



Saint-Martin at a Glance

STRUCTURAL CHARACTERISTICS

Capital	Marigot
Surface area	56 km ² (excl. Sint Maarten - 34 km ²)
Geographical location	Antilles Arc - Paris at 6,700 km, New York at 2,700 km, Guadeloupe at 260 km
Languages	French, English, Creole
Currency	Euro
Status	Overseas Territory (COM) and Outermost Region (OMR)
National representation	1 senator, 1 representative at the Economic, Social and Environmental Council 1 MP for the two islands (Saint-Martin and Saint-Barthélemy)
State representation	Delegated prefect for the two islands

Historical milestones

The island of Saint-Martin lies in the north of the Antilles Arc, midway between Puerto Rico and Guadeloupe (260 km) and around 25 kilometres to the northwest of Saint-Barthélemy. The island is thought to have been discovered by Christopher Columbus during his second voyage to the Antilles on 11th November 1493, Saint-Martin's Day. It was successively occupied by the French, Dutch and Spanish. The Spanish left in 1648 and the island was taken over by the French and Dutch. On 13th March 1648, they signed a treaty to share the island (Mont Concorde Treaty), which defined the boundaries of their respective sovereignties. The island has since been divided in two, with free movement between the two parts: a Dutch part (Sint Maarten) in the south, with a surface area of 34 km², and a French part in the north covering 56 km², where the Prefecture of Saint-Barthélemy and Saint-Martin is located.

Saint-Martin's administrative status as a municipality of the department of Guadeloupe, in force since 1947, came to an end in 2007. Indeed, the process to change its status, which was set in motion by the islands of Saint-Martin and Saint-Barthélemy about ten years before, culminated in the adoption on 21st February 2007 of a new status as an overseas territory (COM), following a referendum on 7th December 2003, approved by 76.2% of voters in Saint-Martin.

Institutional organisation

On 15th July 2007, the new territory of Saint-Martin was officially established with the creation of its regional council, comprising 23 members. Its institutions, which have been operational since 2009, also include an Executive Council and an Economic, Social and Cultural Council (CESC).

Saint-Martin is governed by the Organic Law of 21st February 2007 and exercises all the powers devolved to the municipality, department and region, as well as those that the State of France has transferred to it. The new territory is now responsible for taxation, road transport, seaports, road systems, tourism, land in the public domain and immigration work permit policy. Urban planning, construction, housing, energy and organisation of public services and institutions are also domains within the competence of the territory. It may also adapt laws and regulations related to land in the public domain and education. However, the State remains competent for criminal, commercial, monetary, banking and financial law, which is why a delegated Prefect is appointed, representing the State and Government in the territories of the islands of Saint-Martin and Saint-Barthélemy. The new Prefecture, which is competent for the two territories, is located in Marigot (Saint-Martin) and has an office in Gustavia (Saint-Barthélemy).

The municipality establishes a budget with State support. In this respect, the introduction of the General Turnover Tax (TGCA) in August 2010 was a key step in strengthening the municipality's tax resources. It concerns all economic operations, sales and service provision carried out in the territory of the municipality of Saint-Martin and has stood at 4% since 2014 (up 2 points compared to 2012). In 2015, this tax generated EUR 13.8m, *i.e.* a EUR 7.3m increase compared to 2012.

At European level, Saint-Martin officially became an Outermost Region (OMR) with the ratification of the Treaty of Lisbon, which came into force on 1st December 2009.

At national level, a seat in Parliament has been established for both islands, following a seat in the Senate, since the legislative elections in June 2012.

DEMOGRAPHY: VERY YOUNG POPULATION

In 2013, the population of Saint-Martin stood at 36,457 inhabitants.

The population trend has been relatively volatile since the 1960s. This phenomenon is due to significant variations in net migration, with the contribution of the natural increase only diminishing slightly over the period.

The period between 1982 and 1990 was particularly marked by a significant increase in net migration. In 1990, the foreign community accounted for over half of the total population. Following this period, net migration had negative impact on population growth due to the establishment of immigration laws.

For 2008-2013, the population even declined (annual average of -0.6%), with the natural increase not offsetting the negative net migration.

Saint-Martin's population is extremely young. In 2013, 40.3% of the population was under 25 (against 31.9% in Guadeloupe). The average age of the population stood at 32.8 years old, against 28.2 in 1999. The population is expected to remain young until 2030 (25.6% of the population under 15, against 27.6% in 2013), despite a sharp increase in people over 65 (10.3% in 2030, against 6.4% in 2013).

The average population density in the French part is well below the Dutch part (636 inhab./km², against 1,061 hab./km²).

Demographic indicators

	Saint-Martin	Mainland France
Population (at 01/01/2013, millions for France)	36.457	65.6
Percentage of under 25s (2013)	40.3%	30.3%
Percentage of 25-64 year olds (2013)	53.3%	51.8%
Percentage of 65 years old and over (2013)	6.4%	17.9%
Population density (inhab./km ² , at 01/01/2013)	636	115
Annual average population growth rate (%)	-0.6 (avg. 08-13)	0.5 (avg. 08-13)
Birth rate (for 1,000 inhabitants, 2013)	20.9	12.3
Mortality rate (for 1,000 inhabitants, 2013)	3.5	8.7

Sources: INSEE, 2013 population survey – main exploitation, Civil Registry statistics, population densities are obtained by dividing the population in 2013 by the surface area (for Saint-Martin: 56 and for mainland France: 552,000).

THE ECONOMY AT A GLANCE

Saint-Martin's economy was characterised by sluggish per capita growth between 1990 and 2010. In 2010, the territory's per capita GDP stood at EUR 14,700,¹ against EUR 14,500 eleven years earlier. It is well below the French national average (EUR 29,905 in 2010) and slightly below the level in Sint Maarten (EUR 16,000).

Saint-Martin's economy is largely service-based. 86% of employment was in market services (57.8%) and non-market services (28.2%) in 2013.² Construction and industry account for 8.1% and 5.5% of employment, respectively. Agriculture, livestock raising and fishing are only marginal activities with little impact on activity on the island.

In order to understand the issues related to the economic and social development of Saint-Martin, it is necessary to take into account the territorial continuity of Saint-Martin with the Dutch part (Sint Maarten), which creates a highly competitive situation. On 12th October 2010, France ratified the Franco-Dutch customs cooperation agreement in Saint-Martin in order to strengthen cooperation between the two parts of the island. A forum for dialogue between the two parts of the island was also established in late 2011. This mixed commission aims to formalise relations between the authorities in the areas of security, the environment, energy, waste treatment, health, education and immigration. This process has been continued, with several cooperation meetings held since 2013, which have defined the conditions for cooperation and the priority areas.

Main economic indicators

	Saint-Martin	Sint Maarten	France
GDP (billions of constant euros, 2010)	0.544 ⁽¹⁾	-	1,946
GDP per capita (constant euros, 2010)	14,700 ⁽¹⁾	16,000	29,905
Unemployment rate (%), 2012)	33.3 ⁽²⁾	11.5 ⁽³⁾	9.9 ⁽⁴⁾

(1) CEROM estimation.

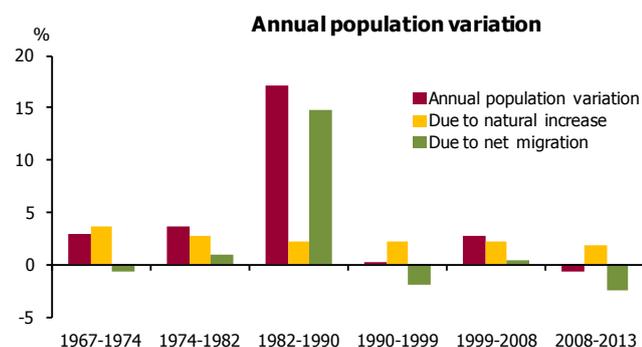
(2) Following the survey.

(3) Following the survey, in 2011 (4), following ILO, on average for 2012 for mainland France.

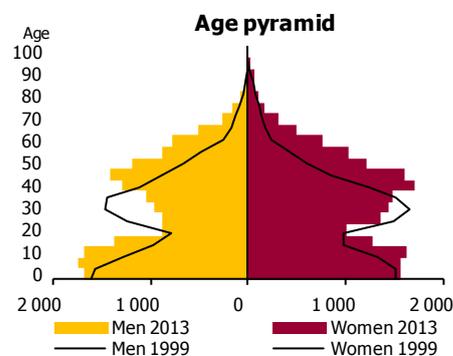
Sources: INSEE, Territory of Saint-Martin, IMF World Economic Outlook Database, CEROM.

¹ CEROM note, "Estimation of PIB per capita in Saint-Martin", October 2014.

² INSEE, 2013 population survey, main exploitation.



Source: INSEE, population survey - main exploitation - Civil Registry



Source: INSEE, 1999 and 2013 population surveys - main exploitation.

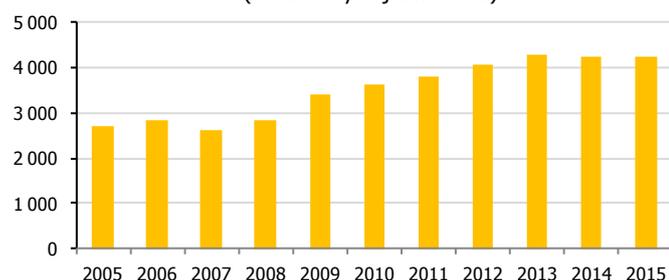
High level of unemployment

After having fallen in 2007, the number of category A jobseekers according to French definition (jobseekers with no employment at all) constantly increased between 2008 and 2013. 2014 marked an end to this trend, with the number of category A jobseekers declining by 1.7% before stabilizing in 2015 (+0.2% year-on-year). Women are the most disadvantaged in their access to the labour market and accounted for 59.7% of jobseekers in 2015. Young people under 25 and the over 50s accounted for 10.6% and 31.0% of jobseekers, respectively.

In 2012, the unemployment rate in the French part stood at 33.3%,¹ against 26.6% in 1999. As the economic policies for employment and social protection are different on the Dutch side, the unemployment rate in Sint Maarten only stood at 9.2%² in 2013.

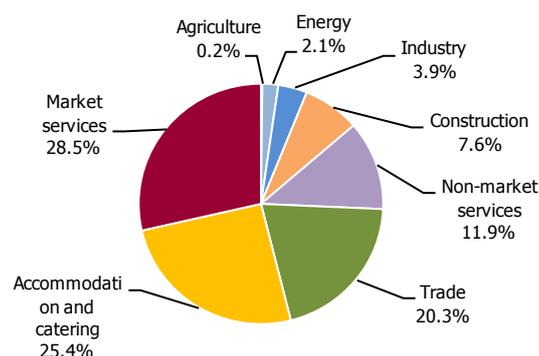
In Saint-Martin, three-quarters of jobs are salaried positions, mainly "people with civil servant status and with permanent contracts" (80.0% of salaried employment). Non-wage employment accounts for 23.0% of employment and mainly concerns self-employed workers (69.5% of non-wage employment). At the end of 2015, 6,380 salaried jobs were registered in the private sector. As tourism is a major centre for Saint-Martin's economy, the accommodation and catering sector accounts for a quarter of these jobs. The other market services, as well as the retail sector, also have a significant weight in paid employment in Saint-Martin (28.5% and 20.3%, respectively).

Number of category A jobseekers
(seasonally adjusted data)



Source: DIECCTE.

Breakdown of paid employment in the private sector in 2015



Source: Acoess-Cgss, 2015 figures.

Majority of low incomes

The distribution by income group of tax residents in Saint-Martin³ is very different from that of mainland France. It is more similar to that of Guadeloupe and is characterised by a majority of low incomes. In 2013, 61.2% of Saint-Martin's tax residents declared a net taxable income of under EUR 10,000, against 49.1% of tax residents in Guadeloupe and 22.9% for tax residents in mainland France. Only 9.8% of fiscal households in Saint-Martin declare an income of over EUR 30,000, against 16.3% in Guadeloupe and 36.4% for tax residents in mainland France.

MAIN ACTIVITY SECTORS

Saint-Martin's economy used to be based on the exploitation of salt marshes and tobacco growing, then on cotton and sugarcane, but is today largely service-based and heavily dependent on tourism.

Main sectoral indicators	2015	AAGR ⁽¹⁾ 05-15	2015	AAGR ⁽¹⁾ 05-15	
Number of overnight hotel stays	314,000	-10.4%	Inter-island traffic	148,074	-1.3%
Number of hotel rooms	1,611	-2.3%	Passengers at airport	99,672	1.5%
Occupancy rate	56.8%	0.7 pts	Building permit applications	107	-5.7%
Number of cruise passengers	4,527	-5.7%	Building permits issued	73	-5.8%

(1) Average annual growth rate.

Sources: Port of Marigot, Territory of Saint-Martin, Grand Case Airport, AHSM.

French side benefits little from dynamic tourism industry

The tourism industry, which benefitted from the opportunities created by the tax reductions of the 1980s, is one of the pillars of Saint-Martin's economy.

Over the past ten years, tourist visits to the island (French and Dutch parts) have increased by an annual average of 2%. They have been badly disrupted by climate hazards, such as the cyclones in 1999 and 2000, the events of 11th September 2001, and the various international economic crises.

¹ INSEE, statistical results from the 2012 population survey, main exploitation.

² Following the survey, Department of Statistics, Sint Maarten Statistical Yearbook 2015.

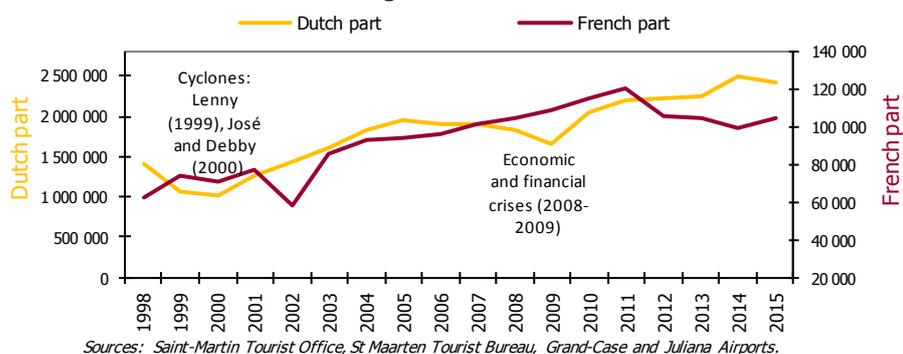
³ Tax residents in Saint-Martin are households established before 15th July 2007, as well as those established after this date but with at least 5 years of residence in the territory. These residents do not make a national tax return, but a tax return specific to regulations in Saint-Martin, which is recorded by the territory. State tax residents living in Saint-Martin are households established in Saint-Martin after 15th July 2007 who have not resided in the territory for at least 5 years. These residents make a national tax return, which is recorded (as is the case in mainland France and in Guadeloupe) by the Public Finances General Directorate (DGFIP).

In 2015, there were some 2.5 million visitors to the island. Clients are mainly North American and, to a lesser extent, European and South American. As the French part does not have appropriate port and airport facilities for mass tourism, it receives less than 5% of visitors to the island.

Almost three-quarters of visitors are cruise passengers. Sint Maarten, which has the island's only deep water port in Philipsburg, attracts nearly all the cruise activity (99.6%) on the island of Saint-Martin. The port of Marigot, which does not have the facilities to accommodate deep draught cruise ships, targets a high-end clientele travelling on smaller vessels (100 to 360 passengers).

Furthermore, the port is highly exposed to strong swells, making it difficult to navigate around the quays.

Passenger arrivals on the island



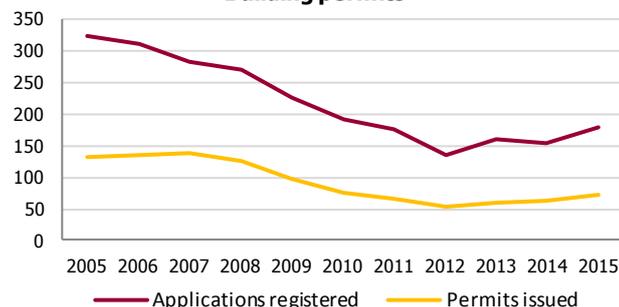
Sources: Saint-Martin Tourist Office, St Maarten Tourist Bureau, Grand-Case and Juliana Airports.

Construction industry in difficulty since 2009

Up until 2008, the island's population growth and economic development contributed to growth in the construction industry, despite substantial competition from companies established in the Dutch part.

Despite the lack of statistics, the available qualitative elements would appear to indicate a significant slowdown in activity in the sector, particularly since the end of 2008, in connection with the first signs of the crisis, and in a context whereby the municipality's financial scope of action has been considerably reduced since it changed status. In 2014, the Cité Scolaire school complex project launched by the municipality and certain private contracts gave some new momentum to companies in the sector, but it was not sufficient to regain the dynamism required for a recovery. In 2015, the activity remained weak, but the number of permit applications and number of building permits issued by the municipality rose by 17.6% and 15.9%, respectively, year-on-year. In 2015, the sector employed 7.6% of the private sector's workforce, against 10.4% in 2009.

Building permits



Source: Territory of Saint-Martin.

FINANCING OF THE ECONOMY

In 2014, there were six local credit institutions in Saint-Martin, including four banks affiliated to the French Banking Association (AFB) and two mutual banks. These institutions, which employ 62 officers, have a total of 14 bank branches and 28 ATMs.

Between 2011 and 2015, the outstanding amount for performing loans rose from EUR 204.2m to EUR 215.1m, with an average annual increase of 1.3% over the period.

In 2015, the lending activity confirmed its recovery, which started the year before, (+6.7%, after +3.5%). This improvement is attributable to the good performance of business loans (47% of outstanding loans), driven by investment loans (+25.7%, after +10.7% in 2014). Household loans saw a return to growth, driven by the increase in home loans (+8.1%, against -0.9% in 2014).

Between 2011 and 2015, financial assets rose from EUR 257.8m to EUR 357.5m, with an average annual growth rate of 8.5%. In 2015, corporate assets accounted for 55.1% of total assets and maintained a strong level of growth (+12.4%). Overnight deposits continue to be the main financial assets held by the municipality's economic agents (66.2%).

Monetary and financial indicators	2011	2015
Number of inhabitants per bank branch	2,592	2,643
Number of inhabitants per ATM	1,251	1,322
Number of current accounts per inhabitant	0.42	0.49
Financial assets of economic agents ⁽¹⁾ (EUR M)	257.8	357.5
Outstanding performing loans of economic agents ⁽²⁾ (EUR M)	204.2	215.1

(1) From local credit institutions, excl. La Banque Postale.

(2) Total lending from credit institutions, excl. La Banque Postale.

Source: IEDOM.

Business indicators	2015
Financial assets ⁽¹⁾ (EUR M)	196.9
Bank loans ⁽²⁾ (EUR M)	101.1
Incl. operating loans (%)	8.9
Incl. investment loans (%)	75.7
Incl. property loans (%)	16.5

(1) From local credit institutions, excl. La Banque Postale.

(2) Total lending from credit institutions, excl. La Banque Postale.

Source: IEDOM.

Household indicators	2015
Financial assets ⁽¹⁾ (EUR M)	124.3
Bank loans ⁽²⁾ (EUR M)	108.3
Incl. consumer loans (%)	18.7
Incl. home loans (%)	89.5

(1) From local credit institutions, excl. La Banque Postale.

(2) Total lending from credit institutions, excl. La Banque Postale.

Source: IEDOM.

N.B.: The data used in this note are as of 31st December 2015.

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