

## Martinique at a Glance

### STRUCTURAL CHARACTERISTICS

Capital	Fort-de-France
Surface area	1,128 km <sup>2</sup>
Geographic location	Antilles Arc - New-York at 3,150 km, Paris at 6,900 km, Pointe-à-Pitre at 200 km
Languages spoken	French and Creole
Currency	Euro (€)
Status	Overseas Department and Region (DROM) and Outermost Region (OMR)
Global HDI ranking (2009)	29
National representation	4 MPs, 2 senators and 1 representative at the EESC
State representation	Prefect

### Long road to department status

The history of Martinique is closely linked to the European colonial expansion in the Caribbean. However, the first settlements were made by Amerindian populations and date back to 2,000 B.C. The first residents are thought to be the Arawaks, who came from what is now Venezuela in around 100 B.C. Between the 10<sup>th</sup> and 14<sup>th</sup> century, a new civilisation arrived on the island: the Carib or Kalina Indians. Christopher Columbus discovered Martinique on 15<sup>th</sup> June 1502 and called it *Madinina* ("the island of flowers").

The island became French in 1635 and belonged to the *Compagnie des Isles d'Amérique* (Company of the American Islands) created by Richelieu. It had the institutional status of a French territory administered and run by a trading company. Indigo, coffee and sugarcane were progressively cultivated on the island as arable land was taken over to the detriment of the Caribbean people and within an economic system based on slavery. The French Revolution (1789) brought the egalitarian ideal to the colonies. In 1793, the Governor of Rochambeau imposed the civil rights of the "free men of colour" on the island. However, the royalist party took up arms and brought in the English who took over Martinique until 1802. During this period, the colony did not benefit from the new institutions and the abolition of slavery. The "Black Code" of 1685 organised economic and social life until 1848, the year in which the decrees abolishing slavery were promulgated under the impetus of Victor Schœlcher.

On 8<sup>th</sup> May 1902, the eruption of Mount Pelée completely destroyed the town of Saint-Pierre, the capital at the time and main economic centre, killing its 30,000 inhabitants. Fort-de-France subsequently became the capital of Martinique. The draft law put forward by post-war Communist leaders such as Aimé Césaire (1913-2008), seeking a full assimilation under departmental status, led to Martinique becoming a French department on 19<sup>th</sup> March 1946. In 1983, Martinique became a single department region. At a referendum on 24<sup>th</sup> January 2010, the electorate in Martinique voted for the creation of a single territory in 2014, with the powers devolved to Departments and Regions governed by Article 73 of the Constitution.

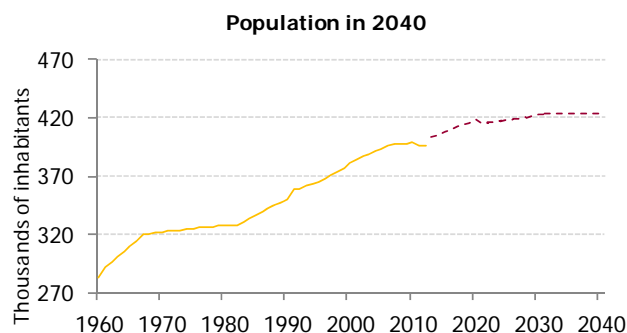
### Soon to become a single territory

The institutional framework of the French Overseas Territories is defined by the Constitutional Law of 28<sup>th</sup> March 2003 relating to the reform of the decentralised organisation of the Republic. Martinique has been a Department and Region since the Departmentalisation laws of 19<sup>th</sup> March 1946 and 31<sup>st</sup> December 1982. However, unlike its counterparts in mainland France, it has a single department status with extended competences, notably for local public finances. The constitutional reform of 28<sup>th</sup> March 2003 confirmed this dual institutional anchorage by creating the status of "Overseas Departments and Regions" (DROM). DROM are governed by the principle of legislative identity. Nevertheless, adaptations to laws and regulations applicable in mainland France are authorised, when prompted by "the specific characteristics and constraints of these territories". The Constitution now gives DROM the possibility of creating a single territory replacing the Department and Region, subject to the consent of the electorate. Following the referendum in January 2010, a new territory will be established in 2014. At community level, Martinique, like the other DROM, is an Outermost Region (OMR). 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 Martinique at 1<sup>st</sup> January 2011 was estimated at 395,953 inhabitants, *i.e.* 0.6% of the total French population and a fifth of the population in the overseas territories. Population density is high, with 351 inhab./km<sup>2</sup>, and concentrated in the centre of the island around Fort-de-France (90,498 inhabitants at 1<sup>st</sup> January 2011).

Martinique is characterised by its ageing population. One inhabitant in seven is over 65. According to INSEE projections, this trend will be increasingly sustained in the coming years, with the proportion of over 60s reaching 27.6% of the total population by 2020 and close to 40% by 2040.

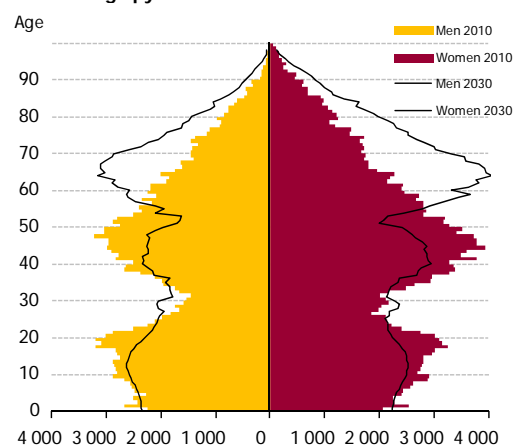


Source: INSEE.

Demographic indicators	Martinique	France <sup>(1)</sup>
Population (thousands, millions for France, at 01/01/2011)	396.0	65.4
Percentage of under 20s (2010)	27	25
Percentage of 20-59 year-olds (2010)	52	52
Percentage of aged 60 and older (2010)	21	23
Population density (inhab./km <sup>2</sup> , at 01/01/2011)	351	102.7 <sup>(2)</sup>
Annual average population growth rate (% , 2000-2011)	0.3	0.6 <sup>(3)</sup>
Birth rate (‰ inhabitants, 2010)	12.3	12.7
Mortality rate (‰ inhabitants, 2010)	7.2	8.5
Infant mortality rate (‰ births, 2008/2010) <sup>(4)</sup>	8.3	3.5
Total fertility rate (2009)	2.08	2.00 <sup>(5)</sup>
Life expectancy at birth for women (age, 2009)	84.3	84.8
Life expectancy at birth for men (age, 2009)	77.9	78.2

<sup>(1)</sup> INSEE 2011 population survey; <sup>(2)</sup> Population density in metropolitan France at 2010 census; <sup>(3)</sup> Between 2002 and 2012; <sup>(4)</sup> Number of deaths of infants under 1 year/number of live-born children in 2008, 2009 and 2010; <sup>(5)</sup> TFR in 2009  
Source: INSEE.

Age pyramid in 2010 and 2030



Source: INSEE.

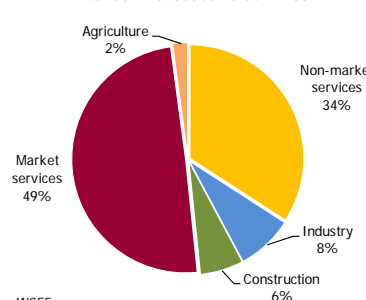
## ECONOMY AT A GLANCE

The economy in Martinique benefited from sustained growth between 1997 and 2007 (annual average in volume of +2.9%), driven by consumption and investment. This was combined with activities becoming increasingly service-based. Growth began to slow down in 2007 (+0.9%) and subsequently became negative in 2008 (-0.3%) due to weak domestic demand and the decline in investment. The recession intensified the following year (-6.5%) with the social crisis, but there was a marked upturn in growth in 2010 (+4.6%), which partly made up for the decline in 2009. According to the rapid economic accounts, the recovery continued in 2011, but GDP growth was moderate (+1.0%). Consumption was stable (+0.9%), while investment showed a more positive trend (+5.2%).

Key economic indicators	Martinique	France
GDP (billions of euros, 2011) <sup>(1)</sup>	8.3	1 996,6
GDP growth rate (% , in volume, 2011) <sup>1</sup>	1.0	1.7
GDP per capita (constant euros, 2011)	20 539	30 634
Import dependency rate (% , 2011) <sup>2</sup>	33.4	30
State expenditure (millions of euros, 2010) <sup>3</sup>	2.7	-
Debt of territories (% of GDP, 2010)	10.6	8.3 <sup>(4)</sup>

<sup>(1)</sup> CEROM estimation; <sup>(2)</sup> Imports/GDP; <sup>(3)</sup> Expenditure for personnel, operating investment, operations, tax advances and TIPP, allocations to territories; <sup>(4)</sup> Public debt notified or in the sense of Maastricht.  
Sources: INSEE, CEROM, Customs, DRFIP.

Breakdown of added value in 2007

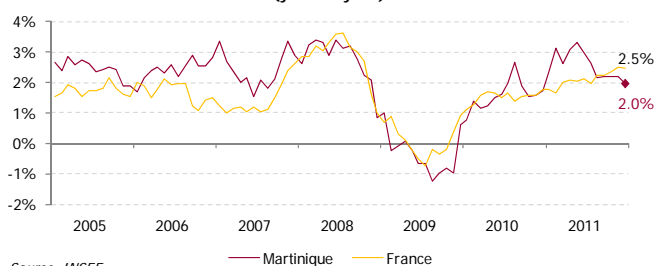


Source: INSEE.

### Moderate inflation

Between 2001 and 2011, the consumer price index grew at an average rate of 1.9% a year. Over the period, the cost of services and food contributed significantly to the increase in prices. Energy prices, for their part, had a greater impact on inflation from 2009 onwards and rose by an annual average of 11.5% between 2009 and 2011.

Consumer price index (year on year)



Source: INSEE.

## High unemployment rate



DEFMA: End of month category A jobseekers

Sources: DIECCTE, INSEE.

Employment	2000	2011	TCAM <sup>(1)</sup> 11/00
<b>Total employment</b>	<b>121,834</b>	-	-
<b>Self-employment</b>	<b>8,526</b>	-	-
<b>Paid employment</b>	<b>113,308</b>	<b>125,750</b>	<b>1.0%</b>
Agriculture, forestry and fishing	5,264	4,378	-1.8%
Industry – Energy and water	8,058	8,626	0.7%
Construction	4,957	6,789	3.2%
Market services	29,768	31,887	0.7%
Non-market services	65,261	74,070	1.3%

<sup>(1)</sup> Average annual growth rate

Source: INSEE, EPURE database.

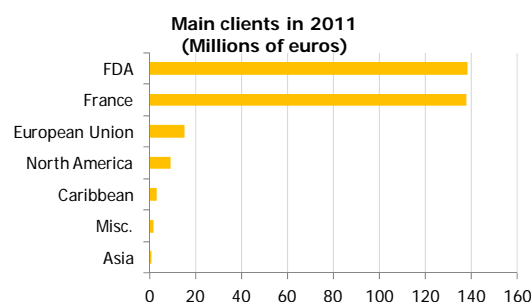
The unemployment rate has remained high over the past ten years, above 20%, except in 2005 (18%). Age and the low level of training are discriminatory factors. In 2011, 60% of young working-age people (under 25) were unemployed and 29.9% of working-age people without qualifications. The number of category A (DEFM A) end of month jobseekers stood at 41,708 at the end of 2011, up 3.6% over the year. 84% of paid employment is concentrated in the service sector, ahead of industry (7%) and construction (5%). Cities in central Martinique (Fort-de-France, Schœlcher, Saint-Joseph and Lamentin) concentrate three-quarters of jobs in the territory. Public employment accounts for around a third of paid employment and breaks down into 3 statuses: the State civil service (36% of the workforce), the territorial civil service (45%) and the hospital public service (19%).

## Foreign trade structural deficit

Energy accounts for a significant part of Martinique's trade due to the fact that the oil refinery company SARA (*Société Anonyme de la Raffinerie des Antilles*), which exports refined fuel, is established in the department. This explains why the French Departments in the Americas (FDA) continue to be important export partners for Martinique, while France and the European Union are the largest suppliers. Regional trade (excluding energy) is, for its part, still embryonic. The trade balance is structurally in deficit and the trade deficit is growing (+52% in ten years).



Source: Customs. \* incl. Trinidad and Tobago



Source: Customs.

Import values (millions of euros)	2011
Other industrial products	806.5
Mechanical, electric, electronic and computer equipment	487.0
Agrifood industry products	374.1
Natural hydrocarbons, other extractive industry products, electricity, waste	352.7
Refined oil products and coke	333.7
Transport equipment	281.9
<b>Total imports</b>	<b>2,709.4</b>

Source: Customs.

Export values (millions of euros)	2011
Refined oil products and coke	112.8
Agricultural, forestry, fisheries and fish-farming products	84.1
Agrifood industry products	52.1
Other industrial products	20.2
Natural hydrocarbons, other extractive industry products, electricity, waste	19.3
Mechanical, electrical, electronic and computer equipment	11.3
<b>Total exports</b>	<b>308.3</b>

Source: Customs.

## MAIN SECTORS OF ACTIVITY

Martinique has a modern and diversified economy. Market and non-market services are the main source of wealth creation. Their weight in the economy increased by 2.2 points between 2000 and 2010. The construction and public works and tourism industries barely held up over the period, while agriculture is subject to climate hazards. Traditional sectors (banana, sugarcane-rum) play an important role in the social and territorial balance of the island.

Main sector indicators	2011	AAGR* 11/01
Sugarcane production (tonnes)	206,671	+0.1%
Sugar production (tonnes)	3,781	-4.1%
Rum production (hectolitres of pure alcohol)	83,033	-0.9%
Banana shipments (tonnes)	175,829	
Meat production (tonnes)	2,217.5	+0.7%

\*AAGR: average annual growth rate

Sources: CTCS, FEL Hebdo, Martinique abattoir semi-public company.

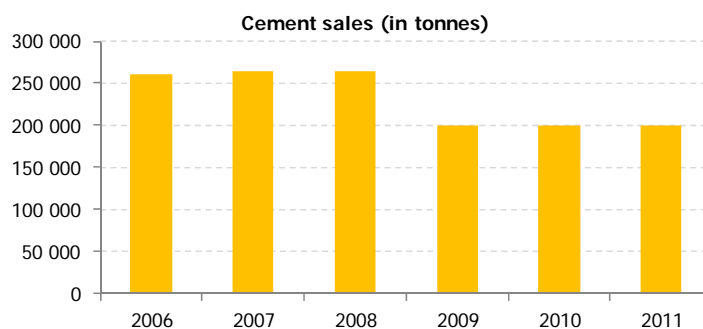
	2011	AAGR* 11/01
Cement production (tonnes)	199,878	-2.4%
Number of tourists	601,680	-2.3%
Passengers at airport (thousands)	1,620.8	+0.7%
Cruise passengers	36,852	-15.6%
Mass-market retailing turnover (millions of euros)	522.0	+4.8%

\*AAGR: average annual growth rate

Sources: Ciments Antillais, CMT, CCIM, DIECCTE.

## Construction industry losing momentum

The construction and public works industry played a key role in Martinique's economic growth between 1997 and 2007. The added value of the industry rose by an annual average of 4.2% over the period. The industry accounts for around 5% of paid employment. In 10 years, the workforce has increased by an annual average of 2.9%, but fell by an annual average of 2.8% between 2009 and 2011. After two years of decline (2009 and 2010), the industry is slowly beginning to recover from the crisis. A slight upturn was noticeable in 2011 in connection with the resumption of programmes for social housing, road works and certain large-scale projects. However, the project launches have not been sufficient for a sustainable recovery in the sector, which is highly dependent on public procurement.



Source: Ciments Antillais.

## Difficult situation for tourism industry



Sources: CMT and DD PAF.

While Martinique welcomed almost a million tourists in 1999, there were only 601,680 visitors in 2011, *i.e.* 3% of tourists in the region, making the department just 10<sup>th</sup> out of Caribbean destinations. The fall in the number of tourist visits over the period is firstly due to the emergence of new Caribbean destinations and, secondly, to the fall in cruise passenger flows at an annual average rate of 15.6%.

However, tourism participates in Martinique's economic diversification. It is one of the most integrated sectors in the economy, thanks to its high direct and indirect labour intensity. The hotel-catering industry employs around 4% of the workforce in Martinique and accounted for 1% of companies in 2010.

## FINANCING OF THE ECONOMY

The banking and financial sector in Martinique is based on different networks of credit institutions (CIs) and the like. Some are established locally, others operate directly from mainland France. At the end of 2011, there were 21 local credit institutions in Martinique, broken down into the following four categories: five banks affiliated to the French Banking Association (including the Banque Postale), six mutual and cooperative banks, seven financial companies and three specialised financial institutions. These establishments have a total of 151 bank branches and employ 1,477 officers (excluding the Banque Postale). The financial situation in 2011 was marked by a slight increase in outstanding bank loans, while the rate of doubtful loans continued on a downward trend.

Between 2001 and 2011, performing outstanding loans increased overall by an annual average of 6.3% and reached EUR 7.8bn at the end of 2011 (all credit institutions taken together). This increase accompanied the positive trend for economic activity over the period, which saw an annual average growth of 2.5%. The number of household loans has increased by an annual average of 5.9%, business loans are up by an annual average of 6.0% and regional and local authorities' loans by 7.0% a year. There is an upward trend in business investment loans (annual average of +11.4%) and home loans to households (+7.8%). However, the increase in outstanding loans has been following the slowdown in growth since 2008. Indeed, between 2008 and 2011, the annual average growth rate for outstanding loans slowed to 2.3%. The number of business outstanding loans is stable (annual average of +0.5%), and the number for households is continuing to rise (+3.1%), mainly due to the strong performance of outstanding home loans (+5.5% per year).

Monetary and financial indicators	2001	2011
Number of inhabitants per bank branch	3,939	2,622
Number of inhabitants per ATM	1,446	1,109
Number of bank accounts per inhabitant	3.0	3.1
Financial assets of economic agents ( <i>Local CIs, in millions of euros</i> )	3,741.5	6,250.2
Healthy outstanding credit of economic agents ( <i>All CIs, in millions of euros</i> )	4,219.2	7,751.5
Rate of doubtful loans ( <i>All CIs as %</i> )	9.4	6.3

Source: IEDOM.

Business indicators	2011
Average cost of credit for businesses ( <i>Jan. 2012</i> )	5.21%
Financial assets ( <i>Local CIs, in millions of euros</i> )	1,218.5
Bank loans ( <i>All CIs, in millions of euros</i> )	3,295.0
<i>Incl. operating loans* (%)</i>	+1.9
<i>Incl. investment loans* (%)</i>	-0.6
<i>Incl. real estate loans* (%)</i>	+0.2

\*Annual rate of change

Source: IEDOM.

Household indicators	2011
Net doubtful loans (millions of euros)	59.7
Financial assets ( <i>Local CIs, in millions of euros</i> )	4,674.8
Bank loans ( <i>All CIs, in millions of euros</i> )	3,041.2
<i>Incl. consumer loans* (%)</i>	-0.6
<i>Incl. home loans* (%)</i>	+4.6
Number of cases of overindebtedness	552

\*Annual rate of change

Source: IEDOM.

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

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