

Keynote Address of Minister for Finance, Ambassador Maurice Lalanne on 24 Jan 2019 at the Seychelles VIP Dinner in Hong Kong

Excellencies, Ladies & Gentlemen,

Good Evening and welcome to this very special event, the Hong Kong Investment Dinner, as we call it, organized by the Government of Seychelles.

It is my singular honor and privilege to be addressing such an auspicious gathering this evening in our efforts to bring Seychellois and Chinese business leaders, investors and government officials together to share information, network and establish or build on existing strong relationships.

That diplomatic relations between the People's Republic of China and Seychelles were established on June 30, 1976, the very next day of Seychelles attaining independence, illustrates the strong ties between our two countries. I must say, we continue to value the cordial and mutually beneficial affiliation we have with the Government and people of China.

Economic development in the People's Republic of China has been astounding over the last few decades with growth rates averaging 10% over 30 years. China is the world's largest manufacturing economy and exporter of goods and the largest trading nation in the world.

Within the People's Republic of China we are also cognizant of the successes of the Special Administration Region of Hong Kong. It is no coincidence that we are gathering in this dynamic island economy. Seychelles is mindful of the business acumen of the business community in this well renowned economic power house that is Hong Kong.

Starting off as a small population of farming and fishing villages, Hong Kong has developed into the world's seventh-largest trading entity with one of the world's most important financial centres and shipping hub.

Today, Hong Kong can boast of having one of the highest per capita incomes, ranking seventh on the UN Human Development Index, and enjoying the longest life expectancy in the world.

It is no coincidence therefore, that we chose the Hong Kong for this auspicious gathering.

On our side, Seychelles, a small island developing state with one of the world's smallest populations is on a drive to boost its socio-economic development for the benefit of its population.

We are obviously proud to enjoy a decent level of development, having graduated to the high income status and being number one in the Human Development Index in Africa within forty years of achieving nationhood. However, there is still a lot more to do to ensure further progress and sustainability of such achievements.

To this end, on the economic front, Seychelles is going through some substantial transformation.

No doubt the tourism and fisheries sectors remain the stalwart of the Seychellois economy, but the country does have more opportunities to explore and we are at this juncture working on establishing the environment to allow for the broader diversification of the economy.

One of the major milestone of 2018 was the launching of the Seychelles Investment Policy which provides the guiding principles as to how investment should be treated in Seychelles.

This policy provides the basis to which policies and regulations dealing with investment, business start-up and operation are to be aligned, providing greater consistency, predictability and most importantly investor confidence in the Seychelles economy. The aim is to allow for easy entrance of investment including Foreign Direct Investment, not only to bring in capital but also modern technology and knowledge.

The country is also working with development partners such as the World Bank for improving the ease of doing business where Government has established the High Level Ease of Doing Business Committee, chaired by the Vice President of the republic and grouping Government Ministers and representatives of the private sector. This committee oversees the implementation plans of the related public agencies involved with the Ease of Doing Business parameters.

Further to this, a review of the fiscal environment is also underway where such issues as business tax, establishing a territorial business tax system where only income sourced in Seychelles would be liable to tax in Seychelles, granting of tax holidays to businesses in particular sectors, amongst others.

Seychelles is also moving away from its dependence on imported heavy fuel oil for the generation of about 90% of its energy which is unsustainable and a burdening cost on the country. Being blessed with sunshine almost year round, we are on a path to embrace renewable energy for our sustainable development. In this light, work has started to install a five-megawatt solar photovoltaic system that will “produce around 7 million kilowatt hours of energy per year sufficient to power the equivalent of 2000 households.

In the same thrust, Seychelles is also planning to install Africa’s first utility-scale Floating Solar Photovoltaic system. The details of this project are still being developed.

The Blue Economy has been like the signature tune of Seychelles over several years now and major developments are happening in this area as well.

The world’s first sovereign Blue Bond was issued by the Government and launched on the 29th of October 2018, with the proceeds to be used to capitalise a Blue Grants Fund (\$3 million) administered by the Seychelles Conservation and Climate Adaptation Trust (SeyCCAT) and a Blue Investment Fund (\$12 million) administered by the Development Bank of Seychelles (DBS) to fund sustainable fisheries practices, research and businesses.

Having finalized the Aquaculture Regulations that establishes licensing and investment frameworks and opportunities for locals and international investment, Government will launch,

early in 2019 the aquaculture industry which has the potential to rival the tourism industry, currently by far the largest foreign exchange earner of the country.

Work has started on critical infrastructure such as the Brood-stock Acclimatization and Quarantine Facility and a fish hatchery to foster the development of the aquaculture industry.

In the fisheries component of the blue economy, the development of a dedicated industrial long line fishing port and its on-shore support facilities are also on the cards to support the development of the seafood value chains in a bid to ensure long-term growth, jobs, and food security

The World is changing fast into the fourth industrial revolution and the digital world brings along endless opportunities. Seychelles needs to ensure that it is not left behind on this digital highway and thus create a dynamic environment that will ensure we have a digital economy that embodies changes to its infrastructure, regulations, skills and finance.

After laying of the first submarine fibre optic cable connecting Seychelles to the digital world in May 2012, the country is set to be connected by its second submarine cable during the year 2020. This second cable link will ensure the security of international connectivity of the country and mitigate significant negative economic impact that would otherwise result from any disruption in the operation when dependent on the single cable.

Furthermore, as part of its E-Government initiative; focus continues to be placed on putting in place the means for citizens and businesses to interface and transact through electronic channels with Government. The regulation relating to affixing of digital signatures issued under the Electronic Transaction Act was enacted in April 2018 and thus allows for the use of digital signatures and their legal recognition in Seychelles.

Digitalising the economy is also high on the agenda of the Central Bank of Seychelles. The Bank is in the process of designing a modernisation plan to further develop the payments infrastructure, to allow for a wider choice of e-payment channels for financial services consumers. The modernisation plan of the payments infrastructure includes the implementation of a Central Security Depository (CSD), a Real Time Gross Settlement (RTGS) and a national payment switch, which is scheduled to begin in 2019.

On the financial services sector area, the regulatory framework continues to be modernized to ensure that the sector diversifies and remains compliant to international best practice. This includes work on Base Erosion and Profit Shifting (BEPS) and the adoption of the common reporting standards.

Just last month, the Government approved the Financial Services Authority (Regulatory Sandbox Exemption) Regulations, 2018. This Financial Technology regulatory sandbox is to encourage and support the design and delivery of new technological-based non-bank financial services that will benefit consumers and businesses. The regulatory sandbox will help overcome the regulatory burden and cost that may hinder businesses in developing innovative offerings. It will provide an element of flexibility that will allow the jurisdiction to respond and remain nimble in the face of changes in the global financial environment.

The National Risk assessment against Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT) risk was finalized in October 2017, and in August 2018 Seychelles has successfully passed the Financial Action Task Force, FATF's Quality and Consistency Review process for its Mutual Evaluation Report.

The Seychelles Investment Board (SIB), the investment promotion and facilitation arm of the Government and the main organizer of tonight's event is also undergoing some important alteration to ensure it better serves its mandate and eliminates unnecessary bureaucratic red tape in business startups and operation.

These are but snapshots of the transformation taking place across the Seychelles economy to whet your appetite. I assure you there is a lot more happening which we may have the opportunity to discuss about during the course of the evening.

The SIB is also very well represented here this evening and they have a dedicated investment advisory team to support any investor interested in investing in Seychelles. They can advise on on policies and procedures as well as assist with stakeholder meetings and consultation.

We shall also remain at your disposal for any further information or support you may require henceforth.

Speaking of whetting you appetite, I do not wish to stand between you and this sumptuous meal much longer that has been prepared for us this evening.

I would like to conclude therefore by assuring everyone present this evening that Seychelles is on an exciting journey to greater socio-economic development but we do realize that in this globalized world we will enjoy success not by isolating ourselves but by opening up to the world, attracting the right investment, technology, knowledge and expertise and resources.

Seychelles present one of the few remaining pristine environment where one can mix hard work with pleasure and we are offering these opportunities to you with the only caveat, that we keep everything environmentally sound and sustainable.

I shall end by welcoming you once again to the Hong Kong Investment Dinner, I hope you have a pleasant evening and look forward to the materialization of a few investment in Seychelles from your end.

I thank you for your attention.