



SEYCHELLES
INVESTMENT CLIMATE STATEMENT
2015

Table of Contents

Executive Summary

1. Openness To, and Restrictions Upon, Foreign Investment

- 1.1. *Attitude Toward FDI*
- 1.2. *Other Investment Policy Reviews*
- 1.3. *Laws/Regulations of FDI*
- 1.4. *Industrial Strategy*
- 1.5. *Limits on Foreign Control*
- 1.6. *Privatization Program*
- 1.7. *Screening of FDI*
- 1.8. *Competition Law*
- 1.9. *Investment Trends*
 - 1.9.1. *Tables 1*

2. Conversion and Transfer Policies

- 2.1. *Foreign Exchange*
 - 2.1.1. *Remittance Policies*

3. Expropriation and Compensation

4. Dispute Settlement

- 4.1. *Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts*
- 4.2. *Bankruptcy*
- 4.3. *Investment Disputes*
- 4.4. *International Arbitration*
 - 4.4.1. *ICSID Convention and New York Convention*
- 4.5. *Duration of Dispute Resolution*

5. Performance Requirements and Investment Incentives

- 5.1. *WTO/TRIMS*
- 5.2. *Investment Incentives*
 - 5.2.1. *Research and Development*
- 5.3. *5.3 Performance Requirements*
- 5.4. *Data Storage*

6. Right to Private Ownership and Establishment

7. Protection of Property Rights*7.1. Real Property**7.2. Intellectual Property Rights***8. Transparency of the Regulatory System****9. Efficient Capital Markets and Portfolio Investment***9.1. Money and Banking System, Hostile Takeovers***10. Competition from State-Owned Enterprises***10.1. OECD Guidelines on Corporate Governance of SOEs**10.2. Sovereign Wealth Funds***11. Corporate Social Responsibility***11.1. OECD Guidelines for Multinational Enterprises***12. Political Violence****13. Corruption***13.1. UN Anticorruption Convention, OECD Convention on Combatting Bribery***14. Bilateral Investment Agreements***14.1. Bilateral Taxation Treaties***15. OPIC and Other Investment Insurance Programs****16. Labor****17. Foreign Trade Zones/Free Ports/Trade Facilitation****18. Foreign Direct Investment and Foreign Portfolio Investment Statistics****19. Contact Point at Post for Public Inquiries**

Executive Summary

An island nation, Seychelles is located off the eastern coast of Africa in the middle of the Indian Ocean. Seychelles is an upper middle-income country with an estimated population of 90,000. Years of centrally-planned economic policies led to rapid economic development immediately after the socialist coup of 1977, but also created serious economic imbalances. These problems included large fiscal and external deficits and mounting debt arrears, which contributed to persistent foreign exchange shortages and slow growth that plagued Seychelles in the first decade of the 21st century. In October 2008, facing the near depletion of official foreign exchange reserves, Seychelles defaulted on interest payments due on its USD 230 million Eurobond, issued two years previously, severely damaging its credibility as a borrower. The government of Seychelles (GOS) subsequently turned to the International Monetary Fund (IMF) for support. In an attempt to meet the conditions for a stand-by loan, they implemented a program made up by radical reforms. These included a fundamental liberalization of the exchange rate regime, involving the devaluation and floatation of the Seychellois Rupee (SCR) and the elimination of all foreign exchange controls.

Seychelles' implementation and completion of this five-year reform program in late 2013 received praise from the IMF and was helped by ongoing market-based reforms. Seychelles welcomes foreign investment. However, while the country's investment policies encourage the development and utilization of Seychelles' natural resources, the improvement of its national infrastructure, and an increase in productivity levels, the GOS also stresses the paramount importance of achieving this in an environmentally sound and sustainable manner.

While the GOS has attempted to diversify the economy, it remains primarily focused on two sectors; fishing and tourism. Seychelles' vast Exclusive Economic Zone (EEZ), which encompasses 1.3 million square kilometers of the western Indian Ocean, is viewed as a potential source of untapped oil reserves and represents potential business opportunities for U.S. entities. Seychelles also has a small, but growing, offshore financial sector. There is also scope for U.S. investment in renewable energy as Seychelles seeks to reduce its heavy dependence on imported fossil fuels while preserving its naturally beautiful environment.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

Seychelles welcomes foreign direct investment. The government's objective is to promote economic and commercial relationships to sustain its tourism and fishing industries, which are currently the main drivers of economic growth, as well as to diversify the economy. However, certain types of businesses have been classified by the GOS as reserved for domestic investors only:

1. Accommodation of up to 10 rooms (excluding luxury villas)
2. Liveaboard (overnight scuba services up to 2 boats)
3. Travel Agent
4. Tourist Guide
5. Car Hire Operator (foreign franchises must be maintained by Seychellois)

6. Tour Operators
7. Boat Charter
8. Taxi Operator
9. Diving Centers (excluding dive operators)
10. Water Sports
11. Cottage Industry Projects
12. Video Shops
13. Internet Reseller
14. Public Exhibition of Films
15. Employment Agency
16. Building Contractor (with limited exceptions)
17. Artisanal Fishing
18. Small Enterprises (except where the project introduces or ventures into an area never before invested in, or introduces new technology that has never before been applied in Seychelles).

Other Investment Policy Reviews

Seychelles has recently completed its accession into the World Trade Organization (WTO) at the end of 2014. To date, Seychelles has not been scheduled for a WTO, Trade Policy Review. Likewise it has not conducted an investment policy review through the Organization for Economic Cooperation and Development (OECD), or the United Nations Conference on Trade and Development (UNCTAD).

Laws/Regulations of Foreign Direct Investment

Foreign direct investment in Seychelles is governed by the Seychelles Investment Act of 2010. Since the financial crisis of 2008 and under the auspices of the IMF reform program, Seychelles has made great strides to attract and protect foreign direct investment in the country, despite a lingering perception among the local population that well-connected foreign investors or government personnel receive special treatment in investment disputes. The Seychelles Investment Board (SIB) serves as the investment promotion agency for Seychelles and can advise all foreign investors of the laws, regulations, and procedures for their activities in Seychelles. SIB's website is found at www.sib.gov.sc.

Industrial Promotion

Seychelles' economy is heavily dependent on fisheries and tourism. In an effort to diversify its economic base, the government of Seychelles seeks investment in the following areas:

1. Agribusiness
2. Food processing and packaging
3. Eco-tourism and health/medical tourism
4. Renewable energy
5. Marine technology, including oil exploration
6. Ocean industry support services
7. Environmental technologies, including, solid waste management and recycling

Seychelles' Exclusive Economic Zone (EEZ) is viewed as a potential source of oil reserves. Initial exploration has already begun to the immediate north of the main inner island grouping (Mahé, Praslin, and La Digue), and there is potential for further exploration in other areas. Petro Seychelles, which was established in 2012, is responsible for the upstream sector of the oil industry, including the promotion and supervision of oil exploration activities in Seychelles' waters.

There is also scope for investment in the renewable energy sector as Seychelles seeks to reduce its heavy dependence on imported fossil fuels while preserving its near-pristine environment. The government is working closely with several donors, including the International Finance Corporation (IFC), the Abu Dhabi Fund for Development, and the United Nations Development Program (UNDP) to encourage cleaner energy production and energy efficiency investments.

Limits on Foreign Control

Seychelles does not place limits on foreign ownership or control of resident companies. While SIB and the government of Seychelles encourage foreign investors to collaborate with a local partner, there is no formal requirement.

Privatization Program

The GOS remains a major player in the local economy although the private sector is expanding, especially into the tourism and services sectors. A key aspect of the government's reform program relates to increasing the economy's market orientation and supporting private sector development. In this context, the government worked closely with the IMF and the World Bank to accelerate its privatization program and improve the business climate through a comprehensive review of the legal and regulatory framework. At present, there are no plans for further privatization of major government enterprises such as Public Utilities Corporation or the Seychelles Housing Company. There are no formal legal barriers to foreign investors participating in privatization.

Screening of FDI

The Seychelles Investment Board (SIB) is a one-stop shop for all matters relating to business and investment in Seychelles. SIB's main function is to promote investment and facilitate the investment process in line with the administrative, policy and legal framework. SIB also assists in screening potential investment projects in cooperation with other government agencies. The government of Seychelles is particularly keen to ensure that no business activity is undertaken at the expense of Seychelles' natural environment. In order for a business to be operational, all prospective investors need to apply for a license from the Seychelles Licensing Authority (SLA).

Competition Law

SIB reviews all transactions for competition-related concerns (whether domestic or international in nature).

Investment Trends

The Seychelles' economy is dominated by tourism and fishing, with the real estate development of reclaimed islands having also emerged in most recent years. Due to the oversupply in the hotel industry, however, most current investment is focused on seafood processing.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	43 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	85 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	51 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	USD 13,210	data.worldbank.org/indicator/NY.GNP.PCAP.CD

2. Conversion and Transfer Policies

Foreign Exchange

Since the IMF reform package of 2008-2013, there are no restrictions or limitations placed on foreign investors converting, transferring, or repatriating funds associated with investment. Funds are freely converted. Seychelles maintains a floating exchange rate for the Seychelles Rupee, which has mostly fluctuated between SCR 12 and SCR 15 to USD 1 over the past five years.

Remittance Policies

All foreign exchange controls were also removed in 2008 and foreign investors are free to repatriate their profits and other incomes. We do not know of any planned changes to remittance policies, time limits on remittances, or use of any legal parallel market. According to the Department of State's Bureau for International Narcotics and Law Enforcement Affairs Money Laundering and Financial Crimes database, Seychelles is currently listed as a country/jurisdiction "of concern."

3. Expropriation and Compensation

The Lands Acquisition Act 1978, last amended in 1990, states that in the event of compulsory acquisition or taking of possession of any property by the government, the latter should pay prompt and full compensation for the property. The GOS may expropriate property in cases of public interest or for public safety. Following the 1977 coup, the new GOS engaged in expropriation of land for redistribution or for use by the state. With the return of a multi-party

political system in 1992, the GOS compensated some of those who had lost land to expropriation/redistribution in the late 1970s. There have been no expropriations since the 1990s aside from public works and infrastructure projects. We see no indications of possible major expropriation in the future and no pattern of discrimination against U.S. persons.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Seychelles has a unique mixed jurisdiction legal system; English common law, influences of the Napoleonic Code and customary law. Civil law is governed by a Civil Code of Seychelles, which is derived from the French Napoleonic Code. The civil code covers contractual and tort matters. Criminal law is substantially based on British criminal law. Procedural law is based on British common law. The sources of law are mainly through legislation. The supreme law of the land is the Constitution. Commercial Law is based on English Common Law. The highest court is the Court of Appeal. Seychelles does not maintain a specialized commercial court. The judicial branch is independent of the executive branch; many Seychellois believe that well-connected individuals receive special treatment in the courts.

Judgments of foreign courts are governed by the Foreign Judgments (Reciprocal Enforcement) Act of 1961, Section 3.

Bankruptcy

Bankruptcy in Seychelles is governed under the Insolvency Act of 2013. According to the Act, an individual may be discharged from bankruptcy 3 years from the date of its declaration. Bankruptcy is not criminalized in Seychelles. According to the World Bank's Doing Business Report, Seychelles ranks 68th out of 189 countries on the Resolving Insolvency index.

Investment Disputes

Parties involved in investment disputes are encouraged to resolve their disputes through arbitration and negotiation. The Seychelles Investment Act of 2010 provides for an Investment Appeal Panel to which aggrieved investors may appeal for a review of a decision made by a public sector agency with regard to their investments or proposed investments in Seychelles. In addition, investors may appeal to the Supreme Court (Court of Appeal) in the event they are not satisfied with the decision of the Investment Appeal Panel.

International Arbitration

Due to Seychelles' small size and relatively short recent history with foreign direct investment, there is no precedent for international arbitration in Seychelles, although the legal framework exists through the Seychelles Investment Act of 2010.

ICSID Convention and New York Convention

In 1978 Seychelles became a member state to the International Centre for the Settlement of Investment Disputes (ICSID Convention). Seychelles is not a signatory to the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention).

Duration of Dispute Resolution

The court system in Seychelles in general is slow. Business disputes litigated in court can last three to five years before finally reaching a judgment; minimal financial and personnel resources, as well as the possibility of multiple appeals, all contribute to a significant backlog of cases. If and when resolved, however, court decisions are generally enforced. The government of Seychelles and the Seychelles Investment Board encourage arbitration through the Investment Appeal Panel as detailed in the Seychelles Investment Act of 2010.

5. Performance Requirements and Investment Incentives**WTO/TRIMS**

U.S embassy is not aware of the GOS maintaining any measures inconsistent with the Trade Related Investment Measures requirements. The Seychelles National Assembly ratified World Trade Organization (WTO) accession on March 23, 2015. Seychelles become the 161st member.

Investment Incentives

Seychelles provides incentives for investment in several sectors, including: the fisheries sector under the Fisheries Incentives Act; the tourism sector under the Tourism Incentives Act; investments in the International Trade Zone under the Seychelles International Trade Zone Act; and fiscal incentives under the Investment Code. Incentives under these Acts most often take the form of tax credits, tax holidays, duty-free access for the import of materials required for the initial investment, and expedited work permits for foreign employees that move to Seychelles.

Research and Development

We do not know of any barriers to U.S. or other foreign firm participation in government/authority-financed research and development programs. Seychelles welcomes collaboration from foreign partners in research, technology transfer, and development of new sectors.

Performance Requirements

Investors operating in Seychelles are expected to abide by the following obligations:

- To comply with the provisions of the governing laws on investment procedures and to carry out investment activities correctly in accordance with the relevant approvals granted. This includes the responsibility of the investor for the accuracy and truthfulness of the contents of investment proposals and registration; and of the lawfulness of document on certification;
- To discharge fully their financial obligations, including taxation, in accordance with the law;

- To carry out the provisions of the laws on accounting and auditing;
- To carry out the provisions of the laws on registration of companies and other legal entity;
- To carry out the provisions of the employment laws and regulations.

The government of Seychelles does not mandate local employment. There are no local employment mandates for senior management or directors. Visa, residence, and work permit requirements are not excessively onerous.

Data Storage

Information not available.

6. Right to Private Ownership and Establishment

Foreign and domestic investors are able to own and hold lands subject to the provisions of the Immovable Property (Transfer Restriction) Act of 1963.

In March 2014, the sale of freehold estates to non-Seychellois was stopped and the GOS introduced a policy on Alienation of Land and the Management and sale of state land as well as a Villa Policy. Non-citizens can still buy land freehold from private owners.

Foreigners can obtain long term leases of state land. Before leasing land from the government, a foreign investor must submit a project proposal to the Seychelles Investment Board for approval. Foreign nationals or companies engaging in foreign participation must obtain permission from the Ministry of Land Use and Housing before completing a purchase. The investor will need to use a notary or attorney to manage the transfer of ownership when buying land from a private individual or company, which will then need to be registered at the Registration Office.

In practice, the government engages in leases ranging from 60-99 years for commercial or industrial activities and has stopped selling state land.

7. Protection of Property Rights

Real Property

Yes, interests in property are enforced. Mortgages and liens exist and are enforced; the land registrar is reliable and in use for the resolution of land disputes going back generations. All lands in Seychelles are either publicly or privately held. According to the World Bank's Doing Business Report, Seychelles ranked 78th out of 189 countries in the Registering Property index in 2014.

Intellectual Property Rights

The Republic of Seychelles respects intellectual property rights, and regards laws and other measures to protect them as crucial for long-term economic development. Efficient and effective protection of Intellectual Property Rights is considered vital by the government for promoting foreign investment, the transfer and dissemination of technology, and protecting local businesses

and artists as well as facilitating the integration of Seychelles' into the regional and global economies. Seychelles joined the World Intellectual Property Organization (WIPO) in March 2000. In addition, the country became a contracting party to the Paris Convention for the Protection of Industrial Property and the Patent Cooperation Treaty (PCT) in November 2002. Seychelles is also a member of the African Regional Intellectual Property Organization (ARIPO). In 2013, an Intellectual Property Office was established to enable the registration of patents, trademarks and copyrights.

The Copyright Act, the Trade Marks Decree and the Patents Act contain provisions that lay down the procedures and measures dealing with infringement of intellectual property rights. All foreign nationals and Seychelles citizens are treated equally in regard to IP laws. Seychelles legislation will not discriminate between nationals and foreigners, following WTO principles. Enforcement of IPR protection laws is limited due to the fact that very few international brands and trademarks have local or even regional representatives.

While no statistics are publicly available, the Seychelles Revenue Commission's customs officials monitor incoming shipments for counterfeit goods. However, their focus is on counterfeit products that pose a public health risk, such as medications and electrical appliances. Counterfeit (or unlicensed sale of) apparel, CDs, and DVDs are generally available.

Seychelles is not listed on USTR's 2014 Special 301 report or the Review of Notorious Markets Report. For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Resources for Rights Holders

Patrick Koucheravy
Economic Officer
U.S. Embassy to Mauritius and Seychelles
Port Louis, Mauritius
+230 202 4410
KoucheravyPE@state.gov

A list of available attorneys practicing in Seychelles can be found at http://seychelles.usvpp.gov/list_of_attorneys2.html.

8. Transparency of the Regulatory System

Although the government has made considerable efforts to liberalize the economy, Seychelles continues to suffer from overregulation. Concerns over government corruption have focused on the lack of transparency in the privatization and allocation of government-owned land and businesses. While the legal and regulatory framework is in place for transparent governance, many Seychellois believe that those well-connected to the government of Seychelles, whether foreign or local, receive preferential treatment.

In an attempt to promote greater transparency in the public procurement system, Seychelles' National Tender Board publishes all its tenders on its web site and local newspapers. It also

publicizes the contracts that have been awarded, including the name of the successful bidder as well as the bid amount in all local newspapers. The government has also set up a Procurement Oversight Unit, which serves as a public procurement policy and monitoring body.

Proposed laws and regulations are published in the Official Gazette on a monthly basis, but often such legislation is voted into law by the National Assembly before the Official Gazette notifying the public of proposed legislation has been made publicly available.

9. Efficient Capital Markets and Portfolio Investment

Seychelles' financial services sector is regulated by the following laws: Financial Institutions Act 2004, Anti-Money Laundering Act 2006, Data Protection Act, Mutual and Hedge Fund Act 2007 and Central Bank Act 2004. In addition to the Central Bank of Seychelles, there are eight commercial banks: Bank of Baroda, Barclays Bank, Habib Bank, Mauritius Commercial Bank, Nouvobanq, Seychelles Commercial Bank, BMI Offshore Bank, and Bank of Ceylon. Seychelles also has two non-banking financial institutions, the Seychelles Credit Union and the Development Bank of Seychelles, which provide flexible financing for businesses and projects to promote economic growth and employment.

A wide range of financial services such as checking (current) accounts, savings accounts, loans, transactions in foreign currencies, and foreign currency accounts are available in the banking system. The government established a securities exchange at the end of November 2012 as part of its efforts to diversify the financial services sector.

Seychelles welcomes foreign portfolio investment. Portfolio investment in Seychelles is limited by the small size of the economy and banking sector; the entry and exit of sizeable positions may have an outsized impact on the Seychelles Rupee and the economy in general. Existing policies do facilitate the free flow of financial resources in and out of the economy. The government of Seychelles respects IMF Article VIII by refraining from restrictions on payments and transfers for current international transaction. Foreign investors are able to obtain credit on the local market and through the Seychelles banking system; a variety of credit instruments are available to both local and foreign investors.

Money and Banking System, Hostile Takeovers

Seychelles has a two-tier banking system separating the central and commercial bank functions and roles. The commercial banks, both domestic and foreign, are regulated and supervised by the Central Bank of Seychelles. According to the Central Bank of Seychelles Act 2004, the CBS is responsible for the formulation and implementation of the Seychelles' Monetary and Exchange Rate policies. The Central Bank of Seychelles is the only administrative body responsible for receiving applications for banking licenses, whether domestic or offshore, and issuing the corresponding licenses.

The Seychelles banking sector is generally healthy, although it is limited by its small size and is reliant on correspondent bank relationships. According to the Central Bank of Seychelles in February 2015 nonperforming loans to total gross loans in the Seychelles banking sector stood at

7 percent, net foreign assets stood at SCR 9.5 billion (USD 708 million), and net domestic assets stood at SCR 5.9 billion (USD 440 million).

Foreigners and foreign/offshore firms must establish some residency or proof of business registration in order to obtain a bank account.

10. Competition from State-Owned Enterprises

Seychelles is one of 14 countries participating in the State Owned Enterprises (SOE) Network for Southern Africa, which was launched in 2007 to support, in collaboration with the OECD, the southern African countries in their efforts to improve the performance of SOEs. The government has shares in a number of enterprises, including Air Seychelles, the Indian Ocean Tuna Company, Seychelles Commercial Bank, and Seychelles Broadcasting Corporation. Seychelles' SOEs are active in housing, civil aviation, tourism, banking, import/export, retail, and public utilities. There is no standing list of Seychelles SOEs or parastatal entities, but they are audited on a rotating basis by the Office of the Auditor General. SOE structure varies by sector and mandate. The Seychelles economy is so small and focused on fishing, tourism, and offshore finance that there is often little space for more than one major operator, whether it is private or public. SOEs are free to purchase and/or supply goods and services from private sector and foreign firms, depending on the sector and situation. There is a growing concern in the business community that SOEs such as Seychelles Trading Company have been allowed to exceed their explicit mandate and compete unfairly.

In March 2007, the government presented its National Development Plan - Seychelles Strategy 2017 - with the overarching objective of reducing the commercial activities of the State and stimulating private sector development.

OECD Guidelines on Corporate Governance of SOEs

The governance of SOEs varies depending on their purpose and structure. Seychelles' SOEs do not adhere to the OECD Guidelines on Corporate Governance for SOEs. Most SOEs and parastatal bodies both maintain a board of directors and make regular reports to the corresponding Minister/Ministry. Seats on the boards of many Seychelles' SOEs are appointed by the President.

Sovereign Wealth Funds

Seychelles does not maintain any sovereign wealth funds.

11. Corporate Social Responsibility

Seychelles has a great awareness of corporate social responsibility, especially in environmental protection and social programs, but CSR is generally regarded as a function of government. Since 2013, the Seychelles Revenue Commission collects a CSR tax of 0.5 percent on monthly turnover for businesses with an annual turnover of SCR 1 million. Officially, there are no waivers available for foreign investors with regard to labor, employment rights, consumer protection, or environmental protections. The Citizens Engagement Platform Seychelles, an

umbrella organization for Seychelles' NGOs, provides a summary list of NGOs active in the country on an annual basis to the Ministry of Finance, who then decides which organizations would benefit most from the CSR tax revenues. The areas recently targeted under CSR include: the environment; waste and coastal management projects; health and wellness, including sports and leisure; training and capacity building; small enterprise development; community development; child and youth development; and arts and crafts.

OECD Guidelines for Multinational Enterprises

Seychelles is not an adherent to the OECD Guidelines for Multinational Enterprises.

12. Political Violence

The People's Party, commonly known as Lepep, has governed Seychelles since the 1977 coup and has won every election since they introduced multi-party democracy in 1992. The constitution provides citizens the right to change their government peacefully, and citizens exercise this right in practice through periodic elections based on universal suffrage. Seychelles has not experienced large-scale political violence since the late 1970s.

13. Corruption

While Seychelles provides a legal framework for combatting corruption, they have taken little action in response to alleged corruption and still many Seychellois believe that those with close connections to government received preferential access and treatment.

In 2003, the government of Seychelles published the Public Service Code of Ethics and Conduct, the stated purpose of which is to provide guidance to public sector employees on the standards of behavior required of them and "to provide a basis for more detailed codes that are required to meet the particular circumstances of individual public sector organizations." The Public Officer's Ethics Act of 2008 prohibits personal enrichment through public office, defines and outlaws bribery, provides guidelines for avoiding conflict of interest, and mandates declaration of financial assets for public officials.

The government does not require private companies to establish internal codes of conduct. There is no dedicated anti-corruption unit in the Seychelles. The constitution provides for an Ombudsman, but in practice the Office of the Ombudsman has not been proactive in rooting out corruption and investigating allegations in collaboration with the police. We do not know of any NGOs investigating corruption in Seychelles.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Seychelles signed the UN Convention against Corruption in February 2004 and ratified in March 2006. Seychelles is not party to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

Resources to Report Corruption

Dora Zatte
The Ombudsman
Office of the Ombudsman
Room 306, Aarti Chambers, Mont Fleuri, Mahé
+248 225147
ombuds@seychelles.net

14. Bilateral Investment Agreements

Seychelles has not signed a treaty or agreement with the United States.

Bilateral Taxation Treaties

Seychelles signed Double Taxation Avoidance Agreements with China, South Africa, Oman, Botswana, Mauritius, Thailand, Malaysia, Vietnam, Cyprus, Belgium, Indonesia, the United Arab Emirates, Barbados, Kuwait, Qatar, and Zimbabwe, Bahrain, Kenya, Sri Lanka, and Guernsey. Seychelles has signed Bilateral Investment Treaties with Cyprus, Egypt, China, and India.

15. OPIC and Other Investment Insurance Programs

Seychelles and the United States signed an OPIC investment agreement in 2012: <https://www.opic.gov/sites/default/files/docs/africa/Seychelles-signed-02-03-2012-entered-into-force-10-05-2012.pdf>. Due to the small size of the economy, there is little potential for OPIC programs in Seychelles, although Seychellois firms and investors may seek OPIC financing or insurance for joint ventures elsewhere in Africa and Asia.

16. Labor

Seychelles' labor force is estimated at 52,000, out of which about 70 percent are employed by the private sector. Foreign migrant workers, who comprise about 24 percent of the labor force, are mainly employed in the construction and commercial fishing sectors. The unemployment rate is estimated at 3 percent, nearly full employment following the five-year IMF reform program.

Seychelles has been a member of the International Labor Organization (ILO) since 1977, and has ratified all of the International Labor Organization (ILO) fundamental conventions. Under Seychellois law, all workers, with the exception of police, military, prison, and firefighting personnel, have the right to form and organize unions of their own choosing, to participate in collective bargaining, and to conduct legal strikes. However, such right is limited or restricted by other provisions of law. Although collective bargaining is legal it rarely happens because the law gives the right to the government to review and approve all collective bargaining agreements in both the private and public sector. Strikes are illegal in Seychelles unless all other arbitration procedures have been exhausted. Furthermore, the Public Order Act of 2014 defines an illegal protest as the gathering of more than one person, unless the protesters have received permission from the Seychelles Police.

Seychelles has a government-mandated minimum wage of SCR 4,050 (USD 300) per month based on a 35-hour work week. In the event of layoffs where there is no employee misconduct, the employer must provide the worker with one month's notice or the equivalent of one month's salary. Additionally, for workers that have been employed for five years or more, the employer is obligated to pay a day's pay for each month that the employee has worked for the employer. There is no distinction between layoffs and firing with severance.

The government of Seychelles introduced the Occupational Safety and Health Decree in 2012 and the Prohibition of Trafficking in Persons Act in 2014. Seychelles Police and customs personnel have traveled to USG-led training at the International Law Enforcement Academy in Gaborone, Botswana. However, there are very few health or labor inspectors in Seychelles and they are limited by meager public resources and the vast ocean distances they are expected to cover.

In November 2011, Seychelles and the ILO signed the 2011-2015 Decent Work Country Program, which seeks to address such issues as employment creation, consolidation and protection of workers' rights, enhancing social protection, and strengthening social dialogue.

17. Foreign Trade Zones/Free Ports/Trade Facilitation

The Seychelles International Trade Zone (SITZ) Act of 1995 provides for the establishment of international trade zones, which aim to combine the benefits of a free port and an export processing zone. So far a number of locations have been declared International Trade Zones. A wide range of business activities is permissible provided they are export-oriented.

The concessions available to license holders in SITZ include the following:

- Exemption from customs duties on capital equipment to be used in SITZ;
- Exemption from Business Tax, Trades Tax and Withholding Tax;
- Exemption from social security contributions;
- Exemption from fees with respect to work permits;
- Entitlement to full foreign ownership.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2013	1,410	2013	1,443	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2013	N/A	2013	N/A	Note: no data available from host country. BEA data indicates non-zero figure between -\$500,000 and \$500,000.
Host country's FDI in the United States (\$M USD, stock positions)	2013	N/A	2013	N/A	Note: no data available from host country. BEA data indicates non-zero figure between -\$500,000 and \$500,000.
Total inbound stock of FDI as % host GDP	2013	N/A	2013	161.4%	Source: UNCTAD World Investment Report 2014

*Seychelles National Bureau of Statistics

Table 3: Sources and Destination of FDI

Seychelles and Mauritius have both in recent years focused on developing their offshore financial sectors. A significant amount of FDI in the region is intended for other countries/economies in the region.

Direct Investment from/in Counterpart Economy Data

From Top Five Sources/To Top Five Destinations (US Dollars, Millions)

Inward Direct Investment			Outward Direct Investment		
Total Inward	1,080	100%	Total Outward	N/A	100%
Mauritius	438	41%			
Cyprus	228	21%			
Russian Federation	127	12%			
United Kingdom	55	5%			
United States	43	4%			
"0" reflects amounts rounded to +/- USD 500,000.					

Table 4: Sources of Portfolio Investment

Portfolio investment data for Seychelles are not available.

19. Contact for More Information

Shariff Jathoonia
 Economic Specialist
 4th Floor, Rogers House, John Kennedy Ave, Port Louis, Mauritius
 +230 202 4464
 JathooniSX@state.gov