

**imani development** 

**2007 SURVEY OF NON-TARIFF BARRIER TO  
TRADE: SEYCHELLES**

**FINAL REPORT**



**RTFP**

Regional Trade Facilitation Programme

**Prepared by: Imani Development International (Ltd)**

**Prepared for: Regional Trade Facilitation Programme**

**JULY 2007**

# Table of Contents

[CHAPTER 1: EXECUTIVE SUMMARY.....3](#)  
[EXECUTIVE SUMMARY.....3](#)  
[CHAPTER 2: OVERVIEW OF INTRA-COMESA TRADE .....5](#)  
[CHAPTER 3: NTB MEASURES DIRECTLY AFFECTING EXPORTS.....8](#)  
[CHAPTER 4: NTB MEASURES DIRECTLY AFFECTING IMPORTS.....10](#)  
[CHAPTER 5: KEY ISSUES FROM INTERVIEWS & DESK RESEARCH.....15](#)  
[CHAPTER 6: ASSESSMENT OF PROCEDURES FOR HARMONIZATION OF  
TRANSIT TRAFFIC BETWEEN COUNTRIES IN THE REGION.....21](#)  
[CHAPTER 7: RECOMMENDED ACTIONS ON NOTIFICATION, MONITORING &  
ELIMINATION of NTBs .....21](#)  
[ANNEX 1: LIST OF PERSONS CONTACTED.....22](#)

## CHAPTER 1: EXECUTIVE SUMMARY

### EXECUTIVE SUMMARY

Seychelles is probably the country with the highest GDP in the COMESA group. In 2005 the GDP per capita stood at US\$ 8,290. The economy is facing a difficult phase with negative growth rate of 2.8% in 2005. The major industry is Tuna fishing and canning and on the services side, tourism. Seychelles has to import the majority of its goods as very little is produced locally.

Agriculture represented 2.7% of the GDP in 2005 and industry 28%. The services sector which consists of trade and the tourism industry had the largest share with 69.4% in 2005. The biggest employer is the tourism sector with 30% of the workforce. The major foreign exchange earner is the tuna canning industry.

Seychelles is a net importer with significant trade deficits. Seychelles imports mainly from non-COMESA countries, namely the UAE, Europe, Singapore and South Africa. Likewise export markets are concentrated on the UK, France Italy and Germany for products such as canned tuna, fish and prawns. The level of trade with COMESA countries is very limited and represented only 2.3% of total trade in 2005. The main COMESA suppliers to the Seychelles. include Kenya, Mauritius Madagascar and Zimbabwe. The export market to COMESA is mainly limited to Mauritius which represents only 0.2% of Seychelles' total exports.

Import control in Seychelles has only recently been liberalised. Controls on trade were more stringent few years back and the government through the Seychelles Marketing Board (SMB) had been the sole importer of a number of products for years. The allocation of import licenses and permits was heavily regulated through import permits, licenses and quotas.

In 2005, in the process of opening up the economy, the government decided to liberalise trade and create more opportunities for the importation of goods. Importation is now open except prohibited and controlled goods, for which permits are required. However any new trader has to apply to the Seychelles Licensing Authority for either an Import, Wholesale or Retail licence or a combination for specific products. In general, there seems to be no problem in obtaining a license.

*“Established and regular importers tend to get open permits for longer terms which vary between 3 months and a year”.* Authorities claim that import permits are required for certain products to ensure norms regarding sanitary, phytosanitary, veterinary, quality standards, health and security norms.

Import quotas have been eliminated except for pork and poultry which are produced locally. Though Seychelles Marketing Board has no longer monopoly on importation of goods, it still is the sole manufacturer of some items.

No licenses are required to export from Seychelles. However depending on the items exported such as fish and wooden craft, the relevant authorities issue sanitary and phytosanitary certificate.

Most of the traders interviewed were satisfied with the liberalisation process regarding importation of goods. According to them the situation vis-à-vis import licensing and permit, is mainly administrative. Although they encounter almost no problem in getting import permits for specific products they consider that it entails more paper work. The main problem affecting trade in Seychelles is the lack of foreign exchange in the country. This issue has been voiced out by the traders and is a major handicap for traders. Most of the traders are being penalised by the shortage.

The other problem faced by retailers and wholesalers is that of a price control system for imported goods with a 30% mark up, with 15% on retail and 15% on wholesale. This system creates the incentive for traders to practice over invoicing so as to increase their margin.

Following discussions with private sector operators a number of immediate issues have been raised which include:

- Setting up proper effective and regular Communication Channels between the private sector and the government to look into the mechanisms to improve trading conditions and deal with NTBs within the COMESA structures.
- To deal with problems related to foreign exchange and involve on a regular basis so that operators reduce periods of inactivity.
- Setting up a joint committee to review the Import Licensing Act.
- Regarding reducing delays for clearing goods with customs, introduce random checking and impose very high fees to those infringing the law and make it mandatory that all clearing has to go through appointed clearing agents.

## CHAPTER 2: OVERVIEW OF INTRA-COMESA TRADE

Seychelles is a net importer with significant trade deficits. Table 1 below gives an indication of the total trading activity from 2001-2005 (latest available data), where it can be seen that trade values have increased significantly. Seychelles imports mainly from non-COMESA countries, namely the UAE, Europe, Singapore and South Africa. Likewise export markets are concentrated on the UK, France Italy and Germany for products such as canned tuna, fish and prawns.

*Table 1: Seychelles Imports and Exports (World) from 2001 to 2005 in US\$*

Year	Imports (cif)	Domestic Exports (fob)	Re-exports (fob)	Balance of Trade
2001	473,847,743	152,327,558	63,290,091	(258,230,093)
2002	418,148,425	174,457,482	53,124,465	(190,566,478)
2003	412,983,541	211,370,781	63,325,496	(138,287,264)
2004	496,684,545	199,105,273	92,473,636	(205,105,636)
2005	675,650,909	211,776,727	128,133,455	(335,740,727)

Source: National Statistics Bureau

The level of trade with COMESA countries is very limited and represented only 2.3% of total trade in 2005 (of which most account for imports) (see Table 2). Both imports and exports are dominated by non COMESA countries.

*Table 2: Total trade with COMESA*

	2001		2002		2003		2004		2005	
	Value (US\$)	% of total								
Total COMESA Trade	12,719,809	1.8%	24,368,201	3.8%	16,131,117	2.3%	26,117,091	3.3%	23,226,182	2.3%

Source: National Statistics Bureau

### 2.1 Imports from COMESA countries

Table 3a gives a description of the main COMESA suppliers to the Seychelles. They include Kenya, Mauritius Madagascar and Zimbabwe. The dominant supplier has been Mauritius with almost 80% of the total COMESA imports and 2.7% of the total import value in 2005. The other import sources within COMESA have been marginal.

*Table 3a: Imports from COMESA (2001 to 2005) in US\$*

Country	2001		2002		2003		2004		2005	
Kenya	3,757,105	0.8%	4,878,195	1.2%	4,755,522	1.2%	4,515,455	0.9%	4,671,273	0.7%
Madagascar	329,094	0.1%	1,232,987	0.3%	137,189	0.0%	147,818	0.0%	106,727	0.0%

Mauritius	8,386,788	1.8%	18,036,186	4.3%	10,960,695	2.7%	21,146,364	4.3%	18,092,545	2.7%
Zimbabwe	149,526	0.0%	105,315	0.0%	78,129	0.0%	21,636	0.0%	19,818	0.0%
<b>Total</b>	<b>12,622,514</b>	<b>2.70%</b>	<b>24,252,683</b>	<b>5.80%</b>	<b>15,931,535</b>	<b>3.90%</b>	<b>25,831,273</b>	<b>5.20%</b>	<b>22,890,364</b>	<b>3.40%</b>

Source: National Statistics Bureau

Table 3b below gives an indication of the main products imported from COMESA countries in 2005. The main products include Electrical equipment, Power generating equipment, Animal or vegetables fats and oils, Vehicles, Articles of plastics, Prepared foods, Furniture and Garments.

**Table 3b: Top 10 imported products from COMESA (2005)**

HS (2)	Description of products	Value in US\$
85	Electrical machinery, and equipment and parts thereof; sounds	1,472,008
84	Nuclear reactors, boilers, machinery and mechanical appliances,	1,358,926
15	Animal or vegetables fats and oils and their cleavage products;	1,272,979
87	Vehicles other than railway or tramway rolling-stock, and parts and	1,267,554
39	Plastics and articles thereof	1,233,864
22	Beverages, spirits and vinegar	1,148,953
20	Preparations of vegetables, fruits, nuts or other parts of plants	844,372
11	Products of the milling industry;malt;starches inulin;wheat gluten	809,712
94	Furniture; bedding, mattress, mattress supports, cushions and similar, stuffed furnishings; lamps and lighting fittings, nes	676,309
61	Articles of apparel and clothing accessories knitted or crocheted	592,873
44	Wood and articles of wood; wood charcoal	507,832
04	Dairy products, birds eggs, natural honey, edible products of animal	452,787
63	Other made up textile articles;sets;worn clothing and worn textile	281,838
19	Preparations of cereals, flour, starch or milk;pastrycook's products	252,802
08	Edible Fruit and nuts; peel of citrus fruit or melons, origin, not elsewhere specified or included	190,954

Source: National Statistics Bureau

## 2.2 Exports to COMESA countries

The export market to COMESA is mainly limited to Mauritius which represents only 0.2% of Seychelles' total exports. This percentage has slightly improved since 2001 but still remains very marginal.

**Table 4a: Exports to COMESA Countries**

Country of Destination	2001		2002		2003		2004		2005	
	Value (US\$)	% of total								
Mauritius	97,29	0.1%	115,518	0.1%	199,58	0.1%	285,81	0.1%	335,81	0.2%

Source: National Statistics Bureau

Seychelles exports consist mainly of fresh and frozen fish to Mauritius as the main COMESA market destination. Table 4b indicates a few other products that were exported to the region in 2005, including prepared foods and articles of base metal.

**Table 4b: Products exported to COMESA countries (2005)**

<b>HS CODE</b>		<b>US\$</b>
3	LIVE ANIMAL : ANIMAL PRODUCTS	338,930
16	PREPARED FOODSTUFFS; BEVERAGES, SPIRITS AND VINEGAR; TOBACCO & ITS MANUFACTURED SUBSTITUTES	61,287
76	BASE METALS AND ARTICLES OF BASE METAL	1,273

Source: Compiled from National Statistics Bureau

## CHAPTER 3: NTB MEASURES DIRECTLY AFFECTING EXPORTS

No export related NTBs were established during the survey.

**Table 5: WTO NTB CATEGORISATION CODES**

<b>Part I: Government Participation in Trade and Restrictive Practices Tolerated by Governments</b>					
	<b>WTO Inventory Code</b>	<b>Problem Area</b>	<b>Description of the most severe NTBs</b>	<b>Impact of NTB to businesses and trade</b>	<b>Responsibility/Source of NTB</b>
<b>Part II: Customs and Administrative Entry Procedures</b>					
	<b>WTO Inventory Code</b>	<b>Problem Area</b>	<b>Description of the most severe NTBs</b>	<b>Impact of NTB to businesses and trade</b>	<b>Responsibility/Source of NTB</b>
<b>Part III: Technical Barriers to Trade</b>					
	<b>WTO Inventory Code</b>	<b>Problem Area</b>	<b>Description of the most severe NTBs</b>	<b>Impact of NTB to businesses and trade</b>	<b>Responsibility/Source of NTB</b>
<b>Part IV: Sanitary and Phytosanitary Measures</b>					
	<b>WTO Inventory Code</b>	<b>Problem Area</b>	<b>Description of the most severe NTBs</b>	<b>Impact of NTB to businesses and trade</b>	<b>Responsibility/Source of NTB</b>
<b>Part V: Specific Limitations</b>					

	WTO Inventory Code	Problem Area	Description of the most severe NTBs	Impact of NTB to businesses and trade	Responsibility/Source of NTB
<b>Part VI: Charges on Imports</b>					
	WTO Inventory Code	Problem Area	Description of the most severe NTBs	Impact of NTB to businesses and trade	Responsibility/Source of NTB
<b>Part VII: Other</b>					
	WTO Inventory Code	Problem Area	Description of the most severe NTBs	Impact of NTB to businesses and trade	Responsibility/Source of NTB

**Table 6: Specific Official Regulations Affecting Exports**

Product Group	Legislative Act	Government Controlling Agency	Regulatory Procedure
All	Trades Tax Act, the Trades Tax (Imports) Regulations, 2005	Policy & Strategy Division of the Department of Finance	Regulation of exports

## CHAPTER 4: NTB MEASURES DIRECTLY AFFECTING IMPORTS

**Table 7: WTO NTB CATEGORISATION CODES**

<b>Part I: Government Participation in Trade and Restrictive Practices Tolerated by Governments</b>					
	<b>WTO Inventory Code</b>	<b>Problem Area</b>	<b>Description of the most severe NTBs</b>	<b>Impact of NTB to businesses and trade</b>	<b>Responsibility/Source of NTB</b>
	I(D)	Foreign Exchange Policy	Shortage of foreign exchange available for imports	Severe impact on business operations, both retail and production	Central Bank
	I(E)	State trading	The Seychelles Marketing Board (SMB) has evolved from a State Trading Monopoly to that of an importer and retailer and does not obtain special treatment or privileges, particularly in regards to access to foreign exchange. There is still a perception by some of the business community that it has an unfair competitive advantage.	Perceived to be unfair competition	
<b>Part II: Customs and Administrative Entry Procedures</b>					
	<b>WTO Inventory Code</b>	<b>Problem Area</b>	<b>Description of the most severe NTBs</b>	<b>Impact of NTB to businesses and trade</b>	<b>Responsibility/Source of NTB</b>
	I(G)	Clearing	The clearing process is somewhat lengthy, and bureaucratic as appointments have to be made to clear goods	Delays in receipt of goods, and higher administrative and storage costs	Customs
	I(H)	Import licensing	Mostly administrative procedures which may require improved efficiency	Low impact	Seychelles Licensing Authority (SLA)

<b>Part III: Technical Barriers to Trade</b>					
	<b>WTO Inventory Code</b>	<b>Problem Area</b>	<b>Description of the most severe NTBs</b>	<b>Impact of NTB to businesses and trade</b>	<b>Responsibility/Source of NTB</b>
<b>Part IV: Sanitary and Phytosanitary Measures</b>					
	<b>WTO Inventory Code</b>	<b>Problem Area</b>	<b>Description of the most severe NTBs</b>	<b>Impact of NTB to businesses and trade</b>	<b>Responsibility/Source of NTB</b>
<b>Part V: Specific Limitations</b>					
	<b>WTO Inventory Code</b>	<b>Problem Area</b>	<b>Description of the most severe NTBs</b>	<b>Impact of NTB to businesses and trade</b>	<b>Responsibility/Source of NTB</b>
	V(A)	Import Quotas	Variable quotas on pork and poultry depending on domestic output	Increased uncertainty	Ministry of Agriculture
	V(H)	Price Control	Prices of imported goods are limited by a maximum 30% mark-up.	Some businesses struggle to operate within these confines as costs of business may have increased, while the price of certain products has fallen Price Control Act is being revised.	Ministry of Finance
<b>Part VI: Charges on Imports</b>					
	<b>WTO Inventory Code</b>	<b>Problem Area</b>	<b>Description of the most severe NTBs</b>	<b>Impact of NTB to businesses and trade</b>	<b>Responsibility/Source of NTB</b>

<b>Part VII: Other</b>					
	<b>WTO Inventory Code</b>	<b>Problem Area</b>	<b>Description of the most severe NTBs</b>	<b>Impact of NTB to businesses and trade</b>	<b>Responsibility/Source of NTB</b>

**Table 8: Specific Official Regulations Affecting Imports**

<b>WTO Inventory Category</b>	<b>Product Group</b>	<b>Legislative Act</b>	<b>Government Controlling Agency</b>	<b>Regulatory Procedure</b>
	All	(Licenses (Trade Regulations) Act 87)	Seychelles Licensing Authority. Division of the Department of Finance	Licensing of importers
	All	Trade Tax Act 2005	Policy and Strategy Division of the Department of Finance	Import permits
	Flour, sugar and rice	Food Act	Ministry of Health	Verification whether storage area is up to standard
	Meat and edible meat offal, fresh, frozen or chilled		Animal Health Department - Ministry of Environment and Natural Resources	Veterinary Certificate
	Edible fruits and vegetables (fresh only)		Department of Agriculture - Ministry of Environment and Natural Resources	Sanitary and Phytosanitary Certificate

	Alcohol		Only Import Permit required – Import Permit section of the Policy and Strategy Division – Ministry of Finance	
	Medical and Pharmaceutical products		Medical Information Unit – Pharmaceutical Services - Ministry of Health	
	Plants and plants products including Timber		Department of Agriculture - Ministry of Environment and Natural Resources	Sanitary and Phytosanitary Certificate
	Growing media including compos		Department of Agriculture - Ministry of Environment and Natural Resources	Sanitary and Phytosanitary Certificate
	Animal and animal by-products not treated		Animal Health Department - Ministry of Environment and Natural Resources	Veterinary Certificate
	Dangerous Chemicals including pesticides		Chairman Pesticide Board - Ministry of Health	Permit issued by Pesticide board
	Pyrotechnic products and Blasting explosives		Internal Affairs - Commissioner of Police – Police Head Quarters	
	Sword, Cutlasses, bayonets and similar arms		Internal Affairs - Commissioner of Police – Police Head Quarters	
	Vehicles, including aircraft, sea vessels, car bodies and half-cut vehicles		Transport Department – Ministry of Tourism and Transport	Vehicle Dealer's License Required
	Satellite Dishes		Department of Information, Communication and Technology Department - Ministry of Planning	

	Glass windows and glass doors		Seychelles Bureau of Standards	
	Tobacco products		Only Import Permit required – Import Permit section of the Policy and Strategy Division – Ministry of Finance	
	Cigarettes		Only Import Permit required – Import Permit section of the Policy and Strategy Division – Ministry of Finance	
	Mineral Fuels, Mineral Oils and products of their distillation		Only Import Permit required – Import Permit section of the Policy and Strategy Division – Ministry of Finance	

## **CHAPTER 5: KEY ISSUES FROM INTERVIEWS & DESK RESEARCH**

### **5.1 Import licensing**

Import control in Seychelles has only recently been liberalised. Controls on trade were more stringent few years back and the government through the Seychelles Marketing Board (SMB) had been the sole importer of a number of products for years. The allocation of import licenses and permits was heavily regulated through import permits, licenses and quotas. This created a paradox whereby the government was not only importing various goods but also issuing import permits and licenses to private operators.

In 2005, in the process of opening up the economy, the government decided to liberalise trade and create more opportunities for the importation of goods. Anyone is now free to import any products except prohibited and controlled goods, for which permits are required. The Trade Tax Act stipulates that certain products that are prohibited and others which can be imported only under and in accordance with the permission granted by the appropriate authority. The SMB is also no longer the sole importer of goods it used to control.

Anyone who wishes to operate as a trader has to apply to the Seychelles Licensing Authority for either an Import, Wholesale or Retail licence or a combination. The license is given only for specific products as per request. The operators' premises are inspected to ensure that all storage, safety and hygiene norms are respected. Only then is a license issued specifying the category of goods requested. In general, there seems to be no problem in obtaining a license but some operators have claimed that in few cases authorities are a bit too bureaucratic. The license is issued only to one premise. If the trader wishes to store and or retail and or wholesale in more than one outlet, additional licences have to be issued. The licenses are issued for a period of one to three years and have to be renewed accordingly. If the licensee wishes to import new products which are not specified in his permit he has to put forward a request in writing to the Seychelles Licensing Authority. Usually the license is issued once the importer's premises comply with the request for the new products. No additional fee is necessary.

After approval from the Seychelles Licensing Authority, the licensee can trade in any of the following categories of products applied for. Those products marked with an asterisk require an import permit.

**Table 9: Categories of products for which a general trade license can be applied**

<b>Description of products</b>
Food, Beverages, (non-alcoholic)
Flour, sugar and rice*
Meat and edible meat offal, fresh, frozen or chilled*
Edible fruits and vegetables (fresh only)*
Alcohol*
Household items
Furniture
Building materials and hardware
Blasting explosives*
Mineral fuels and oils
Medical and Pharmaceutical products*
Cosmetics
Art, Souvenir and gift items
Baby products and Toys
Books and Stationery
Agricultural Products (Excluding Flour, sugar and rice)
Plants and plants products including Timber*
Growing media including compos*
Animal and animal by-products not treated*
Dangerous Chemicals including pesticides*
Pyrotechnic products*
Textiles and Garments
Machinery, Equipment and Spare Parts
Vehicles, including aircraft, sea vessels, car bodies and half-cut vehicles*
Household electrical Appliances and Equipment
Electronic equipment
Office Machinery and Equipment
Computers
Telecommunications Apparatus
Satellite Dishes*
Raw Materials for further processing
Glass windows and glass doors*
Tobacco products*
Cigarettes*

Source: Seychelles Licensing Authority

## **5.2 Import Permits**

Importation is now open except prohibited and controlled goods, for which permits are required (Only importation of restricted items requires an import permit). This request has to be made at the Policy and Strategy Division of the Department of Finance.

Established and regular importers tend to get open permits for longer terms which vary between 3 months and a year. Hotels which import high volumes of products such as fruits, vegetables and meat get permits for a year. Processors and manufacturers tend to get permits for 3 months.

According to the authorities import permits are required for certain products in order to

ensure norms regarding sanitary, phytosanitary, veterinary, quality standards, health and security norms. They are not considered by the operators as being NTBs.

**Table 10: Products which require an import permit**

<b>Description of controlled goods</b>	<b>Authority responsible for issuing import permits</b>	<b>Specific permits required</b>
Flour, sugar and rice	Ministry of Health	Verification whether storage area is up to standard
Meat and edible meat offal, fresh, frozen or chilled	Animal Health Department - Ministry of Environment and Natural Resources	Veterinary Certificate
Edible fruits and vegetables (fresh only)	Department of Agriculture - Ministry of Environment and Natural Resources	Sanitary and Phytosanitary Certificate
Alcohol	Only Import Permit required – Import Permit section of the Trade and Commerce Division – Ministry of Finance	
Medical and Pharmaceutical products	Medical Information Unit – Pharmaceutical Services - Ministry of Health	
Plants and plants products including Timber	Department of Agriculture - Ministry of Environment and Natural Resources	Sanitary and Phytosanitary Certificate
Growing media including compos	Department of Agriculture - Ministry of Environment and Natural Resources	Sanitary and Phytosanitary Certificate
Animal and animal by-products not treated	Animal Health Department - Ministry of Environment and Natural Resources	Veterinary Certificate
Dangerous Chemicals including pesticides	Chairman Pesticide Board - Ministry of Health	Permit issued by pest board
Pyrotechnic products and Blasting explosives	Internal Affairs - Commissioner of Police – Police Head Quarters	
Sword, Cutlasses, bayonets and similar arms	Internal Affairs - Commissioner of Police – Police Head Quarters	
Vehicles, including aircraft, sea vessels, car bodies and half-cut vehicles	Transport Department – Ministry of Tourism and Transport	Vehicle Dealer’s License Required
Satellite Dishes	Department of Information, Communication and Technology Department - Ministry of Planning	
Glass windows and glass doors	Seychelles Bureau of Standards	
Tobacco products	Only Import Permit required – Import Permit section of the Trade and Commerce Division – Ministry of Finance	
Cigarettes	Only Import Permit required – Import Permit section of the Trade and Commerce Division – Ministry of Finance	
Mineral Fuels, Mineral Oils and products of their distillation	Only Import Permit required – Import Permit section of the Trade and Commerce Division – Ministry of Finance	

Some imported products (for the needs of the whole country) have to be purchased through a tendering process. These include rice, garlic, flour, onion, and ginger. The tenders are made public and anyone can apply. They are administered by the National Tender Board. The bids are based on cost CIF Seychelles. For food items, the goods are distributed through the SMB distribution channels since the responsibility for the storage

and distribution of these products rests with the Government. The retail prices of such products are also fixed irrespective of the purchase and distribution costs. Storage capacity by private operators appears to be a problem.

### **5.3 Quotas for imports**

There are two products which are subject to a variable quota on imports. These concern pork and poultry which are also produced locally. In order to protect the local producers and also to cater for the gap in the demand for these products, imports are authorised by the government. The quota allocated for imports varies according to the capacity of local production.

### **5.4 Prohibited goods**

Under the Trades Tax Act, the Trades Tax (Imports) Regulations, 2005 the products below are prohibited from import and export from the Seychelles. These prohibitions are mainly for National Security, Safety, Moral and Environmental reasons.

*Table 1: List of prohibited goods in Seychelles*

Description of controlled goods
Arms and Ammunition
Species listed under the Convention on International Trade and endangered Species
Products under Montreal Protocol
Radioactive substances
Controlled drugs
Toxic Chemicals
Offensive weapons
Counterfeit currencies
Pornographic or indecent material(s)
Car bodies (HS code 8703)
Left hand drive vehicles
Waste and waste products
Warships of all kinds

### **5.5 The Seychelles Marketing Board (SMB)**

Though Seychelles Marketing Board has no longer monopoly on importation of goods, it still is the sole manufacturer of some items. It also breaks bulk and repacks some products such as powdered milk, tea, instant coffee, tomato ketchup and chilli sauce. Obviously importing these items in their unfinished or bulk state attracts no duty. This explains a high customs duty on similar finished products and indirectly penalises private traders attempting to import such finished products. Examples of products are pasta, snacks (savoury crisp products) and ice cream. The private sector considers that the operation of break bulk and repacking does not justify any protection of local industry

and hence high duties on similar finished items. This therefore creates a situation of unfair competition.

## **5.6 Export procedures in Seychelles**

No licenses are required to export from Seychelles, and there are no monopolies. However depending on the items exported such as fish and wooden craft, the relevant authorities issue sanitary and phytosanitary certificates.

## **5.7 Key issues from interviews**

Most of the traders interviewed were satisfied with the liberalisation process regarding importation of goods. According to them the situation vis-à-vis import licensing and permit, is mainly administrative. Although they encounter almost no problem in getting import permits for specific products they consider that it entails more paper work. However members of the Seychelles Chamber of Commerce and Industry feel that the Licensing Act dates back to 1987 (Licenses (Trade Regulations) Act 87) and requires fundamental changes. They argue that despite the liberalisation of imports, the principle of having a license implies that government still exercises some form of control regarding the trading activity and has the power to revoke licenses. The SCCI argues that trade activities should be totally liberalized as long as operators do not indulge in illegal activities. The SCCI members believe that the Licensing Act should give operators the fundamental right to operate freely.

The main problem affecting trade in Seychelles is the lack of foreign exchange in the country. This issue has been voiced by the traders and is a major handicap for traders. Most of the traders are being penalised by the shortage.

Banks are no longer subject to directives concerning redistribution of foreign exchange. It is upto the discretion of commercial banks to distribute foreign exchange to their clients.

However shortage of foreign exchange is still the major problem for traders. One of the traders indicated that due to this shortage his turnover has dropped by 90% and as a consequence he has had to lay off some of his staff. Another manufacturer claimed to have no business during the period this study was being undertaken because he had used up his foreign exchange and could not have access to more. He indicated that additional foreign exchange would have kept his production line busy as there is demand for his product. This encourages the development of a parallel market for foreign exchange.

The other problem faced by retailers and wholesalers is that of a price control system for imported goods with a 30% mark up, with 15% on retail and 15% on wholesale. This system creates the incentive for traders to practice over invoicing so as to increase their margin.

In its latest newsletter the SCCI points out that “the *current 30% mark up had been introduced in 1985 when the cost of doing business may have justified the percentage*”.

The SCCI claims that the cost of operating businesses have increased whereas the prices of goods have actually decreased compared to a few years back. SCCI members feel that the mark-up should be liberalised with the risk of businesses not being able to survive.

Discussions with traders indicated that the abolition of price control will enhance competition and consequently benefit the end consumer with lower prices. They also are also prepared to accept that for some essential commodities such as rice and flour some form of price control could be implemented on a phased out basis.

Operators also feel that clearing of goods from customs is a lengthy process. On average operators claim that it takes 72 hours to clear goods from the port and 48 hours at the airport. They also complain about the fact that appointments have to be made to clear goods. The operators feel that customs should provide a non-stop service during the day. The introduction of the Asycuda system with online processing of the bills of entry would have helped to speed up procedures.

On this issue the authorities however indicate that if all papers are in order the minimum time would be between 48 and 72 hours. In the past all consignments were verified but now they base themselves on a 25% risk assessment. If it is a credible importer the percentage is 10%. The government is already setting up the Asycuda system and should be ready by end 2007.

The main problem affecting all traders is one which the country has been facing for numerous years - that of foreign exchange shortages. Operators feel that they are penalised in the way foreign exchange is allocated especially vis-à-vis importers like the SMB.

In addition, operators feel that they are being penalised by the present maximum price mark up system and are sometimes forced to stop importing certain items due to its impact.

## **CHAPTER 6: ASSESSMENT OF PROCEDURES FOR HARMONIZATION OF TRANSIT TRAFFIC BETWEEN COUNTRIES IN THE REGION**

Not applicable as this is an island economy. All land based transit issues are handled at the port of disembarkation in the destination country.

## **CHAPTER 7: RECOMMENDED ACTIONS ON NOTIFICATION, MONITORING & ELIMINATION of NTBs**

The Seychelles Chamber of Commerce and Industry (SCCI) is the major private sector organisation which groups the majority of traders in Seychelles. They are well aware of the problems in that sector and tend to closely monitor any issues that affect trade directly or indirectly. However private operators claim that there is still a lack of regular dialogue with the government. At present there is no formalised communication channel between the SCCI and the government, and meetings are held on an ad hoc basis to discuss problems related to trade. Thus, there could be an avenue of opportunity to establish a formal communication channel between the SCCI and Government within the ambit of the COMESA NTB process. Any structures agreed upon within this dialogue could then be integrated into the COMESA NTB structures.

Overall, a number of immediate recommendations could be made. These include:

- Setting up proper effective and regular Communication Channels between the private sector and the government to look into the mechanisms to improve trading conditions and deal with NTBs within the COMESA structures.
- Problems related to foreign exchange have to be monitored and discussed on a regular basis so that operators reduce periods of inactivity.
- Setting up a joint committee to review the Import Licensing Act.
- In order to tackle delays for clearing goods with customs, introduce random checking and impose very high fees on those infringing the law and make it mandatory that all clearing has to go through appointed clearing agents.

## ANNEX 1: LIST OF PERSONS CONTACTED

	Name	Position	Company	Tel No	Email Address
1	Mr. Ziyaad Ebrahim	Senior Trade Officer	Ministry of Finance	+248-22 52 65	<a href="mailto:ziyaad@finance.gov.sc">ziyaad@finance.gov.sc</a>
2	Ms Cindy Chang Leng	Trade Officer	Ministry of Finance	+248-22 52 65	<a href="mailto:cindy@finance.gov.sc">cindy@finance.gov.sc</a>
3	Ms Cillia Mangroo	Trade Officer	Ministry of Finance	+248-22 52 65	<a href="mailto:cillia@finance.gov.sc">cillia@finance.gov.sc</a>
4	Ms Isabelle Larue	Assistant Trade Officer	Ministry of Finance	+248-22 52 65	<a href="mailto:isabelle@finance.gov.sc">isabelle@finance.gov.sc</a>
5	Mr Tyron Scholastique	Trade Officer	Ministry of Finance	+248-22 52 65	<a href="mailto:tyron@finance.gov.sc">tyron@finance.gov.sc</a>
6	Mr Rupert Simeon	Director	Ministry of Finance, Planning Div.	+248-38 21 09	
7	Charles Morin ( Mr)	Director General	Ministry of Finance	+248-22 52 65	<a href="mailto:dgtrade@finance.gov.sc">dgtrade@finance.gov.sc</a>
8	Philippe Michaud(Mr)	Technical Advisor	Ministry of Foreign Affairs	+248-28 35 00	<a href="mailto:pmichaud@mfa.gov.sc">pmichaud@mfa.gov.sc</a>
9	Mr Naddy Marie	Economist	Mins. of Foreign Affairs & International Co-operation		<a href="mailto:nmarie@mfa.gov.sc">nmarie@mfa.gov.sc</a>
10	Mr Kenneth Racombo	Economist	Ministry of Foreign Affairs		<a href="mailto:kracombo@mfa.gov.sc">kracombo@mfa.gov.sc</a>
11	Mrs Nicole Tirant	Secretary General	Seychelles Chamber of Commerce		<a href="mailto:scci@seychelles.net">scci@seychelles.net</a>
13	Mr. Michel Marguerite	Senior Manager, Policy Planning	Seychelles Fishing Authority	+248-67 03 00	<a href="mailto:mmarguerite@sfa.sc">mmarguerite@sfa.sc</a>
14	Mr. Gonzague d'Offay	Joint Managing Director	Interocean Trading ( PTY) Ltd	+248-22 62 00	<a href="mailto:sochan@seychelles.net">sochan@seychelles.net</a>
15	Mr. Joe S. Chung-Faye	Managing Director	Island Trading Co Ltd	+248-22 45 47	<a href="mailto:jmsa@seychelles.net">jmsa@seychelles.net</a>
16	Mr. Robin Johnson	Managing Director	Linro Global	+248-34 50 20	<a href="mailto:linro@seychelles.net">linro@seychelles.net</a>
17	Mr. Allan Ernestine	Managing Director	Rapid Roofing	+248-37 36 50	<a href="mailto:roofing@seychelles.net">roofing@seychelles.net</a>
18	Mr. Daraius J. Oliaji	Director	Temooljee & Co Ltd	+248-22 43 31	
19	Edmond Houareau (Mr)	Managing Director	Hunt Deltel & Co Ltd	+248-38 03 00	<a href="mailto:ehouareau@hundel.sc">ehouareau@hundel.sc</a>
20	Arnold Chetty (Mr)	Director	Hunt Deltel & Co Ltd	+248-38 03 00	<a href="mailto:achetty@hundel.sc">achetty@hundel.sc</a>