

INTERNATIONAL MONETARY FUND



Staff Country Reports

June 1996

IMF Staff Country Report No. 96/46

Seychelles—Recent Economic Developments

This report on recent economic developments in Seychelles was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with this member country. As such, the views expressed in this document are those of the staff team and do not necessarily reflect the views of the Government of Seychelles or the Executive Board of the IMF.

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INTERNATIONAL MONETARY FUND

SEYCHELLES

Recent Economic Developments

Prepared by a staff mission consisting of
Messrs. Cyril Enweze (Head), El Tigani Ibrahim,
and Gamal El-Masry (all AFR)

Approved by the African Department

January 24, 1996

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SEYCHELLES - Basic Data

Area, population, and GDP per capita

Area:	455.3 square kilometers
Population: Total (mid-1994)	73,850
Average Growth rate (1985-93)	0.9 percent per annum
GDP per capita (1992)	SDR 4,615
Currency: Seychelles rupee (SR)	SR 7.2345 = SDR 1

National accounts

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
					Prov.

(In millions of Seychelles rupees)

GDP at current market prices	1,967.1	1,980.1	2,221.2	2,419.2	2,465.4
------------------------------	---------	---------	---------	---------	---------

(Annual percentage changes)

GDP at current prices	14.3	0.7	12.2	8.9	1.9
GDP in constant 1986 prices	7.5	2.7	6.9	5.1	-1.6

Price (annual change)

Retail price index (average)	3.9	2.0	3.2	1.3	1.8
GDP deflator	6.4	-2.0	5.0	3.6	3.6

Tourism

(In thousands)

Visitor arrivals	103.8	90.1	98.6	116.2	109.9
Nights spent	1,048	945	1,005	1,115	1,110

<u>Employment</u> (formal)	23.5	24.0	24.5	25.2	25.2
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Money and credit

(Changes as percent of broad money stock at beginning of period)

Broad money (M2)	14.4	11.5	13.2	21.0	16.9
Domestic credit	12.4	12.3	14.6	23.7	19.7
Claims on government (net)	10.6	8.2	14.1	19.2	13.0
Claims on public entities	0.2	2.3	-0.5	2.9	3.4
Claims on private sector	1.6	1.8	0.9	1.6	3.3
Net foreign assets	5.6	11.2	2.2	0.6	-3.8

Consolidated government operations

(In millions of Seychelles rupees)

Revenue and grants	<u>975.0</u>	<u>905.7</u>	<u>1,016.8</u>	<u>1,132.1</u>	<u>1,112.2</u>
Revenue	938.2	875.5	988.1	1,094.0	1,093.6
Grants	36.8	80.2	28.7	38.1	18.6

SEYCHELLES - Basic Data (concluded)

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
Expenditure and net lending	<u>971.3</u>	<u>1,002.8</u>	<u>1,145.3</u>	<u>1,328.4</u>	<u>1,220.3</u>
Current expenditure	744.6	777.1	920.2	1,021.4	1,011.2
Capital expenditure	161.5	256.3	209.3	271.4	183.6
Net lending	65.2	-30.6	15.8	35.6	25.5
Arrears, net (reduction -)	--	--	--	--	--
Overall deficit (-)	<u>-3.7</u>	<u>-97.1</u>	<u>-128.5</u>	<u>-196.3</u>	<u>-108.1</u>
Financing					
External (net)	-35.8	61.0	-33.0	19.9	-34.5
Domestic (net)	32.1	36.1	161.5	176.4	142.6
<u>Balance of payments</u>	<u>(In millions of SDRs)</u>				
Trade balance	<u>-95.8</u>	<u>-93.0</u>	<u>-101.0</u>	<u>-129.3</u>	<u>-103.4</u>
Exports, f.o.b.	20.6	13.7	13.9	15.8	18.8
Imports, f.o.b.	116.5	106.7	114.9	145.1	122.2
Services and income, net	<u>75.9</u>	<u>79.8</u>	<u>88.1</u>	<u>92.9</u>	<u>89.5</u>
Receipts	171.5	174.7	181.0	191.9	169.0
Payments	95.5	94.9	92.9	99.0	79.5
Unrequited transfers, net	<u>23.4</u>	<u>15.9</u>	<u>14.9</u>	<u>22.9</u>	<u>6.3</u>
Private, net	-1.9	-1.8	-2.0	-4.1	-4.9
Official, net	25.3	17.7	16.9	27.0	11.2
Long-term capital, net	<u>10.9</u>	<u>22.8</u>	<u>6.8</u>	<u>27.9</u>	<u>16.9</u>
Other and discrepancy	<u>-11.4</u>	<u>-24.4</u>	<u>-12.3</u>	<u>-21.6</u>	<u>-17.1</u>
Overall balance	<u>3.0</u>	<u>1.1</u>	<u>-3.4</u>	<u>-7.2</u>	<u>-7.8</u>
Official reserves (year-end)					
Gross reserves	11.7	19.2	21.9	25.0	21.2
(Weeks of imports)	(4.4)	(8.0)	(8.4)	(7.6)	(7.6)
Government external debt outstanding, year-end <u>1/</u>	87.4	98.1	93.5	102.9	98.2
Debt service ratio (percent) <u>2/</u>	(12.0)	(10.3)	(8.3)	(8.3)	(11.0)

1/ No Fund credit outstanding.

2/ Interest, service charges, and repayments as percentage of exports of goods and services, excluding re-exports and bunker sales. Includes interest on recorded short-term debt.

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I. Production, Wages, and Prices

1. Introduction

Seychelles is a small island economy with a land area covering about 455.3 sq km. Seychelles' total population in 1994 was around 74,000 people. Victoria, the capital city, with a population of some 23,000 people, is located on Mahé Island, which is by far the largest (152.5 sq km) and most populated (about 59,000 people) of the islands. Seychelles enjoys one of the highest per capita income among developing countries estimated in 1994 to be around SDR 4,615. There is little evidence of poverty and illiteracy, and life expectancy at birth is about 74 years. Population growth, which in the period 1985-92 averaged around 0.8 percent, has increased during 1993 and 1994 to a little over 2 percent annually, in part as a result of net immigration during those two years (Table 1).

2. Overall developments

After growing in 1992 and 1993 by 6.9 percent and 5.1 percent, respectively, real GDP contracted in 1994 by an estimated 1.6 percent, mainly as a result of a sharp decline in tourist receipts and a poor performance in the fishing sector. The annual rate of inflation as measured by the retail price index remained subdued at around 1.6 percent during 1993-94, as compared to about 2.6 percent during the preceding two years (Chart 1). It is worth noting, however, that the retail price index, which is only calculated for low income groups, includes a wide range of administered prices (see below).

The largest activity in the economy in 1994 was distribution and freight, which provided about 17 percent of value added. It was followed by government services and tourism, each accounting for about 13-14 percent of GDP. Other important sectors include manufacturing (11 percent of GDP); building and construction (8 percent of GDP); banking and insurance (5 percent of GDP); and agriculture, forestry, and fishing (4 percent of GDP) (Appendix II, Tables II and V).

With almost 60 percent of the work force employed in the public sector (Appendix II, Table VII), the Government and state-owned enterprises dominate the economy. However, consistent with the President's speech to the newly elected National Assembly in 1993 outlining his Government's policies, particularly in the economic domain, the role of the public sector has steadily declined while that of the private sector has increased. Important privatizations, notably in the hotel and tourism industries, have reduced employment in parastatals by 1,000 workers between 1992 and 1994. During the same period, employment in the private sector rose by almost 2,000 persons. As a result, between 1992 and 1994, the parastatals' share of the labor force declined by 4.6 percentage points from 25.3 percent to 20.7 percent, while that of the private sector increased by about 4.4 percentage points from 37.3 percent to 41.7 percent. Meanwhile, the Government's share of employment during 1992-94 remained largely unchanged

Table 1. Seychelles: Gross Domestic Product, Deflator, Population, and Per Capita GDP, 1990-94

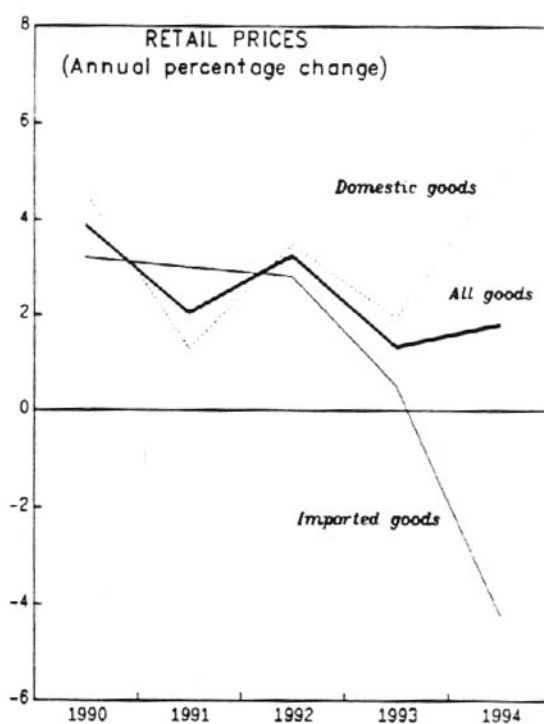
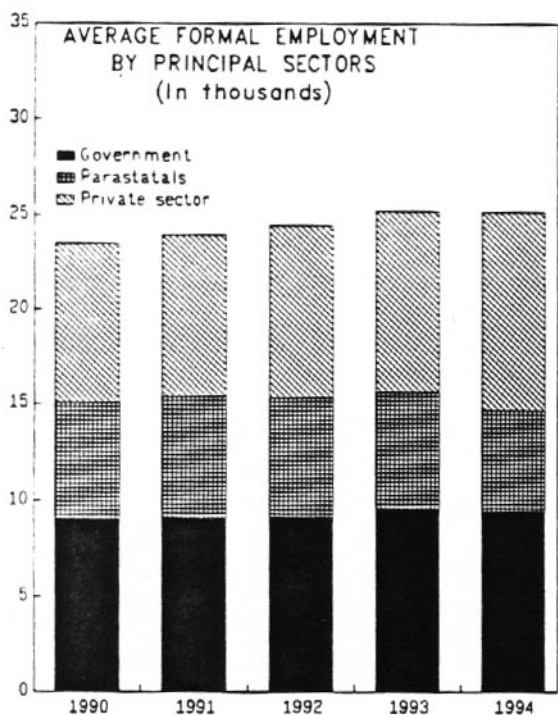
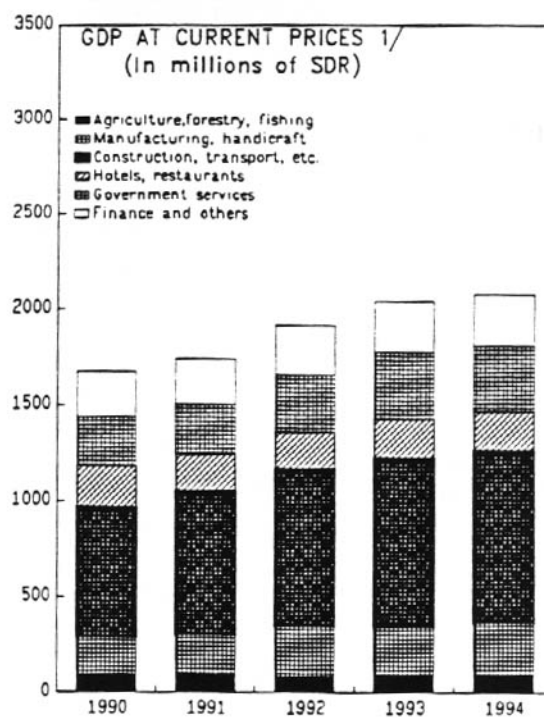
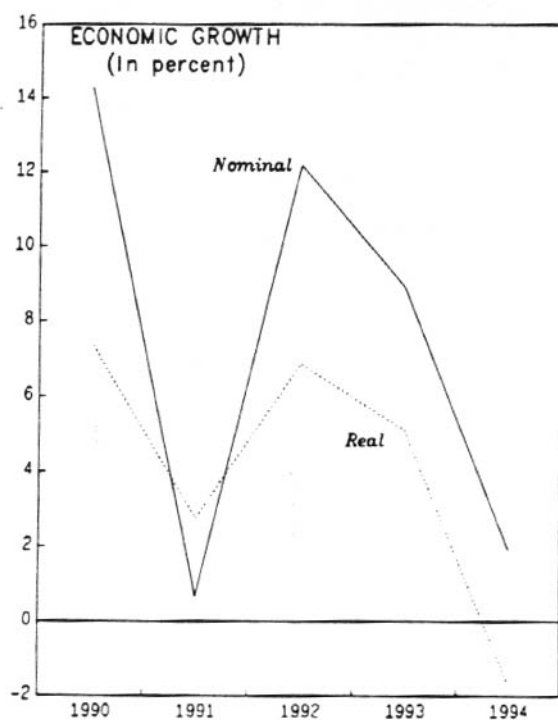
	<u>GDP at market prices</u>		GDP deflator	Population (midyear)	<u>GDP per capita</u>	
	Constant 1986 prices	Current prices			Constant 1986 prices	Current prices
	(In millions of SRs)		(1986=100)		(In SRs)	(In SDRs)
1990	1,680.7	1,967.1	117.0	69,507.0	24,180.3	3,911.9
1991	1,726.8	1,980.1	114.7	70,439.0	24,514.8	3,885.7
1992	1,845.3	2,221.2	120.4	70,763.0	26,077.2	4,338.8
1993	1,939.6	2,419.2	124.7	72,253.0	26,844.6	4,628.1
1994 ^{1/}	1,907.6	2,465.4	129.2	73,850.0	25,830.7	4,614.5
(Annual change in percent)						
1990	7.5	14.3	6.4	0.5	6.9	13.7
1991	2.7	0.7	-2.0	1.3	1.4	-0.7
1992	6.9	12.2	5.0	0.5	6.4	11.7
1993	5.1	8.9	3.6	2.1	2.9	6.7
1994	-1.6	1.9	3.6	2.2	-3.8	-0.3

Source: Management and Information Systems Division (MISD).

^{1/} MISD, Central Bank of Seychelles (CBS), and staff estimates.

CHART 1

SEYCHELLES
GDP, EMPLOYMENT, AND PRICES, 1990-94



1/ Before adjustments for interest payments and import duties.

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at 37-38 percent (Appendix II, Table VII). Preliminary figures for 1995 suggest a basic continuation of this trend. However, job creation in the private sector does not appear to be as buoyant in 1995 as in 1994.

Gross capital formation rose sharply, by some 40 percent in 1993, as compared to 1992, reaching an historic peak of SR 651.2 million (28.8 percent of GDP) and reflecting a high level of activity in the construction sector in preparation for the Indian Ocean Games, which were held in August 1993 (Appendix II, Table III). Private investment rose in 1993 by 48.3 percent to SR 379.8 million and remained relatively high in 1994. By contrast public investment, which in 1993 grew by 29.7 percent, fell sharply in 1994 to its lowest level since 1990, as a result of budgetary cutbacks in capital expenditure.

Total consumption also increased in 1993 reaching a high of 82.2 percent of GDP, but declined in 1994 to 76.6 percent of GDP. Thus, the average total consumption in the two-year period 1993-94 remained practically unchanged at about 79.4 percent of GDP, as compared to 79 percent during the period 1991-92. Mirroring developments in total consumption, gross domestic savings deteriorated significantly in 1993 to 17.8 percent of GDP, thus resulting in a wide savings-investment gap of 11 percent of GDP for that year. This trend was, however, reversed in 1994 when gross domestic savings rebounded to over 23 percent of GDP. With investment activity significantly reduced, the savings-investment gap was eliminated and a small surplus of 0.2 percent of GDP was recorded. ^{1/}

3. Tourism

Tourism continues to be the main sector of the Seychelles economy, even though an assessment of its true contribution is complicated by statistical deficiencies. Receipts from tourism (i.e., travel, including air transportation), account for some 70-75 percent of Seychelles' total foreign exchange earnings from goods and services. However, tourism receipts, as officially recorded by the banking system, have shown a sharp decline over the past three years, reflecting growing leakage of foreign exchange earnings into the parallel market (see below). As a result, officially recorded value added in the tourism sector has sharply declined from an average of about 18 percent of GDP during 1991-92 to around 13.3 percent of GDP during 1993-94 (Appendix II, Table V). Among the major subsectors of the tourism industry, air transport has performed very poorly during 1993-94, averaging a net value added of SR 20.8 million, or 0.85 percent of GDP, compared to about SR 75.2 million, or 3.5 percent of GDP during the preceding two years. Recorded earnings of tour operators also declined

^{1/} It must be noted, however, that, in addition to their well-known deficiencies, these observations are based on preliminary staff estimates, particularly for 1994. Reliable data for national accounts and external trade for 1994 are not expected to be released by the Seychelles authorities before June 1996.

sharply from an average of about SR 46 million (2.1 percent of GDP) during 1991-92 to an average of about SR 26.5 million (1.1 percent of GDP) during 1993-94. While value added in hotels and restaurants, as well as in handicrafts, has remained more or less stable in rupee terms since 1990, it has steadily declined when measured as a percent of GDP. On the other hand, value added in road transportation and communications (both of which are among the smallest contributors to value added in the tourism sector) has increased marginally in the 1990s, both in rupee terms and as a percentage of GDP.

In 1993, largely in connection with the Indian Ocean Games, visitor arrivals peaked at over 116,200 foreign tourists (Table 2). Even though the average number of nights per tourist dropped from around 10.2 during 1990-92 to 9.6 in 1993, Seychelles still recorded an all-time record of 1.115 million tourist nights in 1993. While tourist arrivals in 1994 dropped by about 5.4 percent to around 109,900, the average number of nights recovered to 10.1 (up 5.3 percent over 1993). As a result, the total nights spent in the country in 1994 declined only marginally. Tourism statistics for the nine months ending September 1995 suggest that visitor arrivals have increased by more than 9 percent over the same period in 1994, while average nights spent appear to have declined to about 9.5. ^{1/}

Europe remains the main tourist market for travel to Seychelles (Appendix II, Table VI). Within Europe, the major markets continue to be France, Germany, Italy, and the U.K.. However, there have been some shifts in relative importance of these markets over the past few years. While France remains the most important market for Seychelles' tourism, increasing its share from 19.3 percent of total visitor arrivals during 1991-92 to 21.6 percent during 1993-94, Germany has displaced the U.K. to become the second most important tourism market, increasing its share from 11.8 percent of total visitor arrival in 1991-92 to 17.3 percent in 1993-94. The Italian market has continued its downward trend from an average of around 19.1 percent of visitor arrivals during 1991-92 to only 11.7 percent during 1993-94. Both the U.K. and Italian markets have been affected by the depreciation of their currencies vis-à-vis the SDR to which the Seychelles rupee is pegged. In the first three quarters of 1995 a noticeable growth has occurred in the Asian market, reflecting some initial success in the authorities' strategy of diversifying the tourist market into this region, in light of the recent sale of three state-owned hotels to the Malaysian Berjaya Group and the increase in weekly flights by Air Seychelles to Singapore.

The most significant development in the tourist industry since 1993 has been the sharp decline in per diem expenses of tourists as reported in the

^{1/} The unexpected boost in tourist arrivals in the second half of 1995 has been attributed in part to the particularly active hurricane season in the Caribbean and nuclear testing in the South Pacific by a major European country.

Table 2. Seychelles: Tourism Statistics, 1990-95

	1990	1991	1992	1993	1994	1994 Jan.-Sept.	1995
Visitor arrivals							
Number (thousands)	103.8	90.1	98.6	116.2	109.9	79.4	86.9
Percent change	(20.6)	(-13.2)	(9.4)	(17.8)	(-5.4)	(...)	(9.4)
Nights spent							
Thousands	1,048.0	945.0	1,005.2	1,115.0	1,110.0	817.0	825.5
Percent change	(13.8)	(-9.8)	(6.4)	(10.9)	(-0.4)	(...)	(1.0)
Average length of stay in nights	10.1	10.5	10.2	9.6	10.1	10.3	9.5
Value added in tourism (SR millions, current prices)	333.2	365.1	387.0	325.3	322.8	...	...
Tourism receipts ^{1/}							
Total (SR millions)	646	526	600	607	510	396	337
Per arrival (SR)	6,221	5,838	6,085	5,224	4,641	4,987	3,878
Per night (SR)	616	557	597	544	459	485	408
Purpose (percent of arrivals)							
Holiday	89.6	92.0	86.9	80.0	84.4	85.6	77.5
Business	4.1	5.1	7.7	8.4	8.2	8.5	8.8
Transit and other	6.3	3.4	5.4	11.5	7.4	5.9	13.7
Residency (percent of arrivals)							
Europe	78.3	71.7	80.4	80.9	81.5	82.2	78.0
Africa	15.3	20.9	12.4	11.6	10.0	9.8	11.2
Other	6.4	7.4	7.2	7.5	8.5	7.9	10.8
Beds available (average number)	3,590	3,680	3,880	3,960	4,240	4,238	4,343
Bed occupancy rate (percent)	67.0	56.0	55.0	57.0	54.0	54.0	51.0
Cruise ship passengers (number) ^{2/}	7,564	7,618	8,683	9,594	9,897	6,822	6,002

Source: Management & Information Systems Division (MISD) (Migration and Tourism Statistics and Statistical Bulletins, Statistical Abstracts, and updates thereto).

^{1/} Commercial bank purchases of foreign exchange from tourism sector (Central Bank). Unadjusted figures, which include purchases from residents and sales to visitors returning home.

^{2/} Not included as visitors.

foreign exchange transactions of commercial banks. Per diem expenses reached a high of almost SR 600 in 1992, resulting in total tourism receipts of about SR 600 million. Official per diem expenses have steadily dropped ever since to SR 544 in 1993, SR 460 in 1994, and SR 408 for the first three quarters of 1995. The result has been a sharp decline in tourism earnings. While tourist nights were almost unchanged in 1994 as compared to 1993, total tourism receipts dropped almost 16 percent from SR 607 million in 1993 to SR 510 million in 1994 (Table 2). This trend has continued in 1995. While total nights for the period of January to September 1995 has increased by just under 1 percent over the same period in 1994, tourism receipts continued to decline by more than 15 percent from SR 396 million to SR 337 million for the first three quarters of 1994 and 1993, respectively. The most important reason for the sharp drop in per diem expenses and thus total earnings as recorded by the banking sector is the increasingly active parallel market for foreign exchange, where tourists have been exchanging their foreign currency at a premium of up to 25 percent.

In line with the Government's strategic decision, taken in the early 1990s, to liberalize and privatize the hotel and tourism sector, major steps have been taken over the past few years. 1/ As a first step, the state-owned Compagnie Seychelloise de Promotion Hôtelière, Ltd. (COSPROH) was reorganized into a holding company comprising some 14 subsidiaries, with each subsidiary owning one hotel. The second stage was for COSPROH to withdraw from the management of large and less profitable hotels by offering them on long-term lease contracts to private hotel management companies. Thus, in 1992, Le Méridien Hotels acquired the management of Fisherman's Cove (48 rooms) and the Barbaron Beach (122 rooms) Hotels on Mahé Island. Similarly, the Reef Hotel (150 rooms), the Côte d'Or Lodge (38 rooms), and the Northolme Hotel (19 rooms) were leased out to local and foreign private hotel management companies.

In 1993, COSPROH embarked on the third stage of liberalization by putting up for sale on the international market three large hotels, namely the Mahé Beach Hotel (173 rooms), the Beau Vallon Beach Hotel (183 rooms), and the Praslin Beach Hotel (77 rooms). The Malaysian Berjaya Hotels Group acquired 100 percent of the equity of the Mahé Beach and Beau Vallon Beach Hotels, and 20 percent of the Praslin Beach Hotel for a total of US\$31 million. 2/ The latter also came under the management of the Berjaya Group, which has retained the option to acquire the remaining 80 percent share within two years. More recently, the sale of a smaller hotel, the Flying Dutchman (13 rooms) on Praslin Island was finalized on September 30, 1995 for about US\$1.27 million. Since the early 1990s, COSPROH has thus reduced its holdings of the total hotel rooms' capacity in Seychelles from some 60 percent to around 20 percent.

1/ See also SM/93/227.

2/ While an initial payment of US\$3.1 million was made in 1993, it was only in 1995 that final payments were effected and title deeds and other legal documents exchanged.

The privatization of the hotel sector is an integral part of the Government's new five-year Tourism Plan, which was drawn up with the view to gradually increase tourist arrivals to a maximum of 250,000 visitors per year. 1/ To this end, the Tourist Promotion Board, comprising 17 members (8 of whom are from the private sector, including representatives from hotels, tour operators, car hires, etc.), was established in January 1995. The Board's first objective is to launch a new image for Seychelles to target not only the high- but also the middle-income segment of the tourist market. The new marketing image is expected to be launched at the international travel fair in Berlin in March 1996.

In order to achieve the goal of approximately doubling the annual number of tourist arrivals, the Government is encouraging the construction of new hotel facilities as well as the expansion of existing operations. 2/ Thus, under the Investment Promotion Act (IPA) of 1994, a wide range of tax concessions are granted to "Tourism Development Activities," including a planned Golf Resort and a new yacht Marina Complex on Mahé Island. The IPA also encourages the employment of expatriates in the tourism facilities to alleviate the scarcity of skilled labor in this sector. Meanwhile, bed capacity has continued to increase from an average of 3,960 beds in 1993, to 4,240 in 1994, and 4,343 in the first three quarters of 1995. However, since total nights spent by tourists in Seychelles has remained more or less constant during 1993-95, the average bed occupancy rate has steadily declined from 57 percent in 1993 to about 51 percent for the first three quarters of 1995 (Table 2 and Chart 2).

Air Seychelles faces serious financial problems. Since 1992, the airline has not posted any profits, and consequently, it has not yet been able to repay a SR 10 million loan it received from the Government in 1993. Furthermore, following another disappointing financial year in 1995, the national carrier is seeking an immediate cash injection of working capital to ensure that it remains in operation. In addition to considering a partnership between Air Seychelles and a foreign air carrier, the authorities have brought in a new management team in 1995 with a clear mandate to turn the airline's fortune around. One of the objectives of the new management will be to rid Air Seychelles of one of its two leased jetliners, the Boeing 757, and to replace it by November 1996 with a second Boeing 767, now considered by the authorities to be more suitable for the airline's long-haul flights, both in terms of larger passenger as well as cargo capacity needs. Air Seychelles has recently expanded its operations to include a weekly flight to Tel Aviv, and, starting in end-January 1996, it plans to fly once a week directly to Manchester, which has established itself as a major airport for long-distance leisure travel.

1/ The authorities are reportedly mindful of the environmental and infra-structural implications of mass tourism and consider the new limits to be viable and sustainable.

2/ Consistent with the new target of increasing tourist volumes, the authorities have raised the ceiling for hotel beds to 5,775.

4. Fishing

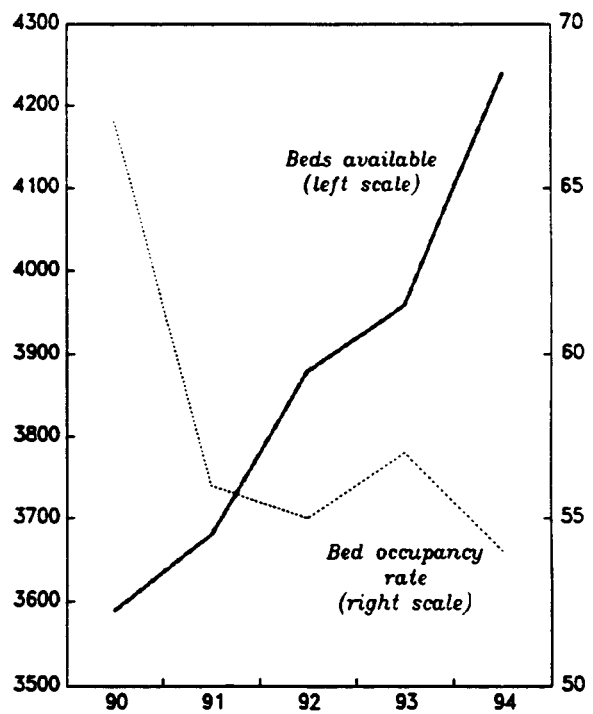
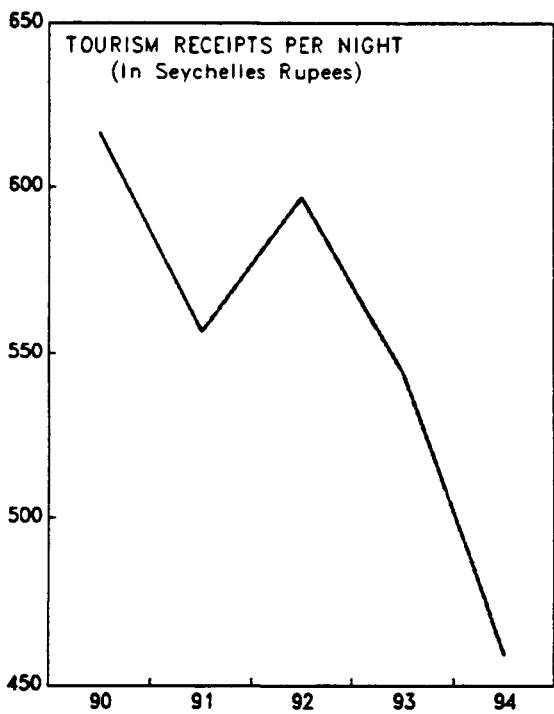
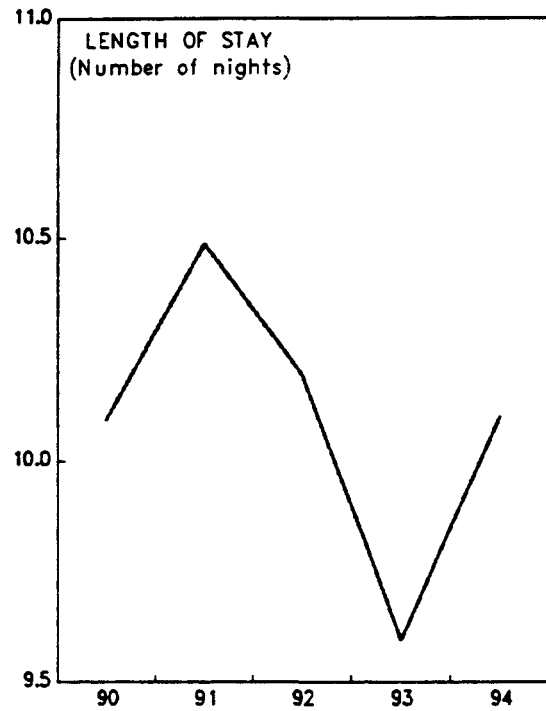
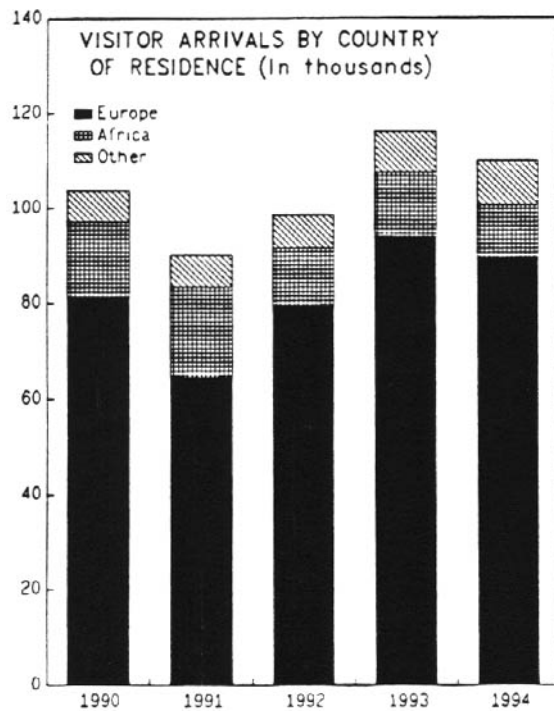
Maritime activities represent the second main economic activity in the Seychelles economy, providing considerable opportunities for expansion and diversification. In addition to substantial earnings from fishing licenses and port fees, fish products account for some 80-85 percent of domestic exports (Table 11). Artisanal fishing continues to suffer from a lack of manpower, and subsequently it has performed poorly during 1993 and 1994. After averaging some 5,750 tons in 1991 and 1992, landed fish fell by some 6 percent, to about 5,450 tons in 1993. Fish catch in 1994 was even more disappointing, dropping by a further 19 percent to some 4,430 tons (Table 3). Meanwhile, domestic demand for fish has been quite strong, resulting in significant price increases for fish, to an average of around 11.1 percent annually in 1993 and 1994 as compared to an average of only 3.7 percent during 1991-92 (Table 4).

Developments in industrial fishing have been mixed during 1993 and 1994. While the total number of fishing boats operating in Seychelles waters increased in 1994, the number of vessels that generate the most revenue, namely purse seiners, declined from 51 to 48. This was mainly due to the withdrawal of the Japanese fishing fleet from the western Indian Ocean. Consequently, the Seychelles Fishing Authority (SFA), which is responsible for managing and developing the country's marine resources, experienced a 3 percent decline in revenue, including license fees and port charges, amounting to SR 92.6 million in 1994. Following an increase of some 15 percent to some 189,000 tons in 1993, fish transshipped at Port Victoria dropped to 171,000 tons in 1994. In this connection, it is worth noting that the Seychelles authorities reduced transshipment charges for tuna at Port Victoria from SR 682 per ton in 1993 to SR 615 per ton in 1994. The review of charges followed complaints about the high costs of operating at Port Victoria by European fleet owners who threatened to divert their operations to Madagascar. In addition to reduced port charges, the authorities are confident that the recent privatization of stevedoring and shorehandling operations will increase the efficiency and competitiveness of Port Victoria and thus attract more transshipment activities to Seychelles. To this end, they are intensifying their efforts in the context of the Port Victoria Masterplan to further improve the port's facilities and reduce its operating costs. The SFA is also encouraging local investors to venture into semi-industrial "long-line fishing." The Coastal Fishing Development Project has recently received a grant of US\$4 million from the Japanese Government, enabling the SFA to purchase five vessels for long-line fishing. Initial trials by the SFA have shown that this method of fishing is commercially viable. Thus, while retaining one boat for research purposes, the SFA intends to sell the other four vessels by competitive tender to local private investors.

Illegal fishing continues to be a major drain on the country's marine resources. Marine surveillance suffers from a scarcity of funds to provide adequate hardware (e.g., aircraft, patrol boats, etc.) and manpower to monitor effectively Seychelles' vast territorial waters. To this end, the

CHART 2

SEYCHELLES
TOURISM INDICATORS, 1990-94



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Table 3. Seychelles: Production Indicators, 1990-94

	1990	1991	1992	1993	<u>1994</u> Prov.
<u>(In metric tons)</u>					
Agricultural crops					
Copra					
Exports <u>1/</u>	874	456	424	181	112
Deliveries to warehouse	931	508	396	380	282
Cinnamon bark					
Exports <u>1/</u>	71	200	333	435	414
Deliveries to warehouse	180	462	263	242	469
Tea (green leaf)	219	241	224	246	246
Fish landed (artisanal sector)	5,137	5,746	5,777	5,447	4,428
Canned tuna	2,763	3,571	3,032	4,531	12,261
<u>(In thousands of metric tons)</u>					
Fish transshipped <u>2/</u>	168.1	170.9	164.4	188.9	171.0
<u>(In thousands of liters)</u>					
Beverage production					
Beer and stout	5,342	5,891	6,998	6,523	5,838
Soft drinks	4,995	5,600	6,133	7,045	8,038
<u>(In millions of units)</u>					
Cigarette production	66.8	69.4	62.0	65.0	49.0
<u>(In millions of kilowatt-hours)</u>					
Electricity production	100.9	105.5	108.1	117.2	125.2
<u>(In units indicated)</u>					
Slaughter (Le Rocher Abattoir)					
Cattle (head)	320	383	329	297	329
Pigs (number)	5,517	6,082	4,598	4,826	8,516
Chickens (thousands)	400.3	407.8	439.1	446.4	529.7

Source: Management & Information Systems Division (MISD).

1/ Actual shipments by Union Lighterage Company.

2/ Estimates relate to pelagic fish caught by foreign fishing vessels fishing in the Western Indian Ocean and transshipped in Seychelles.

Table 4. Seychelles: Indicators of Prices, Wages,
and Employment, 1990-94

(Period averages)

	Weights <u>1/</u>	1990	1991	1992	1993	<u>1994</u> Prov.
(Indices: base periods as indicated)						
Retail prices - all goods (January 1993=100) <u>1/</u>	100.0	<u>93.5</u>	<u>95.4</u>	<u>98.5</u>	<u>99.8</u>	<u>101.6</u>
Domestic goods <u>2/</u>	65.6	<u>93.6</u>	<u>94.8</u>	<u>98.1</u>	<u>100.0</u>	<u>105.0</u>
Fish	3.2	80.3	81.0	86.2	97.2	106.4
Other food	11.9	90.7	94.2	97.5	99.4	100.2
Nonfood	50.5	96.5	97.1	100.3	99.5	106.0
Imported goods	34.4	<u>93.4</u>	<u>96.2</u>	<u>98.9</u>	<u>99.4</u>	<u>95.2</u>
Food	11.5	98.3	100.1	99.7	99.4	81.3
Nonfood	22.9	89.8	93.3	98.3	99.3	102.2
External terms of trade (1986=100)		<u>140.8</u>	<u>131.3</u>	<u>150.2</u>	<u>147.3</u>	<u>125.5</u>
Export prices		91.1	80.2	85.1	92.3	82.5
Tourism prices		138.9	125.1	134.3	122.6	104.6
Import prices		97.4	94.0	88.2	82.5	82.7
Average wages (1980=100)		<u>148.0</u>	<u>152.6</u>	<u>172.9</u>	<u>177.8</u>	<u>179.1</u>
Formal employment (1980=100)		<u>131.4</u>	<u>133.9</u>	<u>136.7</u>	<u>141.1</u>	<u>140.9</u>
(Annual changes in percent)						
Retail prices - all goods		3.9	2.0	3.2	1.3	1.8
Domestic goods		4.6	1.3	3.5	1.9	5.0
Imported goods		3.2	3.0	2.8	0.5	-4.2
Import prices		3.8	-3.5	-6.2	-6.5	0.2
Average wages		7.3	3.1	13.3	2.8	0.7
Formal employment		5.3	1.9	2.1	3.2	-0.1

Source: Management and Information Systems Division (Statistical Abstracts and Statistical Bulletins).

1/ New weights used since January 1993, according to the results of the Household Income and Expenditure Survey, 1991-92. Low-income retail prices discontinued since January 1993.

2/ Includes goods with high import content.

SFA is organizing a two-week "Monitoring and Control Workshop" in January 1996, which would bring together experts from around the world to discuss fishery surveillance in the western Indian Ocean. The conference, which is being financed with funds from the European Union and the U.K., is expected to raise awareness among the population and thus gather support for fishery surveillance from the country's key policymakers.

5. Agriculture

While value added in the agricultural sector has always been low in Seychelles, it has declined even further from 3.3 percent of GDP in 1990 to 2.3 percent of GDP in 1993. In 1994, however, agriculture experienced a modest recovery, increasing its share of GDP to about 2.6 percent (Appendix II, Table II). Difficult mountainous terrain and low soil fertility put severe constraints on agricultural development, particularly mechanized farming. Moreover, relatively low earnings in the agricultural sector have lured the work force into higher paying employment in other sectors of the economy, especially tourism-related activities (Appendix II, Table VIII). During 1993-94, production of Seychelles' traditional cash crops for export--copra, cinnamon bark, and tea--was mixed. While warehouse deliveries for copra continued their steady decline from 931 tons in 1990 to 282 tons in 1994, mainly as a result of weak demand and prices for copra on the world market, tea deliveries stabilized at 246 tons during 1993 and 1994. On the other hand, after a slight decrease in 1993, deliveries of cinnamon bark almost doubled in 1994 to 469 tons (Table 3). Local production of pork meat also increased to a record of 8,516 slaughtered pigs in 1994, raising the level of self-sufficiency from 80 percent of domestic consumption in 1993 to almost 100 percent in 1994. However, the poultry and beef markets continue to be heavily dependent on imports. Seychelles also remains highly dependent on the imports of rice, potatoes, onion, and other fresh produce, which are in high demand in the tourism sector. The authorities are experimenting with new varieties of tomatoes, carrots, and cabbage with the view to encouraging local production of these items and reducing their share of imports from the current 80 percent to about 65 percent over the coming few years.

Starting in 1994, the Seychelles authorities embarked on a wide-ranging and ambitious program of privatizing the agricultural sector, culminating in the sale by competitive bidding of the Seychelles Agricultural Development Company Ltd. (SADECO) for about SR 5 million toward the end of 1995. A few entities in the livestock sector, which still remain in the hands of the State, such as a slaughter house and poultry complex, are planned to be privatized by early 1996. Meanwhile, in the agricultural sector, the Government will henceforth limit its role to that of a facilitator, by conducting research and providing infrastructure, such as roads, electricity, and sewage. Finally, in their efforts to strengthen private farming, the authorities have secured a SR 41 million concessional loan from the African Development Bank to finance the Integrated Agricultural Development Project (IADP). These funds will be used to provide credits to

local farmers of up to SR 100,000 each to encourage mechanization and introduce improved farming techniques.

Prices for local produce have been officially liberalized. However, in practice they are indirectly determined by the state-owned Seychelles Marketing Board (SMB), which continues to have a monopoly on the imports of all food products. Price determination is most pronounced for those food products that rely strongly on imports through the SMB. Thus, the authorities have endeavored since 1991 to lower steadily the price of imported food (through reducing the SMB markup), with the view of maintaining low inflation as measured by the retail price index (Table 4).

6. Manufacturing

The manufacturing sector accounts for a little over 10 percent of GDP, a level that has more or less remained unchanged since 1991. Most manufactured goods, including beverages, cigarettes, body care products, detergents, and furniture, are almost entirely for the domestic market. However, in line with its new policy of economic liberalization aimed at increasing private (domestic and foreign) investment, the Government has recently embarked on encouraging export-oriented manufacturing. To this end, the IPA of 1994 provides the highest levels of fiscal and other incentives to export-oriented industrial activities as compared to all other categories of investments.

A survey of industrial companies suggests that 1994 was a rather difficult year for this sector. The main reason for the sluggish performance in 1994 was the shortage of foreign currency and the existence of commercial payments arrears. These adverse developments in the foreign exchange market have resulted not only in less favorable credit terms from foreign suppliers, including higher risk premiums on foreign export loans, but also delays and restrictions on imports of machinery and equipment as well as raw and intermediate products. These problems have been further aggravated in 1995 and have led to output declines in companies as diverse as the SMB's Food Processing Division, the Seychelles Printing and Computer Equipment, Ltd., and the Electronique (Seychelles), Ltd. which assembles television and video sets. Beverage production by the Seychelles Breweries, Ltd. was mixed, with beer and stout production declining from a high of about 7 million liters in 1992 to about 5.8 million liters in 1994, largely on account of higher taxes on alcoholic beverages, which were introduced at the beginning of 1994. On the other hand, the production of soft drinks continued to increase steadily, reaching a new record of 8 million liters in 1994, up some 14 percent over the previous year. A number of small manufacturing companies began operations in 1994, including the Mahé Auto Parts (Pty), Ltd., the Rapid Roofing (Fty), Ltd. (manufacturing corrugated iron sheets from imported rolls), and the Coëtivy Prawn Project, which produced 110 tons of prawns in its first full year of operation, approximately half of which was exported to Japan.

By far the most important industrial enterprise in Seychelles is the Conserverie de l'Océan Indien (COI), which produces canned fish products, predominantly tuna, for export. After moderate gains in 1993, production of canned tuna increased dramatically in 1994 to a record of 12.3 thousand tons (or an average of about 45 tons per day). The canned tuna was predominantly exported to the European Union at an average price in 1994 of about SR 4,500 per ton. Preliminary indications for 1995 suggest that, while the average volume of processing has increased to about 57 tons per day, the world market price for canned tuna has dropped to an average of SR 3,300 per ton, resulting in a decline in total revenue.

In December 1995, the U.S.-based Heinz Group acquired a 60 percent stake in COI. The tuna canning factory has since been renamed Indian Ocean Tuna, Ltd. (IOT). Under the new joint venture, the IOT is expected to expand production substantially, increasing its present daily processing volume to an average of 100 tons of fish by mid-1997, 170 by mid-1998, and 230 tons by mid-1999. To achieve this expansion, the IOT is planning to invest up to US\$10 million in up-to-date machinery and equipment over the next three years, possibly creating some 900 new jobs in the process.

7. Employment and earnings

After reaching a record high in 1993, total formal employment fell marginally in 1994 to about 25,200. ^{1/} Most of the increase in the formal work force over the past few years occurred in the private sector where the average employment grew by 5.5 percent to about 9,620 in 1993, and by some 9.2 percent to about 10,500 in 1994. This rise in private sector employment reflects in part the transfer of state-owned enterprises to private ownership over the past few years. Hence, while formal employment in the private sector increased by about 1,380 during 1992-94, it declined during the same period in the parastatal sector by about 980 people (Appendix II, Table VII). As a result, the private sector's share of overall employment increased by 4.4 percentage points, from 37.3 in 1992 to 41.7 percent in 1994, while that of the parastatals fell by 4.6 percentage points, from 25.3 percent in 1992 to 20.7 percent in 1994. During the same period, employment in the government sector maintained its historic share of around 37-38 percent of the labor force.

The public sector determines the level of wages in Seychelles, with the private sector adjusting its wages accordingly, albeit at slightly lower rates. The gap between private and public wages, which surged to over 20 percent following the public sector wage increase in early 1992, ^{2/} has narrowed somewhat since then. On an employment-weighted basis, average private sector wages in 1994 were some 16 percent lower than in the combined government and parastatals sectors (Appendix II, Tables VII and VIII).

^{1/} Formal employment figures do not include domestic employees, who are estimated to number about 1,600.

^{2/} See SM/93/227, page 11.

There are a few exceptions to this general trend. Some private sector firms, notably the communications company Cable and Wireless, offer higher wages than the public sector, with a more differentiated pay structure. Also, a number of privatized companies have introduced new wage structures, which improve incentives and allow earnings to better reflect employees' performance. In line with the new economic environment, the big umbrella labor union was split up in 1995 into nine trade unions. The nine new unions have organized themselves into two competing groups. However, collective bargaining has not yet been established as a method of negotiating wages.

As of August 1995, some 3,150 persons, representing about 9 percent of the labor force, were registered at the Ministry of Employment and Social Affairs as seeking employment. In April 1995, the Government introduced the Unemployment Relief Scheme (URS) to replace gradually the Full Employment Scheme (FES). As of October 1995, some 400 unemployed persons had enrolled under the URS which currently offers the participants an allowance of SR 870 per month for half-day manual work. Unlike under the FES, the type of work chosen for the URS, notably the sweeping of public places and streets, is intended to be of lesser social appeal. It is thus hoped that the participants will view this scheme as a last resort and, consequently, actively seek more respectable jobs. In late 1994, the Government also introduced the Youth Training Scheme (YTS), under which some 790 youngsters were registered as of July 1995. The YTS aims at alleviating the mismatch between the poor qualifications of the unemployed Seychelles youth and the growing demand for skilled labor in the market place. This discrepancy is evidenced by the number of people unemployed, on the one hand, and some 2,700 expatriates who were brought into Seychelles to perform specialized jobs, on the other. In view of the expected expansion of the International Trade Zones and the tourism industry, the authorities anticipate an increase in demand for skilled labor, particularly in tourism-related activities and construction.

8. Prices

Until December 1992, the Management and Information Systems Division (MISD), which, as a division of the Ministry of Administration and Manpower, is Seychelles' official bureau of statistics, used to publish two price indices on a monthly basis, namely, one for "low-income families" and the other for a more general "all-income" grouping of households. Following a household income and expenditure survey conducted in 1991-92, the MISD discontinued the low-income index. Thus, since January 1993, only one "all-income" retail price index is published by the MISD. However, the term "all-income" is rather misleading because the commodity basket of this index tends to reflect more the consumption pattern of low-income households rather than that of the more general population.

Based on this retail price index, inflation in Seychelles would appear to be very low, averaging about 1.6 percent during 1993 and 1994 (Table 4 and Chart 1). In addition to the less representative commodity basket, the

seemingly low inflation rate is affected by two aspects, namely, the fixed exchange rate and an elaborate system of administrative prices, particularly for imported goods. As a result of the fixed exchange rate policy and the country's high dependence on imported goods, the price level in Seychelles is directly impacted by the prices of imported goods. While the index for import prices in rupee terms remained largely stable in 1994, the imports component of the price index fell by 4.2 percent. Specifically, the prices of imported foodstuffs dropped in 1994 by some 18 percent, while those of imported non-food items increased by about 3 percent. The sharp decline in imported food prices resulted from the Government's decision to lower the prices of "essential" goods, mainly imported staple foods, fruits, and vegetables, which are exclusively imported by the Seychelles Marketing Board (SMB), as well as to tighten its monitoring of price controls (see Box 1).

Preliminary figures for 1995 suggest that on an annual basis the retail price index will post an increase of less than 0.5 percent for the year as a whole. The decline in the official inflation rate in 1995 resulted primarily from measures introduced earlier in the year as part of the 1995 budget. These included (i) the elimination of trade taxes on a small range of "essential" foodstuffs and reduced rates on other items, such as building materials; and (ii) the reduction in the base for calculating trade taxes on all imported items. ^{1/}

A comparison between the index for average wages and the retail price index further suggests that the latter does not truly reflect the inflationary pressures in Seychelles. Thus, while average wages rose by 21 percent between 1990 and 1994, the retail price index posted an increase of only 8.7 percent for the same four-year period (Table 4). This discrepancy has been even more pronounced in certain sectors of the economy, such as construction and tourist-related services, including restaurants. Particularly in the tourism sector, where wage pressures are reinforced by the scarcity of qualified personnel, higher costs are likely to be affecting international competitiveness. Finally, monetary expansion has consistently surpassed the growth in economic activity by sizable margins and over an extended period, thus suggesting that underlying inflationary pressures are likely to be significantly higher than officially reported. ^{2/}

9. Development planning

Up until 1994, the Seychelles authorities used to prepare annually a three-year rolling National Development Plan, in addition to the Environmental Development Plan and the Human Resources Development Plan. The National Development Plan used to be a catalog of investments as desired

^{1/} Up to the end of 1994, the base value, on which trade taxes applied, was the c.i.f. value plus a notional wholesale markup. The 1995 budget removed the notional markup for the calculation of the trade taxes, thus reducing the base to the net c.i.f. value.

^{2/} See also Section III. Money and Banking.

Box 1: The Price Control System in Seychelles

Under Seychelles' system of administrative prices, all imported items are subject to strict price controls. A special government body, the Price Control Unit (PCU), which is part of the Ministry of Finance, monitors the adherence to the country's price control regulations. These regulations do not target a specific absolute price for a commodity. Instead, retail prices for imported goods are determined by applying a 30 percent markup on their cost, which is defined as c.i.f. value plus customs duty. This formula entails that if an importer succeeds in importing foreign goods at a discount, the final retail price would reflect his lower purchase price. Similarly, if the importer has to pay additional risk premia to continue to draw on lines of export credits, the final price of goods would also be allowed to cover these added costs. In theory, this approach is also supposed to guard against underinvoicing for customs duty purposes. The PCU monitors about 3,700 licensed importers in Seychelles, the largest 200 of whom account for around 90 percent of the country's total imports.

After allegations of improprieties, the Government in 1994 replaced the administration of the PCU and brought in a new team. Under its new administration, the PCU conducted some 300 random and documentary checks in 1994, which revealed a compliance rate of less than 50 percent. At that stage, since it was important for the PCU to demonstrate its resolve in ensuring compliance with the price control regulations, it issued more than 130 verbal and about 80 written warnings against offenders. In early 1995, the legal framework was strengthened, thus allowing the PCU to go beyond the mere issuance of warnings to ordering punitive fines and seizing goods of offenders. Given these new powers and having proved its resolve and integrity, the PCU has reportedly seen a marked increase in compliance rates to close to 90 percent during the first nine months of 1995.

It is worth noting that the PCU does not have jurisdiction over the Seychelles Marketing Board (SMB), which is responsible for about 20 percent of total imports to Seychelles. However, the SMB, which also has an exclusive monopoly on the imports of all foodstuffs, is subject to internal price controls as periodically reviewed by the Government. The SMB-set prices are particularly relevant for goods deemed by the Government to be essential, such as staple foodstuffs. The SMB markup on essential goods, which is lower than the one prescribed by the PCU, was further reduced by the authorities in 1994 and 1995.

by all ministries and government entities. Taking into account amounts already spent up to 1994, the long list of all investment requests added up to some SR 1.5 billion, as of end-1994. In the authorities' own view, this figure was clearly unrealistic, amounting to about three times what they considered to be macroeconomically sustainable over a three-year period. Therefore, in 1995, the National Development Plan was, for all practical purposes, replaced with a rolling three-year Public Sector Investment Program (PSIP). The PSIP put together a shorter list of programs that were chosen in consultation with the Ministry of Finance and other key ministries on the basis of fiscal affordability and priority. Prioritization meant primarily taking into account the direct and immediate impact of projects on the country's ability to generate foreign currency. A list of 23 first priority projects totaling about SR 465 million was thus selected for the period 1995-97, prominent among which are projects for sewerage and solid waste treatment, education, electricity, as well as tourism and transportation. In addition, the PSIP attempted to integrate and reconcile the priorities between the other programs, particularly the Environmental Development Plan and Human Resources Development Plan.

Reflecting the recent government policy to encourage the private sector to assume a greater role in the development of the country, the PSIP also identified a number of projects which are likely candidates for partial or total private funding. Three of these projects also appear on the first priority list of projects, namely the Solid Waste Treatment Plant, the Beau Vallon Bay Sewerage Project, and the Upgrading and Extension of Mahé International Airport.

II. Public Finance

1. The structure of the nonfinancial public sector

The nonfinancial public sector in Seychelles consists of the central and local governments, the social security system, three regulatory bodies, and some 44 public enterprises in which the Government of Seychelles directly or indirectly owns majority shares. The budgetary Central Government comprises the Office of the President, the Social Security Fund (SSF), and 18 ministries and departments, including the regulatory bodies and the local governments which consist of 23 District Councils. A detailed description of the structure of the budget, as well as its execution is contained in SM/93/227; that document also provides a description of the social security system and the role of parastatal enterprises in the economy.

2. Fiscal developments, 1990-94

a. Overall fiscal trends

This section briefly reviews the progress and outcome of the Government's budgetary operations during the period 1990-94 and discusses the main elements of fiscal developments in 1995.

Over the period 1990-94, the Government's fiscal deficit has widened (Chart 3). The consolidated overall budget deficit (before grants), including the operations of the Social Security Fund (SSF), increased steadily from 1.7 percent of GDP in 1990 to 9.7 percent of GDP in 1993, before dropping to 5.1 percent of GDP in 1994 (Table 5); the decline was largely due to a fall in expenditures in 1994, particularly capital expenditures. The deterioration in public finances during this period reflected both a decline in revenue performance (from 49 percent of GDP in 1990 to 45 percent of GDP in 1994), due to weak tax performance, as well as in social security revenues, and an increase in expenditures and net lending (from 49.4 percent of GDP in 1990 to 54.9 percent of GDP in 1993). The resulting budgetary deficits were largely financed by borrowing from the domestic banking system.

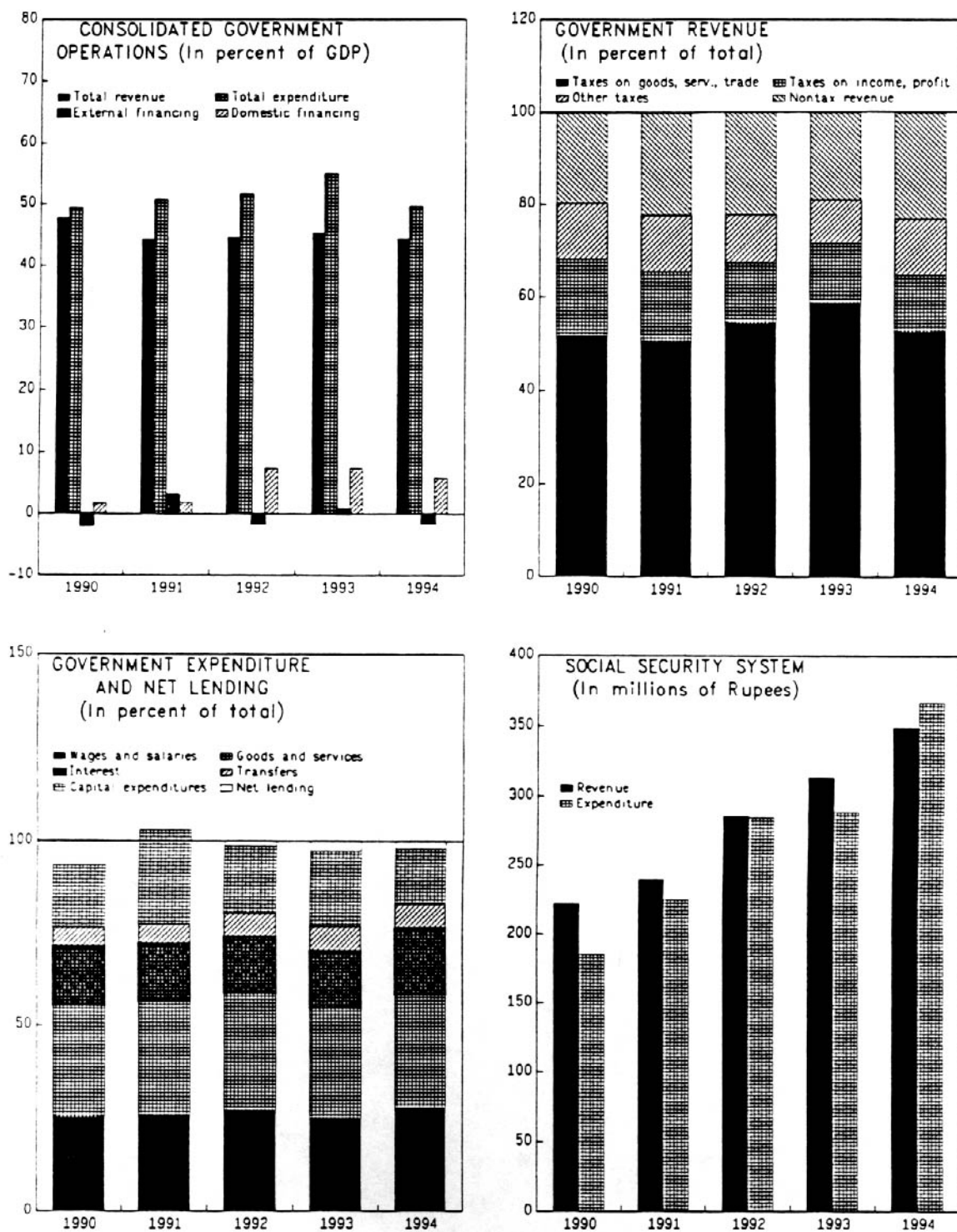
Preliminary estimates indicate that, in 1995, despite a package of tax cuts to stimulate private sector activity, the overall budget deficit fell to 4.9 percent of GDP. Nontax revenues are estimated to have increased by about 9 percent, but total revenues fell by about 8 percent on account of an estimated decline of about 14 percent in tax revenues as a result of the various tax cuts. The tax cuts included reductions in the rates of social security contributions (from 85 percent to 45 percent of employees' gross monthly incomes) and in the effective rate of taxation of imported goods. In addition, depreciation allowances under the business tax were made more generous, while additional tax concessions were introduced under the Investment Promotion Act of 1994, to boost private sector activity. However, total expenditure and net lending are estimated to have been reduced by about 8 percent, as a result of a reduction of 5 percent in current expenditures and 23 percent in capital expenditures. As in previous years, the overall deficit in 1995 was financed entirely by bank borrowing.

b. Revenue, expenditure, and net lending

Seychelles' revenue performance weakened during the period 1990-94: the ratio of total revenue and grants to GDP fell by 4.5 percentage points, from 49.4 percent in 1990 to 45.1 percent in 1994 (Table 6). The decline in the revenue to GDP ratio during the period is almost completely attributable to a decline in the tax to GDP ratio, and, to a lesser extent, in grants. Although the share of nontax revenues to GDP remained largely unchanged at around 9-10 percent of GDP (thanks mainly to substantial receipts from the sale of land, as well as from other nontax revenues), the tax revenue to GDP ratio fell from 47.7 percent of GDP in 1990 to 44.4 percent in 1994. Most of the major categories of tax revenues contributed to the decline in the

CHART 3

SEYCHELLES
FISCAL OPERATIONS, 1990-94



Sources: Data provided by the Seychelles authorities; and staff estimates.

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Table 5. Seychelles: Consolidated Government Operations, 1990-94 ^{1/}

	1990	1991	1992	1993	1994
(In millions of Seychelles rupees)					
Total revenue and grants	975.0	905.7	1,016.8	1,132.1	1,112.2
Total revenue	938.2	875.5	988.1	1,094.0	1,093.6
Tax	752.7	678.9	766.9	884.7	839.9
Nontax	185.5	196.6	221.2	209.3	253.7
External grants	36.8	30.2	28.7	38.1	18.6
Expenditure and net lending	971.3	1,002.8	1,145.3	1,328.4	1,220.3
Current expenditure	744.6	777.1	920.2	1,021.4	1,011.2
Of which: interest	(157.1)	(157.2)	(174.5)	(208.9)	(218.6)
Capital expenditure	161.5	256.3	209.3	271.4	183.6
Net lending	65.2	-30.6	15.8	35.6	25.5
Current balance (deficit -)	193.6	98.4	67.9	72.6	82.4
Overall balance, commitment basis	3.7	-97.1	-128.5	-196.3	-108.1
Arrears, net (reduction -)	--	--	--	--	--
Overall balance, cash basis	3.7	-97.1	-128.5	-196.3	-108.1
Foreign financing (net)	-35.8	61.0	-33.0	19.9	-34.5
Gross borrowing	61.7	147.8	29.4	85.5	51.7
Amortization	-97.5	-86.8	-62.4	-65.6	-86.2
Domestic financing	32.1	36.1	161.5	176.4	142.6
Banking system	67.1	59.3	114.2	175.2	143.8
Central bank	7.7	7.0	118.7	52.9	241.6
Commercial banks, net	59.4	52.3	-4.5	122.3	-97.8
Other domestic	-35.0	-23.2	47.3	1.2	-1.2
(In percent of GDP)					
Total revenue and grants	49.6	45.7	45.8	46.8	45.1
Total revenue	47.7	44.2	44.5	45.2	44.4
External grants	1.9	1.5	1.3	1.6	0.8
Expenditure and net lending	49.4	50.6	51.6	54.9	49.5
Current expenditure	37.9	39.2	41.4	42.2	41.0
Of which: interest	(8.0)	(7.9)	(7.9)	(8.6)	(8.9)
Capital expenditure	8.2	12.9	9.4	11.2	7.4
Net lending	3.3	-1.5	0.7	1.5	1.0
Overall deficit, cash basis	0.2	-4.9	-5.8	-8.1	-4.4
Before grants	-1.7	-6.4	-7.1	-9.7	-5.1
Financing					
External (net)	-1.8	3.1	-1.5	0.8	-1.4
Domestic	1.6	1.8	7.3	7.3	5.8
Of which: bank	(3.4)	(3.0)	(5.1)	(7.2)	(5.8)
Net lending and transfers to parastatals	6.2	4.6	5.1	5.1	4.2
Nominal GDP (in SR millions)	1,967.1	1,980.1	2,221.2	2,419.2	2,465.4

Sources: Department of Finance; and staff estimates.

^{1/} Includes the Central Government and the Social Security Fund.

Table 6. Seychelles: Growth of Government Revenue and Grants, 1990-94

	1990	1991	1992	1993	1994
<u>(Annual percentage changes)</u>					
Tax revenue	<u>15.2</u>	<u>-9.8</u>	<u>13.0</u>	<u>15.4</u>	<u>-5.1</u>
Taxes on income and profits	6.3	-16.5	--	7.1	-2.8
Social security revenue (net) <u>1/</u>	180.1	-8.7	-33.3	-22.4	128.9
Taxes on goods, services, and trade	10.9	-8.4	20.7	20.2	-11.0
Trade and service tax <u>2/</u>	10.9	-8.4	20.7	20.1	-11.0
Other indirect domestic taxes	14.9	-4.9	25.0	12.3	-10.7
Business and professional licenses	17.3	-5.5	25.0	12.7	-22.4
Motor vehicle taxes	7.0	2.2	25.5	8.5	107.8
Taxes on property	-75.0	--	--	33.3	25.0
Other taxes	12.9	2.9	11.1	12.5	62.2
Nontax revenue	<u>0.4</u>	<u>6.0</u>	<u>12.5</u>	<u>-5.4</u>	<u>21.2</u>
Administrative fees and charges	25.5	7.2	42.9	-4.3	69.5
Property income	-12.2	2.9	-26.3	13.2	-54.6
Of which: dividends from parastatals	(-21.4)	(0.8)	(-15.1)	(9.3)	(-25.9)
Sales of land	112.5	82.4	6.5	63.6	288.9
Other nontax	142.9	82.4	706.5	-81.6	189.1
Total revenue	<u>12.0</u>	<u>-6.7</u>	<u>12.9</u>	<u>10.7</u>	<u>-0.0</u>
Grants	8.6	-17.9	-5.0	32.7	-51.2
Revenue and grants	11.8	-7.1	12.3	11.3	-1.8
<u>(In percent of GDP)</u>					
Revenue and grants	49.6	45.7	45.8	46.8	45.1
Total revenue	47.7	44.2	44.5	45.2	44.4
Tax revenue	38.3	34.3	34.5	36.6	34.1
Nontax revenue	9.4	9.9	10.0	8.7	10.3
Grants	1.9	1.5	1.3	1.6	0.8

Sources: Data provided by the Seychelles authorities; and staff estimates.

1/ Social security contributions may include some amounts appropriate to income tax, the collection of which was shifted to the social security system in 1988.

2/ The trade and service tax replaced import duties, excise taxes, and turnover taxes in 1986.

tax to GDP ratio during the period. For most of the period, taxes on income and profits, though small, either declined or remained unchanged, while net social security revenues declined for most of the period. Other indirect domestic taxes also performed poorly, on account of declining receipts from business and professional licenses for part of the period. By contrast, other tax revenues increased every year during the period.

Despite some fluctuations in the expenditure pattern during 1990-94, total expenditure and net lending remained broadly unchanged at about 49 percent of GDP (Table 7). However, the share of current expenditures in GDP rose steadily from 37.9 percent in 1990 to 42.4 percent in 1994, while the ratio of capital expenditure to GDP fluctuated during the period, declining slightly from 8.2 percent of GDP in 1990 to 7.7 percent of GDP in 1994. On a functional basis, recurrent expenditures on wages and salaries grew steadily during the period, by an average of 8.2 percent, while expenditure on goods and services grew by an annual average of 10.3 percent. Growth in capital expenditures fluctuated sharply throughout the period; for example, after increasing by about 30 percent in 1993, (largely on account of expenditures associated with the Government's decision to host the Indian Ocean Games in 1993), capital expenditures fell by about 30 percent in 1994. Taking the period as a whole, the fluctuations in capital expenditures were also influenced by the amount of government capital transfers to the parastatals. However, government net lending to parastatals declined from 3.3 percent of GDP in 1990 to 1 percent in 1994. Nevertheless, overall, the share of government transfers and net lending to parastatals in GDP, though declining, has remained high: in 1990 such transfers and net lending amounted to 6.2 percent of GDP, falling to 4.2 percent of GDP in 1994.

III. Money and Banking

1. Structure of the financial system

Seychelles' financial system consists of the Central Bank of Seychelles (CBS), five commercial banks, and two specialized banks. Four of the five commercial banks are licensed branches of foreign banks (the largest of which is Barclays Bank of Seychelles), while the fifth is a joint venture between the Government (78 percent) and the Standard Chartered Bank of Africa PLC (22 percent). The two specialized banks are the state-owned Development Bank of Seychelles and the Seychelles Savings Bank. In addition, there are four other financial institutions, namely the state-owned Seychelles Housing Development Corporation, the State Assurance Corporation of Seychelles, and the Mortgage Finance Corporation, as well as the small privately owned Seychelles Credit Union. ^{1/}

^{1/} For a more detailed description of these institutions see the 1993 Recent Economic Developments Report (SM/93/227).

Table 7. Seychelles: Growth of Government Expenditure and Net Lending, 1990-94 ^{1/}

	1990	1991	1992	1993	1994
<u>(Annual percentage changes)</u>					
Current expenditure	<u>5.0</u>	<u>4.4</u>	<u>18.4</u>	<u>11.0</u>	<u>-1.0</u>
Wages and salaries	8.0	5.3	21.2	5.7	1.6
Goods and services	23.7	5.5	16.9	9.4	-3.9
Scheduled interest ^{2/}	12.8	0.1	11.0	19.7	4.6
Current transfers	-53.4	6.9	35.8	20.8	-11.3
To households ^{3/}	-48.6	-3.2	39.6	37.8	7.4
To parastatals	-54.4	9.2	35.1	17.2	-16.0
Capital expenditure	<u>-10.3</u>	<u>58.7</u>	<u>-18.3</u>	<u>29.7</u>	<u>-32.4</u>
Acquisition of fixed assets	-19.6	37.7	-4.6	48.2	-36.7
Purchase of land	185.1	-26.9	-55.1	-15.9	54.1
Capital transfers to nonfinancial public enterprises	23.5	245.4	-47.5	-48.4	7.3
Total expenditure	<u>1.9</u>	<u>14.0</u>	<u>9.3</u>	<u>14.5</u>	<u>-7.6</u>
Net lending	<u>-41.3</u>	<u>-146.9</u>	<u>151.6</u>	<u>125.3</u>	<u>-28.4</u>
Total expenditure and net lending	<u>-2.9</u>	<u>3.2</u>	<u>14.2</u>	<u>16.0</u>	<u>-8.1</u>
<u>(In percent of GDP)</u>					
Current expenditure	37.9	39.2	41.4	42.2	41.0
Capital expenditure	8.2	12.9	9.4	11.2	7.4
Net lending and transfers to parastatals	6.2	4.6	5.1	5.1	4.2
Total expenditure and net lending	49.4	50.6	51.6	54.9	49.5

Source: Ministry of Finance.

^{1/} Including the social security system.

^{2/} Actual interest payments as of 1991.

^{3/} Government transfers and social security benefits.

2. Developments in money and credit

a. Monetary developments

Broad money, including pipeline deposits (see Box 2), accelerated during 1993-94 by an average of 19 percent per year, as compared to an annual average growth rate of 12.4 percent during the preceding two years (Table 8). Money growth has continued in 1995, albeit at a slower pace than in 1994, and is expected to average about 14 percent for the year as a whole. The increase in broad money originated during 1994 and 1995 almost exclusively from growth in pipeline deposits. Meanwhile, with money growth outpacing the expansion of economic activity, the ratio of GDP to broad money continued to fall during 1993 and 1994. While in 1990, velocity stood at about 2.7, it declined to 2.2 in 1993, and 1.9 in 1994 (Chart 4).

b. Domestic credit

Monetary expansion has continued during 1993-94 at an average rate of about 19 percent annually, up from an average of 12.7 percent in the preceding two years. The expansion in broad money has been fuelled predominantly by domestic credit to finance the Government's borrowing requirements (Chart 5). There has, however, been a shift in the sources of credit to the Government over the past few years. Whereas in 1993 the commercial banks provided SR 122.3 million in credits to the Government (or about 70 percent of all credits to the Government), in 1994, the flow was reversed with the Government repaying (on a net basis) some SR 98 million of domestic debt owed to commercial banks (Table 8 and Appendix II, Table XIII). As a result, the Central Bank has increased its lending to the Government more than fourfold, from around SR 53 million in 1993 to some SR 242 million in 1994. While commercial banks have since resumed lending to the Government, providing about SR 39 million in net loans during the first three quarters of 1995, the overwhelming share of credit to the Government continued to be funded by the CBS, amounting to about SR 125 million (or 76 percent) during the same period. The bulk of the CBS' credit to the Government in 1994 and 1995 was in the form of cash advances. In addition to cash advances, the CBS, particularly in 1994, also extended credit to the Government by making large purchases of Treasury bills (see below). Thus, Treasury bills purchases by the CBS increased from SR 5.7 million in 1993 to SR 98.6 million in 1994.

c. Distribution of commercial bank credit by economic activity

While commercial banks reduced their exposure to government debt in 1994, they increased their lending to the private sector to SR 36.2 million in 1994, more than doubling their credit allocation to the private sector in 1993 of SR 15 million. Commercial bank credit to the private sector continued at a healthy level of about SR 24 million in the first three quarters of 1995 (Table 8 and Appendix II, Tables XIII and XV). Commercial bank credit to other public entities also increased substantially, from a negative figure (repayment) of SR 4.3 million in 1992 to SR 26.8 million in

Box 2: The Foreign Exchange Pipeline

Recent monetary developments in Seychelles have been dominated by the shortage of foreign currency and the emergence of commercial payments arrears. In April 1994, the Central Bank of Seychelles introduced a pipeline scheme for the allocation of foreign currency. The scheme was to be administered by the five commercial banks operating in Seychelles on a first-come, first-served basis. Economic agents would apply for the allocation of foreign currency by depositing the equivalent thereof in Seychelles rupees (SR) at one of the commercial banks. The commercial banks were instructed to transfer these funds to the CBS until the foreign exchange could be made available to the client. In the interim, the CBS would pay 6.5 percent annual interest for pipeline deposits. The commercial banks retain 0.5 percent to cover their administrative expenses and pass on 6.0 percent to their clients.

The declared intention of the pipeline scheme was to withdraw surplus balances of local currency from circulation, so they could not be used by the banking system to create additional liquidity. For this scheme to have attained its objective, it would have been necessary for the CBS to have kept the pipeline deposits "in its vaults", i.e., out of circulation.

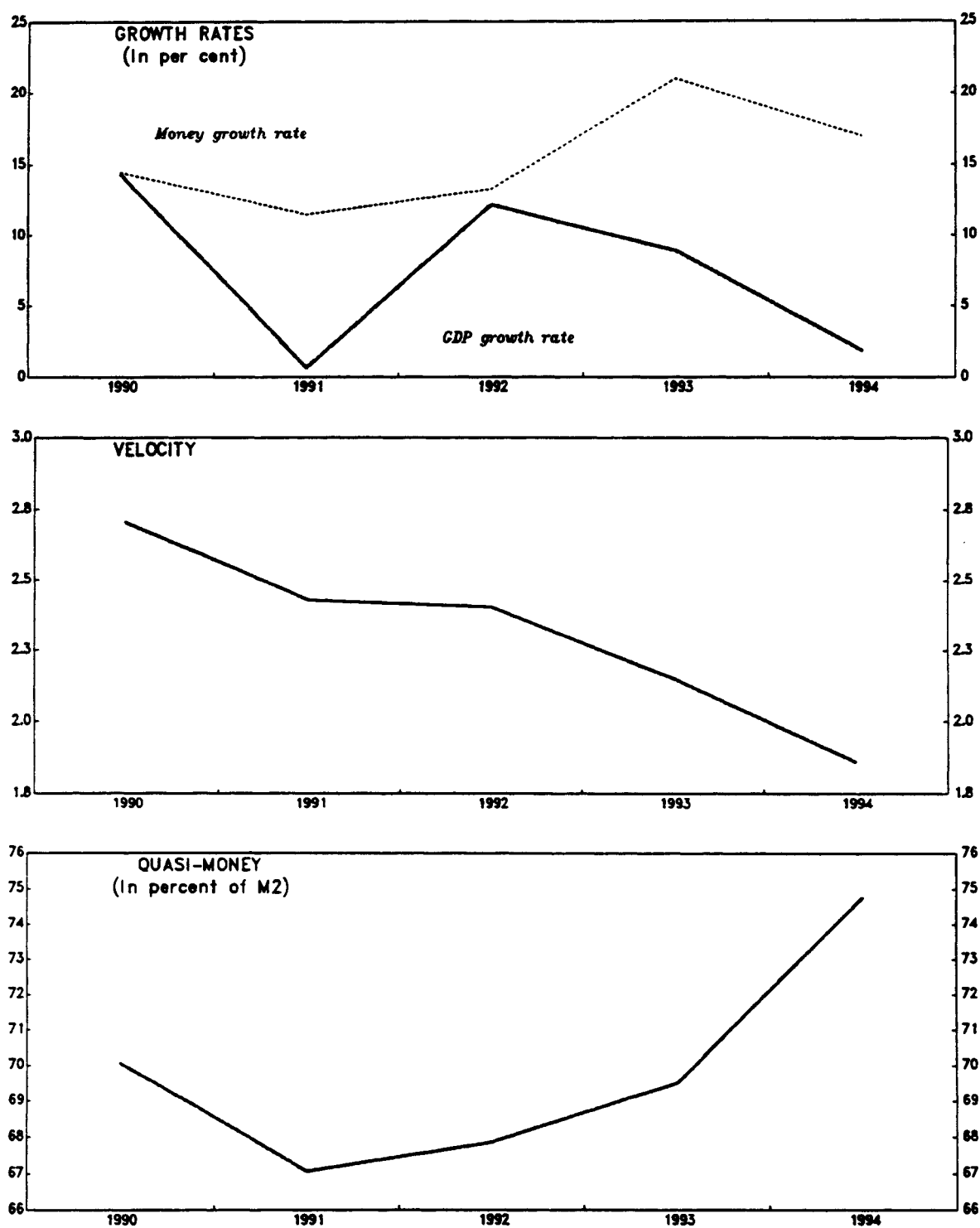
Since large payments awaiting the foreign exchange allocation at one bank practically blocked the pipeline of that bank until the necessary funds could be accumulated, the authorities in July 1995 disaggregated each bank's pipeline into seven categories, thus creating 35 different pipelines (i.e., seven categories administered by five banks). The seven categories thus established are (1) food; (2) raw materials and pharmaceuticals; (3) machinery and spare parts; (4) building materials and tools; (5) other imports and payments; (6) suppliers' remittances and transfers; and (7) foreign travel. Also in July 1995, the banks were instructed to demand documentation for foreign exchange application under the pipeline scheme.

The pipeline deposits quickly increased from zero in April 1994 to SR 198.2 million by end-1994 and about SR 322.2 million by the end of September 1995 (Table 8). Also by end-September 1995, the longest average expected waiting time was 106.6 weeks for the category "other imports and payments," while the shortest was 14.4 weeks for "foreign travel."

CHART 4

SEYCHELLES

MONEY GROWTH RATES, VELOCITY, AND QUASI-MONEY, 1990-94

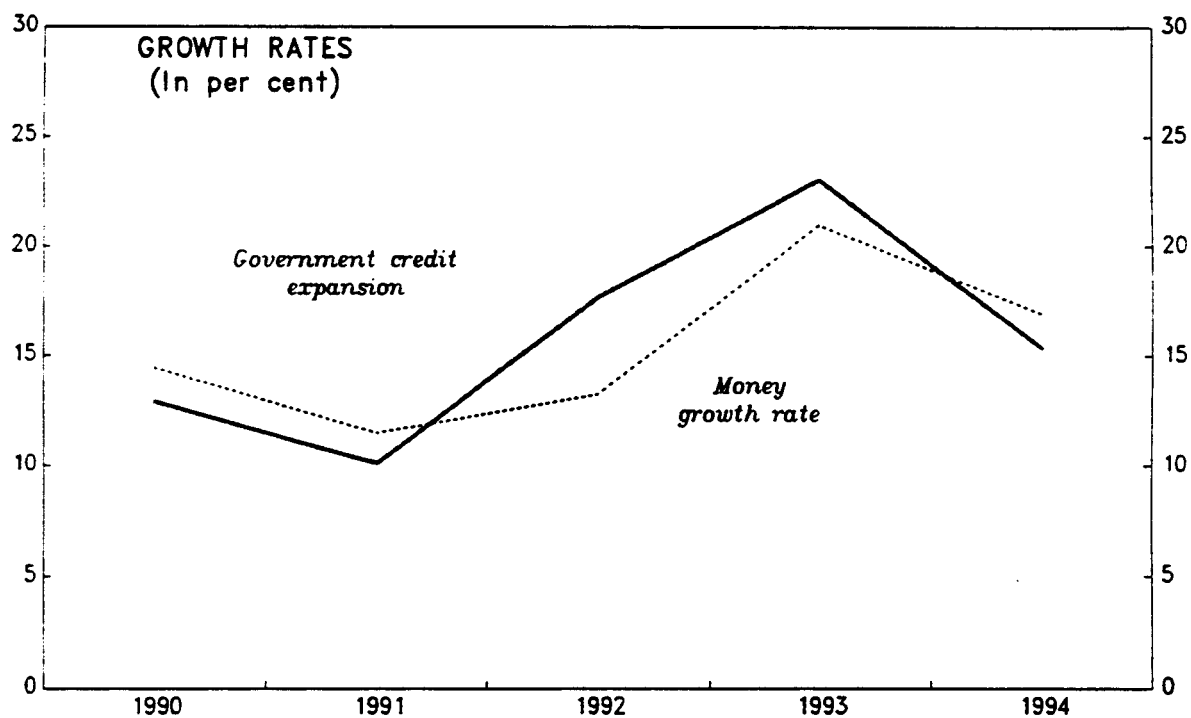
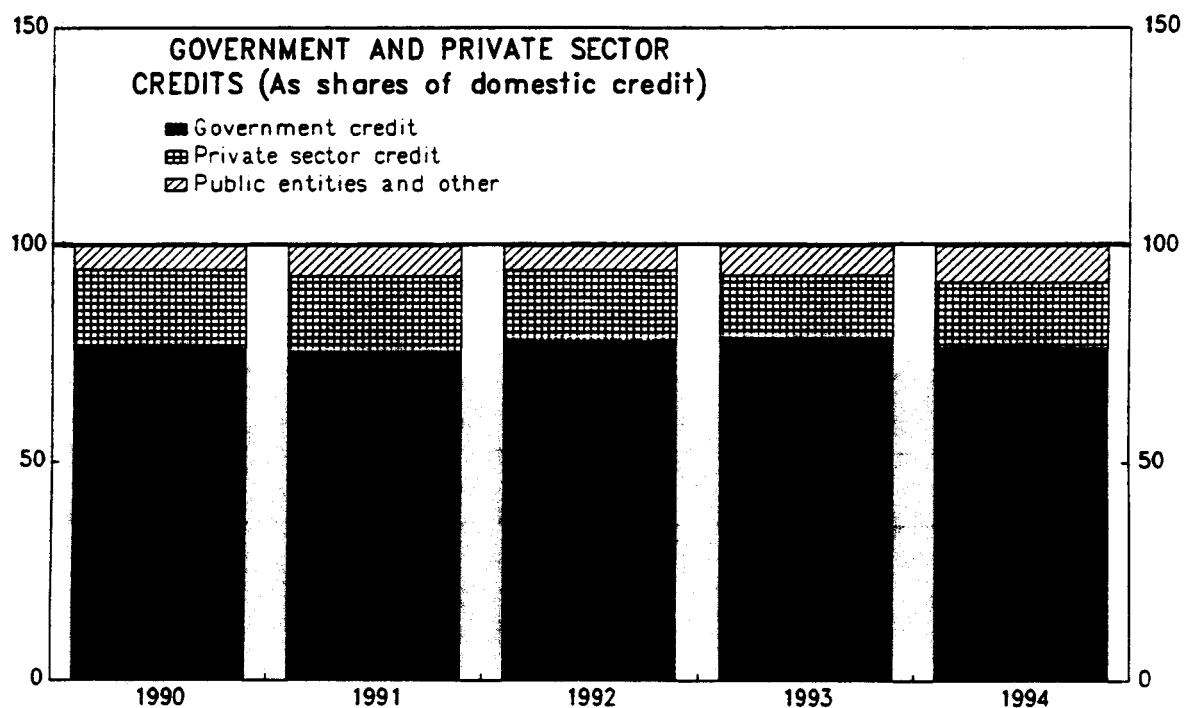


Sources: Data provided by the Seychelles authorities; and staff estimates.

CHART 5

SEYCHELLES

CREDIT: SHARES AND GROWTH RATES, 1990-94



Sources: Data provided by the Seychelles authorities; and staff estimates for 1994.

Table 8. Seychelles: Monetary Indicators, 1990-95

	1990	1991	1992	1993	1994	1995	
						March	June
<u>(In millions of Seychelles rupees)</u>							
Foreign assets, net	46.8	127.6	145.4	150.7	109.2	112.0	104.3
Central Bank, net	48.4	107.7	131.3	148.9	116.1	113.9	112.6
Commercial banks, net	-1.6	19.9	14.1	1.8	-6.9	-1.9	-8.3
Domestic credit	766.4	855.7	973.2	1,190.2	1,408.2	1,426.9	1,506.1
Claims on Government, net	586.8	646.1	760.3	935.5	1,079.3	1,125.4	1,203.6
Claims on public entities	41.4	58.4	54.1	80.9	118.9	91.1	85.7
Claims on private sector	137.2	150.2	157.8	172.8	209.0	209.4	215.8
Claims on specialized banks	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Money and quasi-money	724.0	807.2	914.0	1,105.7	1,293.1	1,365.8	1,420.6
Money	216.7	265.8	293.7	337.2	326.2	351.9	332.9
Quasi-money	507.3	541.4	620.3	768.5	768.7	776.6	811.9
Pipeline deposits ^{1/}	...	...	...	--	198.2	237.3	275.8
Other items, net	89.2	176.1	204.6	235.2	224.3	173.1	189.8
<u>(Changes during the year) ^{2/}</u>							
Foreign assets, net	35.7	80.8	17.8	5.3	-41.5	12.9	8.8
Central Bank, net	21.7	59.3	23.6	17.6	-32.8	11.8	2.1
Commercial banks, net	14.0	21.5	-5.8	-12.3	-8.7	1.1	6.7
Domestic credit	78.4	89.3	117.5	217.0	218.0	104.0	296.1
Claims on Government, net	67.1	59.3	114.2	175.2	143.8	36.4	233.6
Claims on public entities	1.1	17.0	-4.3	26.8	38.0	30.4	22.3
Claims on private sector	10.2	13.0	7.6	15.0	36.2	37.2	40.2
Money and quasi-money	91.3	83.2	106.8	191.7	187.4	195.8	151.0
Money	-3.1	49.1	27.9	43.5	-11.0	-9.0	2.5
Quasi-money	94.4	34.1	78.9	148.2	0.2	-32.5	10.9
Pipeline deposits ^{1/}	...	...	...	...	198.2	237.3	137.6
Other items, net	22.8	86.9	28.5	30.6	-10.9	-35.3	5.3
<u>(Annual growth rate in percent) ^{2/}</u>							
Domestic credit	11.4	11.7	13.7	22.3	18.3	7.9	24.5
Claims on Government, net	12.9	10.1	17.7	23.0	15.4	3.3	24.1
Claims on public entities	2.7	41.1	-7.4	49.5	47.0	50.1	35.2
Claims on private sector	8.0	9.5	5.1	9.5	20.9	21.6	22.9
Money and quasi-money	14.4	11.5	13.2	21.0	16.9	16.7	11.9
Money	-1.4	22.7	10.5	14.8	-3.3	-2.5	0.8
Quasi-money	22.9	6.7	14.6	23.9	0.0	-4.0	1.4
Pipeline deposits ^{1/}	...	...	...	...	...	...	99.6
<u>(Annual change in percent of beginning broad money) ^{2/}</u>							
Foreign assets, net	5.6	11.2	2.2	0.6	-3.8	1.1	0.7
Domestic credit	12.4	12.3	14.6	23.7	19.7	8.9	23.3
Claims on Government, net	10.6	8.2	14.1	19.2	13.0	3.1	18.4
Claims on public entities	0.2	2.3	-0.5	2.9	3.4	2.6	1.8
Claims on private sector	1.6	1.8	0.9	1.6	3.3	3.2	3.2
Other items, net	3.6	12.0	3.5	3.3	-1.0	-3.0	0.4
<u>(In millions of Seychelles rupees)</u>							
<u>Memorandum item:</u>							
Claims on public sector	628.2	704.5	814.4	1,016.4	1,198.2	1,216.5	1,289.3

Source: Central Bank of Seychelles.

^{1/} The pipeline scheme for foreign currency allocation was introduced in April 1994.

^{2/} For quarterly data, changes are with respect to stocks at the end of the same quarter in the previous year.

1993, and SR 38 million in 1994 (Table 8). However, during the nine months ended September 1995, commercial credit to public entities contracted by SR 27.8 million, mainly as a result of loan repayments by privatized state-owned companies in the hotel and manufacturing sectors (Appendix II, Table XVI).

The major nongovernment recipients of net commercial bank credit during 1994-95 were the fishing, construction, and tourism sectors. All in all, out of the total of net outstanding commercial bank credit of SR 90.4 million as of end-December 1994, 63.6 percent was held by the Government, 13.2 percent by public entities, and only 23.2 percent by the private sector. As of end-September 1995, there were only marginal changes in the composition of commercial bank credit, with exposure to both the Government and private sector increasing by about 1.7 percent each on account of a decrease of 3.4 percent in public entities' debt to commercial banks (Appendix II, Table XIII).

d. Commercial banks' liquidity

Following the November 1992 increase in the reserve requirement of commercial banks from 10 percent to 20 percent (see SM/93/227), bank credit grew at a slower pace than bank deposits. This resulted in a declining trend of the credit to deposit ratio, which, at end-September 1995, stood at 92 percent as compared to 109 percent for end-September 1992 (Appendix II, Table XVII). For the first three quarters of 1995, commercial bank liquidity fluctuated within narrow margins as measured by the credit to deposit ratio. Thus, commercial bank liquidity increased in the first quarter of 1995, with a 3.2 percentage points decline in the credit to deposit ratio to 92 percent. This reflected a decrease in demand for bank credit by the parastatal sector, combined with a boost in deposits of the private and parastatal sectors. The liquidity expansion was partly reversed in the second quarter of 1995, with the credit to deposit ratio increasing by 1.8 percentage points. In the third quarter of 1995, the liquidity ratio returned back to its level of the first quarter of 1995. The relatively high level of commercial bank liquidity in 1995 as compared to 1994, and particularly 1993, reflects, in part, Seychelles' sluggish economic activity in the recent past, with demand for credit dampened by an unfavorable economic environment.

3. Monetary policy instruments

The CBS has a number of instruments at its disposal for the conduct of monetary policy. ^{1/} There has been no change in the minimum reserve requirement (MRR) for commercial bank deposits since November 1992, when the MRR was last raised from 10 percent to 20 percent, a level which is quite high by international standards. Under the local asset ratio (LAR), commercial banks are required to hold at least 50 percent of their assets in

^{1/} For a complete discussion of these instruments, see SM/93/227.

government securities. The required 50 percent ratio, which remained unchanged during 1993-95, was exceeded by large margins by commercial banks throughout this period.

The CBS also engages in open market operations. However, its role has been more passive, particularly with regard to purchases of Treasury bills during the monthly auctions. Up until August 1993, Treasury bills were issued on tap (i.e., on a fixed-yield basis) with yields ranging from 13 percent for 91-day bills to 13.9 percent for 365-day bills. In September 1993, the authorities introduced a new system of auctioning Treasury bills with the view to allowing greater market-determination of interest rates. The Government set the monthly sales volume for Treasury bills at SR 100 million for 91-day bills, SR 50 million for 182-day bills, and SR 25 million for 365-day bills. On a steady-state basis, these monthly volumes would result in outstanding stocks of SR 300 million each for the 91-day, 182-day, and 365-day bills. In September 1994, the monthly volume of 91-day bills was reduced to SR 70 million.

Under the new auction system, the authorities collect bids for the monthly sales of Treasury bills from market participants. A committee, comprising members from the Treasury, the Attorney General's office, and the Accounting General's office, decides on a cutoff level for bids, thus determining the maximum rate at which the authorities are willing to issue Treasury bills. The balance between the cutoff quantity and the monthly volume is then purchased by the CBS at the average rate of that month's auction. By thus intervening in Treasury bills market, the authorities are restricting market participants from freely determining the yield for Treasury bills. Furthermore, with the CBS picking up the balances of unsold Treasury bills, the conduct of monetary policy in Seychelles is made to respond to the need of financing the Government's deficit at lower interest cost than would otherwise be determined by the market. In this context, average interest rates of Treasury bills declined from 13.4 percent in September 1993 to about 12.2 percent in September 1995 (Appendix II, Table XVIII).

In 1994, the CBS introduced two foreign currency denominated Central bank bonds, labelled FXM1 and FXM2. The FXM1 bond, issued for the equivalent of SR 75 million, offered an annual interest rate of 12.75 percent, which was payable in Seychelles rupee at the prevailing U.S. dollar-Seychelles rupee exchange rate at the date of maturity. The FXM2 bond, issued for the equivalent of SR 25 million, carried an annual interest rate of 7 percent. However, while interest was payable in rupees, the FXM2 bonds themselves were redeemable in foreign currency. As of end-1994 only SR 14 million of these bonds were sold, and the proceeds were used to settle

commercial payments arrears under the pipeline scheme. Both foreign currency bonds were discontinued in the first quarter of 1995. ^{1/}

4. Interest rate developments

The minimum interest rate paid on savings deposits by banks was last reduced in October 1993 from 8.5 percent to 8 percent; it has remained at 8 percent ever since (Appendix II, Table XVIII). According to a November 1992 rule, the minimum savings rate is set at 3 percentage points above the three-month SDR rate. This rule also determines that the minimum savings rate should only change if the SDR rate moves by at least 50 basis points over a sustained period. Time deposit rates declined marginally during 1993-94 and the first three quarters of 1995. This was most pronounced for time deposits with a maturity over 12 months, where the interest rate range declined from 11-13 percent at end-1992 to 10.5-11 percent at end-September 1995. There has also been a general decline in interest rates charged by the CBS to the Government as well as to commercial banks. Both the minimum and maximum interest rates for central bank advances to the Government have declined from 11 percent and 15 percent at the end of 1993 to 10.1 percent and 14.1 percent at end-September 1995, respectively. Likewise, interest charged by the CBS for temporary advances to commercial banks fell from 13.4 percent at end-1993 to 12.6 percent at end-September 1995. ^{2/}

During 1993 and 1994, the CBS continued to operate the concessionary refinance scheme on behalf of the Government. In 1993, net credit under this scheme decreased marginally by SR 2.3 million to SR 31.6 million, only to increase by about 43 percent during 1994 to SR 45.2 million. The interest rates for this scheme have remained unchanged during the period under review. Thus, under the refinance scheme, commercial banks advance loans for working capital mainly to parastatal industries engaged in export-oriented and import-substitution activities, charging a maximum of 3 percent interest, with the CBS providing refinance at 1 percent interest.

5. Specialized banks

There are two state-owned specialized banks, the Seychelles Savings Bank (SSB) and the Development Bank of Seychelles (DBS), which play an important role in financial intermediation. During 1993 and 1994, deposits at the SSB almost doubled from some SR 93 million at end-1992 to around

^{1/} During 1994 and 1995, no new Treasury bonds were issued. However, a two-year bond, introduced in September 1993 at a 12.5 percent yield, continued to be sold throughout the period. While the sale of this bond amounted to some SR 97 million in 1994, it declined substantially in 1995 and reached only about SR 31 for the first three quarters of the year. Treasury bonds were held almost exclusively outside the Central Bank.

^{2/} These advances are extended against Treasury bills and must not exceed 14 days. The interest rate charged is set at 50 basis points above the average tender rate of the last auction of Treasury bills.

SR 183 million at end-1994. During the first three quarters of 1995, deposits remained more or less unchanged at around their end-1994 level (Table 9). Since the SSB invests primarily in government securities, it contributes significantly to mobilizing domestic savings to finance government operations.

The second specialized bank, the DBS provides concessional loans for Seychellois-controlled investment activities. In line with the Government's recent policies to encourage the private sector, the DBS has gradually reduced its lending to parastatals and increased its financing of private sector projects. Thus, total credits to the private sector grew from SR 67.4 million at end-1992 to SR 110.2 million at end-September 1995, while those to public entities declined during the same period from SR 77.4 million to SR 46.2 million. The DBS has access to significant foreign lines of credit--primarily from the Caisse Française de Développement, the European Investment Bank, and the African Development Bank--which, as of September 1995, stood at about SR 36 million.

IV. International Transactions

1. Structure of the balance of payments and recent developments ^{1/}

Seychelles' balance of payments is characterized by a low level of merchandise exports and a high level of imports, with the result that the net merchandise trade account registers large annual deficits. By contrast, the net services and income account (which includes tourism receipts) registers large annual surpluses; similar surpluses are also registered on the net long-term capital account (Table 10 and Chart 6). From 1992 onward, Seychelles' external accounts have registered sizable overall deficits, which have been financed by a drawdown of reserves and the accumulation of external payments arrears. During this period, Seychelles' balance of merchandise trade recorded large deficits, which, as in previous years, were largely offset by surpluses in the services and income account, as well as by receipts of official transfers and of long-term capital. The current account deficit (after grants) in 1993-94 was--on average--equivalent to 3.1 percent of GDP. Although net long-term capital inflows averaged SR 162 million during this period, these inflows could not cover the cumulative current account deficits. Consequently, the overall deficits in Seychelles' external accounts were financed, particularly in 1994, by a drawdown of reserves and the accumulation of external payments arrears.

^{1/} For a detailed description of the structure of Seychelles balance of payments see SM/93/227.

Table 9. Seychelles: Accounts of the Specialized Banks, 1990-95 ^{1/}

(In millions of Seychelles rupees; end of period)

	1990	1991	1992	1993	1994	1995		
						March	June	Sept.
Cash and balances	<u>3.5</u>	<u>5.4</u>	<u>5.7</u>	<u>8.7</u>	<u>6.6</u>	<u>12.5</u>	<u>11.3</u>	<u>11.6</u>
Cash in hand (SSB)	1.4	2.0	3.3	2.7	2.3	2.0	1.7	1.2
Deposits with Central Bank (SSB)	0.6	1.6	0.7	1.7	0.2	4.2	1.1	0.3
Deposits with commercial banks (DBS)	1.5	1.8	1.7	4.3	4.1	6.3	8.5	10.1
Claims on Government (SSB)	<u>61.6</u>	<u>68.0</u>	<u>86.9</u>	<u>97.2</u>	<u>94.6</u>	<u>90.5</u>	<u>118.6</u>	<u>98.1</u>
Claims on public entities	<u>76.2</u>	<u>83.2</u>	<u>77.5</u>	<u>65.1</u>	<u>78.1</u>	<u>76.2</u>	<u>48.5</u>	<u>46.2</u>
SSB	0.1	0.1	0.1	0.0	25.0	25.0	...	...
DBS	76.1	83.1	77.4	65.1	53.1	51.2	48.5	46.2
Claims on private sector	<u>58.7</u>	<u>62.7</u>	<u>76.3</u>	<u>99.9</u>	<u>124.9</u>	<u>132.1</u>	<u>134.2</u>	<u>137.1</u>
SSB	5.7	6.4	8.9	12.4	18.7	19.6	22.8	26.9
DBS	53.0	56.3	67.4	87.5	106.2	112.5	111.4	110.2
Other assets	<u>34.8</u>	<u>47.3</u>	<u>50.2</u>	<u>73.3</u>	<u>80.9</u>	<u>77.7</u>	<u>84.2</u>	<u>83.2</u>
SSB	5.9	6.4	7.0	48.2	54.5	55.8	63.6	55.6
DBS	28.9	40.9	43.2	25.1	26.4	21.9	20.6	27.6
Assets = Liabilities	<u>234.8</u>	<u>266.6</u>	<u>296.6</u>	<u>344.2</u>	<u>385.1</u>	<u>389.0</u>	<u>396.8</u>	<u>376.2</u>
Deposit liabilities	<u>61.0</u>	<u>69.9</u>	<u>92.7</u>	<u>144.0</u>	<u>182.8</u>	<u>185.1</u>	<u>196.2</u>	<u>170.6</u>
Time deposits (SSB)	18.3	22.2	34.1	73.9	89.3	89.7	69.7	72.3
Savings deposits (SSB)	42.7	47.7	58.6	70.1	93.5	95.4	126.5	98.3
Reserves	<u>29.2</u>	<u>31.8</u>	<u>37.0</u>	<u>45.1</u>	<u>52.9</u>	<u>57.4</u>	<u>57.1</u>	<u>57.0</u>
SSB	8.5	8.5	6.1	9.1	9.4	9.4	9.1	9.1
DBS	20.7	23.3	30.9	36.0	43.5	48.0	48.0	47.9
Assigned capital (DBS)	<u>40.0</u>	<u>40.0</u>	<u>40.0</u>	<u>40.0</u>	<u>40.0</u>	<u>40.0</u>	<u>40.0</u>	<u>40.0</u>
Other liabilities	<u>104.6</u>	<u>124.9</u>	<u>126.9</u>	<u>115.1</u>	<u>109.2</u>	<u>106.6</u>	<u>103.6</u>	<u>108.4</u>
SSB	5.8	6.1	8.1	9.1	3.0	2.7	2.6	2.2
DBS	98.8	118.8	118.8	106.0	106.2	103.9	101.0	106.2

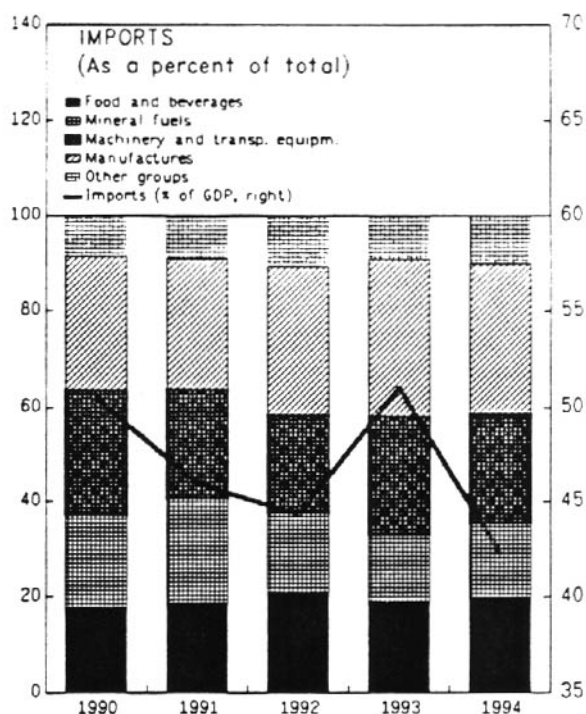
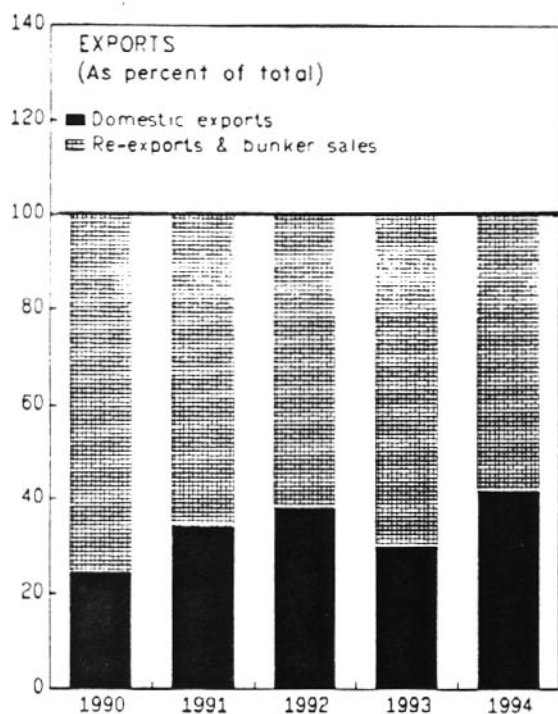
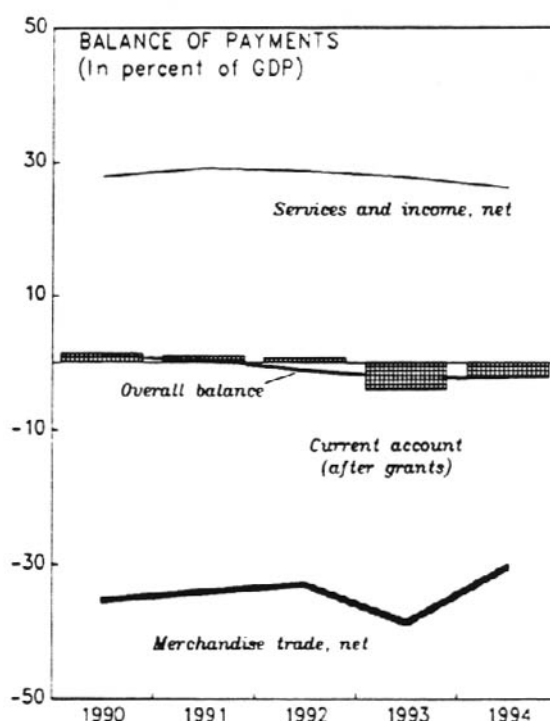
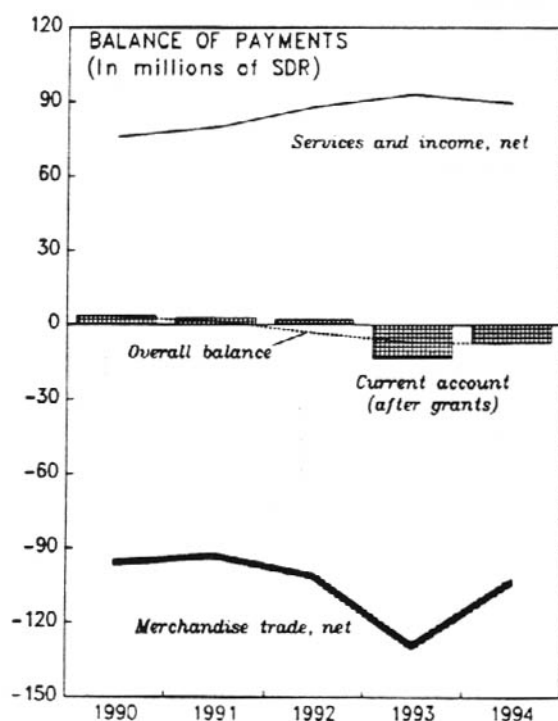
Source: Central Bank of Seychelles (Quarterly Review and updates thereto).

^{1/} Seychelles Savings Bank (SSB) and Development Bank of Seychelles (DBS).

CHART 6

SEYCHELLES

BALANCE OF PAYMENTS, EXPORTS, AND IMPORTS, 1990-94



Sources: Data provided by the Seychelles authorities; and staff estimates.

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Table 10. Seychelles: Balance of Payments Summary, 1990-94

(In millions of Seychelles rupees)

	1990	1991	1992	1993	1994
Merchandise trade, net	-693.4	-673.0	-731.0	-935.3	-748.2
Export and re-exports, f.o.b.	149.2	98.9	100.3	114.5	135.8
Canned tuna exports	55.3	64.1	66.5	58.3	89.1
Other domestic exports	15.8	21.5	25.2	18.5	28.4
Re-exports	78.1	13.3	8.6	37.7	18.3
Imports, f.o.b.	842.6	771.9	831.3	1,049.8	884.0
Retained imports	618.2	583.2	686.8	854.9	677.3
Imports for cannery ^{1/}	30.3	43.6	34.3	37.7	57.6
Imports for resale ^{2/}	194.1	145.1	110.2	157.2	149.2
Services and income, net	549.2	577.3	637.3	672.3	647.8
Receipts	1,240.4	1,263.9	1,309.2	1,388.4	1,222.9
Transportation	382.4	480.6	481.5	520.6	467.1
Travel	638.5	518.8	592.5	600.4	510.0
Other receipts (including investment income)	219.5	264.5	235.2	267.4	245.8
Payments	691.2	686.6	671.9	716.1	575.1
Shipment	149.1	136.6	147.6	185.4	156.4
Other transportation	126.0	161.1	170.4	170.8	126.6
Official interest	40.1	30.4	36.5	37.6	33.7
Travel	106.4	66.0	83.9	93.4	73.9
Other payments	269.6	292.5	233.5	228.9	184.5
Private transfers	-13.6	-13.0	-14.3	-29.8	-35.4
Credit	37.8	36.8	52.9	45.7	30.1
Debit	51.4	49.8	67.2	75.5	65.5
Official transfers	183.2	127.7	122.2	195.6	81.2
Credit	186.9	130.5	124.6	198.5	83.2
Debit	3.7	2.8	2.4	2.9	2.0
Long-term capital, net	78.8	165.3	49.5	201.6	122.4
Private long-term capital, net ^{3/}	102.2	89.0	83.6	178.9	156.2
Public long-term capital, net	-23.4	76.3	-34.1	22.7	-33.8
Loan drawings	75.7	168.2	34.1	94.5	63.3
Loan repayments	99.1	91.9	68.2	71.8	97.1
Short-term capital, errors and omissions, net	-82.7	-176.2	-88.7	-156.6	-123.9
Official reserves, net	-21.5	-60.1	-23.0	-17.7	27.9
Assets (increase -)	-18.6	-54.8	-19.0	-23.0	27.9
Liabilities (increase +)	-2.9	-5.3	-4.0	5.3	0.0
Change in arrears (increase +) ^{4/}	---	52.0	48.0	70.0	28.2
Balances					
Goods, services, and income	-144.2	-95.7	-93.7	-263.1	-100.4
Current before official transfers	-157.8	-108.7	-108.0	-292.9	-135.8
Current after official transfers	25.4	19.0	14.2	-97.3	-54.6
Basic (after long-term capital)	104.2	184.3	63.7	104.3	67.8
Overall	21.5	8.1	-25.0	-52.3	-56.1
Memorandum items:					
GDP at current market prices	1,967.1	1,980.1	2,221.2	2,419.2	2,465.4
Current balances/GDP(percent)					
Before official transfers	-8.0	-5.5	-4.9	-12.1	-5.5
After official transfers	1.3	1.0	0.6	-4.0	-2.2
Debt service ratio (percent) ^{5/}					
To exports of goods and services	10.0	9.0	7.4	7.3	9.6
To same, less re-exports and bunkers	12.0	10.3	8.3	8.3	11.0

Sources: Central Bank of Seychelles; and staff estimates.

^{1/} Mainly frozen tuna purchased from foreign fleets.

^{2/} As re-export and bunker sales (mostly fuel, included in transportation receipts).

^{3/} Net private long-term capital inflows to Seychelles represent accrual transactions channeled through the commercial banks as reflected in the exchange record, as well as substantial adjustments on the basis of other information.

^{4/} Commercial payments arrears.

^{5/} Official interest and amortization as percent of current receipts.

2. Terms of trade

During 1990-94, Seychelles' terms of trade fluctuated markedly from one year to another, and, in 1993-94, were unfavorable, in part, because of the continued declining trend in unit earnings in the tourism sector (Chart 7 and Appendix II, Table XXI). In 1993, Seychelles' terms of trade declined by 2 percent in 1993, despite improved world market prices for domestic exports and a sharp drop in the price index of imports. In 1994, outlays per night are estimated to have fallen by approximately 15 percent in nominal rupee and SDR terms. This, together with an 11 percent reduction in the price index of exports, led to a 14.8 percent decline in Seychelles' terms of trade.

3. Merchandise trade

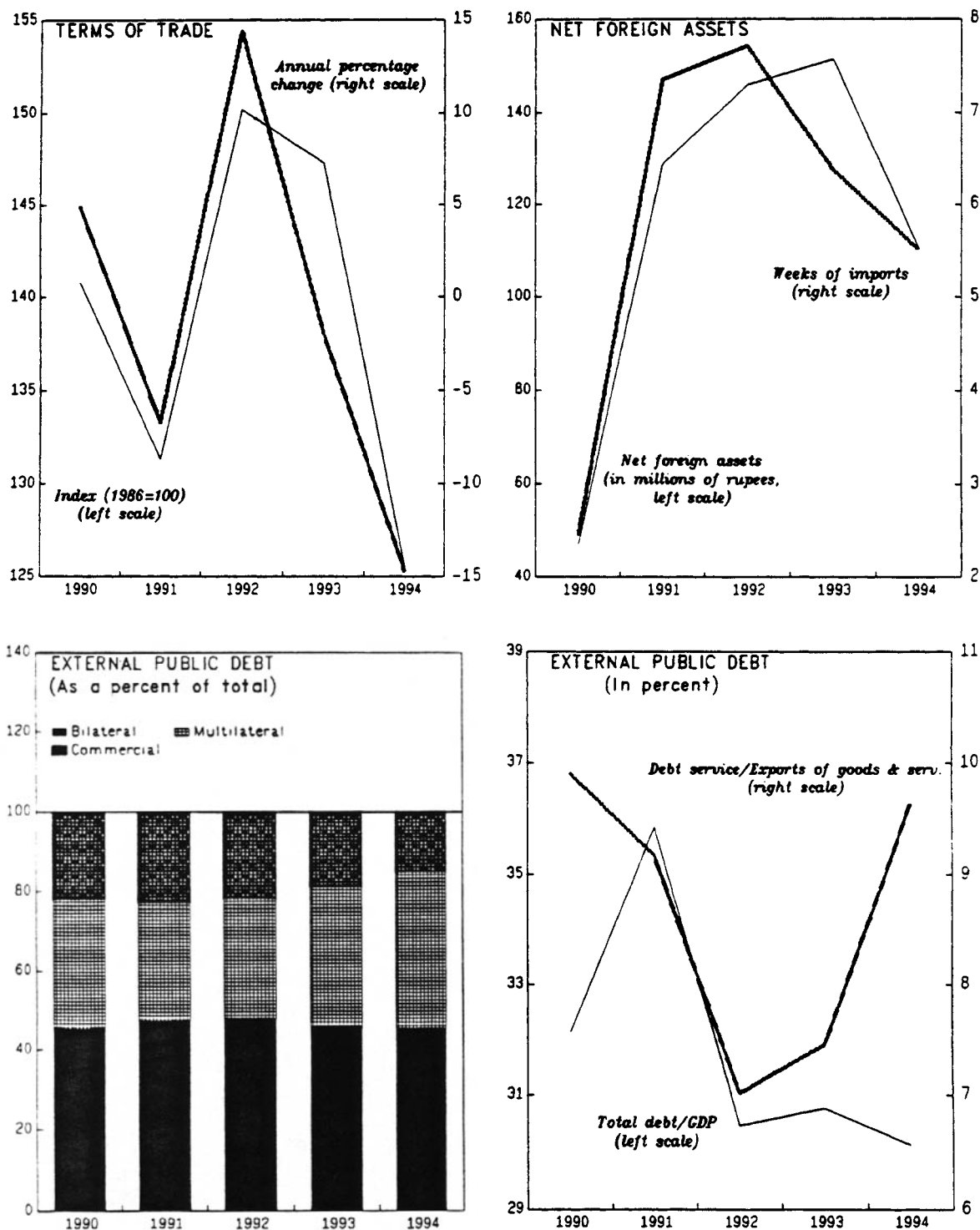
a. Exports, re-exports, and bunker sales

Seychelles' total merchandise exports averaged about 55 percent of GDP during 1990-94. The country's main domestic exports are canned tuna and fresh and frozen fish, which accounted for an average of about 88 percent of the total during 1990-94 (Table 11 and Appendix II, Table XXII); copra, cinnamon bark, and other traditional exports account for the balance. Export earnings in 1994 increased substantially over the 1993 level. As a result of improved external demand, together with expanded domestic production capacity, export earnings from canned tuna rose by SR 31 million to SR 89.1 million; however, part of this increase was due to SR 11 million earned from the production of loins. Other traditional exports also rose markedly by SR 10.7 million, and stood at SR 18.7 million at end-1994. Seychelles re-exports petroleum products in the form of bunker fuel to ships and aircraft; this, together with the provision of fresh water and other services to carriers, account, on average, for about 13 percent of total exports of goods and nonfactor services.

b. Imports

Total imports, which showed a rising trend during 1992-93, were sharply reversed in 1994, when imports (c.i.f.) fell by 16 percent from SR 1,235.9 million in 1993 to SR 1,042.4 million by end-1994. Accordingly, total imports relative to GDP have declined from 52.7 percent in 1993 to 42.3 percent in 1994. Imports of manufactured goods recorded the most significant decline of SR 77.9 million, or 19 percent, followed by imports of machinery and transport equipment, which decreased by SR 68.3 million, or 22 percent (Chart 6 and Appendix II, Table XXIII), the latter being primarily the result of tighter restrictions on imports of used motor vehicles introduced in the latter part of 1993. Bunker fuel, which accounted for 15.1 percent of retained imports, dropped by 10.5 percent in 1994, because of a lower fuel uplift to shipping vessels (Table 12). The sources of Seychelles' imports are more diverse than the markets for its domestic exports (Appendix II, Table XXIV).

SEYCHELLES
TERMS OF TRADE, NET FOREIGN ASSETS, AND EXTERNAL PUBLIC DEBT, 1990-94



Sources: Data provided by the Seychelles authorities; and staff estimates.

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Table 11. Seychelles: Domestic Exports, Re-exports, and Bunker Sales, 1990-94

(In millions of Seychelles rupees)

	1990	1991	1992	1993	1994
Domestic exports, f.o.b.	<u>73.1</u>	<u>87.6</u>	<u>93.7</u>	<u>78.8</u>	<u>119.5</u>
Canned tuna	55.3	64.1	66.5	58.3	89.1
Fresh and frozen fish	11.7	17.7	18.1	9.2	9.2
Copra	1.6	1.0	0.7	0.9	0.2
Cinnamon bark	0.4	1.0	2.0	2.3	2.3
Other	4.1	3.8	6.4	8.1	18.7
Re-exports and bunker sales	<u>228.4</u>	<u>170.7</u>	<u>152.5</u>	<u>186.1</u>	<u>167.4</u>
Re-exports <u>1/</u>	78.1	13.3	8.6	37.7	18.3
Durables to carriers <u>2/</u>	0.5	0.2	0.5	0.5	0.6
Other re-exports <u>3/</u>	77.6	13.1	8.1	37.2	17.7
Bunker sales <u>1/</u>	150.3	157.4	143.9	148.4	149.2
Petroleum products <u>2/</u>	148.9	156.4	142.0	146.1	146.5
Food, beverages, tobacco and chemicals	1.4	1.0	1.9	2.3	2.6
Total, customs basis	<u>301.5</u>	<u>258.3</u>	<u>246.2</u>	<u>264.9</u>	<u>287.0</u>
Memorandum items:					
Exports and re-exports, balance of payments	149.2	98.9	100.3	114.5	135.8
Domestic exports	73.1	87.6	93.7	78.8	119.5
Re-exports <u>1/</u>	78.1	13.3	8.6	37.7	18.3
Less: Retained imports	-2.0	-2.0	-5.5	-2.0	-2.0
Net petroleum earnings	--	--	22.8	--	26.6
Bunker sales	148.9	156.4	142.0	146.1	146.5
Imports for bunkers	148.9	156.4	119.2	146.1	119.9

Sources: Management and Information Systems Division; Central Bank of Seychelles; and staff estimates.

1/ Breakdown between re-exports and bunkers is as made for the balance of payments, where bunker sales are regarded as service earnings under transportation (port services). Customs data treat all such merchandise as "re-exports."

2/ Imported into bond and resold to international carriers.

3/ Imported goods cleared through customs but not materially transformed before re-exportation.

Table 12. Seychelles: Imports by End Use, 1990-94

	1990	1991	1992	1993	1994
(In millions of Seychelles rupees)					
Retained imports, c.i.f.	<u>765.6</u>	<u>748.7</u>	<u>829.5</u>	<u>975.1</u>	<u>806.4</u>
Consumer goods	242.1	207.8	248.9	271.0	232.4
Intermediate goods	415.4	414.0	423.0	473.3	456.1
Capital goods	108.1	126.9	157.6	230.8	117.9
Imports for cannery	<u>35.7</u>	<u>51.3</u>	<u>40.3</u>	<u>44.3</u>	<u>46.1</u>
Imports for resale, c.i.f.	<u>228.4</u>	<u>170.7</u>	<u>129.7</u>	<u>185.0</u>	<u>175.5</u>
Petroleum products for bunkers <u>1</u> /	148.9	156.4	119.2	146.1	130.8
Other bunkers and re-exports	79.5	14.3	10.5	38.9	44.7
Statistical adjustment	<u>-36.0</u>	<u>-60.2</u>	<u>-37.9</u>	<u>31.5</u>	<u>-118.2</u>
Total imports, c.i.f.	<u>993.7</u>	<u>910.5</u>	<u>984.4</u>	<u>1,235.9</u>	<u>1,042.4</u>
Memorandum items:					
Imports, f.o.b. <u>2</u> /	<u>842.6</u>	<u>771.9</u>	<u>831.3</u>	<u>1,049.8</u>	<u>884.0</u>
Total imports, c.i.f.	993.7	910.5	984.4	1,235.9	1,042.4
Less: Shipment <u>3</u> /	-149.1	-136.6	-147.6	-185.4	-156.4
Less: Returned imports	-2.0	-2.0	-5.5	-0.7	-2.0
GDP at current market prices	1,967.1	1,980.1	2,221.2	2,419.2	2,465.4
(In percent)					
Rates of change					
Retained imports, c.i.f.	-2.3	-2.2	10.8	17.6	-17.3
Total imports, c.i.f.	6.8	-8.4	8.1	25.5	-15.7
Import prices <u>4</u> /	3.8	-3.5	-4.1	-8.5	0.2
Total imports at constant prices	2.9	-5.0	12.4	37.3	-15.7
Ratio to GDP					
Total imports, c.i.f.	50.5	46.0	44.3	51.1	42.3
Retained imports, c.i.f.	38.9	37.8	37.3	40.3	32.7

Source: Management and Information Systems Division (MISD).

1/ Imports of petroleum products for subsequent sale to ships and aircraft.

2/ As adjusted for balance of payments.

3/ Freight and insurance, estimated as 15 percent of imports (c.i.f.) other than for cannery.

4/ From index in Appendix Tables XXI and XXIII for total imports, c.i.f.

4. Services and income

Seychelles' surplus on net service and income transactions increased from SR 549 million in 1990 to SR 648 million in 1994 (Appendix II, Table XXV). Service and income receipts are substantial, and consist principally of earnings from tourism, transportation services, and airline passenger fare receipts. Tourist earnings decreased by about 15 percent in 1994, compared to the previous year, despite unchanged visitor nights. Accordingly, average per diem expenditure declined by 15 percent, mainly because of the increasing parallel market activities in foreign exchange. (A more detailed analysis of developments in tourism is given in Section I. Production, Wages, and Prices).

Payments on account of services and income consist principally of transportation (comprising freight and insurance on imports), airline outlays, other service payments, and investment income paid.

5. Unrequited transfers, capital, and reserves

a. Unrequited transfers

The balance on unrequited transfers, which, over the period 1990-94, averaged SR 121 million (around 5 percent of GDP), fluctuated substantially during the same period, declining from SR 170 million in 1990 to SR 108 million by 1992, rising to SR 166 million in 1993, but declining sharply thereafter to SR 46 million by 1994 (Appendix II, Table XXVI). Private transfers reflect personal remittances by or to residents as posted in the banks' exchange record. Net private transfers have been negative and have averaged about SR 33 million in the two years 1993-94. Despite a considerable decline in 1994 caused mainly by a sharp drop in official grants receipts, official unrequited transfers are still fairly substantial, in most years exceeding net public long-term capital receipts. Receipts consist primarily of commodity assistance and the estimated value of technical assistance and training.

b. Capital movements

Largely as a result of developments in official loan drawings, capital inflows, which consist primarily of private and public long-term loans, have shown considerable fluctuations in recent years. Public long-term capital inflows consist of drawings on medium- and long-term loans by the Government, together with those channeled through the Development Bank (shown as "other public" in Appendix II, Table XXVI). Public loan repayments cover only those made by the Government, on its own debt, and on parastatal debt for which government guarantees have been provided.

Recorded short-term capital flows cover only those movements in the commercial banks' foreign assets and liabilities, which represent mainly balances vis-à-vis head offices abroad. These capital flows contributed to

easing pressures on the capital account as they shifted from a net outflow of SR 35 million in 1990-91 to a net inflow of SR 22 million in 1992-94.

c. Reserves

Except for small balances maintained by the Government, Seychelles' external reserves are for the most part held and managed by the Central Bank (Appendix II, Table XXVII). Net official reserves reached a high of SR 149.6 million (SDR 20.7 million) at the end of 1993, but have declined to SR 117.3 million (SDR 16.2 million) by end-December 1994, equivalent to 5.9 weeks of imports.

6. External public debt

Seychelles' external debt increased from SR 677 million in 1992 to SR 743 million by the end of 1994, but has remained unchanged as a percentage of GDP at around 30 (Table 13); the largest portion of the debt outstanding was incurred on concessional terms. Debt service, which had declined to SR 99 million by 1992, rose thereafter to SR 112 million by the end of 1993, and to SR 131 million at the end of 1994. The debt service ratio is low at about 10 percent of exports of goods and services (Table 13 and Chart 7).

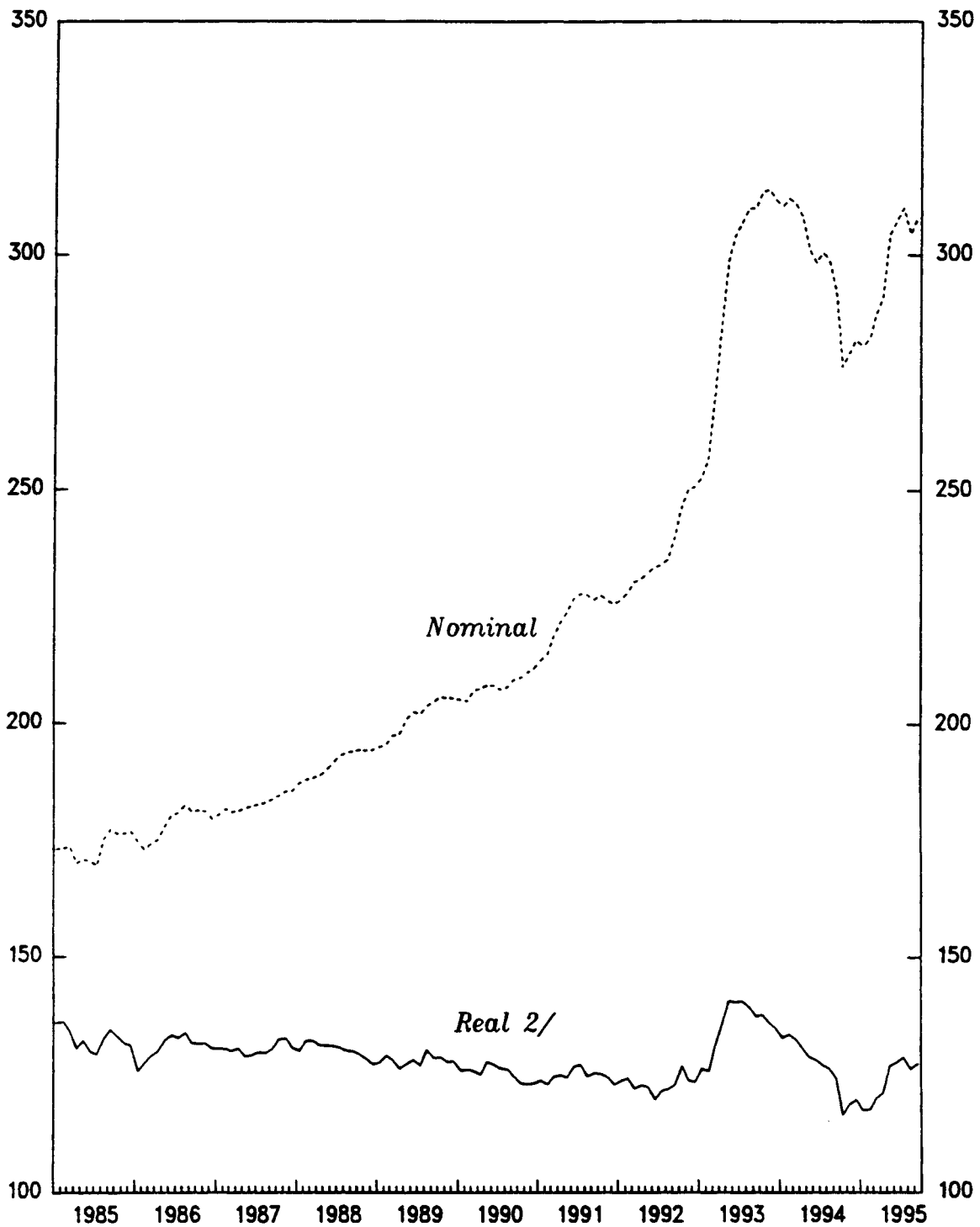
7. Exchange and trade system

Seychelles maintains exchange restrictions on the making of payments and transfers for current international transactions on dividend transfers, the administrative allocation of foreign exchange, as well as those evidenced by the existence of certain commercial external payments arrears. A description of Seychelles' exchange and trade arrangements and restrictions is provided in Appendix III of this report.

The Seychelles rupee continues to be pegged to the SDR at the rate of SR 7.2345 = SDR 1. The Central Bank deals with commercial banks mainly in pounds sterling (the intervention currency) and U.S. dollars, charging commissions of 0.125 percent (buying) and 0.875 percent (selling). Authorized rates for sterling and other currencies are based on the previous day's closing rates in New York against the U.S. dollar and the latter's SDR value, as reported by the International Monetary Fund.

During the period January 1990 to September 1995, the nominal effective exchange rate for the Seychelles rupee appreciated by almost 50 percent, owing mainly to the appreciation of the SDR in relation to the currencies of the comparators. During the same period, the real effective exchange rate has remained relatively stable, owing mainly to Seychelles' low official inflation rate (Chart 8 and Appendix II, Table XXVIII).

CHART 8
SEYCHELLES
NOMINAL AND REAL EFFECTIVE EXCHANGE RATES
JANUARY 1985-SEPTEMBER 1995
(1980=100; foreign currency per Seychelles rupee)



Sources: IMF, Information Notice System; and staff estimates.

1/ Based on the combined weights of trading partners and regional competitors in the tourism market.

2/ Based on Seychelles' retail price index which includes administered prices.

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Table 13. Seychelles: External Public Debt and Debt Service, 1990-94

	1990	1991	1992	1993	1994
<u>(In millions of Seychelles rupees)</u>					
Government external debt					
(year-end) <u>1/</u>	<u>632.3</u>	<u>709.8</u>	<u>676.7</u>	<u>744.3</u>	<u>743.0</u>
Bilateral loans	286.6	336.1	325.3	341.0	338.5
Multilateral loans	207.4	213.6	205.3	264.4	294.1
Commercial loans	138.3	160.1	146.1	138.9	110.4
Debt service	<u>137.6</u>	<u>125.0</u>	<u>98.9</u>	<u>112.0</u>	<u>130.8</u>
Repayments <u>1/</u>	97.5	87.3	62.4	74.4	97.1
Interest and charges	40.1	37.7	36.5	37.6	33.7
Government <u>1/</u>	33.0	30.4	29.4	30.5	...
Other <u>2/</u>	7.1	7.3	7.1	7.1	...
<u>Memorandum items:</u>					
GDP at current market prices	1,967.1	1,980.1	2,221.2	2,419.2	2,465.4
Exports of goods and services	1,389.6	1,362.8	1,409.5	1,502.9	1,358.7
Less: Re-exports and bunkers sales	228.4	170.7	152.5	186.1	167.4
Total excluding above	1,161.2	1,192.1	1,257.0	1,316.8	1,191.2
<u>(In percent)</u>					
Share in total debt	100.0	100.0	100.0	100.0	100.0
Bilateral loans	45.3	47.4	48.1	45.8	45.6
Multilateral loans	32.8	30.1	30.3	35.5	39.6
Commercial loans	21.9	22.6	21.6	18.7	14.9
Ratios					
Total debt to GDP	32.1	35.8	30.5	30.8	30.1
Government debt service, to:					
Exports of goods and services	9.9	9.2	7.0	7.5	9.6
Same less, re-exports and bunker sales	11.8	10.5	7.9	8.5	11.0

Sources: Department of Finance; and Central Bank of Seychelles.

1/ Government-serviced debt of over one year's maturity only.

2/ Central Bank and parastatals (estimated) largely short-term.

SEYCHELLES

Summary of Tax System, 1995

(All amounts in Seychelles rupees)

Tax	Nature of Tax	Exemptions and Deductions	Rates
<p>1. <u>Taxes on net income and profits</u></p> <p>Tax on business for:</p> <p>(a) companies, corporations, or enterprises; (b) partnerships; (c) trusts (d) sole traders</p> <p>Business Tax Act, 1987. Investment Promotion Act, 1994.</p>	<p>A tax on income derived from a source in Seychelles (and in the case where a nonresident carries a business in Seychelles through a branch, the branch shall be deemed to be incorporated and carrying on business in Seychelles) during the immediately preceding year by the owner of a business. Withholding tax is payable on interest to nonresidents, interest to residents whose business is other than money lending, certain royalties to nonresidents.</p>	<p>Deductions include normal expenses incurred in carrying on the business. Specific deductions are allowed for royalties and interest when withholding tax is paid; expenses of borrowing loans; discharge of mortgage and lease documents; certain expenditure on land for primary production for clearing, draining, fencing, and pest control. Income from house property is exempt. A loss in any year is deductible within a maximum of seven subsequent years. Contributions to certain public funds and charities are double-deductible. Standard depreciation is straight-line on historic cost (four categories of assets). Assets purchased from 1995 qualify for accelerated depreciation subject to the purchase of a Depreciation Bond of a value equal to the difference between standard and accelerated depreciation, less purchases of the relevant type of asset during the year. Under the Investment Promotion Act, certain holders of certificates of approval may depreciate up to 150 percent of historic cost.</p>	<p>The rates of tax payable per year by the owner of a business (companies, partnership, trusts, and sole traders) being a resident or a nonresident are as follows:</p> <p>0 percent on first SR 24,000; 25 percent on next SR 24,000; 30 percent on next SR 48,000; 40 percent on remainder.</p> <p>For certain holders of certificates of approval under the Investment Promotion Act, rates per year are:</p> <p>0 percent on first SR 24,000; 15 percent on remainder.</p> <p>Withholding tax is applied at 15 percent.</p>

SEYCHELLES

Summary of Tax System, 1995 (continued)

(All amounts in Seychelles rupees)

Tax	Nature of Tax	Exemptions and Deductions	Rates
<p>2. <u>Taxes on property, property transfers</u></p> <p>Stamp Duties Ordinance, 1975, No. 4 of 1975 (Immovable Property Transfer Restriction Fee Regulations, 1974), S.I. 56 of 1974;</p> <p>Immovable Property (Transfer Restriction) Act, Decree No. 13 of 1977;</p> <p>Stamp Duty (Amendment Regulations, S.I. 116 of 1980.</p> <p>Amendment of the first schedule to Act 4 of 1975, last amended by S.I. 20 of 1982.</p>	<p>Levied on the value of immovable property transferred and on the consideration for the grant of an option.</p> <p>Levied on movable property or rights</p> <p>Levied on shares of the capital of a company.</p>	<p>Transfers to the government are exempt.</p>	<p>4 percent on the first SR 50,000 of value; 10 percent on the remainder.</p> <p>The fee is to be paid by the transferor or the transferee if the latter retains the duty when making payment of the consideration (plus 1.5 percent license fee when property is acquired by a non-Seychellois, see 3.2e below)</p> <p>3 percent of the value of the property or rights.</p> <p>2.5 percent of the value of the shares.</p> <p>As specified in the regulations.</p>

SEYCHELLES

Summary of Tax System, 1995 (continued)

(All amounts in Seychelles rupees)

Tax	Nature of Tax	Exemptions and Deductions	Rates
<p>3. <u>Taxes on goods and services</u></p> <p>3.1 <u>Trades and service tax</u></p> <p>The Trades Tax Act (1985) is enacted and deemed to have come into operation on January 1, 1986.</p> <p>The Turnover Tax Act (1985) and the Control of Goods Decree (1977) are repealed.</p> <p>The Customs Tariff Act is amended by reducing to "free" all rates of duty on goods subject to positive rates of duty prior to January 1, 1986.</p> <p>The Excise Duty Act (1972) is amended by reducing to "nil" the duty rates specified in the first schedule with effect from January 17, 1986.</p>	<p>The Act provides for assessment and payment of a trades tax on specified goods and services, and for related purposes. The tax replaces the previous customs, excise, and turnover taxes, and will apply to goods imported into Seychelles, goods manufactured or produced in Seychelles for sale, and specified services. The tax on imported goods is calculated at the "landed cost" increased by specified rates of wholesale markup. The tax on locally manufactured or produced goods is calculated on monthly sales revenue at rates specified in the regulations. Tax on specified services is calculated on payments received for those services at rates specified in the regulations.</p>	<p>The Minister may authorize exemptions from the tax for products and materials imported into Seychelles for further manufacture or production of intermediate or final products for sale. Certain imported goods are exempt from the tax under the regulations, including imports previously exempt from tax under the Customs Tariff (Temporary Importations) Regulations, the Customs Tariff (Passengers' Baggage) Regulations, and the Customs Tariff (Presidential Exemption) Regulations.</p> <p>As part of an exercise to upgrade tourist establishments, hotels and restaurants have been granted, on a case-by-case basis, 100 percent tax concession on imported capital equipment. A 50 percent tax concession is also granted on all service items.</p>	

SEYCHELLES

Summary of Tax System, 1995 (continued)

(All amounts in Seychelles rupees)

Tax	Nature of Tax	Exemptions and Deductions	Rates
3.2 <u>Taxes on use of goods and services or property, or permission to perform activities</u>			
3.2a Business license fees. The Licence Ordinance (Cap. 106), the Licence Fees (Amendment) Notices (S.I. No. 106, 1974 and No. 119, 1975)	All businesses, including agents and brokers, auctioneers, owners of vessels engaged in coastal trade in Seychelles, and music or gaming machines are required to be licensed annually. (Hotels and banks are licensed annually under separate legislation--hotels at SR 150 per bed).		Fees range from SR 25 for hawkers, blacksmiths, etc., to SR 375 for insurance agencies, etc., to SR 600 for chandlers and labor contractors, to SR 1,000 for general merchants, shipping and aircraft agents, and wholesalers.
3.2b Motor vehicle taxes. The Road Transport Act (Cap. 226); the Road Transport Regulations (S.I. 104 of 1986)	Annual fees that increase with the cylinder capacity of motorcycles and passenger-carrying vehicles, and with the weight or load capacity of other vehicles, whichever is the greater. Additional fees are charged for an omnibus, taxi, or self-drive hire car. An annual driving license fee is also payable.		Motorcycles, from SR 100 to SR 150. Passenger vehicles, SR 1 per cubic centimeter of engine displacement (effective January 1, 1994). Other vehicles from SR 300 to SR 1,000.
3.2c Hire craft license fees. Control of Hire Craft Act (Cap. 208). The Control of Hire Craft Regulations (S.I. 63 of 1978)	All hire craft are required to be licensed annually on the basis of their overall length. (The Regulations also impose minor fees for surveys of craft and certification of crews).		<u>Additional Fees</u> Omnibus SR 50-100 Taxi SR 300 Self-drive SR 1,000 Driving license fee SR 50 <u>Length in fee</u> Under 10 SR 500 10-20 SR 1,500 20-30 SR 4,000 30-40 SR 6,000 40-70 SR 8,000 Over 70 SR 10,000 Beach craft SR 100

SEYCHELLES

Summary of Tax System, 1995 (continued)

(All amounts in Seychelles rupees)

Tax	Nature of Tax	Exemptions and Deductions	Rates
<p>3.2 <u>Taxes on use of goods and services or property, or permission to perform activities</u> (continued)</p> <p>3.2d Foreign fishing vessel license fees. Control of Fishing Vessels Decree No. 7 of 1979.</p> <p>3.2e Property transfer fees. The Immovable Property Transfer Restriction Ordinance (Cap. 96) and Regulations (S.I. 96 of 1974).</p>	<p>All foreign fishing vessels fishing within the exclusive economic zone of fishing for sedentary species on the continental shelf require a license.</p> <p>A fee is imposed (additional to any stamp duty) on sanctions for any non-Seychellois to acquire or lease immovable property, or to take an option in that regard, or to purchase shares in a company owning immovable property.</p>		<p>Tuna long lining: SR 105 per month per gross registered ton. Tuna purse seining: SR 70 per ton of fish permitted. Tuna pole and line: subject to negotiation (currently SR 40 per ton). Pelagic trawling: SR 35 per month per gross registered ton.</p> <p>1 percent of value transferred or of annual rent. Options: SR 100 Purchase or shares: SR 500</p>
<p>3.3 <u>Stamp duties</u></p> <p>The Stamp Duty Ordinance, 1975 (No. 4 of 1975).</p>	<p>Stamp duties are imposed on an extensive range of legal instruments at low ad valorem or fixed rates.</p>		<p>Fixed duties range from SR 0.1 on receipts and checks to SR 25 on performance bonds. Ad valorem duties include losses between 2 percent and 10 percent of the annual rent; on transfers of shares, 2.5 percent; on movable property, 3 percent; and on mortgages, 1/8 percent of the sum secured.</p>

SEYCHELLES

Summary of Tax System, 1995 (concluded)

(All amounts in Seychelles rupees)

Tax	Nature of Tax	Exemptions and Deductions	Rates
<p>4. <u>Taxes on international trade and transactions</u></p> <p>Amended by the Trades Tax Act of 1985.</p>			<p>With the introduction of the Trades Tax Act of 1985, the Customs Tariff Act was amended by reducing to "free" all positive rates of duty with effect from January 1, 1986.</p>
<p>5. <u>Social security contributions</u></p> <p>Social Security Act, 1987. Investment Promotion Act, 1994.</p>	<p>Contribution to Social Security Fund to be made by employee and employer</p>	<p>Certain holders of certificates of approval under the Investment Promotion Act are exempt from the employers' contribution.</p>	<p>Employee: 5 percent of monthly gross emoluments. Employer with respect to any employee: 10 percent of first SR 1,000 per month gross emoluments; 20 percent on next SR 1,000; 35 percent on next SR 8,000; 40 percent on remainder.</p> <p>Certain holders of certificates of approval under the Investment Promotion Act qualify for a 50 percent reduction in the employers' contribution.</p>

Table I. Seychelles: Gross Domestic Product by Industrial Origin
at Constant (1986) Market Prices, 1990-93

(In millions of Seychelles rupees)

	1990	1991	1992	1993 ^{1/}
Agriculture, forestry, and fishing	<u>78.3</u>	<u>75.1</u>	<u>64.1</u>	<u>59.3</u>
Agriculture	51.1	45.5	36.8	36.0
Forestry	1.5	1.6	1.5	2.1
Fishing	25.7	28.0	25.8	21.2
Manufacturing and handicrafts	<u>191.9</u>	<u>226.3</u>	<u>238.1</u>	<u>217.0</u>
Manufacturing	174.8	210.8	221.8	198.9
Handicrafts	17.1	15.5	16.3	18.1
Electricity and water	<u>14.1</u>	<u>26.0</u>	<u>-11.1</u>	<u>16.5</u>
Electricity	23.2	34.1	1.9	24.2
Water	-9.1	-8.1	-13.0	-7.7
Building and construction	<u>70.7</u>	<u>73.1</u>	<u>83.3</u>	<u>110.6</u>
Transport, distribution, and communications	<u>522.8</u>	<u>588.7</u>	<u>634.1</u>	<u>618.2</u>
Distribution and road freight	317.9	315.3	386.0	448.2
Water transport, etc.	54.1	53.2	47.7	42.2
Air transport, etc.	28.7	112.7	89.3	22.5
Passenger transport	33.4	20.9	28.7	33.3
Tour operators	32.6	30.9	19.2	11.6
Communications and storage	56.1	55.7	63.2	60.4
Hotels and restaurants	<u>132.3</u>	<u>118.7</u>	<u>104.6</u>	<u>87.8</u>
Finance and business services	<u>173.0</u>	<u>174.8</u>	<u>180.9</u>	<u>183.6</u>
Banks	77.9	78.4	81.8	90.0
Insurance	10.0	3.8	1.8	8.5
Business services	13.0	19.6	23.4	16.5
Real estate	5.4	5.6	5.8	5.8
Ownership of dwellings	66.7	67.4	68.1	62.8
Government services	<u>216.4</u>	<u>205.7</u>	<u>217.5</u>	<u>215.0</u>
Other services	<u>26.2</u>	<u>21.0</u>	<u>21.5</u>	<u>26.9</u>
Private nonprofit institutions	1.0	-0.2	0.9	3.0
Domestic services	13.0	12.9	12.5	12.7
Recreation	3.3	3.0	3.1	3.5
Other	8.9	5.3	5.0	7.7
Subtotal	<u>1,425.7</u>	<u>1,509.4</u>	<u>1,533.0</u>	<u>1,534.9</u>
Adjustments:				
Net interest payments by banks	-67.9	-64.9	-71.9	-84.0
Import duty	322.9	282.3	384.2	488.7
Gross domestic product at constant (1986) market prices	<u>1,680.7</u>	<u>1,726.8</u>	<u>1,845.3</u>	<u>1,939.6</u>

Source: Management and Information Systems Division (MISD).

^{1/} MISD and staff estimates.

Table II. Seychelles: Gross Domestic Product by Industrial Origin
at Current Market Prices, 1990-94

(In millions of Seychelles rupees)

	1990	1991	1992	1993	1994 1/
Agriculture, forestry, and fishing	<u>94.6</u>	<u>94.6</u>	<u>85.0</u>	<u>89.4</u>	<u>94.3</u>
Agriculture	65.2	62.5	51.1	55.0	65.4
Forestry	1.8	1.4	1.8	1.7	2.3
Fishing	27.6	30.7	32.1	32.7	26.6
Manufacturing and handicrafts	<u>198.6</u>	<u>214.3</u>	<u>264.3</u>	<u>259.5</u>	<u>280.7</u>
Manufacturing	179.0	193.0	243.2	238.7	261.0
Handicrafts	19.6	21.3	21.1	20.8	19.7
Electricity and water	<u>26.9</u>	<u>42.1</u>	<u>11.0</u>	<u>13.7</u>	<u>14.5</u>
Electricity	12.7	23.6	-9.3	7.7	8.3
Water	14.2	18.5	20.3	6.0	6.2
Building and construction	<u>94.3</u>	<u>101.7</u>	<u>127.9</u>	<u>188.2</u>	<u>195.4</u>
Transport, distribution, and communications	<u>552.4</u>	<u>599.5</u>	<u>679.9</u>	<u>673.3</u>	<u>679.1</u>
Distribution and road freight	315.9	304.5	356.4	419.3	426.9
Water transport, etc.	65.0	63.9	60.2	57.5	46.8
Air transport, etc.	16.3	65.3	85.2	21.4	20.2
Passenger transport	36.7	26.9	33.9	41.2	41.0
Tour operators	43.5	46.8	45.2	27.2	25.7
Communications and storage	75.0	92.1	99.0	106.7	118.5
Hotels and restaurants	<u>215.2</u>	<u>191.5</u>	<u>191.5</u>	<u>207.8</u>	<u>206.8</u>
Finance and business services	<u>191.2</u>	<u>195.8</u>	<u>213.7</u>	<u>214.0</u>	<u>214.3</u>
Banks	89.1	91.6	105.9	116.1	114.6
Insurance	16.6	10.9	9.5	11.7	11.7
Business services	10.4	16.8	20.7	14.7	15.0
Real estate	5.5	5.5	5.6	5.6	5.6
Ownership of dwellings	69.6	71.0	72.0	65.9	67.4
Government services	<u>256.2</u>	<u>259.9</u>	<u>296.2</u>	<u>343.5</u>	<u>340.1</u>
Other services	<u>44.0</u>	<u>42.5</u>	<u>44.1</u>	<u>51.3</u>	<u>51.6</u>
Private nonprofit institutions	6.7	6.9	8.4	9.6	9.6
Domestic services	14.6	14.8	14.8	15.1	15.5
Recreation	5.9	8.3	8.2	7.0	6.9
Other	16.8	12.5	12.7	19.6	19.6
Subtotal	<u>1,673.4</u>	<u>1,741.9</u>	<u>1,913.6</u>	<u>2,040.7</u>	<u>2,076.8</u>
Adjustments:					
Net interest payments by banks	-68.5	-67.4	-82.7	-98.1	-96.9
Import duty	362.2	305.6	390.3	476.6	485.4
Gross domestic product at current market prices	<u>1,967.1</u>	<u>1,980.1</u>	<u>2,221.2</u>	<u>2,419.2</u>	<u>2,465.4</u>

Source: Management and Information Systems Division (MISD).

1/ MISD and staff estimates.

Table III. Seychelles: Expenditure on Gross Domestic Product, 1990-94

(In millions of Seychelles rupees at current prices)

	1990	1991	1992	1993	1994 ^{1/}
Consumption	<u>1,525.7</u>	<u>1,562.5</u>	<u>1,774.9</u>	<u>1,988.2</u>	<u>1,891.3</u>
Public	544.4	558.4	674.6	714.7	739.0
Private ^{2/}	981.3	1,004.1	1,100.3	1,273.5	1,152.3
Investment	<u>483.4</u>	<u>438.4</u>	<u>469.3</u>	<u>697.2</u>	<u>568.5</u>
Gross fixed capital formation	451.9	422.1	465.4	651.2	545.0
Public	161.5	256.3	209.3	271.4	183.6
Private	291.2	165.8	256.1	379.8	361.4
Increase in stocks/herds	31.5	16.3	3.9	46.0	23.5
Total expenditure	<u>2,009.1</u>	<u>2,000.9</u>	<u>2,244.2</u>	<u>2,685.4</u>	<u>2,459.8</u>
Exports minus imports ^{3/}	<u>-42.0</u>	<u>-20.8</u>	<u>-23.0</u>	<u>-266.2</u>	<u>5.6</u>
Gross domestic product at market prices	<u>1,967.1</u>	<u>1,980.1</u>	<u>2,221.2</u>	<u>2,419.2</u>	<u>2,465.4</u>
Memorandum items:					
Net factor income from abroad	-68.0	-47.2	-40.7	-77.1	-68.6
Gross national product at market prices	1,899.1	1,932.9	2,180.5	2,342.1	2,396.8
Less: net indirect taxes	465.8	436.8	536.6	643.4	573.4
Less: depreciation	164.7	219.1	181.9	208.8	230.9
Net national product at factor cost (national income)	1,268.6	1,277.0	1,462.0	1,489.9	1,592.5
Gross domestic savings	441.4	417.6	446.3	431.0	574.1
Ratio of total expenditure to GDP (percent)	102.1	101.1	101.0	111.0	99.8

Sources: Management and Information Systems Division (MISD); and staff estimates.

^{1/} MISD and staff estimates.

^{2/} Calculated as the residual.

^{3/} Goods and nonfactor services; discrepancies with BOP figures are likely as a result of parallel market transactions outside the banking system.

Table IV. Seychelles: Composition of Domestic Capital Formation, 1990-94

(In millions of Seychelles rupees at current purchasers' values)

	1990	1991	1992	1993	1994 ^{1/}
Gross fixed capital formation	<u>451.9</u>	<u>422.1</u>	<u>465.4</u>	<u>651.2</u>	<u>545.0</u>
Building and construction	167.6	168.3	254.4	358.7	...
Land improvement	4.5	4.5	6.8	--	...
Transport equipment	46.8	56.1	72.6	177.6	...
Machinery and equipment	233.0	193.2	131.6	114.9	...
Change in stocks and herds	<u>31.5</u>	<u>16.3</u>	<u>3.9</u>	<u>46.0</u>	<u>23.5</u>
Gross domestic capital formation	<u>483.4</u>	<u>438.4</u>	<u>469.3</u>	<u>697.2</u>	<u>568.5</u>
Less: depreciation	<u>164.7</u>	<u>219.1</u>	<u>181.9</u>	<u>208.8</u>	<u>230.9</u>
Net domestic capital formation	<u>318.7</u>	<u>222.7</u>	<u>289.2</u>	<u>494.9</u>	<u>376.4</u>

Source: Management and Information Systems Division (MISD).

^{1/} Staff estimates.

Table V. Seychelles: Value Added in Tourism by Subsector, 1990-94 ^{1/}

(In thousands of Seychelles rupees)

	1990	1991	1992	1993	1994 ^{1/}
Hotels and restaurants	215.2	191.5	191.5	207.8	206.8
Handicrafts	19.6	21.3	21.1	20.8	19.7
Air transport, etc.	16.3	65.3	85.2	21.4	20.2
Tour operators	43.5	46.8	45.2	27.2	25.7
Passenger transport	18.4	13.5	17.0	20.6	20.5
Communications	15.0	18.4	19.8	21.3	23.7
Recreational services	5.9	8.3	8.2	6.3	6.2
Total	333.9	365.1	388.0	325.4	322.8
<u>Memorandum items:</u>					
Total GDP at current market prices	1,967.1	1,980.1	2,221.2	2,419.2	2,465.4
Value added in tourism/GDP (ratio in percent)	17.0	18.4	17.5	13.5	13.1

Source: Management and Information Systems Division (MISD).

^{1/} MISD and staff estimates.

Table VI. Seychelles: Visitor Arrivals by Country of Residence, 1990-95

	1990	1991	1992	1993	1994	1994 Jan.-Sept.	1995
(In thousands)							
Europe	81.3	64.6	79.3	94.0	89.6	65.3	67.8
United Kingdom and Ireland	19.2	14.9	14.3	18.9	19.3	14.8	13.2
Italy	19.3	15.2	20.9	14.4	12.1	9.3	8.8
France	21.9	15.2	21.4	26.6	22.3	16.6	18.5
Germany	9.0	9.3	13.0	18.5	20.6	14.1	14.1
Switzerland	2.8	2.5	2.6	3.8	3.9	2.5	3.1
Scandinavia	2.1	1.4	1.6	1.9	2.1	1.6	1.5
Spain and Portugal	2.8	2.1	2.2	5.5	4.0	3.0	3.8
Other	4.3	4.0	3.3	4.4	5.3	3.4	4.8
Africa	15.9	18.8	12.2	13.5	11.0	7.8	9.7
Réunion	2.1	3.5	2.1	3.3	2.5	1.8	2.6
Mauritius	1.1	1.0	1.2	2.4	1.6	1.1	1.5
East Africa	1.3	1.1	1.4	1.1	1.1	0.7	0.7
South Africa	9.9	11.8	6.1	5.0	4.7	3.3	4.0
Other	1.5	1.4	1.4	1.7	1.1	0.9	0.9
Asia	3.5	3.8	4.1	4.0	5.3	3.6	4.6
Middle East	1.9	1.8	1.9	1.8	2.1	1.7	1.3
Indian subcontinent	0.3	0.5	0.7	0.5	0.6	0.4	0.6
Hong Kong	0.2	0.2	0.2	0.2	0.1	0.1	0.1
Japan	0.5	0.5	0.5	0.9	1.2	0.9	1.1
Other	0.6	0.8	0.8	0.6	1.3	0.5	1.5
America	2.6	2.4	2.5	3.8	3.3	2.1	4.1
United States	1.9	1.8	1.8	3.1	2.7	1.7	3.3
Other	0.7	0.6	0.7	0.7	0.6	0.4	0.8
Oceania	0.5	0.5	0.5	0.9	0.7	0.6	0.7
Total	103.8	90.1	98.6	116.2	109.9	79.4	86.9
(In percent of total)							
Europe	78.3	71.7	80.4	80.9	81.5	82.2	78.0
United Kingdom and Ireland	18.5	16.5	14.5	16.3	17.6	18.6	15.2
Italy	18.6	16.9	21.2	12.4	11.0	11.7	10.1
France	21.1	16.9	21.7	22.9	20.3	20.9	21.3
Germany	8.7	10.3	13.2	15.9	18.7	17.8	16.2
Switzerland	2.7	2.8	2.6	3.3	3.5	3.1	3.6
Scandinavia	2.0	1.5	1.6	1.6	1.9	2.0	1.7
Spain and Portugal	2.7	2.4	2.2	4.7	3.6	3.8	4.4
Other	4.1	4.4	3.3	3.8	4.8	4.3	5.5
Africa	15.3	20.9	12.4	11.6	10.0	9.8	11.2
Réunion	2.1	3.9	2.1	2.8	2.3	2.3	3.0
Mauritius	1.0	1.1	1.2	2.1	1.5	1.4	1.7
East Africa	1.2	1.3	1.4	0.9	1.0	0.9	0.8
South Africa	9.5	13.1	6.2	4.3	4.3	4.2	4.6
Other	1.4	1.6	1.4	1.5	1.0	1.1	1.0
Asia	3.4	4.2	4.2	3.4	4.8	4.5	5.3
Middle East	1.8	2.0	1.9	1.5	1.9	2.1	1.5
Indian subcontinent	0.3	0.5	0.7	0.4	0.5	0.5	0.7
Hong Kong	0.2	0.3	0.2	0.2	0.1	0.1	0.1
Japan	0.5	0.5	0.5	0.8	1.1	1.1	1.3
Other	0.6	0.9	0.8	0.5	1.2	0.6	1.7
America	2.5	2.7	2.5	3.3	3.0	2.6	4.7
United States	1.9	2.0	1.8	2.7	2.5	2.1	3.8
Other	0.7	0.6	0.7	0.6	0.5	0.5	0.9
Oceania	0.5	0.6	0.5	0.8	0.6	0.8	0.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Management and Information Systems Division (MISD) (Statistical Abstracts, Migration and Tourism Statistics and Statistical Bulletins).

Table VII. Seychelles: Average Formal Employment by Principal Sectors, 1990-94

	1990	1991	1992	1993	1994
<u>(Number of employees)</u>					
Agriculture, forestry, and fishing	2,199	2,181	2,144	2,153	1,959
Manufacturing, electricity, and water	2,598	2,687	2,742	2,772	2,893
Building and construction	1,704	1,592	1,669	1,833	1,798
Wholesale and retail trade	1,473	1,539	1,730	1,788	1,912
Transport, storage, and communications	3,276	3,359	3,407	3,425	2,974
Tourism-related	1,018	1,056	1,109	1,121	1,093
Other than tourism	2,258	2,303	2,298	2,304	1,881
Restaurants	479	515	498	479	488
Hotels	2,846	2,847	2,872	2,970	3,140
Services	8,937	9,237	9,394	9,818	10,028
Public administration	2,517	2,632	2,651	2,570	2,440
Finance and business	824	876	909	953	1,113
Social and community	5,013	5,117	5,179	5,638	5,791
Other	583	612	655	657	684
All sectors	<u>23,512</u>	<u>23,957</u>	<u>24,456</u>	<u>25,238</u>	<u>25,192</u>
Government	9,012	9,061	9,136	9,602	9,468
Parastatal	6,062	6,318	6,197	6,011	5,221
Private	8,438	8,578	9,123	9,622	10,503
<u>(Percent of total)</u>					
Agriculture, forestry, and fishing	9.4	9.1	8.8	8.5	7.8
Manufacturing, electricity, and water	11.0	11.2	11.2	11.0	11.5
Building and construction	7.2	6.6	6.8	7.3	7.1
Wholesale and retail trade	6.3	6.4	7.1	7.1	7.6
Transport, storage, and communications	13.9	14.0	13.9	13.6	11.8
Tourism-related	4.3	4.4	4.5	4.4	4.3
Other than tourism	9.6	9.6	9.4	9.1	7.5
Restaurants	2.0	2.1	2.0	1.9	1.9
Hotels	12.1	11.9	11.7	11.8	12.5
Services	38.0	38.6	38.4	38.9	39.8
Public administration	10.7	11.0	10.8	10.2	9.7
Finance and business	3.5	3.7	3.7	3.8	4.4
Social and community	21.3	21.4	21.2	22.3	23.0
Other	2.5	2.6	2.7	2.6	2.7
All sectors	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Government	38.3	37.8	37.4	38.0	37.6
Parastatal	25.8	26.4	25.3	23.8	20.7
Private	35.9	35.8	37.3	38.1	41.7

Source: Management and Information Systems Division (MISD).

Table VIII. Seychelles: Average Monthly Earnings in Formal
Employment by Principal Sectors, 1990-94

(In Seychelles rupees)

	1990	1991	1992	1993	1994
Agriculture, forestry, and fishing	1,859	1,937	2,221	2,290	2,340
Manufacturing	2,187	2,259	2,595	2,710	2,729
Building and construction	1,859	2,001	2,275	2,357	2,412
Wholesale and retail trade					
Transport, storage, and communications	1,844	1,917	2,119	2,180	2,214
Tourism-related	2,965	2,920	3,639	3,651	3,738
Other	2,675	2,708	3,197	3,323	3,574
Restaurants	1,728	1,811	2,057	2,163	2,306
Hotels	1,973	2,051	2,249	2,330	2,351
Public administration	2,449	2,514	2,829	2,957	3,046
Finance and business	3,020	3,015	3,175	3,225	3,214
Social and community	2,479	2,539	2,855	2,872	2,910
Other	1,768	1,923	1,994	2,149	2,235
All sectors	<u>2,265</u>	<u>2,335</u>	<u>2,645</u>	<u>2,720</u>	<u>2,740</u>
Government	2,380	2,449	2,775	2,837	2,894
Parastatal	2,381	2,436	2,893	2,966	2,958
Private	2,060	2,142	2,347	2,449	2,515

Sources: Management and Information Systems Division (MISD).

Table IX. Seychelles: Retail Prices for All Income Groups by
Types of Goods, 1990-94

(Indices: January 1993 = 100; period averages)

	Weights ^{1/}	1990	1991	1992	1993	1994
Fish (local)	3.2	<u>80.3</u>	<u>81.0</u>	<u>86.2</u>	<u>100.2</u>	<u>106.4</u>
Other food	23.3	<u>95.0</u>	<u>97.5</u>	<u>98.7</u>	<u>99.9</u>	<u>90.9</u>
Cereals, etc.	5.8	<u>97.5</u>	<u>98.7</u>	<u>99.3</u>	<u>100.0</u>	<u>87.1</u>
Meat and tinned fish	3.1	<u>94.6</u>	<u>99.9</u>	<u>100.1</u>	<u>100.0</u>	<u>99.9</u>
Dairy products, oil, and fats	4.9	<u>97.8</u>	<u>99.3</u>	<u>99.9</u>	<u>99.6</u>	<u>84.7</u>
Fruits and vegetables	3.6	<u>86.5</u>	<u>90.0</u>	<u>93.6</u>	<u>100.0</u>	<u>90.1</u>
Other food and non- alcoholic beverages	6.0	<u>94.6</u>	<u>98.1</u>	<u>99.6</u>	<u>100.0</u>	<u>95.6</u>
Nonfood items	73.4	<u>94.3</u>	<u>95.8</u>	<u>99.6</u>	<u>99.7</u>	<u>104.8</u>
Alcoholic beverages and tobacco	21.1	<u>91.7</u>	<u>92.3</u>	<u>99.2</u>	<u>99.1</u>	<u>99.1</u>
Clothing and footwear	8.6	<u>89.0</u>	<u>90.6</u>	<u>98.4</u>	<u>100.1</u>	<u>97.6</u>
Housing costs	15.1	<u>99.1</u>	<u>100.0</u>	<u>100.4</u>	<u>99.7</u>	<u>100.8</u>
Fuel, power, and water	7.4	<u>99.6</u>	<u>99.7</u>	<u>99.8</u>	<u>100.0</u>	<u>77.8</u>
Household items	4.7	<u>91.5</u>	<u>95.6</u>	<u>99.3</u>	<u>99.9</u>	<u>99.7</u>
Personal items	1.9	<u>91.6</u>	<u>94.1</u>	<u>98.7</u>	<u>99.8</u>	<u>99.5</u>
Transport and communications	8.0	<u>97.8</u>	<u>102.0</u>	<u>101.3</u>	<u>100.0</u>	<u>102.7</u>
Services and recreation	6.7	<u>95.0</u>	<u>96.8</u>	<u>99.3</u>	<u>100.0</u>	<u>100.0</u>
All items	100.0	<u>93.5</u>	<u>95.4</u>	<u>98.5</u>	<u>99.8</u>	<u>101.6</u>

Source: Management and Information Systems Division (MISD) (Statistical Abstracts and Statistical Bulletins).

^{1/} New weights used since January 1993, according to the results of the Household Income and Expenditure Survey, 1991-92.

Table X. Seychelles: Revenues and Expenditures of the Social Security System, 1990-94

(In millions of Seychelles rupees)

	1990	1991	1992	1993	1994
Revenue	<u>221.7</u>	<u>239.8</u>	<u>286.2</u>	<u>313.3</u>	<u>349.3</u>
Contributions	201.2	214.7	260.8	287.9	325.2
Government ^{1/}	69.7	79.3	84.9	107.8	110.0
Employer	58.3	67.2	70.9	92.5	94.6
Employees	11.4	12.1	14.0	15.3	15.4
Other contributions	131.5	135.4	175.9	180.1	215.2
Investment income	15.1	20.2	23.1	22.2	21.8
From Government	12.1	14.5	17.6	15.0	16.0
From others	3.0	5.7	5.5	7.2	5.8
Property income	5.4	4.9	2.3	3.2	2.3
Expenditures	<u>185.2</u>	<u>224.6</u>	<u>284.9</u>	<u>288.9</u>	<u>366.4</u>
Benefits ^{2/}	74.2	83.0	117.7	117.9	124.2
Operating expenditures	3.4	4.2	6.0	4.7	4.2
Approved payments/grants	107.6	137.4	161.2	166.3	238.0
Payments to Government - Consolidated Fund	91.6	120.0	125.0	125.0	204.0
Payments to Government - Development Fund	10.0	10.0	10.5	--	--
Payments to agencies	6.0	7.4	25.7	41.3	34.0
Gross surplus (including Government)	<u>36.5</u>	<u>15.2</u>	<u>1.3</u>	<u>24.4</u>	<u>-17.1</u>
Less: government contributions	69.7	79.3	84.9	107.8	110.0
Less: interest from Government	12.1	14.5	17.6	15.0	16.0
Plus: payments to Government	101.6	130.0	135.5	125.0	204.0
Net surplus (excluding Government)	<u>56.3</u>	<u>51.4</u>	<u>34.3</u>	<u>26.6</u>	<u>60.9</u>

Sources: Social Services Division and Department of Finance.

^{1/} Excluding the armed forces and the National Youth Service.

^{2/} Including the Full Employment Scheme.

Table XI. Seychelles: Government Revenue, 1990-94

(In millions of Seychelles rupees)

	1990	1991	1992	1993	1994
Tax revenue	<u>752.7</u>	<u>678.9</u>	<u>766.9</u>	<u>884.7</u>	<u>839.9</u>
Taxes on income and profits	154.4	128.9	128.9	138.0	134.2
Social security revenue (net)	56.3	51.4	34.3	26.6	60.9
Taxes on goods, services, and trade	484.9	444.0	536.0	644.0	573.4
Turnover taxes ^{1/}	0.2	0.1	-0.0	0.0	--
Trade and service tax ^{1/}	484.7	443.9	536.0	644.0	573.4
Other indirect domestic taxes	53.3	50.7	63.4	71.2	63.6
Business and professional licences	48.7	46.0	57.5	64.8	50.3
Motor vehicle taxes	4.6	4.7	5.9	6.4	13.3
Taxes on property	0.3	0.3	0.3	0.4	0.5
Other taxes	3.5	3.6	4.0	4.5	7.3
Nontax revenue	<u>185.5</u>	<u>196.6</u>	<u>221.2</u>	<u>209.3</u>	<u>253.7</u>
Administrative fees and charges	70.9	76.0	108.6	103.9	176.1
Property income	111.2	114.4	84.3	95.4	43.3
Of which: dividends from parastatals	(60.3)	(60.8)	(51.6)	(56.4)	(41.8)
Sales of land	1.7	3.1	3.3	5.4	21.0
Other nontax	1.7	3.1	25.0	4.6	13.3
Total revenue	<u>938.2</u>	<u>875.5</u>	<u>988.1</u>	<u>1,094.0</u>	<u>1,093.6</u>

Source: Data provided by the Seychelles authorities.

^{1/} The trade and service tax replaced import duties, excise taxes, and turnover taxes in 1986; however, payment of certain turnover tax liabilities were deferred through 1991.

Table XII. Seychelles: Economic Classification of Consolidated
Government Expenditure and Net Lending, 1990-94 1/

(In millions of Seychelles rupees)

	1990	1991	1992	1993	1994
Current expenditure	<u>744.6</u>	<u>777.1</u>	<u>920.2</u>	<u>1,021.4</u>	<u>1,011.2</u>
Wages and salaries	244.4	257.3	311.9	329.8	335.1
Goods and services	293.5	309.6	361.8	395.7	380.3
Scheduled interest	157.1	157.2	174.5	208.9	218.6
Current transfers <u>2/</u>	49.6	53.0	72.0	87.0	77.2
To households	9.4	9.1	12.7	17.5	18.8
To parastatals	40.2	43.9	59.3	69.5	58.4
Capital expenditure	<u>161.5</u>	<u>256.3</u>	<u>209.3</u>	<u>271.4</u>	<u>183.6</u>
Acquisition of fixed assets	127.6	175.7	167.7	248.5	157.3
Purchase of land	13.4	9.8	4.4	3.7	5.7
Capital transfers to nonfinancial public enterprises	20.5	70.8	37.2	19.2	20.6
Total expenditure	<u>906.1</u>	<u>1,033.4</u>	<u>1,129.5</u>	<u>1,292.8</u>	<u>1,194.8</u>
Net lending	<u>65.2</u>	<u>-30.6</u>	<u>15.8</u>	<u>35.6</u>	<u>41.5</u>
Total expenditure and net lending	<u>971.3</u>	<u>1,002.8</u>	<u>1,145.3</u>	<u>1,328.4</u>	<u>1,236.3</u>
<u>Memorandum items:</u>					
Transfers and net lending to parastatal	121.3	90.3	112.3	124.3	104.5
As percent of GDP	6.2	4.6	5.1	5.1	4.2
Expenditure of the Ministry of Defense	80.7	88.5	105.4	66.8	60.0
As percent of GDP	4.1	4.5	4.7	2.8	2.4

Sources: Ministry of Finance; Social Security Fund; and CBS.

1/ Including the social security system.

2/ Government transfers and social security benefits.

Table XIII. Seychelles: Monetary Survey, 1990-95

(In millions of Seychelles rupees)

	1990	1991	1992	1993	1994 Dec.	1995 March	1995 June	1995 Sept.
Foreign assets, net	46.8	127.6	145.4	150.7	109.2	112.0	104.3	98.7
Central Bank, net	48.4	107.7	131.3	148.9	116.1	113.9	112.6	104.3
Assets ^{1/}	84.0	138.0	157.6	180.5	142.7	136.5	128.9	121.3
Liabilities	35.6	30.3	26.3	31.6	26.6	22.6	16.3	17.0
Commercial banks, net	-1.6	19.9	14.1	1.8	-6.9	-1.9	-8.3	-5.6
Assets	57.5	90.5	49.6	40.3	25.0	25.9	25.1	33.7
Liabilities	59.1	70.6	35.5	38.5	31.9	27.8	33.4	39.3
Domestic credit	766.4	855.7	973.2	1,190.2	1,408.2	1,426.9	1,506.1	1,568.2
Claims on Government, net	586.8	646.1	760.3	935.5	1,079.3	1,125.4	1,203.6	1,243.2
Claims on Government	652.7	744.5	874.3	1,081.0	1,221.5	1,252.7	1,326.7	1,371.9
Central Bank	105.5	110.9	241.4	302.0	529.2	548.1	582.6	650.2
Commercial banks	547.2	633.6	632.9	779.0	692.3	704.6	744.1	721.7
Government deposits	65.9	98.4	114.0	145.5	142.2	127.3	123.1	128.7
Central Bank	19.9	18.3	30.1	37.8	23.4	24.9	17.6	19.3
Commercial banks	46.0	80.1	83.9	107.7	118.8	102.4	105.5	109.4
Claims on public entities	41.4	58.4	54.1	80.9	118.9	91.1	85.7	91.3
Claims on private sector	137.2	150.2	157.8	172.8	209.0	209.4	215.8	232.7
Claims on specialized banks ^{2/}	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Money and quasi-money	724.0	807.2	914.0	1,105.7	1,293.1	1,365.8	1,420.6	1,486.3
Money	216.7	265.8	293.7	337.2	326.2	351.9	332.9	326.8
Currency in circulation	104.5	113.6	122.5	134.5	141.6	136.7	133.9	136.4
Demand deposits ^{3/}	112.2	152.2	171.2	202.7	184.6	215.2	199.0	190.4
Quasi-money ^{3/}	507.3	541.4	620.3	768.5	768.7	776.6	811.9	837.3
Pipeline deposits ^{4/}	...	...	...	...	198.2	237.3	275.8	322.2
Other items, net	89.2	176.1	204.6	235.2	224.3	173.1	189.8	180.6
Capital accounts	41.6	89.4	85.7	88.6	89.9	89.9	89.9	89.9
Other liabilities, net--CBS	-25.3	-6.5	20.5	35.5	48.7	11.5	34.6	31.0
Other liabilities, net--banks	72.9	93.2	98.4	111.1	85.7	71.7	65.4	59.8
Memorandum items:								
Claims on public sector	628.2	704.5	814.4	1,016.4	1,198.2	1,216.5	1,289.3	1,334.5
Public entities' deposits	113.9	122.3	116.3	126.9	119.2	128.1	109.7	126.5
Claims on public entities, net	-72.5	-63.9	-62.2	-46.0	-0.3	-37.0	-24.0	-35.2
Claims on public sector, net	514.3	582.2	698.1	889.5	1,079.0	1,088.4	1,179.6	1,208.0
Private M2 ^{5/}	610.1	684.9	797.7	978.8	1,173.9	1,237.7	1,310.9	1,359.8

Source: Central Bank of Seychelles (CBS).

1/ Does not include government balances held abroad, which are included in official reserves.

2/ Investment in Development Bank.

3/ Includes deposits of Seychelles Savings Bank at Central Bank.

4/ The pipeline scheme for foreign currency allocation was introduced in April 1994.

5/ Money and quasi-money, less public entities' deposits.

Table XIV. Seychelles: Accounts of the Central Bank of Seychelles, 1990-95

(In millions of Seychelles rupees)

	1990	1991	1992	1993	1994 Dec.	1995 March	1995 June	1995 Sept.
Foreign assets	<u>84.0</u>	<u>138.0</u>	<u>157.6</u>	<u>180.5</u>	<u>142.7</u>	<u>136.5</u>	<u>128.9</u>	<u>121.3</u>
Balances held abroad	75.7	131.4	142.5	153.1	131.7	127.4	119.3	112.4
Foreign securities	8.3	6.3	9.2	21.5	5.1	3.2	3.7	3.0
SDR holdings	--	0.3	0.1	0.1	0.1	0.1	0.1	0.1
IMF reserve position	--	--	5.8	5.8	5.8	5.8	5.8	5.8
Claims on Government	<u>105.5</u>	<u>110.9</u>	<u>241.4</u>	<u>302.0</u>	<u>529.2</u>	<u>548.1</u>	<u>582.6</u>	<u>650.2</u>
Advances to Government	63.5	18.0	60.9	116.1	248.6	266.5	343.8	373.9
Treasury bills	24.3	80.9	169.5	175.2	273.8	274.8	231.8	269.3
Treasury bonds	6.8	--	0.4	--	3.1	3.1	3.3	3.3
Government stocks	4.0	5.0	3.7	3.7	3.7	3.7	3.7	3.7
Other	6.9	7.0	6.9	7.0	--	--	--	--
Claims on commercial banks	<u>18.5</u>	<u>13.0</u>	<u>4.0</u>	<u>21.5</u>	<u>7.0</u>	<u>15.3</u>	<u>26.6</u>	<u>11.5</u>
Advances and rediscounts ^{1/}	16.0	13.0	4.0	21.5	7.0	15.3	26.6	11.5
Other assets ^{2/}	<u>29.9</u>	<u>23.0</u>	<u>24.3</u>	<u>24.0</u>	<u>23.4</u>	<u>32.4</u>	<u>39.2</u>	<u>45.4</u>
Assets = Liabilities	<u>237.9</u>	<u>284.9</u>	<u>427.3</u>	<u>528.0</u>	<u>702.3</u>	<u>732.3</u>	<u>777.3</u>	<u>828.4</u>
Reserve money	<u>163.9</u>	<u>205.9</u>	<u>312.2</u>	<u>385.2</u>	<u>566.3</u>	<u>627.0</u>	<u>655.7</u>	<u>701.8</u>
Currency in circulation	104.5	113.6	122.5	134.5	141.6	136.7	133.9	136.4
Currency with banks	7.3	6.1	7.3	7.3	7.3	7.5	8.4	7.9
Bankers' deposits	51.5	85.8	181.2	241.4	417.2	481.1	512.2	557.0
SSB demand deposits ^{3/ 4/}	0.6	0.4	1.2	2.0	0.2	1.7	1.2	0.5
Foreign liabilities	<u>35.6</u>	<u>30.3</u>	<u>26.3</u>	<u>31.6</u>	<u>26.6</u>	<u>22.6</u>	<u>16.3</u>	<u>17.0</u>
Government deposits	<u>19.9</u>	<u>18.3</u>	<u>30.1</u>	<u>37.8</u>	<u>23.4</u>	<u>24.9</u>	<u>17.6</u>	<u>19.3</u>
Treasury deposits ^{4/}	13.0	14.8	28.8	35.7	22.1	24.3	16.0	18.6
Counterpart funds ^{4/}	6.9	3.5	1.3	2.1	1.3	0.6	1.6	0.7
Capital accounts ^{5/}	<u>13.9</u>	<u>13.9</u>	<u>13.9</u>	<u>13.9</u>	<u>13.9</u>	<u>13.9</u>	<u>13.9</u>	<u>13.9</u>
Other liabilities	<u>4.6</u>	<u>16.5</u>	<u>44.8</u>	<u>59.5</u>	<u>72.1</u>	<u>43.9</u>	<u>73.8</u>	<u>76.4</u>
Special funds	0.7	0.8	0.8	0.6	0.6	0.6	0.6	0.7
International agencies ^{4/}	0.3	10.9	15.8	1.0	0.2	0.2	0.2	0.1
Other deposits ^{4/}	0.6	0.7	17.2	18.0	7.0	6.7	20.6	4.7
Unclassified liabilities	3.0	4.1	11.0	39.9	64.3	36.4	52.4	70.9
Memorandum item:								
Other liabilities, net	-25.3	-6.5	20.5	35.5	48.7	11.5	34.6	31.0

Source: Central Bank of Seychelles.

^{1/} Against government securities.

^{2/} Includes counterpart of gold and silver coin in circulation (SR 2.8 million throughout).

^{3/} SSB stands for Seychelles Savings Bank.

^{4/} Included in government deposits in publications of the Central Bank.

^{5/} Capital, statutory reserves, and counterpart of SDR allocations (SR 2.9 million throughout).

Table XV. Seychelles: Accounts of the Commercial Banks, 1990-95

(In millions of Seychelles rupees)

	1990	1991	1992	1993	1994 Dec.	1995		
						March	June	Sept.
Reserves	<u>58.8</u>	<u>91.9</u>	<u>188.5</u>	<u>248.7</u>	<u>424.5</u>	<u>488.6</u>	<u>520.6</u>	<u>564.9</u>
Cash at hand	7.3	6.1	7.3	7.3	7.3	7.5	8.4	7.9
Balances with CBS 1/ 2/	51.5	85.8	181.2	241.4	417.2	481.1	512.2	557.0
Foreign assets	<u>57.5</u>	<u>90.5</u>	<u>49.6</u>	<u>40.3</u>	<u>25.0</u>	<u>25.9</u>	<u>25.1</u>	<u>33.7</u>
Claims on Government	<u>547.2</u>	<u>633.6</u>	<u>632.9</u>	<u>779.0</u>	<u>692.3</u>	<u>704.6</u>	<u>744.1</u>	<u>721.7</u>
Treasury bills	286.2	349.4	381.1	455.7	378.5	370.9	418.0	391.8
Treasury bonds	146.0	174.0	110.0	200.5	213.5	213.5	213.5	222.5
Government stocks	59.8	64.4	65.4	65.4	56.5	59.3	59.3	59.3
Restructured loans	0.2	--	--	--	--	--	--	--
Other	55.0	45.8	76.4	57.4	43.8	60.9	53.3	48.1
Claims on public entities	<u>41.4</u>	<u>58.4</u>	<u>54.1</u>	<u>80.9</u>	<u>118.9</u>	<u>91.1</u>	<u>85.7</u>	<u>91.3</u>
Claims on private sector	<u>137.2</u>	<u>150.2</u>	<u>157.8</u>	<u>172.8</u>	<u>209.0</u>	<u>209.4</u>	<u>215.8</u>	<u>232.7</u>
Claims on specialized banks 3/	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Other assets	<u>108.6</u>	<u>99.2</u>	<u>98.6</u>	<u>115.7</u>	<u>160.1</u>	<u>81.8</u>	<u>103.7</u>	<u>122.7</u>
Assets = Liabilities	<u>951.7</u>	<u>1124.8</u>	<u>1182.5</u>	<u>1438.4</u>	<u>1630.8</u>	<u>1602.4</u>	<u>1696.0</u>	<u>1768.0</u>
Demand deposits 4/	<u>111.6</u>	<u>151.8</u>	<u>170.0</u>	<u>200.7</u>	<u>184.4</u>	<u>213.5</u>	<u>197.7</u>	<u>189.8</u>
Public entities	39.1	58.8	66.4	74.5	73.6	84.5	73.4	67.6
Private sector 5/	72.5	93.0	103.6	126.2	110.8	129.0	124.3	122.2
Time and savings deposits	<u>507.3</u>	<u>541.4</u>	<u>620.3</u>	<u>768.5</u>	<u>768.7</u>	<u>776.6</u>	<u>811.9</u>	<u>837.3</u>
Public entities' time	74.8	63.5	49.9	52.4	45.6	43.6	36.3	58.9
Private sector time 5/	276.1	301.4	342.3	433.2	419.7	434.3	459.9	459.6
Savings deposits 4/	154.9	174.7	226.4	278.6	299.3	292.4	307.2	308.7
Specialized banks' time 3/	1.5	1.8	1.7	4.3	4.1	6.3	8.5	10.1
Foreign liabilities 5/	<u>59.1</u>	<u>70.6</u>	<u>35.5</u>	<u>38.5</u>	<u>31.9</u>	<u>27.8</u>	<u>33.4</u>	<u>39.3</u>
Government deposits	<u>46.0</u>	<u>80.1</u>	<u>83.9</u>	<u>107.7</u>	<u>118.8</u>	<u>102.4</u>	<u>105.5</u>	<u>109.4</u>
Demand	4.4	13.6	24.2	15.8	20.3	22.0	26.6	30.1
Time	41.6	66.5	59.7	91.9	98.5	80.4	78.9	79.3
Credit from CBS	<u>18.5</u>	<u>13.0</u>	<u>4.0</u>	<u>21.5</u>	<u>7.0</u>	<u>15.3</u>	<u>26.6</u>	<u>11.5</u>
Capital accounts	<u>27.7</u>	<u>75.5</u>	<u>71.8</u>	<u>74.7</u>	<u>76.0</u>	<u>76.0</u>	<u>76.0</u>	<u>76.0</u>
Other liabilities	<u>181.5</u>	<u>192.4</u>	<u>197.0</u>	<u>226.8</u>	<u>444.0</u>	<u>390.8</u>	<u>444.9</u>	<u>504.7</u>
Memorandum items:								
Public entities' deposits 6/	113.9	122.3	116.3	126.9	119.2	128.1	109.7	126.5
Claims on public entities, net 6/	-72.5	-63.9	-62.2	-46.0	-0.3	-37.0	-24.0	-35.2
Pipeline deposits 2/	...	...	...	--	198.2	237.3	275.8	322.2
Other liabilities, net	72.9	93.2	98.4	111.1	85.7	71.7	65.4	59.8

Source: Central Bank of Seychelles (CBS).

1/ Includes pipeline deposits.

2/ The pipeline scheme for foreign currency allocation was introduced in April 1994.

3/ Data shown pertain to Development Bank of Seychelles.

4/ Savings deposits include interest-bearing checking accounts, appropriate to demand deposits.

5/ Private demand and time deposits include some deposits of nonresidents.

6/ Excludes specialized banks.

Table XVI. Seychelles: Distribution of Commercial Bank Loans and Advances to Public Entities and Private Sector, 1990-95

(In millions of Seychelles rupees: end of period)

	1990	1991	1992	1993	1994 Dec.	1995 March	1995 June	1995 Sept.
Agriculture	<u>2.9</u>	<u>3.5</u>	<u>3.2</u>	<u>3.3</u>	<u>4.0</u>	<u>4.4</u>	<u>3.7</u>	<u>3.4</u>
Public entities	0.6	0.3	--	0.3	0.3	0.4	0.4	0.1
Private sector	2.3	3.2	3.2	3.0	3.7	4.0	3.3	3.3
Fishing	<u>1.3</u>	<u>6.9</u>	<u>6.1</u>	<u>9.1</u>	<u>6.0</u>	<u>8.6</u>	<u>11.3</u>	<u>13.1</u>
Public entities	0.3	5.2	3.2	6.5	5.0	7.2	7.0	6.5
Private sector	1.0	1.7	2.9	2.6	1.0	1.4	4.3	6.6
Manufacturing	<u>32.3</u>	<u>47.0</u>	<u>28.1</u>	<u>28.2</u>	<u>38.5</u>	<u>20.0</u>	<u>21.2</u>	<u>20.0</u>
Public entities	27.4	39.4	23.9	23.9	33.7	15.1	16.3	15.0
Private sector	4.9	7.6	4.2	4.3	4.8	4.9	4.9	5.0
Construction	<u>7.5</u>	<u>10.3</u>	<u>11.3</u>	<u>9.0</u>	<u>12.8</u>	<u>13.8</u>	<u>14.5</u>	<u>13.5</u>
Public entities	--	0.2	...	...	...	...	...	...
Private sector	7.5	10.1	11.3	9.0	12.8	13.8	14.5	13.5
Transportation	<u>3.5</u>	<u>3.7</u>	<u>2.2</u>	<u>9.7</u>	<u>18.9</u>	<u>20.1</u>	<u>19.1</u>	<u>22.4</u>
Public entities	--	...	0.6	8.0	16.6	17.9	17.3	20.8
Private sector	3.5	3.7	1.6	1.7	2.3	2.2	1.8	1.6
Hotels, restaurants, and other tourism	<u>32.6</u>	<u>35.1</u>	<u>49.3</u>	<u>64.8</u>	<u>75.3</u>	<u>53.6</u>	<u>49.0</u>	<u>54.5</u>
Public entities	11.5	11.5	26.0	39.2	34.0	17.8	14.2	12.7
Private sector	21.1	23.6	23.3	25.6	41.3	35.8	34.8	41.8
Wholesale and retail trade	<u>44.9</u>	<u>43.2</u>	<u>45.8</u>	<u>48.7</u>	<u>76.0</u>	<u>83.2</u>	<u>82.0</u>	<u>88.6</u>
Public entities	--	0.3	0.3	1.2	27.8	31.3	29.2	35.0
Private sector	44.9	42.9	45.5	47.5	48.2	51.9	52.8	53.6
Real estate	<u>4.2</u>	<u>3.4</u>	<u>7.1</u>	<u>13.3</u>	<u>13.4</u>	<u>13.1</u>	<u>14.4</u>	<u>15.1</u>
Public entities	--	...	...	...	...	...	...	...
Private sector	4.2	3.4	7.1	13.3	13.4	13.1	14.4	15.1
Other businesses	<u>14.8</u>	<u>15.6</u>	<u>15.8</u>	<u>17.5</u>	<u>22.1</u>	<u>24.6</u>	<u>25.5</u>	<u>27.9</u>
Public entities	1.6	1.5	0.1	1.8	1.5	1.4	1.3	1.3
Private sector	13.2	14.1	15.7	15.7	20.6	23.2	24.2	26.6
Households and nonprofit	<u>34.6</u>	<u>40.0</u>	<u>43.0</u>	<u>50.1</u>	<u>60.6</u>	<u>59.2</u>	<u>60.9</u>	<u>64.9</u>
Total sectors	<u>178.6</u>	<u>208.7</u>	<u>211.9</u>	<u>253.7</u>	<u>327.6</u>	<u>300.6</u>	<u>301.6</u>	<u>323.4</u>
Public entities	41.4	58.4	54.1	80.9	118.9	91.1	85.7	91.4
Private sector	137.2	150.3	157.8	172.8	208.7	209.5	215.9	232.0
Memorandum items:								
Credit subject to ceilings								
Non-Seychellois								
Ceiling	39.2	35.3	30.2	32.8	34.3	30.8	56.9	33.9
Actual	17.3	25.9	22.4	20.1	31.5	10.7	24.2	15.7
Private trade 1/								
Ceiling	59.5	53.4	58.7	57.1	55.8	56.3	55.2	56.7
Actual	44.0	42.3	45.4	47.2	48.7	50.2	57.0	52.6
Parastatals 1/								
Ceiling	15.9	20.3	33.6	55.0	82.2	86.5	71.0	78.1
Actual	14.1	13.0	27.0	49.3	64.8	53.8	45.6	53.4

Source: Central Bank of Seychelles (Annual Report, Quarterly Review).

1/ Coverage may differ slightly from above classification.

Table XVII. Seychelles: Indicators of Commercial Bank Liquidity, 1991-95

	<u>Bank credit 1/</u>		<u>Bank deposits</u>		Credit deposit ratio (percent)	Excess 2/ reserves (in SR millions)	Credit from <u>Central Bank</u> Advances and rediscounts (in SR millions)	Treasury bill discount rate 3/ (percent)	
	Total (in SR millions)	Change from year earlier (percent)	Total (in SR millions)	Change from year earlier (percent)				Tap issue	Tender issue
1991									
March	762.2	11.5	698.2	10.7	109.2	3.6	13.0	13.4	...
June	793.3	9.3	746.7	13.1	106.2	3.4	8.3	13.4	...
September	832.7	12.5	750.8	9.7	110.9	3.2	5.0	13.4	...
December	842.2	16.0	773.3	16.3	108.9	6.2	13.0	13.4	...
1992									
March	862.6	13.2	781.7	12.0	110.3	4.4	10.0	13.4	...
June	898.2	13.2	796.5	6.7	112.8	5.6	20.0	13.4	...
September	898.7	7.9	824.3	9.8	109.0	4.1	8.0	13.4	...
December	844.8	0.3	874.2	13.0	96.6	8.6	4.0	13.4	...
1993									
March	908.2	5.3	921.2	17.8	98.6	8.0	25.0	13.4	...
June	979.1	9.0	984.9	23.7	99.4	7.1	10.0	13.4	...
September	1,000.1	11.3	1,041.0	26.3	96.1	7.5	11.0	13.4	13.1
December	1,032.7	22.2	1,076.9	23.2	95.9	8.0	21.5	13.6	12.6
1994									
March	1,086.3	19.6	1,128.7	22.5	96.2	5.2	8.0	13.9	12.7
June	1,021.5	4.3	1,094.7	11.1	93.3	5.4	--	13.9	12.5
September	1,051.6	5.1	1,082.9	4.0	97.1	6.7	39.0	...	12.4
December	1,020.2	-1.2	1,071.9	-0.5	95.2	7.8	--	...	12.0
1995									
March	1,005.1	-7.5	1,092.5	-3.2	92.0	9.6	10.0	...	12.4
June	1,045.6	2.4	1,115.2	1.9	93.8	18.9	24.8	...	12.3
September	1,045.8	-0.6	1,136.6	5.0	92.0	10.2	11.5	...	12.2

Sources: Staff estimates based on data from International Financial Statistics, Direction of Trade; and the Seychelles' authorities.

1/ Excludes investment in Development Bank of Seychelles (SR 1.0 million throughout).

2/ Actual reserves, less required reserves.

3/ Tap issue was replaced by a tender issue in September 1993.

Table XVIII. Seychelles: Structure of Interest Rates, 1990-95

(In percent per annum; end of period)

	1990	1991	1992	1993	1994				1995		
					I	II	III	IV	I	II	III
Lending rates											
Central Bank to Government											
Low	11.0	11.0	11.0	11.0	11.0	11.0	10.6	10.2	10.2	10.2	10.1
High	15.0	15.0	15.0	15.0	15.0	15.0	14.6	14.2	14.2	14.2	14.1
Central Bank to banks											
Temporary advances ^{1/}	13.2	13.2	13.2	13.4	13.2	13.0	12.9	12.8	12.8	12.9	12.6
Export refinance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Commercial banks to public											
Prime rate											
Low	13.0	13.0	13.0	13.0	13.0	12.6	13.0	13.0	13.0	13.0	13.0
High	13.0	13.0	13.0	14.0	13.0	13.0	14.0	14.0	14.0	14.0	14.0
Minimum	14.0	14.0	14.0	14.0	14.0	14.0	14.0	13.0	14.0	14.0	14.0
Maximum	17.0	17.0	20.0	19.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Concessional refinance	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Deposit rates (commercial banks) ^{2/}											
Savings											
Low	9.0	9.0	9.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Time ^{3/}											
3 months											
Low	9.5	9.5	9.5	8.0	8.0	8.0	8.0	8.0	7.0	7.0	8.0
High	10.0	10.0	12.5	12.0	12.0	11.0	12.0	11.8	11.8	11.8	11.8
6 months											
Low	9.5	9.5	10.0	9.0	9.0	9.0	9.0	9.0	8.0	8.0	8.0
High	11.2	12.0	13.0	12.0	12.0	12.0	11.0	11.0	11.8	11.8	11.8
12 months											
Low	10.0	10.0	11.0	9.5	9.5	9.5	9.5	9.0	9.0	9.0	10.0
High	12.5	12.5	13.0	12.0	12.0	12.0	12.0	12.0	12.1	12.1	12.1
Over 12 months											
Low	11.0	11.0	11.0	11.0	10.5	10.5	10.5	10.5	10.0	10.0	10.5
High	14.8	14.8	13.0	12.0	12.0	12.0	11.5	11.0	11.0	11.0	11.0
Treasury bill discount rate											
Average during period											
Tap issue ^{4/}	13.4	13.4	13.4	13.4	13.7	13.5	...	...	...	...	...
Tender issue	...	...	...	12.9	12.5	12.7	12.4	12.3	12.3	12.4	12.1
Memorandum items:											
Change in retail prices											
Annual average	3.9	1.9	3.4	1.3	0.8	1.0	1.5	1.8	1.7	1.0	0.5
From 12 months earlier	4.0	0.9	1.5	1.8	1.7	2.5	1.8	2.6	0.3	-0.9	-0.8

Sources: Central Bank of Seychelles, *Annual Report*, *Quarterly Review*, and supplementary information.^{1/} Average annual rate reported on 14-day advances. Rediscount rates linked to Treasury bill tender rates.^{2/} Ranges reflect mainly differences among banks. In most cases lower rates predominate.^{3/} Base rates. Actual rates are generally negotiable when large amounts are involved.^{4/} Tap issue discontinued after September 1993.

Table XIX. Seychelles: Balance of Payments Summary, 1990-94

(In millions of SDRs)

	1990	1991	1992	1993	1994
Merchandise trade, net	-95.9	-93.0	-101.0	-129.3	-103.4
Export and re-exports, f.o.b.	20.6	13.7	13.9	15.8	18.8
Canned tuna exports	7.6	8.9	9.2	8.1	12.3
Other domestic exports	2.2	3.0	3.5	2.6	3.9
Re-exports	10.8	1.8	1.2	5.2	2.5
Imports, f.o.b.	116.5	106.7	114.9	145.1	122.2
Retained imports	85.4	80.6	94.9	118.2	93.6
Imports for cannery ^{1/}	4.2	6.0	4.7	5.2	8.0
Imports for resale ^{2/}	26.8	20.1	15.2	21.7	20.6
Services and income, net	75.9	79.8	88.1	92.9	89.5
Receipts	171.5	174.7	181.0	191.9	169.0
Transportation	52.9	66.4	66.6	72.0	64.6
Travel	88.3	71.7	81.9	83.0	70.5
Other receipts (including investment income)	30.3	36.6	32.5	37.0	34.0
Payments	95.5	94.9	92.9	99.0	79.5
Shipment	20.6	18.9	20.4	25.6	21.6
Other transportation	17.4	22.3	23.6	23.6	17.5
Official interest	5.5	4.2	5.0	5.2	4.7
Other payments	37.3	40.4	32.3	31.6	25.5
Private transfers	-1.9	-1.8	-2.0	-4.1	-4.9
Credit	5.2	5.1	7.3	6.3	4.2
Debit	7.1	6.9	9.3	10.4	9.1
Official transfers	25.3	17.7	16.9	27.0	11.2
Credit	25.8	18.0	17.2	27.4	11.5
Debit	0.5	0.4	0.3	0.4	0.3
Long-term capital, net	10.9	22.8	6.8	27.9	16.9
Private long-term capital, net	14.1	12.3	11.6	24.7	21.6
Public long-term capital, net	-3.2	10.5	-4.7	3.1	-4.7
Loan drawings	10.5	23.2	4.7	13.1	8.7
Loan repayments	13.7	12.7	9.4	9.9	13.4
Short-term capital, errors and omissions, net	-11.4	-24.4	-12.3	-21.7	-17.1
Official reserves, net	-3.0	-8.3	-3.2	-2.4	3.9
Assets (increase -)	-2.6	-7.6	-2.6	-3.2	3.9
Liabilities (increase +)	-0.4	-0.7	-0.6	0.7	0.0
Change in arrears (increase +) ^{3/}	...	7.2	6.6	9.7	3.9
Balances					
Goods, services, and income	-19.9	-13.2	-13.0	-36.4	-13.9
Current before official transfers	-21.8	-15.0	-14.9	-40.5	-18.8
Current after official transfers	3.5	2.6	2.0	-13.4	-7.5
Basic (after long-term capital)	14.4	25.5	8.8	14.4	9.4
Overall	3.0	1.1	-3.5	-7.2	-7.8
Memorandum items:					
GDP at current market prices	271.9	273.7	307.0	334.4	340.8
Current balances/GDP (percent)					
Before official transfers	-8.0	-5.5	-4.9	-12.1	-5.5
After official transfers	1.3	1.0	0.6	-4.0	-2.2
Debt service ratio (percent) ^{4/}					
To exports of goods and services	10.0	9.0	7.4	7.3	9.6
To same, less re-exports and bunker sales	12.0	10.3	8.3	8.3	11.0

Sources: Central Bank of Seychelles; and staff estimates.

^{1/} Mainly frozen tuna purchased from foreign fleets.

^{2/} As re-exports and bunker sales mostly fuel, included in transportation receipts.

^{3/} Commercial payments arrears.

^{4/} Official interest and amortization as percent of current receipts indicated.

Table XX. Seychelles: Exchange Record, 1990-95

(In millions of Seychelles rupees)

	1990	1991	1992	1993	1994	1995	
						I	II
Current account	<u>138.0</u>	<u>100.4</u>	<u>81.9</u>	<u>114.0</u>	<u>68.9</u>	<u>-15.4</u>	<u>-1.4</u>
Receipts	<u>1119.1</u>	<u>928.7</u>	<u>1081.1</u>	<u>1083.8</u>	<u>942.6</u>	<u>173.6</u>	<u>174.0</u>
Export proceeds	73.0	81.5	77.7	65.9	101.4	11.8	21.1
Tourism ^{1/}	645.5	525.8	599.5	607.4	510.0	118.3	102.4
Airlines and shipping ^{2/}	122.1	90.8	83.5	101.8	59.9	13.8	8.4
Other businesses	77.6	109.5	96.3	88.7	83.0	18.5	25.2
Official sector ^{3/}	87.3	88.6	106.9	127.1	104.8	21.2	13.1
Private remittances ^{4/}	40.1	38.7	55.4	46.1	31.4	12.0	4.5
Other, net ^{5/}	73.5	-6.2	61.8	46.8	52.1	-22.0	-0.7
Payments	<u>981.1</u>	<u>828.3</u>	<u>999.2</u>	<u>969.8</u>	<u>873.7</u>	<u>189.0</u>	<u>175.4</u>
Imports	558.8	512.2	652.6	597.5	524.8	106.3	98.8
Private sector ^{6/}	(510.2)	(444.7)	(578.9)	(559.2)	(463.0)	(85.5)	(76.1)
Oil imports, net	(11.8)	(22.5)	(10.4)	(-10.4)	(10.1)	(3.9)	(5.3)
Government	(60.4)	(90.0)	(63.3)	(48.7)	(51.7)	(16.9)	(17.4)
Foreign travel	103.4	64.0	80.9	93.4	73.9	15.7	16.2
Airlines and shipping ^{7/}	23.1	12.5	27.5	34.0	16.6	3.6	5.6
Hotels	34.2	21.7	30.2	24.2	19.9	10.3	4.9
Other businesses	208.2	166.0	136.4	143.9	170.4	39.0	37.8
Private remittances ^{4/}	53.4	51.9	71.6	76.8	68.1	14.1	12.1
Capital account	<u>-102.5</u>	<u>-18.8</u>	<u>-64.6</u>	<u>-108.6</u>	<u>-110.3</u>	<u>18.0</u>	<u>-5.9</u>
Official loans, net	-85.0	-16.9	-69.4	-126.3	-202.5	-46.1	-9.1
Official loans, net ^{8/}	(-87.9)	(-22.2)	(-73.4)	(-121.0)	(-207.5)	(-50.1)	(-15.4)
Less: CBS borrowing ^{9/}	(2.9)	(5.3)	(4.0)	(-5.3)	(5.0)	(4.0)	(6.3)
Official grants ^{10/}	0.3	--	--	1.6	9.6	1.0	4.3
Private capital, net ^{4/}	-17.8	-1.9	4.8	16.1	82.6	63.1	-1.1
Receipts	(41.0)	(21.2)	(24.4)	(40.5)	(104.8)	(66.3)	(4.3)
Repayments	(-58.8)	(-23.1)	(-19.6)	(-24.4)	(-22.2)	(-3.2)	(-5.4)
Commercial banks, net	<u>-14.0</u>	<u>-21.5</u>	<u>5.8</u>	<u>12.3</u>	<u>8.7</u>	<u>-5.0</u>	<u>6.4</u>
Foreign assets (increase -)	-30.2	-33.0	40.9	9.3	15.3	-0.9	0.8
Foreign liabilities (increase +)	16.2	11.5	-35.1	3.0	-6.6	-4.1	5.6
Overall balance	<u>21.5</u>	<u>60.1</u>	<u>23.1</u>	<u>17.7</u>	<u>-32.7</u>	<u>-2.4</u>	<u>-0.9</u>
Official reserves, net	<u>-21.5</u>	<u>-60.1</u>	<u>-23.0</u>	<u>-17.7</u>	<u>32.9</u>	<u>2.6</u>	<u>1.0</u>
CBS assets (increase -)	-23.8	-54.0	-19.6	-22.9	37.8	6.2	7.5
Government assets (increase -)	0.2	-0.8	0.6	-0.1	0.1	0.4	-0.2
CBS liabilities (increase +)	2.1	-5.3	-4.0	5.3	-5.0	-4.0	-6.3

Source: Central Bank of Seychelles (Quarterly Review and supplementary information).^{1/} Includes sales of foreign exchange by hotels and other tourist businesses to commercial banks.^{2/} Covers foreign airlines and ships; Air Seychelles is included in official sector.^{3/} Covers receipts from foreign embassies, the U.S. satellite tracking station, other official organizations (including the UNDP) and Air Seychelles.^{4/} Covers both residents and nonresidents.^{5/} Includes foreign exchange deposits and net interest received by commercial banks and CBS. Being residual, the entries include net errors and omissions.^{6/} Includes public entities engaged in trade.^{7/} Includes, inter alia, sales to Air Seychelles channeled through the Central Bank.^{8/} Loan proceeds net of repayments channeled through banking system only.^{9/} Adjustment to exclude changes in central bank (CBS) foreign liabilities from above data (shown under net reserves).^{10/} Represents cash grants only.

Table XXI. Seychelles: Terms of Trade and Related Indices, 1990-94

(Indices in terms of Seychelles rupees; 1986=100)

	1990	1991	1992	1993	1994 ^{1/}
Domestic exports					
Value	527.6	629.8	623.4	565.8	824.2
Volume	579.3	785.2	732.6	612.8	999.0
Price index ^{2/}	91.1	80.2	85.1	92.3	82.5
Tourism					
Value ^{3/}	386.9	314.4	358.6	363.4	308.7
Volume ^{4/}	134.2	121.1	128.6	142.8	142.2
Unit value	138.9	125.1	134.3	122.6	104.6
Combined unit value ^{5/}	137.1	123.4	132.5	121.4	103.7
Imports					
Value	152.4	139.7	147.4	189.3	159.9
Volume	156.5	148.6	167.1	229.5	193.4
Price index ^{2/}	97.4	94.0	90.1	82.5	82.7
Terms of trade	140.8	131.3	150.2	147.3	125.5
Percent change	4.9	-6.7	14.4	-2.0	-14.8

Sources: Management and Information Systems Division (Trade Report, Migration and Tourism Statistics, and updates thereto); and staff estimates.

^{1/} Staff estimates.

^{2/} Paasche formula indices (current weights) covering virtually all domestic exports and over 60 percent of total imports.

^{3/} Based on tourism earnings in balance of payments.

^{4/} Based on nights spent rather than arrivals.

^{5/} Staff estimates weighted by values of exports (3.8 percent) and tourism earnings (96.2 percent) in 1986.

Table XXII. Seychelles: Major Exports by Value, Volume, and Unit Value, 1990-94

	1990	1991	1992	1993	1994
Canned tuna					
Value (SR thousands)	55,251	64,134	66,487	58,298	89,104
Volume (tons)	4,606	6,172	5,283	5,865	7,513
Unit value (SR per kg)	12.0	10.4	12.6	9.9	11.9
Fresh and frozen fish					
Value (SR thousands)	11,740	17,669	18,116	9,212	9,187
Volume (tons)	564	897	1,275	445	396
Unit value (SR per kg)	20.8	19.7	14.2	20.7	23.2
Copra					
Value (SR thousands)	1,632	1,049	696	927	202
Volume (tons)	884	497	211	226	101
Unit value (SR per kg)	1.8	2.1	3.3	4.1	2.0
Cinnamon bark					
Value (SR thousands)	398	974	2,053	2,254	2,326
Volume (tons)	66	197	413	442	435
Unit value (SR per kg)	6.0	4.9	5.0	5.1	5.3
Other exports					
Value (SR thousands)	4,118	3,811	6,372	8,762	18,700
Total domestic exports	<u>73,138</u>	<u>87,637</u>	<u>93,724</u>	<u>79,452</u>	<u>119,519</u>

Source: Management and Information Systems Division (annual Trade Reports and updates thereto).

Table XXIII. Seychelles: Imports and Import Prices by SITC Commodity Group, 1990-94

	1990	1991	1992	1993	1994
(In millions of Seychelles rupees)					
Values					
Food, beverages, and tobacco	181.9	174.2	208.0	237.0	210.0
Food and live animals	155.7	154.2	182.1	194.2	190.7
Beverages	21.2	16.5	21.2	38.1	16.5
Tobacco and products	5.0	3.5	4.7	4.7	2.8
Mineral fuels, etc.	191.6	199.1	167.3	175.7	162.3
Products for home consumption	42.7	42.7	48.1	29.6	42.4
Petroleum products for bunkers ^{1/}	148.9	156.4	119.2	146.1	119.9
Machinery and transport equipment	262.9	210.3	204.0	309.7	241.4
Manufactures	276.8	247.8	303.5	404.5	326.6
Goods classified by material	165.5	154.3	178.4	226.8	205.1
Miscellaneous articles	111.3	93.5	125.1	177.7	121.5
Other groups	80.5	79.1	101.6	108.2	102.1
Crude materials	19.3	14.2	18.4	17.0	18.2
Oils and fats	5.9	9.8	8.9	9.6	11.5
Chemicals	54.1	55.0	74.0	81.0	71.4
Goods not classified	1.2	0.1	0.3	0.6	1.0
Total imports, c.i.f.	993.7	910.5	984.4	1,235.9	1,042.4
(Indices: 1986=100)					
Prices ^{2/}					
Food beverages, and tobacco					
Food and live animals	116.5	111.5	113.2	106.7	107.2
Beverages and tobacco	109.5	118.5	131.1	82.2	109.8
Mineral fuels, etc.	94.9	92.6	77.6	74.5	71.4
Machinery and transport equipment	97.9	88.6	80.8	77.6	77.1
Manufactures					
Goods classified by material	92.5	91.8	95.2	88.9	91.8
Miscellaneous articles	77.4	74.8	78.0	62.9	66.3
Other groups					
Crude materials	89.4	84.9	104.5	120.8	123.6
Oils and fats	94.1	102.1	114.0	76.7	79.7
Chemicals	109.7	108.1	109.9	118.8	117.6
Overall index	97.4	94.0	88.2	82.5	82.7

Sources: Management and Information Systems Division (MISD); Central Bank of Seychelles; and staff estimates.

^{1/} Valued at import prices.

^{2/} Paasche formula indices (current weights) applied to 109 items representing over 60 percent of total value of imports; lower coverage for machinery and transport equipment and manufacturing.

Table XXIV. Seychelles: Direction of Trade, 1990-94

(In millions of Seychelles rupees; and in percent)

	1990		1991		1992		1993		1994	
	Value	Percent	Value	Percent	Value	Percent	Value	Percent	Value	Percent
Domestic exports, f.o.b.	73.1	100.0	87.6	100.0	93.7	100.0	79.4	100.0	114.3	100.0
Algeria	--	--	--	--	--	--	--	--	--	--
France	33.8	46.2	20.0	22.8	40.1	42.8	11.3	14.2	5.1	4.5
Hong Kong	1.6	2.2	1.1	1.3	0.9	1.0	1.1	1.4	0.5	0.4
Japan	0.1	0.1	--	--	0.0	0.0	0.4	0.5	0.9	0.8
Mauritius	0.5	0.7	2.1	2.4	7.3	7.8	0.5	0.6	1.7	1.5
Pakistan	1.7	2.3	0.9	1.0	0.7	0.7	0.3	0.4	--	--
Réunion	17.3	23.7	11.9	13.6	10.2	10.9	7.2	9.1	8.9	7.8
Singapore	1.0	1.4	1.1	1.3	3.3	3.5	3.4	4.3	1.6	1.4
South Africa	0.6	0.8	0.3	0.3	1.5	1.6	1.0	1.3	0.6	0.5
United Kingdom	11.4	15.6	46.2	52.7	20.3	21.7	43.4	54.7	58.0	50.7
Other	5.1	7.0	4.0	4.6	9.4	10.0	10.8	13.6	37.0	32.4
Total imports, c.i.f.	993.8	100.0	910.4	100.0	984.3	100.0	1,235.6	100.0	1,042.4	100.0
Bahrain	80.8	8.1	147.4	16.2	156.1	15.9	0.2	0.0	0.1	0.0
Belgium	5.6	0.6	8.5	0.9	19.0	1.9	6.6	0.5	11.7	1.1
China, People's Republic	11.9	1.2	11.1	1.2	17.3	1.8	13.1	1.1	10.6	1.0
Djibouti	--	--	--	--	--	--	--	--	--	--
France	112.0	11.3	80.1	8.8	44.4	4.5	76.9	6.2	60.0	5.8
Germany, Federal Republic	27.7	2.8	28.9	3.2	21.3	2.2	39.8	3.2	14.2	1.4
Hong Kong	11.3	1.1	7.3	0.8	9.3	0.9	8.5	0.7	7.5	0.7
India	13.3	1.3	12.6	1.4	11.9	1.2	26.0	2.1	15.6	1.5
Italy	21.4	2.2	22.5	2.5	35.7	3.6	32.0	2.6	32.8	3.1
Japan	60.8	6.1	47.8	5.3	47.3	4.8	71.3	5.8	34.4	3.3
Kenya	20.3	2.0	12.4	1.4	12.1	1.2	18.0	1.5	23.0	2.2
Kuwait	86.7	8.7	--	--	--	--	--	--	--	--
Netherlands	17.7	1.8	18.4	2.0	23.7	2.4	21.8	1.8	23.4	2.2
Oman	--	--	--	--	--	--	--	--	--	--
Singapore	101.6	10.2	105.4	11.6	159.0	16.2	161.7	13.1	152.5	14.6
South Africa	134.3	13.5	117.4	12.9	141.6	14.4	213.6	17.3	138.2	13.3
Former U.S.S.R.	--	--	1.3	0.1	0.7	0.1	--	--	--	--
United Arab Emirates	1.3	0.1	12.9	1.4	3.0	0.3	2.1	0.2	4.8	0.5
United Kingdom	143.1	14.4	104.9	11.5	127.9	13.0	164.6	13.3	183.8	17.6
United States	18.4	1.9	22.4	2.5	24.7	2.5	95.4	7.7	39.7	3.8
Yemen, People's Democratic Republic	--	--	--	--	76.9	7.8	161.8	13.1	147.2	14.1
Other	125.6	12.6	149.1	16.4	52.4	5.3	122.2	9.9	142.9	13.7

Source: Management and Information Systems Division.

Table XXV. Seychelles: Services and Income Transactions, 1990-94

(In million of Seychelles rupees)

	1990	1991	1992	1993	1994 Prov.
Services and income receipts	1,240.4	1,263.9	1,309.2	1,388.4	1,222.9
Transportation receipts	382.4	480.6	481.5	520.6	467.1
Shipments	--	--	--	--	--
Passenger services	102.1	176.8	190.8	223.9	241.2
Port services	280.3	303.8	290.7	296.7	225.9
Bunker fuel sales	148.9	156.4	142.0	146.1	112.5
Aircraft and ship catering	33.9	41.2	38.7	44.9	25.7
Marine and port charges	27.3	26.7	27.0	26.9	18.4
Airport and aircraft fees	30.1	37.5	42.4	44.0	39.1
Lighterage and other fees	40.1	42.0	40.6	34.8	30.2
Travel (tourism receipts)	638.5	518.8	592.5	600.4	510.0
Investment income received	21.6	24.6	24.6	24.2	25.9
Earnings retained abroad	6.0	6.0	6.0	6.0	6.5
Official interest receipts	4.8	8.0	7.0	5.7	5.4
Private interest, etc.	10.8	10.6	11.6	12.5	14.0
Other services receipts	197.9	239.9	210.6	243.2	219.9
Interofficial	45.1	48.2	41.7	51.9	52.9
Foreign official	16.4	17.6	17.8	19.6	12.0
Property income	--	--	--	--	--
Other private	136.4	174.1	151.1	171.7	155.0
Service and income payments	-691.2	-686.6	-671.9	-716.1	-575.1
Shipment payments	-149.1	-136.6	-147.6	-185.4	-156.4
Other transportation payments	-126.0	-161.1	-170.4	-170.8	-126.6
Passenger services	-34.0	-34.0	-37.5	-42.4	-31.7
Aircraft: lease, fuel, etc.	-89.0	-123.1	-128.9	-126.4	-94.9
Port services (ships)	-3.0	-4.0	-4.0	-2.0	--
Travel (residents abroad)	-106.4	-66.0	-83.9	-93.4	-73.9
Investment income paid	-123.9	-97.5	-93.3	-101.8	-78.6
Earnings retained in Seychelles	-36.3	-35.0	-30.0	-37.5	-35.5
Earnings distributed abroad	-39.4	-25.7	-22.7	-22.3	-5.7
Interest--Treasury 1/	-33.0	-30.4	-29.4	-30.5	-31.1
Interest--other official	-7.1	-7.3	-7.1	-7.1	-2.6
Interest--private	-8.1	-6.4	-4.1	-4.4	-3.7
Other service payments	-185.8	-225.4	-176.7	-164.7	-139.5
Technical assistance services	-45.6	-41.5	-32.0	-25.0	-12.6
Tourism promotion abroad	-7.0	-8.0	-9.0	-9.0	-10.0
Other official payments	-2.9	-3.0	-3.6	-4.0	-3.9
Property income	-2.0	-2.0	-2.0	-2.0	-2.0
Other private	-128.3	-170.9	-130.1	-124.7	-111.0
Services and income, net	549.2	577.3	637.3	672.3	647.8
Memorandum items:					
Passengers and aircraft, net 2/	-20.9	19.7	24.4	55.1	114.6
Investment income, net	-102.3	-72.9	-68.7	-77.6	-52.7

Sources: Central Bank of Seychelles; Ministry of Finance; and staff estimates.

1/ As per external debt statistics from Department of Finance.

2/ Passenger services, net, and aircraft lease payments.

Table XXVI. Seychelles: Unrequited Transfers
and Capital Transactions, 1990-94

(In millions of Seychelles rupees)

	1990	1991	1992	1993	1994 Prov.
Private unrequited transfers, net	<u>-13.6</u>	<u>-13.0</u>	<u>-14.3</u>	<u>-29.8</u>	<u>-35.4</u>
Remittances to residents	51.4	49.8	67.2	75.5	65.5
Remittances by residents	37.8	36.8	52.9	45.7	30.1
Official unrequited transfers, net	<u>183.2</u>	<u>127.7</u>	<u>122.2</u>	<u>195.6</u>	<u>81.2</u>
Official grant receipts	137.1	84.1	64.9	89.6	34.1
Fishing license fees	43.4	39.8	50.3	56.9	41.0
Other fees and stamps	6.4	6.6	9.4	52.0	8.1
Contributions to international agencies	-3.7	-2.8	-2.4	-2.9	-2.0
Total transfers, net	<u>169.6</u>	<u>114.7</u>	<u>107.9</u>	<u>165.8</u>	<u>45.8</u>
Private long-term capital, net	<u>102.2</u>	<u>89.0</u>	<u>83.6</u>	<u>178.9</u>	<u>156.2</u>
Earnings retained in Seychelles	36.3	35.0	30.0	37.5	35.5
Other foreign investment	107.7	80.0	78.1	151.9	132.5
Earnings reinvested abroad	-6.0	-6.0	-6.0	-6.0	-6.0
Interest, etc., reinvested abroad	-10.8	-10.6	-11.6	-12.5	-14.0
Other investment abroad	-25.0	-9.4	-6.9	8.0	8.7
Public long-term capital	<u>-23.4</u>	<u>76.3</u>	<u>-34.1</u>	<u>22.7</u>	<u>-33.8</u>
Government loan drawings 1/	61.7	147.7	29.4	85.5	51.7
Other public loan drawings	14.0	20.5	4.7	9.0	11.6
Loan amortization (paid) 1/	-99.1	-91.9	-68.2	-71.8	-97.1
Total long-term capital, net	<u>78.8</u>	<u>165.3</u>	<u>49.5</u>	<u>201.6</u>	<u>122.4</u>
Short-term capital, net	<u>-14.0</u>	<u>-21.5</u>	<u>5.8</u>	<u>12.3</u>	<u>3.3</u>
Commercial banks, net	-14.0	-21.5	5.8	12.3	3.3
Assets (increase -)	-30.2	-33.0	40.9	9.3	46.9
Liabilities	16.2	11.5	-35.1	3.0	-43.6
Other recorded, net	--	--	--	--	--
Total capital, net	<u>64.8</u>	<u>143.8</u>	<u>55.3</u>	<u>213.9</u>	<u>125.7</u>
<u>Memorandum items:</u>					
Budgetary grant receipts	36.8	30.2	28.7	38.1	18.6
Implied other grant receipts 2/	100.3	53.9	36.2	51.5	15.5

Sources: Central Bank of Seychelles; Ministry of Finance; and staff estimates.

1/ As per external debt statistics from Central Bank of Seychelles.

2/ Residual: total grant receipts estimated by the Central Bank of Seychelles (as shown above), less receipts reported by the Ministry of Finance.

Table XXVII. Seychelles: Official Reserves and Net Foreign Assets, 1990-95

	1990	1991	1992	1993	1994	1995 Sept.
(In millions of Seychelles rupees; end of period)						
Net official reserves	48.8	108.9	131.9	149.6	117.3	105.3
Official reserve assets	84.4	139.2	158.2	181.2	143.9	122.3
Central Bank	84.0	138.0	157.6	180.5	142.7	121.3
Government	0.4	1.2	0.6	0.7	1.2	1.0
Official liabilities						
Central Bank	35.6	30.3	26.3	31.6	26.6	17.0
Net commercial banks' reserves	-1.6	19.9	14.1	1.8	-6.9	-5.6
Assets	57.5	90.5	49.6	40.3	25.0	33.7
Liabilities	59.1	70.6	35.5	38.5	31.9	39.3
Net foreign assets	47.2	128.8	146.0	151.4	110.4	99.7
of which: banking system	46.8	127.6	145.4	150.7	109.2	98.7
Memorandum items:						
Imports, c.i.f. 1/	993.7	910.5	984.4	1,235.9	1,042.4	1,042.4
(In weeks of imports, c.i.f.)						
Ratio to imports (in weeks) 2/						
Gross official reserves	4.4	7.9	8.4	7.6	7.2	6.1
Net official reserves	2.6	6.2	7.0	6.3	5.9	5.3
Net foreign assets	2.5	7.4	7.7	6.4	5.5	5.0
(In millions of SDRs; end of period)						
Central bank assets	11.6	19.1	21.8	24.9	19.7	16.8
Other official assets	0.1	0.2	0.1	0.1	0.2	0.1
Central bank liabilities	-4.9	-4.2	-3.6	-4.4	-3.7	-2.3
Commercial banks, net	-0.2	2.8	1.9	0.2	-1.0	-0.8

Sources: Central Bank of Seychelles; and Management and Information Systems Division (MISD).

1/ Imports for 1994 estimated by MISD.

2/ Ratios for September 1995 are computed on the basis of the 1994 import level.

Table XXVIII. Seychelles: Effective Exchange Rate Indices, 1989-95

(Indices: 1980 = 100)

Average for period	Nominal effective weighted by		Real effective, weighted by		SR per US\$1
	Trade partners <u>1/</u>	Tourism and trade <u>2/</u>	Trade partners <u>1/</u>	Tourism and trade <u>2/</u>	
Annual					
1989	153.7	201.5	114.8	128.0	5.6457
1990	151.2	208.2	110.3	125.3	5.3369
1991	155.7	223.5	109.5	124.8	5.2893
1992	158.5	236.7	110.0	123.0	5.1220
1993	173.5	294.3	117.5	135.5	5.1815
1994	176.0	297.6	117.2	126.5	5.0559
Quarterly					
1989 I	152.3	196.2	115.8	128.1	5.4993
1989 II	154.3	200.5	114.9	127.4	5.7017
1989 III	154.3	203.6	114.7	128.4	5.7443
1989 IV	154.1	205.7	113.9	128.0	5.6376
1990 I	152.6	205.8	111.7	125.9	5.4988
1990 II	151.9	208.0	111.4	126.8	5.5174
1990 III	149.9	208.3	109.6	125.5	5.2833
1990 IV	150.5	210.9	108.5	123.0	5.0481
1991 I	151.7	215.7	108.7	123.7	5.1083
1991 II	156.6	224.2	110.1	125.8	5.4072
1991 III	158.1	227.5	110.1	125.5	5.4152
1991 IV	156.4	226.7	108.9	124.1	5.2265
1992 I	156.9	228.4	109.0	123.2	5.2100
1992 II	156.5	232.5	109.3	122.4	5.2080
1992 III	155.1	236.6	108.5	121.9	4.9180
1992 IV	164.2	249.3	112.3	124.6	5.1520
1993 I	170.0	259.7	117.1	127.7	5.2580
1993 II	171.9	295.6	117.2	138.8	5.1200
1993 III	175.5	309.0	118.0	139.1	5.1576
1993 IV	176.4	313.1	117.7	136.2	5.1898
1994 I	176.7	311.2	118.4	132.9	5.2158
1994 II	176.6	302.6	118.8	129.1	5.1138
1994 III	176.0	297.4	116.4	125.9	4.9624
1994 IV	174.7	279.3	115.4	118.3	4.9314
1995 I	176.3	283.5	114.7	118.3	4.8511
1995 II	180.5	301.0	116.4	125.2	4.6207
1995 III	179.1	307.5	115.2	127.3	4.7311
December					
1989	153.6	205.5	113.8	127.9	5.5607
1990	150.6	210.8	108.7	123.1	5.0686
1991	155.4	225.6	107.6	123.1	5.1444
1992	165.8	250.8	112.8	123.4	5.2090
1993	176.1	311.8	117.3	134.9	5.2267
1994	175.5	282.0	116.0	119.7	4.9814

Sources: Staff estimates, based on International Financial Statistics and Direction of Trade data, and data from the Seychelles authorities.

1/ Weighted by shares of major partners in Seychelles' international trade index used for the Information Notice System.

2/ Weighted by shares of nearby competitor countries in tourism market (applied to Seychelles' tourism earnings), as well as trading partners' weight in exports and imports.

SEYCHELLES - Exchange and Trade Arrangements
(as of end-October 1995)

Exchange arrangement

The currency of Seychelles is the Seychelles rupee, which is pegged to the SDR at SDR 1 = SR 7.2345. Exchange rates for various currencies (including the pound sterling, the intervention currency) are quoted on the basis of their New York closing rates for the U.S. dollar on the previous day, using the U.S. dollar rate for the Seychelles rupee, as derived from the fixed parity to the SDR. The Central Bank of Seychelles circulates these rates daily to the commercial banks. On October 31, 1995, the buying and selling rates of the Central Bank for the pound sterling were SR 7.6059 and SR 7.6821, respectively. The Central Bank charges a commission of 0.125 percent on purchases and 0.875 percent on sales of pounds sterling, U.S. dollars and French francs.

The commercial banks are authorized to deal in pound sterling and other currencies at rates based on the exchange rates circulated daily by the Central Bank for the respective currencies. Other authorized dealers include casinos, guesthouses, hotels, restaurants, self-catering establishments, tour operators, travel agents, shipping agents, and ship chandlers. These specific authorized dealers are restricted to buying only in the course of their licensed activity. They must sell all their foreign currency proceeds to the five commercial banks.

With effect from July 3, 1995, all other transactions in foreign exchange are prohibited, including the one-off purchases or sales of foreign currency that were previously, by implication, allowed. Moreover, with effect of the same date, all nonresident, non-Seychelles persons are prohibited from funding accounts in Seychelles rupees. Thus, it is necessary that all accounts owned by such persons are funded initially and on an ongoing basis in foreign currency.

Commercial banks are the only authorized sellers of foreign exchange. They allocate 64.8 percent of their foreign exchange inflows to a pipeline scheme for foreign exchange payments, which was introduced in April 1994. Under this scheme, commercial banks invite customers to deposit the rupee equivalent of their foreign exchange requirements in a special account (which is subsequently transferred to the Central Bank in order to mop up excess liquidity). Since July 1995, the pipeline is divided into seven categories, depending on type of payment. A certain percentage of foreign exchange inflows is allocated to each category. The system operates on a first-come, first-served basis for each category at banks. Commercial banks surrender 19 percent of their foreign exchange inflows to the Government for purchases of essential imports by the Seychelles Marketing Board, loan repayments, and requirements by a utility company. The remaining 16.2 percent of foreign exchange inflows are used at the discretion of the commercial banks.

Administration of control

Exchange controls are maintained in the form of administrative allocation of foreign exchange for the making of certain payments. This applies to the 64.8 percent of foreign exchange inflows allocated to the seven pipeline categories and the 19 percent surrender requirements.

A team, consisting of Central Bank and Ministry of Finance representatives, has been created to administer and police the enforcement of the prohibition for other than authorized dealers to undertake foreign exchange transactions.

The Ministry of Finance partially controls foreign trade and domestic marketing through a mechanism of import and price controls. Import controls are exercised over goods by the Trade and Commerce Division of the Ministry of Finance, while price controls are administered by the Consumer Relations Unit on behalf of the Ministry.

Prescription of currency

There is no prescription of currency requirements.

Imports and import payments

No legal restrictions are placed on payments for imports. However, a shortage of foreign exchange has led to arrears with respect to commercial payments. These constitute an important de facto restriction on import payments.

Importers, other than individuals, are required to obtain import licenses from the Seychelles Licensing Authority. The issuance of these licenses is made in accordance with objective criteria. Import licenses are granted, unless the importer does not comply with the criteria. Moreover, for each shipment of commodities, an importer must apply for an import permit from the Trade and Commerce Division of the Ministry of Finance. Granting of permits is at the discretion of this Division. A permit is normally not granted for cars older than three years and some nonessential commodities. In addition, certain goods (including sugar, flour, oil, margarine, rice, and animal feed) can only be imported by the Seychelles Marketing Board.

Most imports are subject to a customs duty, locally referred to as a trades tax; the average duty imposed is 25 percent.

Payment for invisibles

There are no legal restrictions on payments for invisibles, and no legal limits are imposed on the provision of travel exchange. Travelers may take or send out of Seychelles any amount of foreign currency and up to SR 100 of domestic currency.

Exports and export proceeds

A permit is required for each shipment of commodities. These permits are granted on a routine basis and issued by the Trade and Commerce Division of the Ministry of Finance. Residents may export goods without exchange control formality to any country. There are no regulations governing repatriation of export proceeds.

Proceeds from invisibles

Exchange receipts from invisibles may be disposed of freely with the exception of dividend remittances and transfers of management fees. A prohibition on these items is in place since July 3, 1995. Foreign currency may be accepted by businesses in payment for services. Overseas visitors may bring in any amount of currency for travel expenditure.

Capital

Since July 3, 1995, payment in respect of transfers of proceeds of sale of assets should be withheld. There are no other restrictions on capital transfers. Investment outside Seychelles by permanent residents and by companies and other organizations operating in Seychelles is not subject to any limitations. Foreign investment (whether portfolio, direct investment, additional investments in existing entities in the form of loans or equity capital) is freely permitted, provided that such investment does not involve alienation of land.

Commercial banks in Seychelles are required to restrict credit to non-nationals primarily for working capital purposes and generally to an amount not in excess of overseas funds invested in Seychelles in enterprises in certain priority sectors, that is, agriculture and fishing, manufacturing, construction, and tourism. Additionally, penalty loan rates are imposed on credit secured by foreign assets.

Gold

Residents may freely purchase, hold, and sell gold in any form, except for dealings in gold bullion, which are restricted to authorized dealers. Seychelles has issued the following commemorative gold coins, which are also legal tender: (1) two coins issued by the Currency Board (1976) in the denominations of SR 1,500 and SR 1,000; (2) a coin in the denomination of SR 20 to commemorate the fifth anniversary of the Central Bank in December 1983; (3) a coin in the denomination of SR 25 issued in April 1984 to mark the World Fisheries Conference of the Food and Agriculture Organization; (4) a coin in the denomination of SR 500 issued in February 1986 to commemorate the United Nations Decade for Women; (5) a coin in the denomination of SR 1,000 issued in June 1986 to mark the tenth anniversary of Seychelles' independence; (6) a coin in the denomination of SR 1,000 issued in June 1987 to commemorate the tenth anniversary of the Fifth of June 1977 Liberation; (7) two coins in the denominations of SR 100 and SR 1,000 issued in December 1988 to mark the tenth anniversary of the

Central Bank; (8) a coin in the denomination of SR 500 issued in April 1990 to mark EXPO '90 in Osaka, Japan; (9) a coin in the denomination of SR 1,000 issued in December 1993 to commemorate the fifteenth anniversary of the Central Bank; and (10) a series of coins with wildlife motifs issued in June 1994, including the magpie robin, in the denominations of SR 250 and SR 50, and the milkweed butterfly in the denominations of SR 250, SR 150, and SR 50; and (11) a gold coin issued in 1995, with the theme Olympic Games 1996--Surfing, in the denomination of SR 100.

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