

Martinique at a Glance

STRUCTURAL CHARACTERISTICS

Capital	Fort-de-France
Surface area	1,128 km ²
Geographic location	Antilles Arc - New-York at 3,150 km, Paris at 6,900 km, Pointe-à-Pitre at 200 km
Languages spoken	French and Creole
Currency	Euro (€)
Status	Overseas Department and Region (DROM) and Outermost Region (OMR)
Global HDI ranking (2010)	38
National representation	4 MPs, 2 senators and 1 representative at the Economic, Social and Environmental Council
State representation	Prefect

Historical background

The history of Martinique is closely linked to the European colonial expansion in the Caribbean. However, the first settlements were made by Amerindian populations and date back to 2,000 B.C. The first residents are thought to be the Arawaks, who came from what is now Venezuela in around 100 B.C. Between the 10th and 14th century, a new civilisation arrived on the island: the Carib or Kalina Indians. Christopher Columbus discovered Martinique on 15th June 1502 and called it *Madinina* ("the island of flowers").

The island became French in 1635 and belonged to the *Compagnie des Isles d'Amérique* (Company of the American Islands) created by Richelieu. It had the institutional status of a French territory administered and run by a trading company. Indigo, coffee and sugarcane were progressively cultivated on the island as arable land was taken over to the detriment of the Caribbean people, and within an economic system based on slavery. The French Revolution (1789) brought the egalitarian ideal to the colonies. In 1793, the Governor of Rochambeau imposed the civil rights of the "free men of colour" on the island. However, the royalist party took up arms and brought in the English who took over Martinique until 1802. During this period, the colony did not benefit from the new institutions and the abolition of slavery. The "Black Code" of 1685 organised economic and social life until 1848, the year in which the decrees abolishing slavery were promulgated under the impetus of Victor Schœlcher.

On 8th May 1902, the eruption of Mount Pelée completely destroyed the town of Saint-Pierre, the capital at the time and main economic centre, killing its 30,000 inhabitants. Fort-de-France subsequently became the capital of Martinique. The draft law put forward by post-war Communist leaders such as Aimé Césaire (1913-2008), seeking a full assimilation under departmental status, led to Martinique becoming a French department on 19th March 1946. In 1983, Martinique became a single department region. At a referendum on 24th January 2010, the electorate in Martinique voted for the creation of a single territory in 2014, with powers devolved to the Department and Region, governed by Article 73 of the Constitution.

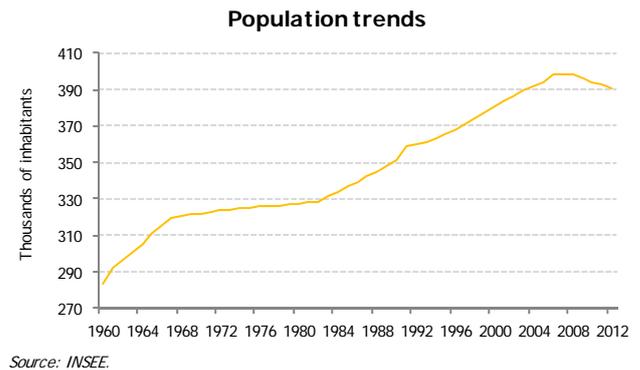
Institutional organisation

The institutional framework of the French Overseas Territories is defined by the Constitutional Law of 28th March 2003 relating to the reform of the decentralised organisation of the Republic. Martinique has been a Department and Region since the Departmentalisation laws of 19th March 1946 and 31st December 1982. However, unlike its counterparts in mainland France, it has a single Department status with extended competences, notably for local public finances. The constitutional reform of 28th March 2003 confirmed this dual institutional anchorage by creating the status of "Overseas Departments and Regions" (DROM). DROM are governed by the principle of legislative identity. Nevertheless, adaptations to laws and regulations applicable in mainland France are authorised, when prompted by "the specific characteristics and constraints of these territories". The Constitution now gives DROM the possibility of creating a single territory replacing the Department and Region, subject to the consent of the electorate. Following the referendum in January 2010, a new single territory will be established in 2015. At community level, Martinique, like the other DROM, is an Outermost Region (OMR). This system provides for the applicability in principle of all community law, and allows it to benefit from structural funds.

DECLINE IN POPULATION

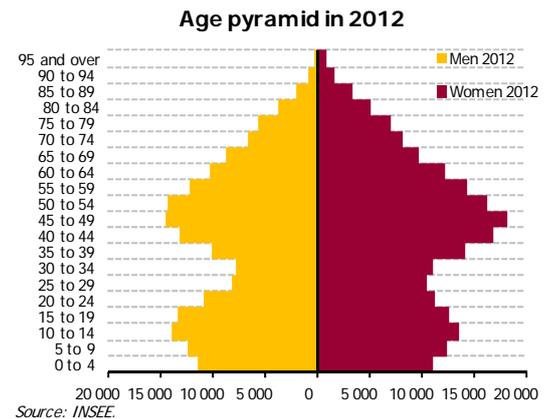
Martinique's population was estimated at 390,371 inhabitants at 1st January 2012, *i.e.* 0.6% of the total French population and 21.3% of the population of the overseas territories. Population density is high, with 354 inhab./km², and concentrated in the centre of the island, with over one inhabitant out of two (58.4%).¹

Martinique is characterised by its declining and ageing population. People over 65 account for almost a quarter of the population. According to INSEE projections, Martinique is expected to become the second oldest region in France by 2040, after Corsica. The ratio between the number of elderly people and the number of people of working age (15-64 year-olds) is expected to rise from 22.6% in 2009 to 68.8% in 2040.



Demographic indicators	Martinique	France ⁽¹⁾
Population (thousands, millions for France)	390.4	65.8
Percentage of under 20s (2012)	25.8	24.7
Percentage of 20-59 year-olds (2012)	52.2	51.5
Percentage aged 60 and over (2012)	22.0	23.8
Population density (inhab./km ² , at 01/01/2011)	354.0	115 ⁽²⁾
Annual average population growth rate (% , 2006-2012)	-0.4	0.6 ⁽³⁾
Birth rate (‰ inhabitants, 2011)	11.4	12.6
Mortality rate (‰ inhabitants, 2011)	7.0	8.7
Infant mortality rate (‰ births, 2009/2011) ⁽⁴⁾	8.7	3.5
Total fertility rate (2009)	1.88	2.01
Life expectancy at birth for women (years, 2011)	84.8	84.8
Life expectancy at birth for men (years, 2011)	78.9	78.4

⁽¹⁾ INSEE 2012 population survey (population at 1st January 2013); ⁽²⁾ In mainland France in 2011; ⁽³⁾ Between 2003 and 2013; ⁽⁴⁾ Number of deaths of infants under one year of age/number of live births in 2008, 2009 and 2010.
Source: INSEE.



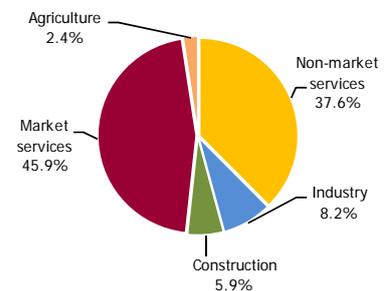
ECONOMY AT A GLANCE

Martinique's economy benefited from sustained growth between 1997 and 2007 (annual average of +2.9% in current prices), driven by consumption and investment. This was combined with activities becoming increasingly service-based. Growth began to slow down in 2007 (+0.9%) and subsequently became negative in 2008 (-0.3%), due to weak domestic demand and the decline in investment. The recession intensified the following year (-6.5%) with the social crisis, but there was a marked upturn in growth in 2010 (+4.6%), which partly made up for the decline in 2009. According to the rapid economic accounts, the recovery continued in 2011, but GDP growth was moderate (+1.0%). Consumption was stable (+0.9%), while investment showed strong growth (+5.2%).

Key economic indicators	Martinique	France ⁽⁴⁾
GDP (billions of euros, 2011) ⁽¹⁾	8.3	2,032.3
GDP growth rate (% , in volume, 2011) ¹	1.0	0.0
GDP per capita (constant euros, 2011)	21,131	31,059
State expenditure (% , 2011) ²	34.8%	-
Debt of local authorities (% of GDP, 2011)	10.4	8.5 ⁽³⁾

⁽¹⁾ CEROM estimation; ⁽²⁾ Expenditure for personnel, operating, investment, operations, tax advances and TIPP, allocations to local authorities; ⁽³⁾ Public debt notified or in the sense of Maastricht in 2012; ⁽⁴⁾ 2012 figures unless specified otherwise.
Sources: INSEE, CEROM, Customs, DRFIP.

Breakdown of added value in 2008



Moderate inflation

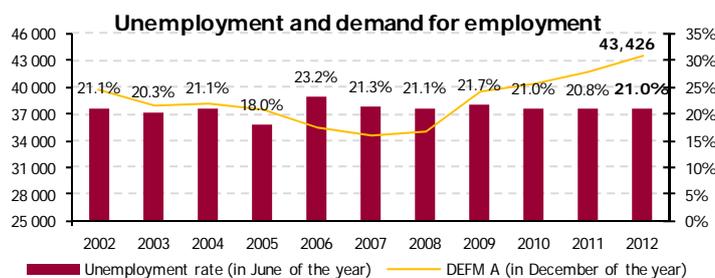
Between 2002 and 2012, the consumer price index grew at an annual average rate of 1.1%. Over the period, the cost of services, food and energy contributed significantly to the increase in prices. Energy prices had a greater impact on inflation from 2009 onwards and rose by an annual average of 9.5% between 2009 and 2012.

Consumer price index (year on year)



¹ The centre corresponds to the grouping of the Centre-Agglomération and Centre-Atlantique areas by INSEE (Fort-de-France, Gros-Morne, Le Lamentin, Le Robert, Saint-Joseph, Sainte-Marie, Schœlcher, Trinité).

High unemployment rate



DEFM A: End of month category A jobseekers.
Sources: DIECCTE, INSEE.

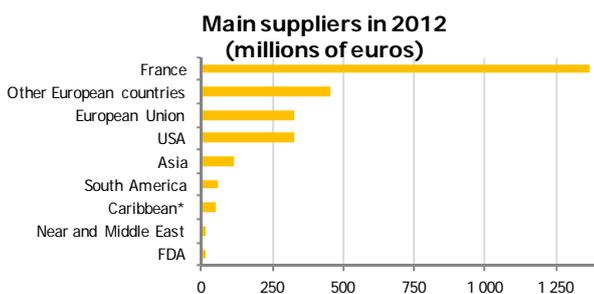
Employment	2002	2012	AAGR ⁽¹⁾ 12/02
Total employment	125,770	-	-
Self-employment	8,154	-	-
Paid employment	117,616	122,526	0.4%
Agriculture, forestry and fishing	5,232	4,474	-1.6%
Industry – Energy and Water	8,644	8,362	-0.3%
Construction	5,272	6,266	1.7%
Market services	41,307	42,901	0.4%
Non-market services	57,161	60,523	0.6%

⁽¹⁾ Average annual growth rate.
Source: INSEE, EPURE database.

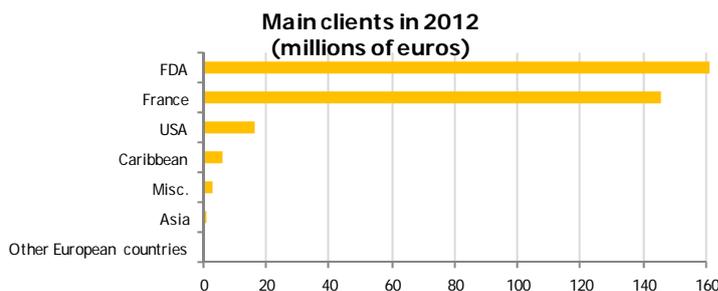
The unemployment rate has remained high over the past ten years, above 20%, except in 2005 (18%). Age and the low level of training are discriminatory factors. In 2012, 56.4% of working-age people under 25 were unemployed and 32.1% of working-age people had no qualifications. The number of category A end of month jobseekers stood at 42,426 at the end of 2012, up 4.1% year on year. 84.4% of paid employment is in the service sector, ahead of industry (6.8%) and construction (5.1%). Cities in central Martinique (Fort-de-France, Schœlcher, Saint-Joseph and Lamentin) concentrate three-quarters of jobs in the territory. Public employment accounts for around a third of paid employment and breaks down into 3 statuses: the State civil service (36% of the workforce), the territorial civil service (45%) and the hospital public service (19%).

Foreign trade structural deficit

Energy accounts for a significant part of Martinique's foreign trade, due to the fact that the oil refinery company SARA (*Société Anonyme de la Raffinerie des Antilles*), which exports refined fuel, is established in the department. This explains why the French Departments in the Americas (FDA) continue to be important export partners for Martinique, while France and the European Union are the largest suppliers. Regional trade (excluding energy) is, for its part, still in its infancy. The trade balance is structurally in deficit and the trade deficit has grown over the decade (+56.7%).



Source: Customs. * y compris Trinidad et Tobago



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Main imports in value (millions of euros)	2012
Other industrial products	800.2
Natural hydrocarbons, other extractive industry products, electricity, waste	481.4
Mechanical, electric, electronic and IT equipment	392.0
Agrifood industry products	390.2
Refined oil products and coke	371.6
Transport equipment	248.4
Total imports	2,755.2

Source: Customs.

Main exports in value (millions of euros)	2012
Refined oil products and coke	206.2
Agricultural, forestry, fishery and aquaculture products	86.8
Agrifood industry products	50.1
Other industrial products	22.2
Natural hydrocarbons, other extractive industry products, electricity, waste	15.6
Transport equipment	13.3
Total exports	403.9

Source: Customs.

MAIN SECTORS OF ACTIVITY

Martinique has a modern and diversified economy. Market and non-market services are the main source of wealth creation. Their weight in the economy increased by 2.7 points between 2000 and 2008. The construction and tourism industries barely held up over the period, while agriculture is subject to climate hazards. Traditional sectors (banana, sugarcane-rum) play an important role in the social and territorial balance of the island.

Main sector indicators	2012	AAGR* 12/02
Sugarcane production (tonnes)	175,305	-3.0%
Sugar production (tonnes)	2,920	-5.9%
Rum production (hectolitres of pure alcohol)	83,033	-1.3%
Banana shipments (tonnes)	187,029	-
Meat production (tonnes)	2,270.5	+0.1%

*AAGR: average annual growth rate.

Sources: CTCS, FEL Hebdo, Martinique semi-public abattoir company.

Main sector indicators	2012	AAGR* 12/02
Cement production (tonnes)	185,222	-2.3%
Number of tourists	642,115	-2.3%
Passengers at airport (thousands)	1,566.0	+0.8%
Cruise passengers	93,515	-7.4%
Mass-market retailing turnover (millions of euros)	550.4	+4.7%

*AAGR: average annual growth rate.

Sources: Ciments Antillais, CMT, CCIM, DIECCTE.

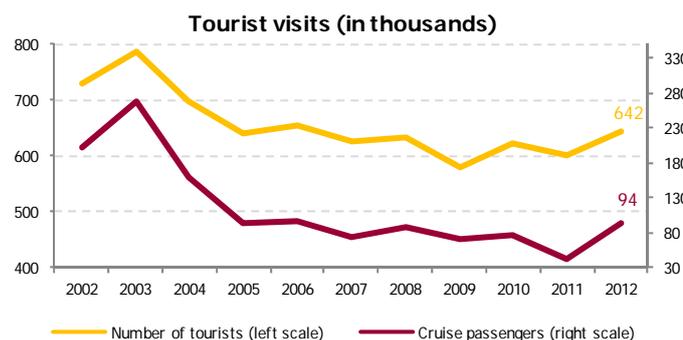
Construction industry losing dynamism

The construction played a key role in Martinique's economic growth between 1997 and 2007. The added value of the industry rose by an annual average of 4.2% over the period. The industry accounts for around 5.1% of paid employment. In 10 years, the workforce has increased by an annual average of 1.7%, but fell by an annual average of 4.5% between 2009 and 2011. After two years of decline and the stabilisation in 2011, the industry continued to struggle in 2012. It is highly dependent on public procurement and suffers from the insufficient number of construction starts.



Source: Ciments Antillais.

Difficult situation for tourism industry



Source: CMT.

While Martinique welcomed almost a million tourists in 1999, there were only 642,115 tourists in 2012. With 2.5% of flows of over-staying tourists in the Caribbean region, the department ranks 10th out of Caribbean destinations. The fall in the number of tourist visits over the period is firstly due to the emergence of new Caribbean destinations and, secondly, to the fall in cruise passenger flows at an annual average rate of 7.4%.

Tourism does, however, contribute to Martinique's economic diversification. It is one of the most integrated sectors in the economy, thanks to its high direct and indirect labour intensity. The industry has, nevertheless, been facing difficulties since the beginning of the decade.

FINANCING OF THE ECONOMY

Martinique's banking and financial activity is based on various networks of credit institutions and the like. Some are established locally, others operate directly from mainland France. At the end of 2012, there were 21 local credit institutions in Martinique, broken down into four categories: five banks affiliated to the French Banking Association (including the Banque Postale), six mutual and cooperative banks, seven financial companies and three specialised financial institutions. These establishments have a total of 150 bank branches and employ 1,423 officers (excluding the Banque Postale).

Monetary and financial indicators	2002	2012
Number of inhabitants per bank branch	3,939	2,602
Number of inhabitants per ATM	1,446	1,058
Number of bank accounts per inhabitant	3.0	3.2
Financial assets of economic agents (<i>Local CIs, in millions of euros</i>)	3,741.5	6,459.0
Outstanding performing loans of economic agents (<i>All CIs, in millions of euros</i>)	4,424.0	7,931.3
Rate of doubtful loans (<i>All CIs as %</i>)	9.4	6.9

Source: IEDOM.

Between 2002 and 2012, performing outstanding loans increased overall by an annual average of 6.0% and reached EUR 7.9bn at the end of 2012. This increase accompanied the positive trend for economic activity between 2002 and 2008. Since 2008, the marked slowdown in the growth of Martinique's economic activity, under the combined effect of the social crisis in 2009 and the international economic and financial crisis, has led to a more limited increase in the level of total outstanding loans, which stood at an annual average of 2.2% between 2008 and 2012.

Over the decade, the annual average for outstanding loans to households rose by 5.5%, to enterprises by 5.4% and to local authorities by 8.1%. In detail, business investment loans rose by an annual average of 10.5% and home loans to households by 7.5%. Over the period, the financial situation was also marked by an improvement in the quality of the portfolio. The rate of doubtful loans fell by 2.5 points to 6.9% at the end of 2012.

Business indicators	2012
Average cost of credit for businesses (<i>Jul. 2012</i>)	5.24%
Financial assets (<i>Local CIs, in millions of euros</i>)	1,248.2
Outstanding bank loans (<i>All CIs, in millions of euros</i>)	3,296.3
<i>incl. operating loans* (%)</i>	+1.4
<i>incl. investment loans* (%)</i>	-1.4
<i>incl. real estate loans* (%)</i>	+2.2

*Annual rate of change.

Source: IEDOM.

Household indicators	2012
Net doubtful loans (millions of euros)	290.7
Financial assets (<i>Local CIs, in millions of euros</i>)	4,821.7
Performing outstanding bank loans (<i>All CIs, in millions of euros</i>)	3,106.5
<i>incl. consumer loans* (%)</i>	-2.8
<i>incl. home loans* (%)</i>	+4.2
Number of cases of overindebtedness	512

*Annual rate of change.

Source: IEDOM.

N.B.: The data used in this note are as of 31st December 2012 unless specified otherwise.

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