



TRADE POLICY REVIEW

REPORT BY

SEYCHELLES

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by Seychelles is attached.

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1 INTRODUCTION

1.1. Seychelles formally acceded to the World Trade Organization (WTO) on 26 April 2015, and is currently undergoing its first Trade Policy Review scheduled for December 2022. Seychelles is an archipelago of 115 islands located approximately 1,800 km east of the East African Coast and has a population of slightly over 100,000 inhabitants according to the recent statistics from the population census conducted in April 2022. As a Small Island Developing State (SIDS), Seychelles is heavily dependent on fisheries and tourism as the two main pillars of its economy.

1.2. With a lack of natural resources and the inherent disadvantages of an island state characterized by remoteness, Seychelles is a net importing country, and is thus highly exposed to external shocks. International trade and free movement of goods and services without unnecessary barriers to trade is vital for trade relations between Seychelles and its trade partners, as well as for the economic stability and prosperity of Seychelles.

1.3. During the period of 2015 and 2019, trade policies focused on the following key areas, (i) promoting and enhancing the multilateral trading system; (ii) improving regional and bilateral trade collaboration; and (iii) reflecting the government's role as the facilitator, and the private sector as drivers of sustained growth and creators of wealth.

1.4. In 2020, at the height of the pandemic, Seychelles' economy was significantly affected, with gross domestic product (GDP) contracting by 7.7%. Additionally, the current account balance worsened from 16% in 2019 to 23% 2020. As such, the closing years of the review period for Seychelles following accession in 2015 coincided with a period whereby Seychelles and the rest of the world have been engaged in implementing recovery policies. The experiences of 2020 signalled a need to diversify the economy and to reduce reliance on tourism. However, meaningful diversification takes time and therefore recovery measures were needed in the short term. During the 2020 to 2021 period, government policy was dominated by measures to support the economy, ensure food security and mitigate the financial impact of the pandemic on businesses and individuals.

1.5. For the seven-year review period, Seychelles engaged in multiple policy directives to improve the trade regime, including acceding to the Southern African Development Community (SADC) Protocol on Trade (2015); the ratification of the Agreement establishing the African Continental Free Trade Area (AfCFTA) (2021); transposing the interim Economic Partnership Agreement (iEPA) into an agreement with the United Kingdom (UK-ESA EPA); and acceding to the International Convention on the Harmonized Commodity Description and Coding System (HS Convention) (2022).

2 ECONOMIC ENVIRONMENT

2.1 Macroeconomic Overview

2.1. Between the years 2015 and 2019, economic growth was robust, ranging between 3.1% - 5.6% in real terms. Simultaneously, between 2015 to 2019, the rate of inflation averaged at 2.3%¹ year-on-year (YoY) and the debt-to-GDP ratio had decreased steadily from approximately 66% to 54%, while the fiscal surplus had improved, averaging at approximately 3% of GDP.

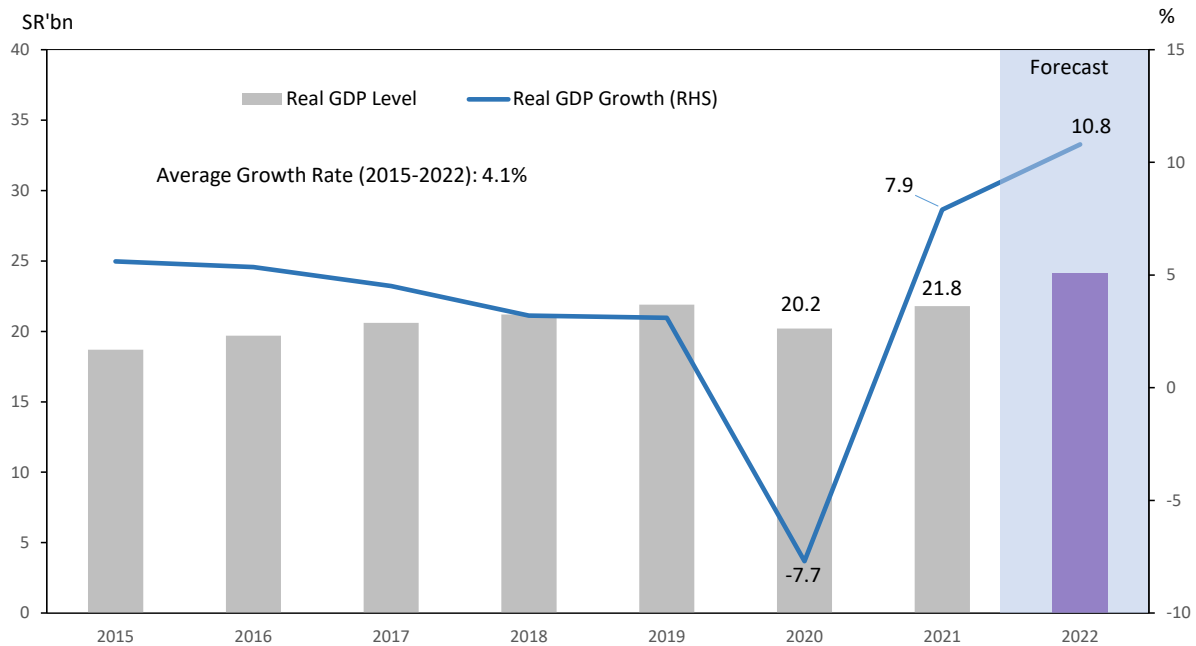
2.2. In 2020, Seychelles was significantly affected by the COVID-19 crisis which interrupted the positive economic performance and trajectory. Output contracted by approximately 7.7% and the exchange rate depreciated; for example, the USD/SCR depreciated from SCR 14.0 in 2019 to SCR 17.6 in 2020 (period average)², and the debt-to-GDP ratio rose sharply from about 60% to over 100%. As a result, Seychelles recorded its highest primary deficit in over 37 years of about 15.8%.

2.3. In 2021, the economic recovery was remarkable, fuelled by a faster-than-expected rebound of the tourism sector. The recovery was accompanied by strong fiscal over-performance and which is expected to continue in 2022 with double-digit growth in tourism arrivals and output.

2.4. Chart 2.1 below provides a snapshot of real GDP growth and level over the review period.

¹ Viewed at: <https://www.nbs.gov.sc/downloads/consumer-price-index-series/download>.

² Viewed at: <https://www.cbs.sc/Downloads/StaExcel/Exchange%20Rates-Monthly.xlsx>.

Chart 2.1 Seychelles' Real GDP Growth and Level (2015-2022)

Source: Macroeconomic Forecasting Analysis Division.

2.2 Challenges to Growth in the Context of COVID-19

2.5. Being a SIDS, the economic and social shocks from COVID-19 were quite severe on Seychelles' economy. In 2020, the economic growth declined significantly, from 3.1% in 2019 to -7.7% in 2020, due to the significant disruptions in economic activities.

2.6. Tourism earning, being the main pillar of the economy and the main source of foreign exchange earnings, declined by 62% between 2019 and 2020. Measures that were applied to contain the transmission of the COVID-19 virus have been particularly damaging to the economy within the context of debt sustainability and the need for fiscal space to drive a much-needed recovery. For Seychelles, this consisted of the closure of borders with many countries, most of which were seen to be the main sources of tourism. As a direct result, many flights were cancelled and subsequently, Seychelles experienced a shutdown of the tourism sector.

2.7. Additionally, in 2020, the primary deficit was 15.8% of GDP due to lower revenues and higher COVID-19-related spending. Whilst domestic policies were oriented towards mitigating the spread of the virus, it is also worth noting that caseloads per hundred thousand - and small sample biases - were far above the norms later adopted by the EU and in effect, this barred the local economy from accessing traditional markets. Moreover, associated costs added disincentives for travelling to Seychelles.

2.8. The combined effect of Central Bank Seychelles' (CBS) support and earnings from fisheries related activities helped to mitigate the decline in foreign currency earnings. CBS supported the market in the form of foreign exchange auctions to commercial banks in particular, as well as direct sales to the Seychelles Petroleum Company (SEYPEC) and the Seychelles Trading Company Limited (STC) for the purchase of fuel and essential goods. Additionally, the contributions of the fisheries sector partially offset the reduced earnings from the tourism industry.

2.9. Furthermore, the CBS issued two credit line facilities as part of a private sector relief programme, to help affected enterprises with operating expenses.

2.10. To aid the private sector during the peak of pandemic, the principal assistance provided was the Financial Assistance for Job Retention (FA4JR) initiative which guaranteed the salaries of employees and self-employed people impacted by the pandemic up to a maximum of SCR 30,000 per month. The FA4JR programme was launched in April 2020 and was phased out by March 2022.

2.11. In April 2020, the government of Seychelles introduced a temporary moratorium on the issuance of import permits for the importation of motor vehicles, to aid mitigate the adverse impacts of COVID-19 on the economy, and with the view of contributing towards the stability of the foreign exchange market. Noting that the moratorium was meant to be temporary, and that the country was receiving limited foreign currency inflow, to sustain the importation on a commercial scale, the government of Seychelles took the decision to terminate the measure and to introduce an additional 25% Excise Tax, effected on 1 January 2021, on the importation of motor vehicles for the transportation of persons. With the resumption of economic activity and the resulting foreign currency inflow through tourism related activities in the fourth quarter of 2021, the additional 25% Excise Tax on motor vehicles for the transportation of persons was removed on 1 January 2022.

2.12. Moreover, Seychelles found it necessary to assist the agricultural sector during the COVID-19 pandemic, given the price hikes in the cost of imported livestock inputs following significant depreciation of the Seychelles' rupee against all major currencies. As such, the government pays for the price hikes (price difference between the pre COVID-19 and the COVID-19 era) with the aim of maintaining the cost of livestock feed, day old chicks and hatching eggs. With further deterioration in the cost of livestock inputs, the government of Seychelles in August 2020 introduced further measures in the form of transportation subsidies to livestock producers on the Inner Islands, namely Praslin, La Digue, and Denis Island, who depended on livestock feed and day old chicks supply from Mahe.

3 OVERVIEW OF KEY ECONOMIC SECTORS

3.1 Trade in Services

3.1. The services sector contributes to 2/3 of Seychelles' GDP, with the tourism sector playing the most prominent role in influencing Trade in Services in Seychelles. In 2020, 21.2% of the population were employed in the tourism sector and contributed to SCR 594 million of total earnings. Aside from tourism, transport and business services are also substantial contributors to Seychelles' GDP.

3.2 Tourism Sector

3.2. The tourism sector, for which the economy is heavily reliant on its imports, is a critical economic pillar that contributes significantly to Seychelles' development, particularly in terms of job creation, foreign exchange earnings, real GDP and tax revenue.

3.3. Between 2015 and 2019, the tourism sectors contribution to GDP increased at an average rate of more than 16% yearly. In 2020, however, tourism earnings as a percentage of GDP decreased, particularly due to the decrease in visitors' arrival relating to the COVID-19 measures. In 2021, in view of the rebound in tourism activity, real GDP growth was estimated at 7.9% in 2021 compared to the contraction of 7.7% in 2020.

Table 3.1 Tourism statistics

Indicators	2015	2016	2017	2018	2019	2020	2021
Visitor arrivals	276,233	303,177	349,861	361,844	384,204	114,858	182,849
Tourism earnings (USD million)	392.2	414	483	559	590	221	310

3.4. The unforeseen upcoming of the COVID-19 pandemic heavily affected the tourism sector, and within the period of March 2019 to Mid-2020, the sector had been virtually shut down as a result of travel restrictions. However, the commencement of the national immunization campaign in January 2020 greatly aided with the reopening of the borders, with Seychelles being amongst the first few countries to do so in 2020. By the end of 2021, visitor arrivals had totalled to 182,849 and increased from the 2020 annual total of 114,858. In 2022, Seychelles is experiencing a positive statistic of 156,287 arrivals which was recorded in the first and second quarter of the year, subsequent to the revival of its tourism sector.

3.5. There are currently works and ongoing assessments of diversifying the Seychelles Tourism Product to other potential niche markets such as eco-, agri-, marine, cultural, sports and adventure

tourism which will lead to the development of the respective polices. The Tourism Department is thus also conducting a cultural audit to identify individuals and cultural tourism products that will add on to the destination's experience.

3.6. As of 2022, the National Tourism Service Excellence Programme 'Lospitalite Lafyerte Sesel' has been launched to support the promotion of the service excellence culture to improve on the standards in the tourism sector and to boost the overall competitiveness of the local tourism industry. Furthermore, the Tourism Human Resource Development (THRD) strategy is also underway and will entail the building of a demand and supply database, targeting 1,537 tourism operators. This strategy will enable the Tourism Department in examining the key drivers of talent supply and demand, the effectiveness of the training system and the formulation of a Sector Human Resource Development Strategy.

3.3 Fisheries Sector

3.7. Seychelles has a well-developed fisheries sector that plays a vital role in the social and economic development of the country. The fisheries sector is one of the most important pillars of the country's economy, contributing to 6% of the GDP and employing between 10 to 15% of the population. Exports of fishery products account for over 90% of the total annual export revenues for Seychelles with more than SCR 4 billion worth of fisheries products being exported annually.³ Although the fisheries sector has grown substantially over the past three decades, concerns have grown regarding the sustainability of the fish stocks in Seychelles and depletion of fisheries resources now poses a threat to the livelihoods of fishermen, food security and the economic role of the sector.

3.8. Production statistics as at September 2021 indicated a reduction of 16% in total fish catch compared to 2020. Nevertheless, according to preliminary GDP estimates, fisheries activity expanded by 4.0%, on account of generally stronger economic performance in the fourth quarter of 2021 which led to higher demand for seafood products. Consistent with plans to diversify the economy and enhance food security, there were renewed efforts to improve the contribution of the fisheries sector. Following numerous years of research and planning, the aquaculture sector was launched in October 2021, in line with the Seychelles Blue Economy strategy.

3.9. Furthermore, the Aquaculture Regulations 2020 became operational on 1 August 2021, and complemented the existing Fisheries Act 2014. The aquaculture sector is anticipated to enhance the quality of fish and fish products and amplify export opportunities.

3.10. The fisheries sector comprises the artisanal fisheries targeting demersal and semi-pelagic species; the semi-industrial fisheries targeting pelagic species; the aquaculture subsector; and the industrial fisheries targeting species of tuna. Fish plays a vital role in the nutrition of the people. The per capita consumption of fish in Seychelles is one of the highest in the world, variably reported to be between 48 and 65 kg per annum, with the artisanal fisheries contributing significantly to the protein requirements of the country.⁴

3.11. The future development of the Seychelles' fisheries sector is tightly linked to diversification, economic resilience and sustainability. As a result of the limited scope for growth in catch or production, the government of Seychelles has emphasized the continued expansion of fisheries through enhanced value addition, encouragement of a circular economy, and the development of aquaculture. The potential for valued growth is linked to increased services, maximizing of landed catch, increased capture of the tuna being transhipped in Port Victoria, improved quality and marketing of demersal fish and tuna from small-scale fishing vessels, and high-value niche products from the aquaculture sector.⁵

3.12. In light of the above, it is crucial that Seychelles continues to have the freedom and capability to choose and implement the best combination of economic and social policies in order to achieve equitable and sustainable development that is most appropriate to its national context with regard to the fishing industry.

³ SFA 2019.

⁴ Lallemand P. (2014). Economic study on major trends in the tuna industry and its impact on the Seychelles economy over the 5-year period, 2009-2013. SF/215/50. Smart Fish Programme, IOC.

⁵ Seychelles Fisheries Sector Policy 2019.

3.4 Financial Services Sector

3.13. The Seychelles Financial Services Authority (FSA) is the autonomous regulatory body responsible for the non-bank financial services in the Seychelles. Established under the Financial Services Authority Act, 2013, the Authority is responsible to license, regulate, enforce regulatory and compliance requirements, monitor and supervise the conduct of business in the non-bank financial services sector in Seychelles.

3.14. These regulated activities are Fiduciary Services, Capital Market & Collective Investment Schemes, Gambling activities and Insurance services. In addition, the Authority is also responsible for regulating International Trade Zones, Hire Purchase and Credit Sales activities and the registration of International Business Companies, Foundations, Limited Partnerships and Trusts in the Seychelles.

3.15. Following the enactment of the Anti-Money Laundering and Countering the Financing of Terrorism Act (AML/CFT), 2020, the FSA is responsible for the supervision and enforcement of compliance by all the reporting entities under its regulatory ambit and licensed under the respective Acts.

3.16. The Seychelles' financial services sector is the third pillar of the economy alongside the tourism and fisheries sector. During the economic hardship of the global pandemic, the financial services sector continued to actively contribute to the economy. From the period of January and March 2020, the FSA injected USD 25 million in foreign exchange as dividends to the government. Furthermore, in 2021 the FSA continued with its remarkable performance, becoming one of the highest dividend contributors to the government which boasted a total contribution of SCR 150 million by the end of 2021.

3.17. On the other hand, the non-bank financial services sector also provides a significant amount of jobs within Seychelles; for example, the largest employer in the Seychelles International Trade Zone is currently the Indian Ocean Tuna Ltd (IOT) which employs around 2,589 personnel. The FSA continues to strive for continuous development in the sector with the aspiration of further job creation.

3.18. The FSA launched its Strategic Plan in early 2021, encapsulating its vision and mission statement, and its 5-year Strategic Plan (2021 - 2025), taking into account recent internal and external challenges in FSA's effective delivery of its regulatory responsibilities and mandate. The strategic plan is spearheaded by four strategic pillars which include the following:

- A robust, sound, user-friendly regulatory framework and effective supervision;
- Promote innovation through products, technologies, infrastructure and legal frameworks;
- Development of professional services and competent talents; and
- Continued stakeholder and industry support through collaboration and consultation.

3.5 Agriculture Sector

3.19. The agricultural sector is characterized by subsistence production. The majority of agricultural production is categorized being low in inputs, with approximately 12.2 kilograms of pesticide and 48 kg of fertilizer applied per hectare.⁶ The main cash crops produced in Seychelles are coconuts, cinnamon, vanilla and major vegetable crop production (including lettuce, Chinese cabbage, chili, pumpkin, cucumber), root crop (such as sweet potatoes, cassava), and horticultural crop (namely 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 97.05 million).

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

3.20. Seychelles is a net food importer, with about 80% of food coming from external markets.⁷ It imports virtually all requirements of the main staples, namely wheat product and rice. Vegetable oil, meat product, milk, dairy products and other fruits and vegetables that cannot be produced locally.

3.21. Additionally, 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. This necessitated the government to intervene through additional subsidies to ensure the survival of the sector and guaranteeing food and nutrition security.

Table 3.2 Additional Subsidies Provided

Subsidies	2019 (SCR mil.)	2020 (SCR million)	2021 (SCR million)
Day old chick cost support	-	4.223	9.381
Input subsidy (Feed Transportation to inner island)	-	0.104	0.510
Input subsidy (Feed price subsidy)	-	16.331	64.996

3.22. Seychelles faced some challenges in fulfilling its notification obligations in regards to domestic support for the year 2019 to 2021. Nonetheless, much effort is being made to address this shortcoming and we expect to complete these requirements by December 2022.

3.23. The COVID-19 pandemic also had an imperative effect on self-sufficiency ratios. Crop ratios increased 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% in 2020, and 26% in 2021, whilst self-sufficiency ratios for pork rose from 35% in 2019 to 41% in 2020, and 45% in 2021.⁸

3.24. Output from the agricultural sector in Seychelles is estimated to have contracted by 0.5% in 2020, primarily because of a decline in demand due to the pandemic.⁹ In 2021, the sector grew by 1.0% in view of the increased production of key agricultural products, notably in livestock slaughtered.

3.25. In 2021, the slaughter of broiler chickens, pigs, and cattle expanded by 31%, 12%, and 26%, respectively. By contrast, the production of eggs is estimated to have declined by 3.1% in YoY 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%.¹⁰

3.6 Energy Sector

3.26. The Republic of Seychelles is at cross-roads on matters of energy. The country has achieved a high level of economic development and is aspiring to accelerate this development during the coming decades. In order to continue ascending this economic development curve and reach new targets, the country would need a secure energy base that effectively caters for current and future demands, and also a long-term balance between energy demand and supply. It would also need to become efficient on the use of scarce energy resources and be able to satisfy its own energy needs

3.27. Seychelles is heavily dependent on imported fossil fuels; currently, over 95% of the electricity generation is from oil-based power plants. This has exposed its economy to global fuel supply chain risks and raised concerns over its energy security. The dominance of fossil fuels in meeting the country's energy demand is a common feature of SIDS. The country has conveyed its long-term commitment to move to 100% renewable energy (RE) by 2050, with a near-term target of 15% RE

⁷ FAO (2019), *Climate-Smart Agriculture in Seychelles*, p. 6. Viewed at: <https://www.fao.org/3/ca5407en/CA5407EN.pdf>.

⁸ Data provided by the authorities.

⁹ Central Bank of Seychelles (CBS), *Annual Report 2020*, p. 13. Viewed at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202020.pdf>.

¹⁰ Preliminary statistics up to September 2021 shown relative to the same period in 2020. Central Bank of Seychelles, *Annual Report 2021*, p. 12. Viewed at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202021.pdf>.

by 2030. The revised Nationally Determined Contribution (NDC) for the period 2021-2030 represents Seychelles' continued commitment to transform its development trajectories in line with the objectives of the Paris Agreement. With its new and enhanced contributions, the Seychelles seeks to reduce economy-wide the absolute Greenhouse Gas (GHG) emissions by 293.8 ktCO₂e in 2030 (26.4%), compared to the business as usual (BAU) scenario. Moreover, transitioning its energy system away from fossil-fuel dependency towards larger penetration of renewable energy and other green technologies such as interventions targeting the transport and waste sectors is key to achieving these targets.

3.28. Seychelles' primary energy consumption was 151,471 tonne-of-oil-equivalent (TOE) in 2020 of which 99.2% is petroleum fuel and 0.8% renewable energy. For the period 2000-2020, the primary energy consumption was growing at an average rate of 4.6% per year. Seychelles final energy consumption mix was 40.4% electricity, 23.9% gasoline, 23.9% gasoil, 5.41% LPG, 4.5% fuel oil, 1.7% Jet A1, and 0.08% of solar heat and biomass. The sectorial energy consumption for that year was 39.7% for the Transports, 27.9% for the Service, 16.8% Residential, 13.6% Industry, and 1.9% for the Artisanal Fishing sectors.

3.29. In 2020, the Public Utility Cooperation (PUC) generated 430.129 GWh of electricity. This included 2.9% of renewable energy from wind and grid-connected solar PV systems. For the period 2000-2020, total electricity generation was growing at an average rate of 4.5% per year.

3.30. Seychelles' installed generation capacity is currently around 119.5 Megawatt (MW) of which 104.3 MW are available service capacity. However, the safe generating capacity is 76.4 MW, largely attributable to several old generators nearing the end of their lifespan. Total energy generation is 95% from fuel oil and 5% from renewable energy sources including the 6 MW Port Victoria wind farm, 6 MW utility-scale PV plant on Ile Romainville and around 5.75 MW of distributed rooftop solar photovoltaic (PV) systems which is gaining popularity in Seychelles.

3.31. With the revised NDC submitted, the Seychelles is currently revising its institutional, policy and legislative frameworks in the energy sector. These include:

3.32. Institutional restructuring of the Seychelles Energy Commission into a multi-sector regulator to regulate electricity, water and sanitation services;

- Strengthening of the Department of Energy and Climate Change of the Ministry of Agriculture, Climate Change and Energy;
- Development of an Integrated Resource Plan for the Seychelles' Power Sector which will guide the revision of the Energy Policy 2010-2030;
- Revision of the Energy Act 2012 and PUC Act to establish a more modern and effective legislation that will guide the development of the power sector.

4 INVESTMENT CLIMATE

4.1. During the review period, there has been various restructuring within changes within the government which impacted the entity that has an oversight role on the investment climate.¹¹ The current portfolio is the Ministry of Investment Entrepreneurship and Industry (MIEI) which administers and enforces investment regulations, as well as facilitates its promotion.

4.2. The foundation of Seychelles' investment framework is made up of the Seychelles Investment Policy of 2018, the Reserve Economic Activity Policy (REAP, 2020), the Investment Act (Act 31 of 2010, as amended) and the Investment (Economic Activities) Regulations (Statutory Instrument (SI) 76 of 2022). The investment framework was reviewed and developed as steps taken by the country to enhance its investment regimes following the WTO accession.

¹¹ In 2015, Ministry of Investment Entrepreneurship and Business Innovation. In 2016, Department of Investment under the Vice President's office (VP). In January 2018, Ministry of Investment, Entrepreneurship and Industry. In April 2018, Ministry of Finance Economic Planning and Trade and Investment. In 2020, Ministry of Investment Entrepreneurship and Industry, where it currently exists.

4.3. Seychelles also actively engages in different modes pertaining to improving the Ease of Doing Business in the country. Some actions which are currently being undertaken includes the development of an investment portal which is to serve as a virtual platform for investor information and efficient application; updating the Companies Act to allow for digital filing of returns and applications; and the development of a provisional licence framework which allows a temporary regulatory framework for innovative businesses to operate.

4.4. Additionally, an Investment Policy review was conducted by UNCTAD in 2020 with a list of recommendation of actions to be undertaken to improve the investment climate in Seychelles. The Ministry responsible for Investment has taken this up as part of its action plan for the coming years to help improve the investment climate in Seychelles.

5 ECONOMIC POLICIES

5.1. In view of the significant debt risks associated partly with the COVID-19 support, some key actions undertaken by the government included an extended fund facility programme with the International Monetary Fund (IMF), and the seeking of external funding to address fiscal needs in view of the shallow domestic market, in order to mitigate interest rate risks on government debt. Government also acknowledged that a key lesson from the pandemic was a need to improve economic diversification. This was announced in the 2021 national budget speech under the banner of *'An Inclusive and Sustainable Economic Strategy to Deliver Transformational Change'*.

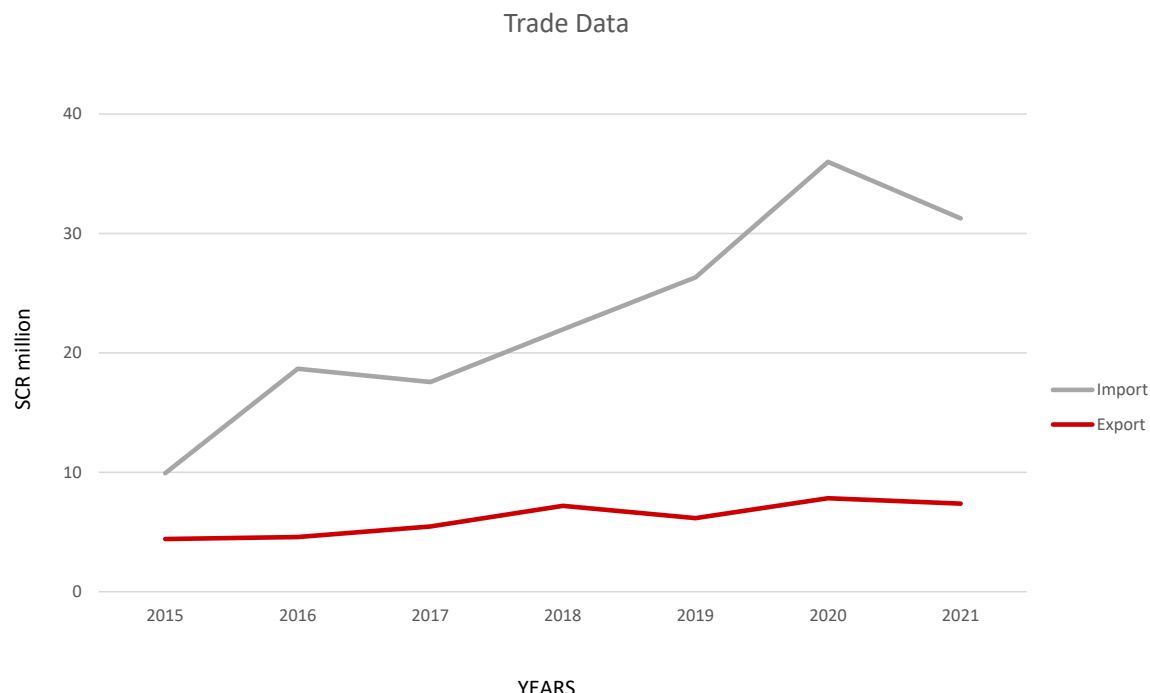
- 5.2. Seychelles' economic policies place emphasis on priority areas of the government; namely,
- a. The Tourism Sector, with emphasis on a more resilient sector which is better integrated in the economy and the need to improve value addition, given the saturation of the sector.
 - b. The Agricultural Sector placing emphasis on improved food security, economically sustainable production, and the creation of avenues to encourage more consumption of local products.
 - c. The Fisheries and Blue Economy Sector, with the promotion of value addition and the modernization of infrastructure. This is mindful of the sustainability risks the country faces.
 - d. The Digital Economy Sector, with the target to improve the integration of technology in the country and in the financial sector.
 - e. The Financial Sector, with the aim of aligning with international norms and standards, emphasis on FinTech and developing human resource skills within the sector.

5.3. Whilst the Transformative Economic Agenda remains a priority for the government of Seychelles, the country is cognizant of the recent geopolitical impacts and remains mindful of the need to address long run structural challenges that the country faces, including the impacts of climate change.

6 TRADE DATA

6.1. For the year 2015 to 2016, total imports from the world increased by 47%. In 2017, however, Seychelles observed a decrease of 6%. Nonetheless, from the year 2018 to 2020, import value increased by 51%. In 2021, Seychelles experienced a decrease of 15% in worldwide imports. On average, however, the period of 2015 to 2021 experienced a total increase of 68% in imports worldwide.

6.2. Seychelles' export witnessed an increase of 39% from the year 2015 to 2018. Exports decreased by 17% and 6% respectively for the years 2019 and 2021. However, an increase of 21% was perceived in 2020. On average, for the period 2015 to 2021, Seychelles observed a total increase of 40% in its exports.

Chart 6.1 Seychelles' Export and Import Data (2015-2021)

Source: National Bureau of Statistics

7 INVESTMENT DATA

7.1. Despite the international economic and financial crisis and a moratorium on the construction of new large hotels in effect since 2015, Seychelles has almost doubled its stock of FDI since 2010 (Table A1.1). Data from the Central Bank of Seychelles (CBS) and the Seychelles Investment Board (SIB) also indicate that FDI inflows have become more diversified in recent years. The reduction in tourism-related FDI in 2014–19 compared to 2009–13 (down from USD 698.9 million to USD 389.1 million) was as a result of the moratorium on large Hotel Establishments. It is to be noted in second half of 2018, the administration started reallocating rooms from pre-approved hotel projects to new hotel projects whilst at the same time remaining within the moratorium limit. This allowed the country to accept new hotel projects and is reflected in an increase in FDI in hotel projects from 2019 onwards. It is also to be noted that the decrease in Tourism-Related FDI was in good part compensated by an increase in investment in the International Business Companies (IBC) sector (offshore corporations), but also in other sectors, such as health, fishing and telecommunications. It is also important to point out that sale of real estates in Seychelles is a significant contributor of FDI.

8 TRADE POLICY FRAMEWORK

8.1 Tariff Policy

8.1. Seychelles uses the Harmonized Commodity Description and Coding System to classify goods imported and exported from Seychelles and to apply tariffs. Since the 1 April 2018, Seychelles has migrated to the 2017 version and currently, work is being undertaken to migrate to the 2022 version.

8.2. With the recent ratification of the HS Convention, Seychelles is doing its utmost to remain up to date with the changes being effected by the convention. This is enforced through the Custom Management (Tariff and Classification of Goods) Regulations and the new regulation is expected to come into force in October of 2022.

8.2 Standards and Technical Requirements

8.3. The Seychelles Bureau of Standards (SBS) is the National Standards Body (NSB) in the Seychelles. The bureau was established under the SBS Act 1987 which was subsequently revised

and replaced by the SBS Act 2014, to cater for additional functions that the bureau had to undertake based on the country's commitment in the implementation of the provisions of the WTO Technical Barriers to Trade (WTO/TBT Agreement). The Act of 2014 was further amended in 2016 and 2021.

8.4. As the main national quality infrastructure services provider, the bureau is responsible to provide standardization services (development & dissemination of standards/information), conformity assessment services (inspection, certification and testing) and metrology services ((legal, industrial and scientific) to various stakeholders (government, businesses, industries and the general consumers) in order to enhance the country's socio-economic development.

8.5. As a corresponding member of the International Organization for Standardization (ISO), the bureau is following the "Code of Good Practice for development, adoption and application of Standards" when developing national standards. The policy of the bureau is to adopt international standards and regional standards as the basis of our national standards. At continental level, the bureau is a member of the African Organization for Standardization (ARSO) and participate in some of ARSO Technical Harmonization Committees involved in the development of ARSO harmonized standards.

8.6. In view that Seychelles is a member of the SADC and a signatory to the "*SADC Protocol on Trade*", the bureau was designated as the country's representative responsible to participate in the SADC Technical Barriers to Trade Cooperation Structures (SADC TBT Structures), which was established under the "*TBT Annex*" to the "*SADC Protocol on Trade*". In line with the Common Market for Eastern and Southern Africa Treaty (*COMESA Treaty*), the bureau has been designated as the responsible institutions for the implementation of *Chapter 15 - Standardization and Quality Assurance* of the Treaty.

8.7. Based on Seychelles' technical regulatory framework, various competent authorities/agencies have been established by law to develop technical regulations/technical requirements (TR) for goods (both agricultural and industrial) covered under the scope of the WTO TBT Agreement.

8.8. In order to ensure the application of good regulatory practices when preparing technical regulations, the Department of Trade within the Ministry of Finance, National Planning and Trade has already developed a "Policy on National Framework on Technical Regulation and Conformity Assessment Procedures" of which was approved by the Cabinet of Ministers on the 3 April 2014. This framework catered for the establishment of a Technical Barriers to Trade National Committee (TBTNC) to deliberate on matters related to Technical Barriers to Trade at national, regional and International level. Based on a new Cabinet Memorandum that was presented by the Department of Trade in May 2022 to further revamp the "Committee", new regulatory agencies were included to participate in the work TBTNC. Since Seychelles' accession to the WTO, the Seychelles Bureau of Standards has been encouraging national regulatory agencies to make use of technical requirements specified international standards and/or reference the international standards when developing technical regulations. The Environment Protection (Restriction on importation, distribution and sale of Plastic Utensils and Polystyrene Boxes) Regulations, 2017 and the Environment Protection (Restriction on manufacturing, importation and distribution of Plastic Bags) Regulation, 2017 are two examples of national technical regulations of which have reference international recognized standards.

8.3 Sanitary and Phytosanitary Measures

8.9. A National Sanitary and Phytosanitary (SPS) Committee was established in 2017. The Committee is chaired by the Department of Agriculture and consists of all relevant stakeholders involved in implementation and resolution of all matters pertaining to SPS.

8.4 Trade Facilitation

8.10. A National Trade Facilitation Committee (NCTF) was set up in September of 2015, providing the private and government stakeholders with a platform to encourage discussion on Non-Tariff Barriers and to resolve Trade Facilitation related issues, whilst promoting and facilitating trade.

8.11. Since February 2017, with the entry into force of the WTO Trade Facilitation Agreement (TFA), Seychelles has been doing the utmost to implement the provisions of the TFA as per the commitment made upon acceding the agreement.

8.12. Seychelles has fully implemented the Category A and B commitments as per the requirement of the WTO TFA, with most of the Category C commitments reaching the stage of finalization by the end of the year 2023, such as Post Clearance Audit, Authorized Operators and Single Window.

8.13. Some of the projects experienced delays due to the pandemic which affected the movement of experts needed to be deployed for the implementation of the projects. As such, it is expected that Seychelles will request an extension to complete some of the projects by mid-2024.

8.5 Subsidies and Incentives

8.14. Seychelles intends to align the tax incentives, such that they are time-bound and focused towards key drivers of the economy.

8.15. During the review period, Seychelles has put in place several incentives to encourage domestic and foreign investment in particular industries, and to support economic development in various sectors, such as agriculture, fisheries, the blue economy, culture, heritage and the arts, amongst others. During the COVID-19 pandemic, special schemes were additionally introduced to support and facilitate business survival during economic hardship.

8.5.1 Value added tax

8.16. Registered farmers and fishermen benefit from Value Added Tax (VAT) refunds on locally purchased goods (excluding all motor vehicles except specialized motor vehicles) and operating supporting activities such as abattoirs, animal feed factories, hatcheries and agricultural and fisheries processors.

8.17. The Seychelles Agricultural Agency (SAA) or the Seychelles Fishing Authority (SFA) must endorse the receipts in order for the registered farmers or fishermen to be eligible for the return, which must be for at least SCR 1,000.

8.5.2 Business tax

8.18. In December 2021, the government of Seychelles implemented a comprehensive set of business tax reforms which were set to simplify Seychelles' corporate income tax regime and improve tax compliance.

8.19. Prior to this, businesses in the tourism, agriculture and fisheries sector were benefiting with preferential business tax rates, special deductions and depreciations as per the below.

- Special rate: 0% on the first SCR 250,000 of taxable income; and 15% (instead of 25%) on the remainder.¹²
- Special deductions on taxable income: training certified by the Department of Tourism (the total amount of deductions allowable for training certified by the Department is 150% of the actual expenditure incurred)¹³; marketing and promotion expenditure; emoluments paid to graduates; and emoluments paid to a musician by a licensed accommodation.
- Accelerated depreciation: Rates of depreciation allowable on capital investments for farming, fishing and tourism businesses, other than building are at 150% over 5 years.¹⁴

¹² This provision has been repealed by S.I. 108 of 2021.

¹³ This provision has been repealed by S.I 4 of 2016.

¹⁴ This provision has been repealed by S.I. 108 2021 – Business Tax (Amendment of Schedules) Regulations 2021.

8.20. Individual farmers and fishermen, on the other hand, are no longer required to pay business taxes on revenue earned from farming or fishing-related activities or from any farming activity that results in the production of agricultural products, since 2014.¹⁵

8.5.3 Small and medium sized enterprises

8.21. For these following various sectors, agriculture, fisheries, blue economy, culture, heritage and the arts, there is a loan scheme for Small and Medium Sized Enterprises (SMEs) available in financial institutions which is subsidized by government in order to maintain a low interest rate. These schemes are managed by several entities such as the Development Bank of Seychelles, Enterprise Seychelles Agency, Seychelles National Youth Council, Seychelles' Conservation and Climate Adaptation Trust and others.

8.6 Government Procurement

8.22. The Public Procurement Act, enacted in 2008, and the Public Procurement Regulations 2014 govern the Seychelles public procurement. Both the Act and Regulations provide the basic principles and procedures to be applied in and regulate the public procurement of goods, works, consultancy services, and other services within the Public Sector.

8.23. The Act and Regulations applies to Ministries, Departments, Agencies, and any other budget-dependent government entities.

8.24. The vision is to modernize and rationalize public procurement through to the following:

- a. Legislative reform: POU is working on reforms to the procurement regime with the aim of introducing a more strategic approach to public procurement and standardization of how public entities conducts public procurement. This includes the ongoing review of Seychelles' Public Procurement Act, 2008 which is envisaged to be completed by mid-fourth quarter of 2023.
- b. Introduction of e-procurement: The government of Seychelles is on the verge of launching an e-procurement portal to modernize how public procurement is conducted. To facilitate the introduction of this modern framework, the POU and National Tender Board of Seychelles are piloting the use of the electronic government procurement web portal. This facility will allow for the agencies participating in the pilot exercise to place notifications to suppliers of their procurement opportunities via this portal.

8.7 Competition Policy and Related Issues

8.25. Fair and effective competition is a key part of the development agenda of Seychelles and the objectives of Seychelles' National Competition Policy include the following, *inter alia*:

- i. to ensure that enterprises of all sizes can participate equitably in the market;
- ii. to provide redress and prevent restrictive business practices which limit competition and affect consumers and to ensure transparency in the implementation of such policies and rules;
- iii. to ensure equitable and affordable access to essential facilities;
- iv. to secure the consistent application of the principles of competition in all sectors of the economy of Seychelles.

8.26. To further that agenda and in line with Seychelles' economic reforms under the guidance of the IMF, Seychelles enacted the Fair Trading Commission Act 2009 (FTCA 2009), the Fair Competition Act 2009 and the Consumer Protection Act 2010. These were subsequently consolidated into the Fair

¹⁵ From 1 December 2014 to 31 December 2023 – Business Tax (Exemption of Tax to Individual Fishers and Individual Farmers) Order 2021.

Trading Act 2022 (FTA 2022), which came into force on 1 August 2022, to cater to Seychelles' current and future competition landscapes.

8.27. The Fair Trading Commission's (FTC) powers include, *inter alia*, to investigate whether enterprises are engaged in restrictive business practices, keep under review commercial activities, advise the government on relevant competition matters and to take such action it considers necessary to prevent abuse of a dominant position, eliminate anti-competitive practices and prevent or control anti-competitive mergers, whilst ensuring protection for consumers within the market.

8.28. With the aim of enhancing Seychelles' competition and consumer protection framework, the FTA 2022 replaced the Board of Commissioners and the Appeals Tribunal with the Fair Trading Tribunal. This independent and impartial tribunal is dedicated to hearing consumer protection and competition cases, merger applications and other applications brought before it by the Commission.

8.29. In line with the FTA 2022, the following regulations and policy are being created:

- a. Fair Trading (Corporate Immunity) Policy, 2022: A policy which explains the purpose of the FTA 2022 provisions related to corporate immunity, which is to enhance the FTC's ability to investigate cartels by affording full or partial immunity to members of cartels who provide material information to FTC. The Fair Trading (Corporate Immunity) Policy also stipulates the criteria which applicants must satisfy in order to be granted full or partial immunity.
- b. Fair Trading (Prescribed Forms) Regulations, 2022: Regulations which set out the format of the forms required under the FTA 2022.
- c. Fair Trading (Threshold for Merger Application) Regulations, 2022: Regulations which stipulate the asset value and annual turnover threshold for notifiable mergers, and the method of calculation for the threshold.
- d. Fair Trading (Consumer Protection) (Product Labelling) Regulations, 2022: Regulations which stipulate the standards for the labelling of products.
- e. The Commission will be working towards other regulations required under the FTA 2022.

8.8 Trade in Services – Postal and Courier Services

8.30. Over the past couple of years, Seychelles has experienced significant growth in inbound e-commerce which has signal the need for this market to be regulated effectively while at the same time reinforcing the role of the 'Postal Regulatory Agency'.

8.31. The Postal Sector Act 2010 establishes the role and functions of the Public Postal Operator and that of the Postal Regulatory Agency as well as defining the scope of operation of this market but with outlining limitations to operators such as courier companies. Also lacking has been the specific regulations for licensing operators; therefore, such postal and courier related business activities have been non-licensable to date.

8.32. Seychelles has therefore been working on the draft licensing regulations for Postal and Courier services and it is expected that this will come into force by end of the year 2022. The overall objective is to ensure that the market has a modern, market acceptable and supportive standard for the dynamics of the growing e-commerce market.

8.33. Similarly, an amendment is to be made to the Customs Management Regulations, 2014 to modernize and digitalize the mode of information interchange with customs with the aim of creating a swift and seamless process for clearance of goods arriving at the airport with the objective of attaining a faster turnaround so as to meet market need.

8.9 Trade Related Law Reviews

8.9.1 Intellectual property

8.34. Seychelles' intellectual property (IP) regime is mainly governed by the Industrial Property Act 2014 and the Copyright Act 2014, and their subsequent regulations. The Industrial Property Act (IPA) covers the protection and use of geographical indications, industrial designs, integrated circuits, layout-designs, patents, and trademarks. Whilst the Copyright Act 2014, provides protection for literary and artistic works.

8.35. Since 2019, Seychelles is in the process of reviewing its IP legislations and legal framework, with the intention of improving efficiency and facilitating IP rights registration. The new law is expected to be adopted in the beginning of 2023. Sensitization is also a government priority with the aim of increasing the accrued benefits of IP, as well as easing the implementation of the IP framework.

8.36. There is no legislation dealing with the protection of plant varieties to date. However, the country initiated this possibility with the drafting of a Plant Variety Bill.

8.37. Seychelles has acceded to a number of international treaties, whereby in April 2016, Seychelles adopted the Protocol Amending the TRIPS Agreement, the Paris Convention as well as the Patent Cooperation Treaty in 2002. The country envisages to accede to additional IP related treaties which are of national interest.

8.9.2 Excise tax regime

8.38. The Excise Tax Act governing the application of excise tax in Seychelles, came into force in January 2010. Seychelles finds the necessity to review the Seychelles Excise Tax Regime with the aim of bringing more discipline and clarity in the application of the excise tax. As such, technical assistance was sought under SADC Trade Related Facility (TRF) programs to review the Excise Tax Act 2009 and its subsequent regulations. The new Excise Tax Bill and its subsidiary regulations are expected to come into force before the end of the year 2022.

8.9.3 Customs management regulations

8.39. The Customs Management Act came into force in 2011 by repealing and replacing the Trades Tax Act, 1993. Nevertheless, provision was made to save several clauses of the Trades Tax Regulations, 1997, until such time that they are also repealed. In our efforts to create more clarity in the application of the customs procedure Seychelles will repeal the saved clauses of the Trade Tax Regulations, and draft a new Customs Management General Regulations (CMR) to capture those provisions.

8.40. In light of the above, the comprehensive review of the CMR started in 2021 and is expected to be completed in 2023.

8.10 The Public Enterprises Bill

8.41. In October 2021 the Cabinet of Ministers approved in principle, a new Bill - The Public Enterprises Bill - to strengthen the Public Enterprise Monitoring Commission (PEMC) governance and monitoring, notably regarding the enforcement of reporting obligations. Presently, the Bill is being reviewed and is expected to be adopted by the National Assembly in 2022.

9 MULTILATERAL, REGIONAL AND BILATERAL TRADE AGREEMENTS AND OTHER TRADE RELATED AGREEMENTS

9.1 WTO

9.1.1 Post-WTO accession activities undertaken

9.1. Following accession to the WTO, Seychelles has been consistently active in leading certain initiatives as part of the WTO negotiating groups, such as the African Caribbean and Pacific group and the African group.

9.2. The country is particularly active in the negotiations pertaining to fisheries subsidies, e-commerce, the GATS meeting on rules, in particular, Domestic Regulation and Most Favoured Nations (MFN) Exemption, and specific commitments, in particular, on Economic Needs Test (ENT) and scheduling issues. It is to be noted that the representation of Seychelles in these meetings is facilitated by our permanent presence in Geneva through its Trade Attaché in Geneva Mission.

9.1.2 Ratification of other WTO protocols and Agreements

9.3. Seychelles has ratified the Protocol amending the Agreement on Trade-Related Aspects of Intellectual Property Rights implementing Paragraph 6 of the Doha Declaration on the 8 June 2016.

9.1.3 National Technical Barriers to Trade (TBT) Committee

9.4. The WTO TBT Agreement and the TBT Good Regulatory Practice (GRP) contain explicit provision for preparations, adoption and application of technical regulations and conformity assessment procedures. The scope of the provisions covered are as follows:

- Principles
- Mechanisms
- Preparation
- Adoption
- Application

9.5. Technical Regulations in Seychelles are regulated under a number of regulatory bodies. These include the Ministry of Fisheries and Agriculture, Ministry responsible for Environment, Energy and Climate Change, Ministry of Health, Ministry responsible for transport, Ministry responsible for communications, the Fair Trading Commission, amongst others. Given the vast coverage of this subject it was found necessary to introduce a national policy and committee to ensure compatibility with the WTO TBT Agreement and the GRP.

9.6. The 'Policy on National Framework on Technical Regulation and Conformity Assessment procedures' was established in April 2014, also establishing the National Committee on Technical Barriers to Trade to deliberate on all TBT related issues and also come up with national positions when required. The policy covers the obligation of regulatory bodies on the whole process of preparation, introduction and application of technical regulations and conformity assessment procedures in Seychelles. The composition of the Committee is being reviewed to ensure more efficiency in the deliberations.

9.1.4 Streamlining of export permit requirements

9.7. Subsequent to its accession to the WTO, Seychelles took measures to remove a previous requirement that all goods destined for export should be issued and be accompanied by an export permit. Under the revised regime, only goods deemed sensitive for the purposes of health and safety, amongst others, has been maintained on the export permit list.

9.1.5 Establishment of National Notification Authority (NNA) and National Enquiry Point (NEP)

9.8. In keeping with its notification obligation under various WTO Trade Agreements, Seychelles has established the relevant National Notification Authority (NNA) and National Enquiry Point (NEP), which current details are as follows:

Trade Department
 Ministry of Finance, National Planning and Trade
 2nd Floor, Maison Esplanade
 Rue de la Possession
 Victoria
 Mahe, Seychelles
 Tel: +2484382135
 Email: enquirywto@finance.gov.sc
 Website: www.tradeportal.sc

9.9. As the NEP and the NNA, the Trade Department also serves as the Secretariat of all national trade related committees such as SPS, TBT, IP, Trade Facilitation and Domestic Regulation.

9.1.6 WTO Government Procurement Agreement

9.10. Upon the accession of Seychelles to the WTO in 2015, Seychelles made a commitment to initiate the negotiations to accede to the WTO Government Procurement Agreement (GPA). The country has an observer status to that the GPA Committee since 2015.

9.11. As part of the country's notification obligation, the WTO GPA Committee was made aware in February 2020, that the government of Seychelles has commenced a review of its Public Procurement Act 2008, and initiated consultations with national stakeholders through an ongoing process. It is envisaged that this review would aid in preparing the Seychelles for its eventual accession to the GPA. Nevertheless, this is a complex and highly technical process.

9.1.7 Setting up of the National Trade Facilitation Committee

9.12. Prior to the coming into force of the WTO TFA, Seychelles took the initiative to set up its National Trade Facilitation Committee in accordance with the provision of the Agreement, which is designed to create a consultative forum for the regulatory agencies and private stakeholders to address issues *vis-a-vis* trade facilitation. The Committee has also been designated to address any arising perceived non-tariff barriers.

9.13. To date, the Committee has been successful in resolving a number of issues pertaining to trade facilitation. Nevertheless, some challenges remain due to resource and infrastructure limitations.

9.1.8 Development of a Trade Remedies Legal Framework

9.14. With the aim of protecting and promoting a diverse economy for Seychelles, a set of Trade Remedies legislations are in the process of being developed, which includes provisions on anti-dumping, safeguards and countervailing measures. Further assistance is required for the country to effectively draft and implement provisions relating to Trade Remedies.

9.2 AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA)¹⁶

9.2.1 AfCFTA Agreement

9.15. The main objective of the AfCFTA negotiations is to achieve a comprehensive and mutually beneficial trade agreement amongst Member States of the African Union (AU). The scope for the FTA covers:

¹⁶ <https://au-afcfta.org/>.

- Trade in Goods,
- Rules and Procedures on the Settlement of Disputes
- Trade in Services,
- Investment,
- Intellectual Property Rights; and
- Competition Policy
- Women and Youth in Trade

9.3 COMESA¹⁷

9.3.1 COMESA FTA and Trade in Service

9.16. Seychelles has been a member state of COMESA, which was established by the COMESA Treaty signed on 5 November 1993 in Kampala, Uganda, and was ratified a year later in Lilongwe, Malawi on 8 December 1994. Within the framework of the Treaty, Seychelles has been implementing the COMESA FTA since 2009. Seychelles has participated in the Trade in Services negotiations among COMESA Member States which has resulted in specific commitments to liberalize priority services sectors. Those commitments were adopted by the COMESA Council of Ministers in 2017.

9.4 SADC FTA¹⁸

9.4.1 Protocol on Trade

9.17. Seychelles acceded to the SADC Protocol on Trade in June 2015, subsequently liberalizing customs duty on 97.5% tariff lines to SADC FTA members after a period of 12 years. The 2.5% remains on an exclusion list and comprises mainly of revenue-sensitive products such as motor vehicles and alcoholic beverages, and other industry-sensitive products such as certain fish, mineral waters, tea and tobacco products.

9.18. Following Seychelles' accession to the SADC Protocol on Trade, ongoing work has been centred towards the review of the SADC Rules of Origin, Customs Cooperation and Trade Facilitation.

9.4.2 The SADC Protocol on Trade in Services

9.19. Seychelles signed the Protocol on Trade in Services in 2015 and has also completed negotiations for the first round, with market access offers in the priority sectors (Communication, Construction, Energy-related, Financial, Tourism services and Transport services). Seychelles' notification was issued to the WTO Members on 14 September 2022 in document reference S/C/N/1108.

9.5 EU-ESA Interim Economic Partnership Agreement

9.20. Since the start of implementation of the iEPA between the EU and the ESA states there have been several Decisions taken under the framework. To name a few;

- Decision No. 1/2017 of the ESA-EU Customs Cooperation Committee; provide for an automatic derogation from the rules of origin laid down in Protocol 1 to take into account of the special situation of the ESA States with regard to preserved tuna and tuna loins.
- Decision No. 1/2020 of the EPA Committee; provide for the amendment of certain provisions of Protocol 1 concerning the definition of the concept of 'originating products'

¹⁷ <https://www.comesa.int/>.

¹⁸ <https://www.sadc.int/>.

and methods of administrative cooperation with a view to their further simplification. Also, Parties agreed to introduce a new Article entitled 'Accounting segregation', in order to allow economic operators to save costs by using that method of managing stocks. Additionally, the Article on proof of origin was amended, in order to allow for more flexibility for economic operators to comply with the proofs of origin requirements.

9.21. Seychelles has progressively reduced its taxes on non-excluded products in line with its schedules of commitment and such has been completed as of January 2022.

9.6 UK ESA Economic Partnership Agreement

9.22. Seychelles signed the Agreement in January 2019 and thereafter it was ratified by the Seychelles National Assembly in March 2019. The agreement was notified to the WTO on 31 December 2020 through document reference WT/REG427/N/1 and came into force in January 2021.

9.7 World Customs Organization HS Convention

9.23. Seychelles signed the Harmonized System Convention on 31 March 2020 and deposited its instrument of accession to the International Convention on 21 August 2020, being the 160th contracting party to have successfully acceded the HS Convention. As part of its obligation, Seychelles is expected to migrate to each new version of HS within the designated timeline.

9.8 ARIPO

9.24. With the aim of expanding the benefits of IP, including in the protection granted and in the enhancement of creativity and innovation, Seychelles became a Member of the African Regional Intellectual Property Organization (ARIPO) on 1 October 2021 through the Harare Protocol.

9.25. ARIPO is an intergovernmental organization which facilitates cooperation between member states, and coordinates meetings to address issues concerning IP within the African region.

9.9 WIPO

9.26. Seychelles became a member of the World Intellectual Property Organization (WIPO) in 2000, which was followed by the country's decision to join the Patent Cooperation Treaty and Paris Convention in 2002. To date, Seychelles has benefited from various WIPO technical assistance and capacity-building initiatives in the form of technical expertise. These included assistance towards the preparation of Seychelles' Industrial Property Act 2014 and Copyright Act 2014 - including its subsequent regulations; assistance in the preparation of the country's national Intellectual Property Development Plan; and in the facilitation of national workshops and IP Treaty-related assessment missions which had the aim of enhancing the capacity of Seychelles' national stakeholders whilst also increasing awareness on IP.

10 CONCLUSION

10.1. Seychelles acknowledges the importance of the multilateral trading system and its contribution towards the advancement of free and fair trade, whilst aiding in the development of economies through diversification and job creation. Therefore, and notwithstanding the challenges that Seychelles faces, especially in the current economic climate, the nation continues to invest efforts in the compliance of its WTO commitments.

10.2. Seychelles will continue to engage in the work towards implementing its obligations under its trade agreements with the WTO and other trade partners, including with the European Union and the African Union.

ANNEXES

Table A1. 1 FDI attraction performance of Seychelles and selected island economies

Country	Average inflows of foreign direct investment								Foreign direct investment stock		
	USD million		Per capita (USD)		Per USD 1,000 gross domestic product		As percentage of gross fixed capital formation		Total (USD million)	Per capita (USD)	Percentage of gross domestic product
	2009–13	2014–18	2009–13	2014–18	2009–13	2014–18	2009–13	2014–18	2018		
Seychelles	204	179	2,223	1,903	200	126	59	38	3,023	31,748	193
Antigua and Barbuda	94	93	981	916	79	63	32	24	969	9,406	60
Bahamas	1,155	1,562	3,139	4,026	112	139	40	55	21,577	54,038	173
Barbados	353	268	1,259	941	79	59	58	56	7,273	25,395	150
Cabo Verde	137	127	270	236	78	72	20	24	1,989	3,594	101
Maldives	277	427	733	994	98	95	37	36	4,259	9,587	82
Mauritius	399	373	319	295	36	29	16	17	5,313	4,189	37
Saint Kitts and Nevis	120	103	2,312	1,880	162	116	53	40	1,683	30,130	178
Sao Tome and Principe	27	27	150	137	121	75	98	28	462	2,212	103
Singapore	46,531	72,044	8,947	12,809	175	225	66	93	1,481,033	255,708	426
Tonga	34	20	327	186	82	46	31	24	446	4,089	102
SIDS (UNCTAD)	1,585	2,432	152	219	25	34	12	17	48,135	4,210	63