

A moment with the President

29th July 2012

Marceline: Good evening and welcome to another *A moment with the President*. Today we will talk about the economic situation. It was also this week that President Michel, in his capacity as President of the IOC, met South African President Jacob Zuma who is the President of SADC, and together they held talks with the two Malagasy political leaders to try and find a solution to the political crisis presently affecting Madagascar.

Marceline: Good evening Mr President.

President Michel: Good evening Marceline.

Marceline: Mr President we will start with the economy. We have noticed recently that people are preoccupied with the value of the rupee which continues to depreciate. The Central Bank had to intervene and increase the supply of foreign exchange in the market to bring some stability to the situation. It is now not just an external factor that is having this negative impact in our foreign exchange market. There are also reports that certain local businesses are keeping their money in currencies that are not the rupee, and according to certain reports this shows a lack of confidence in the country's economy. What is your comment on this?

President Michel: Firstly, I believe there is something we have to be clear about following the introduction of the reform in 2008. We are now in a free market. It is not the Central Bank that sets interest rates and foreign exchange rates. It is also important to understand that there are several factors that caused the value of the rupee to fall during these past months. There is, for example, the depreciation of the euro against the dollar. There have been increases in the prices of fuel, the prices of basic commodities that we import, and there has also been speculation on the local market. These put pressure on the value of our rupee. But I believe that when that happens in Seychelles, and also happens in other countries, it is normal for the Central Bank to intervene when it sees that there is extreme volatility with our currency. Central banks intervene in all countries. The central banks intervene in order to re-establish stability of currencies. This is to avoid a future situation of monetary and economic problems. This is what we are avoiding in Seychelles. The Central Bank has to intervene because there is a rapid depreciation of our rupee. I believe the speculation factor has played a major role in causing the rupee to depreciate that rapidly. I wish to take this opportunity to send a clear message to the people who are in money exchange dealings. When they are speculating in currencies they are taking a huge risk that could result in big financial losses for themselves. Today, with our economy that has developed well, which is functioning well, we have succeeded in accumulating reserve and now the Central Bank has enough reserve to enable it to intervene whenever it sees there is volatility. And when the Central Bank intervenes there is the danger that they could lose a lot of money because the value of the rupee has been bolstered. There were also cases of certain businesses that have been involved in speculation, and have retained foreign earnings instead of exchanging them on the market, but they were not that many. Later those businesses had to transfer the foreign currencies to the banks in order to continue their operations.

It is important that we all do our part to ensure that there is a stable economy, and also a stable currency. This is in everybody's interest. It is in the interest of business, in the interest of the country, in the interest of the people, that our rupee remains stable, that our economy remains stable, and for people to retain their confidence in our economy. I can say that in spite of what happened -- and which we are fixing -- our economy remains stable, and people continue to have confidence in our economy. In an open economy, it is important that we remain alert to make adjustment whenever there is a need for it. This is the key. Whenever there is a difficulty, adjustment can be made to ensure that the economy remains on track.

Marceline: Is the intervention by the central bank not putting pressure on our economic reform programme, and affect the reserve target agreed together with the IMF?

President Michel: I want to reassure the Seychellois people that our reform is on track and there is no turning back. We have started a reform that is bringing us a lot of benefits. We have seen the progress happening in our country. And we have a vision of where this progress will take us. There is no backtracking. Our reform is doing well. This has been confirmed by the last IMF mission that was here. The head of the African department at the IMF was here to do an assessment and he, too, praised Seychelles for the good management of its reform programme. He, too, said we are on track. It is not something abnormal, or something extraordinary, for a country undergoing reform to make some adjustments when it encounters certain difficulties. This happens everywhere. Here we had to do a small adjustment, whereas in other countries where there is reform sometimes the situation is so bad that the IMF has to come in and intervene again. This has not happened with us. Our reform remains on track and we continue to build up our reserve to enable us to deal with any eventuality and any situation of volatility that could arise. These eventualities and volatilities do not concern Seychelles alone. There are external shocks that we have to face. Therefore, we need a reserve that is big enough to enable us to deal with the situations. Today I believe that we are in a position to continue growing our reserve, to give us the power and capacity to rectify any little problem that may occur.

Marceline: Mr President, sometime ago government announced it was reducing its participation as an active player in the economy, and instead focus on its role as facilitator. Don't you think that government should retain a little more presence than what it has now, if only to ensure stability?

President Michel: There is stability. We have to do the adjustments whenever necessary. From the time of the reform government is no longer in the business of doing business. Government is a facilitator. Government is there to create the environment that is conducive for the development of business and for the creation of wealth for the country. It is the private sector, in partnership with government, that is attracted by the facilities and the environment to become the motor of the economy. It is the private sector that drives the economy. It is for this reason that we are continually looking for different ways, different means, to bolster this conducive environment, and put in place the facilities necessary for business undertakings, for Seychellois themselves to be able to start a business, and operate it. And for those already in business they have the opportunities to grow, create other economic activities and more wealth. I believe that the role government is assuming as facilitator, from the start of the reform, is a good decision. We will continue on this path. Government will carry on working with the private sector to ensure that our country continues to develop in a stable way.

Marceline: Mr President, we will move to another topic that this week propelled the name of Seychelles to the International stage in terms of news events. As the president of the Indian Ocean

Commission, you assumed a leadership role in attempts to find a solution to the political crisis in Madagascar. It appears that this time around SADC has taken over the leadership role?

President Michel: SADC is a regional organisation, comprising 15 members, with Madagascar, Seychelles, Mauritius also forming part of this regional body. We are also members of SADC. At the same time there is the sub-regional Indian Ocean Commission comprising five members. Already we see the difference in power between SADC and IOC. From the start of the Malagasy crisis SADC was asked by the international community to try and find a solution to the problem. And it was also the responsibility of SADC to take a leadership role, to play a key role, in the negotiations to find a solution, as Madagascar is also a member of this organisation. What the IOC has done during all this time is to give its support, its backing, to the negotiations. But in spite of the SADC negotiations conducted by the organisation's troika, in spite of the signing of an agreement in Maputo, not much has been achieved after. There was even an impasse. The situation has deteriorated in Madagascar. And when you have a big partner in a sub-regional body, and the same partner is also a member of the regional organisation, and the partner is Madagascar which is in great difficulty today, this affects the organizations. Because of our proximity to Madagascar, we are also affected indirectly in the organizations. As there was an impasse, I felt it was my duty as the serving president of the Indian Ocean Commission, and also as President of Seychelles, to take a proactive approach towards resolving the situation. This is why I offered Seychelles as a neutral venue where the two leaders could meet, hold discussions and reach an agreement for a solution that would get Madagascar out of the impasse. We made an offer to SADC and President Zuma, who is at the same time the chairman of the troika, accepted the invitation immediately. And this led to our meetings on Desroches. Therefore the Indian Ocean Commission and SADC are working together, and with the support of the IOC, in order to find a solution.

Marceline: And how was the meeting?

President Michel: I think that the meeting allowed the two leaders to, for the first time, meet, greet each other, talk, start discussing and negotiating. I can say that we have made progress. We have made progress in the sense that things are now moving. All the countries of the region, SADC, the Indian Ocean Commission and the international community really appreciated Seychelles' initiative. They really appreciated the initiative taken by Seychelles to help free Madagascar from the impasse which is affecting Seychelles, particularly the region. At the same time the two Malagasy leaders saw in Seychelles a neutral country with no other agenda and is the best venue for the discussions. As I said we have made a lot of progress but it is not over. The two leaders will meet again soon under the patronage of the of SADC and the IOC to try and find a final solution.

Marceline: Mr President, now that you have played the key role in bringing the two leaders from Madagascar together to sit down and talk, why maybe this is not happening in Seychelles whereby you could be talking to all the leaders in the opposition?

President Michel: Marceline I am engaged in a regular dialogue with the Leader of Opposition in the National Assembly. We have a meeting every month whereby we talk about national issues, we look at the problems affecting our country, and together we discuss how we could find the solutions that would enable us to fix existing problems. There will always be problems. There will always be problems in our country and in the entire world. What is required is that people in responsible positions, the leaders, meet to discuss, and undertake consultations with the people and the population, find out what needs to be done to solve these problems. I have done just that with the Leader of Opposition. I believe we have been able to discuss several important issues. I was able to have the ideas of the opposition and

implement them in our programme in order to do things better. As for me, I am in that position to work for all the Seychellois people, and it is for this reason that I have meetings with the party in the opposition that is interested in discussions and dialogues on national issues. I have too much work to do in this country. There is so much work to do for me to tire myself with dialogue on recordings of people's private and intimate lives. This is what parties in the opposition are doing today.

Marceline: Do you think that the materials on people's private lives that are in circulation are having an impact on society, especially as now we are in this social renaissance campaign?

President Michel: Well, the social renaissance campaign encapsulates everything. It includes all that needs to be done to enable us to regain our moral values. We want to regain our cultural values. It is part of actions, a norm that we need to adopt, to eliminate the social ills, among them substance abuse which is responsible for other social scourges. Naturally, this also requires that we all put in an effort and aim for a society of respect for each other, respect for people, and at the same time we do not disseminate propaganda and other materials on the private lives of people. Naturally, those who are doing this are responsible for the degradation of our society. They disseminate intimate materials that have been stolen or retrieved from computers during repairs. They are the ones who are propagating these immoral values which we are trying to eliminate in our country. They are the ones responsible and in fact what they are doing is against the law. And the law should take action where necessary in such cases.

Marceline: We will now take on another subject. This month we've seen the graduation of another group of young leaders, at the end of their studies. What do these people expect after you said in your address to them that this is not a guarantee to positions but only a beginning?

President Michel: What I wanted to say when I made the address, was that this programme of young leaders which also gives them the possibility, a huge opportunity, to earn a master's degree, is, I believe, a tool to empower them, to enable them to develop their talents, to enable them to do their work better, to enable them to progress in life, in their personal lives, and equally to enable them to contribute to make their country move forward. This is the most important tool they have, and now they have to continue developing through hard work. They will continue to develop through experience. It is not just getting the certificate that is important. Experience, accumulated as you work, is important. You do your work with sincerity. You do your work in a way that contributes to the progress of your country, that contributes to your own development. These are what will give you the capacities and the qualities to become good leaders. And when you are able to work and produce and show what you are able to do, you earn the respect of people, you earn the respect of your organisation, you earn the respect of the population, and it is from these that you create the conditions to enable you to assume leadership positions. This is what I wanted to say and I believe that we have now created a good base. And we continue to create a wider base for these young people to prove themselves as they work and to enable them to become the leaders who would take the leadership of the country tomorrow.

Marceline: Recently, on the occasion of the anniversary of independence, the inter-faith committee, through Bishop Denis Wiehe, suggested that 29th June becomes national day, instead of 18th June. What is your comment on this?

President Michel: Well, 18th June commemorates the adoption of the Constitution of our Third Republic in 1993. Two political parties, DP and SPPF, were elected by the Seychellois people to represent them at the formulation of our new constitution. During the discussions on the new constitution it was proposed

that our national day would be the date the Seychellois people would adopt the new constitution. And the new constitution was adopted by the Seychellois people on 18th June 1993. And the date was confirmed as the national day. This was promulgated by a law in the National Assembly which stipulates that 18th June is a public holiday and our national day. I believe it is necessary that we situate this in its historical context, meaning that the two political parties elected by the Seychellois people to draft the new constitution determined that 18th June is the national day. This was endorsed by the people in a referendum. Therefore, this is clear to me. I believe that today there is no one who can decide to change the date of this approval by the Seychellois people. It was the people of Seychelles who decided that 18th June is the national day, and if there is to be a change later it would be the people of Seychelles who would make the decision. No individual, no organisation, has the right to do this. This is how I see it in its historical and constitutional contexts.

Marceline: Mr President, you said that it would be the people of Seychelles who would propose to have the date changed. Have you considered proposing to the people that there is merit in changing the date from 18th June to 29th June?

President Michel: Personally I am always attentive to what the Seychellois people are saying. I always execute the desire and wishes of the Seychellois people, but until now the majority of Seychellois people have not come to me to ask for a change in the date of national day. Therefore, this is an indication that the majority of the Seychellois people are satisfied with the ways things are going.

Marceline: Thank you very much Mr President. It is on this note that we end today's programme. A moment with the President. Thank you for following it.