

## Saint-Pierre-et-Miquelon at a Glance

### STRUCTURAL CHARACTERISTICS

Capital	Saint-Pierre
Surface area	242 km <sup>2</sup>
Geographical location	Atlantic Ocean, 25 km southwest of Newfoundland, Paris at 4,300 km
Language spoken	French
Currency	Euro
Status	Overseas Territory
Global HDI ranking (2010)	66
National representation	1 MP, 1 senator and 1 representative at the Economic, Social and Environmental Council
State representation	Prefect
Capital	Saint-Pierre

# P O R T R A I T

### Historical background

The territory of Saint-Pierre-et-Miquelon was discovered in 1520 by the Portuguese sailor José Alvarez Faguendes. Jacques Cartier took possession of it in 1535 in the name of François I. The archipelago then took the name of Saint Pierre-et-Miquelon. It was alternately a French and British colony, before becoming permanently French in 1816.

The first real settlement was of French origin and dates back to the second half of the 17<sup>th</sup> century. The two islands served as a base for Norman, Breton and Basque fishermen, who were whalers and cod fishers. There was a boom in cod fishing after the Second World War, with the arrival of factory ships which process and freeze the fish directly on board. Intense industrial fishing led to the creation, in 1977, by Canada and then France, of 200-mile exclusive economic zones (EEZ). Territorial disputes were settled in 1992 by the Court of Arbitration in New York, which reduced the French EEZ to a narrow strip of ocean to the south of the archipelago. In the same year, faced with a reduction in fisheries resources, Canada imposed a five-year moratorium on cod fishing. This caused a major shake-up to the archipelago's economic structure, which was based on a single industry. Market activities were gradually replaced, mainly by administrative services. Cod fishing only resumed in 1997, governed by the 1994 agreement between France and Canada establishing extremely low quotas compared to past production. However, cod stocks have failed to recover and the low quotas allocated to the archipelago have dealt a heavy blow to the fishing industry.

### Institutional organisation

Since 2003, Saint-Pierre-et-Miquelon has had the status of an overseas territory, governed by Article 74 of the Constitution. The Organic Law of 21<sup>st</sup> February 2007, which sets out statutory and institutional provisions relating to overseas territories, gave Saint-Pierre-et-Miquelon its own special status.

The territory of Saint-Pierre-et-Miquelon comprises two municipalities (Saint-Pierre and Miquelon-Langlade) and a Territorial Council. The municipalities of Saint-Pierre and Miquelon-Langlade have the same powers as a municipality in mainland France.

The Territorial Council of Saint-Pierre-et-Miquelon holds the same powers as departments and regions in mainland France, with a few exceptions (lower and upper secondary schools, national highways, etc.). Furthermore, the Territorial Council has competence for taxation, customs regulations and urban planning.

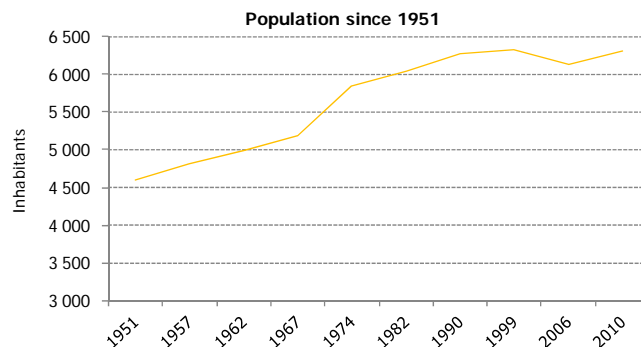
Under community law, Saint-Pierre-et-Miquelon is considered as an Overseas Country and Territory (OCT) on the basis of association rules. In this respect, this archipelago has the status of a foreign territory which, under an Association Agreement, applies only part of community law. Due to its OCT status, certain community technical standards are not compulsorily applicable. This has the advantage of facilitating trade, particularly with the USA and Canada.

# POPULATION STABILISED

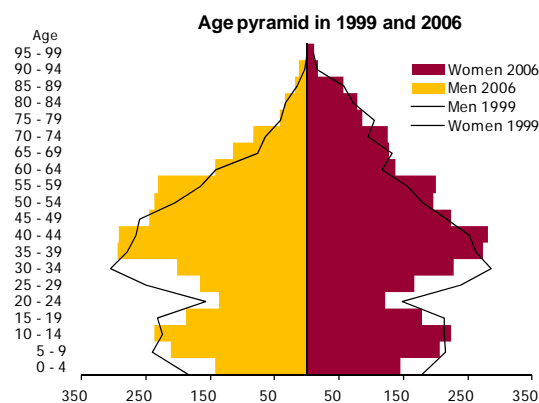
The INSEE census in 2010 recorded 6,312 inhabitants, including 625 in Miquelon and 5,687 in Saint Pierre. The fact that the number of inhabitants has increased by 200 compared to the 2006 census means that a population level similar to 1999 has been recovered. Following a phase of continuous population growth between 1951 and 1999, the population subsequently stabilised at over 6,000 inhabitants. Indeed, the archipelago is facing a major outflow of university-aged young people, or young people at an age when they can find their first job. The proportion of young people between 20 and 30 thus fell from 12.6% in 1999 to 9.6% in 2006.

N.B.: At the time of drafting this report, only the figures for the total population of the archipelago and the municipalities of Saint-Pierre and Miquelon-Langlade from the 2010 census had been released.

Sources: 2006 population survey and INSEE Première n° 1178, February 2008.



Source: INSEE.



Sources: INSEE census.

## Demographic indicators

	Saint-Pierre-et-Miquelon (1)	France (2)
Total population (in 2010, millions for France)	6,312	65.8
Percentage of under 20s	25	24.7
Percentage of 20-59 year-olds	57	51.5
Percentage aged 60 and older	18	23.8
Annual average population growth rate ( from 2000 to 2010)	-0.0	0.6 <sup>(3)</sup>
Population density (inhab./km <sup>2</sup> , 2006)	25	115 <sup>(4)</sup>
Average household size	2.4	2.3 <sup>(5)</sup>

(1) 2006 population survey, unless specified otherwise; (2) Insee 2012 population survey (population at 01/01/2013); (3) Between 2003 and 2013 (4) Population density in mainland France in 2011; (5) In 2008.

Sources: INSEE, Prefecture of Saint-Pierre-et-Miquelon.

# ECONOMY AT A GLANCE

Saint-Pierre-et-Miquelon's GDP stood at EUR 172.1m in 2008, i.e. a GDP per capita of EUR 28,327. The archipelago's economy is dominated by the service sector (84%). Public administrations account for almost half of added value. However, the wealth created by the fishing industry is becoming marginal.

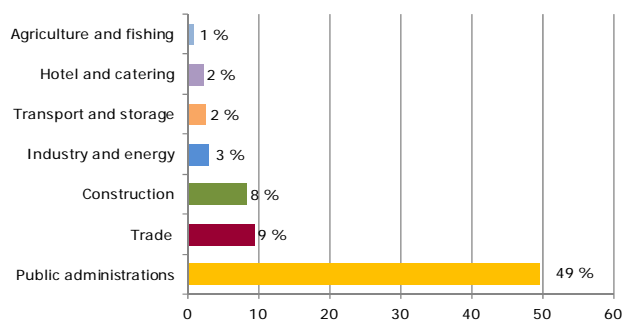
## Key economic indicators

	SPM	France <sup>(1)</sup>
GDP (millions of euros, 2008)	172.1	2,032,300
GDP per capita (euros, 2008)	28,327	31,059
Total imports (millions of euros, 2011)	79.1	-
Total exports (millions of euros, 2011)	1.9	-
Number of registered companies (2012)	582	-
Share of administrations in AV (% , 2008)	49	18

(1) In 2012.

Sources: INSEE, IEDOM, Prefecture, CACIMA, Customs Department and DCSTEP.

## Breakdown of added value in 2008

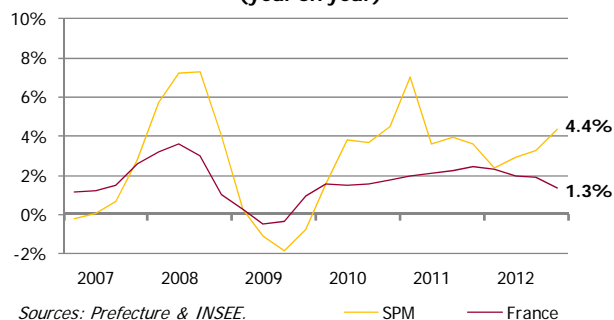


Source: IEDOM.

## Volatile price index

The price index in Saint-Pierre-et-Miquelon is more volatile than in mainland France. Indeed, it is highly dependent on the exchange rate for the Canadian dollar (as the vast majority of consumer products are imported from Canada) and the price of diesel and fuel (high proportion of household consumption).

### Consumer price index (year on year)



Sources: Prefecture & INSEE.

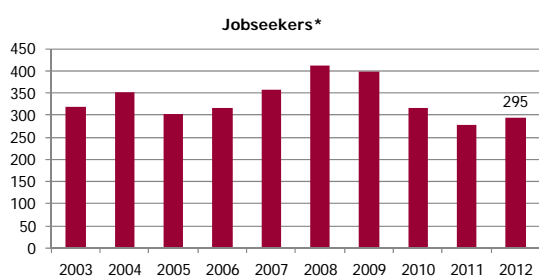
### Change in CPI by product group (year on year)



Sources: Prefecture & INSEE.

## Employment predominantly in the service sector

Employment has been radically affected by the sudden stop to cod fishing. The economy has become highly service based, with the service sector accounting for 86% of jobs in 2006, against 72% in 1992. The employment market is characterised by its highly seasonal nature, linked to climate hazards. This leads to a rise in jobseekers, and in the number of people who benefit from the "RSA" minimum income allowance, during the winter. However, the launch of several public projects in recent years has reduced the number of jobseekers.



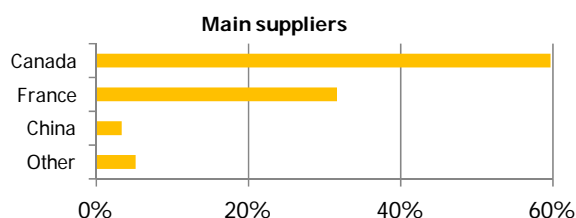
Source: Prefecture.

DEFM cat.1: Jobseekers looking for immediate permanent contract.

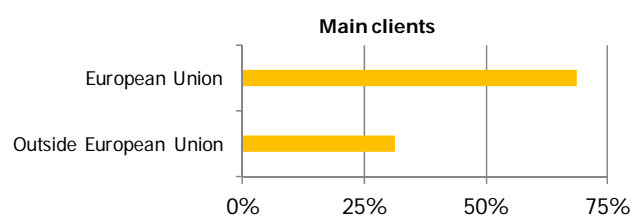
(1)	Employment	1999	2007	Trend	Average annual growth rate (AAGR); Not available. Source:
	<b>Total employment</b>	<b>2,7</b>	<b>2,863</b>	<b>+0.3</b>	
	<b>Self-employment</b>	<b>32</b>	<b>23</b>	<b>-</b>	
N/A:	<b>Paid employment</b>	<b>2,4</b>	<b>2,624</b>	<b>+0.8</b>	
	Agriculture	N/A	117	-	
INSEE.	Industry	N/A	116	-	
	Construction	N/A	123	-	

## Trade balance in structural deficit

The archipelago is highly dependent on foreign supplies as it has little domestic production. Canada is the main supplier due to its geographical proximity, with over half of total import values (60% in 2012), while France's share stands at 32%. The only exports are fishery products, mainly to the European Union (69% in 2012).



Source: Customs Department.



Source: Customs Department.

Import values (millions of euros)	2012
Manufactured products	34,251
Oil products	21,455
Food products	16,299
Raw commodities	7,125
<b>Total</b>	<b>79,130</b>

Source: Customs Department.

Export values (thousands of euros)	2012
Fresh or frozen fish	380
Salted, smoked and dried fish	696
Fresh or frozen molluscs	101
<b>Total</b>	<b>1,177</b>

Source: Customs Department.

## MAIN SECTORS OF ACTIVITY

The archipelago's main activities are administrative services, construction and trade, which account for over three-quarters of value creation. The local economy is also characterised by an extensive fabric of craft enterprises, representing over a quarter of registered companies.

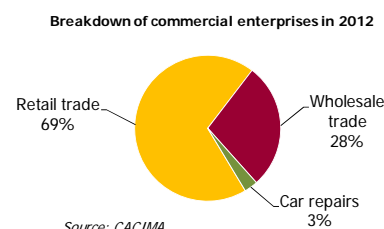
Sector indicators	2012	Evol. 12/02 <sup>(1)</sup>
Tourist arrivals	17,210	-4.5%
Number of companies	582	+2.0%
<i>Incl. craft enterprises</i>	<i>163</i>	<i>-1.6%</i>
Electricity consumption (in MWh)	40,766	-0.2%
Small-scale fisheries catches (in tonnes)	2,212	+3.8%
Industrial fisheries catches (in tonnes)	454	-7.7%

(1) Average annual growth rate.

Sources: Border police, Prefecture of Saint-Pierre-et-Miquelon, CACIMA, EDF, DTAM.

## Dynamic local trade despite limited market

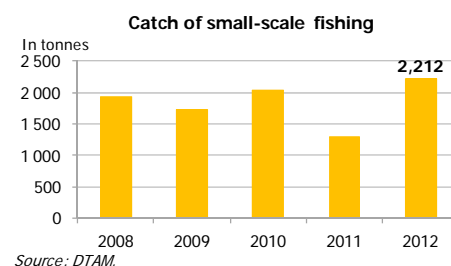
The trade sector makes a significant contribution to economic activity (9% of wealth creation). The largest number of companies is to be found in the retail sector (69%), with a relatively dense fabric of small shops. In the past few years, this dynamism has led to the creation of over 400 m<sup>2</sup> of business space. However, shops on the archipelago continue to face many constraints, such as the small size of the market, as well as competition from mail-order selling and from the market in Newfoundland.



Source: CACIMA.

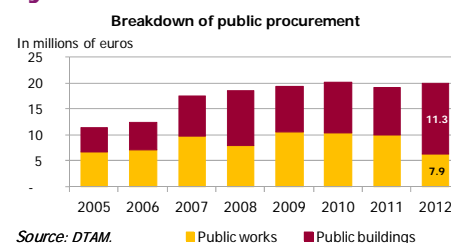
## Fishing industry facing structural difficulties

Fishing was for a long time the archipelago's main source of wealth, but the extension of Canada's exclusive economic zone (EEZ) to 200 marine miles, to the detriment of the French EEZ, has had a negative impact on the archipelago's fishing industry. Furthermore, quotas allocated according to species and fishing zones (French, Canadian...) have been decreasing since the moratorium. Two types of fishing co-exist in Saint-Pierre-et-Miquelon: small-scale fishing, with a season running from April to November, and industrial fishing, which takes over from November to March. However, uncertainties continue to weigh on this industry, especially since the main seafood product processing factory in Saint-Pierre was shut down in 2011.



## Public procurement important for construction industry

The construction industry has been a significant driver of the local economy since the decline of the fishing industry. Works conducted under public procurement contracts have almost doubled over the last five years, with the implementation of projects worth some EUR 20m. The industry has traditionally been based on large-scale structural projects, such as the new hospital and the EDF power plant, which are currently under construction.



# FINANCING OF THE ECONOMY

## Concentration of credit market

Following a relative stability in the banking and financial sector throughout the 2000s, the end of the decade was marked by the emergence of new actors. The Banque Postale launched its activities in September 2008, with a range of services limited to current account management. Furthermore, the Banque de Saint-Pierre-et-Miquelon (BDSPM) was established in June 2009, following the merger-takeover of Crédit Saint-Pierrais by the Banque des Iles Saint-Pierre-et-Miquelon.

Key monetary and financial indicators	2002	2012
Number of inhabitants per bank branch	1,263	1,021
Number of inhabitants per ATM	1,053	1,531
Number of client bank accounts	18,635	17,618
Financial assets of economic agents (millions of euros)	153.5	209.6
Outstanding performing loans of economic agents (millions of euros)	108	143
Rate of doubtful loans (%)	3.8	5.2

\*Locally established credit institutions.

Source: IEDOM.

The archipelago'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, five institutions had local branches: two commercial banks (Banque de Saint-Pierre-et-Miquelon and Banque Postale), a mutual savings banking (Caisse d'Epargne Ile-de-France), a financial company (the Coopérative Immobilière des îles Saint-Pierre-et-Miquelon) and a specialised financial institution (Agence française de développement).

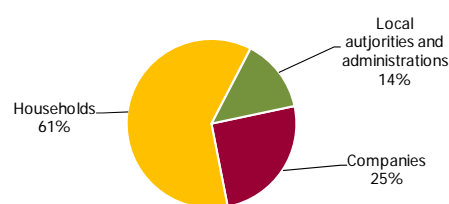
Local credit institutions play a key role in the financing of the economy: at the end of 2012, they accounted for almost 95% of allocated loans, against about 83% at the end of 2002. Furthermore, the share of loans allocated to households is constantly increasing and has risen by over ten points in the last ten years, to the detriment of local authorities and administrations. This increase is mainly related to the dynamism of home loans, which accounted for almost half the loans allocated in 2012, against only 41% in 2002.

Moreover, the rate of doubtful loans, which had risen sharply during the first half of the 2000s, has fallen regularly since 2006 due to the improvement in risk quality. At the end of 2012, it stood at 5.2%.

Trends in performing loans	2002	2012
<b>Households</b>	<b>51</b>	<b>87</b>
Incl. consumer loans	7	15
Incl. home loans	44	72
<b>Companies</b>	<b>27</b>	<b>36</b>
Incl. operating loans	14	10
Incl. investment loans	13	25
Local authorities and administrations	30	20
<b>Total</b>	<b>108</b>	<b>143</b>

Source: IEDOM.

Breakdown of outstanding credit per agent in 2012



Source: IEDOM.

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

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