

Seychelles National AfCFTA Implementation Strategy



United Nations
Economic Commission for Africa

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United Nations Economic Commission for Africa

Sub Regional Office - East Africa

P.O. Box: 4654, Kigali, Rwanda

Street Address: KG 617St., No.8

Tel.: (+250) 788155429

Web: www.uneca.org

Twitter: [@eca_sro_ea](https://twitter.com/eca_sro_ea)

Design and Layout:

Phoenix Design Aid Kenya Ltd.

Eaton Place, 2nd Floor, United Nations Crescent

P.O. BOX 63946-00619,

Muthaiga-Nairobi, Kenya

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Seychelles National AfCFTA Implementation Strategy

DECEMBER 2024



ACRONYMS AND ABBREVIATIONS

AfCFTA	African Continental Free Trade Area
AEC	African Economic Community
AfDB	African Development Bank
AFPES	Association of Fish Processors & Exporters of Seychelles
AfreximBank	African Export-Import Bank
ASEAN	Association of Southeast Asian Nations
ATO	African Trade Observatory
ATPC	African Trade Policy Center
AU	African union
AUC	African Union Community
BIAT	Boosting Intra-Africa Trade
CBS	Central Bank of Seychelles
COA	Certificate of Authorization
COMESA	Common Market of Eastern and Southern
CSOs	Civil society organizations
DICT	Department of Information, Communications, Technology
DSB	Dispute Settlement Body
DSU	Dispute Settlement Understanding
EAC	East African Community
ECA	Economic Commission for Africa
EEZ	Exclusive Economic Zone
EPA	Economic Partnership Agreement
ESA	Eastern and Southern African
EU	European Union
FDI	Foreign Direct Investment
FSA	Financial Services Authority
FTA	Free Trade Area
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
GIZ	Gesellschaft für Internationale Zusammenarbeit

GoS	Government of Seychelles
GTI	Guided Trade Initiative
HS	Harmonized System
ICT	Information and Communication Technology
iEPA	interim Economic Partnership Agreement
IIAG	Ibrahim Index of African Governance
IOC	Indian Ocean Commission
IOT	Indian Ocean Tuna Ltd
IMF	International Monetary Fund
IPR	Intellectual Property Rights
ITC	International Trade Centre
ITZs	International Trade Zones
LDCs	Least Developed Countries
M&E	Monitoring and Evaluation
MFNPT	Ministry of Finance, National Planning and Trade
MIEI	Ministry of Investment, Entrepreneurship & Industry
MoU	Memorandum of Understanding
MRA	Mutual Recognition Agreement
MSMEs	Micro, Small and Medium Enterprises
MT	Metric tonnes
NBS	National Bureau of Statistics
NDS	National Development Strategy
n.e.s.	Not elsewhere specified
NIC	National Implementation Committee
NTBs	Non-Tariff Barriers
NTFC	National Trade Facilitation Committee
OAU	Organization for the African Union
PEACE	Pakistan East Africa Cable Express
PPP	Public-Private Partnership
PWDs	Persons with disabilities
RECs	Regional Economic Communities
REX	Registered Exporters

RTAs	Regional Trade Agreements
SAATM	Single African Air Transport Market
SADC	Southern Africa Development Community
SCCI	Seychelles Chamber of Commerce and Industry
SCR	Seychelles Rupee
SDG	Sustainable Development Goals
SEAS	Seychelles East Africa System
SeyCCAT	Seychelles Conservation and Climate Adaptation Trust
SFPA	Sustainable Fisheries Partnership Agreement
SIAH	Seychelles Institute of Agriculture and Horticulture
SPS	Sanitary and Phytosanitary
STEM	Science, Technology, Engineering and Mathematics
SWOT	Strengths, weaknesses, opportunities and threats
TBT	Technical Barriers to Trade
TFA	Trade Facilitation Agreement
TFTA	Tripartite Free Trade Area Agreement
TIPC	Trade Information and Promotion Centre
TORs	Terms of Reference
UK	United Kingdom
UN	United Nations
UNCLOS	United Nations Convention on the Law of the Sea
UNCTAD	United Nations Trade and Development
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
US\$	United States Dollars
VAT	Value Added Tax
WTO	World Trade Organization

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ACKNOWLEDGEMENTS

The African Continental Free Trade Agreement (AfCFTA) is a strategic framework of Agenda 2063: The Africa We Want of the African Union, and a key step towards achieving the vision of the Treaty Establishing the African Economic Community (Abuja Treaty) through the progressive co-ordination, harmonization and integration of the activities of both existing and future Regional Economic Communities (RECs) in Africa. The AfCFTA is expected to offer Seychelles a multitude of potential benefits, including potential diversification of its exports, access to new markets for its goods and services, and attraction of foreign investment in key sectors like fisheries, agriculture, manufacturing and services, among others. Furthermore, the AfCFTA provides a framework for trade liberalization and dispute settlement, fostering a more stable and predictable trading environment.

To guide and drive the implementation process of AfCFTA, the Ministry of Finance, National Planning and Trade (MFNPT), the main authority responsible for the formulation and implementation of trade policy in Seychelles, has launched the National Strategy for Implementation of the AfCFTA and its Action Plan. The development of the strategy follows the organization of a National Consultation Forum on 17th September 2024 to inform and raise awareness among various stakeholders about the purpose of this document and collect their feedback on the specific topics it covers. This Forum brought together over fifty participants from various Ministries, government agencies, local businesses and their associations, development partners and civil society. It was followed by additional consultations with both private and public stakeholders to collect further information and gain insight into how to develop this document and its contents.

The strategy and its action plan will enable the country to take full advantage of potential opportunities opened by the AfCFTA, by identifying the sectors (both goods and services) that offer the greatest potential for value addition and opportunities for value chain integration at regional and continental levels. It relies on previous long-term and medium-term plans and development strategies, notably Seychelles Vision 2033 and the National Development Strategy (NDS) 2024-2028, as well as other frameworks and planning tools adopted by the Government of Seychelles (GoS) to achieve sustainable economic development. Importantly, the strategy has been developed as part of the country's efforts to advance and sustain high rates of growth, diversify its tourism and fisheries dependent economy and better integrate into regional and global value chains. To this end, a mapping of potential opportunities and risks associated with AfCFTA implementation was undertaken.

The Ministry is most grateful for the inputs received from all stakeholders who assisted in shaping this strategy during the consultations and the validation process. We equally appreciate the technical assistance and financial support received from the United Nations Economic Commission for Africa (ECA), through its Regional Office for Eastern Africa and the African Trade Policy Centre, the United Nations Development Programme (UNDP), and the Gesellschaft für Internationale Zusammenarbeit (GIZ). Last but not least, we wish to thank the consultants, Danilo Desiderio (international consultant) and Ginny Elizabeth (national consultant), for supporting the Ministry in the development of the strategy.

EXECUTIVE SUMMARY



The Conference of African Ministers of Finance, Planning and Economic Development, during its 51st session held in May 2018 in Addis Ababa, adopted a resolution (endorsed in July 2018 by the Assembly of Heads of State and Government of the African Union), where the African Union member States were urged to prepare national strategies and action plans to identify opportunities, constraints and challenges related to the AfCFTA implementation. At the same time, those States were asked to identify which goods and services offer the greatest potential for value addition and integration into value chains at both regional and continental levels.

This Strategy aims at achieving precisely these objectives, by complementing broader national long and medium-term plans, policies and strategies already adopted by the GoS to guide its development pathway and transformative agenda, mainly Seychelles Vision 2033 and the NDS 2024-2028. Its purpose is to facilitate the domestication of the Agreement and its effective and inclusive implementation.

More specifically, the strategy identifies priority sectors as well as goods and services in which Seychelles has a competitive advantage for export to other AfCFTA State Parties and that present the greatest opportunities for development, or for integration into regional and continental

value chains. Moreover, it describes the main challenges and risks related to the implementation of the AfCFTA with risk mitigation actions that can be implemented to reduce their likelihood of occurrence. The assessment of the adequacy of the institutional set up and regulatory frameworks in Seychelles to effectively implement the AfCFTA is also part of the strategy. Lastly, a robust monitoring and evaluation framework is proposed, which aims at tracking implementation of the agreement, while a communication plan details the communication strategies and sensitization campaigns to be undertaken to create and maintain awareness about the AfCFTA among all stakeholders.

Seychelles' journey through the AfCFTA accession and implementation has been marked so far by significant advances. The country was among the first to sign the agreement establishing the AfCFTA, in March 2018. The ratification process was completed by the National Assembly in June 2021, while the instrument of ratification was deposited on 15th September 2021. The tariff offers for goods (a crucial step for AfCFTA operationalization), were submitted in 2021, followed by the submission, in 2022, of a Schedule of Specific Commitment covering five (5) priority service sectors (financial, communications, transport, tourism and business services).

The AfCFTA presents a range of opportunities for Seychelles. The main ones include the following:

- **Drive job creation:** it represents an opportunity for Seychelles firms to access new markets. Increased intra-African trade is expected to create new opportunities and jobs in sectors like fisheries, finance, digital services, transport and logistics (including shipping). These jobs are critical in helping Seychelles to meet its objectives of creating new employment opportunities for women and youth, strengthening social cohesion and inclusion, and increasing economic participation from more marginalized groups.
- **Promote movement of skilled labour:** as Seychelles continues its path of economic development, it will need more skilled workers to sustain such growth. Labour mobility helps to address labour market gaps and shortage of local labour force: a problem that Seychelles already experiences in many sectors - such ICT - as recognized by its National Labour Migration policy. The AfCFTA promotes labour mobility within Africa. Sectors like financial services, telecommunication and professional services (e.g., engineering, legal or accounting services), will benefit from a more flexible labour movement, allowing professionals to work across borders more easily. This will contribute to increasing productivity, economic growth and prosperity.
- **Leverage trade infrastructure and maritime corridors to improve connections with Africa:** the expansion of the Victoria seaport and the container terminal can be a game changer for the country's economy. The ongoing rehabilitation and expansion of the port together with the digitalization of port services, is expected to reduce administrative burdens for traders, provide better connectivity to continental markets, and create the conditions for trading more with other AfCFTA State Parties. This will unlock the transshipment potential of the port to serve Eastern and Southern Africa countries for their shipments to and from the Asian continent. In addition, the recent launch of an initiative for the development of

a strategic port investment plan will attract further investments in port infrastructure in Seychelles, bolstering Seychelles' status as a key maritime hub in the Indian Ocean and a gateway between Africa, India and the Middle East.

- **Create gains for women and youth:** the current gender imbalances in African economies at the macro, meso, and micro levels, negatively affect women's ability to take advantage of the opportunities offered by the AfCFTA (AfCFTA Secretariat, UNDP, UN Women, 2022). If this gender gap is bridged, it is estimated that Africa could gain US\$ 316 billion in GDP by 2025 (McKinsey, 2019). To this end, the AU Assembly, at its 35th Ordinary Session held in February 2022 in Addis Ababa, Ethiopia, decided to include a Protocol on Women and Youth in Trade in the scope of the AfCFTA Agreement. This Protocol aims at ensuring that these two important demographic groups actively participate and benefit from the AfCFTA, urging AfCFTA State Parties to eliminate discrimination, promoting equality and inclusiveness, and incentivize them to meaningfully engage in trade.
- **Access to additional funding for the development of trade infrastructure and private sector initiatives:** several Pan-African institutions such as the African Development Bank, AfreximBank, the Trade and Development Bank (TDB), the Africa Finance Corporation, etc. have shown interest to support the implementation of various components of the agreement and its Protocols. Recently, an AfCFTA Adjustment Fund was established to address AfCFTA-induced tariff revenue losses and to support the implementation of the various Protocols under the AfCFTA, the development of trade-enabling infrastructure, industrialization projects and other private sector initiatives. Additionally, there is a host of multilateral organizations that have expressed an interest in and are providing funding for the AfCFTA at continental, regional and national levels. The GoS can leverage these financial resources for enhancing competitiveness of its trade environment, boost industrialisation, and developing trade infrastructure critical in supporting the AfCFTA, while Seychelles businesses can harness them to raise their productivity and competitiveness, increase their productive capacity, engage in projects for modernising production lines, or relating to the development of regional value chains.
- **Less barriers and more simplified procedures for trading with AfCFTA State Parties:** during the consultations carried out for the preparation of this strategy, most of Seychelles traders raised the problem that it is more difficult to export to other AfCFTA State Parties than to other markets outside Africa because of the higher logistics cost, the elevated trade barriers and the opacity of procedures in these countries that increase their transaction costs. The main objectives of the AfCFTA include the simplification of trade procedures and the improvement of trade facilitation, as well the elimination of trade barriers between AfCFTA State Parties. It is therefore expected that the implementation of the agreement will make it easier for businesses to trade within Africa and benefit from this growing market. Moreover, the elimination of tariff duties on imports from AfCFTA State Parties will reduce costs of some imported inputs (raw materials and intermediate goods), ultimately lowering the production costs of goods exported to other AfCFTA State Parties.

On the other hand, there are also significant challenges to the expansion of AfCFTA trade that this strategy tries to tackle. The main ones are the following:

- **Low level of industrialisation and value addition:** most of Seychelles exports are products with limited value addition such as fish and fish derivatives. This can significantly hinder Seychelles' ability in the short- to medium term to trade effectively and benefit from the enlarged AfCFTA market. Low industrialization means fewer goods to export, while low value addition means to earn less from exports.
- **Export supply capacity constraints:** apart from fishery products and other few commodities (e.g., spices), Seychelles has a reduced capacity to supply other AfCFTA markets due to the small production volumes and the high production costs. To offset these disadvantages and remain competitive on the AfCFTA market, Seychelles businesses must focus on specialized, niche markets that value unique, high quality or artisanal products. Examples include organic foods, luxury crafts or eco-friendly products. Similarly, they can invest in knowledge-intensive sectors, such as financial or digital services, that have higher returns and do not need large-scale production in order to be profitable.
- **Remoteness from African continental markets:** geographical remoteness increases trade costs substantially. Nevertheless, these costs can be reduced by developing the hard and soft infrastructure needed to facilitate connectivity with other AfCFTA markets. Given the geographical characteristics of Seychelles, improving maritime connectivity is essential. This can be done by expanding berths and terminal areas, automating port operations, installing ship to shore cranes, fully digitalize port and customs procedures, and improving connectivity with other ports in the African continent. With such upgrades, port of Victoria could position itself as a transshipment hub in the Indian Ocean and attract a number of international shipping companies wishing to use it to run feeder services from Asia to Africa and/or from Africa to Asia.
- **Low level of awareness of the AfCFTA:** the consultations conducted for the preparation of this strategy revealed that the level of awareness of the AfCFTA by the Seychelles business community is particularly low. This can significantly limit the benefits and impact of the AfCFTA, causing important trade opportunities to be missed or the agreement to be used ineffectively. This situation calls for a more vigorous awareness campaign.

1

INTRODUCTION

1.1 Background and Justification

The African Continental Free Trade Area (AfCFTA) entered into force on 30th May 2019. Its operational phase was then launched on 7th July 2019, at the 12th Extraordinary Summit of AU Heads of State and Government in Niamey, Niger. Trade under the continent-wide free trade area commenced on 1st January 2021.

The AfCFTA Agreement aims to create a single African market of 1.4 billion consumers with an aggregate gross domestic product (GDP) exceeding US\$ 3.0 trillion. The African economy is a fast-growing market, as consumer numbers are expected to increase to 1.7 billion by 2030, a third of which will be classified as middle class. African e-commerce and e-payments markets are also on the rise, with online retail growth in Africa forecast to reach US\$ 75 billion by 2025, while revenues from electronic payments in Africa are expected to reach US\$ 40 billion by 2025, compared with about US\$ 200 billion in Latin America (McKinsey, 2022).

The AfCFTA thus offers tremendous opportunities for Africa's private sector access the wider continental market more effectively and at a lower transaction cost, gaining competitive advantage through leveraging economies of scale and a wider consumer base.

1.2 Overview and objectives of the AfCFTA and its Protocols

On 3rd June 1991, the African Heads of State and Government of the Organization for the African Union (OAU) - the precursor of the African Union (AU) - met in Abuja, Nigeria, to sign a Treaty aimed to set the course for the integration of the African economies into a united economic space. This Treaty envisaged the establishment of an African Economic Community (AEC) through the progressive co-ordination, harmonization and integration of the activities of both existing and future African Regional Economic Communities (RECs). This process was set to be completed within 34 years from the date entry into force of the Abuja Treaty (12th May 1994), and in any case within a period not exceeding forty years.

In January 2012, the AU Assembly of Heads of State and Government adopted a decision to establish a Continental Free Trade Area within the indicative date of 2017 to lay the foundation for the establishment of a Continental Customs Union at a later stage.¹ In June 2015, during the 25th Ordinary Session of the Assembly in Johannesburg, AU Heads of State and Government finally agreed to launch negotiations towards the creation of the AfCFTA. These negotiations were concluded on 21st March 2018, while the agreement entered into force on 30th May 2019, i.e., 30 days after the deposit of the 22nd instrument of ratification to the Chairperson of the African Union

¹ Doc. EX.CL/700(XX)m adopted at the 18th Ordinary Session of the AU Assembly of Heads of State and Government.

Commission, as required by art. 23 of the Agreement. As of September 2024, the AfCFTA has been signed by all the AU Member States, except Eritrea. Of these, 49 countries, including Seychelles, have so far ratified and deposited their instruments of ratification.²

Trade under the AfCFTA officially began on 1st January 2021, following a decision taken by the Assembly of AU Heads of State and Government [Decision Ext/Assembly/AU/Dec.1(XIII)], that directed AfCFTA State parties to start trading under the preferential terms of the agreement those goods in relation to which the relevant rules of origin had been agreed upon. The first preferential trade transactions between AfCFTA State Parties began two years later, with the launch of the AfCFTA Guided Trade Initiative (GTI) in July 2022, officially started in October 2022. The general and specific objectives of the AfCFTA are summarized in Table 1:

TABLE 1: General and Specific Objectives of the AfCFTA (art. 3, 4 AfCFTA Agreement)

GENERAL OBJECTIVES	
1.	Create a single market for goods and services, facilitated by the movement of persons, in order to deepen economic integration
2.	Create a liberalized market for goods and services through successive rounds of negotiations
3.	Contribute to the movement of capital and natural persons and facilitate investments, building on the initiatives and developments in the State parties and regional economic communities
4.	Lay the foundation for the establishment of a continental customs union at a later stage
5.	Promote and achieve sustainable and inclusive socioeconomic development, gender equality and structural transformation of State parties
6.	Enhance the competitiveness of State parties' economies
7.	Promote industrial development through diversification, regional value chain development, agricultural development and food security
8.	Resolve the challenges posed by multiple and overlapping memberships and expedite the regional and continental integration process
SPECIFIC OBJECTIVES	
1.	Progressively eliminate tariffs and non-tariff barriers to trade in goods
2.	Progressively liberalize trade in services
3.	Cooperate on investment, intellectual property rights and competition policy

² The AfCFTA signatories that have not yet completed their national ratification processes and deposited their instrument of ratification are: Benin, Eritrea, Libya, Somalia, South Sudan, and Sudan.

SPECIFIC OBJECTIVES	
4.	Cooperate on all trade-related policies
5.	Cooperate on customs matters and the implementation of trade facilitation measures
6.	Establish a mechanism for the settlement of disputes concerning rights and obligations
7.	Establish and maintain an institutional framework for AfCFTA implementation and administration

To achieve the objectives of the Agreement, State Parties must progressively eliminate tariffs on 97 percent of tariff lines, as well as non-tariff barriers (NTBs) to trade, and gradually liberalize trade in services. Tariff liberalization will initially cover 90 percent of tariff lines (identified as **category A products**), to be completed within 10 years for Least Developed Countries (LDCs) and 5 years for non-LDCs, starting from 1st January 2021, year of official start of trade under the AfCFTA. The remaining 10 percent of tariff lines are divided into categories B (sensitive) and C (excluded goods), as shown in Table 2.

TABLE 2: Tariff liberalization calendar under the AfCFTA

CAT.	TYPE	RULE	TIMEFRAME	
			NON-LDCS	LDCS
A	Non-Sensitive	Tariffs on at least 90% of tariff lines to be eliminated.	5 years	10 years
B	Sensitive	No more than 7% of tariff lines may be declared sensitive. The liberalisation start may be delayed to year 6.	10 years	13 years
			They may maintain their current tariffs for the first 5 years, starting liberalisation from the 6 th year	
C	Excluded*	No more than 3% of tariff lines may be exempted from liberalisation. The total value of these imports must not exceed 10% of the value of all imports from within the AU.	No cut	No cut

** Products to be excluded must be designated by AfCFTA State Parties (or Customs Unions, where they exist) by respecting two (cumulative) criteria, known as “double qualification and anti-concentration” clause: 1) their exclusion must be justified on the grounds of food security, national security, fiscal revenue, livelihood or industrialization; 2) their import value must not exceed 10 percent of all the imports from other State Parties. This means that a country (or a Customs Union) can exclude a product from liberalization only if the value of its imports does not represent more than 10 percent of the total value of imports from other African countries.*

To compensate for the loss of revenue in which some AfCFTA State Parties may incur as a consequence of the process of tariff liberalization under the AfCFTA, a US\$10 billion **AfCFTA Adjustment Fund** was established in 2023 by the African Export-Import Bank (AfreximBank) in Kigali, Rwanda.

The AfCFTA Adjustment Fund consists of three sub-Funds, namely:

1. the **Base Fund**,
2. the **General Fund**, and
3. the **Credit Fund**.

The Base Fund will utilize contributions from AfCFTA State Parties as well as grants from donors to address AfCFTA-induced tariff revenue losses and support countries to implement the various Protocols under the AfCFTA. The General Fund will mobilize concessional finance to support the development of trade-enabling infrastructure and execution of key industrialization initiatives, while the Credit Fund will mobilize commercial funding to support both the public and private sectors, enabling them to adjust and take advantage of the opportunities created by the AfCFTA.³

The AfCFTA Agreement is complemented by eight Protocols which all together constitute the AfCFTA legal compact. The negotiations of these Protocols took place in two phases. The first one covered the Protocols on Trade in Goods, Trade in Services, and Dispute Settlement, which were ratified together with the AfCFTA framework agreement, so far, by 48 AfCFTA State parties. However, several technical instruments are still under negotiations, for instance the schedules of tariff concessions and rules of origin, which form an integral part of the Protocol on Trade in Goods, are yet to be completed.

The AfCFTA Protocol on Trade in Services aims to create an open, transparent, and integrated single services market, fostering economic growth and development across sectors outlines four modes with which services can be supplied across borders, exactly in the same way as in the General Agreement on Trade in Services (GATS) of the World Trade Organization (WTO). These four modes define how service providers and consumers can interact within the AfCFTA area. They are the following:

Mode 1 – Cross-border supply: This mode covers services provided from one country to another without the service provider or consumer physically moving. An example would be a company in Seychelles providing consulting or IT services remotely to a business in Nigeria.

Mode 2 – Consumption abroad: This refers to situations where the consumer travels to another country to receive a service. For instance, a Seychelles student travelling to South Africa to attend university or a patient from Seychelles going to Morocco for healthcare fall under this mode.

³ Requests for accessing to the grants, concessional and commercial funding under the three sub-Funds, can be submitted through a dedicated portal (<https://microsite.peaqock.com>)

Mode 3 – Commercial presence: this mode involves a service provider establishing a business or commercial presence in another AfCFTA member country to deliver services there. An example would be a Ghanaian bank opening branches in Seychelles. This mode is key for investment and building local operations in foreign markets.

Mode 4 – Temporary movement of natural persons: this mode allows individuals to travel temporarily to another country to provide services. For example, an engineer from Seychelles who works on a project in Mozambique under a temporary contract falls under this mode.

These modes enable a flexible, structured framework for AfCFTA States Parties to facilitate and liberalize trade in services across Africa, aiming to boost economic integration, investment, and economic growth. Each of them has its own set of regulatory considerations and commitments that States negotiate to reduce barriers and increase market access for service providers across the continent.

On the other hand, the Phase 2 Protocols were completed in two different stages. The Protocols on Investment, Competition Policy, and Intellectual Property Rights were completed and approved by the AU Assembly in February 2023, while Protocols on Digital Trade and Women and Youth in Trade were adopted by the AU Assembly in February 2024. At present, the phase 2 Protocols have not been opened for ratification yet, being some additional annexes and ministerial regulations to these Protocols still under negotiation.⁴

The AfCFTA legal compact is further complemented by other continental initiatives, including the Protocol to the Treaty Establishing the African Economic Community Relating to Free Movement of Persons, Right to Residence and Right to Establishment, which is intended to ease movement of people across the continent, and the Single African Air Transport Market (SAATM), which aims at increasing connectivity in the African continent and improving efficiency in continental air transportation, so as to increase the continent’s global share of the aviation industry.

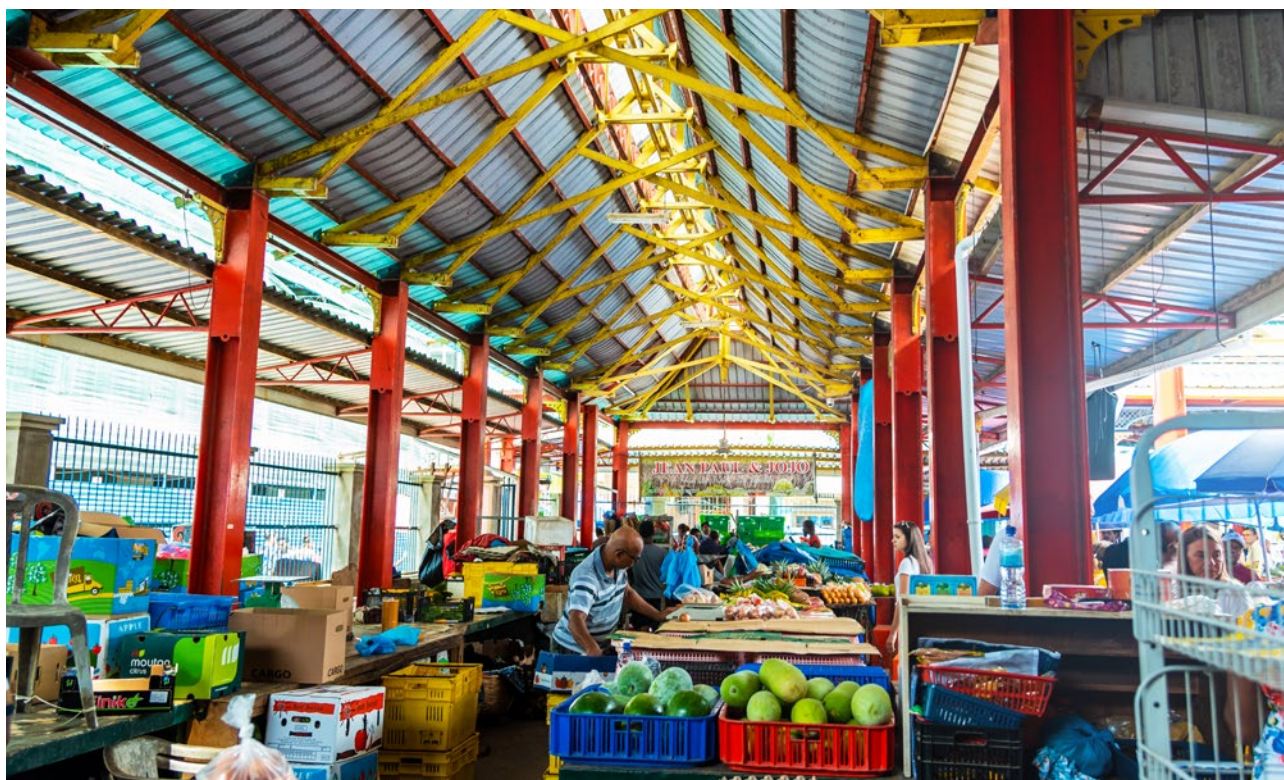
1.3 Objectives and scope of the Implementation Strategy

The Seychelles national AfCFTA implementation strategy builds on broader national long and medium-term plans and strategies guiding the country’s development pathway and the transformative agenda of the government, notably Seychelles Vision 2033 and the National Development Strategy (NDS) 2024-2028. The AfCFTA implementation strategy begins with a description of the macroeconomic environment in Seychelles, the trade agreements of which the country is a party, the composition of trade, and the sectors and value chains with the highest potential for development.

⁴ According to art. 23 of the AfCFTA, the AfCFTA Agreement and the Protocols on Trade in Goods, Trade in Services, and the Protocol on Rules and Procedures on the Settlement of Disputes enter into force thirty (30) days after the deposit of the twenty second (22nd) instrument of ratification. On the other hand, the Protocols on Investment, Intellectual Property Rights, Competition Policy and any other additional instrument within the scope of the AfCFTA Agreement that is deemed necessary, are subject to separate ratification processes and enter into force thirty (30) days after the deposit of the twenty second instrument of ratification.

Subsequently, the document outlines five key objectives by providing:

1. an assessment on whether the institutional and regulatory frameworks in the Republic of Seychelles are adequate to effectively implement the AfCFTA, by identifying possible changes that may be required;
2. the identification of constraints, gaps, and opportunities to the alignment of the GoS and AfCFTA trade frameworks able to:
 - i. unlock market opportunities;
 - ii. allow prioritization of sectors/industry clusters and products for trade; and
 - iii. spur regional value chains development;
3. a list of strategic objectives to guide and facilitate the implementation of the AfCFTA within the Republic of Seychelles, with a view to promoting trade performance, competitiveness, digitalization and investments;
4. an implementation action plan for the implementation of the strategic objectives.
5. a framework through which the GoS will support, facilitate and monitor the implementation of the AfCFTA across the country.
6. A communication and financial strategy.



2

MACROECONOMIC FRAMEWORK, PRODUCTION AND TRADE

Seychelles is a small but open economy, with a vast network of trade agreements and particularly low tariffs applied on imports from countries with which it has no preferential trade agreements in place. According to the WTO’s World Tariff Profiles 2024,⁵ after Mauritius, Seychelles is the country in Africa with the lowest Most-Favoured Nation (MFN) average tariff.⁶ Imports from countries which are not tied to Seychelles through a preferential trade agreement are subject to an MFN applied simple average duty of **2.6 percent**, against the continental average of **12.3 percent**, the average tariff being 7.5 percent for agricultural products and 1.8 percent for non-agricultural goods (Table 3).

TABLE 3: Tariff and imports: simple and applied MFN (data referred to 2023)

SUMMARY	TOTAL	AGRICULTURAL GOODS	NON-AGRICULTURAL GOODS
MFN applied (simple average)	2.6	7.5	1.8
Average for Africa	12.3	16.8	11.6

Source: Authors’ elaboration based on WTO Tariff Profiles 2024

At regional level, Seychelles participates to the Common Market of Eastern and Southern Africa (COMESA), the Southern Africa Development Community (SADC), and now, also the AfCFTA. In addition, Seychelles is a signatory of the Tripartite Free Trade Area Agreement (TFTA), an inter-regional co-operation and integration arrangement amongst countries of COMESA, SADC and of the East African Community (EAC), which aims at combining these three Regional Economic Communities (RECs) into an enlarged Free Trade Area counting a total of 28 members.⁷ Lastly, Seychelles is a member of the Indian Ocean Commission (IOC), an intergovernmental organization that promotes sustainable development and encourages cooperation among its members in a large range of areas, including in the economic and commercial sectors.⁸ Despite not being a trade agreement, the IOC General Co-operation Agreement (known as the Victoria Agreement, lastly

⁵ World Tariff Profiles is a publication that the WTO develops in collaboration with the International Trade Centre (ITC) and the United Nations Trade and Development (UNCTAD) to describe the tariff and non-tariff measures imposed by more than 170 countries and customs territories in the world.

⁶ MFN tariffs are the tariff rates that a country applies to imports from all its trading partners which are not part of a preferential trade agreement, such as a free trade areas or customs unions. They are therefore the highest (most restrictive) tariffs that a country can charge on imports.

⁷ The TFTA entered into force on 25th July 2024, after 14 signatories completed their processes of ratification and the deposit of their ratification instruments with the Tripartite Task Force, a body that serves as the Secretariat of the Tripartite Policy organs and that rotates annually among the three RECs. The ratification of the TFTA was suspended by the GoS to prioritize the AfCFTA, due to resource constraints and based on the consideration that the implementation process of the latter agreement was well ahead of the Tripartite process.

⁸ In addition to Seychelles, Comoros, Madagascar, Mauritius, and Reunion are other IOC members. Moreover, China, the EU, India, Japan, the Sovereign Order of Malta, the United Nations, and the International Organisation de la Francophonie have an observer status and are regularly invited to the IOC’s major events, maintaining with such organization a sustained dialogue on issues of common interest.

revised in 2020), includes a Memorandum on Tariff Reductions which allows IOC members⁹ to apply a tariff reduction of 5 percent on their reciprocal imports of goods. Alcoholic beverages, tobacco and tobacco manufacture products, petroleum oils, and petroleum gasses are excluded from this scheme.

In 2009, Seychelles concluded an interim Economic Partnership Agreement (iEPA) with the European Union (EU), its main trading supplier and top destination market together with Mauritius, Comoros, Madagascar and Zimbabwe, cumulatively identified in this agreement as “Eastern and Southern Africa” (ESA) group. This agreement entered into force in 2012. On 1st July 2023, Seychelles introduced a self-certification of preferential origin scheme within the framework of the EU-ESA iEPA which gives the possibility to local exporters to prove the originating status of their goods, under their responsibility, by virtue of specific “statements on origin” affixed on an invoice or other commercial documents. As a condition for issuing a statement on origin, Seychelles exporters must be registered in the REX (“Registered Exporters”) system of the EU, a database developed by the European Commission to which the staff of the Customs Division of the Seychelles Revenue Commission has been given access for the purpose of accepting and verifying registration requests submitted by local exporters. At present, this is the only certification of origin scheme admitted within the EU-ESA iEPA.

After the United Kingdom (UK) withdrew from the EU, Seychelles concluded with this country a distinct iEPA in January 2019 together with Mauritius, Zimbabwe, Comoros and Madagascar. This agreement, whose content mirrors that with the EU, entered into force on 1st January 2021, after the end of the Brexit transitional period. However, Comoros and Madagascar are yet to implement it.¹⁰

Seychelles is also among the fifteen African countries that have concluded a Sustainable Fisheries Partnership Agreement (SFPA) with the EU. SFPAs are bilateral agreements that allow to a number of EU and counterpart countries vessels and surface longliners¹¹ to fish tuna in their respective Exclusive Economic Zone (EEZ).¹² The total extension of the Seychelles EEZ is over 1,350,000 square kilometres (figure 1), one of the largest in Africa.

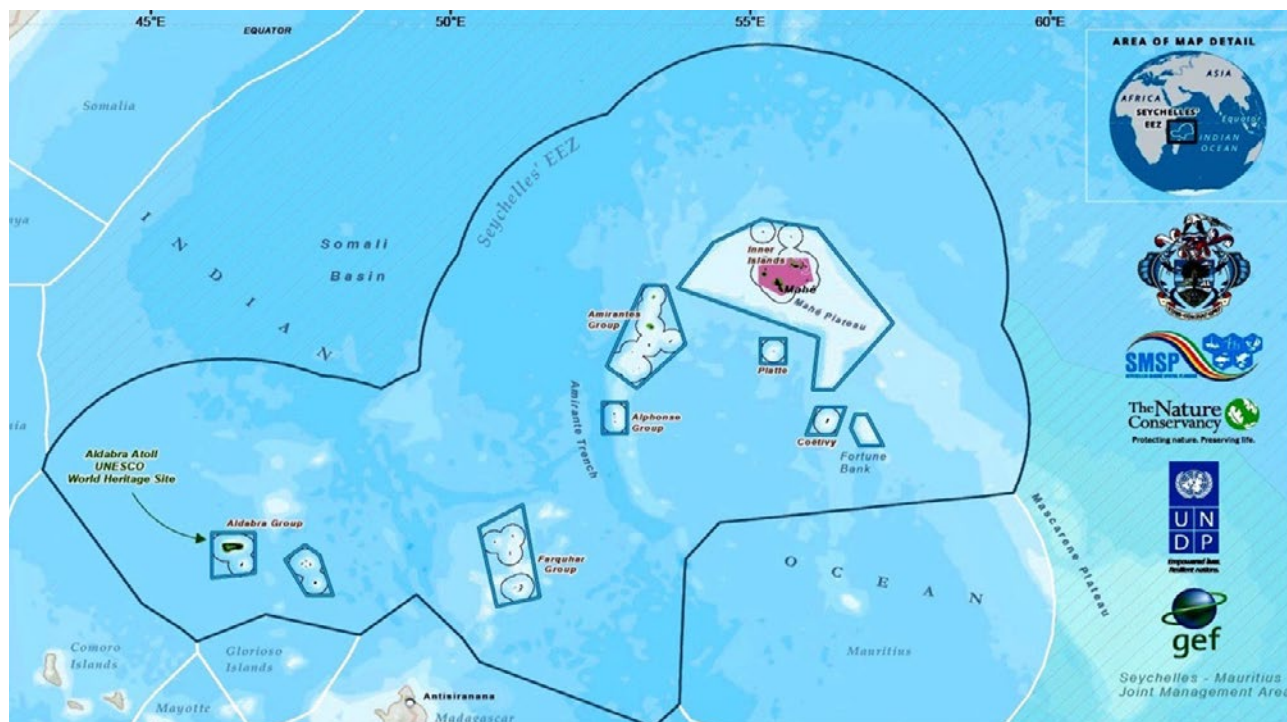
9 Reunion is excluded from the scheme, being part of the Overseas Countries and Territories (OCTs), i.e., a group of countries and territories that despite not considered part of the EU Customs Union territory, maintain special relations and depend to varying degrees on some of the EU member States (France, in case of Reunion).

10 Differently from the iEPA with the EU, the proof of preferential origin in this agreement is given by a certificate of origin “EUR.1”.

11 Boats less than 24 Metres in length that use long main lines with bated hooks attached at intervals via short branch lines called snoods or gangions.

12 According to art. 56 of the 1982 United Nations Convention on the Law of the Sea (UNCLOS), signed by Seychelles on 10 December 1982 and ratified on 16 September 1991, an EEZ is an area of the sea in which a State has special rights regarding the exploration and exploitation, conservation and management of natural resources, whether living (e.g., fish) or non-living (e.g., offshore oil and gas, etc.). Differently from the territorial sea, which is a belt of coastal waters immediately adjacent to the baseline that is strictly reserved to the coastal or insular state (where it has full jurisdiction), the jurisdiction in the EEZ is limited to the exploration and exploitation of natural resources. The UNCLOS sets out the maximum length of the territorial sea in 12 nautical miles (22.224 kilometres), and in 200 nautical miles (370 km.) for EEZs.

FIGURE 1: Seychelles EEZ extension



<http://msp.ioc-unesco.org/world-applications/africa/seychelles/>

Seychelles acceded the World Trade Organization (WTO) on 26th April 2015. Its trade policy was reviewed by the WTO Secretariat for the first time since its accession in December 2022.¹³ On 11th January 2016, Seychelles also ratified the WTO Trade Facilitation Agreement (TFA), a landmark multilateral trade agreement aimed at streamlining and simplifying global customs procedures so to ensure a smoother flow of goods that are internationally traded. Adopted in 2013 and entered into force on 22nd February 2017 after being ratified by two-thirds of WTO Members. The WTO TFA focuses on enhancing transparency, reducing red tape, and promoting cooperation among WTO members to expedite customs clearance processes. It has inspired Annex 4 on Trade Facilitation to the Protocol on Trade in Goods of the AfCFTA, which substantially reflects its content.¹⁴ In particular, art. 28 of such Annex mandates each AfCFTA State Party to establish and/or maintain a National Committee on Trade Facilitation (NTFC) or designate an existing mechanism to facilitate both domestic coordination and implementation of the provisions of the Annex, mirroring Article 23.2 of the WTO TFA.

In Seychelles, an NTFC exists since 2015, hosted at the Trade Division of the MFNPT, and chaired by the Principal Secretary for Trade. The TORs regulating its mandate and procedures were adopted on 1st April 2018. The NTFC meets on a quarterly basis or whenever a particular need arises. Its main role is to advise the government and make recommendations on how to improve the trade facilitation

¹³ All WTO members have their trade policy reviewed by the Organization, the frequency of which varies depending on a country's share of world trade. The frequency of the review process can be 3, 5 and 7 years. For Seychelles the review is every 7 years.

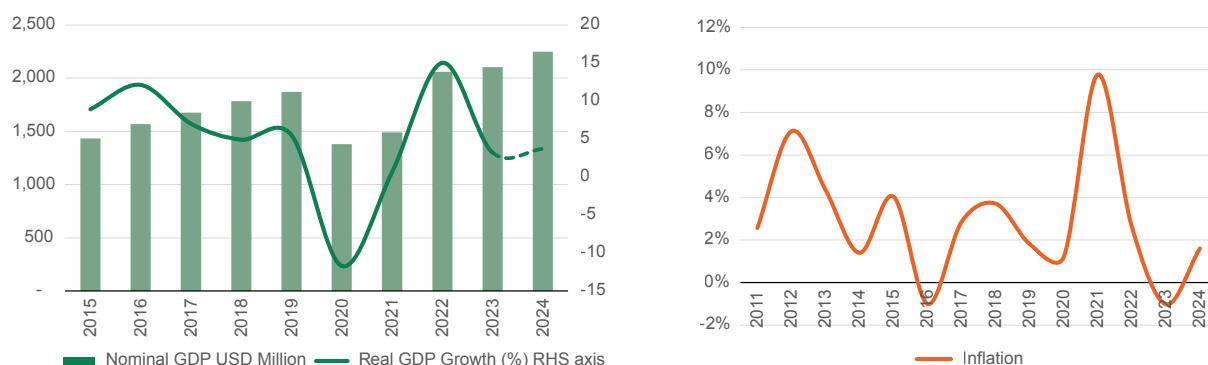
¹⁴ International Trade Centre publication "A business guide to the African Continental Free Trade Area Agreement", September 2018.

environment in Seychelles. Moreover, it monitors technical assistance projects and programmes in the area of trade facilitation and oversees the implementation of measures, provisions and procedures established in accordance with trade agreements to which the country is a party. The NTFC includes seven (7) members from the private sector, including the Seychelles Chamber of Commerce and Industry (SCCI) and is opened to the participation of additional stakeholders that can be invited on an ad hoc basis to its meetings according to the topics being discussed.

2.1 Seychelles' macroeconomic overview

With an estimated population of 121,355 inhabitants,¹⁵ Seychelles is the African country with the highest GDP per capita, and the only one that is classified by the World Bank as a high-income economy. Seychelles real GDP grew steadily in the last decade (2013-23), although it contracted by -11.7 percent in 2020 due to the COVID-19 pandemic, which significantly disrupted all economic activities, particularly tourism. Starting from 2022, tourist flows resumed growth at fast rate, despite a reduction of arrivals from Russia in the years 2022, 2023 and during the first semester of 2024 due to the outbreak of the conflict with Ukraine in February 2022.¹⁶ The Covid and the Ukraine-Russia experiences showed the GoS how critical it is for this group of islands to diversify their economy in order to reduce volatility of export earnings and provide a more stable path for growth and development. Real GDP resumed robust growth during the post-pandemic period, peaking at 15 percent in 2022, then slowing down to a rate of 3.7 percent in 2023 (figure 2, left), in part due to the floodings and to a massive explosion in December 2023 in the industrial zone of Providence on Seychelles' main island, Mahé, which caused significant disruptions in production for 642 enterprises.¹⁷ During the first six months of 2024, the GDP growth rate began to recover, though at a slower pace than in 2023 (3.2. percent), while Inflation reversed course, declining from 10 percent in 2021, and is estimated to reach an annual average of 1.2 percent in 2024 (Figure 2: Real GDP Growth and Nominal GDP (left), inflation rate 2011-2024 (right), right).

FIGURE 2: Real GDP Growth and Nominal GDP (left), inflation rate 2011-2024 (right)



Source: Authors' elaboration based on SNBS National Accounts data and IMF estimates

¹⁵ National Bureau of Statistics of Seychelles Bulletin, Mid 2024 estimated resident population, August 2024.

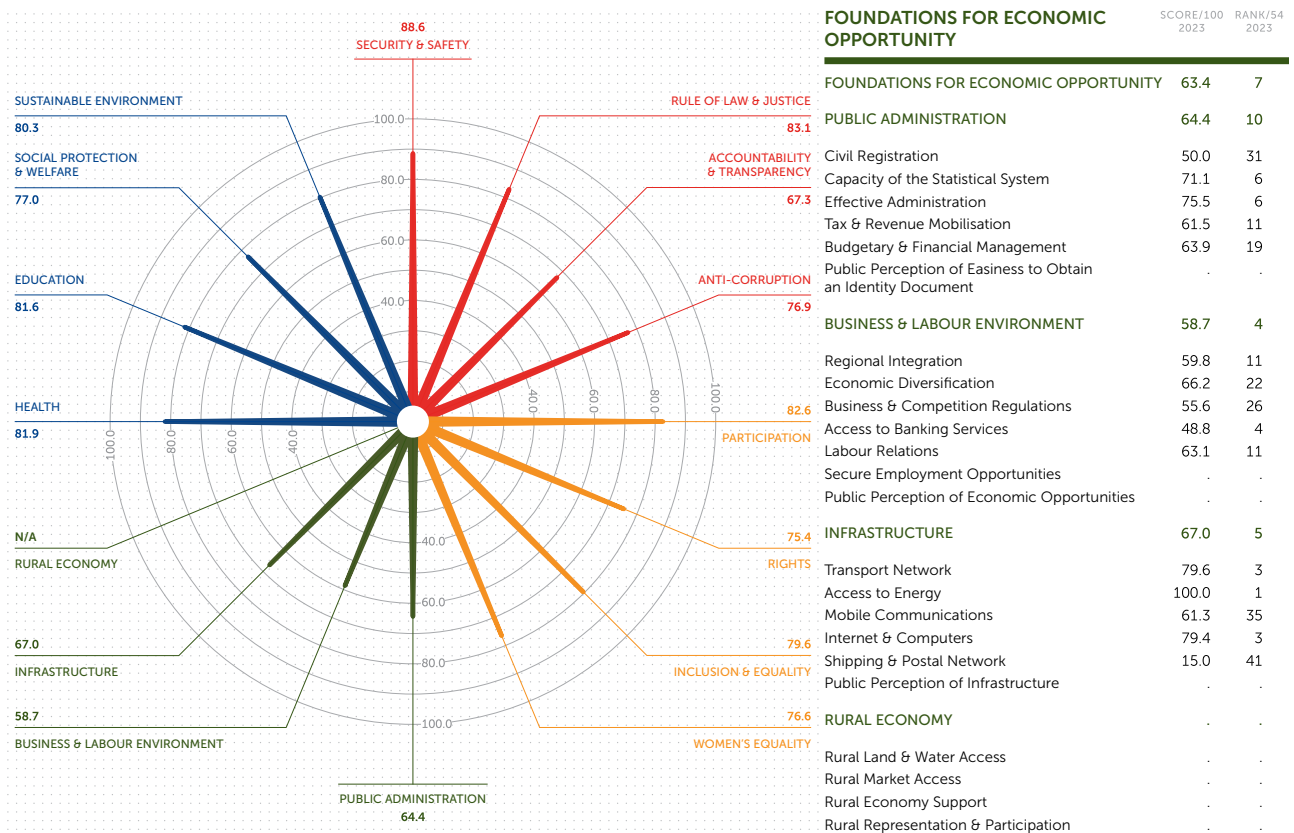
¹⁶ Source: National Bureau of Statistics of Seychelles, Visitor Statistics 2022 and 2023.

¹⁷ Sedwick, N., Seychelles' main industrial estate is 97% operational after 2023 explosion, Seychelles News Agency, 24 September 2024.

Governance

In terms of governance performance – a factor whose quality is supportive of accelerated growth and transformation - the latest edition of the Ibrahim Index of African Governance (IIAG) published in October 2024 by the Mo Ibrahim Foundation ranks Seychelles first in Africa in all the thematic dimensions, from security to justice, to rights and economic opportunity, public administration efficiency and women’s equality, commending the progress made towards the diversification of the economy and regional integration. However, compared to the other dimensions, the “business and labour environment” dimension performs worse, especially in relation to “access to banking services” and “business and competition regulations”, while under the “Infrastructure” dimension, Seychelles scores very low on “shipping and postal network”. This shows that there is still room for improvement in these areas (Figure 3: Governance performances of Seychelles).

FIGURE 3: Governance performances of Seychelles

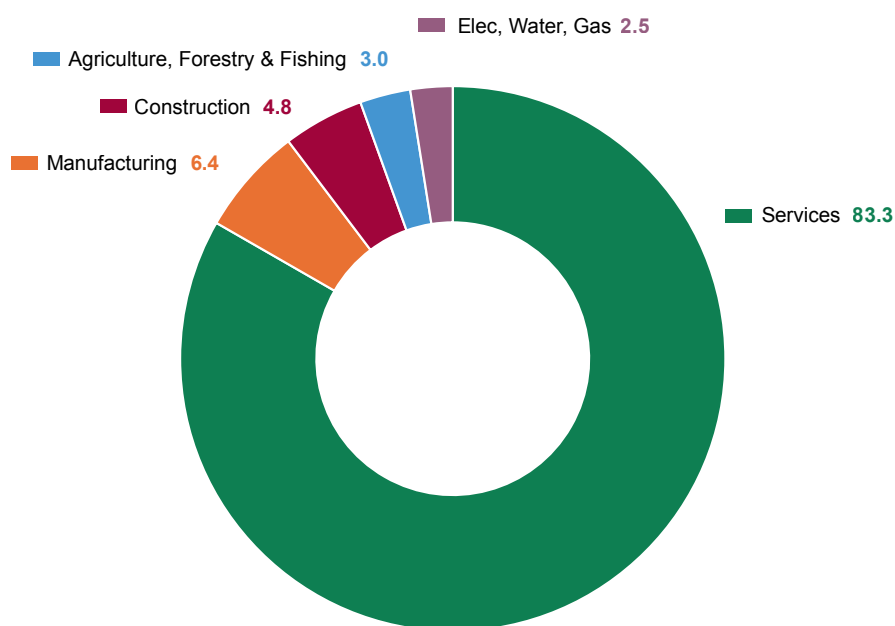


Source: IIAG 2024

Economic Sectors

Seychelles is one of the most import-dependent African economies,¹⁸ being endowed with scarce natural resources and characterized by limited availability of arable land, with two thirds of its territory that is mountainous and unsuitable for agricultural and livestock activities. Overall, its economy is service-based, with services accounting for 83.3 percent of its GDP in 2022 (Figure 4).

FIGURE 4: Composition of Seychelles GDP by sector (2022)



Source: Author's working base on SNBS National Accounts 2022

The service sector, which the NDS 2024-2028 identifies as critical for promoting the economic growth of the country, encompasses a range of activities such as tourism, financial services, trade, transport, and communications. In particular, the NDS 2024-2028 underscores the importance of leveraging emerging and knowledge-intensive industries such as digital financial services, high-value tourism, smart transport and ICT, which are considered the sectors with the highest potential to drive the transformation of the economy in future. Tourism remains the most important sector of the Seychelles' economy, contributing significantly to foreign exchange earnings and providing employment opportunities for a large segment of the population. In 2023, it accounted for about 40 percent of total exports.¹⁹ After tourism, fishery is the second most important sector, contributing 16% to the GDP and employing 12% of the population, followed by financial services, that are the third pillar of the economy and a main provider of jobs.

¹⁸ Data from SNBS suggest that imports are between 90 and 100% as a percentage of GDP. According to the World Bank, the imports of goods and services as a percentage of GDP in Seychelles was 97.12% in 2023.

¹⁹ Central Bank of Seychelles Balance of Payment Statistics

As for the agricultural sector, its contribution to the country's GDP is only 1.6 percent (3 percent, including artisanal and semi-industrial fishery).²⁰ Agriculture is characterized by subsistence production, with high levels of post-harvest losses, that only for the crop production sector are estimated at 45% (UNDP Mauritius and Seychelles, 2023). This highlights the need to scale up investment in cold storage and value-added facilities to ensure that local products are kept for a longer period without losing their nutritional value. The main cash crops include root and tuber crop (cassava, yam, sweet potato, cocoyam), vegetables (solanaceae, cucurbits, brassicas, capsicum, cinnamon, patchouli, vanilla, and herbs), and fruit (banana, papaya, coconut, mango, breadfruit, citrus, and avocado). Production of cinnamon, coconuts, patchouli and vanilla has decreased over time due to labour diversion from the agriculture to the services sector (FAO, ICRISAT, 2019). However, more recently the Seychelles government has taken steps to revive the cinnamon and vanilla industry to increase local production for exportation.

The size of livestock production in the country is small, and has faced significant challenges over recent years, due to high production costs, strong competition from cheaper imports and high cost of animal feed. Inadequate infrastructure, limited access to financing, a lack of technical training for farmers, and poor market access, continue to hinder growth of the sector. In response to these challenges and to support local farmers and increase food security in the country, the government has implemented various subsidies aimed at stabilizing the agricultural market and encourage domestic and foreign investment in agriculture. In 2020, the GoS introduced an additional set of subsidies to deal with the impact of the Covid-19 pandemic, including for the purchase of animal feed and day-old chicks, as well as for transportation of livestock between the inner islands, namely Praslin, La Digue, and Denis Island. The planned phase-out of animal feed subsidies was initially set for January 2023, but was postponed due to adverse market conditions. In September 2023 these subsidies were replaced by the government importation and distribution of animal feed to local livestock producers.

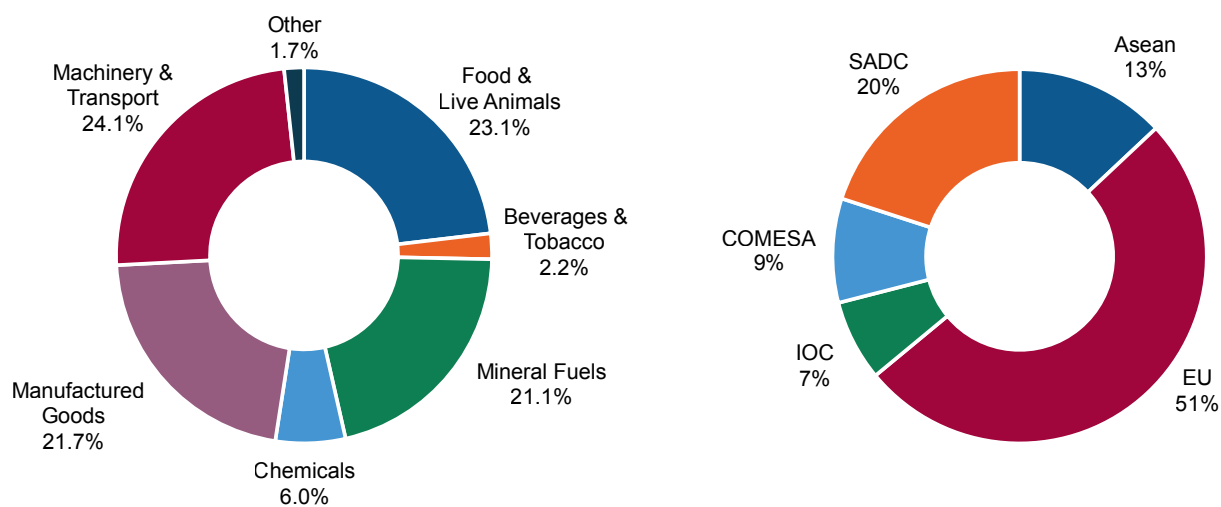
The manufacturing sector in Seychelles contributes around 6.4 percent to the country's GDP (2022), with the manufacturing output dominated by food products (processed fish or fish products) and beverages. Other products manufactured in Seychelles include, inter alia: cigarettes, building materials, paint products, coconut oil, crafts and jewelry. Manufacturing of fishery products, which includes canned tuna, contributed 3.4 % of GDP in 2022, followed by production of beverages and tobacco (1.7 %), food products (0.4 %) and other product (1.1%). Seychelles manufactured products are generally not competitive because most inputs (e.g., raw materials), intermediate goods and packaging materials, have to be imported. This inhibits manufacturers to achieve competitive prices, raising production costs. Producers should be encouraged to cluster or aggregate their production to reduce cost and increase economies of scale, also through the development of online platforms for them to connect, and by providing financial incentives to companies that participate in clusters.

20 National Bureau of Statistics of Seychelles, National Accounts 2022.

2.2 Composition of trade and intra-African trade performance

Seychelles' trade-to-GDP ratio (an indicator of the relative importance of international trade in the economy of a country) was of 183 percent in 2023²¹. Like many African countries, Seychelles is a net importer of goods, the main imports being represented by machinery & transport, food and live animals, mineral fuels and a range of consumer goods (figure 5, left). In terms of origin of imports, the EU represents the main source, followed by SADC and the Association of Southeast Asian Nations (ASEAN) countries, i.e., Indonesia, Vietnam, Laos, Brunei, Thailand, Myanmar, the Philippines, Cambodia, Singapore and Malaysia (Figure 5: Merchandise imports composition and Imports from selected economic regions, right).

FIGURE 5: Merchandise imports composition and Imports from selected economic regions



Source: Authors' elaboration base on NSB Merchandise Trade data (referred to 2023)

Seychelles' main trade partners are mostly outside of Africa, while import and exports from other African countries are minimal. From 2019 to 2023, imports from the African continent followed a fluctuating trend, decreasing from US\$126,5 million in 2019 to 91,8US\$ million in 2020, then recording a substantial growth in 2021 (reaching US\$448 million), and decreasing again in 2022 and 2023, to US\$167.5 million and US\$152.7 million, respectively. On the other hand, exports to African States registered a significant growth in 2023 (see Table 4). Seychelles exports to other African countries are strongly concentrated in fishery products, mainly frozen fish (HS code 0303), fish flours, meals and pellets (HS code 2301) and tuna prepared/preserved (HS code 1604). Significant are also re-exports to Africa of vessels for pleasure or sports (HS code 8903).

²¹ World Bank Database viewed at <https://data.worldbank.org/indicator/NE.TRD.GNFS.ZS?locations=SC>

TABLE 4: Imports and exports of Seychelles to the world and other African countries

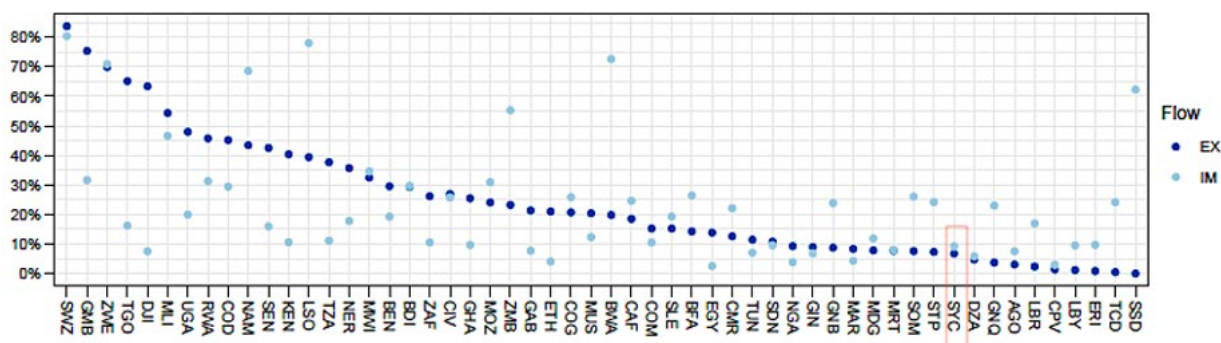
YEAR	IMPORTS (WORLD)	EXPORTS (WORLD)	IMPORTS (AFCFTA STATE PARTIES)	EXPORTS (AFCFTA STATE PARTIES)
2019	1,876,867,000	439,539,782	126,526,880	25,814,416
2020	2,022,270,000	445,026,788	91,800,583	24,148,845
2021	1,877,554,000	437,629,000	448,048,000	21,988,000
2022	2,112,344,000	425,898,000	167,544,000	18,956,000
2023	3,207,525,000	480,444,000	152,752,000	54,573,000

Source: National Bureau of Statistics (NBS) - unit : US\$

The main African suppliers of Seychelles are represented by South Africa, Mauritius, Madagascar, Egypt, Kenya and Tunisia, while the main export destinations are Mauritius, Ghana, Madagascar, Ghana, South Africa, Kenya and Egypt (NBS, 2024). Seychelles mainly imports from these countries mechanically obtained olive oil (HS code 1509), wood sawn or chipped lengthwise (HS code 4407), animal feeding preparations (HS code 2309), paper packaging (HS code 4819) and petroleum gas and other gaseous hydrocarbons (HS code 2711).

Seychelles is among the countries in Africa with the lowest share of intraregional trade as a share of total trade, representing 4 percent in 2022, while in 2023 it more than doubled, reaching 11 percent. From 2010 to 2022 the Seychelles’ share of intraregional trade as a share of total trade was 6 percent for exports and 9 percent for imports (Figure 6: Share of intraregional trade as a share of total imports and exports (2010-2022)).

FIGURE 6: Share of intraregional trade as a share of total imports and exports (2010-2022)

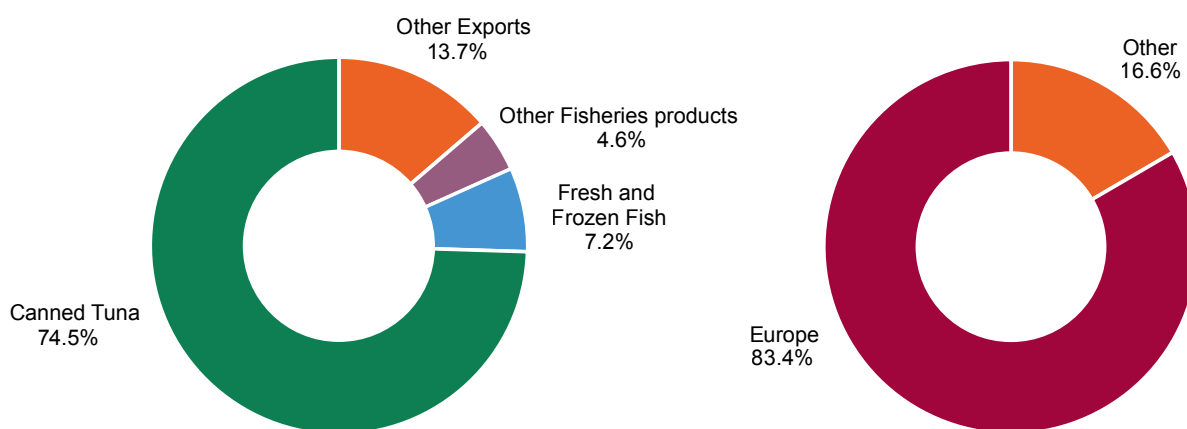


Source: Authors’ elaboration based on CEPII BACI Trade Data

In terms of composition of exports, the overwhelming majority of Seychelles merchandises are made up of fish and fishery products, which includes fresh and frozen fish, canned tuna, and other processed fish-derived products.

Fisheries products contributed to 86.3% of the total gross domestic merchandise export in 2023 with canned tuna comprising 74.5% (Figure 7: Merchandise export composition and export destination, left). Exports are highly concentrated and geographically mainly directed to European countries and traded under the EPAs with the EU and UK (figure 7, right).

FIGURE 7: Merchandise export composition and export destination



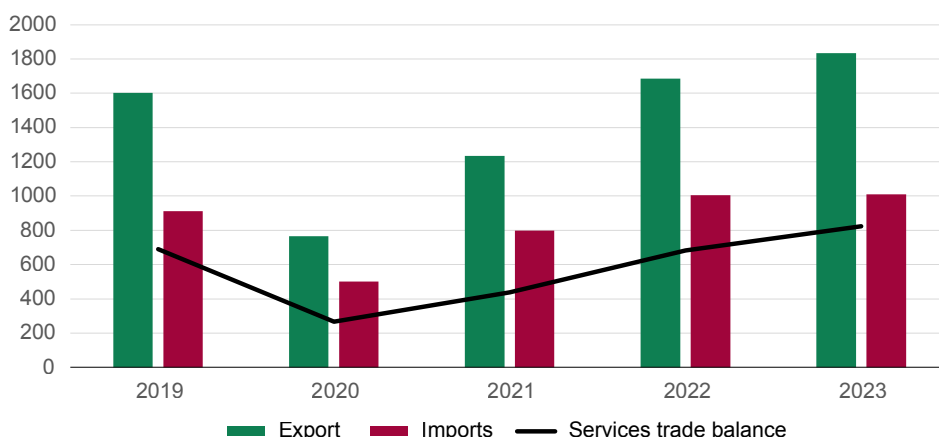
Source: Authors' elaboration based on NBS Merchandise Trade data (referred to 2023)



Service trade

Seychelles is a net exporter of services, with tourism activities being the main contributor, representing 54% of total value of services exports in 2023 (Figure 8). The country's services account remained in surplus in 2023, with total export of services estimated at US\$1,833 million, a growth of 8.8% over the previous year.

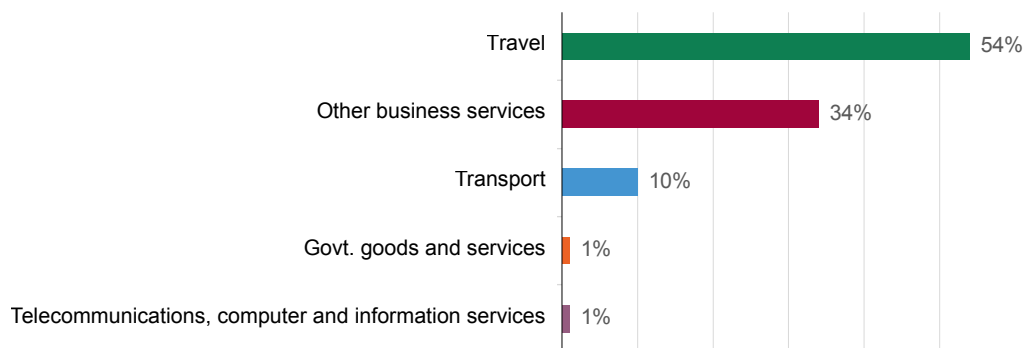
FIGURE 8: Service Trade Balance in US\$ million



Source: Authors' elaboration based on Central Bank of Seychelles balance of payments' data

After tourism (travel services), business services (led by technical, trade-related, and other business services), constitute the second-largest export service category, with a share of 33.7% in 2021, followed by transport services (10.4%), as shown in Figure 9: Composition of Service Export 2023 in percentage). On the other hand, imports of services in 2023 were led by transport, accounting for 52.6% of the total value of services imports in 2021 (34.2% in 2015), followed by other business services (25.6%) and travel (7.6%).

FIGURE 9: Composition of Service Export 2023 in percentage



Source: Authors' elaboration based on Central Bank of Seychelles BoP data

2.3 Investment climate and industrialization level



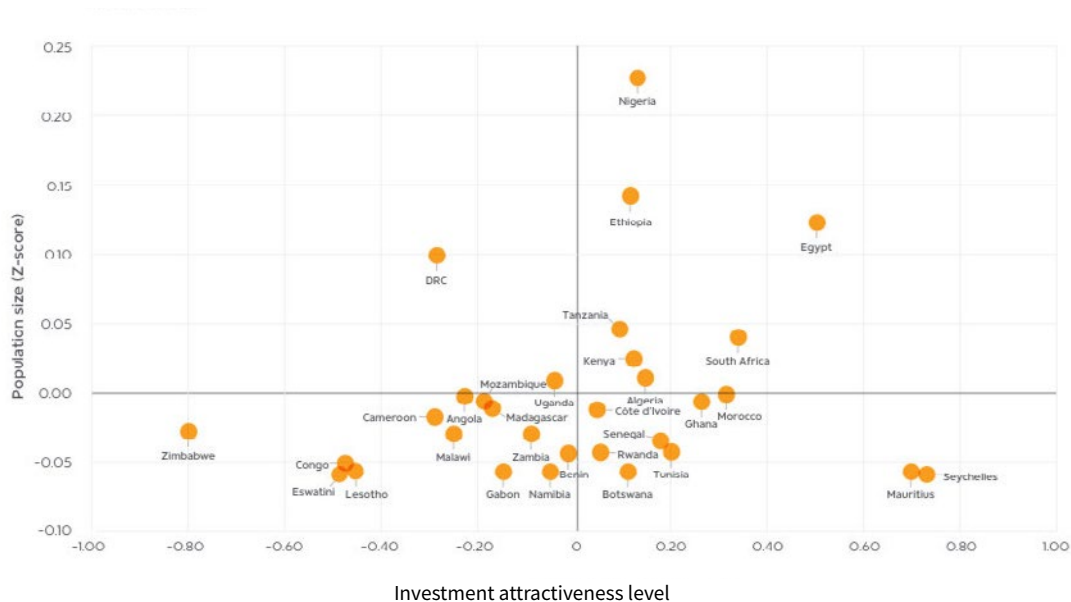
In terms of investment, Seychelles maintains an open environment. The country's investment policies encourage the development of local natural resources, improvements in infrastructure, and an increase in productivity levels, but stress that this must be done in an environmentally sound and sustainable manner. Indeed, Seychelles puts a premium on maintaining its unique ecosystem and screens all potential investment projects to ensure that any economic, social, or industrial benefits will not compromise the country's international reputation for environmental stewardship. The Seychelles Investment Act and other related regulations restrict foreign investment in a number of sectors where local businesses are active, namely: artisanal fishing, small boat charters, taxi driving, and scuba diving instructors. Additionally, foreign investment in other tourism activities, such as catering services, tourist guides, and travel agents, is not allowed. Seychelles has been applying a moratorium since 2015 on the construction of large hotels (i.e., 25 rooms or more), while foreign participation in accommodations (e.g., hotels, guest houses, self-catering establishments, and motels) of 16 to 24 rooms is limited to 80%.

The GoS also recognises the potential value of Public Private Partnerships (PPPs), in particular, for development and expansion of infrastructure. In 2017, a national public private partnership (PPP) policy was adopted with the aim of increasing private sector participation in the provision of public infrastructure and services in the country, namely in the sectors of energy; sea ports and shipping; aviation; ecotourism; land use and housing; social services (e.g., specialized healthcare, education, sanitation and waste water/sewerage treatment and disposal). At present, a PPP legislation is still lacking, despite a proposed PPP bill was initiated in 2017 to regulate the sector.

Seychelles also maintains a free-zone regime known as International Trade Zones (ITZs) to attract investments and promote exports. It does so by providing certain tax reductions and duty exemptions to businesses that are established or relocate within them and engage in one of the following five types of activities: (a) light-assembly; (b) processing; (c) redistribution; (d) export services; and (e) manufacturing. ITZs are administered by the Financial Services Authority (FSA), which is responsible for regulating and supervising all ITZ operations, including issuance of licenses. ITZ licenses are granted only to export-oriented companies that meet the minimum level of investment as defined in the legislation, variable between US\$5,000 and US\$15,000, depending on the type of licensable activity.

In terms of attractiveness, the Rand Merchant Bank (RMB) - the Corporate and Investment Banking arm of the FirstRand group, one of the largest financial services groups in Africa – ranked in 2024 Seychelles as the most attractive destination in Africa out of 31 African economies analysed,²² despite the limited extent of its internal market and low population, as shown in Figure 10: Seychelles’ investment attractiveness vs. other selected African countries. The main factors that have contributed to the high ranking of Seychelles are indicated in the high levels of human development and personal freedom, lack of corruption, political stability, and connectivity to international markets.²³ The document points out the need for the country to further diversify its economy, increase innovation, and reduce its import dependence through appropriate import substitution policies as key measures to protect the country against external shocks.

FIGURE 10: Seychelles’ investment attractiveness vs. other selected African countries



Source: Rand Merchant Bank, 2024

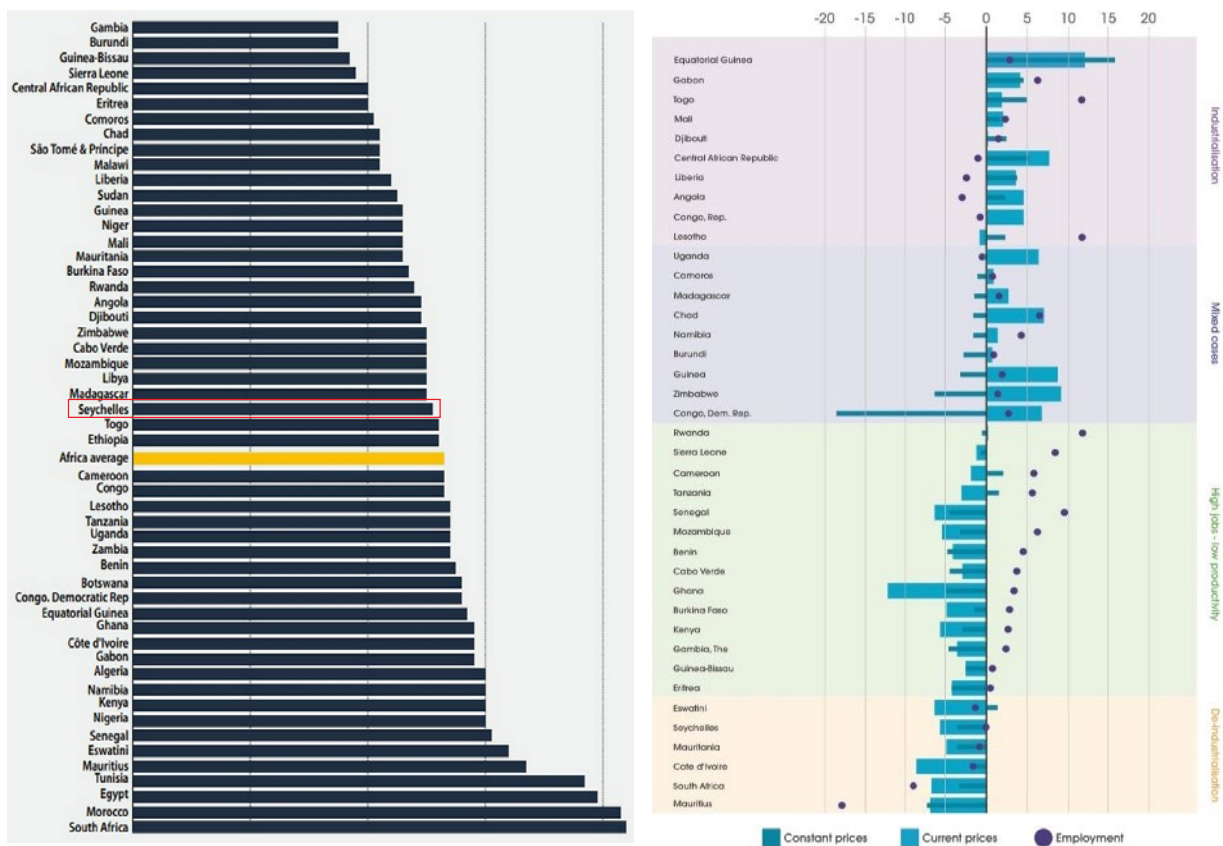
22 Rand Merchant Bank, Where to Invest in Africa report, July 2024.

23 In the report, the term “connectiveness” (to international markets), refers to the capability of a country to connect to other markets demanding products from it, therefore ensuring a seamless movement of freight between countries.

With regard to industrialization rates, the African Development Bank (AfDB)²⁴ ranks Seychelles slightly below the Africa average (see Figure 11, left). However, the document also points out that Seychelles is a continental leader on resource transformation, being able to produce from the exploitation of its natural resources approximately US\$ 410 of manufacturing value-added for each tonne of material resource consumed, well ahead of other African States.²⁵ This means that although Seychelles has few resources, it makes optimal use of them for manufacturing purposes. Further encouraging research and development and the adoption of advanced technologies by local manufacturers, combined with investments in education and training to equip the workforce with the necessary skills, could lead to an improvement efficiency and productivity levels.

On the other hand, the State of Africa Infrastructure Report 2024 of the Africa Finance Corporation (AFC) notes a trend in Seychelles towards stagnation of industrial activity with clear signs of deindustrialization, commenting that the decisive shift towards services undertaken by the country has caused a loss of employment in the industrial sector, which traditionally is more labor-intensive than services (see Figure 11: Industrialization rate vs. real and nominal GDP to employment ratio, right).

FIGURE 11: Industrialization rate vs. real and nominal GDP to employment ratio



Source: African Development Bank (2022) and Africa Finance Corporation (2023)

²⁴ African Development Bank, African Union, United Nations Industrial Development Organization (UNIDO), Africa Industrialization Index 2022, November 2022. The Africa Industrialization Index aims at measuring the progress on industrialization of the different African nations based on the analysis of a comprehensive set of standardized indicators.

²⁵ The manufacturing value added is used as an indicator of manufacturing output and of the level of industrialization of an economy.

3

AFCFTA SITUATIONAL ANALYSIS, MARKET OPPORTUNITIES AND CHALLENGES

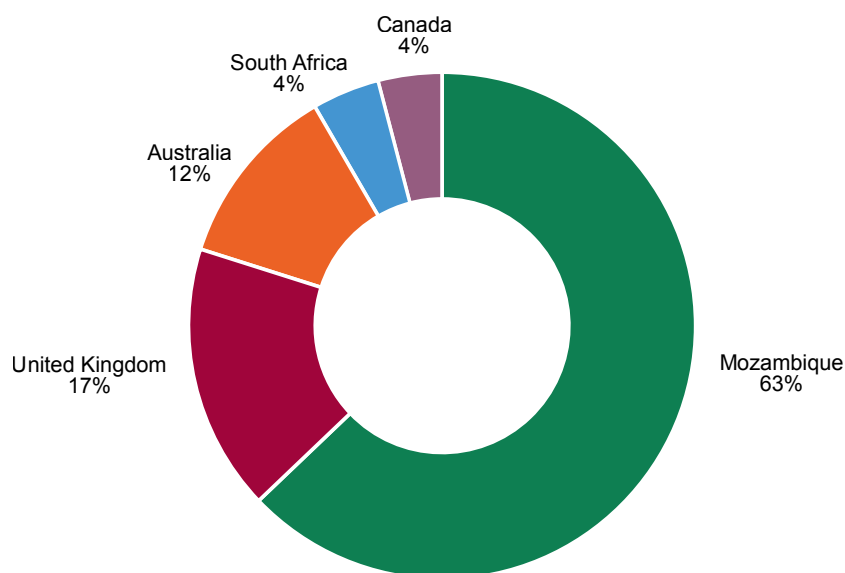
As a small island nation, Seychelles' participation in AfCFTA presents both opportunities and challenges, given its unique economic, geographic, and social characteristics. The AfCFTA offers Seychelles the potential to expand market access, attract investment, and further develop key industries such as tourism, fisheries, and marine resources. Access to the AfCFTA also offers local producers the opportunity to diversify into new sectors. To this end, the ability to use trade intelligence is key. During consultations, private stakeholders in Seychelles (traders and customs intermediaries) showed a limited use of data to inform decisions regarding their business strategies. The GoS has made significant efforts to improve data collection and access to such information by setting up a national statistics agency (the National Bureau of Statistics - NBS), that publishes quarterly statistics merchandise trade bulletins with data on volumes of imports and exports disaggregated for region and country of destination. In June 2022, the GoS also launched the Seychelles Trade Portal, that provides access to information on all regulatory requirements that traders need to comply with, in order to conduct their import, export and transit operations, including information on potential products and destination markets for Seychelles businesses. Moreover, the Trade Department established a Trade Information and Promotion Centre (TIPC) at its headquarters as a one-stop shop designed to provide information on formalities and requirements for exporting abroad. Lastly, the African Union recently launched the African Trade Observatory (ATO), which provides trade intelligence on trends, opportunities, and market access conditions to other AfCFTA State Parties. The portal is being populated also with information regarding Seychelles. Yet traders in the country showed limited knowledge of these tools, which suggests the need to increase sensitization and training activities. Strengthening capacity in this area could empower stakeholders to identify and capitalize on AfCFTA opportunities.

Diplomatic missions and consulates as well as the diaspora represent another significant opportunity for Seychelles businesses to expand their presence in other African nations. Despite Seychelles has diplomatic missions only in Ethiopia and South Africa, the country has robust diplomatic ties with many nations and a very large number of honorary consulates.²⁶ These structures could be leveraged to promote the “Made in Seychelles” brand in other AfCFTA member States and strengthen visibility of Seychelles products on these markets, thus increasing their market penetration. The Seychelles diaspora is also noteworthy. The number of Seychellois citizens and people of Seychellois descendance living abroad is estimated by the Seychelles National Diaspora Policy close to 37,000, corresponding to about one third of the current resident population of Seychelles (121,355 people as of 30th June 2023).²⁷ In terms of key countries of destination for the Seychellois emigrants, a majority is concentrated (for what regards Africa), in Mozambique and South Africa (Figure 12: Main countries of destination of Seychellois emigrants).

²⁶ According to the Henley Passport Index – an authoritative ranking of all the world's passports according to the number of destinations their holders can access without a prior visa - Seychelles has the strongest passport in Africa, offering its citizens visa-free access to 156 countries. This powerful passport reflects the nation's strong diplomatic ties and international standing, allowing Seychellois travelers easier access to a wide array of destinations without the need of obtaining a visa. This ease of travel not only simplifies international movement for Seychelles' citizens but also enhances the country's global connectivity and economic opportunities.

²⁷ National Bureau of Statistics, mid-year 2024 Estimated Resident Population (ERP).

FIGURE 12: Main countries of destination of Seychellois emigrants



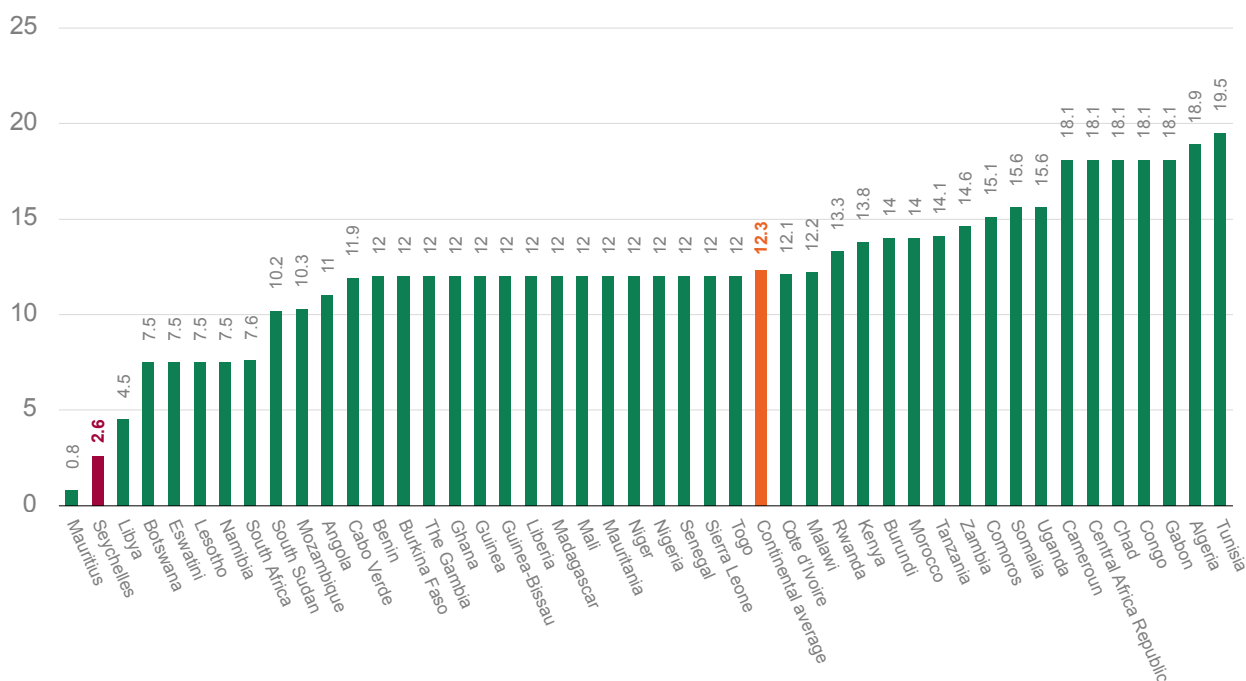
Source: Seychelles National Diaspora Policy 2024-2029

The Seychelles diaspora is recognized by the national diaspora policy as a potential source for attracting investments in Seychelles and for transferring human capital, knowledge, and technology into the country. It can play a significant role in promoting national brands abroad as its members can act as cultural ambassadors, influencers, and market entry facilitators. These communities can enhance visibility and credibility of Seychelles brands in foreign markets, for instance by organizing cultural events, festivals, and trade fairs, using these events as a means of brand exposure and product sampling in foreign markets, or by sharing products on social media and helping Seychelles brands reach niche markets. Moreover, since members of the diaspora often have a good understanding of both the target market and the brand’s origin country, they can help brands adapt Seychelles products, packaging, or marketing strategies to local preferences. By harnessing the potential of the diaspora, Seychelles’ national brands can gain a powerful ally in their expansion efforts, accessing new markets with the credibility, local insights, and enthusiasm that diaspora communities bring. The GoS could also consider the issuance of diaspora bonds to collect financial resources from citizens living abroad for funding national investment projects in priority sectors such as renewable energy or digital. Diaspora bonds allow governments and potential project sponsors or corporates to diversify their funding sources while borrowing at below-market rates and longer tenors, as these bonds are offered at a “patriotic discount” or during times of fiscal crisis (Schneidman, Tadesse, Lissanu, 2022). Diaspora bonds can also raise money for larger projects, such as infrastructure and social safety net programs, while satisfying the desire of diaspora communities to contribute to improving their countries of origin.

3.1. AfCFTA Impact and related risks

Seychelles will be minimally impacted by the AfCFTA trade in goods liberalisation, as most of the country’s trade with other AfCFTA State Parties already occurs duty free. After Mauritius, Seychelles is the African country with the lowest tariffs applied to imports from countries with which has a preferential trade agreement in effect (2.6 average MFN tariff duty, as shown in Figure 13: Average MFN tariff rates African nations).

FIGURE 13: Average MFN tariff rates African nations



Source: Authors’ elaboration on data from WTO Tariff Profiles 2024

In addition, Seychelles participates in the COMESA and the SADC FTAs that allow duty-free trade with most of Eastern and Southern African countries, while trade with the remaining AfCFTA countries at present represent a small part of its external trade. In any case, the revenue loss deriving from the liberalization of tariffs will be offset by gains in economic activity and in the increase of domestic tax revenues collection, in particular from Value Added Tax (VAT) and excise duties that will be collected on an increasing volume of imports from other AfCFTA State Parties that the agreement is expected to stimulate. In terms of welfare gains and export expansion, according to the World Bank (2020), the economies that are already relatively open such as Madagascar, Malawi, Mauritius, and Rwanda, are those that will have the smallest gains, expected in export increases of less than US\$1 billion. This is likely to be the case for Seychelles given the openness of the economy.

Due to the low level of diversification of the Seychelles economy and its strong dependence on tourism and fisheries, strategies aimed at ensuring economic resilience through diversification

away from these traditional sectors remain key, especially those focused on agriculture development. As climate change impacts food production globally, Seychelles could suffer even more severe consequences in terms of negatively impacting food supply in the future. The need for the country to ensure better food and nutrition security is clearly articulated in Vision 2033 and the NDS II, which both emphasizes the need for the country to leverage the development of agriculture and agroforestry as well as sustainable farming practices to overcome constraints of limited land availability. Modern technological advancements may allow Seychelles to meet part of its agricultural needs with minimal land use or labour input. For example, vertical farming and hydroponic technology can facilitate efficient food production even in urban environments with little arable land, so giving countries with reduced land availability the possibility to mitigate the risk of food insecurity. A positive step in this direction was taken with the recent inauguration of a shade house in July 2024 at the Seychelles Institute of Agriculture and Horticulture (SIAH) with the UNDP support. The facility is intended to host educational workshops for farmers on how to advance critical knowledge and skills for sustainable and smart farming practices. Policymakers need to incentivize investment in such sectors, since the development of value-added agribusiness products, like processed tropical fruits, fish products and spices can create new revenue streams for the government and local businesses, reducing at the same time dependency on food imports.

Another focus area to be addressed is access to finance. Targeted financial services should be provided to those who invest in agriculture and food production, creating market linkages between the agriculture and non-agriculture sectors.

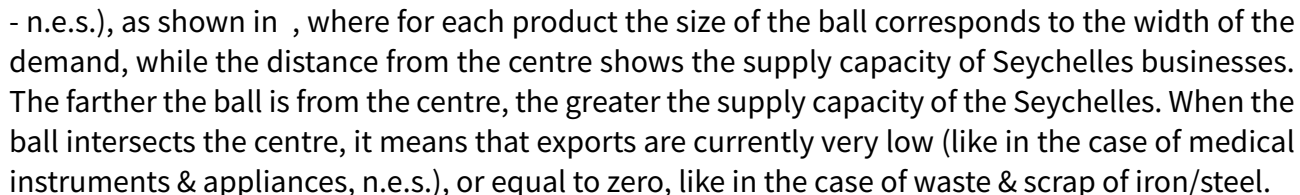
Regarding the sectors able to drive the economic transformation of Seychelles, the main opportunities are in the emerging and knowledge-intensive activities within the services sector (NDS 2024-2028 and AfDB, 2024). Among them, the digital financial services, smart transport, ICT, and high-value tourism activities are the main ones. In May 2023, with the UNDP support, the GoS also launched the Seychelles Sustainable Development Goals (SDGs) Investor Map. This document identifies investment opportunity areas in a series of sectors across five priority sectors, including renewable resources and alternative energy, services, food and beverage, infrastructure, and technology and communications. Investment in renewable energy is considered particularly strategic, as the country seeks to transition to a more sustainable energy system and reduce its heavy dependence on imported fossil fuels to preserve its natural environment. Another priority area in Seychelles SDG Investor map is the promotion of diversification across tourism sub-sectors (intra-Industry), in particular by developing alternative forms of tourism capable to play a critical role in preserving the country's unique ecosystems and generating well-paid jobs, such as eco-tourism, cultural tourism and agrotourism.

Another challenge that Seychelles faces is the size of the informal sector. The 2020 Report on informal employment in Seychelles issued by the NBSS estimated the number of people working in the informal sector at 8,204, representing about 16.9 percent of the labour force, of which 74 percent are men and 26% women. Despite small compared with other African countries, there is a significant portion of income earners that evade any form of taxation, not being registered with the national revenues and customs authorities. Due to their unregistered status, these traders cannot access to bank lending and are typically excluded from traditional safety nets enjoyed by the

formal sector (i.e., all those public interventions that provide assistance or help to such workers, especially after retirement, illness, disability or during temporary unemployment periods). The presence of these informal workers in the country reduces the entrepreneurial capacity of the Seychelles economy. The GoS needs to design and implement strategies to encourage informal sector to move into the formal setting, so as to exploit its potential to contribute to the development of the country.

Financing constraints, particularly for MSMEs, are another significant challenge faced by businesses in Seychelles. Access to bank lending has been indicated by private stakeholders interviewed during the preparation of this strategy as high because interest rates on loans are relatively high. Although banks are well capitalized, liquid, and profitable, businesses and individuals report that Seychelles banks are generally risk-averse and require particularly onerous collateral for lending. This is mostly due to the relatively high rate of nonperforming loans in the country, which represented about 7.8% of gross loans in 2023. This rate, although lower than Africa average (GlobalEconomy.com, 2022), has increased considerably from the 3.0% rate in 2018–2020 (IMF, 2024).²⁸ Recently, to facilitate access to credit, the CBS established the Collateral Database Registry, a centralised, electronic public database providing for a more streamlined registration of movable collaterals, as well as a faster and more convenient platform for interested parties to conduct searches and determine whether assets being offered by borrowers as collaterals for loans are already pledged. The country needs to design policies to address the constraints through provision to MSMEs of business finance, financial literacy, and other capacity development for increasing understanding and knowledge of the various financial products accessible to them.

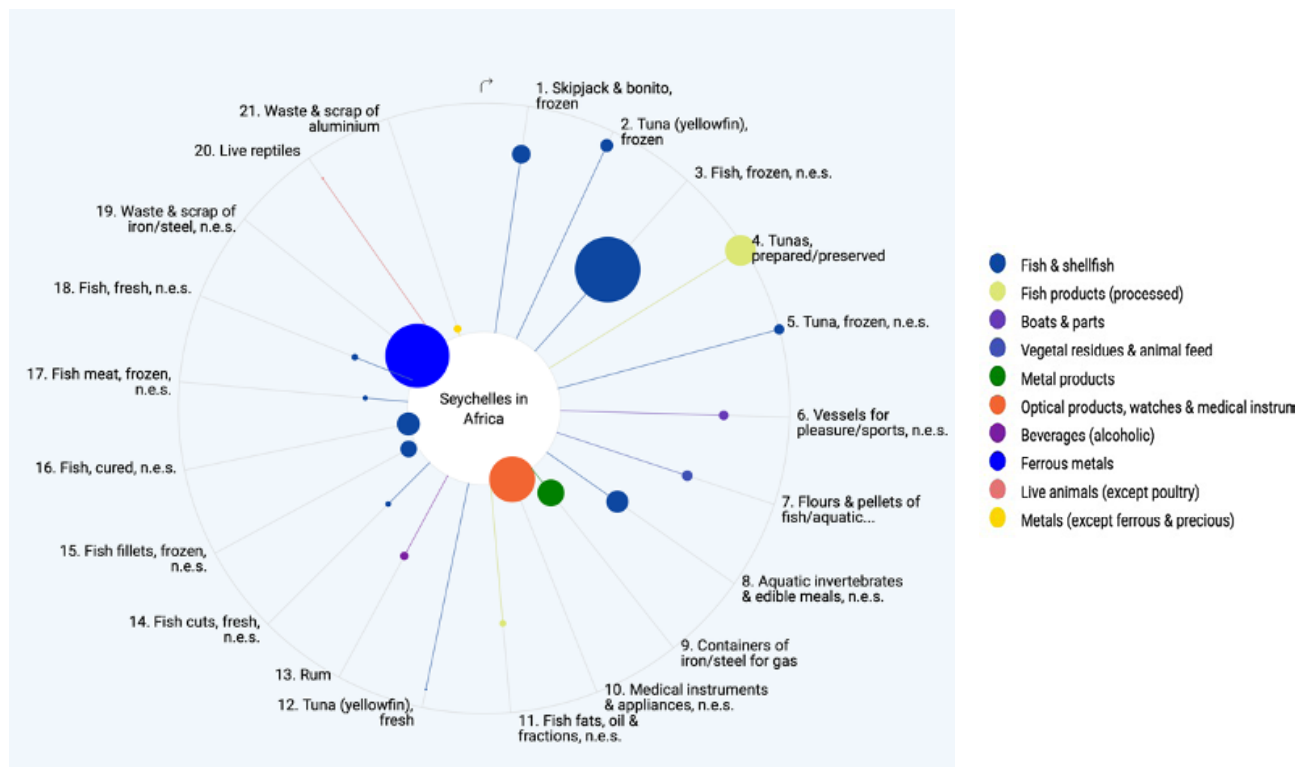
3.2. Trade potential of Seychelles under the AfCFTA

According to ITC's export potential methodology, Seychelles has an unrealized export potential of US\$37.1 million across African markets, with the most promising African markets in terms of export potential represented by Mauritius, Madagascar, Tunisia, Côte d'Ivoire and Ghana. The products with greatest export potential are those classified under the HS codes 030343 (skipjack & bonito, frozen); 030342 (tuna/yellowfin, frozen), and 0303Xa (fish, frozen, not elsewhere specified - n.e.s.), as shown in . The farther the ball is from the centre, the greater the supply capacity of the Seychelles. When the ball intersects the centre, it means that exports are currently very low (like in the case of medical instruments & appliances, n.e.s.), or equal to zero, like in the case of waste & scrap of iron/steel.

The product that shows the largest absolute difference in value terms between actual exports (US\$30 million) and potential exports (US\$12 million) is tuna/yellowfin, frozen. This leaves room to the possibility to realize additional exports worth US\$18 million to other African markets, the ones where the demand is higher being Mauritius, Ghana, Tunisia, Cote d'Ivoire, and Madagascar.

²⁸ International Monetary Fund, IMF Country Report No. 24/191, June 2024.

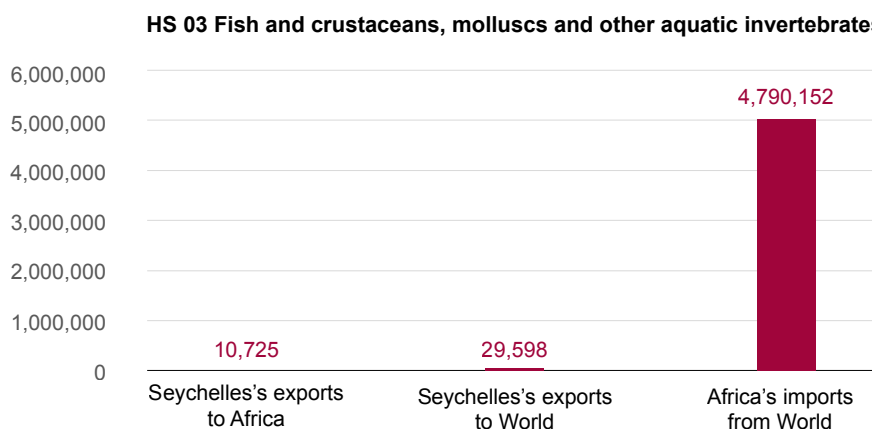
FIGURE 14: Seychelles products with the highest export potential



Source: ITC Export Potential Map

The trade data highlights the substantial difference between Africa’s import demand and Seychelles’ current export levels of fishery products, indicating a significant potential for Seychelles to expand its fish exports to African markets. The chart at Figure 15: fishery products, Africa exports to the world and imports from the world shows that Seychelles has an opportunity to capture a larger share of Africa’s aquatic imports, given the high demand across the continent.

FIGURE 15: fishery products, Africa exports to the world and imports from the world



Source: Authors’ elaboration based on ITC trade data (referred to 2023, in USD Thousands)

On the other hand, with respect to Seychelles' best options for export diversification in Africa, the products that show the highest potential are bigeye tunas, frozen (HS 030344), sheep cuts bone in, frozen (HS 020442) and coconut oil, crude (HS 151311). Subject to adequate investment in production and processing capacities, Seychelles may also add value to the exports of such commodities by further developing the value chains of prepared or preserved fish, coconut, and food products based on these commodities. However, since these products have low competitiveness in the African market in terms of price (due to their high production costs and expensive transportation networks), Seychelles businesses should focus on niche markets that are underserved or overlooked by their competitors, by improving product packaging and labelling to increase brand awareness and make their products more attractive on Africa' continental markets. In order to develop this potential, it will also be necessary to invest in targeted communication strategies aimed to build trust and loyalty with these niches.

In terms of services, opportunities exist in sectors such as transportation, communication, tourism, financial services, and construction. Indeed, these are the sectors where the demand by African nations is higher (Majune et al, 2023). The average share of intra-Africa trade in services between 2009 and 2019 is very low at approximately 7 percent. The service imports are dominated within the region by South Africa, Nigeria and Kenya.

While Seychelles is relatively small in size, it has developed competitive services sectors in areas that could benefit from increased regional access to African markets. Tourism and hospitality hold potential, given the existing infrastructure and brand. African tourists could contribute to diversifying Seychelles' tourism market reducing dependence from EU tourists. This could be facilitated by creating targeted tourism packages, direct flight connections, and regional marketing campaigns.

Seychelles' financial services sector, particularly offshore banking and asset management, has significant potential for growth. The AfCFTA could allow Seychelles-based financial institutions to extend their services across Africa, tapping into the needs of a growing number of African businesses and investors. Financial services also offer lucrative opportunities, with a relatively smaller investment required to access these markets.

The ICT sector in Seychelles has shown significant development, particularly through improved infrastructure and policies that support digital growth. The nation ranks amongst the top African nations in ICT development in Africa, achieving high rankings in the International Telecommunication Union's ICT Development Index. Key infrastructure advancements include high mobile penetration, with rates exceeding 180%, and internet penetration around 79%, which facilitates both local and international connectivity. The ICT could benefit from a rapid growth in Seychelles. However, to achieve its potential in enhancing digital service exports, the country will need to tackle existing infrastructure deficits and regulatory challenges.

3.3. Priority sectors and market opportunities

In selecting priority sectors (Figure 16), the key factors have been considered:

- **Alignment with current government policy:** Seychelles' NDS 2024-2028 prioritizes tourism, the blue economy, and agriculture as key sectors for economic growth and sustainability. The government's transformative agenda supports these areas with additional funding and initiatives, recognizing their strategic importance for economic resilience, competitiveness, and export diversification.
- **Demand/export potential:** Seychelles services exports currently include travel and tourism, and ICT. These sectors are not only current export strengths for Seychelles but also major service imports for African countries like South Africa and Nigeria. This high regional demand presents an opportunity for Seychelles to expand its export capacity in these services to tap into broader continental markets.
- **Comparative Advantage, strong domestic industry with relatively well-established operators:** Seychelles has a strong comparative advantage in the fisheries industry due to its specialization, established operators, and export-ready products. This positions the country to grow its export volume and value addition in the sector.

FIGURE 16: Seychelles priority sectors



Blue economy and Fisheries



As an island nation that depends almost entirely on its ocean, Seychelles has the greatest opportunities for value addition, export and diversification potential in the blue economy sector, where it has a comparative advantage due to the huge size of its EEZ. Seychelles has been an active proponent of the blue economy concept since 2014 as a core approach towards sustainable development (Michel, 2016). The blue economy encompasses various sectors, including:

- **Fisheries** (the activity of catching fish for commercial, subsistence or recreational purpose);
- **Aquaculture and mariculture** (farming of aquatic organisms, including fish, molluscs, crustaceans and aquatic plants);
- **Eco-tourism** (recreational activities including beach vacations, scuba diving, cruise ship travels and watching wildlife)
- **Biotechnology** (use of marine organisms such as marine bacteria and fungi, marine invertebrates like sponges and corals, marine algae and seaweeds, among others, for the development of medicines, nutritional supplements, cosmetics, and other biotechnological applications);
- **Renewable energy** (energy produced from wind turbines located offshore, from ocean waves or from the temperature differences between deep and shallow ocean waters);
- **Maritime transport** (movement of goods and people via ships and other vessels on aquatic or marine spaces);
- **Shipbuilding** (construction of ships and other vessels for use in movement on aquatic and marine spaces);
- **Underwater mining** (extraction of minerals such as manganese nodules, polymetallic sulphides and cobalt-rich ferromanganese crusts from the seabed).

The blue economy represents a significant opportunity for Seychelles, particularly in the context of the AfCFTA, where targeting some untapped African markets presents enormous opportunities.

Seychelles has developed a Blue Economy roadmap, which defines how Seychelles will make maximum use of its 1.358 million square kilometres of its EEZ in the most sustainable manner possible. The development of the blue economy is considered by the GoS as a powerful sector to drive the economic development of the country, while ensuring environmental preservation. The NDS 2024-2028 emphasises the ambition for Seychelles to become a global knowledge hub for research and development of the blue economy in partnership with global institutions. To

this end, the strategy of the GoS is to increase Research & Development (R&D) investments in the sector and create a strong enabling environment for free enterprise and entrepreneurship, foreign direct investment, and global partnerships.

To harness the Blue Economy opportunities, the GoS has established in 2015 the Department of Blue Economy at the Ministry of Fisheries to provide strategic direction and coordination of the Blue Economy implementation and promote the sustainable use of marine resources as well as overview the usage of the Seychelles' EEZ. Any business activity to be developed within the EEZ must comply to the Seychelles Marine Spatial Plan and ensure the sustainable use of marine resources. In addition, a Climate Change Policy was developed in 2020. This Policy puts emphasis on increasing investments in building capacity for research and on the need to monitor of the long-term impacts of climate change. Strictly related to the Climate Change Policy, the Seychelles Blue Economy Strategic Policy Framework and Roadmap (2018 -2030) focuses on the creation of enterprises and high value jobs in the blue economy while ensuring the integrity of the country's ecosystems by strengthening the circular economy, for instance, through the transformation of fish and other waste into products like fertilizer. The GoS also established the Blue Grants Fund and Blue Investment Fund to provide grants and loans to start-ups and entrepreneurs in the circular blue economy, provided by the Seychelles Conservation and Climate Adaptation Trust (SeyCCAT), established in 2015 with Act 18 of 2015.

As a part of the blue economy, fishing traditionally plays an important role in the socio-economic development of Seychelles in terms of job creation, government revenue and as an important source of nutrition for the population. In addition, fisheries export is together with tourism one of two main sources of foreign exchange earnings in the country. Fisheries export, which includes fresh and frozen fish, canned tuna and other fisheries products, contributed to 86.3 percent of total domestic export in 2023, equivalent to SCR 4.1 billion, F.O.B. (free on board) value (NBS, 2023). It is estimated that this sector, including supporting activities, generates around 6,000 jobs, which represents about 17% of total formal employment in the country.

The Seychelles fishery sector has four (4) main components:

1. artisanal fisheries, carried out by local fishers with small, motorized boats targeting mainly demersal and semi-pelagic species;²⁹
2. semi-industrial fishery, consisting of small (from 14 to 22 m LOA³⁰), locally-owned long-liners targeting pelagic species (mainly tuna and swordfish);

29 Demersal species are fishes that live on or near the bottom of sea. They are generally classified into eight main groups: Lethrinidae (Emperor fishes), Lutjanidae (Snappers), Carangidae (Jacks and Trevallies), Serranidae (Groupers), Pomadasyidae (Grunts/Sweetlips), Leiognathidae (Ponyfishes), Acanthuridae (Surgeon fishes), and some cartilaginous types (Carcharhinidae—requiem sharks, Mylibatidae — eaglerays, Rhinobatidae — guitarfishes and Dasyatidae — stingrays). On the other hand, pelagic and semi-pelagic species are distinguished according to the maritime environment where they live. In particular, pelagic species live in the open water column, away from the shore and the seabed. They inhabit the upper layers of the ocean, ranging from the surface down to the deeper parts, but remain free-swimming in open water. Examples include fish like tuna, sardines, and mackerel, as well as larger species like sharks and whales. Semi-pelagic species, on the other hand, occupy a zone closer to both the water column and the seabed but move between the seabed and mid-water areas, sometimes interacting with the seafloor. They can be found swimming near the bottom or at mid-water levels depending on factors like feeding or migration.

30 LOA stands for “Length overall”, i.e., the maximum length of a vessel from the two points on the hull measured perpendicular to the waterline.

3. industrial fisheries, comprising foreign-owned purse seiners and large long-liners primarily targeting tuna species (yellowfin and skipjack); and
4. the aquaculture subsector was launched in 2021,³¹ following numerous years of research and planning. This sector is expected to enhance the quality of fish and fish products and amplify export opportunities. It is regulated by the Aquaculture Regulations 2020, that became operational on 1st August 2021, complementing the existing Fisheries Act 2014.

The fish processing industry is limited to canned tuna, fish cakes, fish fingers, and other fish derivatives (e.g., fish oil). The sector is dominated by a main player: Indian Ocean Tuna Ltd (IOT), which is the largest single employer in the country and one of the largest tuna processing factories in Africa. IOT was established in November 1995 after the acquisition of Conserveries de l’Océan Indien (COI), which was built and operated by the GoS since 1987. The GoS still maintains a participation of 40% in IOT, while 60% is owned by Thai Union Group. With a processing capacity of 335 metric tons of tuna a day, mostly for the export market, and an average production capacity of 1.5–2 million cans of tuna per day, IOT accounts for 95% of the Seychelles manufacturing exports and is the second largest tuna canning factory in the world, employing about 1,800 persons. Almost the entire production of canned tuna products (88%) is shipped to Europe, mainly to France, Italy and UK. In addition to IOT, there are other smaller fishery processors mainly focused on export of both fresh and frozen fish, as well as value-added fish products.

The fisheries industry faces important sustainability challenges. Innovation, diversification and investment in infrastructure are necessary for its survival. This led the Government to develop the aquaculture sector to focus on sustainable aqua farming supported by green energy. Aquaculture is considered as a priority for Seychelles, which adopted in 2018 a National Aquaculture Policy (updated in 2022 to cover the period 2023-2027). The policy indicates the aquaculture sector as an important pillar of the Seychelles economy capable to promote economic diversification; food security; sustainable management of the marine environment, and creation of jobs, notably high value jobs.

In recent years, local fishery operators have invested in processing capacity to take opportunity of mix tunas and non-tuna bycatch from purse seiner vessels.³² The operators developed non-EU markets in Sri Lanka and West Africa, including Cote d’Ivoire. Initially the fish were sold frozen, sorted and graded only. Value added product were also successfully developed and marketed (such as dried and smoked fish, frozen ready to eat meals). However, the current problem with bycatch is the insufficient supply to meet the demand which has already been developed. The processors are constrained by insufficient raw materials and the processing units are functioning at sub-optimal level. The NKE Fish Development Report, 2023 recommends that the Seychelles authorities investigate ways of increasing the quantity and quality of bycatch to improve supply for meeting current market demand and further expanding and diversifying this export sector.

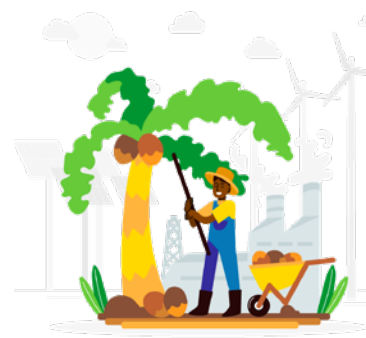
31 The broad term “aquaculture” refers to the breeding, rearing, and harvesting of animals and plants in all types of water environments including ponds, rivers, lakes, and the ocean. Aquaculture is used for producing seafood for human consumption; enhancing wild fish, shellfish, and plant stocks for harvest; restoring threatened and endangered aquatic species; rebuilding ecologically-important shellfish habitat; producing nutritional and industrial compounds; and providing fish for aquariums.

32 A purse seiner vessel is a type of fishing boat used for catching large schools of fish, particularly species like tuna, herring, and mackerel. The name “purse seiner” is derived from the fishing technique it employs, which involves using a large, circular net called a purse seine.

The fisheries industry faces important sustainability challenges. Innovation and diversification are necessary for its survival. Also, a focus on sustainable aqua farming supported by green energy is another option that the GoS is exploring for developing the sector. Aquaculture, in particular, is considered as a priority for Seychelles, which adopted its National Aquaculture policy in 2018 (covering the period 2018-2022), replaced in 2022 by a new one covering the period 2023-2027. The policy indicates the aquaculture sector as an important pillar of the Seychelles economy capable to promote economic diversification; food security; sustainable management of the marine environment, and creation of jobs, notably high value jobs.

The relaunch of aquaculture in Seychelles has received strong support from the government, which has conducted comprehensive scoping studies to identify potential sites, markets, and pricing for products. More recent studies have further narrowed down on the development of business cases and bioeconomic production models for aquaculture sub-sectors (Hecht, 2023). Financially feasible aquaculture investment opportunities in Seychelles includes finfish cage culture, sea cucumber and prawn farming in ponds, sea urchin farming, the farming of ornamental fish, the farming of certain seaweeds and the production of hard and soft corals, and the ranching (as well as stock enhancement) of sea cucumbers and other suitable species. Given the rich marine biodiversity of Seychelles it is expected that other suitable and financially feasible aquaculture opportunities will be identified, such as sponges and other invertebrates for pharmaceutical nutraceutical and cosmetic purposes. In light of the high cost associated with aquaculture operations, the target are high-value niche markets.

Agro-processing



Notwithstanding Seychelles commitment under the NDS to improve food and nutrition security with economically sustainable import substitution, one of Seychelles priority in agriculture is developing niche markets for Seychelles branded products that can contribute to foreign exchange earnings. The new Industrial Policy identifies high value food products including agro-products processing as one of the potential activities to support the objective of creating more and higher value addition. In line with this objective, Seychelles enlisted technical assistance under the EU EPA to explore the feasibility of reviving export-oriented agricultural sub-sector namely cinnamon, vanilla and honey. Due to land limitations, labour costs and small volume it is advisable for Seychelles to pursue small-scale (niche) market coupled with certification and organic branding.

Currently, the cinnamon industry consists primarily of two local exporters, with their main product being dried bark chips that are exported mostly to European markets. If Seychelles is to pursue the establishment of a small-scale (niche) cinnamon industry, it will be important to focus on producing value-added products such as cinnamon powder and the extraction of oils and essences for various applications, including food ingredients, pharmaceutical and cosmeceutical products. The low margins on production of cinnamon bark chips are considered unsustainable commercially in the long term. Potential niche export markets for Seychelles' cinnamon were

identified in a feasibility study conducted for the MFNPT within the long-term technical assistance to support the EPA implementation in Seychelles (GOPA, 2023). They include Europe (mainly the Netherlands, Denmark and Germany); as well as “closer to home” markets in the Middle East (United Arab Emirates and Saudi Arabia) and South Africa for what concerns AfCFTA markets. There is growing niche demand for cinnamon essential oil and powder in Africa, driven by increasing interest in natural health products, organic consumption trends, and the expansion of cinnamon’s use in the food, cosmetics, and pharmaceutical sectors. Further market intelligence needs to be undertaken to better identify niche market in Africa. Seychelles has taken several steps to proceed with developing its cinnamon industry sector; this includes the formation of a Multi-Sectoral Working Group to spearhead sector development, a Technical Working Group to review the Draft Cinnamon Policy, identification and allocation of land and an action plan for sector development has been prepared by the Ministry of Investment, Entrepreneurship & Industry (MIEI).

Regarding the vanilla sector, a 2023 pre-feasibility study commissioned under the long-term technical assistance project to support the EPA implementation in Seychelles, highlighted significant potential for developing vanilla as an export commodity. The study notes that Seychelles could take advantage of current shortages in the vanilla market - which have pushed prices to record highs (+US\$600/kg) - to supply other markets with this product.³³ A production base of not less than 10 metric tonnes (MT) dry beans per annum has been advised (GOPA (2) 2023) as being necessary to tap into the market. However, cultivation of vanilla is still in its infancy, and despite in the past it was a crop of major importance (Seychelles was in the previous century a major producer on the world market). In the 1890’s Seychelles production was between 40 and 70 tons of high-quality cured pods. Around 1960 production started to decline sharply and in the ‘70s production for export collapsed completely. At present there is very low-scale production of vanilla compared to other Indian Island nations such as Madagascar, Mauritius and Comoros, that are among the top vanilla exporters in the world.³⁴ In order to set up a successful and sustainable vanilla sector in the Seychelles the whole chain of production has to be addressed: production, processing, quality control, packaging, promotion and marketing for local tourist and the international market.

Digital and Financial services



Seychelles’ digital and financial sectors are small, but continually growing. The digital sector is a nascent industry that the GoS is trying to promote through a number of policies and strategies, in the belief that it has a strong potential to improve the level of development and quality life of the citizens of Seychelles. Seychelles Vision 2033 and the NDS aim at enhancing the use of ICT more broadly, and FinTech specifically.

Seychelles adopted an Information Technology Master Plan in 1999, and four years later, established the Information Technology

³³ Long term technical assistance to support the Economic Partnership Agreement (EPA) implementation in Seychelles, EuropeAid/139787/IH/SER/SC, Final Report May 2023.

³⁴ In 2021, Madagascar dominated global vanilla exports with 2,713,750 kg valued at USD 618.7 million, while Mauritius and Comoros exported 38,133 kg (USD 10.2 million) and 38,382 kg (USD 4.6 million), respectively (source: World Bank, WITS database).

Division under the Department of Information, Communications, Technology (DICT), to provide strategic leadership to the implementation of the Plan. In 2007, a National ICT Policy was also launched, which calls for the provision of accessible, universal, affordable, reliable ICT facilities and services. It promotes the use of ICT in all sectors, with five (5) main areas of focus: 1) ICT infrastructure; 2) legal and regulatory frameworks; 3) human resource development; 4) ICT industry; and 5) government. The policy also raises the need to include the teaching of ICT in both formal and informal education as well as to develop distance education and activities relating to lifelong learning.

The sectors offering the best ICT opportunities in Seychelles are indicated in the Seychelles investment portal as follow: a) e-business solution providers; b) website providers; c) cyber security; d) multimedia development (software/videos/animation/website/audio); e) data centres; f) submarine cable links; g) wireless technology; h) television service providers; i) internet service providers, l) mobile service operators; m) application development.

Regarding the financial sector, the number of banks in Seychelles is relatively small compared to other jurisdictions, but high on per-capita basis. Seychelles is home to seven (7) locally incorporated commercial bank, five (5) of which are branches of foreign banks. The Central Bank of Seychelles (CBS) is responsible for managing monetary policy and supervising commercial banks, while the FSA is an autonomous regulatory body responsible for non-bank financial services. Under the Financial Services Authority Act (2013), it is charged to license, regulate, enforce regulatory and compliance requirements, as well as to monitor and supervise non-bank financial services, including fiduciary services, capital market and collective investment, gambling and insurance. In addition, the FSA 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.

Offshore banking³⁵ is governed by the Financial Institutions Act (FIA), 2004 and the Financial Institutions (Non-Domestic Banking Business) Regulation, 1996. The sector operates under stringent regulations to maintain transparency and security. Seychelles was one of the first countries in the region to adopt the Anti-Money Laundering Act, in 1996, underscoring its commitment to combating financial crimes. In March 2024, Seychelles also adopted a Judicial Manual crafted in collaboration with the EU Global Facility on Anti-Money Laundering and Counter-Terrorist Financing to bolster its efforts against money laundering (Judiciary of Seychelles, 2024).

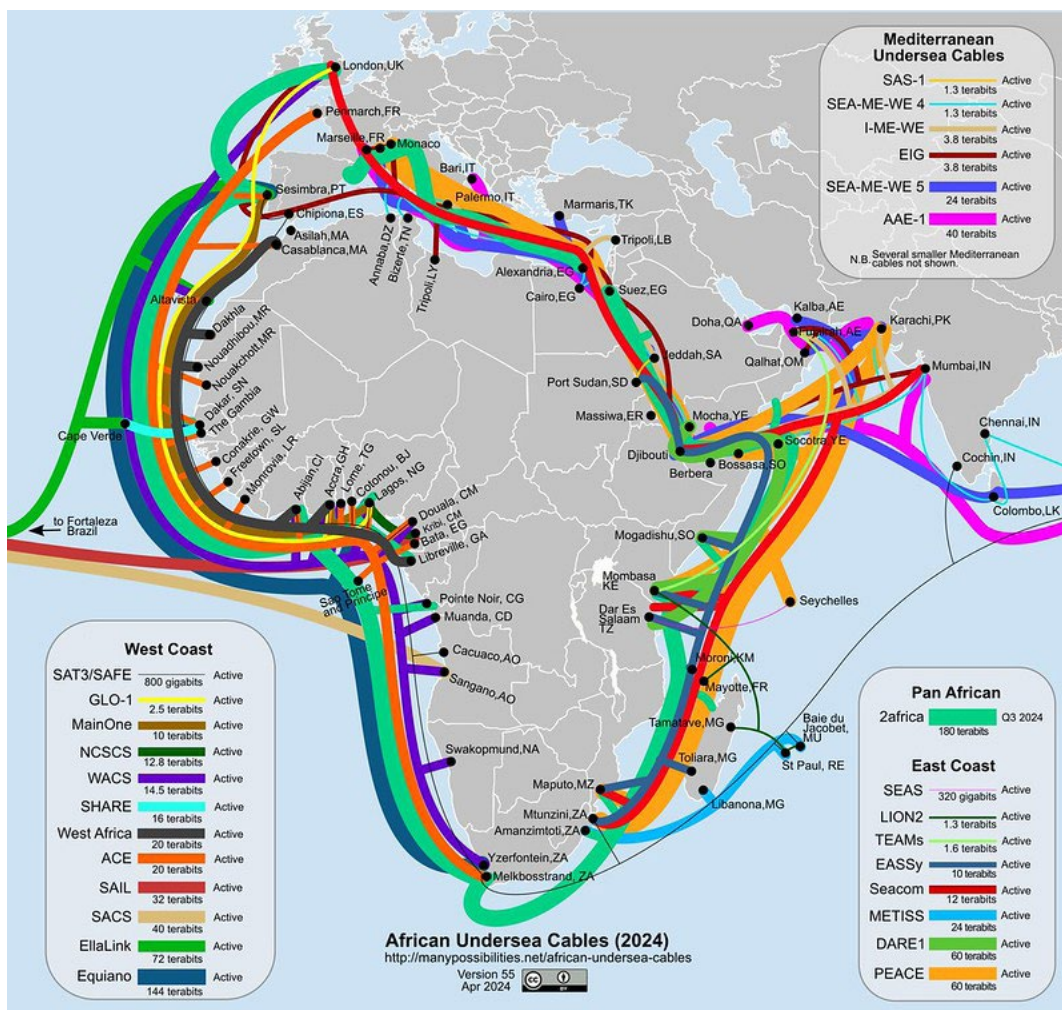
Offshore banking and asset management has a significant potential for growth. Financial services also offer lucrative opportunities for investors, being in most cases a relatively smaller investment required to start a business in this sector. The AfCFTA could allow Seychelles-based financial institutions to extend their services across Africa, tapping into the needs of a growing number of African businesses interested in offshore financial solutions.

³⁵ Offshore banking is the practice of depositing money in a bank located outside the account holder's home jurisdiction, typically in countries that offer financial and legal advantages, including tax benefits, greater privacy, currency diversification, asset protection, and more favourable banking regulations.

As the GoS is committed to moving towards a digital economy and to develop the ICT sector, fintech operations are another potential area for investment, being reliant on well-designed policies and regulations, as well as digital infrastructure. Main opportunities in this sector are in the digitalization of payment systems and provision of payment support for online traders.

Physical infrastructure (specifically ICT connectivity) is generally well developed. With an internet penetration rate of 78 % and a mobile penetration rate of 187 %, the country has a solid digital infrastructure. The country is connected to the global internet via two main undersea fiber-optic cables which facilitate trade in services, including financial services: these are the Seychelles East Africa System (SEAS), a 1917 km submarine optic fibre cable between Seychelles and Tanzania, and the Pakistan East Africa Cable Express (PEACE), which spans a length of 1,800 km, connecting the Seychelles to the main trunk to Kenya and from Kenya to East Africa, the Middle East, Europe and Singapore (Figure 17: African Undersea Cables). However, with two main mobile telecom operators (Airtel and Cable and Wireless) servicing a small market, costs are relatively high, and economies of scale difficult to achieve.

FIGURE 17: African Undersea Cables



The role of Technology and Innovation in advancing the Seychelles growth is also emphasized in the Seychelles’ Second Open Government National Action Plan (OGP) 2024-2025,³⁶ which encourages the use of technology and innovative approaches to make government more open and accessible, such as through open data initiatives and digital platforms. The document also points out the need to enhance citizen access to services in Seychelles, noting that the country is currently experiencing a significant shortage in skilled local IT personnel, which makes it difficult for the GoS to implement digital projects, and even more difficult to maintain these technological systems in the long term. The OGP seeks to remedy this situation by committing the GoS in establishing the necessary educational programmes, encouraging citizen participation in terms of human resources for digitalisation, and bolstering Seychelles’ nascent IT industry to enable it to effectively support the public sector.

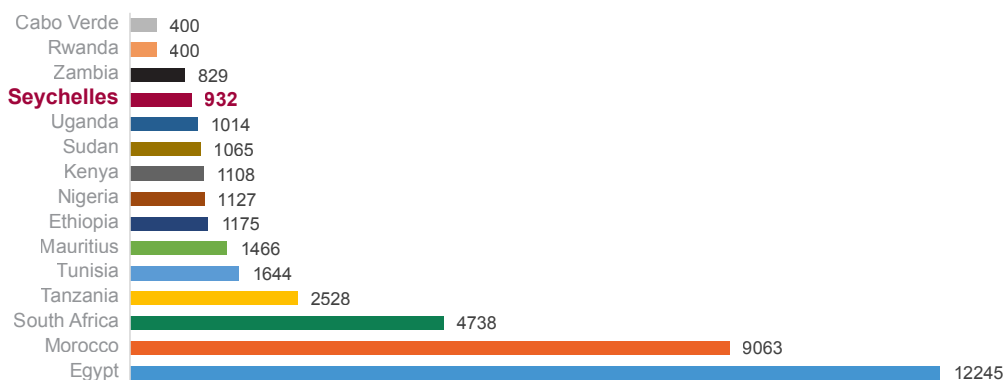
A digital economy, through innovation and digitalisation, can stimulate job creation and contribute towards addressing poverty reduction, reducing inequality and facilitating the delivery of goods and services for the Seychelles population, thus promoting financial inclusion. Moreover, it can allow small business owners better access to financial services.

Tourism



The Seychelles economy is highly dependent on the tourism sector with 28.6 directly attributable to the sector and an indirect contribution in excess of 60 percent of GDP, and direct employment were estimated at around 27 percent of the total employment in the country.³⁷ Seychelles ranks as one of the top 12 African exporters of travel services³⁸, which underscores the importance of tourism to its economy (Figure 18: Top 30 Exporters of travel services in Africa (millions US\$), 2019).

FIGURE 18: Top 30 Exporters of travel services in Africa (millions US\$), 2019



Source: Authors’ elaboration based on ITC data

³⁶ The Open Government Partnership (OGP) is a global initiative launched on the sidelines of the United Nations General Assembly held in 2011 by government leaders and civil society advocates to promote a transparent, participatory, inclusive and accountable governance. The initiative is implemented through a series of National Action Plans that are the product of an open co-creation process in which government and civil society work together to define ambitious commitments regarding reforms aimed at developing the economies of their countries.

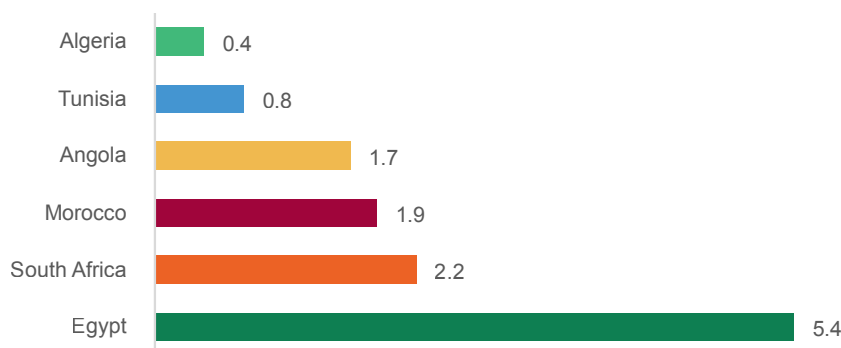
³⁷ Tourism Master Plan Part 2 Destination 2023 A Strategy for Sustainable Tourism Growth, 2018

³⁸ Travel services in the BOP include the goods and services that travelers purchase from an economy during visits of less than one year

With regard to demand in Africa, countries like Egypt and South Africa lead the continent in travel services imports, providing potential for Seychelles to further expand its market reach within Africa. In 2023, 72.8 percent of the visitors were from Europe while only 7.6 percent of visitors were from the African continent. The top three African visitors to Seychelles in 2023 were South Africa (35.4 percent), Mauritius (10.1 percent) and Kenya (6.3 percent).

African countries that lead the demand of travel services import in the continent are Nigeria, Egypt, and South Africa, providing potential for Seychelles to further expand its market reach within these markets (Figure 19: Highest Travel Service African Countries Importers, 2022, in USD billions).

FIGURE 19: Highest Travel Service African Countries Importers, 2022, in USD billions



Source: Authors' elaboration based on ITC data

Seychelles has developed competitive services sectors in the area of tourism and hospitality, which holds the highest potential for development, given the existing infrastructure and the strong brand that the country has built in this sector. African tourists could contribute to diversifying Seychelles' tourism market. To attract more African tourists through the AfCFTA, Seychelles can use initiatives focused on accessibility and tailored experiences. Key strategies include:

- **Diversified Tourism Offerings:** By promoting cultural, eco, wellness and business tourism Seychelles could attract African tourists interested in such experiences.
- **Marketing Campaigns with African Airlines:** Improving partnerships with airlines like Ethiopian Airlines, Kenya Airways and RwandAir could make Seychelles more accessible via direct flights, and competitive prices, positioning Seychelles as a more accessible destination for African travelers.
- **Improve collaborations with African Tour Operators:** Customized packages that combine Seychelles with popular African destinations, like safaris in Kenya or Tanzania, could offer a diverse vacation experience, appealing to African tourists seeking combined cultural and leisure trips.

3.4. Promising sectors for value chains development

Seychelles’ participation to the African continental value chains is currently low, and primarily driven by commodities, mainly fisheries exports in unprocessed, raw forms or secondary fish products, such as “by-catch” (fish species, in particular tuna, which are deemed too small in size for being exported to the EU market, primary destination of Seychelles’ fish exports) or fish derivatives. Fishery products are either exported fresh or frozen, with minimal value addition (e.g., filleting, drying and smoking). In order to ensure better integration of this sector into regional and continental value chains, it is important to diversify exports to more value-added products. In this regard, the fisheries sector has a huge potential for value addition and processing for exports. Given the Seychelles’ comparative advantage in this sector, local businesses could integrate their production processes with those of other AfCFTA State Parties, for instance by outsourcing certain aspects of production or services to companies in other African nations where these processes can be done more efficiently or at a lower cost. There is also potential in the manufacturing of food preparations or exotic products such as essential and fragrance oils, by sharing production with other AfCFTA State Parties.

In 2022, the International Trade Centre (ITC) published the report “Made by Africa, creating value through integration”. The report identifies 23 promising sectors for value chain creation in Africa, with a total of 94 products which offer the best opportunities, identified on the basis of the analysis of trade patterns, supply, demand, market access and sustainable development indicators in African nations (Table 5).

TABLE 5: Most promising sectors for value chain creation in Africa

N.	SUBSECTOR	OUTPUT
1	Apparel	Apparel of artificial fibers; Apparel of cotton; Apparel of textile materials; Apparel of wool/fine animal hair; Swimwear & ski suits
2	Beauty products & perfumes	Soap, incl. medicated products
3	Beverages (alcoholic)	Cider; Spirits; Wine of fresh grapes
4	Beverages (not alcoholic)	Grape juice, incl. grape must, unfermented; Grapefruit juice, unfermented; Juice of fruit or vegetables, unfermented; Non-alcoholic beverages; Orange juice, unfermented; Pineapple juice, unfermented; Tomato juice, unfermented
5	Chemicals	(Prepared) diagnostic/laboratory reagents & certified reference materials; Swab and Viral transport medium set

N.	SUBSECTOR	OUTPUT
6	Cocoa beans & products	Chocolate & other cocoa preparations; Cocoa powder, sweetened
7	Fish products (processed)	Aquatic invertebrates, excl crustaceans, prepared or preserved; Prepared or preserved mackerel; Prepared or preserved sardines
8	Food products n.e.s. (processed or preserved) Food products	Apricots, prepared or preserved; Beans, prepared or preserved; Bread, pastry; Cereals in grain or flake form or other worked grains, pre-cooked or otherwise prepared; Chewing gum; Citrus fruit, prepared or preserved; Coffee extracts and preparations; Couscous; Edible mixtures of fats, oil & fractions, chemically modified n.e.s.; Edible parts of plants, prepared or preserved; Food preparations for infant use; Fruit jams or similar & nut pastes; Groundnuts, prepared or preserved, excl with sugar; Ice cream & other edible ice; Mixes & doughs of flour; Nuts & other seeds, prepared or preserved; Palm hearts, prepared or preserved, excl in vinegar; Peas, prepared or preserved; Potatoes, prepared or preserved; Preparations for sauces & prepared sauces; Soups & broths & preparations therefor; Strawberries, prepared or preserved; Sugar confectionery not containing cocoa ; Sweetcorn, prepared or preserved; Tea or mate extracts & preparations; Tomatoes, prepared; Uncooked pasta; Vegetables, prepared or preserved
9	Footwear	Footwear, leather soles & uppers ;Footwear, rubber/plastic/leather soles & leather uppers
10	Home textiles	Home furnishings of textile materials; Home furnishings, knit/crochet
11	Jewelry & precious metal articles	Articles of pearls or semi-precious stones; Imitation jewelry, n.e.s.
12	Machinery, electricity	Batteries; Electric rotary converters; Electro-thermic domestic appliances; Generating sets; Instantaneous water heaters; Lathes for removing metal; Machinery for working metals ; Machines for working wood; Magnets; Rolling mills for metal; Static converters
13	Metal products	Hand-operated tools and mechanical tools; Household and office articles, of base metal; Sanitary ware of iron or steel; Knives, spoons & similar kitchen/tableware, of base metal; reservoir, tanks, containers of aluminium; Sanitary ware, of copper

N.	SUBSECTOR	OUTPUT
14	Miscellaneous manufactured products	Air heaters & hot-air distributors; Matches; Wigs and false hairs, of synthetics or human hair
15	Motor vehicles & parts	Motor cars
16	Optical products, watches & medical instruments	Balances; Medical/surgical equipment and consumables; Orthopedic & other appliances
17	Paper products	Face masks of cellulose/paper
18	Pharmaceutical components	Gel preparations for medical purposes; Pharmaceuticals
19	Processed meat	Prepared meat or offal of bovine animals; Prepared or preserved meat or meat offal of ducks
20	Skins, leather & products thereof	Articles of (composition) leather
21	Textile fabric n.e.s.	Textile fabrics and tapestries
22	Vegetable oils & fats	Groundnut oil (excl crude) & fractions; Maize oil (excl crude) & fractions; Soya-bean oil (excl crude) & fractions; Sunflower-seed or safflower oil (excl crude) & fractions
23	Wood products	Articles of wood; Doors, windows & their frames of wood

Source: ITC (2022)

Based on the above list, the sectors where Seychelles businesses have a productive capacity and potential for building value chains are mainly: processed fish products, beauty products & perfumes, beverages (both alcoholic and non-alcoholic), food preparations, and jewelry & precious metal articles. Seychelles businesses can connect to these value chains by providing semi-processed inputs (like in the case of processed fish and some beauty products), or carrying out transformation operations on imported commodities to be re-exported to other AfCFTA markets. However, high transportation and logistics costs (due to the Seychelles' remoteness), high costs of production and low production volumes remain a challenge. These factors make it difficult for Seychelles to compete with countries that benefit from higher economies of scale and lower production costs. Also, in order to perform higher-value transformation operations, the country may need to rely on foreign investment and imported technology, and to attract or train skilled workers, which could be costly. Industrial transformation processes can also increase the risk of environmental degradation, as explained further on.

In addition, the pharmaceutical potential in Seychelles needs to be further explored, by analyzing the possibility to harness biotechnology to produce medicine, even if this will require significant investments in Research and Development (R&D) and strategic planning. In November 2019 UNECA, in collaboration with the African Union Commission and other international and

regional organizations, launched an AfCFTA-anchored pharmaceutical initiative. The project - piloted in ten (10) African countries, including Seychelles - supports efforts by governments to tap into pharmaceutical trading opportunities under the AfCFTA. It adopts a three-pronged approach: localized production, pooled procurement and harmonized regulatory and quality frameworks. Expected improvements include better access to effective, safe and affordable medicines and supplies; increased intra-African trade in pharmaceuticals; and a significant drop in the cost of medicines, which will free up greater fiscal space for African governments in an era of rising debt.

Additional promising sectors for value chain creation in Africa have been identified in financial services and cultural and creative industries (AfCFTA Secretariat, UNDP, 2021). In particular, access to financial services can have a catalyzing effect, especially for small businesses and those located in rural areas away from large economic hubs (like in the case of Seychelles). On the other hand, mobile financial services can allow individuals, MSMEs, and small traders to access finance more easily and cost effectively, even though their exploitation comes with the risk of an escalation of internet and mobile banking scams. This requires to reinforce cybersecurity policies, implement stronger compliance controls, and plan strategic investments in cyber resilience. To this end, strict requirements need to be introduced on mobile banking operators to comply with security standards (e.g., obliging them to adopt user authentication and data protection measures); and regular monitoring activities of mobile operators must be carried out to ensure that they follow security protocols. Promotion of public awareness about the risks associated to the use of mobile financial services is also necessary.

Regarding creative industries, Seychelles can further develop this sector so as to diversify the economy, by promoting local art, music, cultural heritage and artistry. With adequate investments in skills, infrastructure, and digital platforms, Seychellois artists could connect with other African markets and create a sustainable, vibrant creative sector that complements the nation's natural beauty and cultural richness. Example include the provision of support to local artisans, musicians, and creators with funding, workshops, and infrastructure that help them professionalize their work and reach continental audiences. This could include initiatives like art or music festivals, or other events that encourage partnerships between local and other African artists. In addition, with its beautiful natural landscapes, Seychelles has the potential to attract international film and media projects from other African countries with vibrant film industries, which could stimulate local creative talent. Offering incentives to production companies from other AfCFTA State parties, such as tax breaks or facilitations in obtaining film, environmental, location, customs and equipment permits, can encourage them to film in Seychelles (Madichie and Hinson, 2022). This not only generates revenue but can also provide local creators with skills, experience, and networking opportunities in media production. Lastly, investing in artisanal crafts can create further jobs and expand export opportunities. Promoting local designers and craftspeople through exhibitions, markets, and online platforms can further strengthen a "Made in Seychelles" brand that emphasizes quality and cultural authenticity.

3.5. Constraints for business expansion in Seychelles

The private sector environment in Seychelles faces several structural challenges, especially for the MSMEs, which comprise a significant portion of the economy. Businesses struggle with low productivity and limited innovation, making it difficult to achieve value addition in key sectors like tourism and fishing. Substantial efforts are still needed to strengthen the business environment and make it more conducive. This includes addressing regulatory bottlenecks, improving access to finance, and supporting innovation and productivity among smaller enterprises to create a more robust, diversified economy. The recent World Bank Enterprise Surveys data (2023) highlighted some of the top challenges that businesses in Seychelles face: access to land, a mismatch between workforce skills and employer needs and access to finance. Additionally, the stakeholder consultations revealed other critical barriers for exporters, including:

- **Access to Land:** Limited availability of land in Seychelles poses a significant obstacle, particularly for expansion opportunities and new business setups. This restriction impacts sectors like agriculture, tourism, fisheries and aquaculture and other land-dependent industries.
- **Mismatch in workforce skill levels:** A less skilled workforce affects productivity, innovation, and the ability of businesses to compete effectively. Addressing education and skill development is essential to support businesses' needs and foster sustainable growth. Also, the liberalization of professional services in Seychelles under the Protocol on Trade in Services can address this barrier, as it will allow the entry of skilled professionals from other AfCFTA State parties, particularly in sectors experiencing a scarcity of local expertise and talent. This can address shortages in specialized areas like engineering, accounting, and IT.
- **Access to Credit** Limited access to credit has been a long-standing constraint for businesses in Seychelles, particularly for MSMEs. Improving regulatory frameworks for credit access could enable businesses to invest more confidently in growth and innovation.
- **High Transport Costs and Limited Transport Options:** Seychelles' geographical isolation leads to high shipping and logistics costs, impacting both the cost and reliability of exports. Limited transport options and high freight charges constrain export opportunities, making it difficult for Seychelles-based businesses to compete in regional markets.
- **High Production Costs:** Businesses face elevated production costs, including high costs of imported raw materials, energy, and labour. These factors contribute to reduced price competitiveness on export markets.
- **Limited workforce size and dependence on foreign labour:** Seychelles has a relatively small population, limiting the size of the domestic labour pool. To fill gaps, many businesses, especially in sectors like tourism, construction, and semi-industrial fisheries, rely heavily on foreign labour. This dependence can be costly due to visa requirements, recruitment expenses, and integration efforts.

These findings underline the importance of policy interventions focused on improving the business environment and infrastructure in Seychelles for firms to fully benefit from the AfCFTA. To overcome key business constraints in Seychelles, **targeted policy interventions** include:

Enhanced Land Access:

- Implement land-use reforms and leasing models for key sectors to enable business growth.

Workforce Development:

- Establish partnerships between the government and private sector for industry-specific training programs, addressing skills gaps in tourism, fisheries, and construction.

Improved Access to Credit:

- Expand finance services and develop credit lines, guarantee funds or microfinance specifically for MSMEs and exporters. These programs can reduce the risk for lenders and incentivize financial institutions to offer more credit to businesses. Moreover, blended finance initiatives should be organized for informal traders where the size of the loans provided is conditioned on a commitment to a gradual transition to the formal economy.

Reduced Transport Costs:

- Improve regional connectivity to reduce cost of Seychelles' products. Improved connectivity can enable direct shipping routes, eliminating the need for transshipments and reducing transportation time and costs. Regional transport links can be improved by partnering with African airlines and shipping companies, enhancing access to regional markets under the AfCFTA.
- Accelerate the adoption of digital platforms that optimize supply chains and reduce logistics costs.

Reduced Production Costs:

- Incentivize renewable energy adoption and provide tax relief on essential imports to reduce operational costs for local businesses.

Streamline work permit procedures:

- Simplify work permit procedures and provide incentives for local hiring.

4

POLICY AND INSTITUTIONAL GAP ANALYSIS

Seychelles Vision 2033 and the NDS 2024-2028 provide a road map to drive the Seychelles socio-economic transformation, with the aim of sustaining the country's high-income economy status, become an inclusive society with a high quality of life and sustainability.



Seychelles' Vision 2033 is a long-term blueprint for the country's future. It articulates the government's aspirations for the nation, looking at 2033 as a time horizon to achieve the economic and social development goals described in the document. Seychelles' Vision 2033 aspires to transform Seychelles into *"a resilient, responsible and prosperous nation of healthy, educated and empowered Seychellois living together in harmony with nature and engaged with the wider world"*. The well-being of Seychelles citizens is placed at the forefront, with a particular emphasis on the need to improve their social, economic, and overall well-being, at the same time preserving the environment. The document aims at achieving these objectives through the establishment of an enabling environment characterized by political stability and freedom, sustained by a robust legal framework supporting business and investment opportunities, and consistent with social norms that promote sustainable development.

Vision 2033 is implemented through National Development Strategies which lay out the specific actions to be taken during consecutive five-year cycles. The first NDS covered the period 2019-2023 and established six key pillars:

- i. good governance;
- ii. people at the center of development;
- iii. social cohesion;
- iv. innovative economy;
- v. economic transformation; and
- vi. environmental sustainability and resilience.

The NDS 2024-2028 does not deviate substantially from these pillars, reframing them as follows:

1. **Sustainable Economic Growth:** it aims at boosting economic productivity while ensuring environmental sustainability. This includes diversifying the economy, promoting tourism, fishing, and the blue economy, and encouraging private sector growth.
2. **Social Inclusion and Equity:** it aims at improving the well-being of all citizens, by further reducing poverty, enhancing access to education, healthcare, and housing, and promoting social equity and cohesion.
3. **Climate Change Adaptation and Environmental Conservation:** given Seychelles' vulnerability to climate change, this pillar prioritizes actions to adapt to climate risks, strengthen environmental resilience, and promote conservation efforts.

4. **Good Governance and Institutional Development:** this pillar focuses on strengthening governance frameworks, enhancing transparency, and building robust institutions to ensure effective policy implementation.
5. **Human Capital Development:** it focuses on improving the quality of education, vocational training, and skill development to create a more competitive workforce and reduce unemployment, especially among youth.
6. **Infrastructure Development:** modernizing and expanding infrastructure, including transport, energy, and communication, is considered as a key step to promote economic growth and improve the quality of life.

The AfCFTA can play a significant role in helping Seychelles achieve several key pillars of the NDS 2024-2028. Table 6 below shows how the AfCFTA relates to these pillars and which kind support it can offer.

TABLE 6: Alignment among the NDS II and the AfCFTA

KEY NDS 2024-2028 PILLAR GOALS	TYPE OF SUPPORT THE AFCFTA CAN PROVIDE
Sustainable Economic Growth:	The AfCFTA can boost economic diversification by providing Seychelles with expanded market access across Africa. The AfCFTA objectives of elimination of tariffs and facilitation of trade in goods and services can stimulate Seychelles businesses operating in both traditional sectors (such as fisheries and tourism), and in emerging sectors like aquaculture, finance and ICT, education and healthcare, to re-direct part of the offer of their products and service to continental markets, reducing reliance on extra-continental markets and creating new opportunities for private sector growth. The AfCFTA provides an opportunity to Seychelles companies to integrate more deeply into African value chains.
Social Inclusion and Equity:	By promoting economic growth and creating jobs, particularly through expanded trade opportunities, the AfCFTA can contribute to poverty reduction and improved social equity. Increased intra-African trade can also lead to more affordable goods and services, benefiting low-income households in Seychelles.
Climate Change Adaptation and Environmental Conservation:	While the AfCFTA makes minimal references to the environment, the Protocol on investment includes specific provisions addressing environmental protection and climate change, as well as sustainability alongside economic growth generated by investment. In particular, the Protocol recognizes the right of State Parties to introduce measures in their territories aimed at promoting sustainable development objectives and protect legitimate public welfare objectives, including the protection of the environment, as well as the conservation of living and non-living exhaustible natural resources. The Protocol also requires

KEY NDS 2024-2028 PILLAR GOALS	TYPE OF SUPPORT THE AFCFTA CAN PROVIDE
<p><i>Cont.</i></p> <p>Climate Change Adaptation and Environmental Conservation:</p>	<p>investors to conduct environmental and social impact assessments before initiating investment projects and urges State Parties to promote and facilitate investments that support actions and initiatives for mitigation of greenhouse gas emissions and adaptation to the negative impacts of climate change. This Protocol offers a unique opportunity for Africa to lead in the green transition by promoting investments in green sectors, developing green investment standards, and fostering regional cooperation. Lastly, the Protocol urges State Parties to facilitate investment of relevance for a fair and just transition in sectors such as renewable energy, low-carbon technologies, or that mitigate climate change impacts on exhaustible natural resources such as fresh water and biological diversity.</p>
<p>Good Governance and Institutional Development:</p>	<p>The implementation of AfCFTA requires strong institutions and effective coordination mechanisms between Ministries and government agencies to implement, enforce and monitor the correct application of legal and regulatory frameworks introduced by the agreement, ensuring its smooth execution. Participating in the agreement will stimulate Seychelles to further enhance its governance frameworks and improve institutional efficiency, which aligns with the NDS goal of strengthening governance and transparency. Also, the implementation of the AfCFTA will require the development of mechanisms to monitor and address unfair competition practices to ensure that businesses from other AfCFTA State Parties do not engage in anti-competitive behaviors or predatory practices, and more generally, that nobody gains an undue advantage from the agreement.</p>
<p>Human Capital Development:</p>	<p>The AfCFTA can stimulate demand for skilled labor in industries that benefit from increased trade. This could incentivize Seychelles to invest further in education, vocational training, and skill development to equip its workforce to participate more fully in intra-African trade. The need to increase competitiveness of Seychelles businesses in other African market will lead to better training programs and workforce development initiatives.</p>
<p>Infrastructure Development:</p>	<p>With the potential for increased trade flows under AfCFTA, Seychelles will receive an extra push to improve its transport, logistics, and port infrastructure. Enhancing connectivity with other African markets will be critical for taking full advantage of the agreement, and this aligns with the NDS's emphasis on modernizing infrastructure to support economic growth.</p>

Overall, the NDS 2024-2028 is aligned to the AfCFTA, and the Seychelles' trade policy objectives are coherent with the objectives of such agreement. However, it is recommended that the next edition of the NDS will include a specific reference to the AfCFTA and its Protocols to reflect the commitment of the GoS to pursue the objectives of this agreement.

On the institutional side, the various Protocols to the AfCFTA agreement call AfCFTA State Parties to establish various technical committees to assist with their specific implementation (see Annex I).

These technical committees are made up by designated officials and representatives from different government agencies of the State Parties. Technical Committees are further articulated into Sub-Committees responsible for the operationalisation of specific Annexes of such Protocols. In addition, AfCFTA State Parties are called to designate their members to the Dispute Settlement Body. The Table below gives an overview of all Committees and Sub-Committees that the various Protocols of the AfCFTA agreement introduce, with the relevant reference to the provision/s in each Protocol that governs them and a description of their function. As described above, at present, the only Protocols that are adopted and full operational are the Protocols on Trade in Goods and Services and the Protocol on rules and procedures for the settlement of disputes. The remaining Protocols are not open for ratification yet. The GoS will need to complete the designation of the officials and representatives into such structures and to communicate to the AfCFTA Secretariat their references once the remain Protocols will become fully operationalized.

In addition to the above committees and sub-committees, the various Protocols to the AfCFTA agreement requires AfCFTA State Parties to establish a number of **focal points** and Committees covering some particular roles described by the reference Protocol. They include **National Monitoring Committees and National Focal Points on NTBs** (required by Art. 6 of Annex 5 on Non-Tariff Barriers of the AfCFTA Protocol on Trade in Goods); **Focal points for liaising with the African Organization for Standardization and the African Electro-technical Standardization Commission** (Annex 6 on technical barriers to trade of the Protocol on Trade in Goods); **Focal points for notification of SPS measures** (Annex 7 on Sanitary and Phytosanitary measures of the Protocol on Trade in Goods); a **National Focal Point for the implementation of the Protocol on Competition Policy** (AfCFTA Protocol on Competition Policy) ; a **National focal point providing support to investors from other State Parties** (Art. 9.1. of the Protocol on Investment); a **Focal point for the implementation of the Protocol on Competition Policy** (Art. 12.4: of the AfCFTA Protocol on Competition Policy); a **National intellectual property focal point** (Article 32.1. of the Protocol on IPRs); a **Focal point on Digital Trade** (Art. 40.3 of the AfCFTA Protocol on Digital trade) and a **National Women and Youth in Trade Focal Point(s)**.



4.1. Regulatory gap analysis

The different Protocols of the AfCFTA introduce specific obligations for AfCFTA Parties that may require a change or readaptation of internal regulations to comply with their provisions.

Protocol on Trade in Goods:



The AfCFTA Protocol on Trade in Goods seeks to create a liberalised market for the trade of goods in line with Article 3 of the AfCFTA. Seychelles is already a very open economy, with most of its tariff lines being duty-free, and an average MFN tariff duty rate of 2.6%. Therefore, trade and customs regulations are generally coherent with the objectives of the Protocol. However, it is important to note that under Annex 2 of the Protocol on Trade in goods, the origin criteria for fish and fishery products can be an obstacle for trade of these products at preferential conditions with the other AfCFTA State Parties. While fish caught inland or within the territorial waters of Seychelles is always considered wholly obtained (and therefore originating from Seychelles), the origin criteria applicable to fish captured on the high seas (i.e., outside the 12-mile zone of the territorial waters of Seychelles), and industrial products obtained from such fish, are different. As a matter of fact, Annex 2 establishes that these products are considered originating from Seychelles if they are caught by a vessel (or factory ship) that is registered in Seychelles in accordance with its national laws and navigates under its flag. In addition, one of the following conditions must be met:

- at least 50 percent of the officers of the vessel (or factory ship) must be Seychelles nationals; or
- at least 40 percent of the of the vessel’s (or factory ship) crew must be made up of Seychelles nationals. However, African island States (including Seychelles), this percentage applies starting from 2026. For the first 5 years from the beginning of trade under the AfCFTA (2021), these States are allowed to apply a reduced “crew” threshold of 30 percent; or

- at least 50 percent of the equity holding in respect of the vessel or factory ship is held by Seychelles nationals or by an institution, agency, enterprise or corporation of the GoS.³⁹

The above rules of origin can be hardly met by Seychelles companies, for a series of reasons. First, with regard to the requirement a), most of the officers of Seychelles vessels (or factory ships) are currently foreigners, because Seychelles citizens find generally a career as a vessel officer unattractive. With regard to the requirement b), most of Seychellois vessels hire foreign staff (mainly from Asian countries), because the fishing industry pays low wages that Seychelles workers are not willing to accept. Lastly, there are no cases at present of Seychelles nationals with a 50 percent of the equity holding with respect to vessels or factory ships. The GoS should therefore continue engaging in negotiations with AfCFTA State Parties to maintain the “crew” threshold to 30 percent after 2026 and consider the development of promotional strategies and plans to encourage citizens in buying 50 percent or more of the shares of vessels or factory ships, thereby broadening the ownership base in the maritime industry.

Another consequence arising from the liberalization of the movement of goods originating from other AfCFTA State Parties, is that this process will presumably result in a higher influx in Seychelles of plant materials, fruits and vegetables and other plant products from these countries. Since the Seychelles natural environment and ecosystem is particularly vulnerable, it will be necessary to strengthen quarantine measures to control import of alien species as well as risk assessment techniques for identification of potentially harmful species, and surveillance systems to monitor their entry to detect early signs of invasive species and plant diseases. Rapid Response Plans could also be needed to contain and eradicate invasive species or outbreaks of plant diseases.

It is also important to note that the Protocol on Trade in Goods includes an Annex on Trade Remedies that allows State Parties to adopt measures (anti-dumping duties, safeguards and countervailing duties), to protect domestic industries from damage caused by unfair trade practices or an unforeseen surge in imports. Such measures must be adopted following the completion of a detailed investigation where all relevant economic factors having a negative impact on the domestic industry are evaluated. Seychelles has not a trade remedy regulation in place, but such remedies are foreseen by two of the RECs to which the country belongs to, namely SADC and COMESA, which establish procedures and structures responsible for overseeing their application that are very similar. However, these regional mechanisms are currently not used by Member States of the two RECs. In November 2023, the Cabinet of Ministers of Seychelles approved a phased introduction of a national regulation covering trade remedies, which however has not entered into force yet. It will be necessary to accelerate the introduction of this regulation, ensuring its alignment with the Annex 9 of the AfCFTA Protocol on Trade in Goods.

³⁹ AfCFTA Secretariat, Rules of Origin Manual, Volume 1.0, July 2022. The document also states that an assessment will be undertaken by the AfCFTA Council of Ministers with the view of an eventual increase of the “crew” requirement threshold from 40 per centum to 50 percent after due consultation.

Protocol on Trade in Services

As the service sector is prominent in the Seychelles economy, the AfCFTA Protocol on Trade in Services presents for the country an opportunity for leveraging the strength of this sector in order to expand into higher value-added service activities. One of the specific objectives of the AfCFTA Agreement is the progressive liberalisation of the services sector. In particular, it aims at advancing trade in value-added production across all service sectors of the African economy. Through the Protocol on Trade in Services, the AfCFTA envisions a liberalised African Services market to be achieved by gradually eliminating restrictions that are incompatible with the AfCFTA framework.

Seychelles has the potential to tap into and export financial services, banking services, Information and Communication Technology (ICT), audio-visual services, education and healthcare, as well as business and professional services, including auditing, accounting, architectural, and legal services, capitalising on the fact that the AfCFTA opens up new markets across the African continent.⁴⁰ By accessing a larger market, Seychelles can experience increased demand for these services, leading to higher revenue and economic growth.

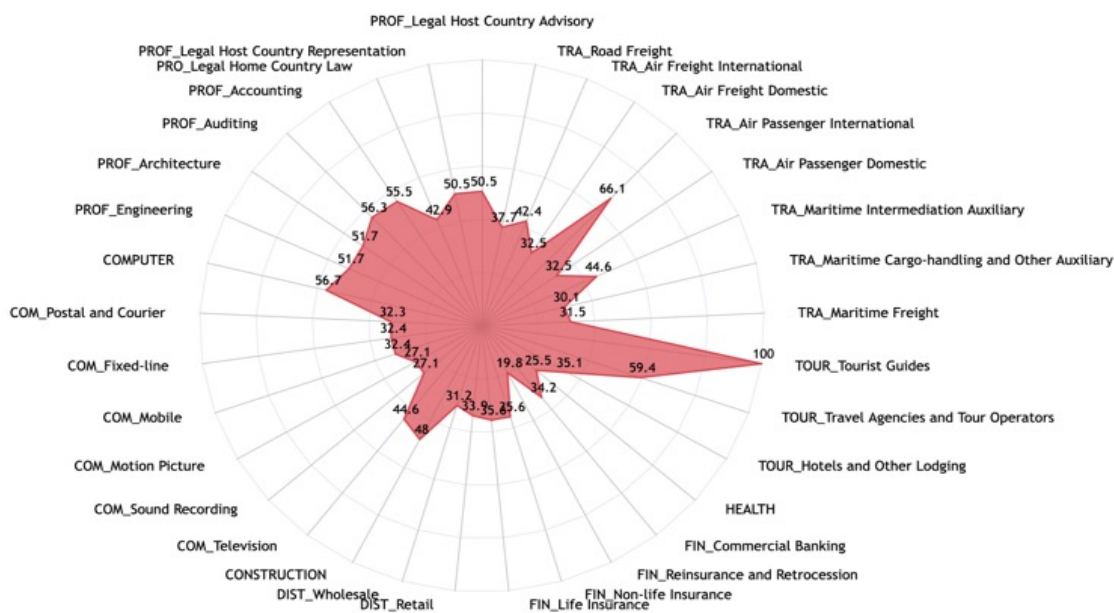
The AfCFTA goal of establishing a single liberalized market for trade in services across Africa also aligns with Seychelles ongoing efforts to diversify its economy and expand its service sector beyond traditional sectors like tourism. To fully exploit the AfCFTA potential, the GoS needs to identify and address trade barriers that may hinder market access and fair treatment for foreign service providers. In this regard, the AfCFTA Protocol on Trade in Services aims at ensuring a level playing field for providers of services in the continent, by removing restrictions, but at the same time allowing AfCFTA State Parties to selectively open up specific service sectors, balancing liberalization with domestic policy objectives. Exposure to competition from other African countries can incentivize Seychelles' service providers to improve their quality, efficiency, and innovation. Moreover, it can lead to a higher demand for skilled labour to maintain competitiveness, as service providers will need to employ individuals with specialized skills to deliver high-quality services and differentiate themselves from competitors.

Lastly, competition can encourage service providers to adopt new technologies and innovative business practices which, in turn, can create opportunities for skilled workers to learn new skills and contribute to innovation. Seychelles will therefore need to revise the restrictions that still existing in some services by prioritizing sectors that align with the various national development strategies.

The World Bank-WTO Services Trade Restrictions Index (STRI) provides an overview of the restrictiveness of regulatory and policy framework in Seychelles, with restrictions that still persist in the tourist guides, travel agents and tourist operator sectors, as shown in Figure 20: Seychelles' level of restrictiveness in services. The STRI ranges from 0 to 100 where 0 indicates that none of the restrictions underlying the index is applied.

⁴⁰ Department of Trade, Ministry of Finance, National Planning and Trade, Export guide for trade in services in Africa - Seychelles, 2023.

FIGURE 20: Seychelles' level of restrictiveness in services



Source: WTO Services Trade Restrictions Index (STRI)

Efforts for the removal of restrictions to the service sector will need to be combined with initiatives aimed at strengthening the capacity and competitiveness of the Seychelles service providers, particularly in sectors with high regional and global value chain potential, namely ICT and financial services. By overcoming these challenges, Seychelles can unlock new export opportunities in the services sector, contributing significantly to the country’s economic development. The AfCFTA’s four modes of trade in services liberalization can significantly benefit Seychelles in the following ways (Table 7):

TABLE 7: The AfCFTA four modes of trade in services liberalization

<p>MODE 1: CROSS-BORDER SUPPLY OF SERVICES</p>	<p>Seychelles businesses can offer services to entities located in other AfCFTA State parties without establishing a physical presence in the target markets. This mode is particularly beneficial for digital services like software development, IT consulting, and online education, which can be easily delivered across borders.</p>
<p>MODE 2: CONSUMPTION ABROAD</p>	<p>This mode can benefit sectors like tourism and hospitality, where consumers from other African countries can travel to Seychelles to benefit from these services. Also, students and professionals from other African countries could travel to Seychelles for education and training, provided that the quality of education offered is high. This would boost the education sector and create further jobs in related sectors, such as hospitality, transportation, and retail.</p>

<p>MODE 3: COMMERCIAL PRESENCE</p>	<p>This mode encourages foreign investment in the service sector, leading to job creation and technology transfer. Foreign companies can establish businesses in Seychelles, contributing to economic growth and development.</p>
<p>MODE 4: MOVEMENT OF NATURAL PERSONS</p>	<p>This mode allows for the movement of skilled professionals across borders, addressing skill shortages and enhancing the quality of services. The movement of skilled workers can facilitate knowledge transfer and innovation in Seychelles.</p>

Protocol on Dispute Settlement

The AfCFTA dispute settlement system is a mechanism designed to ensure the compliance with and enforcement of the rights and obligations in the Agreement by State Parties. It is modelled upon the WTO Dispute Settlement Understanding (DSU), and based on a two-tier procedure where disputes arisen between African States on the interpretation or application of the AfCFTA are assigned by a Dispute Settlement Body (DSB) to specifically designated Panels that must decide the controversy. The DSB had its inaugural meeting on April 26th, 2024 at the AfCFTA Secretariat. Decisions of Dispute Settlement Panels can, in turn, be appealed before an Appellate Body.

Protocol on Investment

The AfCFTA Protocol on Investment aims at promoting intra-African investment and at establishing a harmonized legal framework for investment protection and dispute settlement. Under this Protocol, Seychelles has to treat investors from other AfCFTA State Parties on an equal footing with local investors, by eliminating any discrimination. This implies that Seychelles will need to review the restrictions that currently exist in some sectors, especially those related to tourism (see Section 2.3) and its system of tax incentives, to ensure that they do not cause a disparity of treatment between domestic investors and investors from other AfCFTA State Parties. The PPP regulation which is currently under development will also need to be aligned with this Protocol. Lastly, the AfCFTA Protocol on Investment encourages offering incentives and effective support to attract investment. The country's authorities will need to rethink how to promote strategic investments aimed at expanding supply capacity, particularly in sectors with high export potential, ensuring at the same time that business activities are not conducted at the expense of Seychelles' natural environment. This will require undertaking regulatory reforms to remove the existent restrictions vis-à-vis investors from other AfCFTA State Parties and streamline investment procedures with a view of attracting more investment from these countries. In addition, conducive regulatory frameworks should be created in order to leverage private sector investment in development projects in new sectors (e.g., ecotourism industry), including through the use of public-private partnerships.

Importantly, the Protocol establishes that all the existing bilateral investment agreements (BIT) governing intra-African investments need to be suppressed within 5 years. According to the UNCTAD International Investment Agreements Navigator, at present, Seychelles has only a

BIT with Egypt that was concluded in 2002, but that never entered into force.⁴¹ Lastly, as local communities cannot directly access to the Dispute Settlement mechanism provided for the Protocol on Investment (art. 46), the GoS should put in place a mechanism allowing authorities to engage in regular consultation procedures with such communities and involve them in investment screening procedures, so to protect their interests every time they may suffer from a potential harm that is a result of an investment.

Protocol on Competition Policy

The main purpose of the AfCFTA Protocol on Competition Policy is to avoid that benefits of trade are lost or undermined by anti-competitive practices by businesses. Therefore, it aims at addressing anti-trust concerns, by fostering fair competition among market players in the various AfCFTA State Parties through the establishment of a unified continental competition regime, eliminating the impacts of anti-competitive practices, and developing and strengthening the capacity of State Parties to address them. Furthermore, the Protocol prohibits horizontal and vertical anti-competitive business practices and regulates mergers and acquisitions.

Seychelles adopted a national competition policy in 2014⁴² and issued the Fair Trading Act in 2022 (Act 12 of 2022) which replaced the previous Fair Trading Commission Act, 2009 (Cap 267), together with the Fair Competition Act (Cap 266) and the Consumer Protection Act (Cap 257). The Fair Trading Act 2022 aims at protecting competition and consumers' rights and applies to all enterprises operating in the country in any sector of activity, including to branches, subsidiaries, or affiliates established in Seychelles. Moreover, it defines the powers and responsibilities of the Seychelles Fair Trading Commission (FTC), a statutory body that acts as national competition authority, responsible to monitor and conduct investigations to detect and prevent unfair conducts by businesses and protect the rights of consumers.

Seychelles authorities will need to undertake a comprehensive review the current competition policies and regulations in the country to harmonize them to the provisions in the Protocol on Competition Policy, so to create the conditions for fostering a healthy business competition within the AfCFTA single market.

Protocol on Intellectual Property

The Intellectual Property Protocol seeks to ensure that the inventions of African entrepreneurs and industrialists are protected across the continent, in line with international treaties and agreements on industrial property, copyrights, geographic indication, plant varieties, traditional knowledge, and cultural heritage. The availability and enforcement of intellectual property rights (IPRs) have grown in importance over the years. IPRs are exclusive rights granted to creators of some products or identifiers such as signs and names in the commercial industrial, literary and artistic fields. IPR protection drive innovation and creativity because investors only take risks

⁴¹ <https://investmentpolicy.unctad.org/international-investment-agreements/countries/188/seychelles>

⁴² <https://ftc.sc/national-competition-policy/>

and invest in the transfer of technology or the development of creative solutions to problems when they are confident their rights are secure. The AfCFTA Protocol on IPRs seeks to regulate trade-related aspects of intellectual property, and establish harmonized rules and principles for the promotion, protection and enforcement of IPRs in order to build trust and confidence with investors. The Protocol covers plant variety protection, geographical indications, trademarks, patents, utility models, industrial designs, undisclosed information, layout designs of integrated circuits, copyrights and related rights, traditional knowledge, traditional cultural expressions and folklores, and genetic resources. Based on this Protocol, Seychelles needs to take measures to protect IPRs, including by providing right holders with legal remedies and institutional mechanisms to enforce their rights and to refrain from discriminating against nationals of State Parties.

This implies the need for Seychelles to incentivize innovation and creation and to align its regulatory system and institutions with the Protocol's requirements.

Protocol on Women and Youth in Trade

Gender equality is a priority globally through the UN's 2030 Agenda and the African Union's Agenda 2063. Yet, in Africa gender-based discrimination remains still a reality. There is a growing awareness that trade policies impact differently on women and men, due to structural inequalities, discriminatory social and legal norms, and harmful cultural practices and beliefs. In Seychelles, like in many other African countries, women and youth in trade tend to be concentrated in small and medium enterprises and in the informal trade sector. The Protocol on Women and Youth in Trade aims to reduce, if not eliminate, the disproportionate challenges faced by women and youth traders and help achieve the AfCFTA objective of inclusive and sustainable development in State Parties. As such, it requires Seychelles to take specific measures that support women and youth in trade to overcome challenges they face so that they can benefit from the AfCFTA opportunities by setting up the institutional mechanisms needed to ensure that these categories effectively participate in digital trade and competition. This includes providing trade information, capacity building and training, promoting access to finance, supporting them in IPRs protection, promoting competitive and digital trade and guaranteeing to such categories an adequate participation in policy formulation and implementation. In this regard, based on the Protocol, a Ministerial Regulation on Preferential Market Access is being prepared, which is expected to help ease market access and other trading conditions for women and youth traders. The Seychelles national AfCFTA implementation strategy identifies in a specific section the constraints faced by Seychelles women and youth in trade, as well as of persons with disabilities (PWDs), by identifying possible measures to support their enhanced participation and eliminate discrimination, including in the informal cross-border trade.

Protocol on Digital Trade

The Protocol on Digital Trade aims at creating an environment conducive to the use of digital technologies in AfCFTA State Parties so to boost intra-Africa trade and investment. It seeks to take advantage of the advance of e-commerce and the gig economy in the 21st century. Specifically, the Protocol aims to eliminate barriers to digital trade, establish harmonized rules and practices, and

encourage the use of advanced technologies in trade. At the same time, the Protocol promotes digital financial inclusion by promoting the use of e-payment systems, mobile banking, and digital financing options that can make it easier for underserved communities to participate in the economy.

An important target for the Seychelles national AfCFTA implementation strategy is to accelerate digital preparedness as a means of promoting digital trade, by putting in place initiatives aimed at eliminating barriers to digital trade and creating a transparent and predictable system. This requires Seychelles to enhance the digital infrastructure, reform the regulatory framework to eliminate tariff and non-tariff barriers to digital trade, recognize electronic transactions allow cross-border data transfer, fill skill gaps and ensure inclusivity for women, youth and Micro, Small and Medium Enterprises (MSMEs). The Seychelles ICT policy aims at developing a globally competitive country, with a modern ICT enabled economy and a knowledge-based Information society where strong, efficient and sustainable improvements in social, economic, cultural, good governance and regional integration are achieved through the deployment and effective application of ICT.



5 CROSS-CUTTING ISSUES

5.1. Status of trade infrastructure/connectivity



The main trade infrastructure in Seychelles is centred around the Mahé airport and the port of Victoria, while the road infrastructure is relatively limited, due to the country's small size and geography. As an island nation, maritime trade plays a critical role, the Port of Victoria being the primary hub for international trade, which provides services for container handling, loading/trans-shipment, cargo discharge and bunkering. The Seychelles International Airport also supports trade, especially for high-value or perishable goods such as fish and seafood, which are significant exports. Within maritime transport, transshipment is a particularly important economic activity which over time has become a sizeable business, primarily due to the growth of freeport zones near the port and at the airport. These zones provide essential warehousing, merchandizing space, and logistics services that support re-export operations to other destinations, including to other African countries. Recently, some Seychelles logistics companies have also embarked into sea-to-air transshipment operations. In September 2021, for the first time, a 40-foot container containing more than 4 tons of fabric arrived from Madagascar at the port of Victoria and was transported to the Mahé airport, where it was destuffed and its cargo loaded onto a plane for re-export to the United States.

According to ECA (2022),⁴³ with the full implementation of the AfCFTA, transport by vessels in Africa will more than double, increasing from the current 58 million to 131.5 million tons. This surge in maritime transport demand will require substantial investment in port infrastructure and services by African countries, including Seychelles. The AfCFTA Protocol on Trade in Services provides a framework for this development through progressive liberalization of key sectors,

⁴³ UNECA, The African Continental Free Trade Area and Demand for Transport Infrastructure and Services, 2022.

including transport services. In particular, several challenges need to be addressed to position Seychelles maritime services as enablers of the emerging AfCFTA single market. First, it will be necessary to expand the capacity of the Mahé port, as well as to improve port infrastructure and connectivity to inland transport networks. At present the capacity of the port is seriously constrained, which strongly limits its throughput. Container ships arriving at the Victoria port also are not able to dock to if a cruise vessel is still in the bay. Such ships need therefore to wait the cruise vessel to leave the port in order to berth, due to the reduced port space and the Seychelles Port Authority's choice to give priority for cruise ships to enter the port. In addition, the container terminal has limited space for storage and handling of containers. The commercial port has a 370 m long quay, of which 264 m were built in 1970 - 1972 (Halcrow Quay), which is heavily deteriorated. Another section of 105 m was built around 1984 - 1985 (Norplan Quay) and is in much better condition. Also, there are no floating or quay cranes for discharging containers or loading them onto vessels, which limits the usability of the port only to ships having their own gear (deck cranes, derricks, etc.) for loading/discharging cargo.

The GoS launched in 2015 a project for the rehabilitation and expansion of the commercial part of the Port Victoria which benefits from a EUR 12.5 million loan from the European Investment Bank (EIB) and an additional EUR 5 million grant from the EU. During the latest EU-Seychelles Partnership Dialogue held on 17th October 2024, an additional grant of EUR 77 million was announced by the EU to support this project as part of a comprehensive initiative aimed at enhancing infrastructure and boosting economic growth in Seychelles. The Victoria port modernization project entails the construction of a new quay, the extension of the port's yard area and dredging works that will deepen the berth so to allow larger vessels into the port (currently, the maximum water depth is 11.5 m.). The feasibility study and the Environmental and Social Impact Assessment were completed in 2016 and approved by the GoS. The project is expected to be completed in 2027.

In addition, the Multilateral Cooperation Center for Development Finance (MCDF) - a multilateral financial mechanism designed to promote high-quality infrastructure and connectivity investments in developing countries through partnerships - announced during the meeting of its Governing Committee of 24 September 2024, a grant of US\$ 157,500 to promote strategic connectivity investments in ports in Seychelles. The MCDF grant will fund the preparation of a strategic ports investment plan for the Seychelles Port Authority, which will seek to attract investments to modernize infrastructure, enhance operational capabilities, and integrate smart and green initiatives across the ports system. The plan will cover the period 2025-2030. Activities supported by the MCDF grant will include the drafting of frameworks for strategic port capacity investment, green ports and environmental sustainability, and strategic environment assessment.

The Seychelles Port Authority also officially launched on March 27, 2023 a Port Community System (PCS) nicknamed "Port Victoria Management Information System" (PVMIS) to digitalise port operations. The system, operational since 2025, consists of a digital platform available to authorized users that facilitates and optimizes the exchange of information and data between a wide range of port stakeholders, including shippers, cargo owners, carriers, terminal operators, freight forwarders, customs clearing agents, port and maritime authorities, customs, and other regulatory agencies, allowing them to exchange and share data in a secure manner.

This digital solution is expected to enhance the efficiency, security, and reliability of maritime trade and logistics operations, by reducing administrative burdens, minimizing waiting times, and improving visibility and transparency along the entire supply chain. Moreover, art. 18 of Annex 4 on Trade Facilitation of the AfCFTA Protocol on Trade in Goods urges AfCFTA State Parties to establish and maintain a Single Window so as to enable traders to submit documentation and/or data requirements for importation, exportation, or transit of goods through a single-entry point to the competent national authorities. Establishing a paperless Single Window system in Seychelles is particularly important for reducing transaction costs, as this system will allow businesses to handle all regulatory formalities related to import, export and transit formalities online, with minimal document submission. This, in turn, will encourage them to engage more regularly in exports, due to the simplification of regulatory formalities associated with such operations.

The expansion of the capacity of the port of Victoria to accommodate the increasing volumes of goods expected from the AfCFTA implementation and the automation of customs and regulatory procedures will significantly streamline processes and reduce delays at the port. However, further investment in building and modernization are needed. At present, Seychelles has no container ships and limited fleet ownership, mostly made up of general cargo vessels with an average age of more than 30 years and a capacity of only of 4,000 gross tonnes that are only used for transportation between the inner islands. Vessels with high capacity are owned by SEYPEC, the Seychelles Petroleum Company Limited, that uses them to supply oil and petroleum products to the country (Table 8).

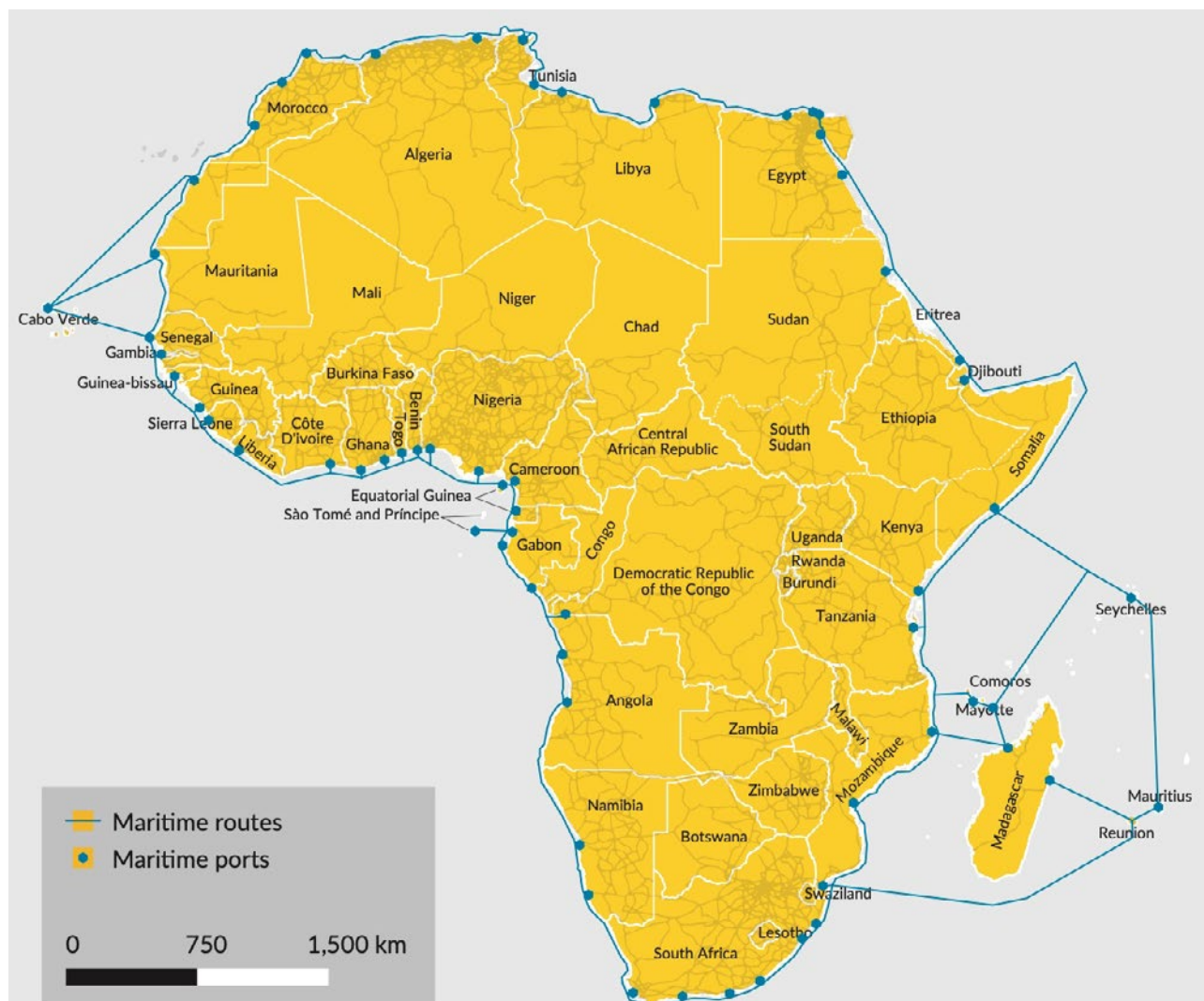
TABLE 8: Seychelles, merchant fleet by flag of registration and by type of ship

	NUMBER OF SHIPS	AVERAGE AGE OF VESSELS	GROSS TONNAGE
Total fleet	32	26	109,000
Oil tankers	6	15	101,000
Bulk carriers	0	/	/
General cargo	7	31	4,000
Container ships	0	/	/
Other types of ships	19	27	4,000

Source: UNCTADStat

The port of Victoria is reasonably well-connected to continental Africa through maritime trade routes. In terms of shipping routes, the port is connected to several major ports along the East African coast, including Mombasa (Kenya), Dar es Salaam (Tanzania), and Durban (South Africa). These serve as important hubs for trade between Seychelles and the continent (see Figure 21: African ports and maritime routes).

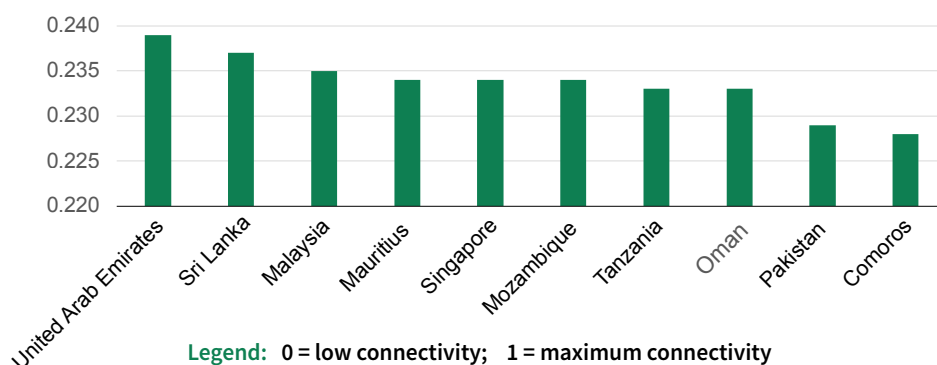
FIGURE 21: African ports and maritime routes



Source: UNECA, based on data from the World Food Programme Logistics database (the data set includes a total of 65 seaports. Ports that are too small and those located next to larger ports have been excluded in the above map)

The port of Victoria also serves as a stopover for international shipping routes, including those connecting Asia, the Middle East, and Europe, which are key trading partners for Seychelles. Goods from continental Africa often transit through these larger global shipping routes before landing in Seychelles. Several shipping lines provide regular services to and from Victoria, including container ships and cargo vessels. These routes typically service key African coastal ports as well as global maritime routes. However, due to Seychelles' small size and market, the frequency of port calls is not as high as in larger African, Asian and Middle East ports (Figure 22: Top-10 shipping connection (data refers to 2021)), with a decline in connectivity registered since 2021 (Altman and Bastian, 2024).

FIGURE 22: Top-10 shipping connection (data refers to 2021)



Source: UNCTAD bilateral liner shipping connectivity index

Because of the above challenges, the cost of shipping between Seychelles and mainland Africa is relatively high, impacting trade volumes. This affects the affordability and accessibility of goods from the continent.

5.2. Inclusivity, gender and youth empowerment

The AfCFTA recognizes the importance of inclusion, in particular gender equality, as one of its general objectives for the development of international trade and economic cooperation. In Seychelles, women make up the 46% of the estimated resident population (NBS, 2024), and represent more than half (58.4%) of the unemployed.⁴⁴ According to the latest NBS employment and earning statistical bulletin (March 2024), females make up the majority of employees in the government sector (64.3%), and 41.3% in the parastatal sector, while expatriates account respectively for 5.6% and 19.7% of the employed persons in these two sectors. Similar information for the private sector is currently not available, as the source data for this sector is not disaggregated by sex and local/expatriate groups.

While formal trading and most of enterprises are dominated by males (UNDP, 2022),⁴⁵ women, youth, and persons with disabilities (PWDs) are mostly relegated to the informal trade, where income generation potential is low. These categories face more challenges compared to men in accessing to finance, information and markets. They are also less equipped with the appropriate skills, technology and resources that would enable them to benefit from trade liberalization. Initiatives aimed at encouraging formalization of this sector could unlock its hidden potential, promoting a better integration of the above categories into the economic system enabling access better and higher-skilled jobs. Though smaller than in many other African nations, the informal sector represents in Seychelles a potentially untapped potential. Specific strategies to integrate

⁴⁴ NBS, Labour Force Survey, Quarter 2, 2024

⁴⁵ UNDP, Focus on Women MSME entrepreneurs in Seychelles, Volume 3 - Issue 05 - 12/2022.

it into the formal economy could enhance economic inclusivity. Following the example of other African countries (ILO, 2021), Seychelles should encourage formalization through blended finance, by conditioning the size of the loans on a commitment to a gradual transition to the formal economy. In addition, specific training or coaching programs can be organized to guide informal traders in formalization processes, for instance, to help them become familiar with public institutions and guide them in running a business.

In order to exploit intra-African market opportunities, these categories need to have better access to:

- a. trade intelligence information (e.g., on import requirements and mandatory quality requirements and standards);
- b. business support services (e.g., how to prepare documentation for export); and on how to finance their trade operations. Improved access to finance is also important.

To advance access to new export markets under the AfCFTA, the role of associations or cooperatives is particularly important. They can obtain better terms from financial institutions, such as lower interest rates or better loan terms, as banks and other lenders usually consider associations less risky than individuals, since the risk is shared. Moreover, associations can provide women, youth and other vulnerable categories with capacity-building, networking platforms and support for engaging in trade and export activities. The GoS should encourage the creation of such structures by creating a legal framework that simplifies the process of registering associations and cooperatives and by establishing support funds to increase their access to capital, by partnering with financial institutions.

Lastly, participation of women, youth, and PWDs in e-commerce should be encouraged by bridging the gender digital divide. This can be done by addressing digital illiteracy and lack of digital skills through the provision of specific digital literacy, education, and skills to support the equal participation of these categories in digital trade platforms to facilitate intra-African trade.

5.3. Environmental and technological considerations

The AfCFTA is likely to have an impact on natural resources and the environment. Growing production and industrialization levels and a possible increase of transport connections to other African nations that the AfCFTA is expected to stimulate, will most likely increase CO₂ emissions and lead to additional pressure on Seychelles natural environment. Additionally, an increase in cross-border trade will also presumably lead to an increase in the movement of goods and people by land, air, road and sea transportation which means higher fossil fuel consumption and increased carbon emissions. It is therefore essential to balance the economic and environmental aspects of the AfCFTA given the incoming industrialization and structural changes as a result of the agreement. The GoS should pursue green industrialization by adopting a comprehensive approach that integrates environmental sustainability into its industrial development strategy. To this end, the efficient use of natural resources such as water and energy should be promoted and circular economy principles should be adopted to minimize waste and maximize resource

efficiency. The adoption of clean technologies in industries like manufacturing, transportation, and construction should also be encouraged, and investments in research and development to innovate and develop new green technologies should be stimulated, in particular by facilitating technology transfer from other AfCFTA countries.

The growth in international trade is also expected to cause an increase in the movement of people and goods in Seychelles, leading to greater consumption of fossil fuels and electricity, as well as an increase in solid waste generation. Concomitant measures need therefore to be taken to offset this situation, like for instance by switching to renewable energy sources and improving the existing waste management system through the implementation of effective waste reduction and recovery strategies. In this regard, the GoS is prioritizing transitioning from fossil fuels to achieve 15 percent renewable energy by 2030 with a long-term aim of using 100 percent renewable sources for electricity production (Energy Policy 2010-2030). With this ambitious target, Seychelles has been exploring a range of options for renewable energy, including solar, wind and biomass. Despite these initiatives, the renewable energy penetration remains low at 5%.

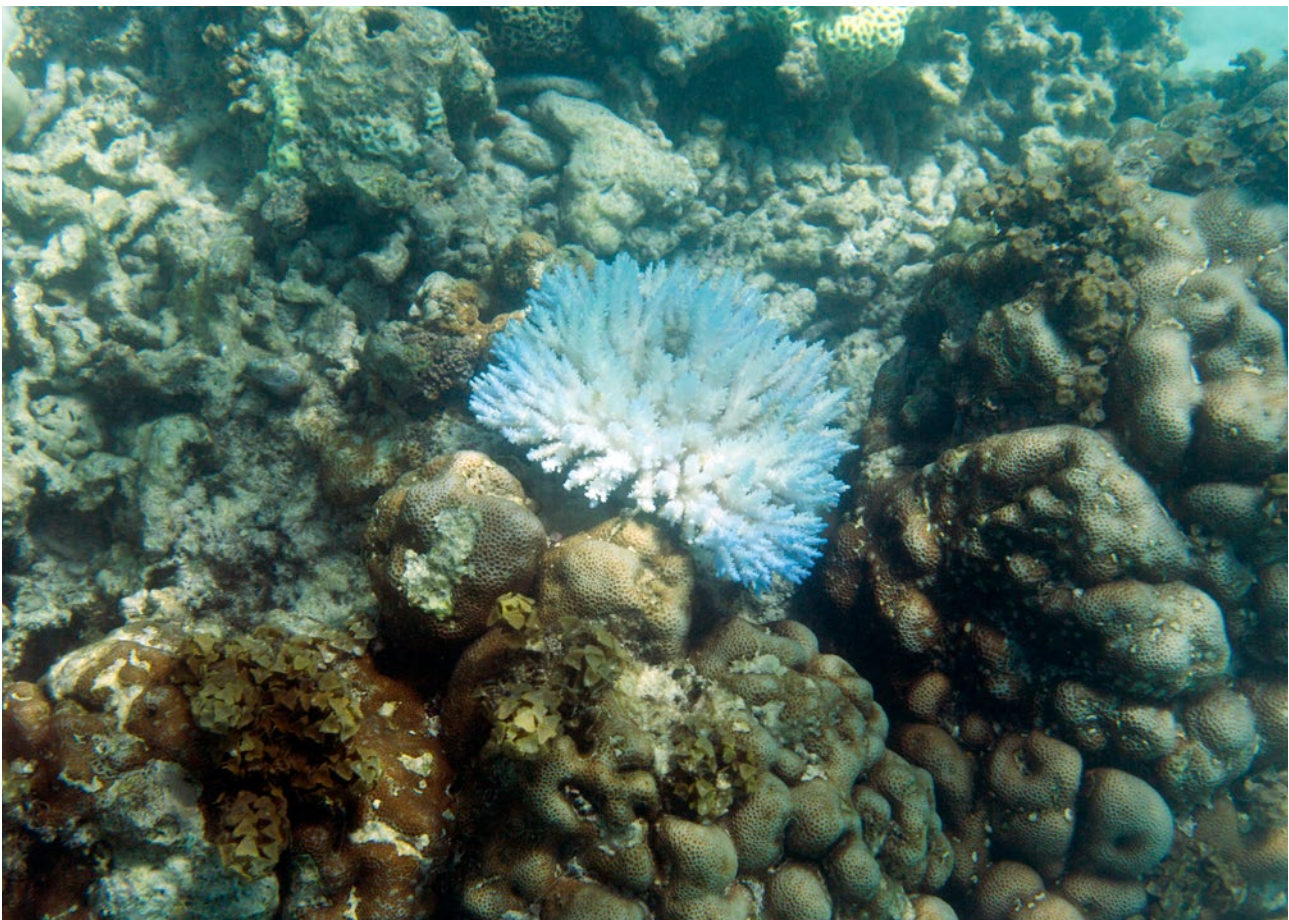
The GoS approved in December 2018 a National Waste Policy 2018-2023, followed by two solid waste master plans (2003-2010 and 2019-2023), with the overall goal of ensuring that waste is managed in a sustainable manner, in order to protect the integrity of the environment. In this regard, the National Waste Policy encourages importers/suppliers to export, reuse or recycle the extra outer packaging of products (e.g., wooden pallets, plastic film, etc.), guiding them on methods and techniques for waste recovery and recycling. The GoS will need to update and intensify efforts in implementation of these strategies in the light of the increased circulation of goods and persons that the AfCFTA is expected to create.

The AfCFTA will also have an impact on natural resources. Whilst trade can promote income growth among trading countries, the costs of trade creation can have a direct impact on the environmental. The increase in manufacturing the agreement will stimulate will risk to accelerate the depletion of natural resources in Seychelles, which are already limited. As Seychelles is already faced with fish stock and management challenges critical investment would be needed to support sustainable fisheries and value chain development.

Protecting the environment and preventing biodiversity loss are key objectives of the GoS.

About 30% of the country's waters have been designated as marine protected areas, and human activity including fishing and tourism are regulated. In 2018, Seychelles launched a sovereign blue bond, the first of its kind globally, to support marine conservation, followed by the introduction of a Tourism Environmental Sustainability Levy in 2023 to support environmental rehabilitation initiatives to address the environmental degradation that is a consequence of a high frequency of tourist visits to some islands. A recent Afrobarometer survey (Okello, 2024) shows that more than half (57%) of Seychellois consider pollution in their communities a "somewhat serious" (34%) or "very serious" (23%) problem, with nearly half (48%) of the sample thinking that the government should prioritise environmental protection over creating jobs and increasing incomes.

The Seychelles underwater environment has been affected by ocean acidification and coral bleaching. The country is already experiencing some of the most immediate consequences of rising global temperatures. Moreover, due to its geographical location and the topography of its islands, the Seychelles archipelago is particularly vulnerable to natural disasters and extreme weather events (e.g., storms, tsunamis, floods and landslides). In response to these threats, the government established since 1995 a National Disaster Committee to study and monitor natural disasters, and for the implementation of the necessary prevention measures. In 2014, a Disaster Risk Management Division was created with the Disaster Risk Management Act, 2014. This Division functions as the national body for disaster risk management and its main mandate is to coordinate the country's disaster risk reduction efforts and emergency response to natural disasters. Despite the government's efforts to improve disaster risk management capabilities, the island state still has limited capacity to do so, resulting in widespread negative impacts for its inhabitants and the economy. Heavy rains and floodings cause significant destruction and losses to agricultural production, disruption of transport networks, people's livelihoods and the economy. According to the UNDP, in December 2023 Seychelles was hit by particularly heavy rains, which caused severe damage to roads, flooding, and landslides, resulting in damage to several properties and causing the death of three people. Heavy rains continued until March 2024, when the country was hit again by severe flooding and landslides.⁴⁶





⁴⁶ UNDP, *And then the rains came... Of Loss and Damage in Small Island Developing States*, May 24, 2024

5.4. SWOT Analysis

The Table below summarizes the strengths, opportunities, weaknesses and Threats (SWOT) related to the AfCFTA implementation.

TABLE 9: SWOT analysis applied to the AfCFTA

<h3>Strengths</h3> <ul style="list-style-type: none"> • Favorable geographical position for trade • Conducive business environment • Low levels of corruption • High education levels and qualification of the workforce • Strong and developed banking system • Modern and developed telecommunications infrastructure • Favorable and attractive investment code • Large size of the Seychelles EEZ 	<h3>Weaknesses</h3> <ul style="list-style-type: none"> • Strongly import-dependent economy • Low level of industrialization of the economy and of value addition • Lack of economic diversification • Reduced capacity to supply other AfCFTA markets due to the small production volumes and weak economies of scale • High labor cost and limited labor supply • High cost of energy • High logistics cost and remoteness from African continental markets: <ul style="list-style-type: none"> • Lack of competitiveness of Seychelles businesses • Limited access to finance by the private sector • Lack of frameworks that promotes participation of youth in trade 
<h3>Opportunities</h3> <ul style="list-style-type: none"> • Opportunities • Drive job creation • Provides access to a larger market • Cheaper access to inputs (raw materials and intermediate goods) • Strengthen connectivity to other African nations • Increased attraction of investments from other African nations • enhanced labour mobility will help to address labour market gaps and shortage of local labour • Possibility to access to financial resources for financing AfCFTA-related initiatives • Potential to further increase tourist flows • Potential to increase Integration into African value chains, especially in sectors like fisheries 	<h3>Threats</h3> <ul style="list-style-type: none"> • Risk of relocation of industrial processing units with the opening of continental markets • Larger manufacturing companies outcompeting Seychelles businesses • Increased port competition from countries in the region (e.g., Mauritius, Madagascar) • Low level of awareness of the AfCFTA can prevent Seychelles businesses from benefitting from the agreement • Increased exposure to climate change • Risk of environmental degradation and increased CO₂ emissions due to higher economic activity and trade, leading to additional pressure on Seychelles natural environment • Global economic shocks 

6

STRATEGIC OBJECTIVES AND IMPLEMENTATION PLAN

The **Vision** of this strategy is to transform Seychelles in a modern, diversified and resilient economy through deeper regional and continental integration. This vision is rooted in the Seychelles NDS 2024-2028, which aims at building a modern, diversified, and resilient economy centred on people, with wide stakeholder participation and fair opportunities for all.

The **Mission** of the strategy is to identify the priority areas of action, the implementation framework, and strategies that will unlock new market opportunities on the African continent for Seychelles' goods and services.

6.1. Strategic objectives

Based on the above analysis, this strategy presents specific objectives and interventions to drive the successful implementation of the AfCFTA in Seychelles and maximize potential for economic and private sector development. The strategy aims at better prepare the country to seize the opportunities offered by the continental market. This document sets out strategic objectives and a prioritized action plan, proposing a monitoring and evaluation framework as well as a finance mobilization and a communication plan.

The Strategic Objectives to facilitate the effective implementation of the Agreement are identified as follows:

- **Strategic Objective 1:** Adopt the necessary frameworks for the timely implementation of AfCFTA commitments;
- **Strategic Objective 2:** Increase competitiveness of Seychelles as a logistics hub;
- **Strategic Objective 3:** Establish Seychelles as a competitive hub in ICT and financial services;
- **Strategic Objective 4:** Create an inclusive and increased awareness of the continental market and its opportunities and build capacity of Seychelles businesses to take advantage of these opportunities;
- **Strategic Objective 5:** Enhance the competitiveness and expansion into new African markets of Seychelles' businesses by promoting sustainable practices, value-added products, and industrial transformation.

Strategic Objective 1:

Adopt the necessary frameworks for the timely implementation of AfCFTA commitments.

- 1. Complete the designation of focal points and of officials in the committees and sub-committees under the AfCFTA:** The GoS will complete the designation of focal points and of officials that will participate in the various committees and sub-committees introduced by the AfCFTA Agreement and its complementary Protocols as described in the section on the Institutional, Policy and Regulatory Gap Analysis. Considered the small size of the country and in order to avoid unsustainable institutional proliferation, the GoS will delegate as much as these tasks to existing institutions.
- 2. Training of public and private sectors:** Implementing the obligations of the AfCFTA requires ensuring that regular training and capacity building programs are established for the benefit of the staff of the Customs Division, of the Trade Department and for the private sector (exporters and customs clearing agents), in particular on the AfCFTA rules of origin. Specific trainings activities also need to be organized on the Customs Cooperation and Mutual Administrative Assistance procedures in the Annexes 2 and 3 to the AfCFTA Protocol on Trade in Goods for the competent staff of the Customs Division and on NTB reporting systems for the private sector.
- 3. Complete the services liberalization process:** Seychelles will complete the liberalization process of services for which Schedules of Specific Commitment have been already exchanged, ensuring that an adequate monitoring system is put in place in order to: a) avoid uneven distributions of benefits between foreign and local service providers; b) reduce the risk that local firms are pushed out of the market because of the liberalization process. In addition to the five priority sectors already prioritized under the AfCFTA (business,⁴⁷ communication, financial, tourism and transport services), given their importance for the Seychelles development plans, digital services are also considered in this strategy. Other service sectors that present opportunities for expansion are education and healthcare. The AfCFTA can facilitate the movement of students and professors/teachers across borders, promoting knowledge exchange and access to diverse educational opportunities. Moreover, it can foster collaboration between researchers from different African countries, leading to advancements in various fields of study and innovation. Cross-border education can also enable students to access specialized programs and institutions that may not be available in their home countries. With regard to healthcare, the AfCFTA can encourage the movement of medical professionals and the exchange of medical supplies and equipment, potentially improving access to quality healthcare in underserved areas. Moreover, it can foster collaboration between healthcare researchers, leading to advancements in medical research and innovation. Lastly, cross-border healthcare can enable patients to access specialized medical treatments and services that may not be available in their home countries.

⁴⁷ Including professional services.

The GoS will also continue to promote the development of technical and soft skills in the Seychelles population through education and training. This will include the provision of support to local businesses in the development of digital skills and use of e-commerce channels for expanding their sales, through the organization of innovation and entrepreneurship courses for micro, small- and medium-sized enterprises. Improving linkages between skills development and demand in the labour market is also essential. Hence, supportive activities will be programmed.

4. **Fully utilise the AfCFTA mechanisms for NTB reporting:** NTBs constitute a major limitation to maximizing the economic benefits of the AfCFTA, due to the widespread use of protectionist practices by African States to support their local industries. This can be a challenge for Seychelles businesses, that already are disadvantaged by high production and transportation costs for their products to reach the destination markets. It is therefore important to increase awareness among exporters about the NTB reporting mechanisms available at the national, regional and continental levels, so that the Seychelles authorities can promptly activate the necessary procedures for their elimination, thus facilitating Seychelles exports to other AfCFTA State Parties.
5. **Conduct a Priority Sectors Gap Assessment:** Seychelles being one of the countries in Africa with the lowest MFN average tariffs, the country is expected to incur minimal losses of customs duty revenue as a consequence of the tariff liberalisation process established by the AfCFTA. Most of the Seychelles tariff lines are zero-rated and therefore nearly all tariff lines in its tariff schedule offer 0% tariff preference. However, some sectors may be subject to greater competitive pressure. Consequently, undertaking an analysis of those that will be more impacted by the AfCFTA will be important in positioning Seychelles to take best advantage of the new opportunities under the AfCFTA.



Strategic Objective 2:

Increase competitiveness of Seychelles as a logistics hub.

- 1. Improving hard and soft infrastructure:** The Seychelles National Development Strategy places great emphasis on infrastructure and transportation systems to facilitate the socio-economic transformation of the country. The GoS will accelerate plans for the rehabilitation and expansion of the port of Victoria as main trade hub in the country, as well as for the development of initiatives aimed to digitalize port and customs operations, in particular through the full implementation of the Port Victoria Management Information System (PVMIS) and the establishment of a Single Window system to facilitate trade. The PVMIS is expected to enhance the efficiency, security, and reliability of maritime trade and logistics operations, by reducing administrative burdens, minimizing waiting times, and improving visibility and transparency along the entire supply chain. Recent research (World Bank, 2023) shows that efficiently operated ports reduce the effect of geographical distance, contributing to the development of geographically isolated countries. On the other hand, the Single Window will help Seychelles micro, small and medium enterprises to engage more regularly in export activities due to the simplification of the relevant formalities. It will enable traders to submit documentation and/or data requirements for importation, exportation, or transit of goods through a single-entry point to the competent national authorities.
- 2. Develop a strategic ports investment plan:** The GoS will continue its efforts towards the development of a strategic ports investment plan with the aim of attracting further investments to modernize infrastructure, enhance operational capabilities, and integrate smart and green initiatives across the ports system in view of bolstering Seychelles' status as a key maritime hub in the Indian Ocean.
- 3. Reduce shipping costs by increasing investment in fleet building and modernization to position Seychelles as a logistics and distribution hub:** Positioning Seychelles as a logistics and distribution hub will facilitate continental connections for persons and goods. Regarding the movement of persons, Seychelles maintains a friendly 'visa regime' for business visitors, workers and services providers. The African Development Bank Visa Openness Report 2024 rates Seychelles as one the continent's most visa-open countries in Africa. In relation to cargo, the country suffers from high logistics costs as it totally relies on foreign shipping companies for its trade. As an island nation in the Indian Ocean, Seychelles does not have its own major shipping fleet, depending on foreign freight carriers for both imports and exports. This situation is further exacerbated by an imbalance in use of containers by shipping lines due by the fact the imports are considerably superior to exports. Once a container is delivered at destination in Seychelles, there is often not enough export cargo to fill it and ship it back to the port from which it departed, meaning that in most cases the importer has to pay the cost of returning the container empty to the shipping line that provided it. The provision of incentives for the development of consolidation centres, warehouses and distribution centres can contribute to reduce this imbalance, creating a more efficient and cost-effective logistics environment, in which it will be easier for businesses to

consolidate shipments by combining smaller consignments into larger loads, so to decrease transportation costs. The GoS will promote the attraction of investment in fleet building and modernization to develop a national shipping fleet capacity, reducing reliance on foreign carriers and potentially lowering shipping costs.⁴⁸ Moreover, it will negotiate with shipping lines and major logistic services providers in order to expand maritime connections with other AfCFTA State Parties, and will promote solutions for facilitating the consolidation of multiple consignments into single containers to reduce shipping costs. Also, the GoS will explore the possibility to collaborate with other African Island Nations in the Ocean Indian to work together for establishing shipping lines that serve mutual economic and strategic interests. There are many instances where different governments have collaborated to jointly establish shipping lines in order to develop strategic maritime capabilities and enhance trade routes. For instance, recently the Russian government entered into an agreement with China to form a joint venture aimed at developing Arctic shipping routes to reduce costs and transit times between Europe and Asia.⁴⁹

Strategic Objective 3:

Establish Seychelles as a competitive service hub in tourism, ICT and finance.

- 1. Promoting diversification of financial services through attraction of FDI and strengthening partnerships with local financial service providers:** Financial services are central to the Seychelles' economic development strategy. The country has an international reputation as financial offshore centre. Additionally, Seychelles has 28 double taxation agreements (DTAs) currently in force, including with some of its main economic partners (i.e., United Arab Emirates and South Africa). DTAs signal the country's commitment to fair and transparent taxation, attracting foreign investment and boosting economic growth. The GoS will continue plans for strengthening the sector by developing robust investment regulation and attract strategic investment that will help Seychelles position itself as a financial services hub for the continent.
- 2. Promoting consumption of tourism products through further diversification of the sector:** Seychelles aspires to become a tourism hub in Africa by diversifying its tourist offer, in particular by promoting eco-tourism and agro-tourism. The GoS will intensify its efforts in positioning Seychelles as a premier tourism destination within Africa and in the identification of distinctive productions, farming practices, local products and rural lifestyles that can be promoted as attractions. The GoS will also implement targeted marketing actions to reach niche markets in other AfCFTA State Parties.
- 3. Fast tracking the development of e-commerce:** Seychelles has a relatively high level of ICT Development Index (AfDB, 2024). This puts the country on a competitive advantage of

⁴⁸ An example is India, which recently announced plans to establish a new shipping company to expand its fleet by at least 1,000 ships over the next decade. The goal is to capture greater revenue from the country's increasing trade and reduce reliance on foreign freight carriers (source: Reuters, Exclusive: India plans new shipping firm to capture revenue from growing trade, Verma, N., June 5, 2024).

⁴⁹ Zhang, J., Russia clears the path for China in the Arctic, Geopolitical Intelligence Services (GIS), December 9, 2024.

accelerating economic diversification and structural transformation in the immediate future, as ICT enables productivity gains. In Seychelles there are several avenues for growth for the ICT sector, particularly from e-commerce and e-services, mobile technologies, and mobile banking. The GoS will continue in its efforts to improve the integrity of local online payment platforms to increase acceptability and confidence of international transactions, as well as in promoting digital trade by putting in place initiatives aimed at eliminating barriers to digital trade and expanding capacity building initiatives for SMEs on digital trade in the context of the AfCFTA.

Strategic Objective 4:

Create an inclusive and increased awareness of the continental market and its opportunities and build capacity of Seychelles businesses to take advantage of these opportunities.

- 1. Sensitize the Seychelles civil society and academic circles about the process of AfCFTA implementation:** Both the general public and other private actors need to be kept fully informed about the process of AfCFTA implementation, as the involvement of all stakeholders is key to its success. This includes academia, private sector and civil society organizations, including the media, women and youth organizations. The country needs to make more efforts in raising awareness and understanding of AfCFTA processes by these stakeholders by regularly disseminating information as a way of enabling them to fully play their respective roles to ensuring effective implementation of the AfCFTA in Seychelles. These activities also aim to highlight new trade and business opportunities under the agreement, and the corresponding obligations to access markets, including quality and safety certifications.
- 2. Mobilize the youth potential and harness the demographic dividend:** The GoS recognizes the dynamism of its young people in their contribution to the country's socioeconomic progress and attainment of Vision 2033. In implementing the AfCFTA, special interventions are required to unlock youth potential and harness the demographic dividend, such as ensure access to quality education for all youth, focusing on STEM (Science, Technology, Engineering and Mathematics) subjects to prepare them for the future workforce, develop vocational training programs aligned with market demands to equip youth with practical skills for employment and provide financial support, mentorship, and training to young entrepreneurs to foster innovation and job creation. More efforts will be made by the GoS to mobilise the energies of young people, in accordance with the Private Sector Development and Youth Employment Strategy 2018-2024.
- 3. Prepare Seychellois businesses for increased intra-African competition:** Seychelles companies must be prepared to face increased competition from companies in other AfCFTA States Parties as a result of the liberalisation of trade in goods and services that this agreement entails. They need to be supported in improving the quality, branding and packaging of their products, as well as the marketing of services they offer. Packaging and labelling play a very important role in the developments of exports, especially for products that have a potential to be sold to niche markets, like Seychelles products and services. This is because niche

consumers have high expectations regarding the way goods and services are presented or marketed, as well as the specific features and particular properties or benefits they offer. Products that are visually pleasing or are innovative in their packaging can justify a higher price and give to the product a sense of exclusivity or luxury.

4. **Further develop the trade information infrastructure:** Stakeholders report a lack of knowledge on the trading opportunities with the African continent under the AfCFTA and a general lack of understanding on market information on finding partners and sourcing raw materials amongst others. Seychelles needs to continue building on the trade information infrastructure such as the trade information portal, the TIPC and supporting value chain and market research studies to support export development especially of new products or services. Also, exporters need to receive further assistance in the capacity to comply with standards, such as SPS measures in export markets. In this regard, the TIPC at the Department of Trade could co-opt the Seychelles Bureau of Standards and the Ministries of Agriculture and Health, so as to provide assistance to Seychelles exporters to understand and comply with SPS measures and quality and product safety standards to be observed for exporting to other AfCFTA States Parties. Designated officials from these government agencies should provide information to businesses on appointment.
5. **Explore possibility to develop financial assistance tools for MSMEs:** At present, there are few export-ready firms in Seychelles and most of them lack the finance and capacity to expand their sales abroad. The GoS will consider the possibility to develop specific financial assistance and trade finance schemes to help MSMEs, especially women, youth and people living with disabilities to reach other continental markets in order to help them to expand sales in other AfCFTA State Parties by reducing risks associated to exports, particularly those for non-payment or delayed payments from foreign customers.
6. **Leverage diplomatic missions, consulates and the diaspora to assist Seychelles businesses in the promotion of their brands and to attract capital, knowledge, and technology:** despite Seychelles has diplomatic missions only in Ethiopia and South Africa, the country has robust diplomatic ties with many nations in the world and a very large number of honorary consulates.⁵⁰ They could be leveraged to promote the “Made in Seychelles” brand in other AfCFTA State Parties so to strengthen Seychelles products on these markets. The Seychelles diaspora is also noteworthy. Diaspora communities can play a significant role in promoting national brands abroad by acting as cultural ambassadors, influencers, and market entry facilitators. The GoS and Seychelles businesses will leverage these communities to enhance brand visibility and credibility in foreign markets. By harnessing the potential of the diaspora, Seychelles’ national brands can gain a powerful ally in their expansion efforts, accessing new markets with the credibility, local insights, and enthusiasm that diaspora communities bring. The GoS will consider the issuance of

⁵⁰ According to the Henley Passport Index – an authoritative ranking of all the world’s passports according to the number of destinations their holders can access without a prior visa - Seychelles has the strongest passport in Africa, offering its citizens visa-free access to 156 countries. This powerful passport reflects the nation’s strong diplomatic ties and international standing, allowing Seychellois travelers easier access to a wide array of destinations without the need of obtaining a visa. This ease of travel not only simplifies international movement for Seychelles’ citizens but also enhances the country’s global connectivity and economic opportunities.

diaspora bonds to mobilize financial resources from citizens living abroad to fund national projects for the development of infrastructure, social safety net programs or manufacturing enterprises in some priority sectors such as renewable energy or digital.

Strategic Objective 5:

Enhance the competitiveness and expansion into new African markets of Seychelles' fish and other locally produced goods, by promoting quality, value-addition and sustainability.

- 1. Strengthen Quality Standards and Certifications:** by promoting local fisheries and locally made products (e.g., spices) as high-quality, sustainable and eco-friendly (that minimizes environmental impact), Seychelles can build trust with African consumers and importers who value products with health and sustainability attributes. The GoS will promote the adoption of international certifications, food management, traceability and monitoring systems such as HACCP (Hazard Analysis and Critical Control Points) and MSC (Marine Stewardship Council) to improve the quality of seafood and other local products, increasing value perception by buyers. Given that the main opportunities for Seychelles lies in niche markets, the adoption of private and voluntary standards by local companies should also be encouraged, as they can provide access to higher-value market segments (organic, fair trade, etc.). In addition, pending harmonization of product standards at regional and continental levels, the GoS will continue expanding its product certification schemes for new products manufactured in Seychelle and will pursue Mutual Recognition Agreements (MRAs) with other AfCFTA State Parties to formally recognize each other's standards and certification systems, so to reduce the need for Seychelles businesses to undertake costly and time-consuming re-testing and re-certification procedures in each export market.
- 2. Develop quality packaging and branding that emphasizes sustainability, quality, and the origin of products:** investing in innovative and appealing packaging and branding can attract consumers (influencing their purchasing decisions) and build brand recognition. The GoS will support R&D efforts aimed at enhancing product attractiveness by providing resources or funding projects (e.g., public competitions or awards for best design) that align with sustainability goals, like using biodegradable, recyclable or compostable materials.

6.2. Implementation plan

The following table summarizes the implementation plan of the strategic objectives identified in the previous section, with indicators to measure success and the actors/stakeholders responsible for their execution. A realistic timeframe for the implementation of the actions is also proposed.

TABLE 10: AfCFTA Implementation strategy strategic objectives implementation plan

SPECIFIC OBJECTIVES	ACTIONS	INDICATORS	LEAD ACTORS & STAKEHOLDERS	TIME FRAME
STRATEGIC OBJECTIVE 1: Adopt the necessary frameworks for the timely Implementation of AfCFTA commitments				
1.1 Build capacity of public and private Sector on AfCFTA protocols and procedures	1.1.1. Develop training and capacity building programs and online tools for the public and private stakeholders in Seychelles	Number of training sessions conducted Feedback from participants	Trade Department, Customs Division and Private Sector (exporters & customs clearing agents)	2025-2026
	1.1.2 Create sensitization and awareness programs for private operators on tools and procedures for reporting NTBs within the framework of AfCFTA trade.	Number of sensitization programs conducted	MFNPT, NTFC	2025-2026
1.2 Complete designation of focal points and officials that will participate in the various committees under the AfCFTA agreement	1.2.1. Each Ministry or government agency in Seychelles completes the designation of focal points and officials required under the different Protocols of the AfCFTA	All focal points and officials responsible for participating in the various committees under the AfCFTA agreement are designated and their details communicated to the AfCFTA Secretariat	MFNPT, All Government Ministries	2025

SPECIFIC OBJECTIVES	ACTIONS	INDICATORS	LEAD ACTORS & STAKEHOLDERS	TIME FRAME
<p>1.3 Review the NTFC composition</p>	<p>1.3.1. Establish a specific sub-committee or working group within the NTFC responsible for monitoring the implementation of the measures formulated in the AfCFTA implementation strategy. This sub-committee (or working group) must have a proper balance in terms of gender representation, by including representatives from women and youth</p>	<p>Terms of Reference of NTFC reviewed</p>	<p>NTFC</p>	<p>2025</p>
<p>1.4 Conduct a detailed study on potential AfCFTA Impact Assessment to identify market opportunities and sectors vulnerable to competition within the AfCFTA</p>	<p>1.4.1 Undertake an analysis of the economic impact of the AfCFTA on specific sectors and products, including assessing the impact of increased imports of certain products on domestic prices, producers, trade diversion, and tariffs as well associated and environmental impacts and risks.</p>	<p>Impact assessment report published</p>	<p>MFNPT, Research Institutions, Development Partners</p>	<p>2025-2026</p>

SPECIFIC OBJECTIVES	ACTIONS	INDICATORS	LEAD ACTORS & STAKEHOLDERS	TIME FRAME
STRATEGIC OBJECTIVE 2: Increase competitiveness of Seychelles as a logistic hub				
2.1 Improving the country's transport infrastructure and logistics connectivity and services	2.1.1. Accelerate plans for the rehabilitation and expansion of the port of Victoria (expansion of berths and terminal areas, installation of ship to shore cranes, rationalization of port space, etc.), for the full implementation of the Port Victoria Management Information System (PVMIS) and for the introduction of digital single window.	Rehabilitation and expansion work of the port of Victoria completed Full operationalization of PVMIS Full operationalization of the Single Window system	Seychelles Port Authority, Customs Division, Developing Partners	2025-2027
	2.1.2 Increase and upgrade the capacity of the Seychelles' shipping fleet by attracting and facilitating investment in fleet building and modernization	Number of investments launched in fleet building and modernization	MIEI, Ministry of Transport	2025-2027
	2.1.3. Launch a strategic ports investment plan for the Seychelles Port Authority	Ports investment plan launched and published on the Seychelles Port Authority and MIEI websites	Seychelles Port Authority, MIEI	2025
	2.1.4 Negotiate with shipping lines and major logistic services providers to expand maritime connections with other AfCFTA State Parties and to promote solutions for facilitating the consolidation of multiple consignments into single containers to reduce shipping costs.	Call for consultations	Seychelles Port Authority, Ministry of Transport	2025-2026

SPECIFIC OBJECTIVES	ACTIONS	INDICATORS	LEAD ACTORS & STAKEHOLDERS	TIME FRAME
STRATEGIC OBJECTIVE 3: Establish Seychelles as a competitive service hub in tourism, ICT and finance				
<p>3.1 Prioritise development of ICT to support the potential for economic diversification and boost ICT connectivity, competitiveness and affordability</p>	<p>3.1.1 Promoting diversification of financial services through attracting investment in high-speed broadband infrastructure, including fiber-optic networks, to ensure widespread connectivity. Implement policies to reduce the cost of internet access, making it affordable for businesses and individuals.</p>	<p>Investment regulation revised/ new regulation introduced to promote attraction of FDI and strengthening partnerships with local financial service providers</p>	<p>MIEI</p>	<p>2025-2027</p>
<p>3.2 Position Seychelles as a premier tourist destination within Africa, diversifying tourism offerings and increasing intra-African tourist flows</p>	<p>3.2.1 Promotion of eco-tourism and agro-tourism through the identification of distinctive productions, marketing actions to target niche markets in other AfCFTA State Parties.</p>	<p>Studies published identifying distinctive products for agrotourism and eco-tourism that can be promoted as attractions</p> <p>Marketing actions, collaborations with African tour operators and airlines to developed to target niche markets in other AfCFTA State Parties.</p>	<p>Ministry of Foreign Affairs and Tourism</p>	<p>2025-2026</p>

SPECIFIC OBJECTIVES	ACTIONS	INDICATORS	LEAD ACTORS & STAKEHOLDERS	TIME FRAME
<p>3.3 Fast track the development of digital trade</p>	<p>3.3.1. Strengthen the regulatory frameworks on e-commerce, e-services, mobile technologies, and mobile banking.</p>	<p>Solutions are introduced to improve the integrity of local online payment platforms</p> <p>Initiatives are put in place to eliminate barriers to digital trade (e.g., Investment in high-speed internet connectivity, in education and training programs to equip citizens with the necessary digital skills, etc.)</p> <p>National cybersecurity strategy 2019 – 2024 upgraded</p>	<p>DICT, CBS</p>	<p>2025-2027</p>

STRATEGIC OBJECTIVE 4:
Create an inclusive and increased awareness of the continental market and its opportunities, and build capacity of Seychelles businesses to take advantage of these opportunities

<p>4.1 Sensitize the Seychelles civil society and academic circles about the process of AfCFTA implementation:</p>	<p>4.1.1. Keep the general public and other private actors fully informed about the process of AfCFTA implementation.</p>	<p>Number of information campaigns/ workshop conducted</p> <p>Number of press notices/articles published on local news</p>	<p>MFNPT, academia, private sector and civil society organizations, media, women and youth organizations</p>	<p>2025-2027</p>
	<p>4.1.2. Mobilize the youth potential and harness the demographic dividend.</p>	<p>Number of training mentorship, and awareness programs for youth</p>	<p>MFNPT, Youth associations</p>	<p>2025-2027</p>

SPECIFIC OBJECTIVES	ACTIONS	INDICATORS	LEAD ACTORS & STAKEHOLDERS	TIME FRAME
4.2 Improve access to AfCFTA trade-related information	4.1.1 Implement sensitisation programs and training for businesses on how to use the existing national trade portal, TIPC and ATO.	Number of businesses trained	MFNPT, SCCI	2025-2026
4.3 Providing support to businesses for trade promotion and facilitation	4.3.1 Expand the TIPC (by involving other agencies such as SCCI, SBS) to include other export promotion and support services, including providing information on how to comply with SPS standards in destination countries.	Export support programs developed and implemented.	Trade Department, MIEI, SBS, SCCI, Development Partners	2025-2026
	5.3.2. Provide capacity building for businesses on product quality, standards, packaging, marketing, digitalization.	Number of businesses trained	Trade Department, MIEI, SBS, SCCI, Enterprise Seychelles Agency (ESA)	2025-2026
4.4 Enhance the country's Trade Promotion and Economic Diplomacy to promote the "Made in Seychelles" brand and attract capital, knowledge, and technology	4.4.1. Leverage diplomatic missions/ consulates abroad and the diaspora network to promote brands of Seychelles businesses in AfCFTA State Parties.	Number of support programs launched	MFNPT, Ministry of Foreign Affairs and Tourism, diplomatic missions and consulates in other AfCFTA State Parties	2025-2026
	4.4.2. Leverage the diaspora communities in other African nations to enhance visibility of Seychelles brands and attract capital, knowledge, and technology	Number of initiatives launched Launch of diaspora bonds	MFNPT, Ministry of Foreign Affairs and Tourism, diaspora communities in other AfCFTA State Parties	2025-2027

SPECIFIC OBJECTIVES	ACTIONS	INDICATORS	LEAD ACTORS & STAKEHOLDERS	TIME FRAME
4.5 Addressing access to finance constraints for export business	4.5.1. Conduct a diagnostic on the financing constraints of Seychelles businesses and explore appropriate trade finance tools such export credit guarantees or insurance to help them to manage the risks associated with exporting and expand their international trade activities.	Diagnostic report with recommendations published Update the Private Sector Development and Youth Employment Strategy (2018-2024) by formulating specific proposals for facilitating access to finance, especially for most vulnerable categories (women and youth)	MFNPT, MIEI, Central Bank, SCCI, Development Bank of Seychelles (DBS)	2025-2026

STRATEGIC OBJECTIVE 5:

Enhance the competitiveness and expansion into new African markets of Seychelles' businesses by promoting sustainable practices, value-added products, and industrial transformation.

5.1. Strengthen Quality Standards and Certifications:	5.1.1. Promote local fisheries and locally made products (e.g., spices) as high-quality, sustainable and eco-friendly	Number of initiatives, incentives and support programs introduced	MFNPT, SBS, Ministry of Health, Ministry of Fisheries and Blue Economy	2025-2027
	5.1.2. Promote the adoption of international certifications, food management, traceability and monitoring systems	Number of initiatives, incentives and support programs introduced	MFNPT, SBS, Ministry of Agriculture, Climate Change and Environment, Ministry of Fisheries and Blue Economy	2025-2027

SPECIFIC OBJECTIVES	ACTIONS	INDICATORS	LEAD ACTORS & STAKEHOLDERS	TIME FRAME
<p>5.2. Develop quality packaging and branding that emphasizes sustainability, quality, and the origin of products</p>	<p>5.2.1. Support R&D efforts in packaging technology and solutions aimed at enhancing product aesthetics by providing resources or funding projects, in particular by fostering partnerships between educational institutions and industry players</p>	<p>Number of initiatives and support programs introduced</p>	<p>MFNPT, SBS, Ministry of Fisheries and Blue Economy</p>	<p>2025-2027</p>
	<p>5.2.2. Promoting targeted measures to attract FDI in the sector, e.g., by offering tax breaks or grants to businesses who invest in packaging and branding, so to reduce costs and incentivize investment</p>	<p>Number of tax breaks or grants provided to investors</p>		

7

FINANCING THE IMPLEMENTATION OF AfCFTA

Implementing the AfCFTA national strategy will require financial resources. Seychelles, holding a high-income country status, has limited access to concessional financing. Therefore, alternative sources need to be considered, in particular, the possibility to mobilize domestic resources needs to be explored, as well as of leveraging the AfCFTA Adjustment Fund and encouraging local financial institutions to be part of regional de-risking platforms, including the Pan-African Payment and Settlement System (PAPSS). PAPSS is a cross-border payment system developed and operated by the Afreximbank to facilitate movements of money across Africa enabling the efficient and secure flow of money across African borders. Even if the PAPSS does not directly represent a tool for financing the implementation of the AfCFTA, it lies at the heart of the AfCFTA by providing payment, clearing and settlement facilities for African cross-border trade. In practice, the PAPSS avoids the need to convert African local currencies into hard currencies provided by correspondent banks located outside the continent, so allowing African companies to pay their suppliers in other African nations by using their own currency. In this manner, bank commissions for currency conversion are totally eliminated.

The MFNPT will conduct a cost estimation review of the various initiatives and verify the possibility to mobilize resources from Development Partners already supporting trade-related projects and initiatives. Such mobilisation will seek to address key initiatives and projects, including capacity building, strengthening relevant institutions, and reinforcing coordination mechanisms with the AfCFTA Secretariat. The NTFC will also engage in estimation of costs and resource mobilization activities. To this end, it is proposed that the NTFC develops a resource mobilization strategy identifying potential funding sources and appointing one or more dedicated donor coordinator/s. In addition, stakeholder support will focus on the private sector by providing targeted assistance to manufacturers and exporters through, for example, training on information technologies for market access, packaging and labelling of products, SPS measures in destination markets. Through collaborative initiatives of the SCCII and MFNPT, teams of experts will be set up to assess gaps in business plans of firms and cooperatives and help them amend their business models to the new realities under the AfCFTA. By conducting regular assessments and enhancing monitoring mechanisms, efforts will be redoubled for the identification and removal of NTBs. Creating strong independent laboratories to serve all interested parties for technical and regulatory testing in a timely and cost-effective manner will also be important. Finally, supporting the NTFC Secretariat's work with financial and technical assistance, studies, position papers, advocacy as well as sensitization and awareness campaigns will contribute to facilitate the implementation of the AfCFTA agreement.



COMMUNICATION AND VISIBILITY PLAN

Seychelles has engaged in the past in several awareness and capacity building initiatives to enhance the effective implementation of AfCFTA. During the consultations held for the preparation of this Strategy, it clearly emerged that levels of familiarity with the AfCFTA, its complementary Protocols and operational tools, are still relatively low, particularly by the private sector. Regarding the public sector, the Customs Division of the Seychelles Revenue Commission expressed the need to be supported in the implementation of the technical rules of the agreement, in particular the rules of origin and customs cooperation procedures covered by Annexes 2 and 3 of the Protocol on Trade in Goods of the AfCFTA.

The engagement from both the public and private sector towards the implementation of the AfCFTA and the AfCFTA Strategy is crucial. Therefore, it is essential to continue with these initiatives, by repeating them at regular intervals. It is necessary to have in place a proactive Communication Strategy to enhance the knowledge and understanding of the AfCFTA, to further garner the interest and support of all stakeholders, as well as to closely engage partner entities from the private sector and donor community in its implementation.

In terms of audience, the communication strategy must target the different actors in the economic and social life of the country who will be directly and indirectly impacted by the large-scale reforms contained in the agreement establishing the AfCFTA, such as:

- All staff of Ministries and government agencies part of the NTFC;
- Political decision-makers: Members of Parliament, local elected officials, leaders of political parties;
- Civil society organizations;
- Organizations representing women entrepreneurs, women traders, young people, etc.;
- Operators at all levels of economic activity: SMEs, large companies, farmers, traders, customs clearing agents, liberal professions, etc.;
- The academic and research world (universities, think tanks, etc.);
- The media; and
- The general public.

Overall, the communication strategy includes the following actions:

- Development of social media content by the MFNPT, promoting the Identified Investment Opportunity Areas and publicising the launch of the strategy;
- Engaging with key stakeholders, within and outside Seychelles, including development partners, to mobilise the much-needed resources for implementation of the strategy;
- Publishing the strategy on the MFNPT website and the Seychelles trade portal, and further encourage other government agencies and private stakeholders like the SCCI to publish or have a link to the strategy on their websites.

The Communication Strategy offers the opportunity to enhance inclusiveness in AfCFTA implementation specifically through outreach and advocacy engagements that target marginalized groups in general, in particular women and youth in trade. The main purpose of these engagements should be to sensitise women in their roles as workers (wage workers and self-employed), producers, entrepreneurs (owners of informal and formal enterprises), small-scale and informal cross-border on how to harness the benefits of the AfCFTA Agreement, and to prepare to address potential risks. Specific attention must be paid in all sensitisation engagements to understanding gender-specific challenges confronting women in the Seychelles' economy.



9

INSTITUTIONAL PLATFORM FOR AfCFTA IMPLEMENTATION

9.1. AfCFTA National Implementation Committee (NIC)

To ensure an effective implementation and monitoring of the strategy, the role of AfCFTA National Implementation Committee (NIC) is conferred to the existing National Trade Facilitation Committee (NTFC). The NTFC has broad stakeholder representation, and it is open to the participation of additional stakeholders that can be invited on an ad hoc basis to its meetings. The NTFC will oversee the action plan and its monitoring and evaluation framework. A specific sub-committee or working group will be created to ensure effective coordination of the AfCFTA implementation, including this National Implementation Strategy. As part of the implementation arrangements, this sub-committee or working group will be at the forefront of driving the initiative and it is important that the strategy's inclusivity and mainstreaming agenda starts at the level of planning. It is therefore expected that this sub-committee or working group has a proper balance in terms of gender representation, by including representatives from women and youth.

The NTFC will ensure proper coordination of the AfCFTA implementation, and the scope of its functions will include the following:

1. Coordinating, monitoring and evaluating the implementation of the National AfCFTA Strategy;
2. Putting the AfCFTA Agreement into national context through domestication of its provisions, including designating various focal points and committees required by the AfCFTA (e.g., the standing AfCFTA coordination committee to monitor the guided trade initiative, etc.);
3. Leading and coordinating effective sensitization and awareness campaigns as well as media;
4. Mobilizing internal and external financial resources for the implementation of the AfCFTA National Implementation Strategy and other related measures/actions; and
5. Reporting regularly to the MFNPT on the Strategy, its action plan and roadmap for implementation of strategic objectives, proposing changes if necessary. In this regard, these elements should be considered as living framework that need to be adapted and adjusted over time.

In supporting the monitoring and evaluation efforts of the AfCFTA, it is recommended that the Trade Department provides adequate human and financial resources to the NTFC. A strong and capable NTFC Secretariat is key in ensuring that Seychelles correctly monitors the implementation of this strategy and the achievement of the strategic goals, and indicators, as per the risk assessment and mitigation plan. There is also a need to review the TORs of the National Trade Facilitation Committee, by including in its mandate the responsibilities to monitor the implementation of the AfCFTA and to oversee the implementation of the proposed mitigation measures in case a risk materializes.

9.2. Risk Assessment and Mitigation Plan

The Table below identify potential risks to the implementation of the AfCFTA strategy and proposes mitigation actions, with the identification of the main authority responsible for their implementation. This matrix will serve as a strategic guide for Seychelles to identify, assess, and mitigate risks associated with the implementation of the AfCFTA, ensuring that the nation can effectively leverage the benefits of this trade agreement.

TABLE 11: Potential risks to the AfCFTA implementation and mitigation actions.

NO.	DESCRIPTION OF RISKS	LIKELIHOOD	IMPACT	PROPOSED MITIGATION MEASURES	RESPONSIBLE ENTITY
1.	Limited financial resources required to implement the Strategy.	High	High	<ul style="list-style-type: none"> Seek partnerships with international organizations for funding and technical assistance. Prioritize funding allocation in the national budget for AfCFTA-related activities. Explore private sector investments and public-private partnerships to enhance resources 	MFNPT, NTFC
2.	Limited human resources to coordinate implementation of the Strategy and the different AfCFTA Protocols.	Medium/ High	High	<ul style="list-style-type: none"> Conduct targeted recruitment to fill key positions in the AfCFTA implementation team. Provide training programs to enhance the skills of existing staff in trade and policy matters. Foster partnerships with academic institutions for research and training opportunities. 	MFNPT
4.	Limited understanding and awareness among stakeholders.	Medium	High	Conduct periodic training and workshops on AfCFTA benefits and regulations.	MFNPT, SCCI

NO.	DESCRIPTION OF RISKS	LIKELIHOOD	IMPACT	PROPOSED MITIGATION MEASURES	RESPONSIBLE ENTITY
5.	Seychelles fish and fishery products are subjected to customs duties because considered “not originating” according to the AfCFTA ROOs.	High	High	<ul style="list-style-type: none"> Keep engaging in negotiations with AfCFTA State Parties to extend the “crew” threshold of 30 percent after 2026. Consider the development of promotional strategies and plans to encourage citizens to buy a share of vessels or factory ships of 50 percent or more, potentially broadening the ownership base in the maritime industry. Collaborate with other small island states in Africa to advocate for more flexible rules of origin for such nations. 	Ministry of Fisheries, MFNPT
6	The increase in the influx of plant materials, fruits and vegetables and other plant products from AfCFTA State Parties raises the risks of introduction of devastating new pests and diseases in the country.	High	Medium	Strengthen quarantine measures and regulations on the control import of alien species as well as risk assessment techniques for identification of potentially harmful species, their entry, establishment and control.	Ministry of Agriculture, Climate Change and Environment
7	Growing production levels and the expected increase of transport connections to other African nations that the AfCFTA is expected to stimulate, will most likely increase CO ₂ emissions and lead to additional pressure on Seychelles natural environment.	Medium	Medium	<ul style="list-style-type: none"> Promote sustainable transport options and practices. Implement regulations to monitor and reduce emissions from transportation and production. Introduce measures to offset the effect of growing CO₂ levels, reducing the use of fossil fuels and switching to renewable energy sources. Improve the existing waste management system through the implementation of effective waste reduction and recovery strategies. 	Ministry of Agriculture, Climate Change and Environment

NO.	DESCRIPTION OF RISKS	LIKELIHOOD	IMPACT	PROPOSED MITIGATION MEASURES	RESPONSIBLE ENTITY
8.	Limited capacity of Seychelles businesses to compete regionally.	High	High	<ul style="list-style-type: none"> • Provide training and support programs for local businesses to enhance competitiveness. • Provide support to businesses for develop viable business plans (e.g., strategies for market requirement compliance, accessibility and sustainability) and putting incentives in place for collective businesses. 	MFNPT, MIEI, in collaboration with the private sector (SCCI)
9	Inability for Seychelles businesses to access to finance for expanding their export activities and do business with other AfCFTA State Parties.	High	High	<ul style="list-style-type: none"> • Develop public-private partnerships to create dedicated funding mechanisms for exporters. • Collaborate with regional financial institutions to improve access to trade finance. • Establish training programs for businesses on how to access and manage financial resources effectively. 	MFNPT, Central Bank, SCCI
10	Inadequacy of existing infrastructure to support increased trade flows.	High	Medium	Invest in upgrading transport, logistics, and digital infrastructure.	Government and Private Sector
11	Risk of domestic industries suffering from damage caused by unfair trade practices or an unforeseen surge in imports.	Low	Medium	Accelerate the adoption of a national Act covering trade remedies, verifying its alignment with the Annex 9 of the AfCFTA Protocol on Trade in Goods.	MFNPT

9.3. Monitoring and Evaluation framework

To ensure an effective implementation of the strategy, the achievement of its objectives, and the active participation of all Seychelles’ stakeholders, this document proposes a monitoring and evaluation (M&E) framework to be established by the NTFC (being this body entrusted with the role of AfCFTA NIC). To this end, the NTFC should create a specific sub-committee responsible for overseeing the action plan, by monitoring of a series of indicators to ensure that the strategy delivers the planned results.

The Table below shows a series of possible indicators with the sources that can facilitate their tracking. The indicators cover various dimensions of trade performance, stakeholder engagement, gender inclusion, policy compliance, and logistics efficiency:

TABLE 12: M&E framework with indicators and relevant sources

GENERAL INDICATOR	SPECIFIC INDICATORS	POTENTIAL SOURCES
Trade Performance:	Total Trade Volume with AfCFTA Members: <ul style="list-style-type: none"> Measure the total value of imports and exports with AfCFTA countries. 	Seychelles Revenue Commission, Customs Department data, NBS.
	Diversification of Exports: <ul style="list-style-type: none"> Number/Percentage of new products exported to other AfCFTA Partner States compared to previous years. 	Seychelles Revenue Commission, Customs Department data, NBS, Trade Department data.
Stakeholder Engagement:	Number of Stakeholder Engagement Workshops: <ul style="list-style-type: none"> Number of workshops conducted to inform stakeholders about AfCFTA Protocols. 	NTFC records, Trade Department reports.
	Participation Rate in Training Programs: <ul style="list-style-type: none"> Number/Percentage of targeted stakeholders attending training sessions. 	Training provider evaluations, feedback forms.
Gender Inclusion/access to finance:	Women-Owned Business Participation in Trade and expanded access to finance: <ul style="list-style-type: none"> Number/Percentage of trade activities (exports/imports) conducted by women-owned businesses; targeted financial services developed to facilitate trade and export activities. 	SCCI gender reports, National Gender Statistics, MIEI.

GENERAL INDICATOR	SPECIFIC INDICATORS	POTENTIAL SOURCES
Policy, regulatory and institutional compliance:	Rate of Policy and regulatory revisions and institutional changes needed to align with the AfCFTA: <ul style="list-style-type: none"> • Number of policies and regulations that have been aligned with AfCFTA commitments within a set timeframe and of institutional changes implemented for the same purpose. 	government reports, reports published by international organizations and other entities, external audits.
	Monitoring of Non-Tariff Barriers (NTBs): <ul style="list-style-type: none"> • Number of reported NTBs and their resolution status. 	NTFC meetings minutes, NMC reports on NTB reporting, monitoring and resolution cases.
Logistics and Infrastructure:	Average Time to Clear Goods at Customs: <ul style="list-style-type: none"> • Average time taken for goods to clear Customs at the port/airport. 	Seychelles Revenue Commission and port authority data, time release studies, ⁵¹ World Bank Logistics Performance Index.
	Transport Costs as a Percentage of import/export Value: <ul style="list-style-type: none"> • Measure of how much transport costs consume from total value of exports and imports. 	Seychelles Revenue Commission data, time release studies, reports from international organizations and other organizations.
	Port/airport efficiency: <ul style="list-style-type: none"> • Measure of the efficiency of port and airport operations based on the analysis of a range of indicators such as: vessel/aircraft turnaround time (time that a vessel spends in port, from arrival to departure or the time taken for unloading and ground handling preparation for the return journey of an aircraft); cargo handling rate (amount of cargo handled per unit of time, e.g., per hour); berth utilization (percentage of time berths are occupied by vessels); queue time (time vessels wait to berth), gate turnaround time (time taken for trucks to enter and exit the port or the airport), etc. 	Port Authority data (PVMIS), UNCTAD Statistics, Container Port Performance Index (CPPI), other reports monitoring port performance.

⁵¹ Time Release Studies are trade facilitation tools developed according to a methodology developed by the World Customs Organization (WCO) that are used to quantify the average times taken for the clearance of goods at the various entry locations in a certain country (e.g., ports, airports and land borders), or at corridor level. They aim at measuring the time required from the arrival of goods to their release, in an attempt to identify bottlenecks, delays and constraints in the clearance process, so that implementing corrective actions can be implemented for improving its efficiency. The adoption and publication of Time Release Studies by the AfCFTA State Parties is encouraged by the art. 12, Annex 4 on Trade Facilitation to the Protocol on Trade in Goods to the AfCFTA.

GENERAL INDICATOR	SPECIFIC INDICATORS	POTENTIAL SOURCES
Cross-Cutting:	Private Sector Satisfaction: Measure the satisfaction level of the private sector with AfCFTA implementation and support services.	Surveys conducted by SCCI, civil society, international organizations or external evaluators.
	Integration of ICT in trade processes: Level of adoption of digital tools by businesses for trade-related activities.	Government and international organizations' reports on digital trade initiatives.

By developing a M&E framework based on the above indicators and leveraging both local and international sources, Seychelles can systematically monitor the implementation of the AfCFTA National Strategy and its trade integration under the AfCFTA. This will not only ensure accountability, but will also facilitate the identification of challenges and the refinement of strategies to maximize the benefits of the AfCFTA for all stakeholders involved.



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ANNEX 1: TECHNICAL COMMITTEES UNDER THE VARIOUS AFCFTA PROTOCOLS

COMMITTEE	FUNCTION
Committee for Trade in Goods	Oversees the implementation of the Protocol on Trade in Goods. It may establish such subsidiary bodies as it considers appropriate for the effective discharge of its functions.
Committee for Trade in Services	Oversees the implementation of the Protocol on Trade in Services. It may establish such subsidiary bodies as it considers appropriate for the effective discharge of its functions.
Committee on Investment (art. 41)	Carries out all functions assigned to it by the Council of Ministers to facilitate the implementation of the Protocol on Investment and further its objectives. It may establish such sub-committees and working groups as it considers necessary for the effective discharge of its functions with the approval of the Council of Ministers.
Committee on Competition Policy (art. 18)	Carries out all functions assigned to it by the Council of Ministers to facilitate the implementation of the Protocol on Competition Policy and further its objectives. It may establish such sub-committees and working groups, as it considers necessary for the effective discharge of its functions.
Committee on Intellectual Property Rights (art. 30)	Carries out all functions as may be assigned to it by the Council of Ministers to facilitate the implementation of the Protocol on Intellectual Property Rights and to further its objectives. It may establish such sub-committees and working groups as it considers necessary for the effective discharge of its functions.
Committee on Women and Youth in Trade (art. 19, 20 and 21)	Carries out all functions as assigned to it by the Council of Ministers to facilitate the implementation of the Protocol on Women and Youth in Trade and to further its objectives. It may, with the approval of the Council of Ministers, establish such subsidiary bodies as it considers appropriate for the effective discharge of its functions. It collaborates with other AfCFTA Committees established in the AfCFTA Agreement, including in the areas of Intellectual Property Rights, Competition Policy, Digital Trade, or any other relevant bodies with a view to better implement the Protocol on Women and Youth in Trade. It is responsible for the monitoring and evaluation of the Protocol with the assistance and support of the AfCFTA Secretariat. It is responsible to develop procedures for the notification of any international, regional, and bilateral agreement pertaining to or affecting Women and Youth in Trade with other AfCFTA State Parties and third parties, including for comments to be received by State Parties, as well as for the notification of any new laws or amendments to existing laws or regulations which pertain to the Protocol.

Committee on Digital Trade (Art. 37, 40, 49)

Carries out all functions assigned to it by the Council of Ministers to facilitate the implementation of the Protocol on Digital Trade and to further its objectives. It may, with the approval of the Council of Ministers, establish such sub-committees and working groups as it considers necessary for the effective discharge of its functions. It is responsible, with the assistance of the AfCFTA Secretariat, for the development of procedures for the notification of any international, regional and bilateral agreement pertaining to or affecting digital trade with other AfCFTA State Parties, and of any new laws and regulations or amendments to existing laws and regulations or any measure pertaining to or affecting the operation of the Protocol on Digital Trade. It is responsible, with the assistance and support of the AfCFTA Secretariat for the monitoring and evaluation of the implementation of the Protocol on Digital Trade.

SUB-COMMITTEES

TRADE IN GOODS

Sub-Committee on

RoO: Responsible for the operationalisation of Annex 2 on Rules of Origin

Sub-Committee on

SPS: Responsible for the operationalisation of Annex 7 on SPS

Sub-Committee on

NTBs: Responsible for the operationalisation of Annex 5 on NTBs

Sub-Committee on

TBTs: Responsible for the operationalisation of Annex 6 on TBTs

Sub-Committee on Trade Facilitation, Customs Cooperation and Transit:

Responsible for the operationalisation of Annex 3 on Customs Cooperation and Mutual Administrative Assistance, Annex 4 on Trade Facilitation, and Annex 8 on Transit.

Sub-Committee on Trade Remedies: Responsible for implementation of Annex 9 on Trade Remedies

TRADE IN SERVICES

Sub-Committee on Specific Commitments: Responsible for the operationalisation of the Annex on Schedules of Specific Commitments

Sub-Committee on Regulatory Cooperation Frameworks: Responsible for the operationalisation of the Annex on Regulatory Cooperation Frameworks.

Sub-Committee on Mutual Recognition of Professional Qualifications: Responsible for the operationalisation of the Annex on Mutual Recognition of Professional Qualifications

Sub-Committee on Trade in Services- Related Issues: Responsible for the operationalisation of Trade in Services- Related Issues

Sub-Committee on AfCFTA Trade in Services Rules: Responsible for the operationalisation of AfCFTA Trade in Services Rules



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