

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 (OMR)
Global HDI ranking (2010)	38
National representation	4 MPs, 3 senators, 1 representative at the Economic, Social and Environmental Council
State representation	Prefect

Historical background

Guadeloupe is part of a string of semi-circular 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 Indies 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 brought about a major upheaval in Guadeloupe’s society. It transformed its economic structure, allowed its infrastructure to develop and gradually changed social conditions for communities.

On 7th December 2003, the entire electorate was called on to give its opinion on the creation of a single territory to replace the department and region, under Article 73 of the Constitution. The “no” vote won, with 72.5% of votes cast and a turnout of 50.34%. In accordance with the choice of the communities in question, 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 of Guadeloupe.

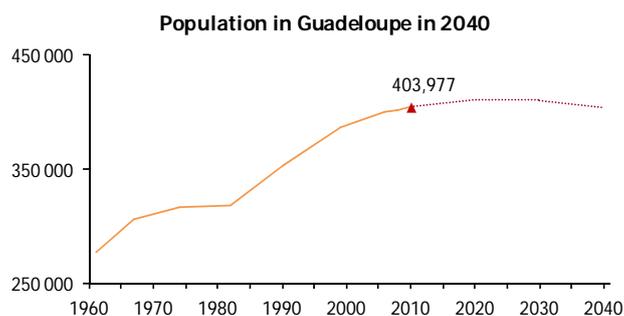
Institutional organisation

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. DOM have now become DROM (Overseas Departments and Regions) governed by the principle of legislative identity, in accordance with Article 73 of the Constitution. However, adaptations to laws and regulations applicable in mainland France 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 (OMR). This regime provides for the applicability in principle of all community law, and allows it to benefit from structural funds.

AN AGEING POPULATION

Guadeloupe's population was estimated at 403,977 inhabitants at 1st January 2012, *i.e.* 0.6% of the French population. The average annual population growth rate between 2006 and 2012 fell considerably compared to the rate in the 1990s (+1%) to +0.1%. This rate is now below the nationwide rate (+0.6%) and is expected to slow further and become negative between 2030 and 2040. It is estimated that in 2040, Guadeloupe will have 404,000 inhabitants, which is only slightly higher than the current population level.

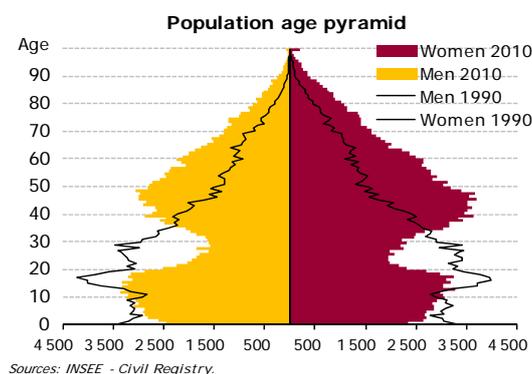
While the archipelago's population is younger than in mainland France, it is ageing due to a declining birth rate and a negative migration balance. With the largest generations today reaching advanced ages, the share of over 60s is expected to rise to 40% by 2040. Guadeloupe will at this time be the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



Source: INSEE - Census and projections.

Demographic indicators	Guadeloupe	France ⁽¹⁾
Population (thousands, millions for France, at 01/01/ 2012)	404	65.8
Percentage of under 20s (2012)	29	24.7
Percentage of 20-59 year-olds (2012)	51	51.5
Percentage of aged 60 and older (2012)	20	23.8
Population density (inhab./km ² , at 01/01/2012)	248	115 ⁽²⁾
Annual average population growth rate (% , 2012)	0.1	0.6 ⁽³⁾
Birth rate (for 1,000 inhabitants, 2011)	13.3	12.6
Mortality rate (for 1,000 inhabitants, 2011)	7	8.4
Infant mortality rate (for 1,000 births, 2009-2011)	7.9	3.4
Total fertility rate (2011)	2.17	2.01
Life expectancy at birth for women (years, 2012)	83.5	84.8
Life expectancy at birth for men (years, 2012)	77	78.4

(1) INSEE 2012 population survey (population at 01/01/2013); (2) Population density in mainland France in 2011; (3) Between 2003 and 2013. Source: INSEE.



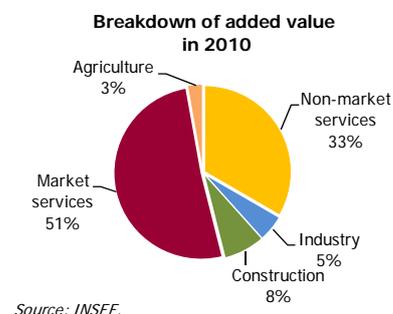
Sources: INSEE - Civil Registry.

ECONOMY AT A GLANCE

Guadeloupe's economy benefitted from buoyant economic growth between 1993 and 2008 (+3.1% a year in volume), driven by consumption and investment. This was combined with an increased shift in activity towards the service sector. In 2011, GDP per capita (EUR 19,589) remained 37% lower than in mainland France, although this gap has been closed by 6 points in 15 years. Following a 4.8% decline in GDP volume in 2009 due to the social crisis, economic growth picked up again in 2010 (+ 2.7%) and in 2011 (+1.3%). In 2011, household consumption, the traditional growth driver, remained positive (+0.9%), 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 island's added value.

Key economic indicators	Guadeloupe	France ⁽¹⁾
GDP (billions of constant euros, 2011)	7.9 ⁽²⁾	2,032.3
GDP growth rate (% , constant euros, 2011)	1.3 ⁽²⁾	0.0
GDP per capita (constant euros, 2011)	19,589 ⁽²⁾	31,059
State expenditure in the territory (% of GDP, 2011)	30.4	-
Debt of local authorities (millions of euros, at 1 st Jan. 2011)	634.6	8.5 ⁽⁴⁾

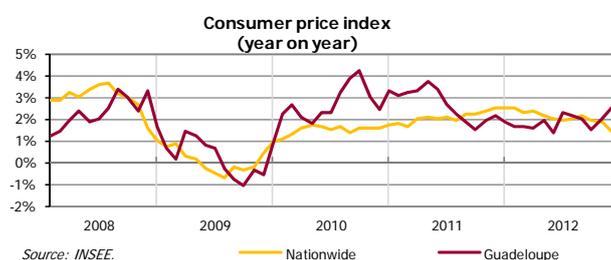
(1) 2012 figures unless specified otherwise; (2) Cerom estimations; (3) Region, department and municipalities; (4) Public debt notified or in the sense of Maastricht. Sources: INSEE, Customs, Cerom, DRFip.



Source: INSEE.

Moderate inflation

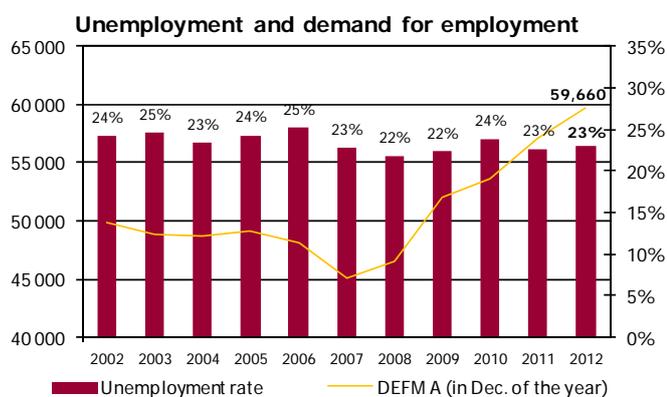
Between 2007 and 2012, the consumer price index grew at an annual average rate of 1.8%, *i.e.* a growth rate slightly above the national level (+1.7%). In 2012, inflation averaged +1.9% and reached +2.1% at the end of the year. This increase is significantly lower than in 2011 (+2.6% on average), which had been marked by a sharp hike in energy prices.



Source: INSEE.

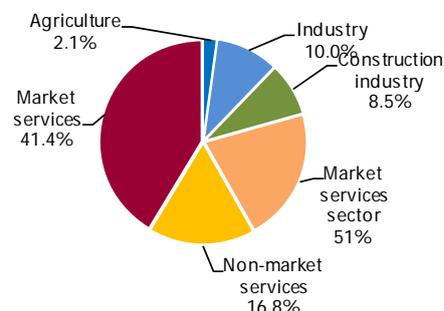
Unemployment persistently high

The labour market is characterised by the predominance of paid employment in the service sector and by an unemployment rate (22.9% in 2012) more than double the national average. After falling between 2000 and 2007, the number of category A jobseekers (DEFM A) grew (+32.5% between 2007 and 2012) to reach its highest level of the decade at the end of 2012, with 59,660 registered unemployed people against 45,040 in 2007.



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

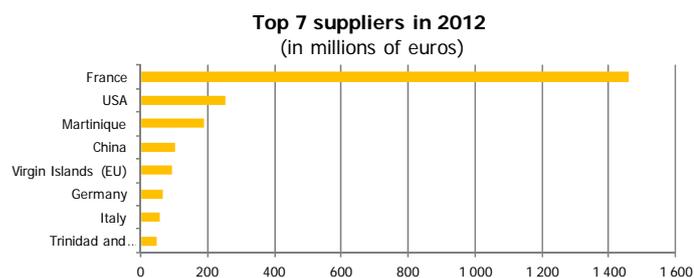
Breakdown of paid employment at 31 December 2011



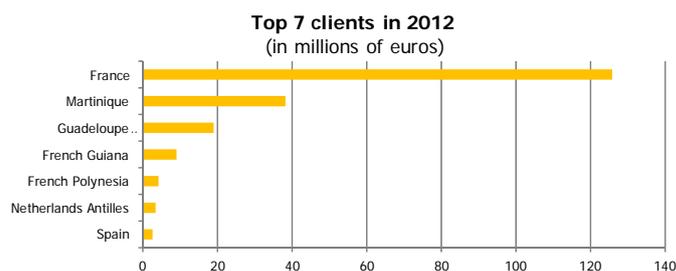
Source: Employment agency (Unistatis).

Structural trade deficit

Like other overseas territories, Guadeloupe is characterised by its low level of exports and a high reliance on imports: the trade coverage rate stood at 8.1% in 2012. France is the island's main client and supplier. Regional trade (including with the French Departments in the Americas) is marginal, and regional imports mainly come from the USA and Martinique (purchases of oil products), while 97% of regional exports go to the FDA and the neighbouring communities of Saint-Martin and Saint-Barthélemy.



Source: Customs.



* incl. Saint-Martin and Saint-Barthélemy.

Source: Customs.

Import values (millions of euros)	2012*
Other industrial products	921.9
Mechanical and electrical equipment	404.8
Agrifood industry products	435.0
Transport equipment	234.4
Refined oil products	552.9
Agricultural and fishery products	50.9
Other products	62.9
Total	2,662.9

*Provisional data.

Source: Customs.

Export values (millions of euros)	2012*
Agrifood industry products	61.3
Other industrial products	40.7
Agricultural and fishery products	36.0
Mechanical and electrical equipment	22.4
Transport equipment	25.6
Natural hydrocarbons, electricity, waste	17.0
Other products	13.2
Total	216.1

*Provisional data.

Source: Customs.

MAIN SECTORS OF ACTIVITY

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

Key sector indicators	2012	2012 ⁽¹⁾ /2002
Cement sales (tonnes)	248,700	-1.3%
Number of passengers at airport (thousands)	1,995	1.0%
Number of cruise passengers	158,288	2.2%
Rum production (hectolitres of pure alcohol)	81,950	2.0%
Marketed banana production (tonnes)	66,923	-3.6%
Crushed sugarcane (tonnes)	585,601	-1.2%
Sugar production (tonnes)	53,499	0.3%

(1) Average annual growth rate.

Sources: Ciment Antillais, Pôle Caraïbe Airport, Guadeloupe Port Caraïbes, Customs, DIECCTE, Technical Centre for Sugarcane.

Difficult post-crisis situation in construction industry

The construction industry has been a key driver of the island's growth: between 1994 and 2009, its added value grew by an annual average of 6%. It is characterised by its strong micro structure (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 6,708 in 2011.

After three years of recession, the industry is experiencing a difficult post-crisis situation. There continues to be a lack of large-scale structural projects and the industry remains highly dependent on public procurement.

Tourism potential to be exploited

Tourism plays an important role in the economy. In 2012, the hotel and catering industry accounted for 7.9% of Guadeloupe's business sector and employed 7,067 people (*i.e.* 9% of paid employment).

There has been a slight increase in tourist trade over the decade, but it continues to suffer from competition from neighbouring destinations. In 2012, passenger traffic at the airport fell slightly and the occupancy rate in classified hotels followed this trend. However, there was an upturn in the cruise industry, thanks to the development of cruise holidays and the arrival of new companies. The number of cruise passengers (158,288) returned to a slightly higher level than at the beginning of the decade (+0.7% between 2002 and 2012).

FINANCING OF THE ECONOMY

In 2012, Guadeloupe's banking and financial activity was based on various networks of credit institutions and the like, established locally or not. It comprises 21 institutions in 5 categories: 5 commercial banks affiliated to the French Banking Association (AFB), 6 mutual and cooperative banks, 7 financial companies, 2 specialised financial institutions and 1 specific institution.

These establishments have a total of 185 bank branches and employ 1,889 officers. The regional equipment rate for bank branches and ATMs has considerably improved in recent years. There is now one ATM for 1,049 inhabitants in Guadeloupe, against one ATM for 1,085 inhabitants in mainland France.

Guadeloupe's banks have regularly contributed to financing local economic development: annual average growth for total outstanding loans stood at 8.8% between 2004 and 2008 and just remained positive (+1.1%) during the 2009 crisis, prior to an upturn in 2010 (+6.4%), and in 2011 at +7.1%. In 2012, the lending activity continued to increase in the department, but at a slower pace (+3.7%). It has been maintained exclusively by the dynamism of housing loans (+8.2%). Following a marked decrease in 2011, the bad debt rate for local banks rose slightly in 2012: gross outstanding doubtful loans increased by 1.7% year on year to EUR 612m. However, the proportion of these doubtful loans in the total number of loans allocated remained stable at 7.8%.

Business indicators	2012
Average cost of credit for businesses (% , Jan. 2012)	5.25
Financial assets ¹ (millions of euros, at end Dec. 2012)	1,431
Bank loans ² (millions of euros, at end Dec. 2012)	3,760
<i>incl. operating loans (%)</i>	9
<i>incl. investment loans (%)</i>	36
<i>incl. real estate loans (%)</i>	55

¹With all local credit institutions.

²Total lending by credit institutions.

Source: IEDOM.

Monetary and financial indicators	2000	2012
Number of inhabitants per bank branch ¹	2,854	2,586
Number of inhabitants per ATM	2,070	1,049
Number of bank accounts per inhabitant	2.2	2.9
Financial assets of economic agents ² (EUR bn)	3.5	7.1
Performing outstanding loans of economic agents ² (EUR bn)	4.7 ³	7.9
Rate of doubtful loans in local institutions ² (%)	10.5 ³	7.8

¹1,653 per bank branch in mainland France in 2011.

²With local credit institutions.

³2004 data.

Source: IEDOM.

Household indicators	2012
Net doubtful loans (millions of euros at end Dec. 2012)	234
Financial assets ¹ (millions of euros at end Dec. 2012)	5,267
Bank loans ² (millions of euros, at end Dec. 2012)	3,036
<i>incl. consumer loans (%)</i>	33
<i>incl. home loans (%)</i>	67
Number of cases of overindebtedness	289

¹With all local credit institutions.

²Total lending by credit institutions.

Source: IEDOM.

N.B.: The data used in this note are as of 31st December 2012 unless specified otherwise.

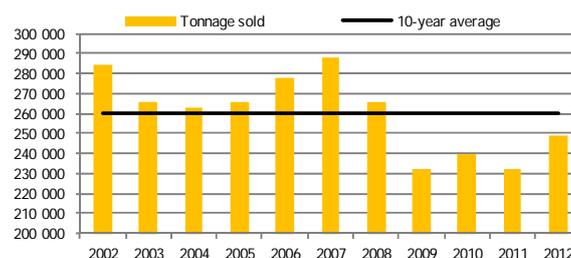
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Publication Director: Nicolas de SEZE – Editor-in-chief: Charles APANON

Edited and printed by: IEDOM

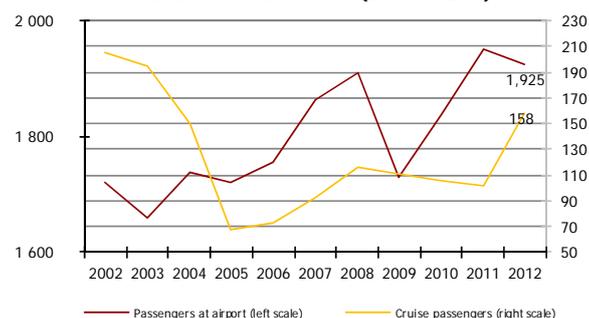
Printed: July 2013 – Legal deposit: July 2013 – ISSN 1952-9619

Trends in cement sales



Source: Ciments Antillais, incl. North Islands.

Number of tourist visits (in thousands)



Source: Guadeloupe Port Caraïbes, Guadeloupe Pôle Caraïbes Airport.