

## Outlook for Martinique

### STRUCTURAL CHARACTERISTICS

Administrative capital	Fort-de-France
Surface area	1,128 km <sup>2</sup>
Geographical location	Antilles – New York, 3,150 km, Paris 6,900 km, Guadeloupe 200 km
Languages spoken	French + Creole
Currency	Euro
Status	Overseas Department and Region and ultra-peripheral region
Global HDI rank (2005)	23
National representation	4 deputies, 2 senators, 1 representative on the EESC
State representation	Prefect

#### Historic milestones: a long route to department status

The history of Martinique is closely linked to the European colonial expansion in the Caribbean. Nevertheless, the first settlements, dating back 2,000 BC, were populated by Amerindian people. The first residents were the Arawaks, which came from the current Venezuela around 100 BC. Between the tenth and fourteenth century, a new civilisation arrived on the island: the Caribs or Kalinago. Christopher Columbus discovered Martinique, which he baptised *Madinina* ("the island of flowers"), on 15 June 1502. The island became French in 1635 and joined the *Compagnie des Isles d'Amérique* (Company of the American Islands) created by Richelieu; its institutional status was that of French territory administered and run by a trading company. Indigo, coffee and sugar cane were progressively cultivated on the island as arable land was taken over to the detriment of the Carib people, and against a backdrop of an economic system based on slavery. The "Black Code" of 1685 organised economic and social life until 1848, the date on which decrees abolishing slavery were promulgated, under the impetus of Victor Schoelcher.

On 8 May 1902, the eruption of Mount Pelée completely destroyed the town of Saint-Pierre, the capital at the time and the main economic centre, killing its 30,000 inhabitants. Fort-de-France then became the capital of Martinique. Driven by post-war communist leaders, such as Aimé Césaire (1913-2008), the draft law seeking assimilation equivalent to departmental status made Martinique a French department on 19 March 1946. In 1983, Martinique became a single department region. On 24 January 2010, a referendum put to the electorate in Martinique enabled the creation of a single collectivity exercising the powers devolved to the Department and the Region, governed by article 73 of the Constitution.

#### Institutional organisation: consensus on a single collectivity

The institutional framework of French overseas territories was defined by the constitutional law of 28 March 2003 relating to the reform of the decentralised organisation of the Republic. Since the departmentalisation laws of 19 March 1946 and 31 December 1982, Martinique has been a Department and a Region. Unlike its counterparts in mainland France, its territorial footprint covers a single department and it has extended powers, in particular in terms of local public finances. The constitutional reform of 28 March 2003 confirmed this dual institutional footing, creating the name of "Overseas Departments and regions" (DROM). DROM are governed by the principle of legislative identity. Nevertheless, adaptations to laws and regulations applicable on the mainland are authorised, when they are required due to the "*special characteristics and limitations of these collectivities*". DROM collectivities have benefitted from the transfer of new State powers and resources since 1 January 2005. With the exception of communes, each local collectivity has a field in which it has a coordinating role: the Department defines and implements the social action policy, and the Region coordinates economic development. Following the referendum of January 2010, the new single collectivity, under preparation, should see the light of day in 2014.

At a community level, Martinique, like other overseas territories, is an Ultra-peripheral region (RUP). This regime provides for the applicability in principle of all community law, and allows it to benefit from structural funds.

## AN AGEING POPULATION

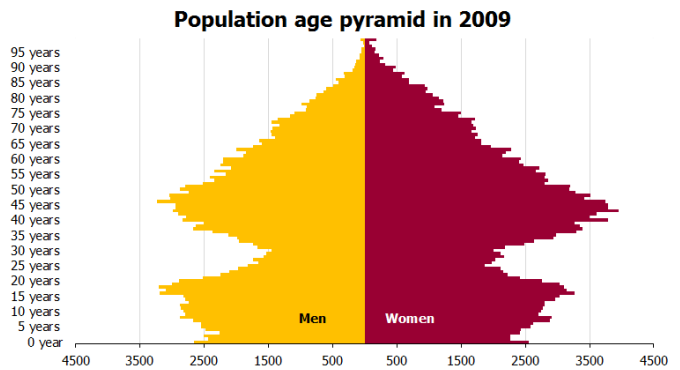
The population of Martinique reached 399,637 inhabitants in 2010, that is to say 0.6 % of the total French population, and a fifth of the population in overseas territories. Population density is high, with 354 inhab./km<sup>2</sup>, and concentrated in the centre of the island, around Fort-de-France (957 inhab./km<sup>2</sup>).

Martinique is notable for its ageing population. The over 60s represent one inhabitant in five. According to INSEE projections, this dynamic will be more and more sustained in coming years, with a proportion of over 60s reaching 27.6% of the total population in 2020, and almost 40% in 2040.

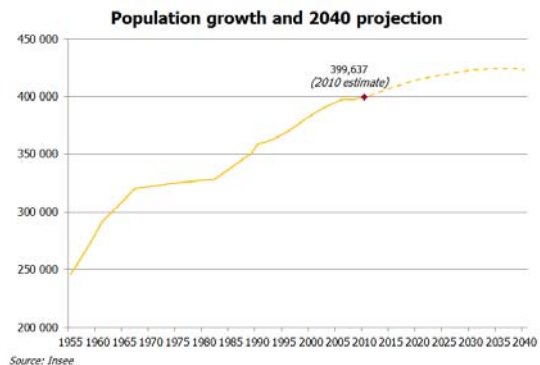
### Demographic indicators

Population at 1 January 2010 (estimate)	399,637
Proportion under 19 (2009, %)	27.7
Proportion from 20-59 (2009, %)	52.5
Proportion over 60 (2009, %)	19.8
Population density (2010, inhab./km <sup>2</sup> )	354
Annual average population growth rate (2000-2010, %)	0.4
Birth rate (2009, ‰)	12.9
Mortality rate (2009, ‰)	7
Child mortality rate (2009, ‰)	9.3
Fertility rate indicator (in 2008)	2.11
M/W life expectancy (2008, years)	77.6/83.8

Source: INSEE



Source: Insee



Source: Insee

## THE OUTLOOK FOR THE ECONOMY

The economy in Martinique benefitted from sustained growth between 1996 and 2006 (+3.1% on average per year in volume terms), driven by consumption and investment. This is accompanied by an increased outsourcing of activities. The trend reversed as of 2007, with a fall in growth (+0.9% over one year) and a decline in 2008 (-0.3%), resulting from the weakness of domestic demand and a contraction in investment. The recession deteriorated in 2009 under the dual effect of the international economic and financial crisis and the social crisis. According to rapid economic accounts, GDP fell 6.5% in volume, with a -23.6% fall in investment and a more moderate decline in household consumption (-2.9%).

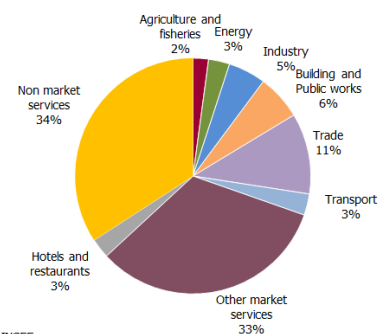
### Main economic indicators

GDP (2009 estimate, €B) 1	7.7
GDP Growth rate 1(2009, %, in volume)	-6.5
GDP/ inhabitant (2009 estimate, €)	19,160
Inflation rate (year on year at 31.12.10, %)	+1.7
Total imports (2010, €M)	2541.9
Total exports (2010, €M)	357.6
Trade balance (2010, €M)	-2,205.2
Cover rate 2 (2010, %)	14.1
Rate of dependency on the exterior <sup>3</sup> (2010, %)	33
Government expenses (2009, €B)	2.9
Liabilities of the collectivities of Martinique (2009, % of GDP)	10

1 CEROM provisional estimate, 2 exports/ imports, 3 imports/ GDP

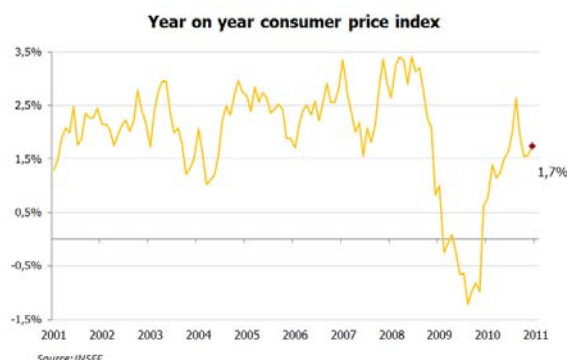
Sources: INSEE, CEROM, Customs, Martinique Public Treasury

### Breakdown of added value (2007, %)



Source: INSEE

### Contained price rises in 2010



Source: INSEE

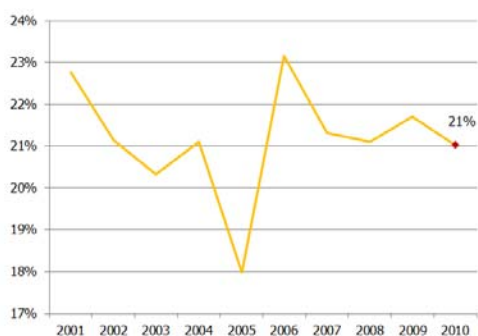
Between 2001 and 2010, the consumer price index grew at an average rate of 1.96 % a year, peaks mainly being due to changing energy prices.

In 2010, for the third year in a row, local price rises were lower than for France (+1.7% against +1.8%).

## A high unemployment rate

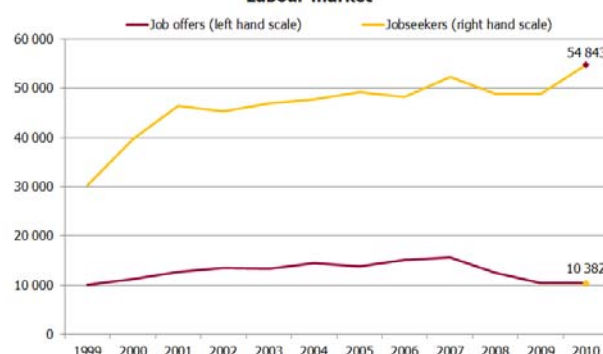
The labour market is characterised by the predominance of salaried employment in the services sector, and by a high unemployment rate.

Evolution of unemployment rate



Source : INSEE - employment survey

Labour market



Source: SMTPT - Job Centre, Dares

The unemployment rate according to the ILO (International Labour Office) stood at an average of 21.2% between 2001 and 2010. Age is a discriminatory factor in unemployment. In 2010, the unemployment rate for active young people (under 25) stood at 62.2% against 20.9% for those between 25 and 49 years of age.

## Salaried jobs by sector

	1999	2009	Share in 2009	2009/2008 Variations	2009/1999 Variations
Agriculture, fisheries and forestry	6,029	4,154	5.5%	0.6%	-31.1%
Industry - water and power	7,043	8,123	10.7%	-5.2%	15.3%
Construction	5,360	6,971	9.2%	-12.9%	30.1%
Market services o/w:	40,501	47,741	62.7%	-4.1%	17.9%
Trade	14,608	15,328	20.1%	-2.5%	4.9%
Transport	3,074	4,280	5.6%	0.2%	39.2%
Tourism	4,824	4,490	5.9%	-5.9%	-6.9%
Other market services	17,995	23,643	31.1%	-5.4%	31.4%
Non market services	7,234	9,112	11.4%	-4.1%	26.0%
<b>Total</b>	<b>66,167</b>	<b>76,101</b>	<b>100%</b>	<b>-5%</b>	<b>15.0%</b>

Source: Job Centre- Unistatis; Annual statistics for affiliate establishments; excluding the civil service

The job market is notable for the predominance of the tertiary sector, which represents 74.7% of salaried employment.

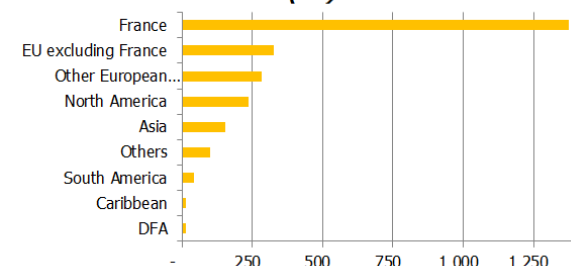
The Urban Community of Central Martinique (CACEM) is the main employment basin of the island with 62.6 % of salaried employment in the territory.

In 2008, public employment represented 34,845 people, broken down into 3 categories: the Civil Service, for 40.5% of the workforce, the Regional civil service (40.4%) and the hospital civil service (19.1%).

## Foreign trade structural deficit

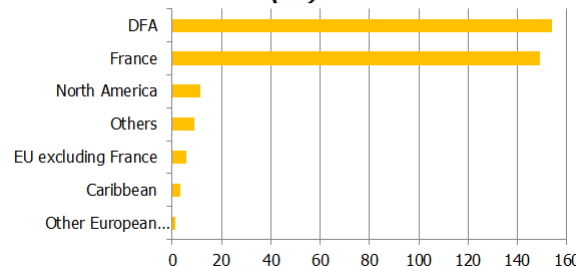
Energy has a significant weighting in Martinique's trade, due to the establishment in the department of SARA (*Société Anonyme de la Raffinerie des Antilles*), which exports refined fuel. This explains why DFA remain the main export partners, while France and the European Union are the main suppliers. Regional trade (excluding energy) is, for its part, still embryonic. The trade deficit reached more than 2.2 billion Euros in 2010.

Main suppliers in 2010 (€M)



Source: Customs

Main customers in 2010 (€M)



Source: Customs

The main products exported

	2010 (€M)	Share in 2010 (%)
Refined oil products and coke	162.3	45.4%
Agricultural, fisheries, fishing and fish farming products	96.6	27.0%
Agri-food products (IAA)	50.3	14.1%
Transport equipment	15.0	4.2%
Metal and metallurgical products	5.2	1.5%
Industrial and household waste	4.7	1.3%
<b>Total exports</b>	<b>357.6</b>	

The main products imported

	2010 (€M)	Share in 2010 (%)
Natural hydrocarbons and other products from extractive industries	386.9	15.2%
Agri-food products (IAA)	362.3	14.3%
Transport equipment	265.4	10.4%
Refined oil products and coke	232.7	9.2%
IT, electronic and optical products	159.5	6.3%
Industrial and agricultural machinery, misc. machinery	149.8	5.9%
<b>Total imports</b>	<b>2,541.9</b>	

Source: Customs

## THE MAIN BUSINESS SECTORS

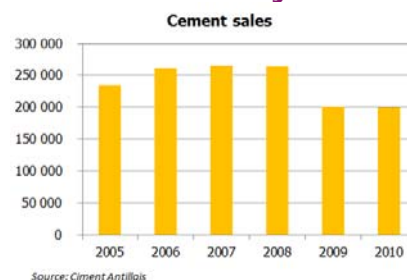
Martinique presents the characteristics of a "modern" and diversified economy. Services (market and non market) constitute the main source of wealth creation. Their weighting in the economy thus increased eight points over ten years. The Building and Public works and tourism sectors have barely held up over the period, while agriculture is subject to climate vagaries. Traditional segments (banana, cane - sugar - rum) play an important role in the social and territorial balance of the island.

Sectoral Indicators	2009	2010	10/09 var.
Sugar cane ( <i>tonnes</i> )	233,294	202,228	- 9.4 %
Banana shipments ( <i>tonnes</i> )	172,230	188,546	+ 9.5 %
Cement sales ( <i>tonnes</i> )	200,774	200,189	- 0.3 %
Mass distribution turnover ( <i>millions of Euros</i> )	459.8	503.5	+ 9.5 %
Airport passengers ( <i>in thousands</i> )	1,496.3	1,556.7	+ 4.0 %

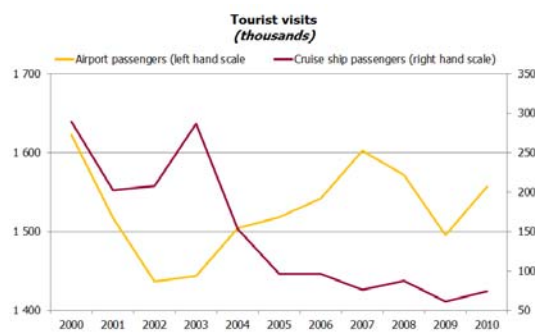
Sources: CTCS, Fel Hebdo, Ciment Antillais, DRCCRF, CCIM

### Building and Public Works: a job creating sector which has lost its dynamism

Building and Public works played a key role in Martinique's economic growth until 2007. It contributed 6% of Martinique's wealth creation in 2007, and employed almost 7,000 people, or 9.2% of salaried workers, in 2009. Activity in the sector was penalised by the slowdown in public procurement and uncertainty concerning tax exemption measures, causing a slowdown which worsened notably after the 2009 crisis.



### Tourism: still in a difficult position



Tourism participates in economic diversification. It is one of the sectors which is most integrated into the economy, thanks to its labour intensity, in direct and indirect jobs. The hotel-restaurant branch employed 4,500 employees in 2009, that is to say 5.9% of salaried employees, and represented 5.9% of companies in 2010.

While Martinique welcomed almost a million tourists in 1999, only 620,000 arrived in 2010, or 2.8% of tourists from the region, putting the department just 10<sup>th</sup> out of Caribbean destinations. Their spending totalled €275.4M.

## FINANCING OF THE ECONOMY

The banking and financial sector in Martinique is organised around different credit establishment and other institutions, some having a local establishment and others operating directly from mainland France. At the end of 2010, 21 local credit establishments could be counted in Martinique, distributed between the following four categories: five banks affiliated with the French Banking association (including the Banque Postale); six mutual banks and cooperatives; seven financial companies; three specialist financial institutions. These establishments comprise 151 bank branches and employ 1,458 agents (excluding the Banque Postale). The financial position in 2010 was marked by a stabilisation of losses and an upturn in the growth of outstanding bank loans, driven largely by household credits.

Businesses	Households
Cost of corporate loans ( <i>January 2011</i> )	Number of inhabitants by bank teller
<i>Average overall weighted average</i>	2,646
<i>Short term</i>	Number of inhabitants by ATM
4.45 %	1,132
<i>Medium and long term</i>	Number of bank accounts by inhabitant
6.07 %	3.13
Outstanding bank loans ( <i>all establishments</i> )	Number of bank cards by inhabitant
€3,281.5M	0.91
<i>Operating credits</i>	Outstanding bank loans ( <i>all establishments</i> )
+16.4 %	€2,967.6M
<i>Investment credits</i>	<i>Consumer credits</i>
+4.1 %	-0.5 %
<i>Property credits</i>	<i>Housing credit</i>
-2.8 %	+8.4 %
Assets ( <i>local establishments</i> )	Assets ( <i>local establishments</i> )
€1,278.7M	€4,634.4M
<i>call deposits</i>	<i>call deposits</i>
+8.3 %	+8.0 %
<i>liquid or short term savings</i>	<i>liquid or short term savings</i>
-8.4 %	+0.3 %
<i>long term savings</i>	<i>long term savings</i>
+13.8 %	+5.5 %
Gross bad debt rate ( <i>local establishments, all agents</i> )	Household savings rates (2007)
6.7 %	10.2 %
Number of legal entities subject to a bank ban	Number of physical persons subject to a bank ban
2,338	17,899
Number of trade bill payment incidents	Overindebtedness cases
3,954	447

Source: IEDOM at 31/12/2010; variations are annual; savings rate: INSEE

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