

## French Guiana at a Glance

### STRUCTURAL CHARACTERISTICS

Capital		Cayenne
Surface area	83,846 km <sup>2</sup> (16% of national territory, equivalent to the surface area of Portugal)	
Geographical location	northeast of the South American continent, bordering Brazil and Suriname, Paris at 7,000 km	
Languages spoken	French, Creole, Amerindian and Bushinenge languages	
Currency		Euro
Status	Overseas Department and Region (DROM) and European Outermost Region (OMR)	
Global HDI ranking (2010, AFD estimation)		76
National representation	2 MPs, 2 senators, 1 representative at the Economic, Social and Environmental Council	
State representation		Prefect

### Historical background

Unlike the other overseas departments which are islands, French Guiana is located in the northeast of the South American subcontinent. It is the largest French overseas department (16% of the territory of mainland France), equivalent to the surface area of Portugal.

The first traces of settlement in the Amazon date back to around 6,000 B.C. The Europeans discovered French Guiana in 1500 and the French settled there in 1643; it was populated by Amerindians at the time. Slavery, which was introduced in the second half of the 17<sup>th</sup> century, was abolished in 1848. The first penal colony opened at the end of the 18<sup>th</sup> century for enemies of the Revolution. Prisoner deportation really began under Napoleon III from 1852 onwards, to make up for manpower needs following the emancipation of over two-thirds of the population in 1848. Several penal colonies were built, the main ones were in Cayenne, on the Salvation Islands and in Saint-Laurent-du-Maroni.

The first gold site was discovered in 1855, giving rise to a gold rush which went on until the end of the Second World War and attracted a number of immigrants, mainly from the West Indies. 1965 marked the beginning of the construction of the French Guiana Space Centre in Kourou. The space industry rapidly became important for the economy and life in French Guiana. The first rocket probe, called Véronique, was launched on 9<sup>th</sup> April 1968 and the first Ariane rocket on 24<sup>th</sup> December 1979. Since then, the space centre has expanded, with the arrival of two new launchers operated simultaneously with Ariane: Soyuz, with the first launch at the end of 2011, and Vega since 2012.

French Guiana has more recently become a magnet for migrants from much of South America and the Caribbean, mainly from Suriname, Brazil, Guyana and Haiti. Immigration is made easier by the fact that French Guiana is part of the South American subcontinent and that its river borders (the Maroni in the west with Suriname and the Oyapock in the east with Brazil) are more trading areas and passageways than real borders.

### Institutional organisation

The institutional framework of French overseas territories is defined by the Constitutional Law of 28<sup>th</sup> March 2003. French Guiana has been a department and region since the Departmentalisation Laws of 19<sup>th</sup> March 1946 and 31<sup>st</sup> December 1982. Unlike its counterparts in mainland France, it is a single department territory with extended powers, particularly for local public finances. It is, like other overseas departments, a European Union outermost region (OMR), which means that Community Law is applicable and allows it to benefit from structural funds.

Following the referendum of January 2010, the new single territory replacing the department and region is expected to be introduced in 2014. A draft law defining the organisational and operational arrangements (governance, voting method, number of councillors, financial resources) for the territory was put before the Council of Ministers in January 2011 and voted in July 2011.

## YOUNG AND GROWING POPULATION

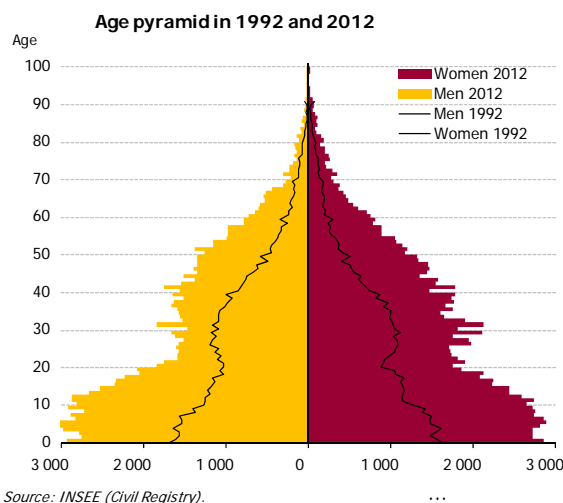
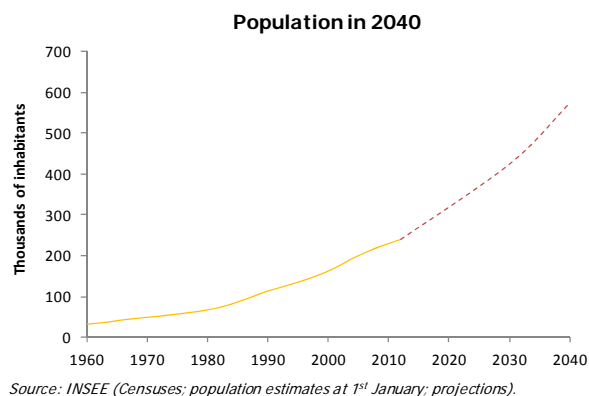
French Guiana's population is marked by its high growth rate, its youth and its sizeable immigrant population.

The youth of the population can mainly be put down to the high fertility rates, with 3.4 children per woman. Between 2002 and 2012, French Guiana's population rose by an annual average of 3.6%, *i.e.* a rate six times higher than at national level. According to INSEE projections, the population will more than double in 30 years and exceed half a million by 2040.

The presence of a large immigrant population (30% of the population), due to the successive waves of immigration from various countries, gives French Guiana a wide cultural diversity.

Demographic indicators	French Guiana	France <sup>(1)</sup>
Population (thousands, millions for France, at 1/01/2012)	239.5	65.8
Percentage of under 20s (2012)	43.7	24.7
Percentage of 20-59 year-olds (2012)	49	51.5
Percentage of aged 60 and over (2012)	7	23.8
Population density (inhab./km <sup>2</sup> , at 01/01/2012)	2.9	115 <sup>(2)</sup>
Annual average population growth rate (% , 2002-2012)	3.6	0.6 <sup>(3)</sup>
Birth rate (for 1,000 inhabitants, 2011)	26.4	12.6
Mortality rate (for 1,000 inhabitants, 2010)	3	8.7
Infant mortality rate (for 1,000 births, 2008-2010)	10.1	3.5
Total fertility rate (2011)	3.44	2.01
Life expectancy at birth for women (years, 2009)	82.8	84.8
Life expectancy at birth for men (years, 2009)	75.7	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.

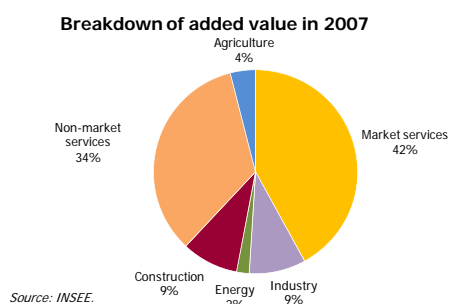


## ECONOMY AT A GLANCE

French Guiana's economy has been experiencing significant growth for several years now. Between 1999 and 2007, its GDP rose by an annual average of 4.3% in real terms, against 2.1% a year at national level. This vitality is mainly linked to dynamic demographics: population growth poses a challenge, which is combined with significant investments in infrastructure for the territory and a boom in the productive fabric able to pave the way for more self-sustained development.

The space industry is also a key vehicle of economic dynamism, driving exports upwards and influencing the other components of demand, particularly investment.

This growth, which reached 4.0% in volume in 2011, has not yet closed the gap with the national average: GDP per capita, which rose by 1.4% in 2011, is still only half the level of France's GDP per capita.

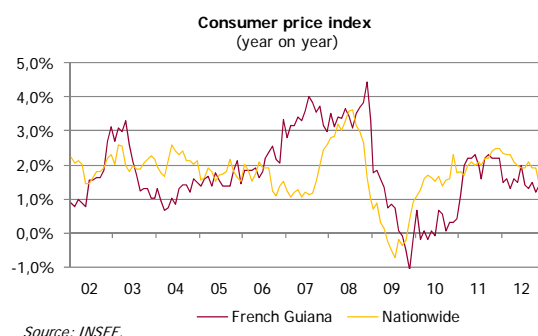


Key economic indicators	French Guiana	France <sup>(2)</sup>
GDP (billions of constant euros, 2011)	3.6 <sup>(1)</sup>	2,032.3
GDP growth rate (% , constant euros, 2011)	4.0 <sup>(1)</sup>	0.0
GDP per capita (constant euros, 2011)	15,300 <sup>(1)</sup>	31,059
Debt of local authorities (% of GDP, 2011)	10	8.5 <sup>(3)</sup>

(1) Cerom estimation; (2) 2012 figures unless specified otherwise; (3) Public debt notified or in the sense of Maastricht.  
Sources: INSEE, Customs, Cerom, AFD, Public Finance Directorate, Region, Department.

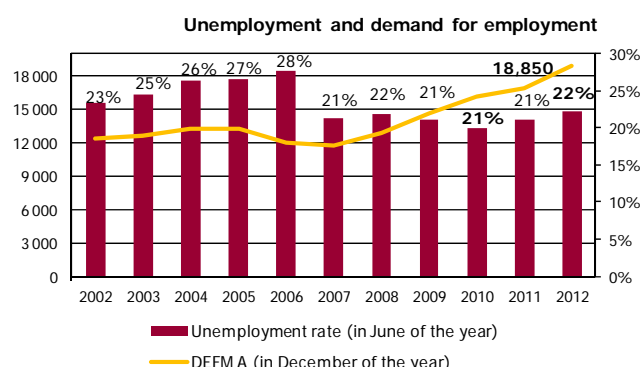
## Moderate inflation

French Guiana has been experiencing a rise in inflation since 2004, with a peak in 2007 and 2008, mainly due to the effect of the increase in the prices of services, fresh products and energy. There was a marked slowdown in 2009 and 2010, followed by stabilisation. Inflation resumed in French Guiana from the end of 2010, with the same fluctuations as at national level. At the end of December 2012, the increase in consumer prices stood at 1.4% in the department, against 1.3% nationwide.



## Labour market remains weak

The labour market is marked by a low level of activity (53.6% in 2012) and a high unemployment rate (22.3% in June 2012). This is mainly due to the mismatch between labour supply and demand and the continued predominance of the informal sector. While the employment rate for men fell by 1.3 points between 2007 and 2012, there was a significant 4.5 point rise in the rate for women, showing the increasing number of women on the labour market. Employment in non-market sectors continues to be predominant with 49.5% of total paid employment, against 32.1% in mainland France. The service and construction sectors have been the most dynamic in terms of job creation since 2000.



DEFMA: Jobseekers who have not worked during the month and are required to actively seek employment.  
Source: DIECCTE, INSEE.

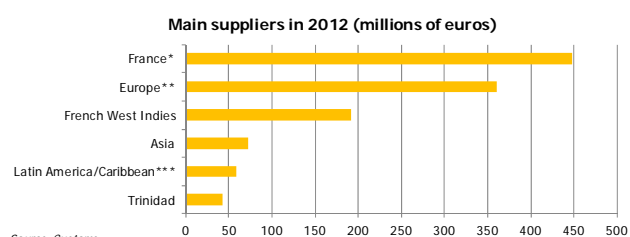
Employment	2001	2011 (p)	11/01 <sup>(1)</sup>
<b>Total employment</b>	<b>42,953</b>	<b>50,885</b>	<b>1.7%</b>
<b>Self-employment</b>	<b>2,956</b>	<b>3,258</b>	<b>-0.6%</b>
<b>Paid employment</b>	<b>39,997</b>	<b>47,627</b>	<b>1.0%</b>
Agriculture	524	358	-3.7%
Industry	2,517	3,909	4.5%
Construction	2,023	3,384	5.3%
Trade	12,582	16,377	2.7%
Market services	22,351	23,599	0.5%

(p) provisional; (1) Average yearly trend.

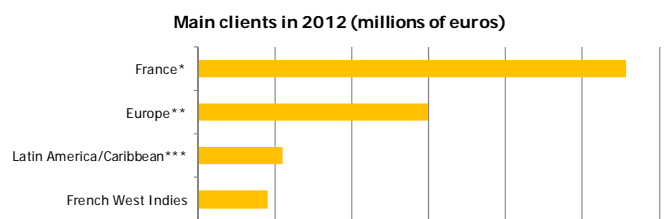
Source: INSEE.

## Economy remains largely dependent

The share of imports (excluding services) in GDP, close to 100% during the 1990s, has fallen, but remains structurally high (between 50 and 60%). This is due to the space industry, which requires the import of capital goods with high added value, and to the low level of productive industries. The trade balance, which shows a high deficit, stood at EUR 1.3bn in 2012. Exports are not very diversified: re-exports of space-related goods ("capital goods" category) and gold production account for the bulk of exports in value and remain insufficient to offset the sharp rise in imports. Europe (excluding France) is playing an increasingly important role in trade with French Guiana, but mainland France is still by far its largest partner. French Guiana still trades very little with its South American neighbours.



Source: Customs.  
\* Nationwide excl. FDA \*\* excl. France and FDA, incl. non-EU \*\*\* excl. FDA and Trinidad.



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Import values (millions of euros)	2012
Capital goods industries	446.0
Oil products and hydrocarbons	217.2
Agrifood industries	215.7
Consumer goods industries	153.0
<b>Total</b>	<b>1,486.5</b>

Source: Customs.

Export values (millions of euros)	2012
Capital goods industries <sup>(1)</sup>	118.8
Metal and metallurgical products (incl. gold)	70.6
Agrifood industries	11.0
Other (chemical products, wood)	23.0
<b>Total</b>	<b>223.4</b>

Source: Customs.

(1) Includes the value of empty containers and space-related goods.

## MAIN SECTORS OF ACTIVITY

French Guiana's economy is dominated by the service sector, but industry is continuing to develop. The weight of the space industry in the economy has fallen by around ten points in ten years, reflecting some diversification in local activity. The construction industry is a driver of French Guiana's growth, whereas most of the traditional industries have been in difficulty for several years: gold production has slumped, rice growing is in decline and access to shrimp resources is problematic. However, the wood sector, which benefits from strong demand, is developing, as well as tourism, which has strong potential in French Guiana.

Key sector indicators	2012	12/02 <sup>(1)</sup>	2012	12/02 <sup>(1)</sup>
Number of rocket launches	10	- 1.8%	Shrimp catches (tonnes)	742 - 13.3%
Gold exports (tonnes)	1.7	- 15.9%	Fish catches (tonnes)	1,580 8.2%
Cement sales (excl. binders and fillers)	102,219	5.2%	Pig and bovine slaughtered (tonnes)	671 - 0.1%
Rum production (hectolitres of pure alcohol)	2,775	3.3%	Port traffic (tonnes)	663,772 -0.4%
Harvested wood (m <sup>3</sup> )	74,878	2.1%	Air traffic (number of passengers)	428,865 1.4%

Sources: Customs, CCIRG, Ciments guyanais, ONF.

(1) Average annual growth rate.

Sources: Ifremer, Daaf, CCIRG.

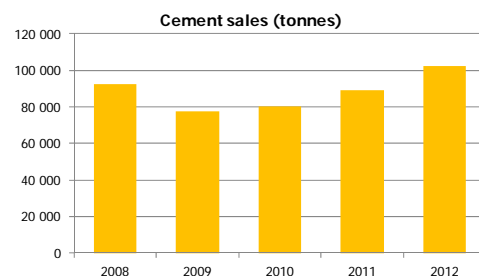
(1) Average annual growth rate.

## Space industry a key driver

The space sector has a knock-on effect on the industry, business services and transport sectors. According to an impact assessment conducted by INSEE in 2007, the weight of this activity accounted for 16.2% of GDP in 2002. The French Guiana Space Centre (CSG) has a workforce of some 1,659 people and the number of related jobs is estimated at 4,200. With the installation of Soyouz launchers (first launch at the end of 2011) and Vega launchers (first launch made in early 2012), the CSG now offers a wide range of services (heavy-lift: Ariane 5, medium: Soyouz, light: Vega). This allows it to cover all the demand from global operators, as well as specific missions (Galileo satellites and the ATV – Automated Transport Vehicle – space carrier).

## Construction driven by housing needs

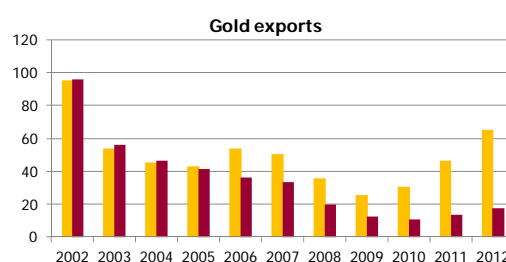
The construction industry experienced strong growth between 2006 and 2008, in particular due to public procurement and large-scale projects (Soyouz). Activity in the sector would appear to be picking up after a slowdown in 2009-early 2010, bolstered by the continuation of projects for new housing construction and land use planning, and driven by the announced end of certain tax relief measures. Demand in numbers of housing units remains strong, in the region of 3,700 a year (including half for social housing), while production stands at around 1,500 units (including almost 800 social housing units). In addition, given the deficit in previous years, the need for some 15,400 housing units still needs to be met.



Source: CimENTS Guyanais, excl. fillers and binders.

## Gold sector in difficulty

While gold is still the main “local” export, with 30% of the total value, this satisfactory result can be put down to the soaring gold prices. Legally produced and exported volumes of gold have fallen significantly since 2002, as the industry has been badly affected by problems related to illegal gold panning, regulatory constraints and the high production costs in French Guiana. However, there has been an upturn in the production volume since 2011, driven by the increase in gold prices.



Source: Customs. ■ Millions of EUR ■ Quintals

## FINANCING OF THE ECONOMY

French Guiana's economy is mainly financed by locally established credit institutions (which hold 86% of total outstanding loans). Growth in French Guiana's market has also attracted regional banks based in the West Indies, either to finance the local client base or to support the development of companies owned by West Indies groups. The annual growth in bank loans, supported by high demand for housing finance, is mainly driven by housing loans (allocated to households and social housing institutions), which account for 57% of total performing outstanding loans. Companies account for 52% of the department's total debt, against 32% for households and 15% for local authorities. With allocation policies being more selective, the local bad debt rate has fallen by 4.1 points in 5 years and stood at 4.1% at the end of 2012.

At the end of December 2012, French Guiana had 43 permanent bank branches. With a ratio of one branch for 5,569 inhabitants, the banking density in French Guiana is half that of the other FDA.

Businesses	2012	Households	2012
Cost of credit for businesses (July/August 2012) medium and long term	5.5%	Number of inhabitants per bank branch	5,569
Outstanding bank loans (all establishments)	EUR 1,277.8m	Number of inhabitants per ATM	1,871
operating loans	EUR 101.0m	Number of bank accounts per inhabitant	1.32
investment loans	EUR 388.6m	Number of cards in circulation	247,198
real estate loans	EUR 782.1m	Number of cases of overindebtedness	185
Financial assets (all establishments)	EUR 499.9m	Bank loans (all establishments)	EUR 795.7m
overnight deposits	EUR 269.6m	consumer loans*	EUR 164.7m
liquid or short-term savings	EUR 79.3m	home loans	EUR 630.9m
long-term savings	EUR 151.1m	Financial assets (all establishments)	EUR 993.5m
Number of payment incidents	379	overnight deposits	EUR 331.4m
Number of legal entities subject to banking prohibition	735	liquid or short-term savings	EUR 331.8m
		long-term savings	EUR 330.3m
		Number of natural persons subject to banking prohibition	8,961
		Average debt per household** (in EUR)	12,628
		Household savings rate (in % of gross available income, 2007)	26.8%
		Gross rate of doubtful loans (all establishments, all agents)	4.1%

Source: IEDOM - Outstanding amount at 31st December 2012 and year on year trend, INSEE.

\*excl. new operator on treasury credit market in 2010

\*\*63,014 households estimated by INSEE at 1st January 2009.

For businesses, outstanding real estate, investment and operating loans represent 61%, 30% and 8%, respectively, of their outstanding bank loans in December 2012. For households, outstanding home and consumer loans represent 79% and 21%, respectively, of their outstanding bank loans in December 2012.

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

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