

# SEYCHELLES

Moving forward sustainably

## An international outlook

*Having grown through strict reforms, entrepreneurial Seychelles is making a splash on the global stage as it shows there is much more to the paradise islands than 5-star luxury.*

With excellent sea and air links, a strategic global location and a time zone that coincides favorably with the world's major financial centers east and west, Seychelles is a paradise for businesses looking to win in a sustainable environment.

A group of beautiful islands in the Indian Ocean, Seychelles offers the perfect holiday for those who want to combine luxury with peace and quiet, although there are plenty of attractions for those looking for something more active.

Chosen as the honeymoon destination for the world's most-watched wedding couple in May this year — the Duke and Duchess of Cambridge, aka William and Kate — the islands prove once again that their winning vacation formula is fit for a (future) king.

This May was also a winner for Seychelles' President James Alix Michel, who proceeded to embark on his third term in office after close-run elections.

Under his watch, transparency, accountability and a strong democratic process have created the foundations for an economy that is in good health, as evidenced by a growth rate of 6 percent in 2010, and a Fitch rating of B minus and B with positive outlooks.

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President James Alix Michel

Speaking shortly after his election victory, President Michel told Global Insight how he will be encouraging further growth.

"When I became president, I felt there was a need to take Seychelles to the world economy, to become part of the system," he says. "As such, we needed a transformation to enable this change. It needed to evolve, but at the same time we were suffering from a number of problems that were causing the economy to become unsustainable, such as the rising prices of fuel and food.

"We had to take drastic action so we embarked on a radical reform in 2008 with the help of international organizations such as the International Monetary Fund, the World Bank, the Paris Club and the European Union.

"The reform ensured that we had the foundations for a solid economy, a modern economy that will help us integrate into



Pierre Laporte  
Governor, Central Bank

the world economy. We succeeded with the Paris Club to rejuvenate our debt and today our debt has become sustainable at only 45 percent of gross domestic product (GDP); this is quite an achievement.

"Our reform program has overcome the hurdles, and we have created the basis for growth. Last year the economy grew at around 6 percent, although we had some problems such as piracy, which negatively impacted the fishing and tourism industries.

"We lost about 30 percent of our earnings because of this. But we managed to move forward and become more sustainable, so that our tourism industry is now thriving.

"It has also brought about a complete change in mentality

fishing, offshore industries and tourism. We are seen to be able to serve as a gateway from Europe to Africa. Being a member of the Common Market for Eastern and Southern Africa (COMESA) also puts us in a very good position for onward investment for other countries into Africa.

"We are well-positioned for growth in the future and have a lot of confidence from investors. We have abundant opportunities in the Seychelles."

### Making good progress

Pierre Laporte, governor of the Central Bank, is satisfied with the progress being made in the economy.

"Three years ago, we couldn't have imagined the growth we have now. There was no money, no resources. Today we have strong growth and an adequate supply of currency. The fundamentals are there, we just need to make sure that the measures maintaining the economy now will be appropriate for the future.

"In the absence of shocks, we should be able to sustain inflation at around 2-3 percent. If we want to sustain the accelerated growth, we need to keep monetary policy tight and control the level of liquidity.

"We would like to privatize the banks and make them more

also becoming more sustainable, with the right policies and strategies now in place to encourage local participation, and more investments in smaller hotels.

Thanks to clear, turquoise seas, exquisite, deserted beaches, and accommodation that will suit every budget, not just royal ones, Seychelles' tourism revenues continue to increase.

As home to the world's largest raised coral atoll (Aldabra) and the rare coco de mer tree — both part of UNESCO World Heritage sites — as well as numerous other natural delights, a third of the country's landscape is now protected.

### Diversity in tourism

Despite the global challenges in tourism, President Michel is confident Seychelles' specialness will keep the visitors coming.

"Seychelles is unique and we are blessed here with a unique environment, a paradise on Earth, and we try to integrate our development with the protection and the proper management of the environment.

"I think we have managed to create something unique that is not available in many other parts of the world. This is why I launched a new brand for us to market, the Seychelles brand. This encompasses something more than just sun, sand and sea, which is offered by many other tropical destinations in the world. We want to offer more to the world; this is our way of life.

"Our diversity is one of our strong points. We already have a mix of top-end hotels to cater to the rich as well as something for the more financially conscious tourist.

"We can cater to tourists who want to come and stay in luxurious 5-star hotels such as the Banyan Tree and the Four Seasons, whereas we also cater to individuals who want to come and spend time with a Seychellois family, in a guest house and who don't want to spend as much money.

"We want to make Seychelles affordable for all sectors to make it sustainable for our industries to develop; this is our secret and will enable us to be successful."

### Blue gold

Fishing is one of the pillars of Seychelles' national economy, contributing significantly to employment, foreign exchange earnings and of course food security.

With the most advanced levels of development in the region,



Anse Victorin on Frégate Island Private, considered one of the most beautiful beaches in the world.

***"Today we have strong growth, better supply, an adequate supply of currency. The fundamentals are all there."***

Pierre Laporte, Governor  
Central Bank of Seychelles

fishing is a thriving industry that just a few years ago saw its direct contribution to GDP even higher than tourism receipts.

Most of the in-demand pelagic species are within the Seychelles' vast Exclusive Economic Zone (EEZ) of approximately 1.2 million sq. km, which is about three times the size of France.

Transshipment is a booming enterprise, with the abundance of "Blue Gold" (as tuna is known to the Seychellois) ensuring the interest of fishing companies and the resulting license fees.

However, piracy has become a significant concern, resulting in fewer foreign vessels coming in to fish and increasing the pressure to heighten security and guarantee the safety of every stakeholder in Seychelles' rich seas.

Finley Racombo, CEO of the Seychelles Fishing Authority, is justifiably concerned.

"In late 2008 the piracy problem came up. Foreign vessels started to become reluctant to fish because of the threat of piracy, but we have spent more to reinforce vigilance and get the coast guard out to protect vessels."

Meanwhile, Minister of Investment, Industries and Natural Resources Peter Sinon noticed that the industrial fishing vessels began exploring other fishing areas.

"We have one of the largest tuna factories in the world, and without the boats, there would be no fish, and without fish, there would be no tuna factory. The tuna factory is a source of many jobs that we cannot afford to lose.

"It is not only about fishing, it is also about food security. There are also other cargoes. There is a main sea route here. Once they block that, it creates more difficulties."

### Positive returns

The Seychelles Fishing Authority (SFA), and the entire government, has put its foot down. Twenty-two Somali pirates have already been imprisoned by the government, as a forewarning to any bandits considering entering the EEZ.

Patrolling of the country's waters has been reinforced and the SFA has embarked on a drive to install Vessel Monitoring Systems in every Seychellois sea vessel, an initiative that will soon be enacted into law.

The response has been very positive. International ships are starting to come back, and the SFA has been laying the groundwork for improved facilities and a more diverse investment offering.

The construction of a new port

will soon add to the capacity of Port Victoria for transshipment as well as the development of value-added fish products.

Mariculture (aquaculture in the ocean) is another priority, with two active projects outside Mahé, and more locations being identified and developed for investors.

The SFA has also strengthened its commitment to local fishermen and has actively supported the upgrading of their vessels and encouraged them to begin long-line fishing.

This effectively distributes wealth and creates investment opportunities for locals as well.

In tandem with these initiatives is the conscious effort to enforce sustainable fishing practices. Seychelles is a member of COMESA and the Southern African Development Community (SADC), and the cooperation and understanding encouraged by these organizations further ensures that guidelines are met in sustaining fish stocks and protecting the environment.

For more information and inquiries about investing in Seychelles, please contact Sherin Renaud, CEO of the Seychelles Investment Board, at sib@seychelles.sc

This report was produced by Global Insight and can also be read online at: [www.japantimes.co.jp/international-reports](http://www.japantimes.co.jp/international-reports)

### The Central Bank of Seychelles – Transparency and Efficiency.

Trusted and respected, the Central Bank of Seychelles is the country's leading monetary authority, with responsibility for all monetary issues and the development of the banking and financial services sector. An autonomous authority since 2004, the organization works to maintain a sound, transparent and efficient financial system, and ensure price stability, while advising government on banking, monetary and financial matters.



Central Bank of Seychelles

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**SUSTAINABLE  
RESPONSIBLE  
FISHING**

As home to some of the world's most abundant supplies of tuna and other succulent fruits of the sea, a promising future beckons the Seychelles. At the heart of this potential, the Seychelles Fishing Authority is dedicated to developing the nation's fisheries sector responsibly, while preserving its riches for generations to come.



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