

Outlook for Saint-Barthélemy

STRUCTURAL CHARACTERISTICS

Surface area	21 km ² (25km ² including islets)
Geographical location	West Indies Arc - 6,500 km from Paris, 2,500 km from New-York, 230 km from Guadeloupe
Languages spoken	French, English, Creole
Currency	Euro
Status	Overseas collectivity (COM)
National representation	1 deputy, 1 senator, 1 representative on the Economic and Social Council
State representation	Delegate Prefect for Saint-Barthélemy and Saint-Martin

Historical milestones

The island of Saint-Barthélemy is located at the north-west of Guadeloupe at the limit between the Greater and Smaller Antilles, near the American Virgin Islands. It was discovered by Christophe Columbus in 1493, then occupied by the French from 1648. It was a refuge for the Caribbean Indians, then corsairs for a long time, until Louis XVI transferred it to the King of Sweden in return of warehousing rights in Gothenburg. The main village of the island was then renamed Gustavia after the name of the King of Sweden, Gustave III. By virtue of the treaty of 10 August 1877, ratified through an act of 2 March 1878, France recovered possession of Saint-Barthélemy, which was then attached to Guadeloupe. Saint-Barthélemy then became a Guadeloupean commune in 1946. When US billionaire David Rockefeller purchased a property on Saint-Barthélemy in 1957, the island quickly became famous and was transformed into a high-end touristic spot.

The administrative status of Saint-Barthélemy as a commune of the French department of Guadeloupe ended in late 2007. The statutory evolution process initiated in the previous decade by the islands of Saint-Martin and Saint-Barthélemy gave rise to the adoption of a new status as a French overseas collectivity on 21 February 2007 following the electoral poll of 7 December 2003, approved by 95.5 % in a referendum at Saint-Barthélemy.

How the commune became an overseas collectivity

The new French overseas collectivity of Saint-Barthélemy was officially founded on 15 July 2007 with the setting up of its territorial council, comprised of 19 members elected for 5 years.

Saint-Barthélemy is governed by the incorporating act (*loi organique*) of 21 February 2007 and exercises all the powers devolved to communes, the department and the region, as well as the powers with which it has been invested by the State. The new collectivity is now competent as regards taxation, road transport, road systems, tourism, urbanism, accommodation, environmental matters, and for setting up and organising the services provided by the collectivity's public facilities. The collectivity may also adapt laws and regulations related to land owned by local authorities and education. However, the French state remains competent as regards criminal, commercial, monetary, banking and financial law. Therefore, a prefect representing the French state and the government within the overseas collectivities of Saint-Martin and the Saint-Barthélemy islands was appointed. The new prefecture is located in Marigot (Saint-Martin) with an office in Gustavia (Saint-Barthélemy).

A new European status as from 1 January 2012

The modification of Saint-Barthélemy's status from an OR (Outermost Region) to an OCT (Overseas Country and Territory) as from 1 January 2012 was approved at the European level on 29 October by a unanimous vote of the European Council. Saint-Barthélemy will no longer be subject to European standards. Furthermore, due to its status as an OCT, the collectivity will be vested with customs powers.

The Euro remains Saint-Barthélemy's currency. The European Union and the French Republic entered into a monetary agreement to maintain the Euro. The French Republic will continue to enforce in Saint-Barthélemy legal acts and regulations necessary for the functioning of the economic and monetary union, in order, in particular, to ensure the unity of the Eurosystem's monetary policy, equalise conditions of competition between financial institutions located in the Euro area and prevent fraud and counterfeiting of means of payment and money laundering.

DEMOGRAPHICS

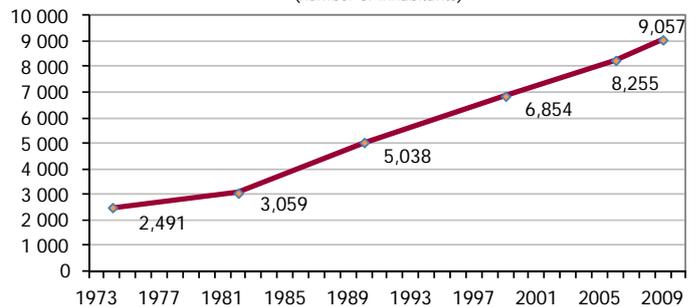
A heterogeneous population

In 2009 the population of Saint-Barthélemy was 9,057 inhabitants, against 6,854 in 1999. Its yearly demographic growth over the period is 2.8 %; this rate is significantly lower than the high figures of the 1980s (+6.4 %).

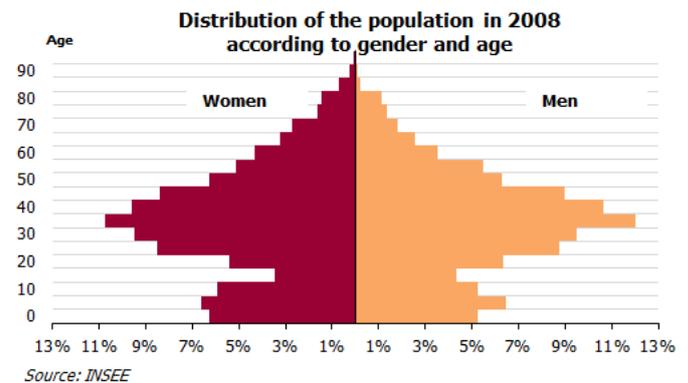
The population is relatively old: 21 % is under 20, against 31 % in Guadeloupe and 36 % in Saint-Martin. The over 60s represent 12.8 % of the population. The foreign population represents 13 % of the entire population (against 32 % in Saint-Martin) and essentially originates from the European continent.

Between 2003 and 2008, 1,825 people settled in Saint-Barthélemy, including 1,071 people from Metropolitan France.

The population of Saint-Barthélemy since 1974
(number of inhabitants)



Source: INSEE



Source: INSEE

Population as at 1 January 2009	9,057
Percentage of people under the age of 20 (2008, %)	21.8
Percentage of people aged 20 – 59 (2008, %)	65.8
Percentage of people over the age of 60 (2008, %)	12.4
Population density (2008, inhab/km ²)	413
Average annual growth rate (1999-2009, %)	2.8
Birth rate (2008, ‰)	12.4
Mortality rate (2008, ‰)	4.3

Source: INSEE (National Institute for Statistics and Economic Studies)

OUTLOOK FOR THE ECONOMY

Advanced economic development

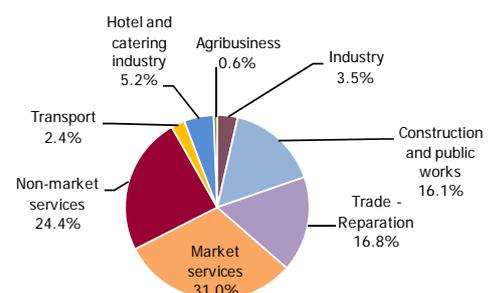
The CEROM (summarised economic accounts for overseas territories), involving INSEE, IEDOM and AFD (French Development Agency), estimated the GDP to be EUR 179 M in 1999, that is approximately EUR 26,000 per inhabitant. This level is 10 % higher than the metropolitan average at the same date.

Of the 4,539 companies registered by the Multi-Professional Economic Chamber in 2010, 31 % carried out market services, 16.8 % carried out trade and 16.1 % worked in construction and public works. The hotel and catering sector only represented 5.2 % of businesses - 59 % are companies and 33.6 % are craftsmen and tradesmen.

As most of its electric energy is produced with fossil fuel, Saint Barthélemy is highly dependent on foreign countries. Due to economic development and, especially, demographic growth, electricity consumption has steadily increased over the last decade: +58.7 % between 2001 and 2010. Furthermore, Saint-Barthélemy, which is a dry island, is equipped with three distillation desalination plants and one (more recent and efficient) reverse osmosis plant in order to meet its drinking water needs.

Due to its financial stability and the absence of debt, the collectivity enjoys appreciable room for manoeuvre – public sector contract planning makes it possible to support the island's business activity.

Distribution of companies by sector



Source: Multi-Professional Economic Chamber

Main economic indicators

	Saint-Barthélemy
GDP (EUR BN)	0.179 (1999 ¹)
GDP / inhabitant (€)	26,000 (1999 ¹)
Unemployment rate (%)	3.2 (2008)
Number of jobseekers – category A (as at late Dec. 2010)	201
Collectivity's total actual expenditure (2010, EUR M)	40.0
Collectivity's total actual receipts (2010, EUR M)	75.8

¹ CEROM estimate.

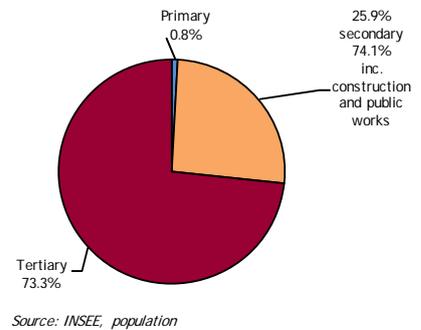
Sources: INSEE, CEROM, Customs, Guadeloupe General Treasury Fund.

Jobs: the tertiary sector prevails

Saint-Barthélemy is characterised by a very low unemployment rate (3.2 % in 2008) and a high activity rate (83.4 %, against 68.3 % in Guadeloupe and 69.7 % in Metropolitan France).

73.3 % of the working population belongs to the tertiary sector. The significant number of jobs in the fields of personal services and trades is due to the prevalence of tourism in the economy. The secondary sector represents 25.9 % of jobs (including 74.1 % in construction and public works). The primary sector (0.8 % of jobs) is poorly developed, due in particular to arid soil linked to very low rainfall.

Distribution of the working population in 2008



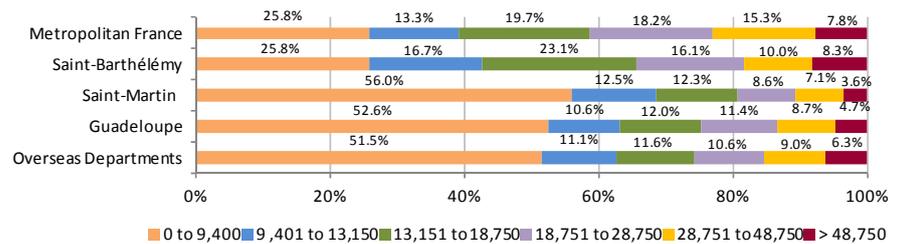
Source: INSEE, population

Source: Source : Unedic, chiffres 2009 provisoires

Incomes significantly higher than in other overseas departments

The distribution of households per income brackets is significantly different from the distribution observed in the overseas departments. It is similar to the distribution in Metropolitan France. In comparison with the other overseas departments, Saint-Barthélemy has significantly fewer tax households which declare low incomes and more tax payers belonging to the highest bracket (incomes higher than EUR 48,750).

Distribution of the number of tax households per reference tax income bracket (2008 incomes)

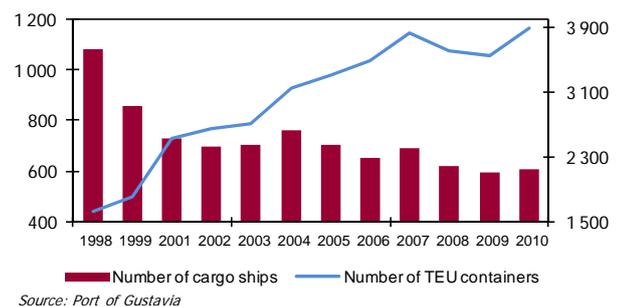


Source: General Tax Directorate

Most imports come by sea

Most imported goods come from the United States and Metropolitan France by sea, to the port of Gustavia. The flows from Metropolitan France transit first through the autonomous Port of Guadeloupe, where goods are trans-shipped. The number of cargo ships bound for Saint-Barthélemy has been steadily decreasing since 1998 due to the development of containerisation and the significant shrinking in international trade, in the context of an economic crisis.

Freight traffic since 1998



Source: Port of Gustavia

Sectoral indicators

	2010	Evolution 10/05
Number of hotels	32	-13.5 %
Number of hotel rooms	563	-10.1 %
Number of villas for short-term rental	450 (2009)	nd
Passengers arriving by ferry	66,988	-1.2 %
Passengers arriving by yacht	35,142	7.7 %

Sources: Hotel professionals association, Port of Gustavia, Gustave III Airport, Ciments Antillais, Saint-Barthélemy Collectivity

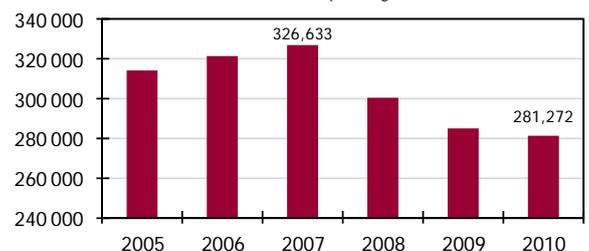
	2010	Evolution 10/05
Number of cruise passengers	37,885	-30.6 %
Passengers at the airport	141,137	-11.3 %
Building permit requests	274	20.7 %
Building permits issued	218	48.3 %
Cement consumption	14,810	82.7 %

High-end tourism as a leading sector

Tourism represents the foremost economic activity in Saint-Barthélemy, with 35.5 % of the total workforce in 2010. The island's economy is based on residential and high-end tourism in rental villas or hotels. The United States remains Saint-Barthélemy's first market, partly due to its proximity and to the high number of air links between the USA and Princess Juliana airport in Sint-Maarten.

The accommodation on offer consists of approximately 70 % villas and 30 % hotels. In 2009, the Tourism Committee of Saint-Barthélemy estimated that 450 villas were offered for short-term rental. The total resort tax collected by the Collectivity in 2010 amounts to EUR 1.5 million; it has increased since it came into effect on 1 January 2008 (+5.6 % in 2009 and +4.7 % in 2010).

Evolution of the tourist attendance
Number of passengers



Sources: Gustave III Airport, Port of Gustavia

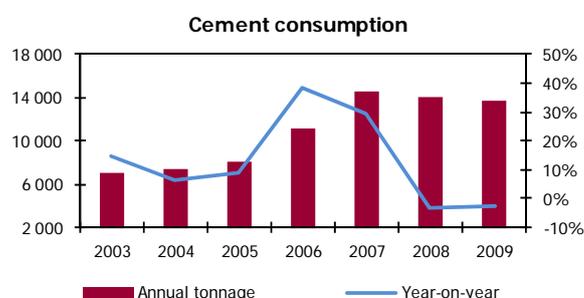
The economic and financial crisis which affected the United States in 2007 caused tourist numbers and the length of their stays in Saint-Barthélemy to shrink significantly from 2008. 281,272 visitors were hosted in Saint-Barthélemy in 2010 (-14 % compared to 2007) - the lowest figure over the last six years.

Construction and public works: a leading sector dependent on public contracts

Construction and public works are the other key activities in Saint-Barthélemy's economy. It includes 17.1 % of the workforce surveyed by the *ASSEDIC* (Association for Industrial and Commercial Employment) in 2010. This sector is the second employment provider after the hotel and catering sector. Construction and public work companies are characterised by their very small size: 81 % of them do not have any employees.

The construction industry evolved positively until 2007 due to increasing infrastructure and accommodation needs resulting from the island's economic development.

Activity in the construction industry has slowed down since 2008 due to the economic crisis. Cement consumption decreased in 2008 (-3.2 %) and 2009 (-2.3 %). The number of building permits issued decreased by 14.4 % in 2009 due to the downturn in the new accommodation market (-24.8 %). Increasing dynamism was noticed in 2010 due to a significant amount of public sector contracts. Most indicators related to this sector show rising figures. However, the real-estate market has been unattractive to US customers since late 2008 because of an unfavourable exchange rate.



Source: *Ciments Antillais*

FINANCIAL DATA

As at 31 December 2010, Saint-Barthélemy's banking and financial sector was geared around 6 credit institutions divided into two categories: banks affiliated to the French Bank Association (4 institutions) on the one hand, mutual and cooperative banks (2 institutions) on the other hand. These institutions represent a total of 9 banking offices and employ 47 agents. The equipment rate amounts to one banking office for 1,003 inhabitants, which is substantially higher than the rate noted in Saint-Martin (one office for 2,933 inhabitants) and in Guadeloupe (one office for 2,649 inhabitants).

The number of automated teller machines available in the collectivity amounts to 10 and has remained unchanged in the last 4 years. The customer access level has slightly decreased for the third consecutive year – from 885 to 902 inhabitants per office over one year.

In this better economic context, banking has evolved positively. Credit is increasing due to strong household demand (+9.1 % in 2010 against +6.4 % a year earlier, and an average of +12.9 % over the last five years). This acceleration essentially stems from a steep increase in property loans (+14.7%) following a slight increase in 2009 (+3.7 %), as consumer credit is experiencing renewed growth (+35.6 % against -10 % in 2009). However, investment credit has decreased (-3.8 %) after two consecutive years' increase – an illustration of companies' ongoing difficulties.

Companies		Households	
Corporate credit cost (Guadeloupe and Northern Islands, Jan. 2010)		Number of inhabitants per bank office	1,003
Overall weighted average rate	5.19 %	Number of inhabitants per automated teller r	902
Short-term	6.76 %	Number of bank accounts per inhabitant	3.2
Mean and long term	4.18 %		
Outstanding bank credits	EUR 51.8 M	Outstanding bank credit	EUR 123.3 M
working credits	-25.8 %	consumer credit	+35.6 %
investment credits	-3.7 %	property loans	+18.4 %
real-estate credits	-20.1 %		
Financial assets	EUR 109.1 M	Financial assets	EUR 288.7 M
sight deposits	-7.9 %	sight deposits	+38.5 %
liquid or short-term savings	+1.4 %	liquid or short-term savings	+11.4 %

Source: IEDOM as at 31/12/2010; evolutions on a yearly basis

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