

SEYCHELLES

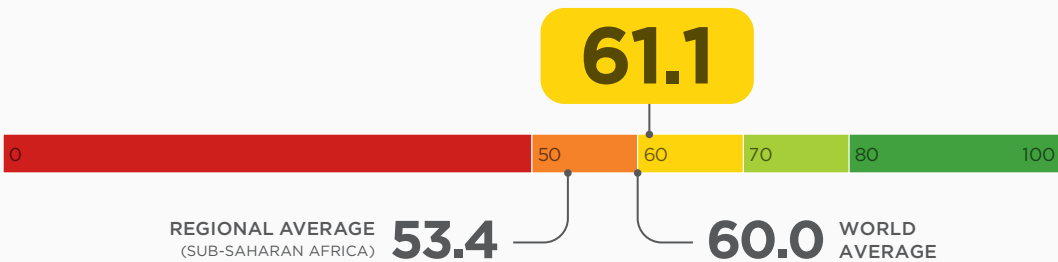
Seychelles' economic freedom score is 61.1, making its economy the 79th freest in the 2022 *Index*. Seychelles is ranked 5th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional and world averages.

Economic growth in Seychelles has fluctuated over the past five years: growing slowly in 2017 and 2018, accelerating slightly in 2019, contracting in 2020, and reviving in 2021. A trend of expanding economic freedom has stumbled. With a steep drop in its **fiscal health** score over-coming higher scores for rule of law, Seychelles has recorded a slight 0.7-point overall loss of economic freedom since 2017 and remains in the "Moderately Free" category. Monetary freedom and **trade freedom** are relatively healthy, but **financial freedom** is exceptionally weak.

IMPACT OF COVID-19: As of December 1, 2021, 127 deaths had been attributed to the pandemic in Seychelles, and the government's response to the crisis ranked 20th among the countries included in this *Index* in terms of its stringency. The economy contracted by 13.4 percent in 2020.

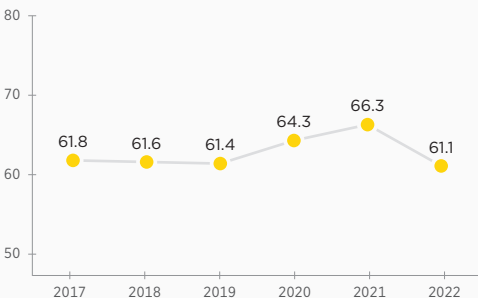
WORLD RANK: **79** | REGIONAL RANK: **5**
 ECONOMIC FREEDOM STATUS: **MODERATELY FREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +13.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.1 million

GDP (PPP):
\$2.5 billion
-13.4% growth in 2020
5-year compound annual growth -0.1%
\$25,414 per capita

UNEMPLOYMENT:
n/a

INFLATION (CPI):
1.2%

FDI INFLOW:
\$122.0 million

PUBLIC DEBT:
98.4% of GDP

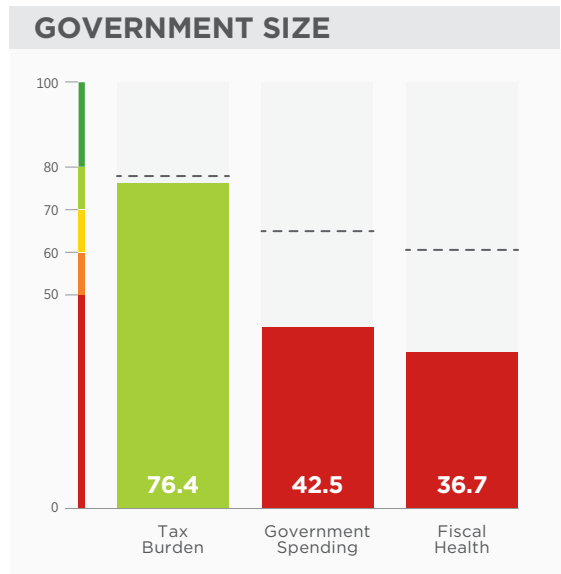
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The Republic of Seychelles gained independence from the United Kingdom in 1976, and France-Albert René of the People's Party seized power in a 1977 coup. René won Seychelles' first presidential election in 1993 and in 2004 ceded power to Vice President James Michel, who won a third five-year term in 2015. In 2016, Michel resigned and transferred power to Vice President Danny Faure. Faure was defeated in October 2020 elections by Wavel Ramkalawan of the Seychellois Democratic Alliance (LDS), which also increased its parliamentary majority. Seychelles enjoys a stable economic environment, and the government has encouraged foreign investment to upgrade hotels and other services while also promoting the development of farming, fishing, and small-scale manufacturing to reduce dependence on tourism.

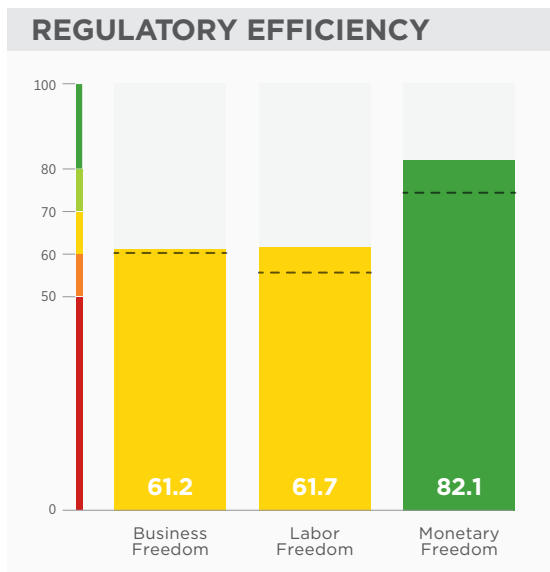
12 ECONOMIC FREEDOMS | SEYCHELLES



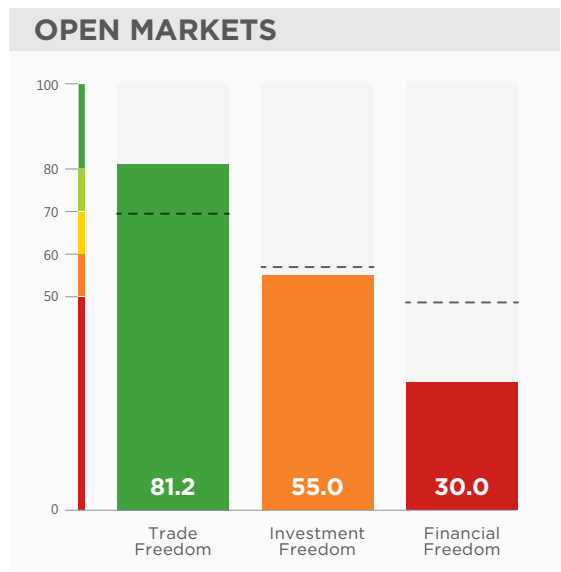
Property rights and secured interests, including mortgage and liens, are enforced by the judicial system. The legal system blends English common law, the Napoleonic Code, and customary law. The independence of the judiciary has strengthened, but court cases can last years. Government corruption stems from a lack of transparency both in public procurement and in the privatization and allocation of government-owned land.



The individual 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 32.4 percent of total domestic income. Government spending has amounted to 43.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.2 percent of GDP. Public debt is equivalent to 98.4 percent of GDP.



A subsea cable system announced in August 2021 will lower the cost of telecommunications and increase competition for fixed broadband and mobile data services. Tourism generated more than 60 percent of GDP in 2019. In 2021, government unemployment-related programs were changed. The government has prioritized reform of fisheries subsidies in the face of sustainability questions and illegal fishing in Seychelles waters by China.



Seychelles has three preferential trade agreements in force. The trade-weighted average tariff rate is 4.4 percent, and 11 nontariff measures are in effect. Investment is hindered by heavy bureaucracy and inadequate infrastructure. Financing options for the private sector are limited. A large part of the population lacks access to formal banking services, and limited capacity for lending to the private sector inhibits growth.