

## Mayotte at a Glance

### STRUCTURAL CHARACTERISTICS

Capital	Mamoudzou
Surface area	375 km <sup>2</sup>
Geographical location	Indian Ocean, Paris at 8,500 km, Réunion at 1,500 km, Madagascar at 250 km
Languages spoken	French, Shimaoré, Kibushi and Comorian languages
Currency	Euro
Status	Overseas Department and Region since 31 <sup>st</sup> March 2011
National representation	2 MPs, 2 senators, 1 representative at the EESC
State representation	Prefect

### Multiple origins and long-standing attachment to France

The Island of Mayotte is located at the entry to the Mozambique Channel and has for centuries been a crossroads for maritime trade between Europe and the Indian Ocean.

According to the most recent archaeological and linguistic research, the first settlements are thought to date back to the 8<sup>th</sup> century and to have been made by both Bantu civilisations from the East African coast and Austronesian (or Proto-Malagasy) civilisations from Indonesia. In the 9<sup>th</sup> century, the arrival of Arab-Persian merchants on the Comoros Archipelago caused an upheaval in the social organisation: the tribal and matrilineal system, a heritage of the African origins, was replaced by an organisation based on the sultanate system and the principles of Islam.

Mayotte was first and foremost regarded as a port of call and only began to be of interest to the French following their loss of influence on the Île-de-France (today Mauritius) in 1814. The history of French Mayotte began in the 19<sup>th</sup> century when the last Sultan of Mayotte handed over the island to Commander Passot on 25<sup>th</sup> April 1841. Mayotte was officially taken over by the French in June 1843 with the ratification of the Treaty of Surrender of Mayotte. The island subsequently became a French colony. From 1880 to 1912, France established a protectorate on the other islands of the Comoros Archipelago, which became Overseas Territories (TOM) in 1946.

### March towards department status achieved

Unlike other islands on the Comoros Archipelago, which claimed their independence back in the 1950s, Mayotte has affirmed its attachment to France on several occasions. In 1974, on the eve of the independence of the Comoros (obtained in 1975), over 60% of the population refused a separation from mainland France. It confirmed this decision during the self-determination referendum in 1976, with over 99.4% approving to continue as an Overseas Territory within the French State.

In 2001, Mayotte became a departmental territory and on 29<sup>th</sup> March 2009, 95.2% of the population voted in favour of changing the status of Mayotte to an Overseas Department and Region (DROM). On 31<sup>st</sup> March 2011, the departmental territory of Mayotte became the 101<sup>st</sup> French department (5<sup>th</sup> department in the Overseas Territories) and now exercises the powers devolved to Overseas Departments and Regions.

In addition to the review of the civil status and the justice reform, this institutional change was combined with a gradual alignment of the minimum wage and social benefits with levels in mainland France, a tax reform and the creation of a Mayotte economic, social and cultural development fund (FMDESC), which will replace the current Mayotte development fund.

As planned following the process to change to department status, France requested the accession of Mayotte, which is currently an Overseas Country and Territory (OCT), to the status of Outermost Region (OMR). Consequently, on 11<sup>th</sup> July 2012, the European Council, gathering the 27 heads of government of member countries, voted in favour of this accession from 2014 onwards.

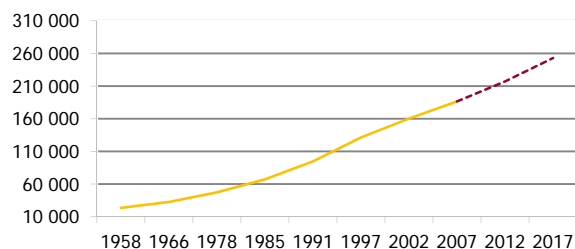
## DEMOGRAPHIC TRANSITION UNDERWAY

The population of Mayotte has seen a fourfold increase in less than thirty years. On the basis of the 2007 census, the population of the island was estimated at 210,000 inhabitants in 2009. Two-thirds are under 30. This sharp increase, which can be explained by an extremely high birth rate, a low mortality rate and a high level of immigration, has been slowing down since 1997. However, the average annual population growth rate (+3.1%) measured between 2002 and 2007 remains higher than in Réunion (+1.4%) and the Comoros (+2.7%). According to the latest statistics, the net migration shown by the census operations, which was widely positive between 1997 and 2002, became negative over the period 2002-2007. Population density (511 inhabitants per km<sup>2</sup>) is the highest in the region after Mauritius (923 inhabitants per km<sup>2</sup>). The share of population of foreign nationality reached 40.7% in July 2007, roughly a third were born in Mayotte.

Demographic indicators	Mayotte	France <sup>(1)</sup>
Population (thousands, millions for France, 2007)	186,452	65.4
Percentage of under 20s (2007)	54.3	25
Percentage of 20-59 year-olds (2007)	42.0	52
Percentage of aged 60 and over (2007)	3.7	23
Population density (inhab./km <sup>2</sup> , 2007)	511	102.7 <sup>(2)</sup>
Annual average population growth rate (% , 2002-2007)	3.1	0.6 <sup>(3)</sup>
Birth rate (for 1,000 inhab., 2007)	41.2	12.7
Mortality rate (for 1,000 inhab., 2007)	3.1	8.5
Infant mortality rate (for 1,000 births, 2007)	13.5	3.5
Total fertility rate (2007)	5.0	2.0 <sup>(4)</sup>
Life expectancy at birth for women (Years, 2007)	73.0	84.8
Life expectancy at birth for men (Years, 2007)	73.0	78.2

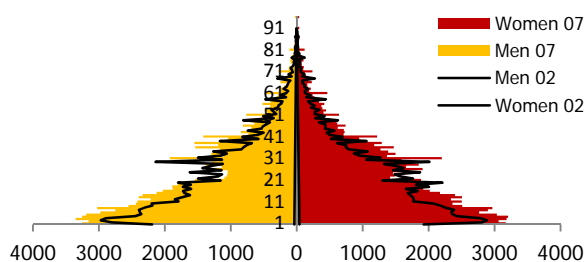
(1) INSEE 2011 population survey; (2) Density of French population in 2010; (3) Between 2002 and 2012; (4) TFR in 2009  
Source: INSEE.

Population in 2017



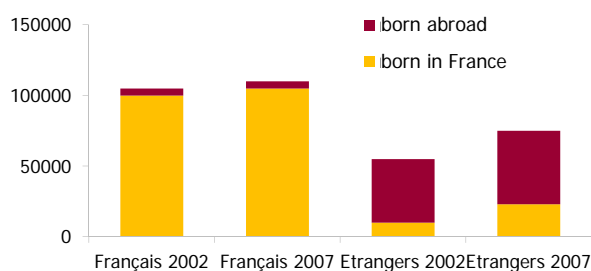
Source: INSEE.

Age pyramid in 2002 and 2007



Source: INSEE.

Population by nationality and place of birth



Source: INSEE.

## ECONOMY AT A GLANCE

Key economic indicators	Mayotte	France
GDP (billions of constant euros, 2009)	1.4 <sup>(1)</sup>	1,885.8
GDP growth rate (% , constant euros, 2009)	11.0 <sup>(1)</sup>	-3.1
GDP per capita (constant euros, 2009)	6,575 <sup>(1)</sup>	29,247.0
Import dependency rate <sup>(2)</sup> (% , 2009)	26.1	25.0
State expenditure in the Territory (in % of GDP, 2009)	34.1	-
Debt of territories (% of GDP, 2009)	9.8	8.2

(1) Cerom estimations, in constant euros; (2) (imports)/(GDP); (3) Public debt notified or in the sense of Maastricht

Sources: Insee, Customs, Employment Agency, Cerom, AFD, General Treasury, Region, Department.

In 2009, the gross domestic product stood at EUR 1,396m. It rose by an annual average of 11% between 2005 and 2009. The institutional sector of public administrations is the main contributor to wealth creation in Mayotte. Its added value represents just over half of GDP (50.5%, up 1.5 points compared to 2005). The business share has fallen 2 points (22.6% in 2009), while that of households (including individual companies) has risen slightly (from 26% in 2005 to 26.9% in 2009). However, these two institutional sectors contribute to growth and their added

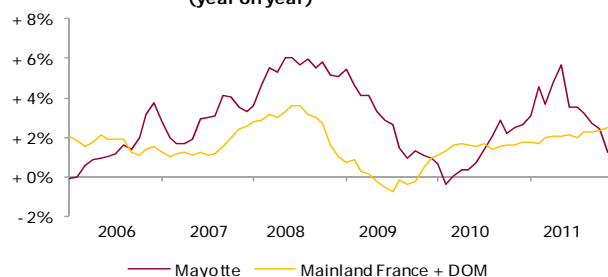
values experienced dynamic growth between 2005 and 2009. Consumption continues to be the main driver of Mayotte's economy.

Despite this extremely dynamic growth over the period 2005-2009, GDP per capita remains four times lower than in mainland France. It is eight times higher than in the Comoros.

### Volatile prices

The consumer price index is more volatile in Mayotte than in mainland France. The increase in demand for goods can partly be explained by the economic development of the island and the improvement in the standard of living. This demand, along with high shipment costs and the increase in world commodity and hydrocarbon prices, all contribute to pushing up the general price level. The change in the CPI is mainly due to the fluctuations in prices for services and energy.

General consumer price index (year on year)



Source: INSEE.

## Labour market marked by transition towards a service economy

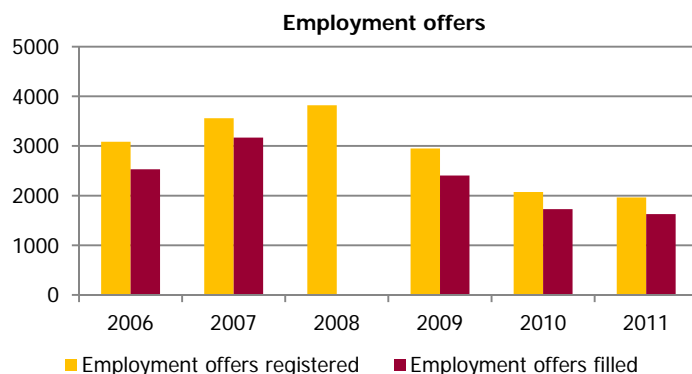
Employment is marked by the island's transformation to a service economy. Employment in the service sector is developing at a faster pace than in the primary and secondary sectors. Public administrations are the largest employer (54% of total employment) and the private sector is growing rapidly. The unemployment rate was estimated at 17.6% in 2009. However, this figure underestimates the full extent of unemployment on the island. Indeed, ILO criteria for defining unemployment create an extremely strong "halo" around unemployment in Mayotte, with 29,300 inactive people wanting to work who are not included as being unemployed by ILO.

Unemployment is mainly due to the mismatch between professional qualifications and the needs of the productive sector.

Employment	2002	2007	Evol. 07/02 <sup>(1)</sup>
<b>Total employment</b>	<b>31,514</b>	<b>37,910</b>	<b>3.8%</b>
<b>Self-employment</b>	<b>7,879</b>	<b>12,889</b>	<b>10.3%</b>
<b>Paid employment</b>	<b>23,636</b>	<b>25,021</b>	<b>1.1%</b>
Agriculture	2,127	2,002	-1.2%
Industry	945	1,251	5.8%
Construction	2,364	2,002	-3.27%
Trade	3,309	3,002	-1.93%
Market services	4,254	3,753	-2.48%
Non-market services	7,800	9,007	2.92%
Activity related to casual jobs	2,836	4,003	7.14%

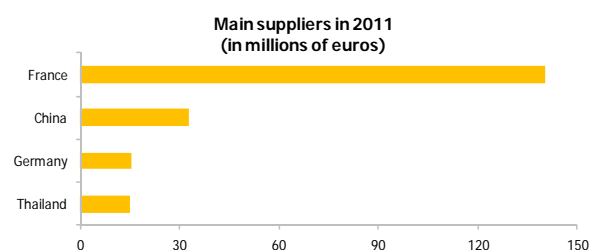
(1) Average annual trend

Source: Insee.

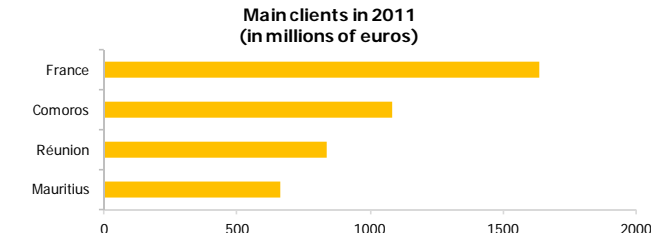


## Trade balance structurally in deficit

Trade is characterised by a heavy predominance of imports. The structural deficit of the trade balance is becoming more marked year after year. This trend can be explained by both the continuing increase in imports due to the rise in living standards and the household equipment rate, and by the low level of exports, which show uneven behaviour. Mainland France is the main trade partner, both for imports and exports of Mayotte's specific products. The Comoros are Mayotte's second largest client, mainly for re-exports of commodities.



Source: Regional Customs Department.



Source: Regional Customs Department.

Import values (in thousands of euros)	2011
Food products	92,058
Energy	68,364
Machines and equipment	62,770
Chemical products	34,694
Transport equipment	31,155
Other	106,520
<b>Total</b>	<b>395,561</b>

Source: Regional Customs Department.

Export values (in thousands of euros)	2011
Aquaculture	210
Ylang-ylang	65
Re-exports	5,001
<i>Incl.: Machines and equipment</i>	<i>1,188</i>
<i>Transport equipment</i>	<i>2,050</i>
<i>Metals and metal structures</i>	<i>1,225</i>
Other	6825
<b>Total</b>	<b>12,101</b>

Source: Regional Customs Department.

## MAIN SECTORS OF ACTIVITY

Main sector indicators	2011	2011/2001 <sup>(1)</sup>
Cement imports (thousands of euros)	4,750	2.40%
Number of building permit requests	1,271	4.50%
Passenger traffic at Dzaoudzi Airport	289,919	3.60%
Passenger traffic at port (cruise passengers)	1,126	-17.10%
Number of establishments (hotel stock)	72	5.80%
Number of beds	1,119	10.10%

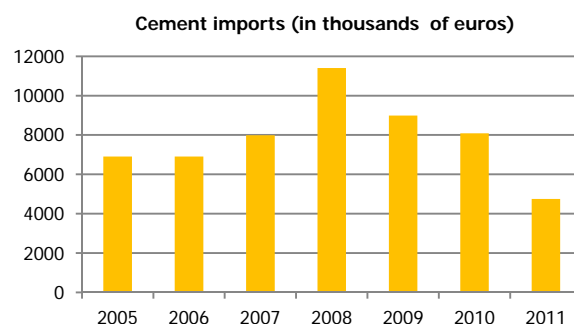
(1) Average annual growth rate

Sources: Tourism committee, Customs Department, civil aviation, DEAL, port management.

Mayotte's economic fabric mainly comprises very small units (90% of active companies have less than 5 employees). There are around 500 "large corporations" (i.e. with an annual turnover in excess of EUR 150,000). The trade, transport and personal services sectors account for 58% of the added value of large corporations.

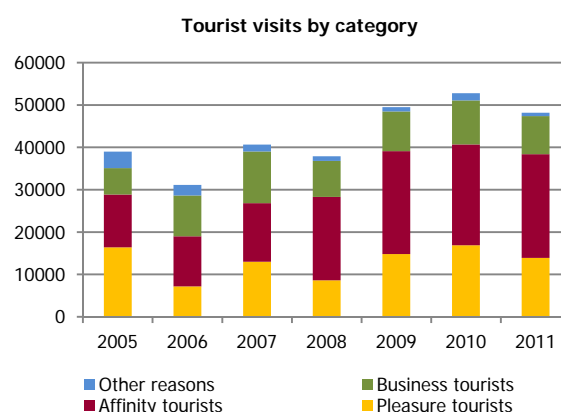
## Construction and public works, a strategic sector in decline

The construction and public works sector has been one of the engines of Mayotte's economy over the past ten years, with activity driven by both public procurement (significant needs for infrastructure) and private orders (population growth and increase in incomes). The sector employed 10% of declared employees and accounted for around 16% of the added value of large companies. Since 2008, the construction and public works activity has deteriorated significantly due to the slowdown in construction and housing sales and delays in the launch (or absence) of large-scale projects. With an extremely low level of orders and the widespread lengthening of payment periods, particularly by local authorities, many companies have had to reduce their workforce or close.



## Tourism, untapped potential

In 2010, tourism accounted for around 7% of active companies in Mayotte and employed less than 2% of the workforce. Tourism remains limited, despite the island's potential for natural and cultural tourism. This sector suffers from the low level of quality and quantity of reception facilities, combined with the lack of qualifications of the workforce. It is also limited by the fact that the destination has only recently been promoted and by the high cost of air travel. However, for Mayotte, tourism is a sector of activity with great potential to create added value and employment. A Tourism Development Master Plan was defined for Mayotte in 2006 with the aim of reaching a target of between 120,000 and 150,000 visitors a year by 2020, against the current figure of 53,000. The Departmental Tourism Committee is conducting activities and taking part in regional and national events in order to promote and sell Mayotte as a destination.



## FINANCING OF THE ECONOMY

There are five locally established banking institutions: three commercial banks (Banque française commerciale Océan Indien, Banque de La Réunion and Banque Postale) and two mutual or cooperative banks (BRED-BP and CRCA). The only locally established financial company, SOREFI, closed its Mayotte branch in October 2011. However, other establishments operate directly from Réunion or mainland France without necessarily having a local branch. Despite a local economic situation which continued to be difficult in 2011, the banking and financial system has managed to come up with appropriate solutions to continue to finance Mayotte's economy. However, the growth of outstanding performing loans in 2010 (+0.5%) and 2011 (+2.2%) is well below the 2007-2008 level (over 30%). The recovery in 2011 was driven by the continued high level of investment by local authorities (with a 14.2% increase in outstanding loans, *i.e.* +EUR 19.9m) and, to a lesser extent, by short-term business loans (+32.1%, *i.e.* +EUR 8.4m) and home loans to households (+5.8%, *i.e.* +EUR 7.2m). Indeed, the latter have withstood the slowdown in business investment loans seen in 2011 (-6.5%, *i.e.* a EUR 12.3m decline in outstanding loans). Finally, risk at the local level has increased due to the economic and financial crisis which started in 2008 (5.1% of total outstanding loans impaired at the end of December 2011, against 3.3% at the end of 2007). Net issuances of banknotes and coins have, for their part, continued to increase at a sustained pace (+21% in value in 2011 after +17% in 2010), strengthening the use of cash as the first means of payment in the island's economy.

Main financial indicators	2002	2011	Main financial indicators (in millions of euros)	2002	2011
Number of bank branches	9	25	Total locally-held financial assets	210.3	392.4
Number of ATMs	23	53	<i>Incl. companies</i>	56.5	126.5
Number of current accounts	20,191	52,220	<i>Incl. households</i>	60.6	202.2
Number of special savings accounts	34,693	58,669	Healthy outstanding credit of economic agents <sup>1</sup>	306.3	747.2
Number of deposit accounts	196	496	<i>Incl. companies</i>	150.8	260.7
Total number of accounts	55,080	111,390	<i>Incl. households</i>	62.5	245.6
Rate of use of banking system	35%	53%	<i>Incl. Local authorities</i>	86.4	172.1
Number of cases of overindebtedness	0	13	Rate of doubtful loans <sup>1 2</sup>	2.6%	5.1%

Source: IEDOM.

<sup>1</sup> With all credit institutions (established locally or not)

<sup>2</sup> Doubtful loans/ total outstanding loans

**N.B.: The data used in this note are as of 31st December 2011.**

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