

Outlook for Guadeloupe

STRUCTURAL CHARACTERISTICS

Capital	Basse-Terre
Surface area	1,628 km ²
Geographical location	Antilles Arc – New York – 2,950 km, Paris 6,800 km, Guadeloupe 200 km
Languages spoken	French + Creole
Currency	Euro
Status	Overseas Department and Region (DROM) and ultra-peripheral region (RUP)
Global HDI rank (2010)	30
National representation	4 deputies, 3 senators, 1 representative on the EESC
State representative in Guadeloupe	Prefect

Historic milestones: from settlement to becoming a department

Guadeloupe is part of a semi circled string of isles that make up the Antilles Arc, between Puerto Rico and the American mainland. Its history is closely linked to the European colonial expansion in the Caribbean. Traces of the first inhabitants, originally from South America, date back to 3,500 BC. The island was then occupied by the Arawak Indians around 700 B.C. Between the ninth and fourteenth century, the Carib or Kalina Indians arrived on the island, christening it Karukera ("the island of beautiful waters"). Christopher Columbus disembarked at Sainte-Marie on 4 November 1493 and christened the island "Guadeloupe".

Guadeloupe's economic direction was sketched out around 1644, with the growing of sugar cane which required significant manpower, drawn from the triangular trade between Europe, Africa and the American mainland. The "code noir" (Black Code) of 1685 organised economic and social life: after an initial attempt under the 1794 convention, not until 1848 was slavery abolished once and for all, thanks to the work of Deputy Victor Schœlcher. The first free workers from the Indies arrived in Saint-François in 1853 to replace the workforce lost from the plantations. Since 1871, without interruption, Guadeloupe has been represented in the French parliament.

On 19 March 1946, the National Assembly formally gave Guadeloupe the status of a French overseas department (DOM). This new status provided a certain amount of economic benefits, but social conditions were slower to improve. In 1983 Guadeloupe became a single department region.

On 7 December 2003 the population were consulted about the creation of a single collectivity to replace the department and the region in accordance with article 73 of the Constitution. The no vote won, with 72.98% of votes cast and a participation rate of 50.34%. The law of 21 February 2007, on statutory and institutional provisions relating to overseas territories, created the two new collectivities of Saint-Martin and Saint-Barthélemy, previously communes in Guadeloupe.

Institutional organisation: a single department region

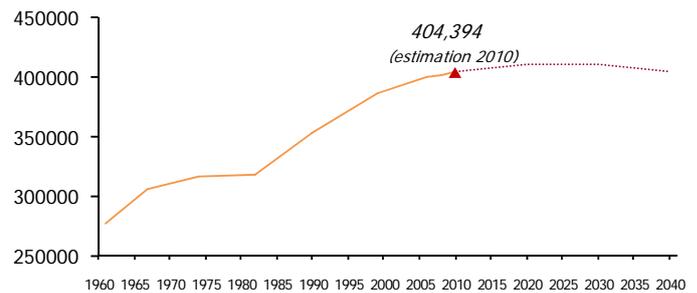
The institutional framework of French overseas territories was defined by the constitutional law of 28 March 2003 relating to the reform of the decentralised organisation of the Republic. Since the departmentalisation laws of 19 March 1946 and 31 December 1982, Guadeloupe has been a department and a region but, unlike its counterparts in mainland France, its territorial footprint covers a single department and it has extended powers, in particular in terms of local public finances. The constitutional reform of 28 March 2003 confirmed this dual institutional footing, creating the name of "**Overseas Departments and regions**" (DROM). DROM are governed by the principle of legislative identity. Nevertheless, adaptations to laws and regulations applicable on the mainland are authorised, when due to the "specific characteristics and limitations of collectivities". At a community level, Guadeloupe, like other overseas territories, is an Ultra-peripheral region (RUP). This regime provides for the applicability in principle of all community law, and allows it to benefit from structural funds.

AN AGEING POPULATION

The population of Guadeloupe was estimated to be 404,394 inhabitants at 1 January 2010, or 0.6% of the French population. Its current growth rate (0.5 %) is three times weaker than between 1982 and 1990 (1.4 %), and less than that of mainland France (0.7% a year). This growth is set to further slow to the point of becoming negative between 2030 and 2040: Guadeloupe will then have the same number of inhabitants as today.

While the population of the archipelago is younger than that of the mainland, it is ageing due to a declining birth rate and the emigration of young people to the mainland. With today's population ageing, the share of the over 60s should reach 40% in 2040. Guadeloupe will then be the third oldest region in terms of population in France, after Corsica and Martinique, with an average age of 48 compared with 36 in 2009.

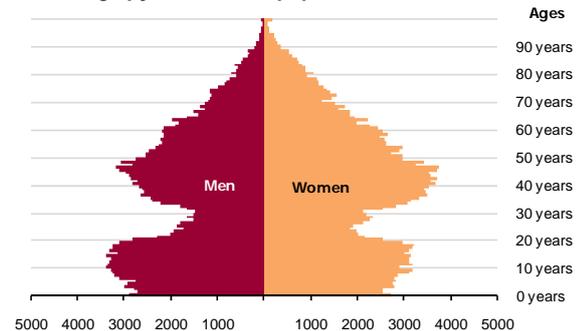
Guadeloupe population by growth by 2040



Source: INSEE - Census, pop. Estimates, projections

Main demographic indicators	Guadeloupe	Mainland
Population at 1 January 2010 (estimate)	404,394	62,469,000
Proportion under 20 (2009, %)	30	25
Proportion from 20 to 59 years (2009, %)	52	53
Proportion over 60 (2009, %)	18	22
Population density (2010, inhab/km ²)	248	114
Average annual growth rate (1999-2010, %)	0.4	0.6
Birth rate (2009, ‰)	13.6	12.7
Mortality rate (2009, ‰)	7	8.5
Child mortality rate (2008, ‰)	6.9	3.8
Fertility rate (in 2007)	2.27	1.99
Life expectancy (M/F, 2007)	76.2/83.3	84.4
Proportion of illiterate people from 16-65 (2008, %)	25	9

Age pyramid of the population in 2009



Source: INSEE

OUTLOOK FOR THE ECONOMY

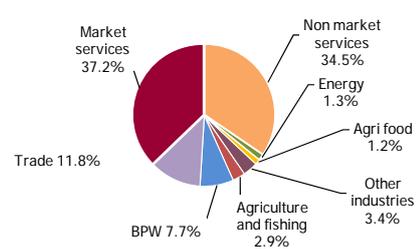
Guadeloupe's economy benefitted from sustained growth between 1993 and 2008 (+3.1% a year in volume), driven by consumption and investment. This was accompanied by an increased focus on the service sector. GDP per capita remains 39% less than that of the mainland, although this gap has fallen 8 points in fifteen years. The trend was reversed in 2009 when, suffering from the dual effect of the international and social crisis, GDP declined. 2010 saw a return to growth, with GDP in volume up 2.7 %, thanks to a rebound in investment (+7.7 %) and household consumption (+1.6 %). The island's most important industrial and commercial zone is located in the commune of Baie-Mahault, on the Jarry site, occupying a surface area of 300 hectares. Guadeloupe's economic heart, according to the INSEE this zone employs over 12,000 people from Guadeloupe and generates 23% of regional added value.

Main economic indicators	Guadeloupe
GDP (2010, €bill.) ¹	8.6
GDP Growth rate ¹ (2010, %, in volume)	2.7
GDP per capita (2010 ¹ , €)	21,280
Inflation rate (year on year at 31.12.10, %)	3.3
Unemployment rate (in %, 2010)	23.8
Number of cat A. jobseekers (end Dec 2010)	53,660
Total imports (2010, €M)	2,213
Total exports (2010, €M)	156
Trade balance (2010, €M)	-2,058
Cover rate ² (2010, %)	7
Import dependency rate ³ (2010, %)	27.1
Financial support from Europe between 2007 and 2013 (€M)	871.2

¹ CEROM provisional estimate, ² exports/imports, ³ imports/GDP

Sources: INSEE, CEROM, Customs, Trésorerie Générale de la Guadeloupe

Breakdown of added value in 2009

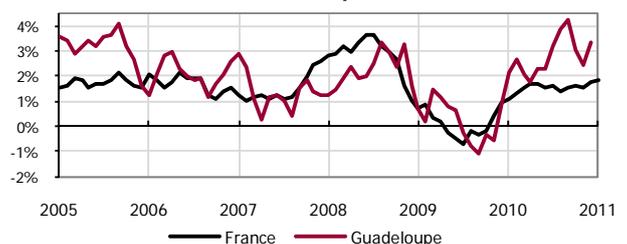


Source: INSEE

Moderate inflation over the decade

Between 2001 and 2010, the consumer price index grew at an average rate of 1.8% a year, that is to say an increase slightly higher than that observed at a national level (+ 1.7 %). Periods of high inflation are due mainly to rising energy prices. In 2010, inflation rose to 3.3% year on year, after 0.8% in 2009.

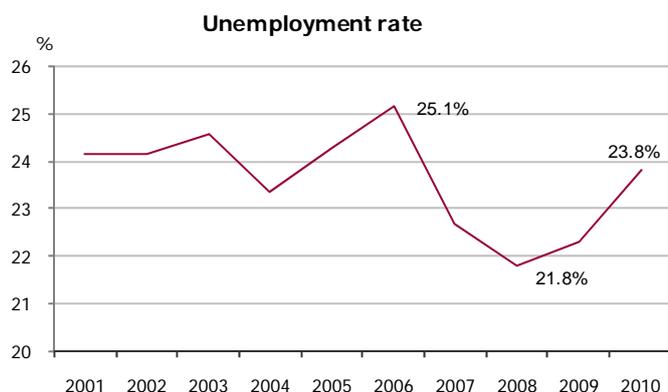
Annual consumer price variation



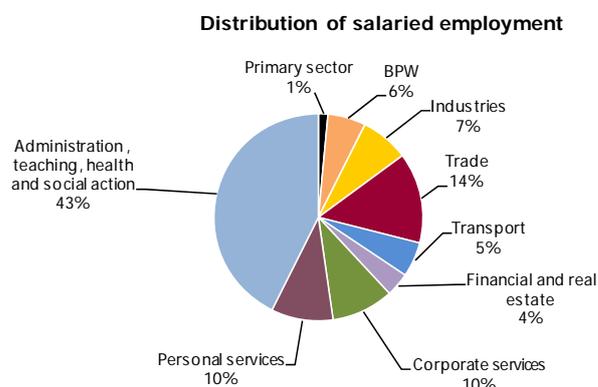
Source: INSEE

High unemployment

The employment market is notable for the predominance of salaried workers in the service sector, and by its high unemployment rate, standing at 23.8% in 2010. After falling between 2000 and 2007, the number of category A jobseekers (DEFM A) subsequently grew to reach its highest level of the decade, with 53,660 registered job seekers in 2010. Since 2000, the creation of salaried jobs has nevertheless been significant, with a more dynamic culture of company creation.



Source: INSEE

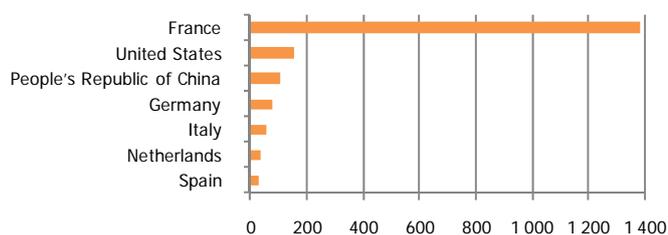


Source: INSEE, CLAP, nombre de postes au 01/01/2009

Marginal regional trade

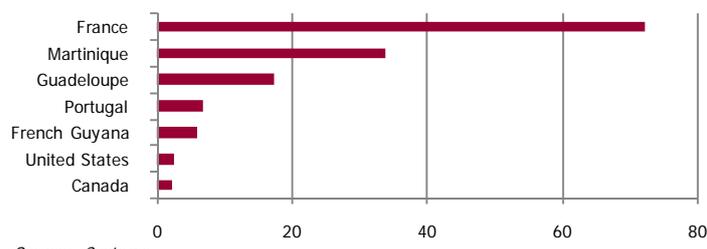
Like other overseas territories, Guadeloupe is notable for the weakness of its imports and high dependency on imports: the cover ratio stood at 7% in 2010. France is the main customer and provider of the island. Regional trade is nevertheless marginal, and mainly aimed at the United States (Puerto Rico), for imports of refined oil, and Martinique for exports of electrical devices, telephony and fibre optics.

The top 7 providers in 2010
(in millions of Euros)



Source: Customs

The top 7 customers in 2010
(in millions of Euros)



Source: Customs

The main products imported in 2010 (en millions of €, in %)

Other industrial products	855.8	39%
Mechanical equipment and electrical materials	433.9	20%
Agri-food products	392.6	18%
Transport equipment	290.4	13%
Refined oil products	153.3	7%
Agricultural and fishing products	46.9	2%
Other products	40.6	2%
Total imports	2213.5	100%

Source: Customs

The main products exported in 2010 (en millions of €, in %)

Agri-food products	50.6	32%
Other industrial products	34.5	22%
Agricultural and fishing products	23.8	15%
Mechanical equipment and electrical materials	19.9	13%
Transport equipment	15.9	10%
Natural hydrocarbons, electricity, waste	9.3	6%
Other products	1.8	1%
Total exports	155.8	100%

Source: Customs

THE MAIN BUSINESS SECTORS

The structure of the Guadeloupe economy has changed notably since the beginning of the 90s, and has seen the rapid development of a very dynamic private sector, mainly service oriented, supplanting the traditional sectors of agriculture, small business and building. In 2009, market and non market services contributed 72% to wealth production, ahead of building and public works (7.7%), other industries (3.4%) and agriculture (2.9%).

Sectoral indicators	2010	2010/2000 change
Cement consumption	239,473	-14.5 %
Number of airport passengers (thousands)	1,948	7.9 %
Number of cruise ship passengers	105,133	-59.0 %
Rum production (hectolitre of pure alcohol)	64,832	-3.5 % (2002)
Banana production (tonnes)	42,215	-51.9 %
Sugar production (tonnes)	60,000	-9.4 %

Sources : Ciment Antillais, Aéroport Pôle Caraïbe, Port autonome Guadeloupe, Customs, DRCCRF; Centre technique de la Canne à sucre

BPW in difficulty since 2009

BPW has been a key driver for the island's growth: its added value has grown an average of 6% a year over the last fifteen years. Characterised by its micro nature (less than 3% of companies employ over 10 employees), in 2009 it contributed 7.7% to wealth creation and employed 6,774 persons (excluding the collectivities of Saint-Martin and Saint-Barthélemy). Activity almost ground to a halt in 2009, penalised by the social context and the slowdown of public procurement. In 2010 the sector's situation remained difficult despite the urban renovation of Pointe-à-Pitre and Abymes and strong housing demand.

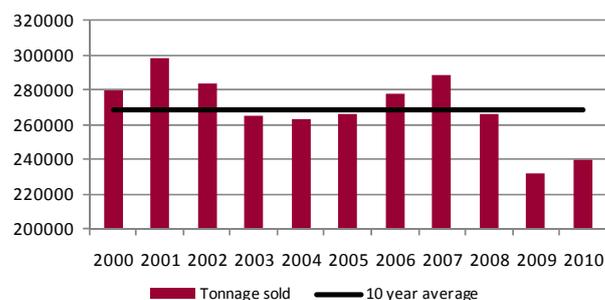
Tourist potential to be exploited

Tourism is a key player in the economic development of Guadeloupe, employing significant numbers of people, directly and indirectly. In 2010, the hotel and catering sector represented 3.2% of the department's wealth creation and employed 7,063 people (that is to say 6.3% of the salaried workforce, excluding the collectivities of Saint-Martin and Saint-Barthélemy).

This activity is down overall over the decade, and the 2009 social crisis interrupted the recovery observed as of 2005. The island welcomed 395,000 tourists in 2010 compared with 807,000 in 2000, the period seeing the closure of numerous hotels.

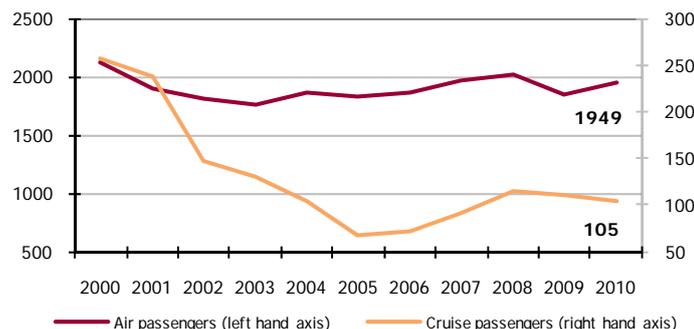
Signs of improvement have nevertheless been apparent since the summer of 2010, consolidating in Q4 with the "Route du Rhum" event which improved the destination's image.

Cement consumption



Source: Ciment Antillais, yc Iles du Nord

Air and cruise passengers (in thousands)



Source: PAG, Aéroport Guadeloupe Pôle Caraïbes

FINANCING OF THE ECONOMY

In 2010, there were 21 credit companies in Guadeloupe: five banks affiliated with the French Banking Association; six mutual and cooperative banks; seven financial companies; two specialist financial institutions and one specific institution. These establishments comprise a total of 181 bank branches, employing 1,919 people, with a total balance sheet of 10 billion Euros. The rate of local equipment in terms of bank tellers and ATMs has increased notably over recent years yet remains lower than the national rate.

Local banks have regularly contributed to the financing of the local economy: average annual growth for all outstanding loans agreed stood at 8.9% between 2004 and 2008 and just remained positive (+1.1%) during the 2009 crisis. In 2010, credit activity in the department saw a clear recovery (+6.8%), driven mainly by housing credits. Default rates remain high (8.3%), but have improved notably over the period: the bad debt rate fell 3.3 points between 2005 and 2010.

Companies

Cost of business loans	
Overall weighted average	5.19%
Short term	6.76%
Medium and long term	4.18%
Outstanding bank loans (all establishments):	€3,370M
Operating credits	-10.7%
Investment credits	+5.2%
Property credits	+1.9%
Assets (local establishments)	€1,318M
call deposits	+11.5%
liquid or short term savings	-11.1%
long term savings	+11.6%
Gross bad debt rate (local establishments)	8.3%
Number of legal entities subject to banking prohibition	2,937
Payment incidents affecting bills of exchange	1,323

Households

Number of inhabitants by bank teller (Dec 2010)	2,649
Number of inhabitants by ATM (Dec 2010)	1,217
Number of bank accounts by inhabitant	2.85
Number of bank cards by inhabitant	1.3
Outstanding bank loans (all establishments): March 2011	€2,730M
Consumer credits	+5.3%
housing credit	+10.9%
Financial Assets (local establishments)	€4,940M
call deposits	+6.7%
liquid or short term savings	+1.7%
long term savings	+8.3%
Household savings rates (2007)	15.5%
Physical persons subject to banking prohibition	21,357
Over indebtedness plans	350

Source: IEDOM at 31/12/2010 changes are annual

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Publication director: N. de SEZE – Editor in Chief: C. APANON

Publisher and Printer: IEDOM

Print date: November 2011 – Legal Deposit: November 2011 – ISSN 1952-9619