

# SEYCHELLES

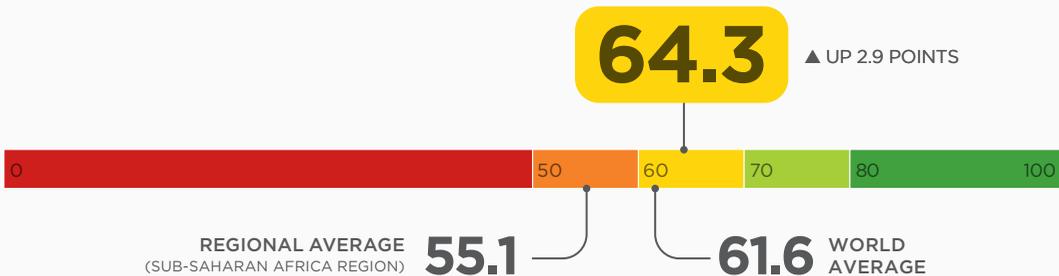
The Seychelles' economic freedom score is 64.3, making its economy the 72nd freest in the 2020 *Index*. Its overall score has increased by 2.9 points due to higher scores for **government integrity** and **property rights**. The Seychelles is ranked 4th among 47 countries in the Sub-Saharan Africa region, and its overall score is well above the regional average and slightly above the world average.

This is the fifth year in a row that the economy of the Seychelles has been judged moderately free. Reflecting that trend, GDP growth during the same period has been quite healthy.

To maintain and accelerate the momentum toward greater economic freedom, the government should address several lagging *Index* indicators—financial freedom, investment freedom, and judicial effectiveness—that could impede successful implementation of its plan to focus on fiscal consolidation, debt reduction, and diversification of the economy.

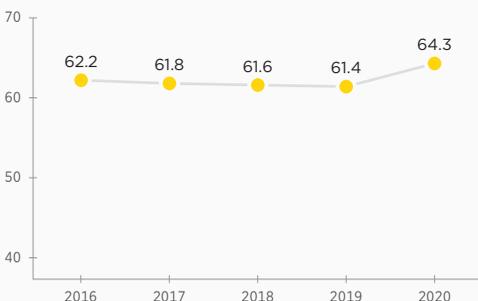


## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +16.5

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
0.1 million

**GDP (PPP):**  
\$2.9 billion  
3.6% growth in 2018  
5-year compound annual growth 4.6%  
\$30,505 per capita

**UNEMPLOYMENT:**  
3.0% (2017 estimate)

**INFLATION (CPI):**  
3.7%

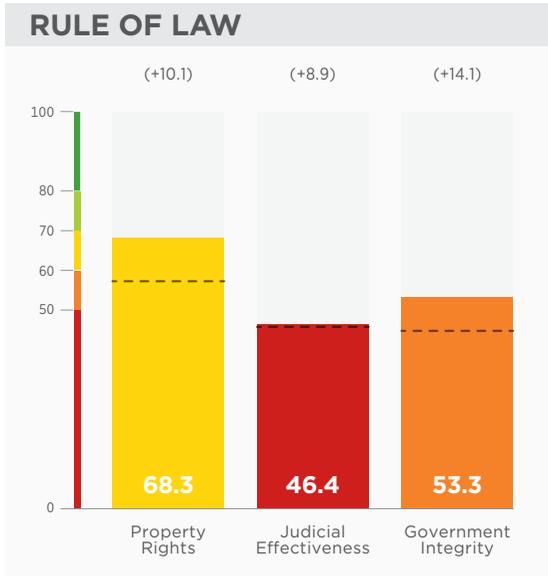
**FDI INFLOW:**  
\$123.9 million

**PUBLIC DEBT:**  
58.2% of GDP

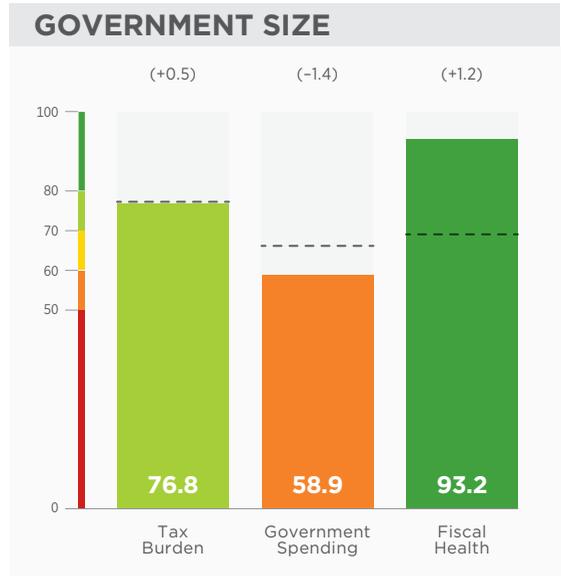
2018 data unless otherwise noted. Data compiled as of September 2019

**BACKGROUND:** After independence from the United Kingdom in 1976, France-Albert René of the People's Party seized power in a bloodless coup in 1977. In 1993, he was elected to serve as Seychelles' first president. In 2004, he ceded power to Vice President James Michel, who was elected to his third five-year presidential term in 2015. In 2016, President Michel resigned and transferred power to Vice President Danny Faure. Seychelles enjoys a stable economic environment with lucrative fishing and tourism industries. In recent years, the government has encouraged foreign investment to upgrade hotels and other services while at the same time moving to reduce dependence on tourism by promoting the development of farming, fishing, and small-scale manufacturing.

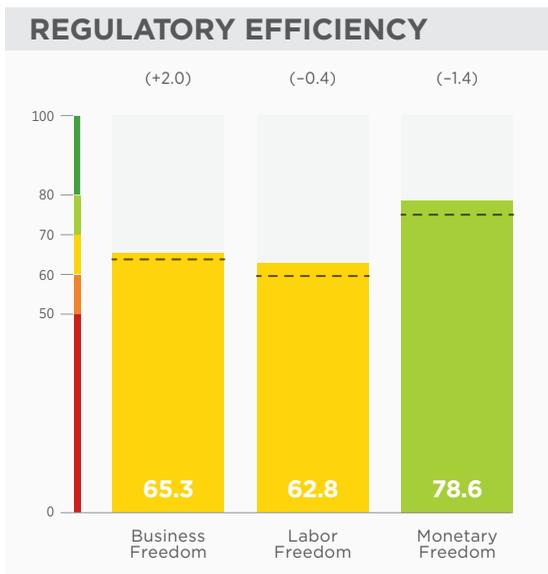
# 12 ECONOMIC FREEDOMS | SEYCHELLES



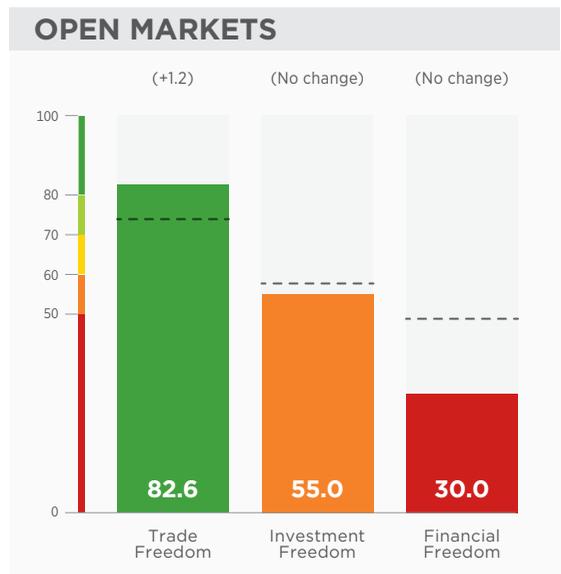
The courts enforce interests in real property, including mortgages and liens. The legal system blends English common law, the Napoleonic Code, and customary law. The judiciary is independent, but judges sometimes face interference in major cases. Seychelles ranked 28th out of 180 countries in Transparency International's 2018 *Corruption Perceptions Index*, its best performance since the inception of the *Index of Economic Freedom* in 1995.



The personal income tax rate is a flat 15 percent, and the top corporate tax rate is 33 percent. Other taxes include interest, vehicle, and value-added taxes. The overall tax burden equals 31.7 percent of total domestic income. Government spending has amounted to 37.0 percent of the country's output (GDP) over the past three years, and budget surpluses have averaged 0.3 percent of GDP. Public debt is equivalent to 58.2 percent of GDP.



Electricity costs are high. Poor access to financing constrains many businesses. The business climate could benefit from further privatization of state-owned enterprises and an accelerated insolvency process. There is a skills mismatch in the labor market. The economy is reliant on tourism and the tuna industry. The IMF reported in 2019 that high electricity rates in the Seychelles are partially the result of inefficient cross-subsidies.



The total value of exports and imports of goods and services equals 189.1 percent of GDP. The average applied tariff rate is 3.7 percent, and 11 nontariff measures are in force. Investment is hindered by heavy bureaucracy and inadequate infrastructure. A large part of the population lacks access to formal banking services, and limited capacity for lending to the private sector inhibits growth.