

外商投资特刊

Maldives

FDI section 马尔代夫

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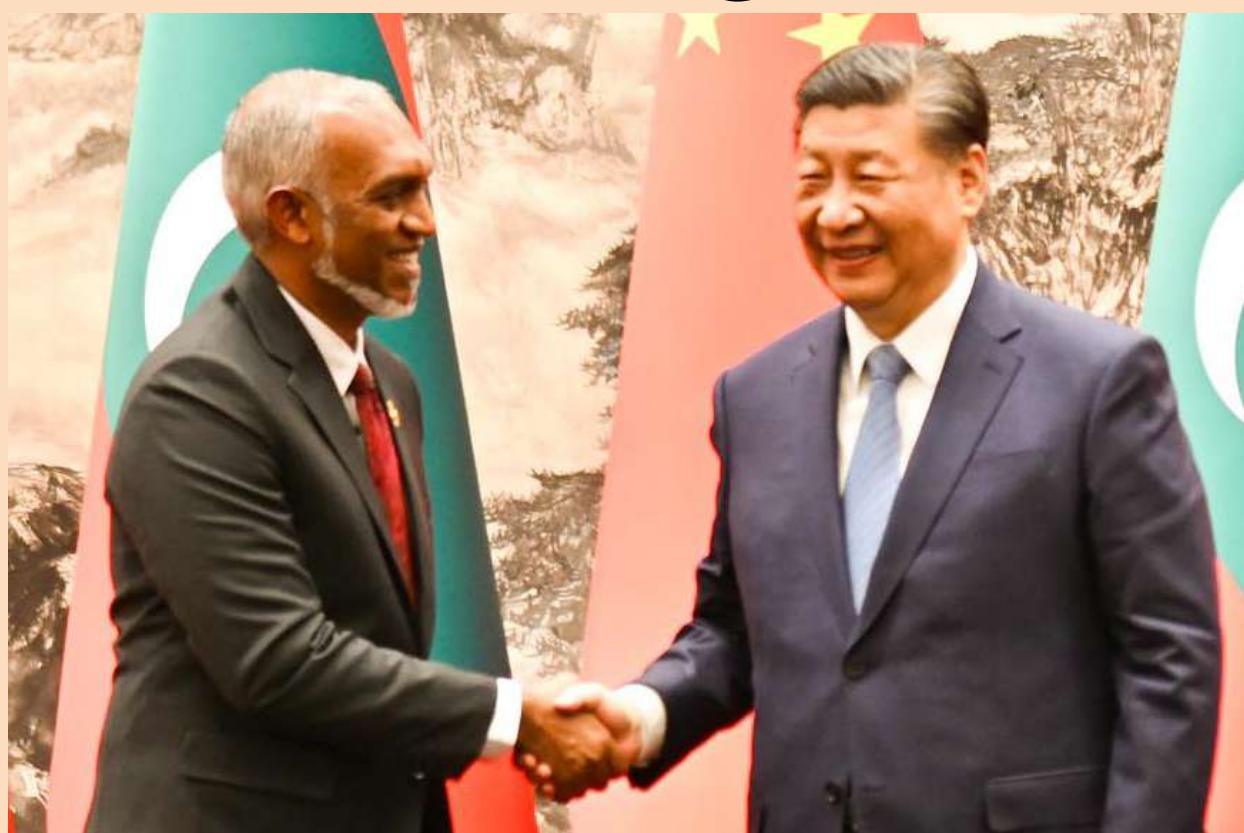
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China-Maldives ties reach new highs



Mohamed Muizzu, president of the Maldives, and Xi Jinping, president of the People's Republic of China. Photo: The President's Office.

With tourism and infrastructure investment underpinning ever-closer links between the two nations, 2024 has seen progress on a range of diplomatic and economic fronts.

The presidency of Mohamed Muizzu has marked a boom period for ties between Maldives and China. On a formal visit to Beijing in 2024, at the invitation of President Xi Jinping, Muizzu was emphatic about the state of bilateral relations. "China is one of our closest allies and development partners," he remarked, while hailing China's impact on the island nation in delivering "the most significant infrastructure projects witnessed in Maldivian history."

The visit saw the two leaders sign agreements in 20 key areas, ranging from security cooperation and disaster risk reduction

to the digital economy and tourism. The latter was a central focus for Muizzu, who laid out his administration's strategy for the sector. "The government has plans to diversify the tourism product and offer new



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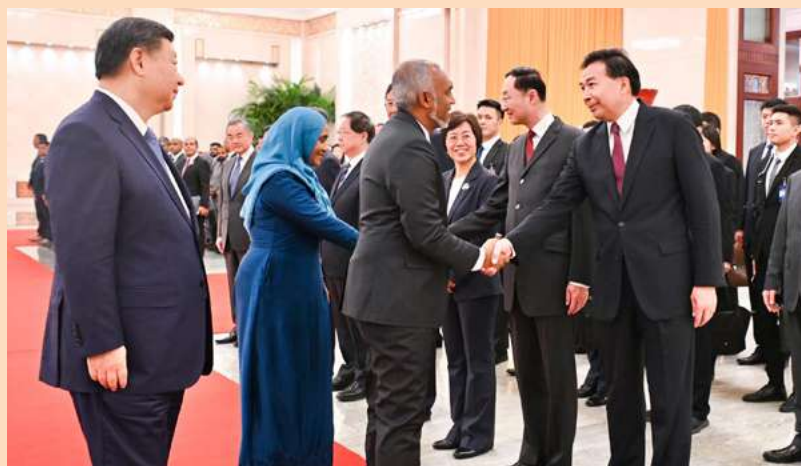
Dr Mohamed Muizzu
President of the Maldives

experiences. Initiatives include a top-tier school of hospitality and exploring sports, medical and cultural tourism." The speech

concluded with a request to "intensify efforts" for China to regain its position as the number one source of tourist arrivals. That plea that was answered in recent weeks, when new figures from the Maldives Ministry of Tourism revealed that a 45% rise in visitors year on year had seen China take back the top spot.

The two high points bookended a year that has seen a flurry of diplomatic exchanges, including further high-level bilateral talks in Beijing in July, the signing of a trade and investment memorandum of understanding in September and a keynote speech by the Chinese ambassador at the Maldives-China Trade and Investment Cooperation Conference in Maldives' capital Malé.

The value of bilateral trade between the two countries rose 75% to around US\$700 million in 2023 – a figure the Maldives government is forecasting will rise to US\$1 billion when the free trade agreement signed with Beijing comes into effect in January 2025. The pact will see duties removed on 91% of goods, according to Minister of Economic Development and Trade Mohamed Saeed, paving the way for increased trade flows and further economic collaboration.



Leading the Digital Transformation Journey of the Maldives

Founded in 1988 as the Maldives' first telecommunication service provider, today Dhiraagu operates a nationwide digital infrastructure in the archipelago, providing comprehensive mobile coverage and fibre broadband connections to residents, resorts and businesses.

Dhiraagu, the largest and leading digital and telecommunications service provider in the Maldives, has been at the forefront of ushering the island nation into the digital age for the past three decades. Despite challenges faced due to the geography of the several dispersed islands, the company has established a comprehensive digital backbone across the nation, offering their customers resilient, high-speed connectivity.

"We prioritise delivering a superior digital experience and the best service to our customers, emphasising speed, quality, and reliability," says CEO & MD Ismail Rasheed. "We are proud of the work we have accom-

plished in the development of the Maldives' digital landscape, and we are more focused on our evolution into a more digital service company, with exciting offerings in the pipeline."

"We remain committed to leading the digital transformation journey of the Maldives by bringing the latest technological advancements such as fintech and enterprise solutions, including cybersecurity, hybrid cloud services etc." adds Ismail Rasheed.

In order to realise this vision, the company has joined the global SEA-ME-WE 6 consortium, connecting the Maldives directly to the global superhighway, strengthening the country's international connectivity,



"We remain committed to leading the Maldivian digital transformation journey, enriching the lives of people living in the Maldives."

Ismail Rasheed
CEO & MD, Dhiraagu

quality and resiliency of service to consumers and businesses alike.

Dhiraagu continues to accelerate the Maldives' digital transformation with the support of several Chinese vendors, such as Huawei, who play a key role in the provision of essential cabling and tower infrastructure. more opportunities for investment available for international partners.

The company was also the first in Maldives and South Asia region to launch commercial 5G services, with the service now accessible to 50 percent of the population. Their fiber-to-the-home (FTTH) service has now been extended to 95 percent of national households, with Dhiraagu currently focused on expanding the service to the remaining islands.

Building bridges with China



"The China-Maldives Friendship Bridge stands as a significant symbol of the Chinese government's commitment."

Mohamed Saeed
Minister of Economic Development

Appointed in November 2023, Minister of Economic Development and Trade Mohamed Saeed discusses the government's national growth strategy, centred on economic diversification and further collaboration with China.

Q: What is your ministry's strategy for growing the Maldives' economy?

Improving the existing tourism industry is a key focus, followed by expanding into various sectors, still within the tourism sphere, via new development opportunities. Our government aims to diversify into areas such as the maritime economy, digital economy and financial economy, while also enhancing infrastructure to support these efforts.

stands as a significant symbol of the Chinese government's commitment. It has elevated economic activities to new heights between 2013 and 2018. Additionally, the current airport development, supported by finance from the Chinese Exim Bank, is also a major contributor to propelling our economy forward. There are numerous other investment opportunities, both in social and economic development, which further enhance our progress.

Q: How do you seek Maldives to be perceived in China?

Our historical ties with China date back a long time. Over the years, this relationship has evolved, and now we stand as close friends, mutually supportive. This friendship has led to a deep level of trust between our two countries, which is rare to achieve, leading to increased commerce, investments and people-to-people exchanges, creating numerous opportunities for both nations.

Q: What is your strategy for boosting international trade?

We welcome free trade arrangements with countries willing to engage in such agreements. China has extended its hand to us for free trade, resulting in the world's largest economy entering into an agreement with one of the smallest. This sets an example for the rest of the world. Being an oceanic nation, maritime trade presents a significant opportunity for us. We are focusing on developing ports, establishing free zones and entering the re-export market. By importing and re-exporting goods, we can stimulate economic activity that benefits our people.

Q: How important are Chinese-backed developments for Maldives' economy?

The China-Maldives Friendship Bridge



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Fisheries & Finance

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Charting a Sustainable Course



Photo: Ministry of Fisheries and Ocean Resources.

With its islands spread across more than 90,000 square kilometres of the Indian Ocean, Maldives' fishing heritage has played a pivotal role in the country's history and remains an integral part of its national identity today.

Fishing is an important economic activity in nearly all Maldives' inhabited islands and is a key source of employment among local communities. According to government figures, over 20% of Maldives' labour force is employed in the fisheries sector, with fish and associated products accounting for more than 98% of the country's exports, by both quantity and value. Around 50,000 to 60,000 tonnes of raw materials—mainly unprocessed skipjack tuna—is exported each year. Maldives is also among the most sustainable fisheries in the world, as signified by its sought-after Marine Stewardship Council (MSC) certification. All tuna is caught using handline or pole and line, ensuring optimal sustainable yields with zero bycatch.

There are many opportunities for potential investors. The government is keen to create new partnerships and expand the

international market for fisheries products via the development of new infrastructure, including canneries, cold storage facilities and tuna processing plants. Inward investment is a key priority for planned sector diversification. It is hoped that the recent creation of a series of memorandums of understanding (MOUs) between the governments of Maldives and China will promote profitable collaborations in marine science, biodiversity and conservation initiatives, especially as part of expanding the blue economy. The successful mariculture of some of the world's most endangered reef resources is already making a real difference in our oceans. To this end, Maldives welcomes R&D investments in mariculture, either as dedicated projects or in collaboration with commercial mariculture operations, aquafarming and marine tourism initiatives.

Interview

Ahmed Shiyam
 Minister of Fisheries and Ocean Resources



Insights from Minister of Fisheries and Marine Resources, Hon. Ahmed Shiyam on Maldives' fisheries sector's evolution, and his vision for a sustainable future for the industry.

Q: What is your vision for the development of the fishing sector?

We want to be a global leader in sustainable fisheries and achieve a harmonious balance between economic development, environmental stewardship and social well-being, making the ocean our prime source of livelihood. Our key policy to develop this sector is to encourage innovation, diversification and value-add, especially in exports. There is also a need for infrastructure development in the fisheries sector by modernising our fishing fleet, increasing the capacity to add value to our fish and enhancing the efficiency of operations of our existing facilities.

Q: How are you prioritizing sustainability?

Maldives is a champion of sustainability; we are determined to ensure the long-term health of our marine ecosystem and fish stocks. We are investing to make our fisheries greener throughout the value chain, which includes installing solar panels onboard the fishing vessels and using sustainable energy sources in these factories. Our strategy is to achieve sustainable growth while improving competitiveness and contribution to the socio-economic development of the country and safeguarding our ocean resources for future generations.

Q: How do traditional fishing methods promote sustainability?

Pole and line fishing ensures that we don't harm the dolphins, whale sharks or other marine life while we catch fish—we only

catch the target species, which is tuna. We are aware of the severe effects on the fisheries sector due to the impact of climate change, including changes in fish migration and impeded growth in fish stock. We have protected 5 popular fishing zones as crucial spawning sites essential for the reproduction and survival of grouper.

Q: How does this work impact the wider region?

We look after the health of the coral reef ecosystems and the long-term well-being of communities that rely on these resources. We also play a leading role to ensure that resolutions passed by the Indian Ocean Tuna Commission achieve marine life conservation goals. We have successfully led and passed significant conservation and management measures such as the Harvest Control Strategy and an interim plan to rebuild the Indian Ocean yellowfin tuna stock, both of which are cornerstone measures for the improvement of tuna stocks in the Indian Ocean.

Q: What about the sector's long-term future?

Our priority is to develop value-added products and infrastructure, which would increase our exports and provide new employment opportunities. We are designing fifth-generation fishing vessels with modern technological equipment to enhance efficiency, improve the quality of the fish and attract more youth to engage in the sector. We also want to explore new markets to showcase our sustainable and green fisheries products and would like to create an environment that welcomes new investments.

Q: Are there opportunities for international investors, especially from China?

There are numerous opportunities for Chinese investors in the fisheries industry, especially in the processing sector. We export around 60,000 tonnes of raw material abroad each year, but we aim to process these raw materials in Maldives and export them to new markets. We see the potential in the Chinese market for our sustainably caught tuna, while also diversifying our mariculture sector. Mariculture is in its infancy and we require significant investment and technical know-how to improve the sector; China's aid in capacity building and investment in mariculture will broaden the sector's capacity.

Q: What are the incentives for younger people to enter the fisheries industry?

We hope that the establishment of the National Registry of Fishermen will change the perspective amongst youths, especially school leavers, on the benefits of working in this industry. Traditionally, being a fisherman isn't considered a profession, but through this National Registry, we hope to change the status of fishing as a legitimate and official profession in the Maldives. The registration process will also remove barriers that hinder fishermen from having access to crucial financial resources and credit.

"We want to be a global leader in sustainable fisheries and achieve a harmonious balance between economic development, environmental stewardship, and social wellbeing."

Q: What about educational opportunities?

We signed an MOU with Maldives National University to establish a fisheries college to provide opportunities for academic advancement and training opportunities in the field of conservation and fisheries. We must aid in facilitating an environment where young people feel motivated to take part in the sector and for them to feel that their future is secure. We are working to establish strong collaborations with the education sector to facilitate this transformation so more schools and students will be aware of the opportunities this sector presents.

Q: What initiatives are in place to grow exports to China and other key markets?

The Maldives Fisheries and Ocean Resources Marketing and Promotion Corporation Limited will play a huge role in promoting our fish and fisheries to other markets. Market research analysis will help us understand trends, preferences, demands and the regulatory laws of the Chinese market. This will help Maldivian exporters to tailor their products and marketing strategies to meet the specific needs of Chinese consumers.

Maldives Tailors Fiscal Policies to Boost China Partnerships



Photo: Shutterstock.

Following a period of strong economic growth in the 2010s, the Maldives experienced a temporary setback due to the pandemic's impact on tourism. However, with renewed government support and robust investments, particularly from China, the Maldivian economy is bouncing back.

Government support for state-owned enterprises (SOEs), alongside broad subsidies and high capital spending, has helped accelerate the country's economic recovery. The IMF estimates that real GDP growth will rise to 5.2% in 2024, with the World Bank predicting 4.7% economic growth over the medium term, assuming planned fiscal reforms are enacted. Meanwhile, the Ministry of Finance has developed a macroeconomic framework designed to drive sustained growth through a sustainable, non-inflationary fiscal policy. This framework includes reforms to subsidies, SOEs, the public health insurance scheme (Aasandha), and the reprioritization of capital spending. Additionally, the Velana International Airport terminal expansion and increased hotel accommodation capacity are projected to further boost growth

potential, offering a path toward a more resilient Maldivian economy.

Government securities were listed on the Maldives Stock Exchange for the first time in December 2023, aiming to stimulate more activity in the stock market. Listing securities should create a more liquid secondary market and improve access to government securities. New regulations are also being formulated to encourage foreign direct investment (FDI) into the Maldives. A foreign investment law has been drafted to simplify the investment and registration process, protect investors, and establish a mechanism for implementing investment treaties. Moreover, the designation of Special Economic Zones (SEZs) offers tax and other incentives to investors committing over US\$100 million to large-scale government infrastructure projects in sectors such as logistics, renewable energy, exports, and financial services.



Moosa Zameer
 Minister of Finance

BIO

Birthplace: Burunee, Thaa Atoll, Maldives

Education: Bachelor of Business Management, University of Sunderland, UK; Master of Business Administration, Cardiff Metropolitan University, UK

2011: Joined the Progressive Party of Maldives (PPM) and served as Vice President, playing an instrumental role in party operations.

2015–2018: Appointed Minister of Tourism of the Republic of Maldives, from 28 October 2015 to 17 November 2018, while also serving as a member of the Economic Council.

2023–2024: Served as Minister of Foreign Affairs from 17 November 2023 to 30 September 2024.

Fast Facts

Currency

Maldivian Rufiyaa (MVR)

Symbol



Net Trade

MVR 17,620M
 20.4%
 (2023)

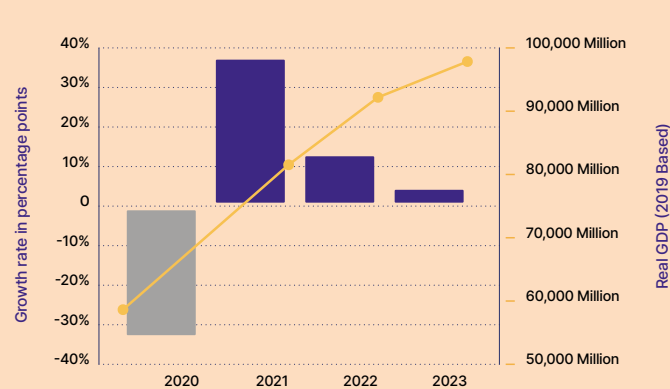
Quarterly GDP %

4.5%
 (Q2 2024, compared to Q2 2023)

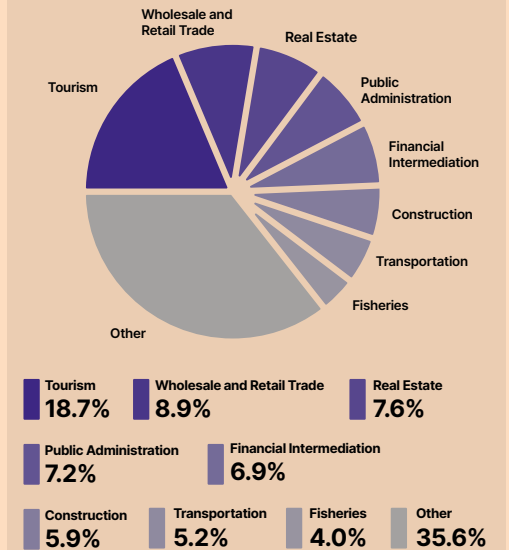
Inflation Rate

2.93%
 (2023)

Real GDP growth 2020-2023



Percentage share of Nominal GDP 2023



Top Performing Sectors (By Annual Growth Rate)

Real Estate	MVR 8,252 Million 4.2%	Wholesale & Retail Trade	MVR 8,744 Million 7.1%	Education	MVR 3,255 Million 6.4%	Transport	MVR 4,881 Million 6.3%
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Source: Maldives Bureau of Statistics, September 2024