

Guadeloupe at a Glance

STRUCTURAL CHARACTERISTICS

Capital	Basse-Terre
Surface area	1,628 km ²
Geographical location	Antilles Arc – New York at 2,950 km, Paris at 6,800 km, Martinique at 200 km
Languages spoken	French + Creole
Currency	Euro
Status	French Overseas Department and Region (DROM) and Outermost Region (OR)
HDI ranking (2011)	30
National representation	4 MPs, 3 senators, 1 representative at the EESC
State representation	Prefect

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From settlement to department

Guadeloupe is part of a string of islands that form the Antilles Arc between Puerto Rico and the Americas. Its history is closely linked to the colonial expansion of Europeans in the Caribbean. Traces of the first inhabitants, who are thought to have come from South America, date back to 3,500 B.C. The island was subsequently occupied by Arawak Indians towards 700 B.C. Between the 9th and 14th centuries, the Carib or Kalina Indians arrived on the island and named it Karukera ("the island of beautiful waters"). Christopher Columbus landed on the island on 4th November 1493 at Sainte-Marie and named the island "Guadeloupe".

Guadeloupe's economic future was shaped around 1644 with sugarcane cultivation. It required intensive labour, which came from the triangular trade between Europe, Africa and the Americas. The "code noir" (Black Code) of 1685 organised economic and social life. It was only in 1848 that the abolition of slavery was definitively enacted at the instigation of the MP Victor Schoelcher, following an initial attempt under the National Convention of 1794. The first free workers arrived from the Indias in Saint-François in 1853 to meet the shortage of workers on plantations. Guadeloupe has been permanently represented in the French Parliament since 1871.

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

On 7th December 2003, the population were consulted about the creation of a single territory to replace the department and region, in accordance with article 73 of the Constitution. The no vote won, with 72.98% of votes cast and a turnout of 50.34%. The law of 21st February 2007, on statutory and institutional provisions for the overseas territories, created the two new territories of Saint-Martin and Saint-Barthélemy, which had previously been municipalities in Guadeloupe.

A single department region

The institutional framework of French overseas territories is set out in the Constitutional Law of 28th March 2003 relating to the reform of the decentralised organisation of the Republic. Since the departmentalisation laws of 19th March 1946 and 31st December 1982, Guadeloupe has been a department and region but, unlike its counterparts in mainland France, it is a single department territory with extended powers, notably for local public finances. The constitutional reform of 28th March 2003 confirmed this dual institutional anchorage by creating the title 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 prompted by "the specific characteristics and constraints of these territories". At the community level, Guadeloupe, like the other DROM, is an Outermost Region (OR). 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 401,730 inhabitants at 1st January 2011, *i.e.* 0.6% of the French population. Its growth rate over the decade 1999-2009 (0.4%) is lower than between 1982 and 1990 (1.4%), and almost half the rate of mainland France (0.7%). This growth is set to slow further to the point of becoming negative between 2030 and 2040. It is estimated that in 2040, Guadeloupe will have 404,000 inhabitants, which is just above the current population level.

While the population of the archipelago is younger than in mainland France, it is ageing due to a declining birth rate and negative migration balance. With the largest generations today reaching advanced ages, the share of over 60s is expected to rise to 40% by 2040. Guadeloupe will then be the third oldest region in terms of population in France, after Corsica and Martinique.

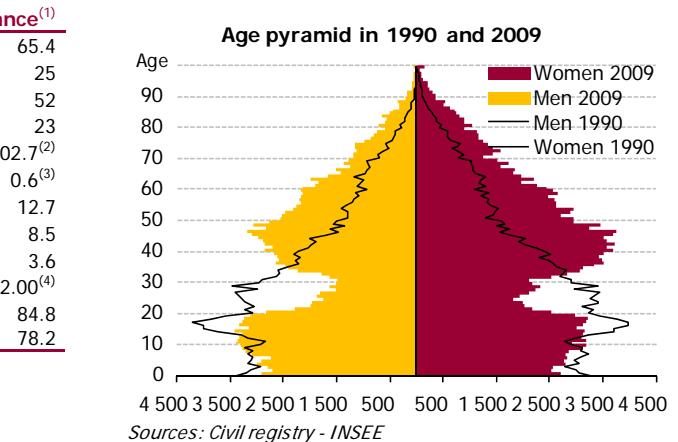
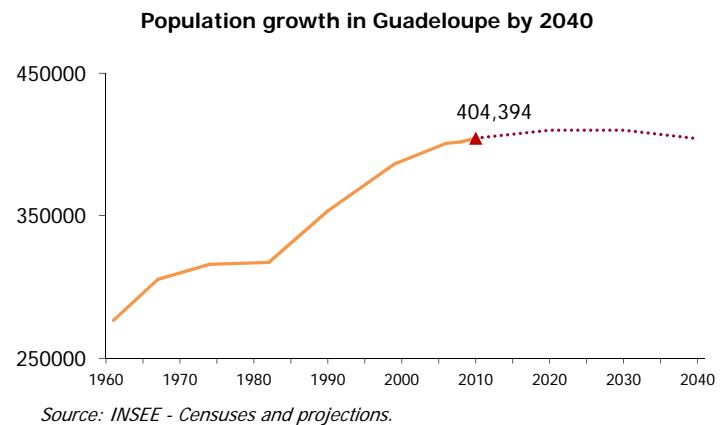
Demographic indicators

	Guadeloupe	France ⁽¹⁾
Population (thousands, millions for France, at 01/01/ 2011)	401.7	65.4
Percentage of under 20s (2010)	30	25
Percentage of 20-59 year-olds (2010)	51	52
Percentage of aged 60 and older (2010)	19	23
Population density (inhab./km ² , at 01/01/2011)	247	102.7 ⁽²⁾
Annual average population growth rate (%), 1999-2009)	0.4	0.6 ⁽³⁾
Birth rate (for 1,000 inhabitants, 2009)	13.7	12.7
Mortality rate (for 1,000 inhabitants, 2009)	7.1	8.5
Infant mortality rate (for 1,000 births, 2008-2010)	7.6	3.6
Total fertility rate (2009)	2.16	2.00 ⁽⁴⁾
Life expectancy at birth for women (years, 2009)	83.1	84.8
Life expectancy at birth for men (years, 2009)	75.8	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.



SUSTAINED GROWTH BETWEEN 1993 AND 2008

Guadeloupe's economy benefitted from sustained economic growth between 1993 and 2008 (+3.1% a year in volume), driven by consumption and investment. This was accompanied by an increased shift in its economic activity towards the service sector. GDP per capita remains 37% lower than in mainland France, although this gap has closed by 6 points in fifteen years. Following a downturn in 2009 (-4.8%), in connection with the social crisis, growth picked up in 2010 (GDP up 2.7% in volume) and in 2011 (+1.3%). In 2011, household consumption, the traditional growth driver, remained positive (+0.9%) and sustained economic activity, whereas there was a marked slowdown in the upward investment trend (+1.2% against 7.7% in 2010), demonstrating a lack of confidence among economic actors. The main industrial and commercial area is located in the municipality of Baie-Mahault on the Jarry site. This economic hub employs 12,000 people and generates 23% of the islands added value.

Key economic indicators

	Guadeloupe	France
GDP (billions of constant euros, 2011)	7.8 ⁽¹⁾	1,996.6
GDP growth rate (%), constants euros, 2011)	1.3 ⁽¹⁾	1.7
GDP per capita (constant euros, 2011)	19,689 ⁽¹⁾	30,634
Import dependency rate ⁽²⁾ (%), 2011)	33.9	30
State expenditure in the Territory (millions of euros, 2009)	2,469.2	-

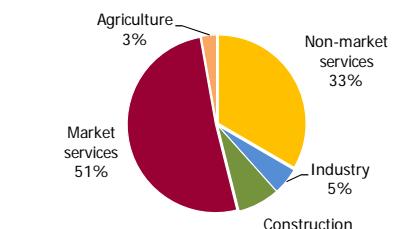
(1) CEROM estimation; (2) (imports)/(GDP); (3) Public debt notified or in the sense of Maastricht.

Sources: INSEE, Customs, Cerom, DRFip.

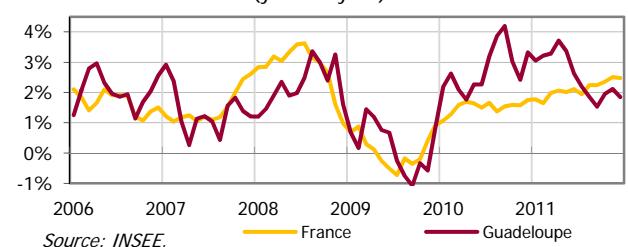
Moderate inflation

Between 2006 and 2011, the consumer price index grew at an average rate of 1.8% a year, *i.e.* a growth rate slightly above the national level (+1.6%). Periods of high inflation are mainly due to rising energy prices. In 2011, inflation remained limited (+1.8% year on year against +3.3% in 2010).

Breakdown of added value in 2010

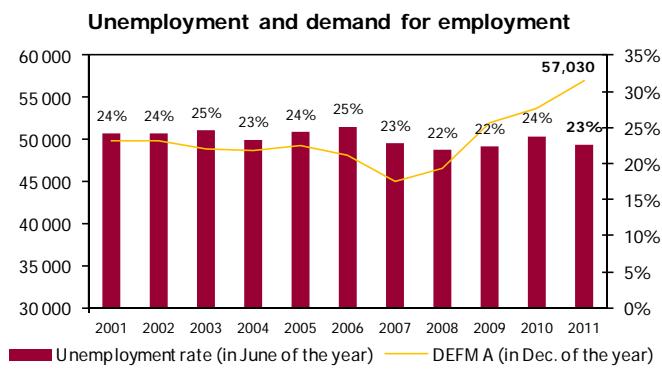


Consumer price trends (year on year)



Employment still a cause for concern

The labour market is characterised by the predominance of paid employment in the service sector and by an unemployment rate (22.6% in 2011) more than double the national average. After falling between 2000 and 2007, the number of category A jobseekers (DEFM A) grew (+26.6% between 2007 and 2011) to reach its highest level of the decade at the end of 2011 with 57,030 registered job seekers.



Sources: DIECCTE (Employment agency) - DEFMA, CVS data.

Paid employment	2000	2010 (p)	Evol. (1) 10/00
Total	65,409	70,966	0.8%
Agriculture	2,493	1,445	-5.3%
Industry	6,208	7,425	1.8%
Construction	4,513	5,739	2.4%
Trade	14,156	15,295	0.8%
Tourism	4,630	4,449	-0.4%
Misc. services	33,409	36,615	0.9%

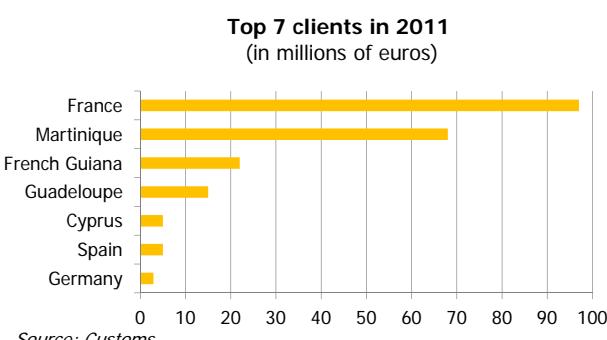
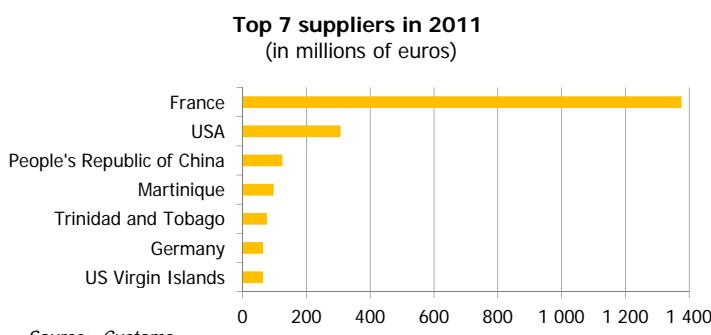
* Continental Guadeloupe

(p) provisional; (1) Average yearly trend

Source: Assedic.

Structural trade deficit

Like other overseas territories, Guadeloupe is characterised by its low exports and a high reliance on imports: the trade coverage rate stood at 8.9% in 2011. France is the island's main client and supplier. Regional trade (including with the French departments in the Americas – FDA) is marginal, and regional imports mainly come from the United States (oil product imports), while 97% of regional exports are for the FDA and the neighbouring territories of Saint-Martin and Saint-Barthélemy.



Import values (millions of euros)	2011
Other industrial products	860.7
Mechanical and electrical equipment	455.1
Agrifood industry products	425.1
Transport equipment	267.2
Refined oil products	527.5
Agricultural and fisheries products	50.3
Other products	58.0
Total	2,642.4

Source: Customs.

Export values (millions of euros)	2011
Agrifood industry products	57.2
Other industrial products	44.65
Agricultural and fisheries products	30.4
Mechanical and electrical equipment	20.7
Transport equipment	19.7
Natural hydrocarbons, electricity, waste	15.7
Other products	46.4
Total	234.8

Source: Customs.

ECONOMY MAINLY SERVICE-BASED

The structure of Guadeloupe's economy has changed markedly since the beginning of the 1990s, and has seen the rapid development of a very dynamic private sector, mainly in the service sector, supplanting the traditional agriculture, small business and building sectors. In 2010, the service sector accounted for 84% of wealth generation (including 12% for trade), building and public works 8%, industry 5% and agriculture 3%.

Main sector indicators	2011	2011/ 2001
Cement consumption	231,200	-2.5%
Number of passengers at airport (thousands)	2,050	0.8%
Number of cruise passengers	106,774	-7.7%
Rum production (hectolitres of pure alcohol)	75,656	2.7%
Banana production (tonnes)	59,612	-3.8%
Sugar production (tonnes)	51,280	-0.8%

¹Average annual growth rate

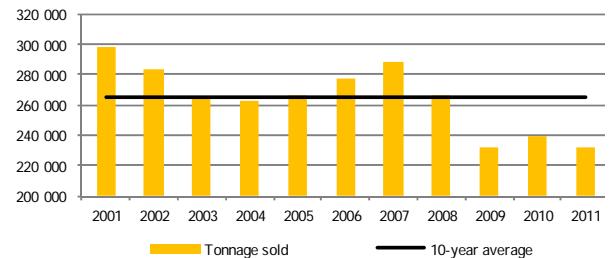
Sources: Ciment Antillais, Pôle Caraïbe Airport, Autonomous Port of Guadeloupe, Customs, DRCCRF, Technical Centre for Sugarcane

Construction and public works sector in difficulty since 2009

The construction and public works sector has been a key driver of the island's growth: between 1994 and 2009, its added value grew by an average of 6%. It is characterised by its strong micro nature (97.6% of companies employ 10 employees or less). In 2010, it accounted for 7.7% of wealth creation and employed 5,739 people, against 8,379 in 2008.

After two years of recession, the sector has not seen a real recovery and continues to suffer from the low level of public procurement and the decline in the construction of individual private housing, impacted by the gradual phasing out of tax exemption arrangements.

Trends in cement consumption

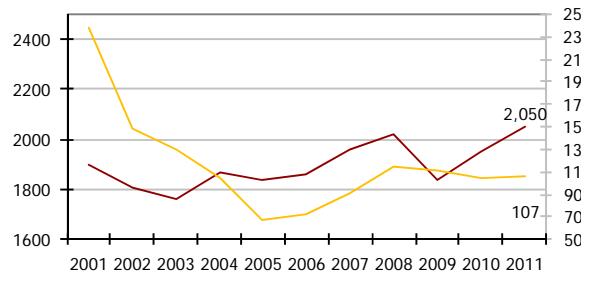


Source: Ciments Antillais, incl. North Islands.

Tourism potential to be exploited

Tourism is a key driver of the island's economic development and diversification. It employs a large workforce, both directly and indirectly. In 2010, the hotel and catering sector accounted for 3.2% of the department's wealth creation and employed 4,449 people (*i.e.* 6.3% of paid employment, excluding the territories of Saint-Martin and Saint-Barthélemy). Tourism has generally declined over the decade due to the fact that the destination has become less attractive and competitive. However, 2011 was marked by the return of tourists, with passenger traffic at the airport returning to levels close to its record levels (2000 and 2008).

Tourist numbers (in thousands)



Source: PAG, Guadeloupe Pôle Caraïbes Airport.

FINANCING OF THE ECONOMY

In 2011, Guadeloupe's banking and financial activity was based on different networks of credit institutions and related entities, established locally or not. It comprises 21 institutions in five categories: five commercial banks affiliated with the French Banking Association (AFB), six mutual and cooperative banks, seven financial companies, two specialised financial institutions and one specific institution.

These establishments have a total of 185 bank branches and employ 1,877 officers, with a total balance sheet of EUR 10bn. The regional equipment rate for bank branches and ATMs has considerably improved in recent years and is now close to the national rate. There is one ATM for 1,105 inhabitants in Guadeloupe against 1,122 in mainland France.

Local banks have regularly contributed to financing local economic development: average annual growth for all outstanding allocated loans stood at 8.9% between 2004 and 2008 and just remained positive (+1.1%) during the 2009 crisis, prior to recovering in 2010 (+6.5%). In 2011, there was an increase in credit activity in the department (+7%), driven by companies in the housing loan segment. Default rates remain high (7.2%), but have improved considerably over the period: the bad debt rate fell 2.1 points between 2006 and 2011.

Monetary and financial indicators	2000	2011
Number of inhabitants per bank branch	2,854	2,572
Number of inhabitants per ATM	2,070	1,105
Number of bank accounts per inhabitant	2.2	2.89
Financial assets of economic agents ¹ (EURbn)	3.5	6.8
Healthy outstanding credit of economic agents ¹ (EURbn)	3.5	6.9
Rate of doubtful loans ² (%)	20.2	7.0

¹ With local credit institutions

² Doubtful loans/total loans

Source: Iedom

Business indicators	2011
Average cost of credit for businesses (%), Jan. 2012	5.25
Financial assets ¹ (millions of euros, at end Dec.)	1,386
Bank loans ² (millions of euros, at end Dec.)	3,634
Incl. operating loans (%)	8.9
Incl. investment loans (%)	41.3
Incl. construction loans (%)	49.0

¹ From local credit institutions

² Total lending from credit institutions

Source: Iedom.

Household indicators	2011
Net doubtful loans (millions of euros at end Dec.)	237.5
Financial assets ¹ (millions of euros at end Dec.)	5,050
Bank loans ²	2,890
Incl. consumer loans (%)	34.2
Incl. home loans (%)	65.7
Number of cases of overindebtedness	368

¹ From local credit institutions

² Total lending from credit institutions

Source: Iedom.

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

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Publication Director: N. de SEZE – Editor-in-chief: C. APANON

Edited and printed by: IEDOM

Printed: October 2012 – Legal deposit: October 2012 – ISSN 1952-9619