

## 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
National representation	1 MP, 1 senator, 1 representative at the EESC
State representation	Prefect

# P O R T R A I T

#### Fishing core to economic activity

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 French and British, 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 the fishing industry after the Second World War, with the advent 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. 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, the cod stocks failed to recover and the low quotas allocated to the archipelago dealt a heavy blow to the fishing industry.

#### Special institutional status

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.

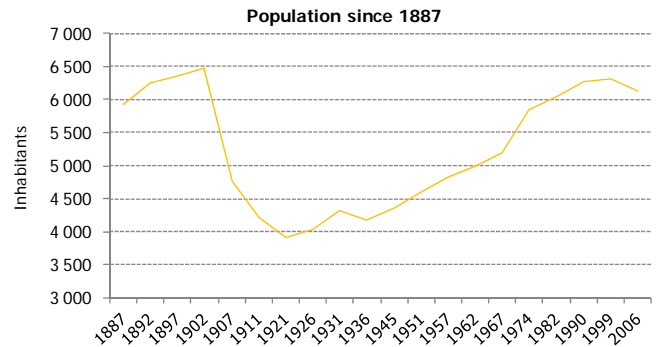
The territory of Saint-Pierre-et-Miquelon comprises two municipalities (Saint-Pierre and Miquelon-Langlade) and a Territorial Council. The municipalities of Saint-Pierre and Miquelon-Langlade have the same powers as a municipality in mainland France.

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 (PTOM) 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 PTOM status, certain community technical standards are not compulsorily applicable. This has the advantage of facilitating trade, particularly with the United States and Canada.

# POPULATION DECLINING

The INSEE census in 2006 recorded 6,125 inhabitants. The fact that the number of inhabitants has fallen by 200 compared to the 1999 census particularly affects the municipality of Miquelon-Langlade. This decline followed a stagnation of the population between 1990 and 1999, whereas there had been continuous population growth since 1921. The archipelago is facing a significant loss of young people heading off to study or to 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. The difficulties encountered by the fishing industry at the turn of the 20<sup>th</sup> century (poor fishing years, disappearance of the French Shore in 1904) explain the population decline during this period. The trend was reversed in the early 1920s with Prohibition, as the archipelago became a hub for alcohol smuggling.



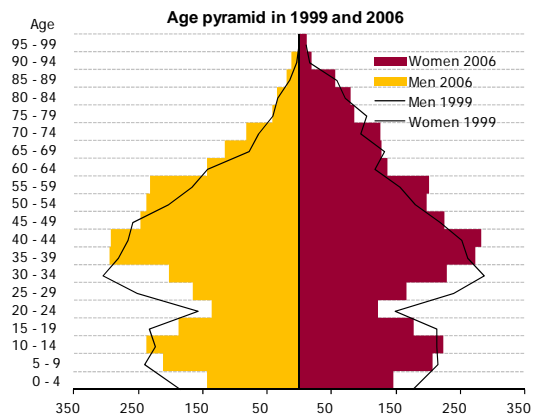
Source: INSEE.

## Demographic indicators

	Saint-Pierre-et-Miquelon	France <sup>(1)</sup>
Total population (millions for France, 2006)	6,125	65.4
Percentage of under 20s (2006)	25	25
Percentage of 20-59 year-olds (2006)	57	52
Percentage aged 60 and older (2006)	18	23
Annual average population growth rate (% , 1999-2006)	-0.4	0.6 <sup>(2)</sup>
Population density (inhab./km <sup>2</sup> , 2006)	25	114.8 <sup>(3)</sup>
Average household size (2006)	2.4	2.3 <sup>(4)</sup>

(1) Insee 2011 population survey; (2) Between 2002 and 2012; (3) Insee 2009 survey; (4) In 2008.

Sources: INSEE, Prefecture.



Sources: INSEE census.

# ECONOMY AT A GLANCE

Saint-Pierre-et-Miquelon's GDP stood at EUR 172.1m in 2008, in constant euros (estimation including the price effect), up 6.7% compared to 2004. The archipelago's economy is dominated by the service sector. Public administrations alone account for almost half of added value, an increase of almost 10 points in four years. However, the fishing industry, with less than 1% of added value, has become marginal.

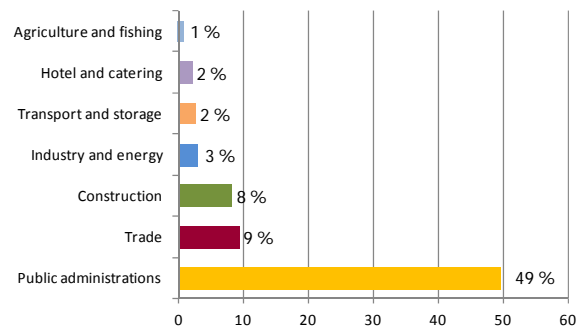
## Key economic indicators

	SPM	France
GDP (billions of euros, 2008) <sup>1</sup>	0.172	1933.2
Per capita GDP (euros, 2008) <sup>1</sup>	28,327	30,143
Number of registered companies (2011)	570	-
Import dependency rate	46.0	25.1
State expenditure	-	-
Debt of Territories	-	7.6
Share of public sector in GDP (in %, 2008)	49.4	7.5

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

(1) GDP is estimated at constant prices, without adjustment of the price level effect, which is not possible to approximate with the consumer price index.

## Breakdown of added value in 2008 <sup>(1)</sup>

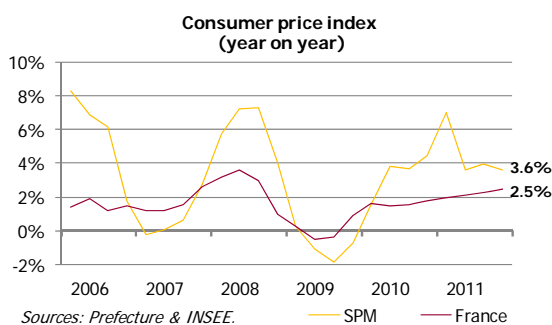


Source: IEDOM.

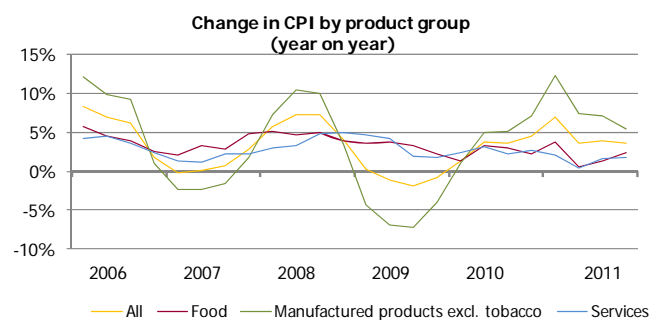
(1) Certain institutional sectors are not represented on the graph, hence why the total weight does not equal 100%.

## 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).



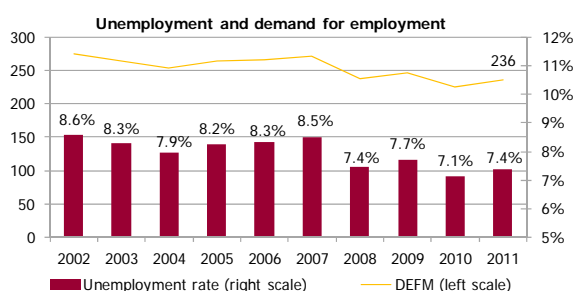
Sources: Prefecture & INSEE.



Sources: Prefecture & INSEE.

## Employment concentrated 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 this period. However, over the last few years, the launch of several public projects has reduced the number of job seekers.



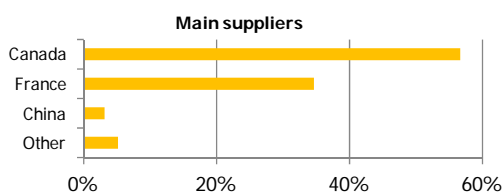
Source: Prefecture.  
DEFM cat. 1: Jobseekers looking for immediate permanent contract.

Employment	1999	2007	Evol. 07/99 <sup>(1)</sup>
<b>Total employment</b>	<b>2,790</b>	<b>2,863</b>	<b>+0.3%</b>
<b>Self-employment</b>	<b>321</b>	<b>239</b>	<b>-3.2%</b>
<b>Paid employment</b>	<b>2,469</b>	<b>2,624</b>	<b>+0.8%</b>
Agriculture	N/A	117	-
Industry	N/A	116	-
Construction	N/A	123	-
Market services	N/A	1,035	-
Non-market services	N/A	1,233	-

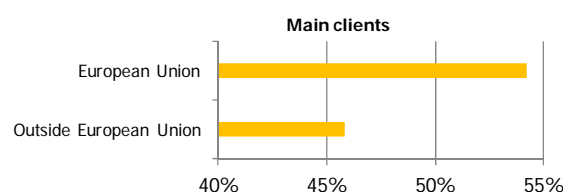
(1) Average yearly trend; N/A: Not available  
Source: INSEE.

## 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 (57% in 2011). The only exports are fishing products, mainly to the European Union (54% in 2011).



Source: Customs Department.



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Import values (thousands of euros)	2011
Manufactured products	41,641
Oil products	16,144
Food products	15,753
Raw commodities	5,580
<b>Total</b>	<b>79,118</b>

Source: Customs Department.

Export values (thousands of euros)	2011
Fresh or frozen fish	747
Salted, smoked and dried fish	652
Fresh or chilled shellfish	236
Fresh or frozen molluscs	53
Warehouse movements	179
<b>Total</b>	<b>1,867</b>

Source: Customs Department.

## PREDOMINANT SERVICE SECTOR

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

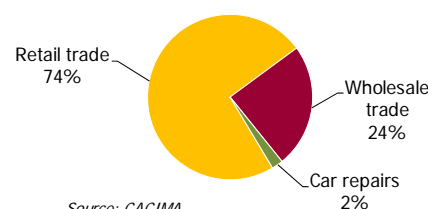
Sector indicators	2011	Evol. 11/01 <sup>(1)</sup>
Tourist arrivals	11,450	-2.0%
Number of companies <i>Incl. craft enterprises</i>	570 155	+2.5% -1.6%
Electricity consumption (in MWh)	43,494	+2.4%
Small-scale fisheries catches (in tonnes)	1,291	-2.9%
Industrial fisheries catches (in tonnes)	816	-6.0%

(1) Average annual growth rate  
Sources: PAF, CACIMA, EDF, DTAM.

## Dynamic local trade despite limited market

The trade sector makes a significant contribution to economic activity (9% of wealth creation in 2008). Over the last few years, several business areas of over 400 m<sup>2</sup> have been developed, in addition to a relatively dense fabric of small businesses. Businesses on the archipelago face many constraints, such as the small size of the market and competition from mail-order selling and the market in Newfoundland.

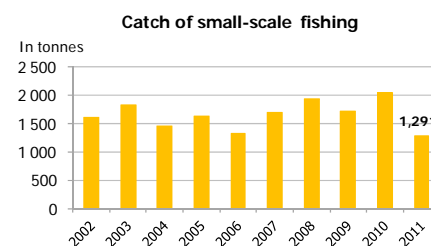
Breakdown of commercial enterprises in 2011



Source: CACIMA.

## Fishing industry facing structural difficulties

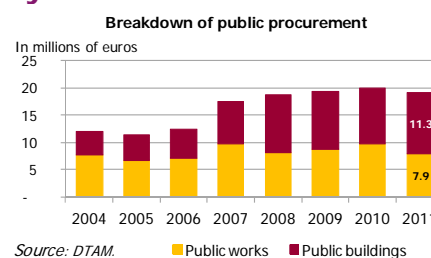
Fishing was for a long time the main source of the archipelago's wealth, but the extension of Canada's exclusive economic zone (EEZ) to 200 marine miles in 1992, to the detriment of the French EEZ, has had an impact on the archipelago's fishing industry. Furthermore, quotas allocated according to species 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 was shut down in 2011, which has had an impact on catch levels.



Source: DTAM.

## Public procurement important for construction industry

The construction and public works sector 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 structural projects; a new hospital and EDF power plant are currently under construction.



Source: DTAM.

# 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 2009, following the merger-takeover of Crédit Saint-Pierrais by the Banque des Iles Saint-Pierre-et-Miquelon.

Main monetary and financial indicators	2001	2011
Number of inhabitants per bank branch	1,053	1,021
Number of inhabitants per ATM	1,579	1,531
Number of bank accounts per inhabitant	18,602	18,182
Financial assets of economic agents (millions of euros)	147	202
Healthy outstanding credit of economic agents (millions of euros)	110	142
Rate of doubtful loans (%)	4.5	6.5

Source: IEDOM.

At the end of 2011, the archipelago's banking and financial activity was based on five establishments: 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).

## Dynamism of home loans

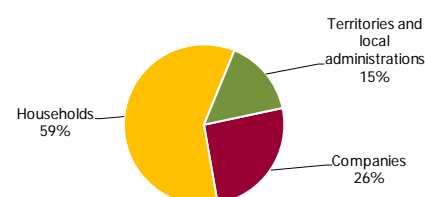
Local credit institutions play a key role in the financing of the economy: they account for almost 95% of allocated loans at the end of 2011, against around 82% at the end of 2001. Furthermore, the share of loans allocated to households is constantly increasing and has risen by over ten points in the last ten years. This increase is mainly related to the dynamism of home loans, which accounted for almost half the loans allocated in 2011, against only 36% in 2001.

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.

Trends in performing loans	2001	2011
<b>Households</b>	<b>52</b>	<b>83</b>
Incl. consumer loans	7	14
Incl. home loans	39	69
<b>Companies</b>	<b>28</b>	<b>36</b>
Incl. operating loans	11	8
Incl. investment loans	13	27
Territories and local administrations	28	22
<b>Total</b>	<b>110</b>	<b>142</b>

Source: IEDOM.

Breakdown of outstanding credit per agent in 2011



Source: IEDOM.

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

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