/N/SYC/2, 07/04/2021
<b>General Agreement on Trade in Services</b>			
Articles III:4 and IV:2	Enquiry and contact points	<i>Ad hoc</i> (and then updates)	S/ENQ/78/Rev.21, 12/02/2021
<b>Participation in Regional Trade Agreements</b>			
GATT 1994, Article XXIV:7(a)	Formation of a free trade area	<i>Ad hoc</i>	WT/COMTD/RTA23/N/1, 31/05/2022 WT/REG445/N/1, 18/01/2021 WT/REG427/N/1, 07/01/2021 WT/REG368/N/1, 08/01/2016
<b>Understanding on the Interpretation of Article XVII:4(a) of the GATT 1994 (State trading)</b>			
Article XVII:4(a)	State trading activities	Biennial	G/STR/N/19/SYC, 11/03/2022

Source: WTO Secretariat.

**Table A2.2 RTAs signed by Seychelles, as of 31 July 2022**

#	Name	Date of signature	Date of entry into force	Coverage	Legal provisions under WTO notification	WTO document series
1	COMESA FTA (Accession of Seychelles) <sup>a</sup>	November 2007	11/05/2009	Goods	Enabling Clause (Paragraph 4(a))	WT/COMTD/RTA23, WT/COMTD/RTA16
2	SADC FTA (Accession of Seychelles) <sup>b</sup> - Protocol on Trade	01/04/2015	25/05/2015	Goods	GATT Art. XXIV	WT/REG368
	- Protocol on Trade in services	23/08/2016	13/01/2022	Services	..	..
3	Interim EPA with the European Union and the ESA States	29/08/2009	14/04/2012	Goods	GATT Art. XXIV	WT/REG307
4	EPA between the United Kingdom and the ESA States	31/01/2019	01/01/2021	Goods	GATT Art. XXIV	WT/REG427
5	SADC-EAC-COMESA TFTA	10/06/2020	Not ratified	Goods	..	..
6	AfCFTA	21/03/2018	15/09/2021	Goods and services	..	..

.. Not available.

a The other 15 COMESA FTA signatories are Burundi, the Comoros, Djibouti, Egypt, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Sudan, Tunisia, Uganda, Zambia, and Zimbabwe.

b The other 12 SADC FTA signatories are Botswana, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Tanzania, Zambia, and Zimbabwe.

Source: WTO Secretariat.

**Table A2.3 Consolidated list of restricted activities to foreign investment, 2022**

<b>Activities</b>	<b>Treatment of foreign investment</b>
Accommodation (hotel, guest house, letting services of furnished accommodation, self-catering, establishment, motel) of 1 to 15 rooms	Not allowed
Animal or livestock keeping	Not allowed
Auctioneer and appraisal services	Not allowed
Artisanal fishing (including demersal fishing)	Not allowed
Bacca manufacturing/distribution	Not allowed
Barber shop	Not allowed
Bicycle hire services	Not allowed
Boat charter services	Not allowed
Butcher shop	Not allowed
Car hire operators	Not allowed
Carpentry services	Not allowed
Car washing services	Not allowed
Catering services	Not allowed
Clearing agency	Not allowed
Cleaning contractor	Not allowed
Commission agent	Not allowed
Building contractor (class ii, iii, iv)	Not allowed
Crop production	Not allowed
Child minding services	Not allowed
Dealer in latanier leaves	Not allowed
Dealer in pesticides	Not allowed
Dive centers on inner islands excluding Silhouette, Fregate and North Islands	Not allowed
Dive operators on live aboard or yachts of less than 24 metres, up to 3 boats	Not allowed
Driving instruction service	Not allowed
Electrical contractor	Not allowed
Employment agency	Not allowed
Events coordinator/planner	Not allowed
Ferry services	Not allowed
Floristry	Not allowed
Horticultural services	Not allowed
Installation of air conditioners, refrigeration, and alarm security systems	Not allowed
Installation of TV systems	Not allowed
Labour contractor	Not allowed
Land surveyor	Not allowed
Lapire manufacturer/distribution	Not allowed
Landscaping services	Not allowed
Limousine services/chauffeur driven cars (excluding 5-star hotels)	Not allowed
Manufacturing and trading of handicrafts	Not allowed
Masonry services	Not allowed
Motor mechanic	Not allowed
Omnibus operator	Not allowed
Operator of laundry service	Not allowed
Painting work	Not allowed
Photography services	Not allowed
Plumbing services	Not allowed
Primary and secondary processing of all plant products <sup>a</sup>	Not allowed
Real estate agency	Not allowed
Repairer of non-electrical apparatus	Not allowed
Rental/leasing services without operators relating to Yachts 1-3 (excluding yachts of 24 metres or above)	Not allowed
Sea cucumber fishing	Not allowed
Secretarial services	Not allowed
Security services	Not allowed
Ship chandler	Not allowed
Shipping agency	Not allowed
Surfing school	Not allowed
Standalone take-away business	Not allowed
Standalone fish mongering services	Not allowed
Standalone delivery services	Not allowed
Trading and dealing in Coco de Mer and its products	Not allowed
Tailoring services	Not allowed
Taxi operator service	Not allowed
Tour guiding service	Not allowed
Travel agency	Not allowed
Tree lopping	Not allowed

Activities	Treatment of foreign investment
Truck hiring service	Not allowed
Water sports	Not allowed
Wireman	Not allowed
Welding services	Not allowed
Maintenance and repair services of office machinery and equipment including computer	Foreign equity limited to 49%
Research and experimental development services on cultural sciences, sociology and psychology	Foreign equity limited to 49% and approval from the relevant government authority
Rental and leasing services without operators relating to yachts - 4 to 5 yachts	Foreign equity limited to 49%
Hotels and other lodging services between 16 and 24 rooms, excluding staff quarters, located on Mahé, Praslin, La Digue, Silhouette, Cerf, and St Anne islands	Foreign equity limited to 80%
Letting services of furnished accommodation of between 16 and 24 rooms located on Mahé, Praslin, La Digue, Silhouette, Cerf, and St Anne islands, excluding rooming, boarding houses, cabins, and staff quarters	Foreign equity limited to 80%
Restaurants fewer than 21 covers	Foreign equity limited to 49%
Tour operator services excluding travel agents	Foreign equity limited to 49%
Maintenance and repair of vessels above 60 metres	Foreign equity limited to 49%
Vessel salvage and refloating services	Foreign equity limited to 49%
Aquaculture	Foreign equity limited to 49%
Any activity not listed in this table, the first schedule (permitted to non-Seychellois without restrictions) under Seychelles Investment (Economic Activities) Regulations of 2022, or any other investment regulation	Subject to an ENT

- a "Primary processing" means from harvesting, drying, and conditioning to comminuting of plant materials. "Secondary processing" means oil extraction (through the process of distillation, centrifugal, and/or other extracting mediums) and turning the resulting by-products into co-products. "Tertiary processing" means value adding to secondary processing.

Source: Seychelles Investment (Economic Activities) Regulations, 2022 (First Schedule), Policy Paper on Economic Activities Reserved for Seychellois (2020), and Fisheries (Aquaculture) Regulations, 2020; and WTO document GATS/SC/15, 30 June 2015.

Table A3.1 MFN applied tariff summary, 2022

	Number of lines	Average (%)	Range (%) MFN applied	Coefficient of Variation	Duty-free (%) <sup>a</sup>	Non-ad valorem (%) <sup>a</sup>
All products	5,869	2.7	0-200	4.4	88.9	4.0
HS 01-24	1,215	9.9	0-200	2.1	61.9	18.8
HS 25-97	4,654	0.9	0-200	8.4	95.9	0.1
<b>By WTO category</b>						
WTO agricultural products	1,020	7.4	0-200	2.9	71.6	22.5
Animals and products thereof	114	1.7	0-25	3.1	89.5	4.4
Dairy products	28	0.0	0.0	0.0	100.0	0.0
Fruit, vegetables, and plants	252	7.5	0-50	1.5	61.9	0.0
Coffee and tea	26	12.5	0-25	1.0	50.0	0.0
Cereals and preparations	115	5.8	0-100	2.6	83.5	4.3
Oils seeds, fats, oil and their products	83	0.0	0.0	0.0	100.0	0.0
Sugars and confectionery	18	0.0	0.0	0.0	100.0	0.0
Beverages, spirits and tobacco	233	19.9	0-200	2.0	40.3	94.0
Cotton	5	0.0	0.0	0.0	100.0	0.0
Other agricultural products, n.e.s.	146	1.5	0-25	3.8	92.5	0.0
WTO non-agricultural products	4,849	1.8	0-200	4.9	92.5	0.1
Fish and fishery products	262	17.2	0-100	0.7	32.4	0.0
Minerals and metals	914	0.5	0-25	7.1	98.0	0.0
Chemicals and photographic supplies	979	0.4	0-25	7.0	97.0	0.0
Wood, pulp, paper and furniture	288	0.9	0-50	5.7	96.5	0.0
Textiles	593	1.6	0-25	3.0	87.9	0.0
Clothing	230	0.0	0.0	0.0	100	0.0
Leather, rubber, footwear and travel goods	169	8.3	0-200	4.1	84.6	0.0
Non-electric machinery	541	0.1	0-10	8.7	98.7	0.0
Electric machinery	257	0.3	0-25	9.2	98.8	0.0
Transport equipment	215	0.5	0-25	6.7	97.7	0.0
Non-agricultural products, n.e.s.	385	0.9	0-50	5.6	96.6	0.0
Petroleum	16	3.1	0-25	2.6	87.5	25.0
<b>By ISIC sector</b>						
ISIC 1 - Agriculture, hunting and fishing	439	8.1	0-100	1.6	64.2	0.0
ISIC 2 - Mining	99	0.0	0.0	0.0	100.0	0.0
ISIC 3 - Manufacturing	5,330	2.3	0-200	5.2	90.7	4.4
ISIC 4 - Electrical energy	1	0.0	0.0	0.0	100.0	0.0
<b>By stage of processing</b>						
First stage of processing	823	7.7	0-100	1.6	66.7	0.0
Semi-processed products	1,828	0.5	0-25	7.1	98.0	0.0
Fully processed products	3,218	2.7	0-200	5.4	89.4	7.2
<b>By HS section</b>						
01 Live animals and products	381	12.5	0-100	1.1	50.4	1.3
02 Vegetable products	356	6.0	0-50	1.7	69.4	0.0
03 Fats and oils	48	0.0	0.0	0.0	100.0	0.0
04 Prepared food, beverages and tobacco	430	11.9	0-200	2.6	61.6	52.1
05 Mineral products	161	0.3	0-25	8.9	98.8	2.5
06 Chemicals and products thereof	903	0.5	0-50	7.1	97.0	0.0
07 Plastics, rubber, and articles thereof	234	5.3	0-200	5.4	91.0	0.0
08 Raw hides and skins, leather, and its products	70	4.1	0-25	2.2	82.9	0.0
09 Wood and articles of wood	122	1.3	0-25	4.3	94.3	0.0
10 Pulp of wood, paper and paperboard	146	0.7	0-50	7.3	97.9	0.0
11 Textiles and textile articles	818	1.1	0-25	3.7	91.7	0.0
12 Footwear, headgear, etc.	48	4.5	0-25	2.0	77.1	0.0
13 Articles of stone, plaster, cement	146	2.6	0-25	2.9	89.0	0.0
14 Precious stones and metals, pearls	53	0.0	0.0	0.0	100.0	0.0
15 Base metals and articles thereof	565	0.1	0-25	16.8	99.6	0.0
16 Machinery, electrical equipment, etc.	800	0.2	0-25	9.8	98.8	0.0
17 Transport equipment	226	0.5	0-25	6.9	97.8	0.0
18 Precision equipment	210	0.0	0.0	0.0	100.0	0.0



	Number of lines	Average (%)	Range (%) MFN applied	Coefficient of Variation	Duty-free (%) <sup>a</sup>	Non-ad valorem (%) <sup>a</sup>
19 Arms and ammunition	18	0.0	0.0	0.0	100.0	0.0
20 Miscellaneous manufactured articles	127	1.0	0-25	4.9	96.1	0.0
21 Works of art, etc.	7	0.0	0.0	0.0	100.0	0.0

a Duty-free lines in a specific tariff form are taken into account in the calculations.

Note: Calculations are based on national tariff line level (8-digit).  
The tariff schedules are based on HS17 nomenclature, consisting of 5,869 tariff lines (at the 8-digit tariff line level). *Ad valorem* equivalents (AVEs) were provided by the authorities.

Source: WTO Secretariat calculations, based on WTO IDB database. Viewed at: <https://tao.wto.org/>; and information provided by the authorities.

Table A3.2 Tariff lines with an MFN applied rate higher than the bound tariff rate

Tariff code	2022 tariff		Bound rate
	As reported in tariff schedule	AVEs provided by the authorities	
<b>HS 1211 Plants and parts of plants (including seeds and fruits), of a kind used primarily in perfumery</b>			
12113000	10	n.a.	0 or 10 <sup>a</sup>
12114000	10	n.a.	0 or 10 <sup>b</sup>
<b>HS 2202 Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured</b>			
22021090	SCR 10/l	52.2	50
<b>HS 2208 Spirits, liqueurs and other spirituous beverages</b>			
22089012	SCR 17.73/l	28.4	25
22089013	SCR 17.73/l	29.7	25
<b>HS 2009 Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit</b>			
20099022	SCR 5/l	25.6	25
<b>HS 2202 Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages, not including fruit or vegetable juices of heading 20.09</b>			
22029110	SCR 10/l	156.4	50
22029923	SCR 10/l	123.0	50
<b>HS 2203 Beer made from malt</b>			
22030039	SCR 25.93/l	146.0	125
22030072	SCR 31.23/l	157.8	125
<b>HS 2208 Spirits, liqueurs and other spirituous beverages</b>			
22082010	SCR 60/l	71.9	50
<b>HS 3307 Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included</b>			
33072010	25	n.a.	6.5
33074910	25	n.a.	6.5
<b>HS 3604 Fireworks, signalling flares, rain rockets, fog signals and other pyrotechnic articles</b>			
36041000	25	n.a.	6.5
36049090	25	n.a.	6.5
<b>HS 3825 Residual products of the chemical or allied industries</b>			
38251000	25	n.a.	6.5
38252000	25	n.a.	6.5
38253000	25	n.a.	0
38254100	25	n.a.	6.5
38254900	25	n.a.	6.5
38255000	25	n.a.	6.5
38256100	25	n.a.	6.5
38256900	25	n.a.	6.5
38259000	25	n.a.	6.5
<b>HS 4016 Other articles of vulcanised rubber other than hard rubber</b>			
40169900	10	n.a.	0
<b>HS 4017 Hard rubber (for example, ebonite) in all forms, including waste and scrap; articles of hard rubber</b>			
40170000	25	n.a.	0 or 25 <sup>c</sup>
<b>HS 5305 Coconut, abaca (Manila hemp or Musa textilis Nee), ramie and other vegetable textile fibres</b>			
53050000	25	n.a.	0 or 25 <sup>d</sup>
<b>HS 6812 Fabricated asbestos fibres; mixtures with a basis of asbestos or with a basis of asbestos and magnesium carbonate</b>			
68128000	25	n.a.	0 or 25 <sup>e</sup>
<b>HS 8408 Compression-ignition internal combustion piston engines (diesel or semi-diesel engines)</b>			
84089000	10	n.a.	0 or 10 <sup>c</sup>

n.a. Not applicable.

a Bound at zero for chilled or frozen coal leaf.

b Bound at zero for chilled or frozen poppy straw.

c Bound at zero for use in civil aircraft.

d Bound at zero for other than coconut (coir).

e Bound at zero for use in civil aircraft and for blankets and other firefighting equipment.

Source: WTO Secretariat calculations based on the IDB and CTS databases; and information provided by the authorities.

**Table A3.3 List of duty exemptions under the Trades Tax Regulations, 1997**

Exempted goods	Section No.
Goods for use by the President	223
Goods for churches and presbyteries	224
Re-imported goods	225
Cinematograph films, etc. for certain purposes	226
Returnable containers	227
Materials under technical aid and assistance programmes	228
Samples for soliciting orders	229
Articles imported tax free under the Vienna Convention on Consular Relations	230
Personal effects and travel souvenirs of tourists	231
Temporary imports	232
Deposit and refund of deposit	233
Passengers' baggage	235
Visitors' baggage	236
Further concessions in case of passengers changing residence	237
Goods imported under agreements with the Government	238
Temporary importation of vehicles and spare parts	239
Goods exempted in the national interest and for export	240

Source: Trades Tax Regulations, 1997.

**Table A3.4 Customs-related fees, 2022**

<b>Description</b>	<b>Fee (in SCR)</b>
Application for review of any decision	1,000
Application for registration as a tax agent	2,500
Application for registration as a customs agent	2,500
Appeal to the Supreme Court	Fees listed under the Court Fees (Supreme Court) and Cost Act 2020
Application for any corporate body or entity for a Certificate of Tax Exemption	1,000
Application made by any registered business for a Certificate of Residence for Tax Purposes	400
Application made by a registered taxpayer for a Tax Clearance Certificate (new)	100
Application made for a Tax Confirmation Certificate by a person issued with a Taxpayer Identification Number	100
Charges to the supply of copies:	
a) Any tax returns	25
b) Official receipts issued	25
c) Any assessment	25
d) Business activity statement	25
e) Correspondence forwarded Customs Division	25
For attendance by an officer at any port or airport, International Trade Zone, excise warehouse at the request of an importer, owner or carrier for any matter deemed out of the ordinary relating to cargo, or any request for out hours attendance for each hour or part thereof	100
For each certificate issued, including a Tanker Outrun, Ships Stores from Bond Undertaking, EUR1 Certificate, Certificate of Origin or other document signed by the Comptroller except for a clearance certificate	100
For any goods intended to be imported into Seychelles that are lodged in a Government warehouse or other place of deposit provided by the Government for the security of the taxes	20 per tonne or part thereof per day (first 7 days free)
Administrative charge by the proprietor or occupier of a warehouse licensed under the Customs Act or the Excise Act and not being a ship chandler, and per licensed warehouse	10,000 per year (payable in advance)
Administrative charge for a ship chandler for each occupied licensed warehouse	5,000 per year (payable in advance)
Processing of any bill of entry under the ASYCUDA system	25
Data capture of a bill of entry either manually or electronically at the request of an importer/agent	50
Locating any Bill of Entry either manually or electronically at the request of an importer or agent	50
Copying any bill of entry and providing it to an importer/agent	50
Verification of contents of a container at the importer's premises at the request of the importer:	
a) 29-foot container	1,500
b) 40-foot container	2,000
Supervising the destruction of perishable goods or "out of time" goods from International Trade Zone or a licensed bonded warehouse. When the aggregate the VAT payable on all goods to be destroyed is:	500
a) less than SCR 1,000	
b) SCR 1,000 or more	1,000
Lodgement fee for a special release at Air Cargo	100 per release
Late payment fees for lodgement of bills of entry to cover a special release at Air Cargo:	
(a) Up to 10 working days	25 per day
(b) After 10 working days	75 per day
Administrative fee based on monthly turnover for specialized warehouse operating outside premises administered by the Financial Services Authority	1.5% of monthly turnover

Source: Revenue Administration (Fees) (Amendment) Regulations, 2020.

**Table A3.5 List of restricted products for importation, 2022**

<b>Goods</b>	<b>Institution</b>	<b>Reasons</b>
Live animals	Agriculture Department	Health protection
Meat and edible meat offal, fresh, frozen or chilled	Agriculture Department	Health protection
Fish and crustaceans, mollusc and other aquatic invertebrates, fresh, frozen or chilled	Agriculture Department	Health protection
Birds' eggs and other edible products of animal origin	Agriculture Department	Health protection
Animal and animal by-products not treated	Agriculture Department	Health protection
Plant and plant products	Agriculture Department	Environmental protection
Edible vegetables	Agriculture Department	Health protection
Edible fruits	Agriculture Department	Health protection
Spices	Agriculture Department	
Wood treated and untreated biodegradable	Agriculture Department	Environmental protection
Brooms consisting of twigs or other vegetable materials bound together, with or without handles	Agriculture Department	Environmental protection
Fertilisers	Agriculture Department	Environmental protection
Fertilisers used as explosives	Agriculture Department and Commissioner of Police	Environmental protection
Organic fertilisers (growing media and compost)	Agriculture Department	Environmental protection
Endangered species	Ministry of Environment, Energy and Climate Change	Conservation
Biodegradable (Non-plastic) straws	Ministry of Environment, Energy and Climate Change	Environmental protection
Plastic utensils and polystyrene boxes	Ministry of Environment, Energy and Climate Change	Environmental protection
Plastic bags	Ministry of Environment, Energy and Climate Change	Environmental protection
Biodegradable plastic and other articles of biodegradable plastic	Ministry of Environment, Energy and Climate Change	Environmental protection
Hydrofluorocarbon (HFC) gas	Ministry of Environment, Energy and Climate Change	Environmental protection
HFC refrigerated and HFC dependent equipment	Ministry of Environment, Energy and Climate Change	Environmental protection
Dangerous chemicals and precursor chemicals	Ministry of Environment, Energy and Climate Change	Environmental protection
Popsicles containing alcohol	MFNPT	Health protection
Alcoholic beverages	MFNPT	Health and socio-economic
Tobacco	MFNPT	Health and socio-economic
Mineral fuels, mineral oils and products of their distillations, bituminous substances; mineral waxes	Ministry of Transport	Socio-economic
Left-hand drive vehicles	Ministry of Transport	Public safety
Second-hand vehicles	Ministry of Transport	Environmental protection
Reciprocating piston engine of kind used for the propulsion of vehicles of Chapter 87	Ministry of Transport	Public safety
Compression-ignition internal combustion piston engines (diesel or semi-diesel engines)	Ministry of Transport	Public safety
Vehicle and chassis/bodies/spare parts	Ministry of Transport	Public safety
Hand sanitiser	Ministry of Health	Health protection
Pharmaceutical and veterinary products	Ministry of Health	Health protection
Articles of cellulose fibre cement or the like	Ministry of Health	Health protection
Electronic cigarettes	Ministry of Health	Health protection
Radio communication equipment	Department of Information and Communications Technology	National security
PVC insulated wires and cables for fixed wiring PVC insulated flexible cord for use with appliances and equipment intended for domestic, office and similar environments	Ministry of Environment, Energy and Climate Change, and Seychelles Energy Commission	Public safety

<b>Goods</b>	<b>Institution</b>	<b>Reasons</b>
Glass and glazed glass products for architectural use in buildings	Seychelles Bureau of Standards	Public safety
Prefabricated building	Ministry of Land and Housing	Public safety
Aircrafts	Seychelles Civil Aviation Authority	Public safety
Ships and vessels	Seychelles Maritime Safety Authority	Public safety
Pyrotechnic products and blasting explosives	Ministry of Internal Affairs and Commissioner of Police	National security
Armoured fighting vehicles	Ministry of Internal Affairs and Commissioner of Police	National security
Warships	Ministry of Internal Affairs and Commissioner of Police	National security
Arms and ammunitions	Ministry of Internal Affairs and Commissioner of Police	National security
Military uniforms	Ministry of Internal Affairs and Commissioner of Police	National security
Imitation/replica of firearms, ammunitions and guns	Ministry of Internal Affairs and Commissioner of Police	National security
Radioactive substances	Ministry of Internal Affairs and Commissioner of Police	Environmental protection

Source: Customs Management (Prohibited and Restricted Goods) Regulations, 2019, and their amendments.

**Table A3.6 IP rights registrations, 2022**

<b>IP right registration</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Trademarks	134	116	767	486	947	650	473
Copyrights	34	31	22	8	..	38	77
Patents	9	13	49	31	21	31	29
Industrial designs	0	1	5	8	6	0	1
Utility models	0	0	0	0	0	0	0
Layout-designs and integrated circuits	0	0	0	0	0	0	0
Geographical indications	0	0	0	0	0	0	0

.. Not available.

Source: Information provided by the authorities.

**Table A4.1 Cost of agricultural inputs and selling price, 2022**

(SCR)

Code	Items	Cost price	Selling price
	<b>Cucumber</b>		
SED1028	Plentiful Green (5 g)	30.00	35.00
SED1033	Emerald Swallow (5 g)	26.00	35.00
SED1067	Cucumber Alba (50 g)	1,393.00	1,530.00
SED1068	Cucumber Alba (5 g)	83.00	95.00
SED2017	Bountiful No. 2 (5 g)	61.00	65.00
SED2018	Bountiful No. 2 (250 g)	3,037.00	3,190.00
SED2019	Bountiful No. 2 (500 g)	6,074.00	6,380.00
SED2020	Genuine (5 g)	61.00	65.00
SED2021	Genuine (250 g)	3,037.00	3,190.00
SED2022	Genuine (500 g Tin)	6,074.00	6,380.00
	<b>Tomato</b>		
SED700	King Kong	12.75	15.00
SED706	Red Crown No. 1 (1,000 seeds)	34.00	40.00
SED849	Victoria (2 g)	46.75	55.00
SED850	Dora (2 g)	46.75	55.00
SED922	Red Crown No. 1 (20,000 seeds Tin)	3,315.00	3,900.00
SED940	King Kong (1 g)	12.75	15.00
SED941	King Kong (200 g)	2,567.00	3,020.00
SED991	Farmers 209 (1 g)	25.50	30.00
SED1000	Calinago F1 (5 g)	74.82	80.00
SED1001	Caracoli F1 (5 g)	74.82	80.00
SED1056	F1 Rodeo 84 (5 g)	68.00	80.00
SED1088	King Kong (5 g)	97.00	105.00
SED1087	Tomato Falcon (5 g) for Trial	137.00	145.00
SED1064	Tomato Red Crown No. 2 (1,000 seeds)	83.00	88.00
SED1065	Tomato Red Crown No. 3 (1,000 seeds)	83.00	88.00
SED1066	Tomato King Tropical (100 seeds) for Trial	135.00	145.00
	<b>Lettuce</b>		
SED693	Red Rapid (5 g)	8.50	10.00
SED905	Grand Rapid (5 g)	8.50	10.00
SED949	Mindelo	17.00	20.00
SED963	General (5 g)	29.75	35.00
SED1022	Red Rapid (500 g)	1,459.00	1,680.00
SED1039	Minetto (5 g)	16.00	20.00
SED1069	Minetto (100 g Tin)	250.00	275.00
SED1070	Mindelo (100 g)	250.00	275.00
SED1076	Minetto (500 g Tin)	985.00	1,035.00
SED1077	Mindelo (500 g Tin)	985.00	1,035.00
SED2033	Minetto (5 g)	21.00	25.00
SED2034	Mindelo (5 g)	21.00	25.00
SED2035	Lettuce Trinity 500 g	921.00	1,015.00
SED2036	Lettuce Trinity 10 g	38.00	40.00
	<b>Chinese Cabbage</b>		
FAOSED646	Chinese Cabbage Summer Bright (5 g)	6.80	8.00
SED913	Chinese Cabbage Green Sun (5 g)	25.50	30.00
SED1043	Chinese Cabbage White Sun (5 g)	35.00	40.00
SED1044	Chinese Cabbage Green Sun (5 g)	35.00	40.00
SED1057	Chinese Cabbage Green Sun (5 g)	29.00	35.00
SED1058	Chinese Cabbage White Sun (5 g)	29.00	35.00
SED1089	Pai Tsai Bino (250 g Tin)	714.00	750.00
SED1090	Pai Tsai Bino (500 g Tin)	1,427.00	1,500.00
SED1091	Pai Tsai Gracious (250 g)	114.00	120.00
SED1092	Pai Tsai Gracious (500 g)	228.00	240.00
SED972	Pai Tsai Bino	14.00	15.00
SED971	Pai Tsai Gracious (5 g)	2.00	5.00



Code	Items	Cost price	Selling price
	<b>Pumpkin</b>		
SED951	Pumpkin Torsten (5 g)	38.45	45.00
SED1007	Pumpkin Gladiator (5 g)	20.32	25.00
SED1024	Pumpkin Peacock (500 g Tin)	3,404.00	3,745.00
SED1025	Pumpkin Phoenix (500 g Tin)	3,404.00	3,745.00
SED1041	Pumpkin New Papaya (100 seeds)	63.00	75.00
SED1051	Pumpkin Barouti (5 g)	34.00	40.00
SED1081	Pumpkin Martinica (5 g)	23.00	25.00
SED2013	Pumpkin Befit (5 g) Winter Squash	61.00	65.00
SED2014	Pumpkin Demi (5 g)	61.00	65.00
SED2015	Pumpkin Phoenix (5 g)	61.00	65.00
SED2016	Pumpkin Peacock (5 g)	61.00	65.00
	<b>Basil</b>		
SED2039	Basil Cinnamon (1 g)	12.00	15.00
SED2040	Basil Grand Vert (1,000 seeds)	12.00	15.00
	<b>Beans</b>		
SED786	Snap Beans Farmers	8.50	10.00
SED822	Asparagus Beans KY Bush	12.00	15.00
SED896	Asparagus Bean Green Pod Kaohsiung	8.50	10.00
SED986	Snap Beans Farmers (1 kg Tin)	378.25	445.00
SED1047	Snap Beans Farmers	10.00	15.00
SED2029	Asparagus Beans KY Bush (5 g)	3.00	5.00
	<b>Eggplant</b>		
SED984	Eggplant Tubby (5 g)	34.00	40.00
SED1094	Eggplant Tubby (250 g Tin)	1,998.00	2,100.00
SED1004	Eggplant Glory	101.00	120.00
SED1005	Eggplant African Beauty	43.65	50.00
SED1053	Eggplant Black Beauty	17.00	20.00
SED1010	Eggplant Charming 2 g	16.00	20.00
SED1093	Eggplant Charming 200 g	1,998.00	2,100.00
SED1008	Eggplant Choco	16.00	20.00
SED1009	Eggplant Tubbiness	16.00	20.00
	<b>Cabbage</b>		
SED1011	Cabbage Summer Tide (5 g)	34.00	40.00
SED1012	Cabbage Tops (5 g)	34.00	40.00
SED1042	Cabbage Summer Autumn (5 g)	45.00	50.00
SED1082	KK Cross-Premium F1 (500 g)	3,038.00	3,190.00
SED1083	Grand KK Cross (500 g)	3,038.00	3,190.00
SED1084	KK Cross-Premium F1 (5 g)	31.00	35.00
SED1085	Grand KK Cross (5 g)	31.00	35.00
SED2027	Cabbage Tops (5 g)	69.00	75.00
SED2028	Cabbage Summer Autumn (5 g)	61.00	65.00
SED646	Cabbage Summer Bright	6.80	8.00
SED827	Cabbage Topper (5 g)	29.75	35.00
	<b>Papaya</b>		
SED903	Papaya Tainung	42.50	50.00
SED932	Papaya Red Lady (50 g)	2,890.00	3,400.00
SED939	Papaya Tainung (50 g Tin)	1,661.75	1,955.00
SED945	Papaya Red Lady	72.75	85.00
SED1062	Papaya Known You No. 1	46.85	50.00
SED1063	Papaya Sun Rise	36.20	40.00
	<b>Melon</b>		
SED919	Melon New Dragon	25.50	30.00
SED993	Melon Golden Crown	80.75	95.00
SED1002	Musk Melon Spring Love	307.00	355.00
SED1013	Seedless Watermelon All Lucky	43.00	50.00
SED1014	Chubiness Watermelon	43.00	50.00
SED1032	Melon Splendid	105.00	120.00
SED1033	Mighty Duchess	26.00	30.00
SED1048	Melon Flower Dragon	32.00	35.00

Code	Items	Cost price	Selling price
SED1052	Melon Round Dragon	76.50	90.00
SED1096	Watermelon Grand Baby	34.00	35.00
SED1097	Melon Dark Belle (5 g)	91.00	95.00
SED2031	Melon Diana (2 g)	59.00	65.00
SED2032	Melon Dark Belle (2 g)	56.00	60.00
SED2037	Watermelon Sugar Baby (5 g)	15.00	20.00
SED833	Watermelon Bright Duchess	56.10	20.00
	<b>Capsicum (sweet pepper)</b>		
SED634	Sweet Pepper Neptune (1 g)	8.50	15.00
SED699	Sweet Pepper Big Star	17.00	20.00
SED965	Sweet Pepper Big Star (1 g)	34.00	40.00
SED977	Sweet Pepper Big Star (1 g)	25.50	30.00
SED978	Sweet Pepper Blue Star (1 g)	29.75	35.00
SED989	Sweet Pepper Big Star (5 g)	114.75	135.00
SED990	Sweet Pepper Blue Star (5 g)	153.00	180.00
SED1029	Sweet Pepper Carmine Star (5 g)	139.00	160.00
SED1030	Sweet Pepper Trim Star (5 g)	139.00	160.00
SED1031	Sweet Pepper Brilliant Star (5 g)	139.00	160.00
SED1045	Sweet Pepper Red Star (1 g)	41.00	45.00
SED1098	Sweet Pepper Red Star (250 g)	9,134.00	9,590.00
SED1099	Sweet Pepper Blue Star (250 g)	9,134.00	9,590.00
SED2000	Sweet Pepper Blue Star (1 g)	37.00	40.00
SED2001	Sweet Pepper Big Star (250 g)	6,850.00	7,200.00
SED2002	Sweet Pepper Yellow Star (250 g)	9,134.00	9,590.00
SED2003	Sweet Pepper Yellow Star (1 g)	37.00	40.00
	<b>Hot pepper (Chili)</b>		
SED764	Hot Pepper Antillas	5.10	6.00
SED802	Hot Pepper Habanero (1 g)	8.50	10.00
SED914	Hot Pepper Red Air (1 g)	17.00	20.00
SED930	Hot Pepper Chivalry (200 g Tin)	2,745.50	3,230.00
SED1040	Hot Pepper Yellow Jamaican (1 g)	9.00	10.00
SED1054	Hot Pepper Tornado (5 g)	136.00	160.00
SED2026	Hot Pepper Chivalry (1 g)	29.50	30.00
SED2043	Hot Pepper Big Sun 1 g	12.00	15.00
	<b>Parsley</b>		
SED680	Parsley Moss Curled (5 g) (NEW)	8.50	10.00
SED809	Parsley Plain (5 g) (NEW)	12.75	15.00
SED1072	Parsley Moss Curled (100 g)	96.41	100.00
SED950	Parsley Moss Curled (100 g)	63.75	75.00
SED968	Parsley Moss Curled (100 g)	97.75	115.00
	<b>Thyme</b>		
SED1074	Thyme Ordinary (50 g)	353.00	390.00
SED1075	Thyme Ordinary (25 g)	236.00	260.00
SED2042	Thyme Ordinary (0.5 g)	12.00	15.00
	<b>Coriander</b>		
SED2009	Favor (10 g)	4.00	10.00
SED2010	Favor (400 g)	167.00	175.00
	<b>Spring Onions</b>		
SED2011	Bunching Onion Miranda (500 g)	1,041.00	1,095.00
SED2012	Bunching Onion Miranda (5 g)	10.00	10.00
	<b>Sweet Corn</b>		
SED907	Sweet Corn Bright Jean	25.50	30.00
SED908	Sweet Corn Super Gem (50 g)	25.50	30.00
SED964	Sweet Corn Super Gem (500 g Tin)	420.00	485.00
SED1050	Sweet Corn Shin Jean	32.00	35.00
SED2025	Sweet Corn Bright Jean No. 2 (50 g)	43.00	45.00
	<b>Balsam Pear</b>		
SED916	Balsam Pear Eternity (5 g)	85.00	100.00
SED1019	Balsam Pear High Moon	35.00	40.00
SED1020	Balsam Pear Moonlight	35.00	40.00

Code	Items	Cost price	Selling price
SED2007	Balsam Pear Eternity (2 g)	43.16	45.00
	<b>Cauliflower</b>		
SED863	Cauliflower Summers Day	34.00	40.00
	<b>Celery</b>		
SED2038	Celery Plein Blanc Pascal (2 g)	10.00	15.00
SED2041	Celery A Couper (1 g)	12.00	15.00
	<b>Radish</b>		
SED981	Radish Koxinga 20 g	51.00	60.00
	<b>Okra</b>		
SED2008	Okra Pure Luck (1 kg Tin)	2,283.00	2,400.00
SED2023	Okra Pure Luck (5 g)	17.00	20.00
	<b>Bottle Gourd</b>		
SED2030	Bottle Gourd Long Life (5 g)	69.00	75.00
	<b>Sponge Gourd</b>		
SED807	Sponge Gourd (5 g)	25.50	30.00
	<b>Fertilizer</b>		
FER120	Ammonium sulphate (kg)	8.50	10.00
FER130	Calcium Nitrate (kg)	17.00	20.00
FER136	Triple Super phosphate (kg)	12.75	15.00
FER150	Peat Moss	508.56	535.00
FER151	(12:12:17) Germany	26.54	28.00
FER153	Hydroponics mix (kg)	43.75	45.00
FER154	Bio rock (kg)	7.84	8.50
FER155	Bio Ganic (kg) (Bounce Back)	6.78	7.50
FER156	Bio Ocean (kg)	8.95	9.50
FER157	Bio Ocean All Purpose (5 kg)	32.13	34.00
FER158	Bio Ganic All Purpose (5 kg)	28.44	30.00
FER159	N.P.K (13:13:20) Fast Release	17.66	20.00
FER160	Potassium Sulphate (kg) (NEW)	30.93	39.00
FER161	MAP (Monoammonium Phosphate) kg	33.30	38.00
FER162	Triple Super phosphate (kg)	22.96	30.00
FER163	Urea (kg) 46% NEW (only pkt per 1 kg left)	19.75	21.00
FER164	Welgrow (kg) Rs400 per bag (10 kg)	35.00	40.00
FER165	N.P.K (15:15:15) – Slow Release	22.50	25.00
FER166	Calcium Nitrate (kg)	24.76	25.00
	<b>Insecticide</b>		
INS229	Delta-Thrin (Decis) Ltr NEW	211.44	225.00
INS232	Cyprine Ambush (ltrs)	155.06	165.00
INS233	Citrunil (Ltrs) pou karya/termites	933.72	935.00
INS235	Bio-Jaal (Ltrs)	332.88	335.00
INS237	Affirm (leaf-miner)	1,111.62	1,170.00
INS238	Laser (100 ml)	1,567.67	1,650.00
INS239	Laser (250 ml)	3,762.40	3,950.00
INS240	Fastac 100 SC (Ltr) NEW	720.91	795.00
INS241	Cartap 50 SP (Suntap) KG NEW	536.30	565.00
INS242	Cypermethrin (Ambush) Ltr NEW	176.52	205.00
INS243	Dicarzol (25 g) NEW	69.50	75.00
INS244	Agromectin 018EC (Vertimec) NEW Ltr	180.56	210.00
INS245	Cyromazine (Trigard) (25 g)	25.16	30.00
INS246	Delta 7 WP (35 g)	103.76	115.00
INS247	Dipel (Thuricide) (25 g)	43.52	45.00
INS248	Lastraw (Ltrs)	252.45	265.00
INS249	Bio-Jaal (Ltrs) NEW	345.45	365.00
INS250	Neem Baan (Ltrs)	717.48	755.00
	<b>Herbicide</b>		
HER136	Round up (Ltr)	118.58	125.00
HER040	Gramoxone	180.00	190.00
HER141	Servian 75 WC (50 g)	264.11	290.00

Code	Items	Cost price	Selling price
	<b>Other Chemicals</b>		
OCL056	Rat blocks (250 g)	21.25	25.00
OCL057	Snail pellets (kg) Rs 40 per kg	35.34	40.00
	<b>Agricultural Equipment</b>		
ARE212	Large Poultry drinker	182.75	215.00
ARE213	Poultry feeder	191.25	225.00
ARE236	Small Poultry drinker	135.00	155.00
ARE237	Pig Nipple Drinker	117.00	130.00
	<b>Miscellaneous</b>		
MRQ212	Poly pots 7.5 x 7.5 x 7.5 cm	1.70	2.00
MRQ213	Shade-cloth (per mtr) 40% (Green)	57.55	65.00
MRQ214	Shade-cloth (per mtr) 30%	51.00	60.00
MRQ227	Poly pots 6 x 6 x 6 cm	1.28	1.50
MRQ256	UV Plastic 3.5 m (per metre)	54.82	65.00
MRQ257	Nursery Plastic bag (Large)	2.13	2.50
MRQ258	Nursery Plastic bag (Large)	2.34	2.75
MRQ260	Shade-cloth (per mtr) 60%	76.44	85.00
MRQ261	shade-cloth (per mtr) 80%	82.43	90.00
MRQ262	Nursery bag N3 1.25 L (NEW)	0.28	1.00
MRQ263	Nursery bag N4 2.5 L (NEW)	0.71	1.50
MRQ264	Nursery bag N6 7.5 L (NEW)	1.54	2.00
MRQ265	Nursery bag N7 9 L (NEW)	1.60	2.25
MRQ266	Nursery bag N8 11 L (NEW)	2.61	3.00
MRQ267	Greenhouse Foil (300 MICRON) 50 x 6.5 M	117.83	125.00
	<b>Fungicides</b>		
FUG078	Nimrod/Milcurb	412.25	485.00
FUG079	Copper Liquid	170.00	200.00
FUG081	Benlate (100 g)	29.75	35.00
FUG082	Previter (ltr)	680.00	800.00
FUG094	Copper Oxychloride (200 g)	46.75	55.00
FUG102	Dithane (200 g)	45.21	45.00
FUG105	Rovral (Ltr)	575.92	575.00
FUG106	Dithane M-45 (200 g)	22.26	25.00
FUG107	Wettable Sulphur (kg)	120.00	135.00
FUG108	Bravo 720 SC (Ltr) NEW	419.61	440.00
FUG109	Benomyl (Benlate) (100 g) NEW	42.31	50.00
FUG110	Copper Oxychloride (200 g) NEW	52.28	60.00
	<b>Growth Regulator</b>		
GRE051	Soft Wood	277.17	305.00
GRE052	Hard Wood	277.17	305.00
GRE053	Potassium nitrate (kg)	33.60	35.00

Source: Information provided by the authorities.

**Table A4.2 Seychelles' bilateral air transport services agreements/arrangements, 2022**

No.	Partners	Agreement	Initialed	Signed	Status	Freedoms
1	Abu Dhabi	MoU	..	22 May 2012	MoU signed in 2012	1,2,3,4
2	Australia	ASA/MoU	5 December 2017	..	MoU signed in 2013, 2017	1,2,3,4
3	Austria	MoU/Full ASA	18 November 2014	5 May 2017	Operational effect	1,2,3,4,5*
4	Azerbaijan	AM/ASA	6 December 2017	..	..	..
5	Bahamas	Full ASA	8 December 2016	13 December 2018	Operational effect	1,2,3,4
6	Bahrain, Kingdom of	Full ASA	20 November 2014	..	Operational effect. Supplemented by MoU signed in 1982, 2014	1,2,3,4,5*
7	Belarus	Full ASA	4 December 2019	..	MoU signed in 2017, 2019	..
8	Belgium	Full ASA	22 October 2015	..	Operational effect. Supplemented by MoU signed in 1996, 2015	1,2,3,4
9	Botswana	Full ASA	21 November 2014	..	MoU signed in 2014	1,2,3,4,5*
10	Brazil	Full ASA	12 December 2013	19 May 2015	Operational effect	1,2,3,4,5*
11	Bulgaria	Full ASA	20 October 2015	..	MoU signed in 2015	1,2,3,4,5*
12	Cabo Verde	Full ASA	16 June 2014	16 June 2014	Operational effect	1,2,3,4,5*
13	Cambodia	Full ASA	18 September 2014	16 October 2014	Operational effect. Supplemented by MoU signed in 2014	1,2,3,4,5*
14	Cameroon	Full ASA	7 December 2016	..	Operational effect. Supplemented by MoU signed in 2016	1,2,3,4,5*
15	Canada	Full ASA	7 December 2016	..	Operational effect	1,2,3,4
16	Chile	MoU	14 December 2018	..	MoU signed in 2018	..
17	Colombia	Full ASA	11 December 2018	..	MoU signed in 2018	..
18	Comoros	Full ASA	8 July 2014	23 August 2014	Operational effect	1,2,3,4,5
19	Côte d'Ivoire	Full ASA	21 October 2015	..	MoU signed in 2015	..
20	Curacao (Netherlands)	Full ASA	19 October 2015	..	MoU signed in 2015	1,2,3,4,5*
21	Cyprus	Full ASA	3 December 2019	..	..	..
22	Czech Republic	Full ASA	1 December 2012	9 June 2016	Operational effect	1,2,3,4
23	Denmark	Full ASA	20 October 2015	..	..	1,2,3,4
24	Dominican Republic	Full ASA	11 December 2019	..	Operational effect	..
25	Dubai	MoU	1 July 2012	..	MoU signed in 2012	1,2,3,4
26	Egypt	MoU	18 November 2014	18 December 2014	MoU signed in 2014	1,2,3,4,5*
27	Ethiopia	Full ASA	26 August 2014	..	MoU signed in 2011	1,2,3,4,5*
28	Finland	Full ASA	20 November 2014	30 September 2016	In force	1,2,3,4,5*
29	France/Reunion Island	Full ASA	15 June 2017	..	MoU signed in 2017	1,2,3,4,5
30	Ghana	Full ASA	11 December 2019	..	MoU signed in 2018	..
31	Greece	Full ASA	20 November 2014	13 December 2018	In force	1,2,3,4,5*
32	Guyana	Full ASA	4 December 2019	..	MoU signed in 2019	..
33	Hong Kong, China	Full ASA	30 October 2012	24 June 2013	In force	1,2,3,4,5
34	Iceland	Full ASA	10 December 2012	..	MoU signed in 2012	1,2,3,4
35	India	Full ASA	16 September 2014	26 August 2015	In force	1,2,3,4
36	Israel	Full ASA	29 October 2015	..	..	1,2,3,4,5*
37	Italy	Full ASA	26 February 2015	1 April 2016	In force	1,2,3,4,5
38	Jamaica	Full ASA	7 December 2016	10 December 2018	In force, Supplemented by MoU of 2016	1,2,3,5*
39	Jordan	Full ASA	1 December 2013	..	MoU signed in 2013	1,2,3,4,5
40	Kenya	Full ASA	13 December 2013	13 December 2018	In force	1,2,3,4,5
41	Korea, Republic of	Full ASA	19 November 2016	..	..	1,2,3,4,5*
42	Kuwait, State of	Full ASA	11 December 2012	..	MoU signed in 2012	1,2,3,4
43	Luxembourg	Full ASA	12 November 2018	..	Not in effect, Supplemented by MoU of 2018	1,2,3,4,5*
44	Madagascar	Full ASA	25 April 2014	..	Not in effect, supplemented by MoU of 2014	1,2,3,4
45	Malawi	Full ASA	..	..	In force	1,2,3,4

No.	Partners	Agreement	Initialled	Signed	Status	Freedoms
46	Malaysia	Full ASA	..	..	Not in effect	1,2,3,4,5
47	Maldives	Full ASA	..	..	Operational effect, supplemented by MoU of 2001	1,2,3,4
48	Mali	Full ASA	13 December 2018	..	Operational effect, supplemented by MoU of 2018	1,2,3,4
49	Mauritius	Full ASA	31 October 2014	..	In force, supplemented by MoU of 2014	1,2,3,4
50	Mexico	MoU	8 December 2016	8 December 2016	MoU of 2016	1,2,3,4
51	Morocco	Full ASA	10 December 2012	..	Operational effect, supplemented by MoU of 2012	1,2,3,4
52	Mozambique	Full ASA	12 December 2018	..	In force	1,2,3,4,5
53	Namibia	Full ASA	12 December 2013	..	Operational effect, supplemented by MoU of 2013	1,2,3,4,5
54	Netherlands	Full ASA	12 December 2013	..	Operational effect, supplemented by MoU of 2013	1,2,3,4,5*
55	New Zealand	Full ASA	18 November 2014	29 September 2015	In force	1,2,3,4,5*
56	Nigeria	Full ASA	7 December 2016	..	Operational effect, supplemented by MoU of 2016	1,2,3,4
57	Norway	Full ASA	20 October 2015	..	..	1,2,3,4
58	Oman	Full ASA	..	..	Supplemented by MoU of 2017	1,2,3,4
59	Paraguay	Full ASA	5 December 2019	..	Operational effect, supplemented by MoU of 2019	1,2,3,4
60	Philippines	Full ASA	23 August 2017	..	Operational effect, supplemented by MoU of 2017	1.2.3.4
61	Poland	Full ASA	12 December 2018	..	Operational effect, supplemented by MoU of 2018	1,2,3,4
62	Portugal	Full ASA	21 October 2015	..	Operational effect, supplemented by MoU of 2015	1,2,3,4
63	Russian Federation	Full ASA	19 October 2015	..	In force, supplemented by MoU of 2015	1,2,3,4
64	Rwanda	Full ASA	11 December 2012	13 December 2018	In force	1,2,3,4
65	Saudi Arabia, Kingdom of	Full ASA	11 December 2013	13 December 2018	..	1,2,3,4
66	Senegal	Full ASA	5 December 2019	..	In force, supplemented by MoU of 2019	1,2,3,4,5
67	Serbia	MoU	19 October 2014	..	Operational effect, supplemented by MoU of 2014	1,2,3,4
68	Singapore	Full ASA	10 December 2012	..	Operational effect, supplemented by MoU of 2012	1,2,3,4,5
69	South Africa	Full ASA	6 May 2013	..	Operational effect, supplemented by MoU of 2013	1,2,3,4
70	Spain	Full ASA	8 November 2014	..	Operational effect, supplemented by MoU of 2014	1,2,3,4,5
71	Sri Lanka	Full ASA	19 April 2013	30 June 2013	In force	1,2,3,4,5*
72	Swaziland	Full ASA	11 December 2013	..	Operational effect, supplemented by MoU of 2013	1,2,3,4
73	Sweden	Full ASA	20 October 2015	..	..	1,2,3,4
74	Switzerland	Full ASA	25 July 2013	13 December 2018	In force	1,2,3,4,5*
75	Tanzania	Full ASA	10 December 2013	..	Operational effect, supplemented by MoU of 2013	1,2,3,4
76	Türkiye	Full ASA	1 December 2012	..	In force	1,2,3,4,5*
77	Uganda	MoU	21 November 2014	..	Operational effect, supplemented by MoU of 2014	1,2,3,4,5,6
78	United Kingdom	Full ASA	11 January 2011	..	Operational effect, supplemented by MoU of 2017	1,2,3,4,5
79	United States	Full ASA	1 December 2012	7 December 2015	In force	1,2,3,4,5
80	Viet Nam	Full ASA	28 August 2013	28 August 2013	In force	1,2,3,4
81	Yemen	Full ASA	1 December 2012	..	Operational effect, supplemented by MoU of 2012	1,2,3,4
82	Zimbabwe	Full ASA	..	12 March 2019	In force	..

.. Not available.

Note: \*in some of the agreements/arrangements means not full freedom applies.

Source: Information provided by the authorities.