

Industry and market trends seychelles

Seychelles is the most prosperous nation in Sub-Saharan Africa. The economy remains highly dependent on tourism, with earnings from the industry accounting for 46.2% of GDP and 42% of exports, making it highly vulnerable to external shocks.

Real GDP growth in Seychelles moderated from a peak of 15% in 2022 to 2.5% in 2023. Tourism and fisheries remained supply-side growth drivers, while household consumption and investment were the main demand-side growth drivers. Tourist arrivals rose 5.7% in 2023 compared with 2022.

o Seychelles" economic recovery has continued in 2023 as tourist arrivals move closer to pre-pandemic levels. o The government has made significant progress in restoring macroeconomic balances and performance under the EFF and RSF programs are strong. But it will remain critical for the

In 2022, the share of agriculture in the Seychelles" gross domestic product was 2.87 percent, industry contributed approximately 13.46 percent and the services sector contributed about 66.28 ...

The Republic of Seychelles is an archipelago of 115 islands northeast of Madagascar. The country has a total population of 121,355 people, three-quarters of whom live on the main island of Mah?. Seychelles has Africa"s highest gross domestic product (GDP) per capita, at \$16.7 billion (2023). Its economy is highly dependent on tourism and fisheries, and climate change poses long-term sustainability risks.

Political ContextIndependent since 1976, Seychelles is a relatively young democracy. The first multiparty presidential election was held in 1993 after adopting a new constitution. The latest presidential and parliamentary elections took place in October 2020, bringing an opposition candidate, Wavel Ramkalawan, to the Presidency for the first time since the introduction of democratic elections. Ramkalawan"s Linyon Demokratic Seselwa party also won the most seats in the national parliament. With well-established democratic institutions, Seychelles" political environment is expected to remain stable. The next general election will take place in September 2025.

Economic Developments and OutlookSeychelles is the most prosperous nation in Sub-Saharan Africa. The economy remains highly dependent on tourism, with earnings from the industry accounting for 46.2% of GDP and 42% of exports, making it highly vulnerable to external shocks. The fisheries sector is the second pillar of the economy, with growing investor interest in the blue economy sector.

Growth is estimated at 3.2% in 2023, with services contributing 2.7 percentage points. Tourist arrivals in 2023 increased by 5.7% but remained 9% below pre-pandemic levels. The telecommunications sector grew by 15%, reflecting improved service offerings while new hotel and resort projects, along with renovations, spurred a 7% growth in the construction sector. Public sector salaries were revised up in 2023, increasing total average

earnings by 4.6%, compared to the 0.1% growth in 2022. The continued recovery in tourism contributed to an increase in annual average employment by 2.2%, following growth of 8.1% in 2022.

Prices declined in 2023 due to exchange rate appreciation, with headline inflation averaging -1.0%. By mid-2024 core inflation remained negative at -0.9% yet headline inflation increased to 0.4% due to utility tariff hikes and higher freight costs associated with the Red Sea crisis. Consequently, falling prices prompted the Central Bank to reduce its monetary policy rate from 2.0% to 1.75% in April 2024 to support economic growth.

The Seychelles government remains committed to fiscal prudence after successive consolidation efforts implemented since 2021. Public debt is on a sustainable path and has declined to 58.3% of GDP in 2023. The current account deficit narrowed to an estimated 7.2% of GDP in 2023 which is primarily financed by foreign direct investments, equivalent to 13.2% of GDP, primarily from investments in hotels and resorts. The country's foreign exchange reserves increased to \$682 million in 2023, equivalent to 3.8 months of imports.

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A cross-cutting theme of the strategy is strengthened macro-fiscal resilience, which involves supporting Seychelles' continued commitment to macroeconomic prudence. This includes efficient public resource utilization to promote economic, social, and environmental resilience. Key strategies include enhancing skills development, supporting the digital economy, and promoting renewable energy adoption.

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