



SEYCHELLES INVESTMENT BUREAU

• SIB NEWSLETTER • 3RD QUARTER - 2008 •

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SIB: PROJECT UPDATE 3RD QUARTER 2008

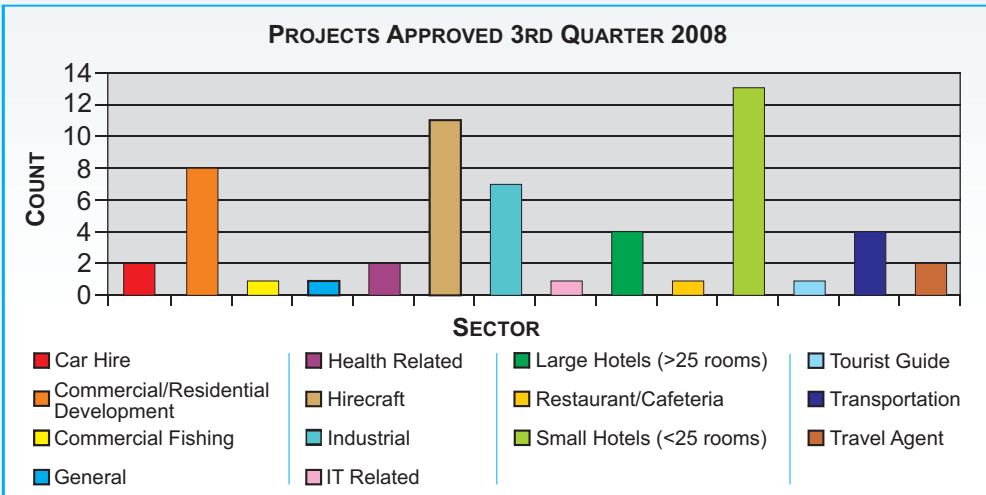
Between 1st July and 30th September 2008, SIB has approved 58 project proposals, which include tourism-related (Hire crafts, Car hire, Tourism accommodation, Tourist guide), Commercial fishing, Transportation, Commercial/ Residential development, Health-related, Industrial, Transportation, and others, representing a nominal value of SR 2,487,582,109.00

Tourism-related projects remain predominant in terms of approved projects with 34 out of the 58 approved projects. The approved tourism-related projects alone represent a nominal value of SR 856,537,990.00.

The number of projects by Seychellois investors for the third quarter of 2008 is 50 out of the total approved projects, representing a proposed investment value of SR 1,672,092,989.00, whilst the remaining 8 projects are from foreign investors at an investment value of SR 815,489,120.00. 🌀

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UPCOMING PROJECTS

ZIL PASYON

Felicite Island Development is proud to announce its newest development – *Zil Pasyon*. The Creole term for Island of Passion, *Zil Pasyon* is an array of 28 designer, hilltop residences and a 35 key luxury resort situated on Félicité Island, an undeveloped private island in Seychelles.

Set amid Seychelles' legendary natural beauty and echoing its rich blend of culture, *Zil Pasyon* has been designed by celebrated London architect Richard Hywel Evans, and will be operated by Per Aquum Resort Spa Residences. The fusion of Per Aquum's creative signature of barefoot elegance with a natural, modern design set against Félicité Island's backdrop of purest natural beauty offer, quite simply, the optimum in private island living. Each private villa will be uniquely crafted to meld into its natural surroundings, respecting Seychelles' unwavering commitment to minimal environmental impact, while unique design features, such as swimming pool ceilings, the refined interaction between light and materials and breathtaking views will conspire to redefine concepts of time, space and luxury for the 28 select residences.

Resident owners will have full privacy with secured access to residences, as well as such privileges as private helicopter landing pad, personal butler service, and dedicated concierge services. Resident owners will also have full access to

resort amenities: water sports centre, PADI diving and training centre, tennis courts, epicure, infinity swimming pools, shops, Rock Spa, gymnasium, yoga and meditation pavilions as well as the world's first Rock Wine Cave, a wine cellar nestling in a natural rock façade for hosting wine tasting sessions and private degustation dinners. Owners will also enjoy the flexibility of either whole ownership, or participation in a rental program. *Zil Pasyon* is scheduled to open its doors in 2010. 🌟

INTENDANCE BEACH RESORT & SPA – SEAWAY LTD

GLASS SAS will develop a five-star hotel with 70 suites villas at Intendance, Mahé, Seychelles.

The resort which is expected to open in 2010 will be operated by Palmerston Group. 🌟

SEYCHELLES RAFFLE RESORT & RESIDENCE

Hotel and Investment Company Kingdom Hotel Investment (KHI) is to develop a US\$137m property on the island of Praslin, Seychelles. Branded as the Raffles Seychelles, the proposed development is scheduled to open in 2010 with a 90-villa resort hotel, a spa, and 17 private residential villas, which will be for sale. 🌟

INTEGRATION POLICY FOR TOURISM

The Seychelles Tourism Board (STB) presented a new policy which has been approved by cabinet and is already in effect. The aim of the policy is to ensure locals also have a chance to fully participate and benefit so that the whole economy gains from tourism and recognises that the consumer is best served through competition.

In general, the tourism policy states that tourism operators should use the services of other service providers as much as possible with exceptions allowed for those on islands other than Mahé, Praslin and La Digue. The Integration Policy looks into minimising situations where one operator dominates the

market and limits opportunities for others to benefit. The policy statements balance out all the concerns so as to create an environment in the tourism industry in which all can benefit.

Vertical and Horizontal Integration are both addressed in the policy including the types of activities that investors in the industry are permitted to engage in. Although there are elements in the policy which are new, most of the guidelines have been in place in the tourism industry for some period of time. However, there are certain key areas that will have an impact on some investors, for example, concerning the type of activities hotels and car hires can be involved in on Praslin. 🌟



SEYCHELLES TO RESTART NEGOTIATIONS TO JOIN WTO

The Director General for Commerce in the Ministry of Finance Mr. Charles Morin, has announced that Seychelles will restart the process of joining the World Trade Organisation (WTO). The Ministry is setting up a working group comprising of representatives of the public and private sectors, the national assembly, NGOs and concerned individuals to review the process.

Mr. Morin said that Seychelles has received help from the WTO itself to train personnel from the Ministry's Trade Division to prepare for the start of the negotiation. He said that joining the WTO will bring great benefits to Seychelles and give a boost to investor confidence in the country's trade and tax regulations and protection for local business and trade. The country would also benefit from the organization's protocols and procedures.

He said that the negotiations could be long and difficult and it may take several years before Seychelles can join the 153-member group.

The application will be submitted to the WTO in a memorandum to be examined by a working party, open to all interested members, that deals with a country's application. The negotiations and consultations will take place at the WTO's headquarters in Geneva, Switzerland. ⚙

UNDP's 2007/2008 HUMAN DEVELOPMENT REPORTS

Seychelles continues to outshine its African counterparts in human development.

Ranking 50th out of 177 countries in regards to human development in the latest reports by the United Nations Development Program (UNDP), goes on to support past achievements of being ranked amongst countries with high human development.

According to the report on Human Development by UNDP for the period of 2007/2008, Seychelles was also ranked first among countries in the African region with the highest human development with an increasing HDI value of 0.843. This is followed by Libya with an increasing HDI value of 0.818 and Mauritius with also an increasing HDI value of 0.804. Tunisia, Cape Verde, Algeria, Egypt, Gabon, South Africa and São Tomé and Príncipe were ranked as countries with medium human development ⚙

OIL EXPLORATION TAX REVISED

The National Assembly unanimously approved the Seychelles Petroleum Taxation Bill 2008 which replaces the Petroleum Income Tax (PIT) Decree 1997. The decree had two parts – a petroleum income tax of 35% and a petroleum tax that brought the total tax up to 55%.

The petroleum income tax will now be fixed at 35% to bring it in line with accepted international principles and practice in the offshore oil sector. It will also put Seychelles on a par with other countries competing for oil exploration capital and thus improve the country's international competitiveness.

The petroleum surtax is replaced by the Additional Profits Tax (APT) which will be negotiated between the parties based on a several factors such as the cost of production and the price of oil on the international market. It will provide the government with a flexible economic regime that can cater for a wide range of uncertain but possibly profitable outcomes of any oil projects. ⚙

NON-LICENSABLE BUSINESSES

In line with its efforts to help the growth of the productive private sector, the Government has removed license for the following businesses:

1. Cleaning Contractor
2. Painter
3. Barber
4. Bookkeeper
5. Computer Technician
6. Debt Collector
7. Florist
8. Hire of flowers/plants
9. Jeweller
10. Repairer of non-electrical apparatus
11. Secretarial services
12. Welder
13. Operator of Recording Studio / producer of cassettes & compact discs
14. Photographer
15. Dressmaker or tailor
16. Blacksmith
17. Fishmonger



SIB INTERVIEW WITH

Dr Mohinder Singh Phogat - Chief Executive: Bank of Baroda

SIB: What is the Bank of Baroda's most important part of the business or is it just in retail banking?

BoB: Bank of Baroda is an international bank having its presence in 25 countries. It has a capital fund of USD 2.6 billion with 2900 branches and staff strength of 38000. We can provide all types of banking products; corporate banking, retail banking, lockers, export/import, trade finance, etc. Now many offshore companies are also opening accounts with us due to our fast and efficient service.

SIB: What are the most important milestones in the history of the bank?

BoB: Bank of Baroda has been a constant profit making bank during its entire history of 100 years. It is fully computerized with core banking solution provided by HP the world renowned company. It is among the best system available in the world banking. Baroda has never been subject to any scam or meltdown, it survived the depression days of 1930, when more than 2500 banks failed in USA even.

SIB: What sets the Bank of Baroda apart from its competitors?

BoB: Customer friendly and diligent staff having values and knowledge acquired during the long service of the bank. Internet banking, wherein the customer can see the statement of account, save on PC or take a print of statement online and which is up to date. Corporate customers can see their entire banking at a glance, even bank guarantees and letter of credits can be seen from the system online.

We can grant loans against the deposits with our other branches. Personalised service and fastest responses to the customers which no other bank can provide. Any customer can meet the Chief Executive without any prior appointment to discuss his banking problem and find solution. We have a product Rapid Fund2 India through which we can transfer funds online for people having accounts in India. We are the most suitable for employers having Indian workers. No other bank can be so fast and cost effective for transfer of salary to India.

SIB: What are the benefits of banking with a bank like the Bank of Baroda?

BoB: Fast and efficient service. Quick decisions. Informal style of management. Caring staff. Better rates on

deposits. Internet banking free of cost. Low charges on LC/ Bank guarantees for Corporates. Safety of funds as it is majority owned by Govt of India. International banking experience at local banking cost.

SIB: What is your opinion on investing in countries like Seychelles?

BoB: Investment opportunities in Seychelles are quite good. Particularly in tourism sector.

SIB: How do you see the future of the banking industry in Seychelles? Do you think Government is doing enough to promote this sector?

BoB: Future of Banking industry in the country is very good. One offshore bank has come recently. Competition is tough. Particularly the banks having forex revenue have the edge. Government is trying to do their best, but a lot needs to be done to bring the system at par with developed world.

SIB: If you were to make recommendations to the Government regarding the business environment, what will those be?

BoB: Reduce the tax rates. Allow all the banks to provide offshore banking to enable the offshore company to avail best banking experience. Bank may be subject to tax on income but the offshore customer should get all the benefits applicable to offshore companies irrespective of the bank, he is dealing with. Make changes in the acts to provide protection to the investors. Amend the acts to provide protection to banks lending in forex to enable them to sell the security in forex without any permission as long as KYC/AML guidelines are complied. Foreign Banks/financial institutions be given equal rights to protect their interest in terms of execution of security and repatriation of funds lent in the country without any condition. Allow purchase and sale of property in USD/EUR/GBP particularly where bank finance is involved without specific permission of the Govt.

SIB: What are the plans for the bank's future? Where do you see your bank in five years?

BoB: ATM / POS will be installed. Transaction based internet banking. Collection of utility bills online. Expand the branch network to Praslin and La Digue. Baroda will be a leading player in the country to provide best of class banking experience. 🌟



SEYCHELLES MUTUAL FUNDS ACT UPDATED

Seeking to build on the success of the financial services industry, the Seychelles' Mutual Fund Act has been redrafted to plug gaps in the previous legislation as well as to allow local financial service providers to tap into the multi-trillion dollar mutual funds industry.

The redraft has been undertaken with a view to enable firms in the financial services sector to offer services to mutual funds investors, which combine the assets of many investors in order to create larger funds for investment in stock exchanges, money markets and other investment opportunities.

The original legislation came into force in 1997 when the whole of Seychelles' financial services sector was in its infancy.

The global mutual funds industry was estimated to be worth USD26.2 trillion by the end of 2007, surpassing any other offshore business structure and growing at an average of one trillion US dollars per year.

The newly drafted legislation is also intended to bolster banking and legal services necessary for mutual fund operations. ⚙

BMI OFFSHORE BANK BEGINS OPERATIONS IN SEYCHELLES

In July 2008, BMI Offshore Bank (BMIO) officially launched its offshore banking operations in Seychelles.

BMIO, is a joint venture between Bahrain-based BMI Bank and locally incorporated Nouvobanq. Managed by BMI Bank, the business will engage in offshore banking and private banking services as well as provide access to trust and investment services for both corporate and private customers residing abroad.

BMIO will initially offer transactional banking from current and call accounts, deposits and investment on varying terms and internet banking facilities. New products that will be introduced at a later stage include Debit and Credit cards, loan financing, trust business and a range of other investment products.

BMIO received its licence to operate from the Central Bank of Seychelles in March 2008. ⚙

NEW COMPLEX FOR VICTORIA WATERFRONT

Victoria waterfront is to be developed into a new housing, leisure, housing and shopping area for Seychellois as well as tourists to enjoy.

A contract was signed in July 2008, between Seychelles and international developer Nibras Investments to build a combination of hotels, food courts, apartments and shops, plus facilities for boating and entertainment.

The agreement came at the end of talks following the process of tendering, analyzing bids, and designating the site for development.

The project, which is expected to take between three and four years to complete, will result in significant inward investment and opportunities for local jobs to be created.

Nibras Investment will develop the project, while Seychelles, with a 25% equity stake, will take part in both planning and running the development. ⚙

NEW GOP PROCEDURES FOR THE TOURISM SECTOR

Following various consultations, the Government has decided to streamline the procedure in place with a view of making the process of granting Gainful Occupation Permits more efficient and also have a timely decision on such applications.

As of 1st August 2008, all applications for Gainful Occupation Permits under the Tourism Incentives Act (TIA) are to be submitted directly to Immigration Division for processing.

In order to speed up the process of these applications, it is required that all applications are completed fully and accompanied by the person's CV supported by the relevant certificates and other supporting documents such as an up-to-date staff list of the establishment with post titles and National Identity Number (NIN), valid TIA certificate, process and GOP fees and medical certificate of the applicant that have been endorsed by the Environmental Health Section of the Ministry of Health. ⚙



NEW FUEL INCENTIVE SCHEME FOR FISHERMEN

The Government has announced the review of fuel incentives which it provided to the fisheries sector. The objectives are to have a more financially sustainable system; eliminate abuse within the voucher scheme and ensure responsible fishing practice in the sector.

The new policy is that all registered boat owners fully engaged in fishing will pay CIF (cost, insurance and freight) plus handling fees, but not Trades and GST (Goods and Services). This will also bring on par the fisheries sector with other sectors, with no subsidy on the landed cost of fuel. The Fisheries Incentive Act will be reviewed accordingly.

The Government has also decided that no tax concession on fuel will be given to boat owners, targeting the high value fisheries, that is sharks finning and sea cucumber.

As of 1st October 2008, a new refund system will be introduced whereby all registered boat owners will purchase fuel at full retail price (at the designated petrol stations as will be determined by SFA) and be refunded the taxes (Trades Tax and Tax and GST) thereafter.

All registered boat owners will be issued with a simple logbook to record their fishing trips, catches and amount of fuel bought, together with the corresponding receipts received when they purchased the fuel. All these documents will have to be handed over to the SFA.

The Government will also provide each and every registered boat owner (except those engaged in shark finning and sea cucumber activities) an advanced working capital based on their fuel consumption as determined by the authorities. These cash advances will be refundable over a period of one year, with an agreed sum being deducted each month from the refunded GST and Trades Tax. A special unit will be set up to manage the new system.

The SFA will undertake a review of all fuel allocations being provided to boat owners. A maximum will be set and any increased will be need to be justified with evidence of fishing activities and consumption. To complement these measures, all fishing vessels will be fitted with a

vessel monitoring system (VMS) with a safety at sea alert by the end of the year. New regulations governing the VMS will be introduced as many owners now fail to keep their actives, and fuel refunds will not be given to those who fail to activate their VMS. ❁

MARKETING MEETING FOR MAIN STAKEHOLDER IN TOURISM

The Seychelles Tourism Board and key trade partners geared up for a mid-year marketing meeting from 29th to 30th August 2008 at Labriz Silhouette. This was the first time such a meeting is held by STB. This meeting allowed STB and its trade partners to assess Seychelles' Tourism Industry on the international market for the past months.

The marketing meeting was attended by delegates from the airlines, large and small hotels, the Destination Management companies, Seychelles Hospitality & Tourism Association (SHTA) and government representatives. ❁

PROCESSING SEAFOOD: A NEW INVESTMENT FOR SEYCHELLES

As part of its 2017 Strategy the Government plans to develop Seychelles' seafood products to help build up the processing companies operating in Seychelles and potential national investors for the creation of new processing companies. The project which has been handed in to the Government for approval will be funded under the Centre for Development of Enterprise (CDE).

CDE is an ACP/EU joint institution created in the framework of the Contonou Agreement. Its objective is to ensure that the development of professional ACP enterprises operating in the private sector.

The project if approved will be implemented in two phases: phase one will correspond to the pilot production and markets trials. Phase two corresponds to the commercial phases which are mainly investment and production. ❁



SEYCHELLES READMITTED INTO SADC

President James A. Michel headed a high level delegation to the 28th South African Development Community (SADC) Heads of States and Government Ordinary Summit which took place on August 16-17 in Johannesburg, South Africa.

The main highlights of the this year's Summit were the readmission of Seychelles into SADC; the official launching of the SADC Free Trade Area (FTA); the political situation in Zimbabwe; regional economic integration issues.


SADC is a regional organization which now comprises of 15 member states from the Southern African region.

Seychelles joined SADC in September 1997 and in June 2003 due to financial and human resource constraints the country was forced to withdraw from the regional organization.

In 2006, with a more proactive diplomatic policy, an improved economic environment and following an in depth analysis of the potential benefits of re-joining SADC, Seychelles expressed its willingness to re-join the development community.

It was felt that with Seychelles sharing historical, cultural, economic and geographical affinities with the countries in the region, the country's membership would complement the organization and thus help to strengthen and boost political and socio-economic cooperation in the region.

On Saturday 16th August, the Johannesburg SADC Summit unanimously approved Seychelles re-admission into the community.

President Michel expressed his gratitude to SADC and said that Seychelles' re-admission into SADC would widen mutual trade and investment opportunities. 

INTERNATIONAL AGREEMENT *Updates*

DOUBLE TAXATION AGREEMENT (DTA)

DTA agreement concluded by Seychelles	China, South Africa, Barbados, Indonesia, Thailand, Oman, Zimbabwe, Malaysia, Vietnam, Botswana, Mauritius, Belgium, Cyprus, Qatar, Kuwait, UAE
Negotiations concluded awaiting date for signature	Egypt, Bahrain, Namibia, Zambia
Continuation of negotiations - Second round	Czech Republic, Tunisia, Russia, Lesotho
First round of negotiations	Philippines, Malta, Burundi, Ivory Coast, Morocco, Uganda, Israel, Portugal, Turkey, Kenya, Spain, Pakistan, Jamaica
Request for DTA negotiations	Tanzania, India, Sweden, COMESA/SADC member states, Brazil, Greece, Netherlands, Poland, Japan, Mexico, Slovak Republic, Malawi, Germany, Maldives, Saudi Arabia, New Zealand, Italy, Singapore, Korea, France, UK, Cuba, Sri Lanka, Denmark, Australia, Ireland, South Korea, Bahamas



INTERNATIONAL RELATIONS: FOREIGN AMBASSADORS ACCREDITED

COUNTRY	NAME	BASE	ACCREDITATION DATE
SOUTH AFRICA	H.E. Mr. Mudumane Matabane	Mauritius	15 / 07 / 2008
TUNISIA	H.E. Mr. Hatem Atallah	Ethiopia	15 / 07 / 2008
CZECH REPUBLIC	H.E. Mrs. Margita Fuchsova	Kenya	23 / 07 / 2008
BRAZIL	H.E. Mr. Antonio J.M. de Souza Silva	Mozambique	16 / 09 / 2008

MINISTER FAURE REPRESENTS SEYCHELLES IN FIRST AFRICA-TURKEY SUMMIT

The first Africa-Turkey Cooperation Summit was held in Istanbul in August 2008. In attendance were Heads of States and Heads of Governments from over 50 African countries, as well as international observers from various international organizations such as the UN, AU, IGAD and the Arab League.

Seychelles was represented at the Summit by the Designated Minister and Minister for Finance, Mr. Danny Faure. The Summit itself was preceded by the meeting of senior officials and Minister for Foreign Affairs. The main initiative of the Summit was to come up with a common action plan so as to shape the Africa-Turkey relationship in a more sustainable manner. The outcome of the Summit was captured in “The Istanbul Declaration on Africa-Turkey Partnership” and its annex the “Framework

of Cooperation for Africa-Turkey Partnership”.

The latter outlines the nine areas which shall serve as the basis for cooperation. They are Intergovernmental cooperation, trade and investment agriculture, SMEs, water resources management, health, peace and security, infrastructure, energy and transport, culture tourism and education, media and information and communication technology, environment.

In addition to participating in the Summit the Seychelles delegations took the opportunity to hold bilateral talks with other leaders from the African countries and members of the Turkish Governments. Minister Faure also had the opportunity to have a *tête a tête* with H.E. Abdullah Gül, President of the Republic of Turkey. Their discussion focused mainly on ways to enhance cooperation between the two countries. 🌐

SEYCHELLES-MAURITIUS COMMISSION ON BILATERAL COOPERATION

The Minister of Foreign Affairs, Mr. Patrick Pillay headed a 4-strong delegation to the Eight Session of the Seychelles-Mauritius Commission on Bilateral Cooperation (CBC), held in July 2008 in Mauritius.

The members of the 2 delegations held the meeting in order to review the cooperation programme and discuss new avenues for future partnership between Seychelles and Mauritius.

Both governments have agreed to support each other and strengthen cooperation in order to boost bilateral relations. Specific areas in which both parties have agreed to work together include Aid for Trade and Economic Partnership Agreement. Both sides agreed that a strategic partnership between the two countries could be facilitated by the networks

the countries are building including the EPA and the Regional Multidisciplinary Centre for Excellence.

Other key issues discussed included the proposed Regulation by the European Commission to fight illegal, unreported and unregulated (IUU) fishing. Both parties agreed that the implementation of such a regulation could adversely affect the fisheries sector of the two countries. In this respect, it was agreed to pursue, in a regional context and in particular under the aegis of the Indian Ocean Commission (IOC), discussions on ways and means to strengthen surveillance and fight IUU fishing.

The Minister also took the opportunity to hold a bilateral meeting with Dr. Rama Krishna Sithanen during which they discussed issues of mutual concerns and interest. 🌐

