

SEYCHELLES

London Media 2014 Series

**A DETERMINED
ISLAND NATION**

THE BLUE ECONOMY



SEYCHELLES: GROWTH & STABILITY

At the Ministry of Finance, Trade and Investment we are building a bright future for Seychelles.

We are committed to the growth and development of the financial sector of our country, bringing transparency to our offshore market and strong legislation protecting investors and their capital.

We seek prosperity for our people with responsibility and good governance, within a business climate that is competitive and dynamic.



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It's hard to believe that not six years ago, the tiny island state of Seychelles was in serious economic crisis: an unsustainable debt burden, overvalued fixed exchange rate, plummeting foreign exchange reserves and a burgeoning public sector - all in the midst of the global financial crisis. But a radical IMF-backed reform programme has given rise to swift recovery and a deep-seated shift in social and economic thinking.

The 115 islands that make up Seychelles are best known as an exotic holiday destination and the shared British and French colonial past is reflected in a distinctive Creole blend of cultures. The country boasts a high per capita income, long life expectancy and ranks high on the Ibrahim Index of African Governance. Since full independence in 1976, the economy has been built on the three pillars of high-end tourism, 1.3 million square kilometres of the richest fishing grounds in the Indian Ocean and a growing offshore financial services sector. Recent seismic studies indicate potentially significant offshore oil reserves on the Seychelles plateau

and extensive exploration efforts are in progress although any commercial exploitation is still several years away. 2012 saw the establishment of the Seychelles Securities Exchange, Trop-X and the completion of a submarine cable which now links the Seychelles with Tanzania providing direct access to the world's fibre optic backbone. Macroeconomic performance last year continued to improve bolstered by strong tourism numbers. The IMF's latest assessments are positive. "Growth accelerated to 3.5 percent in 2013, supported by strong policies and robust tourism earnings that enabled the

Central Bank of Seychelles to continue to rebuild official external reserves. Inflation fell to 3.4 percent at the end of the year. The authorities also attained their target of a strong fiscal primary balance and remain on track to meet their objective of reducing public debt below 50 percent of GDP by 2018," said IMF Mission Chief Marshall Mills on conclusion of the staff mission visit to the capital, Victoria in March.¹ Economic risks remain, but it is testament to the success of the reform programme that they are largely external.

¹ source: IMF

PRESIDENT JAMES MICHEL

Q&A

President James Michel marks 10 years in office this year, in what has been a transformative decade for the country. Here, he outlines his vision for the country's long-term economic stability, transforming Seychelles into a high-income country and its role on the international stage.



President James Michel

Six years on from the debt crisis, is Seychelles on track to achieve its 2013-2017 development goals?

We are now in consultation with various stakeholders as part of the process of drafting our new medium-term development strategy. In the context of the 2008 debt crisis, we can use the Seychelles Strategy 2017 to gauge the progress Seychelles has been making so far towards its medium-term development goals.

The mission statement of Strategy 2017 targeted the doubling of the GDP by 2017. This goal has already been achieved. Our GDP is now valued at \$1.07 billion. With regards to the fiscal policy, we stated that total debt would be reduced to 60% of GDP. As at end December 2013 we were at 65% but Government's target is 50% by 2018, so we are managing. We said a revenue authority would be established. This has been done with the establishment of the Seychelles Revenue Commission, by law, in 2009. Since 2008 there have been numerous reforms undertaken in the tax structure such as the introduction of income tax in 2010, and VAT which came into force in January 2013.

Another goal of the Seychelles Strategy 2017 was strict fiscal discipline. This is an ongoing process which can be confirmed by the successful implementation of our economic reform programme supported by our development partners such as the IMF, the World Bank and the African Development Bank. After the start of our reform programme in 2008 Seychelles has constantly been achieving a primary surplus which is further testament to a strong fiscal discipline.

The economy has been growing every year after 2008. Because of the success of the reform, and the fiscal discipline in place, we have been able to boost investor confidence in our economy. We are no longer a crisis-ridden economy. We continue to build on our foreign exchange reserves. The private sector is set to become the motor of the economy. We have been building a resilient nation, which will be able to overcome future challenges.

At the heart of Seychelles' strategy 2017 is wealth creation. Government, as facilitator, has been empowering the Seychellois to participate more in wealth creation. Government has been providing the support through the provision of favourable credit, allocation of land and workshops to small and medium enterprises. More of our people have invested in the tourism and fishing sectors.

In the past few years, Seychelles benefitted from almost \$2 billion dollars in foreign direct investment. There are some 440 hotels and guesthouses operational in the country. The number of five-star luxury resorts increased. We are achieving record tourist arrivals. We have built seven petroleum tankers. Our national airline attracted investment from Etihad. Over 1,200 registered businesses are in operation. The fishing sector is expanding significantly.

How would you like to see the financial services sector develop and how can London participate?

Regulation and supervision are quite essential elements of ensuring that any financial system is one that is sound, stable and reputable. This sector has been in existence for twenty years or so and, in that period, Seychelles has enacted several pieces of legislation pertaining to financial services to cater for the growing needs of products for investment.

In order to best consolidate the evolution of the non-bank financial services sector, in March 2014 the Financial Services Authority (FSA) replaced the Seychelles International Business Authority (SIBA). The FSA is now responsible for the licensing, supervision and development of the non-bank financial services industry of the Seychelles. The FSA's role as financial services regulator continues to grow as it is now striving to be better integrated in the international arena. Integration in international groupings and equivalent regulators, and the sharing of resources, know-how and experience, will enable Seychelles to reap more of



Signing the agreement for the creation of the Regional Anti-Piracy Prosecution and Intelligence Coordination Centre - London February 2012

the benefits of a modern financial services system. It is therefore important that Seychelles, through the FSA, is part of bodies such as the SADC's (Southern African Development Community) Insurance, Securities and Non-Banking Financial Authorities (CISNA). We also want to become a member of the International Organisation of Securities Commissions (IOSCO).

While the main contributors to the Seychelles economy have been tourism and fishing, international financial services are expected to increasingly play an important role in the diversification of the economy, by generating additional income and employment opportunities. More investors, foreign and local, are doing business in Seychelles. Investors should consider the multitude of opportunities that our islands offer, from a product structuring standpoint through to setting up of businesses for the conduct of numerous activities within the financial services sector, all under sound legal and regulatory frameworks.

A recent feature of the Seychelles financial services sector has been the setting-up of the Seychelles Securities Exchange, Trop-X (Seychelles) Limited which was licensed in 2012 and started operations with the launch of its equities boards in November 2012. Trop-X has been building momentum in the area of achieving listings of both local and international companies on its Main Board, Small and Medium Enterprise Board and Venture Capital Board. This ensures that a wide array of companies can get the opportunity to list on the exchange, thereby providing access to capital, amongst other benefits. Trop-X has also announced an upcoming launch of 112 new highly liquid USD denominated and settled derivatives securities. This shows much progress in the onshore securities market development.

Seychelles can benefit from the vast experience of places such as London which have very mature financial services sectors and a lot of skills transfer can occur. The participation of international players is a strong driver of growth within this sector and this is

where investors can utilise the opportunities available within the financial services sector in Seychelles.

Do you envisage Seychelles ultimately making the transformation from an upper middle income to a high income country?

Actually, in March this year, at a symposium of the ruling party, which I head, I put the following question to the delegates: "Can we transform Seychelles into a high income country in the coming years?" Yes, we have just set a new goal for our nation. It is a challenge that is huge and motivating. Our aspiration is to generate a gross national income per capita of above \$17,000 at today's value, in order to be promoted to the higher classification. We do have the potential to join countries like Singapore,

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Australia, the United Kingdom, the United States of America and Germany on the list of high-income countries.

Our people are our best asset. We have invested a lot in the education and health of our nation after gaining independence. Additionally, we have been developing a knowledge-based society, supported by the launching of our own university, the installation of a fibre optic cable and the propagation of information technology. Our tourism industry is reputed as a high-yield economic activity for our islands. We are now facilitating Seychellois ownership and participation in new tourism-related businesses, in order to continue earning more from the hospitality industry. We want more of the income generated from tourism to remain in Seychelles for our own people. We are doing the same in the fishing sector, through the worldwide promotion of the blue economy. We are yet to fully exploit the full potential of the blue economy for our own benefit. A large quantity of the tuna presently unloaded in our port is later exported for processing overseas, although we already have a large canning plant. We have to expand the processing facilities here, not only for tuna but also for other species. Much is being done, through favourable credit and infrastructure support, to attract our own investors in the value-added activities.

International financial services sector continues to develop, offering new products. We want to build on our good reputation to offer new services to international businesses. Wealth can also be created from the things we are not doing presently, but are crucial for our survival. The government's goal of achieving 60% self-sufficiency in food is yet to be realised. We are fast promoting the entrepreneurial skills of our people. We have the economic fundamentals in place to ease our transformation from an upper middle income to a high income country. We have a culture of sustainability, fiscal discipline, an open economy, a floated currency, ample foreign exchange reserves, modern banking facilities and good telecommunications and airline connections to the world. Also importantly, we have amassed plenty of experience in building a resilient and thriving nation. Our national airline, although small, is making profit. We have the determination to get things done. We have shown we are not afraid of reform. Because

of our successes, the name Seychelles is emerging as a good brand in the world. Although we lack mineral resources, I believe we have the means to continually generate wealth.

Is the international community doing enough to help combat the threat of piracy in the Indian Ocean?

We all know that piracy in the Indian Ocean is a consequence of instability in Somalia, the lack of a strong central authority there. Seychelles has been at the vanguard of the fight against piracy. Some of our own people were captured by pirates. We had to rescue our fishermen and sailors from Somalia and at sea after the pirates took them hostage. In 2009 alone, the cost of piracy to our economy was estimated at 4% of GDP. Additionally, precious resources had to be re-allocated to increased patrolling operations. We paid more for imported commodities because of the threats to shipping. Seychelles amended its laws to allow for the prosecution on our territory of pirates captured in international waters. We are thankful to the international community for sending naval assets to the Indian Ocean to patrol the vast expanse of sea. It is a coordinated global fight. Pirates in jail in Seychelles are being repatriated to Somalia where they continue to serve their sentences.

Although the number of piracy attacks began falling dramatically in 2012, we have to remain vigilant. The threat has not disappeared. That is why we think a lot more can be done on land in Somalia, to strengthen the central government there, boost security, provide development assistance, and give hope of a better life to the population. Somalia has also been decimated by drought, famine and terrorism. There needs to be more solidarity with the people of Somalia, although mobilisation has started to help transform Somalia into a viable state. It is a long process. That is why I think more resources need to be invested by the international community, urgently, to tackle the root causes of terrorism, poverty, crime and instability in the war-torn country. Seychelles has offered to help Somalia develop its fisheries industry, including the setting up of a fishing authority and the sharing of experience in the patrolling of the exclusive economic zone. Pirates, over one hundred of whom have been



President Michel addresses the Blue Economy Summit –
Abu Dhabi January 2014

serving sentences in Seychelles, are taught skills in the islands' prison. Helping to build Somalia's future is also an investment in democracy, global trade and free navigation. Somalia gets plenty of world attention only when there is a pirate attack. Now the world should do more to help Somalia rebuild.

How is Seychelles positioning itself on the international stage? What future role do you see it playing?

We have always taken a strong stance in favour of the environment. The world knows that we are a leader in environment protection and sustainable development. The issue of climate change has given Seychelles a strong voice on the international stage. We will speak louder on the matter as we strive for our survival in the face of rising sea level and coral bleaching.

We will remain at the forefront in promoting the interests and defending the cause of small island states. We want the world to know that small islands have their own specificities which impact our development. It is costlier for a small country to undertake developments, for example. There are no small airports for small nations. What is obvious is that the per capita investment for an airport is a lot higher in a small country because of the size of the population. We are already being "penalised" because we have attained the classification of an upper middle-income country. If we are to achieve the level of a high-income country we will have to invest a lot more.

We are linking the concept of the blue economy to climate change, the survival and sustainability of all nations, not only countries that border the sea. Our tourism industry is presently our greatest asset for international visibility. The good reputation of our international financial services sector will earn more credibility and more business opportunities. Seychelles has an open sky policy, regarding international aviation. That is why many airlines are interested in coming to our islands and we have succeeded in establishing a good network of international connections from our airport. We have the experience of operating a profitable airline. We are the example of successful economic reform to share with the world.

In the future we need to market the vast space of the Indian Ocean under our jurisdiction. We also have our strategic position in the middle of an ocean to serve international trade. We will continue to be in the forefront in the fight against piracy. We not only chase pirates and imprison them, but will also extend a hand to help Somalia recover from instability, lawlessness and underdevelopment. We will position ourselves as a leader in renewable energy generation. One island, La Digue, is earmarked to become the eco-capital of Seychelles in 2020.

We are bidding for a non-permanent seat on the UN Security Council for the 2017-18 term. We have shown we are ready for a seat through our role in fighting Somali piracy and the mediation efforts to help resolve the Madagascar political crisis. We have values that we can share with and impart to the rest of the world. Seychelles, through its practice of proactive diplomacy, can contribute more to the promotion of peace, security and world development. ■

*We are the example of
successful economic reform to
share with the world.*



THE BLUE ECONOMY

"The importance of the Blue Economy to humankind cannot be underestimated: over 70% of our planet is covered by ocean; 90% of the world's trade in goods is conducted by sea. Oceans transcend states. They connect us all to each other. And we must harness these connections for development, not just enrichment."

President James Michel during his address at the opening of the Blue Economy Summit held in Abu Dhabi in January.

With an exclusive economic zone comprising over one million square kilometres of ocean, roughly three times the size of France, Seychelles has enormous potential to develop its blue economy concept. The government is formulating a development master plan for aquaculture and mariculture. Fisheries, the country's second economic pillar, contributes significantly to both foreign exchange earnings and local employment.

Lying outside the cyclone belt, Port Victoria is one of the safest and deepest ports in the Indian Ocean and operates 24/7 year-round. It lands and tranships record numbers of tuna and its canning

factory produces over a million cans of tuna per day. "Anyone who fishes in the Indian Ocean knows that their closest port of call, ninety percent of the time, is Victoria which is why Port Victoria has been, is, and will continue to be, the hub for tuna transhipment and tuna landings in the Indian Ocean," explains Peter Sinon, Minister for Natural Resources and Fisheries.

Adding Value

Port Victoria is currently undergoing a major redevelopment to create more capacity. Additional quays are being installed to accommodate more boats and larger catches. Cold store projects are underway which will allow the

development of value added fish products, something which remains an important component of fisheries development in the Seychelles.

"We welcome investors for the transformation of fish products, bringing more value to the product and creating more jobs. Transshipping the raw material is one thing but the best value is when you transform at least part of the product, so this is where we are focused," explains Sinon.

Central to the redevelopment is the construction of 120-metre long industrial tuna quay at Zone 14, a reclaimed area right in front of Port Victoria. The Seychelles Fishing Authority (SFA) is now making provision for utilities at the new

quay to ensure smooth operations. “We want to develop Zone 14,” says Sinon. “We have a number of projects under consideration and, between now and 2016, we aim to transform Zone 14 in its totality and see an even more active Port Victoria”.

International Alliances

International ships are returning, reassured by Seychelles’ unrelenting efforts to bring the scourge of piracy under control. 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.

Following negotiations last year, a new six year Fisheries Protocol, between the European Union and Seychelles came into force in January this year which will see the grant contribution increase from €2.2m to €2.6m over the first two years before reverting to €2.5m over the next four years.

Efforts to promote fisheries were given a further boost last year, when an MoU in fisheries co-operation was signed with Sri Lanka, with the aim of intensifying economic, scientific and technical cooperation in the field of fisheries, aquaculture and maritime activities. A \$10m line of credit was extended mainly for boat building in Sri Lanka by Seychellois boat owners.

Sustainability

Promoting sustainable exploitation of its finite resources is deep-rooted in Seychelles government policy and Minister Sinon has become a leading voice in the fight against Illegal, Unreported, and Unregulated (IUU) fishing on the African continent. Working with organisations such as FISH-i Africa and Stop Illegal Fishing, the SFA has developed a process to ensure compliance by their fishing fleet to internationally accepted standards.



Minister for Natural Resources and Fisheries, Peter Sinon at the 30th session of the Committee on Fisheries (COFI) of the UN Food and Agricultural Organization - July 2012

Minister Sinon encourages other continental and global partners to join forces and follow Seychelles’ example. “We, as the fisheries community can no longer remain unaware of what is happening in our own backyards. We know that fish is a finite resource if not managed properly. We need to know the maximum sustainable yield because we have to pass on the traditions and the bounty we have today to the next generation. Partners and investors who want to come to Seychelles have to know this because they have to be a partner in this effort, we welcome them with open arms but we want them to be true partners.”

A message which echoes that delivered by President Michel in his address at the Blue Economy Summit in Abu Dhabi in January this year, “We need to ensure that the benefits from economic activity in our oceans translate into real benefits for our populations. We cannot consider that it is sustainable for certain large industrial fishing fleets to exploit the resources of one sea to the point of exhaustion and then simply move on to other areas. Inclusion, ownership and empowerment of coastal populations are core elements of implementing the Blue Economy.” ■

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Seychelles Fishing Authority www.sfa.sc Tel: 248 4670 300

Promoting sustainable exploitation of its finite resources is deep-rooted in Seychelles government policy.

BANKING

A lot is being done to promote business in Seychelles, so we need to have a modern banking system and we need to have institutions that are putting in place services that ease transactions. We want to see new institutions coming in to bring about some competitive drive. My aim is to see an improved banking environment that will benefit the whole economy.

*Governor Caroline Abel,
Seychelles Central Bank*



TOURISM

As small as we are, this dream tourism destination of the Seychelles is today making its mark and leaving its footprint on the world of tourism. The Seychellois people as a whole appreciate that their tourism industry is, and will remain, the pillar of their country's economy. This is why in Seychelles we remain passionate in the way we manage our industry, because what we are enjoying today must be consolidated for the long term.

*Alain St. Ange
Minister of Tourism & Culture*



ENVIRONMENT & ENERGY

Seychelles is a global leader in environment related issues. Chief among our socio-economic growth objectives is the need to gradually reduce our dependence on fossil fuel by promoting renewable energy and greater energy efficiency. The inauguration of the Port Victoria wind farm last June clearly demonstrates the government's commitment to addressing energy issues.

*Prof. Rolf Payet
Minister of Environment and Energy*



TRADE

Seychelles may be far and small in size, but there are ample opportunities for trade and investment and our strategic geographic location means we can also be used as a hub for wider business in the region.

*Veronique Laporte, CEO
Seychelles Trading Company*



“We believe Seychelles can be a centre for bringing together businesses between the Gulf, Africa and Asia.”

*Pierre Laporte
Minister of Finance, Trade & Investment*



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MINISTER OF FINANCE, PIERRE LAPORTE

Q&A

Almost six years on from the 2008 debt crisis, Minister of Finance, Trade & Investment Pierre Laporte looks back on the events which led Seychelles from breaking point to the growth and stability it enjoys today, and outlines his strategies to continue growing and diversifying the economy.



Minister of Finance, Pierre Laporte

Why was such an extensive economic reform programme necessary in 2008?

Since just after independence, from 1977-1993, Seychelles' economy was essentially based on a central planned model, supported to a large extent by friendly socialist nations. Although there was a return to a multi-party political system in 1993, and a gradual move towards a more diversified economy with increased private sector involvement, the government remained dominant and continued to maintain a very generous welfare system. Following the collapse of the Soviet Union in the early nineties, financial assistance from partners like Russia dried up but the government continued to subsidise welfare in a heavy way. In doing so, the country ran up huge budget deficits and large amounts of borrowing, a situation that was not sustainable. Those policies eventually led to an almost total collapse of the economy in mid-2008 just as the global financial crisis was unfolding. So the reforms were necessary to overcome the macroeconomic imbalances, and at the same time rebuild our country's resilience to external shocks.

How were you able to gain public support for what must have been very unpopular reforms?

I put it down to two things. Firstly, the severity of the situation. Because it was so tough, people accepted that the reform was the only way forward and, at the very least, it offered them some hope. Secondly, a lot of communication. The Minister of Finance and Central Bank Governor held regular media interviews and the President himself conducted town hall meetings in every district of the country to personally explain to the public how they would be affected and to encourage them to pull together. The fact that signs of relief were felt early on and the black market for foreign currency quickly disappeared also helped win the public's confidence.

Are you confident that Seychelles' external debt obligations have been restructured in a sustainable manner?

Yes, because the restructuring and size of the debt write-off that we got were based on the cash flow of the country, essentially what we could afford to pay at the time. The reforms are founded on a very structured macro-economic framework with the support of the IMF, the World Bank, African Development Bank, the European Union and other partners. This framework gives confidence. The last two years debt has fallen faster than we projected so it is likely that we will reach our targets of debt to GDP ratio of below 50% faster than predicted (2018).

Can investors be confident that macroeconomic stability has been secured?

Definitely. We have demonstrated that we have been able to sustain the reforms consistently. For the last six years we have run a budget surplus, among the highest in any non-oil economy, we've built up reserves to very satisfactory levels, debt continues to go down, unemployment and inflation remain low and, going forward, we have the confidence of key partners like the Bretton Woods institutions. Last year the economy grew by 3.5% and we expect growth to be sustained. The Fitch Ratings report in February affirmed our B rating with positive outlook. We have a track record now and are confident that, as long as we can maintain the fiscal discipline within government, and in the absence of any external shocks, there is no reason why we will not continue on this path of sustainable growth.

How challenging is it to sustain these economic gains whilst continuing to grow the economy?

Growth is a challenge because of our size and low resource base but tourism will remain key and we see it continuing to grow despite our traditional markets (Europe) being under pressure.

Last year the economy grew by 3.5% and we expect growth to be sustained. The Fitch Ratings report in February affirmed our B rating with positive outlook.

There are other sectors which, for a long time, we couldn't see how we could develop, but there is a lot of investor interest in the fisheries sector now and we see a nice momentum building there. Renewable energy is something that is progressing strongly too so there are other areas of growth although in a small economy with limited resources it's always a challenge.

How are you improving the current business climate?

We have risen about twenty places in World Bank Doing Business ranks from where we were a few years ago. We are pressing ahead with reforms in this area. We are now automating all government services and introducing on line payment for most key services. In many countries this is standard but in a small country it takes time and investment. Procedures such as online company registration, planning applications, and online land registry will reduce time, manpower and increase the ease of doing business. Challenges, such as access to credit for smaller businesses, continue in the financial sector, but together with banks we are adopting some schemes such as for SMEs and renewable energy, which have boosted availability to credit. We are also introducing other lending instruments which are standard in most countries such as leasing, hire purchase etc.

How would you like to see the financial services sector develop?

Attracting offshore banks has been a challenge mainly because of the tiny size of Seychelles, it is not worth it financially for them, but we have interest from small and medium sized regional banks. Our emphasis is more on private banking and investment banking. The whole offshore sector is currently under scrutiny so it is a challenging time, not only for Seychelles, but for all islands offering international financial services. It is a sector we see potential in however as we have the laws and framework in place. The establishment of the Financial Services Authority earlier this year further demonstrates our commitment to

promoting responsible and well regulated international financial services that will enhance the reputation of the industry.

What has replaced the IMF-supported programme which concluded in December?

The support of the IMF has been critical. The Extended Fund Facility expired at the end of last year. The government has decided there will be a new programme but it will be a low access one which means we will not borrow as much as the previous programme. This new programme is important in that it will support our efforts to pursue other needed structural reforms and maintain confidence in the economy.

What lessons over the past six years do you take with you going forward?

Perhaps the most important lesson I have learned is that no matter how big or how small you are, what it comes down to at the end of the day, is that every country has to balance their books. You learn over time what works and what doesn't work but, no matter who you are, you have to make the right policies for the right environment. You simply cannot spend more than you earn as a country.

How do you envisage the economic future of the Seychelles?

Seychelles offers great opportunities in tourism, fisheries, exploration of potential oil reserves and, despite the current challenges, international financial services. We believe we can be a centre for bringing together businesses between the Gulf, Africa and Asia. The government envisages a future where the economy is built on solid foundations, we sustain the gains made since 2008 and maintain macroeconomic stability, continue to pursue structural reforms, increase wealth and raise the country from an upper middle income to a high income country by continuing to grow and diversify the economy, adding value to existing economic pillars where we enjoy competitive advantages. ■

VERONIQUE LAPORTE, CEO SEYCHELLES TRADING COMPANY

Q&A

Seychelles Trading Company (STC) was created as part of Seychelles' economic transition in 2008. Its core activity is the import, storage and distribution of essential foods. Although government-owned it is commercially autonomous in its operations. CEO Veronique Laporte discusses the company's role and future development plans.



Veronique Laporte

What is the main role of STC?

Essentially to keep the cost of living down in the Seychelles and ensure regular supply of essential commodities at a reasonable price which we achieve through bulk buying. Put simply, we anchor prices. There are fourteen basic commodities, including products such as rice, sugar and flour; the price of which, irrespective of what may be happening in the global market, does not change.

What other activities is STC involved in?

STC also trades in certain branded FMCG products from reputable international sources with recent additions of new product ranges, including health food products and construction materials. On a domestic level we extend support to local producers and retailers to create synergies and facilitate local business. We operate a retail presence in the domestic market and the duty free sector. Whilst most manufacturing activities have been privatised, we still maintain a handful of value addition activities including a tea factory and a bakery.

Do you compete with the private sector?

STC is not in competition with anyone but, by virtue of importing and selling products at a competitive price, we naturally have an impact on retail prices and consumer expectation. While STC benefits from economies of scale, we also have to guarantee basic commodities and hold large amounts of stock. 85% of the private sector buy wholesale from us so they benefit from STC's bulk buying power and we buy from them if, for example, they have exclusivity on a particular product.

Which countries are your main suppliers?

We import from different countries around the globe including Africa, Europe, the USA, China, India, Sri Lanka, New Zealand and the UAE. We are trying to expand our supplier base to achieve a diverse range of goods at affordable prices and guarantee year-round availability so we are constantly visiting new countries and attending trade fairs to forge new relationships. I believe negotiation has to be done face to face. I work directly with the suppliers or manufacturers but we also work with companies that consolidate consignments for us.

What opportunities are there to partner with STC?

We are continually expanding our supplier base so always looking for potential suppliers to build mutually beneficial partnerships with us. Seychelles has very close ties with the UK and prices for certain British products are competitive so I would encourage UK suppliers to contact us to explore new opportunities -send us an email or come and visit us to start building a trade relationship! Do not think the UK is too far away. Seychelles may be far and small in size, but there are ample opportunities for trade and investment, and our strategic geographic location means we can also be used as a hub for wider business in the region.

What have been your key areas of focus since becoming CEO of STC?

Internal restructuring for an efficient STC team and bringing our customers a wider choice of quality products at reasonable prices have been my two main focuses. I am CEO of STC but I am also a consumer and, like every Seychellois, I want choice.

We are continually expanding our supplier base so always looking for potential suppliers to build mutually beneficial partnerships with us.

Consequently, STC has expanded product range and introduced new products. For example, we are playing a role in enhancing the health of the population by dedicating sections to “healthy eating” in our supermarket, giving consumers healthier choices at reasonable prices. We have also increased the range in home ware products and started retailing construction materials.

What current plans and projects would you like to highlight?

We are currently expanding our retail arm. In October last year, we opened our first supermarket on Praslin Island and, in February, our first outlet on La Digue. Our retail outlet for construction materials will soon be fully operational and we plan

to open a hypermarket, the first in Seychelles, in December this year. It will have a strong private sector presence for those local businesses wishing to collaborate with STC for our mutual benefit and that of the people of Seychelles.

What is your outlook for the future of STC?

Food supply is not going to get easier. Seychelles is reliant on imports and, as such, we will always be exposed to fluctuations in food prices from the international markets. Nonetheless, I believe we can increase STC’s operating capacity and product range, and engage in more diverse trading operations to ensure continuous business growth and reinvestment in the company. ■



Top left: STC Gift Shop on Mahé; Top right: The new STC Supermarket on La Digue; Bottom left: STC Supermarket, Victoria, Mahé; Bottom right: STC Supermarket on Praslin

OWN A PIECE OF PARADISE

©Eden Island Seychelles.

The award-winning, residential marina development of Eden Island is located in the heart of the Seychelles just off Mahé Island. Built on a reclaimed barren coral reef, its 580 purpose-built luxury homes showcase a distinctive Seychellois style with verandas and high pitched red roofs overlooking the clear waters of the Indian Ocean and Mahé's mountains and forests. Freehold title ownership and a successful rental pool have made these high-end properties particularly attractive to international investors.

Eden Island's Chairman Craig Heeger is the man behind Seychelles' newest island. "My first encounter with Seychelles occurred over twenty years ago when my family holidayed here. I simply fell in love with its beauty and the charm of its people," says Heeger. "Integration with the environment is a key component of the project. We respect the broader environmental issues and strive to leave a sustainable legacy that we can be proud of."

The waterfront lifestyle is a major attraction. All the properties are sea-facing and every unit comes with private mooring facilities while the deep-water marina is

equipped to handle 100m long super yachts. A commercial mall, Eden Plaza, offers a range of shops and restaurants and a 91 room hotel will open its doors on the island later this year. With state of the art conferencing and banqueting facilities for up to 300 delegates, it will be a welcome addition to the corporate market, given the current shortage of business hotels in the capital. Connected to Mahé by a short bridge, Eden Island offers easy access to both Victoria and the airport within minutes.

A Sound Investment

With 460 units already sold, and the remaining 120 expected to move fast, this pristine island development has had global appeal. Initially popular largely with South African, French and British buyers, homeowners now represent over 30 nationalities, making Eden Island a truly cosmopolitan community.

Selling prices have increased 50% since 2007 and the properties are proving highly desirable accommodation for the rental market, with yields ranging between 5-15% depending on rental model and property type. "Our long-term

rental pool, of over 90 units already, enjoys almost 100% occupancy and homeowners are seeing solid returns on their units in the short-term rental pool," confirms Heeger. The Eden Island Rental Pool Management Company works with travel agents worldwide and can take care of every aspect of letting for overseas owners.

As a luxury holiday home or a lucrative investment opportunity, Eden Island properties benefit from Seychelles' political and economic stability, favourable tax climate and outstanding natural beauty. Conscious of the need to protect its unique environment, the country has firm building restrictions ensuring properties





Eden Island Villa – designed for ultimate luxury living

are limited in number and protected from further development, making Eden Island homes all the more valuable.

Economic Impact

“The project plays an enormous role in supporting economic stability and growth in Seychelles,” stresses Heeger. “In 2012 we contributed 40% of total FDI and 4.7% of GDP.” The development’s impact on the Seychelles economy has indeed far exceeded original expectations. In five years, it has contributed \$150 million in FDI and is projected to provide a further US\$180 million in foreign investments by

2016. 700 new jobs have been created, a figure which is expected to double by the time the development is completed.

Eden Island’s success has certainly not gone unnoticed. Awarded the much sought-after, *Best Development Multiple Units (Africa)* and *Best Development Multiple Units (Seychelles)* at the International Property Awards in Dubai last October, the development is playing a key role in putting Seychelles on the world map. “We are extremely proud of this achievement as it recognised a quality product and also highlighted the Seychelles internationally,” concludes Heeger. ■

Eden Island offers three types of property, all come with a private mooring and electric golf cart as standard and buyers can choose from stylish interior finishing packages:

1. Apartments

Available in one, two and three bedroom options, they range in size from 65m² to 215m². These fully equipped apartments have extended covered verandas and breath-taking ocean views.

2. Maisons

Semi-detached, 3-4 bedroom houses. Plots range from 260m² to 1000m² and each maison faces a different direction to its neighbours for extra privacy. Every home has a private garden with option to include a plunge pool.

3. Villas

Designed for ultimate luxury living, the spacious villas are available in 3-6 bedroom options, single or double storey and range between 300m² to 600m². Built on generous plots overlooking a private pool and the ocean, they come with state of the art facilities and nature-inspired décor.



Eden Island is proud to announce that it has been awarded the **International African Property Award for the Best Development Multiple Units in Africa** at a glittering gala dinner held recently in Dubai. This award bears testimony to Eden Island’s success story to date.

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For more information on Eden Island’s representation worldwide visit www.edenisland.sc



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