

Mayotte at a Glance

STRUCTURAL CHARACTERISTICS

Capital	Mamoudzou
Surface area	375 km ²
Geographical location	Indian Ocean, Paris at 8,500 km, Réunion at 1,500 km, Madagascar at 250 km
Languages spoken	French, Shimaoré, Kibushi and Comorian languages
Currency	Euro
Status	Overseas Department and Region since 31 st March 2011
Global HDI ranking (2005)	107
National representation	2 MPs, 2 senators and 1 representative at the Economic, Social and Environmental Council
State representation	Prefect

Historical background

The Island of Mayotte is located at the entry to the Mozambique Channel and has for centuries been a crossroads for maritime trade between Europe and the Indian Ocean.

According to the most recent archaeological and linguistic research, the first settlements are thought to date back to the 8th century and to have been made by both Bantu civilisations from the East African coast and Austronesian (or Proto-Malagasy) civilisations from Indonesia. In the 9th century, the arrival of Arab-Persian merchants on the Comoros Archipelago caused an upheaval in the social organisation: the tribal and matrilineal system, a heritage of the African origins, was replaced by an organisation based on the sultanate system and the principles of Islam.

Mayotte was first and foremost regarded as a port of call and only began to be of interest to the French following their loss of influence on the Île-de-France (today Mauritius) in 1814. The history of French Mayotte began in the 19th century, when the last Sultan of Mayotte handed over the island to Commander Passot on 25th April 1841. Mayotte was officially taken over by the French in June 1843 with the ratification of the Treaty of Surrender of Mayotte. The island subsequently became a French colony. From 1880 to 1912, France established a protectorate on the other islands of the Comoros Archipelago, which became Overseas Territories (TOM) in 1946.

Institutional organisation

Unlike other islands on the Comoros Archipelago, which claimed their independence back in the 1950s, Mayotte has affirmed its attachment to France on several occasions. In 1974, on the eve of the independence of the Comoros (obtained in 1975), over 60% of the population refused a separation from mainland France. It confirmed this decision during the self-determination referendum in 1976, with over 99.4% approving to continue as an Overseas Territory within the French State.

In 2001, Mayotte became a departmental territory and on 29th March 2009, 95.2% of the population voted in favour of changing the status of Mayotte to an Overseas Department and Region (DROM). On 31st March 2011, the departmental territory of Mayotte became the 101st French department (5th department in the Overseas Territories) and now exercises the powers devolved to Overseas Departments and Regions.

In addition to the review of the civil status and the justice reform, this institutional change was combined with a gradual alignment of the minimum wage and social benefits with levels in mainland France, a tax reform, and the creation of a Mayotte economic, social and cultural development fund (FMDESC), which has replaced the current Mayotte development fund.

As planned following the process to change to department status, France requested the accession of Mayotte, which is currently an Overseas Country and Territory (OCT), to the status of Outermost Region (OMR). Consequently, on 11th July 2012, the European Council, gathering the 27 Heads of Government of member countries, voted in favour of this accession from 2014 onwards.

DEMOGRAPHIC TRANSITION UNDERWAY

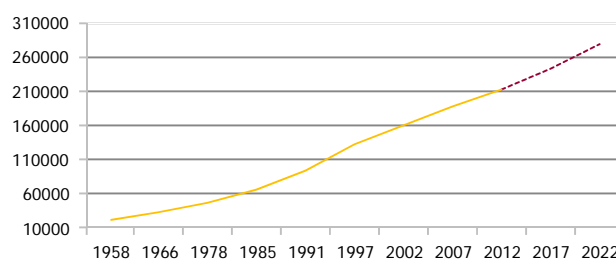
Mayotte's population has seen a threefold increase since 1985 and stands at 212,645 according to the latest census conducted by INSEE in August 2012. Two-thirds of the island's population are under 30 according to the 2007 census. However, this sharp increase, which is due to an extremely high birth rate, a low mortality rate and a high level of immigration, has been slowing down since 1997. The average annual population growth rate (+2.7%), measured between 2007 and 2012, does nevertheless remain higher than in Réunion (+1.5%), but is close to the rate in the Comoros (+2.4%). According to census operations, net migration was widely positive between 1997 and 2002, but the latest available statistics show that it became negative between 2002 and 2007. Population density (570 inhabitants per km² in 2012) is the highest in the region after Mauritius (640 inhabitants per km²) and the highest among French departments, excluding Île-de-France. The share of population of foreign nationality reached 40.7% in July 2007, roughly a third were born in Mayotte.

Demographic indicators	Mayotte	France ⁽¹⁾
Population (2012, millions for France)	212,645	65.8
Percentage of under 20s (2007)	54.3	24.7
Percentage of 20-59 year-olds (2007)	42.0	51.5
Percentage of aged 60 and over (2007)	3.7	23.8
Population density (inhab./km ² , 2012)	570	115 ⁽²⁾
Annual average population growth rate (% , 2007-2012)	2.7	0.6 ⁽³⁾
Birth rate (for 1,000 inhab., 2007)	41.2	12.6
Mortality rate (for 1,000 inhab., 2007)	3.1	8.7
Infant mortality rate (for 1,000 births, 2007)	13.5	3.5
Total fertility rate (2007)	5.0	2.01
Life expectancy at birth for women (Years, 2007)	73.0	84.8
Life expectancy at birth for men (Years, 2007)	73.0	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.

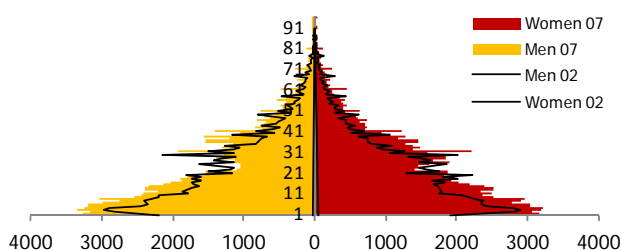
Source: INSEE.

Population in 2022



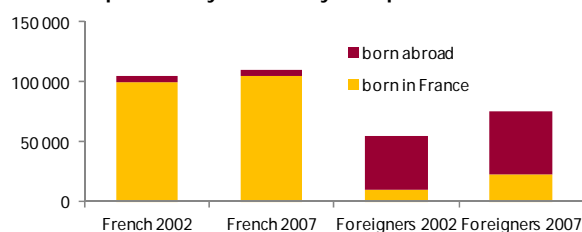
Source: INSEE.

Age pyramid in 2002 and 2007



Source: INSEE.

Population by nationality and place of birth



Source: INSEE.

ECONOMY AT A GLANCE

Key economic indicators	Mayotte	France ⁽²⁾
GDP (billions of constant euros, 2009)	1.4 ⁽¹⁾	2,032.3
GDP growth rate (% , constant euros, 2005-2009)	11.0 ⁽¹⁾	0.0
GDP per capita (constant euros, 2009)	6,575 ⁽¹⁾	31,059
State expenditure in the Territory (in % of GDP, 2009)	34.1	-
Debt of local authorities (% of GDP, 2009)	9.8	8.5 ⁽³⁾

(1) Cerom estimations, in constant euros; (2) In 2012; (3) Public debt notified or in the sense of Maastricht.

Sources: INSEE, Customs, Employment Agency, Cerom, AFD, General Treasury, Region, Department.

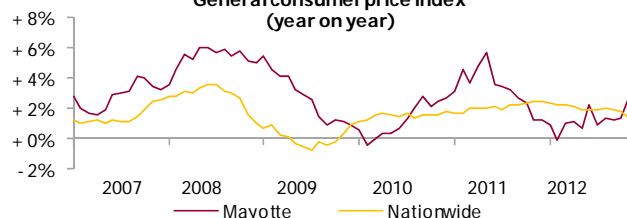
2009). These two institutional sectors experienced dynamic development between 2005 and 2009 and make a significant contribution to growth. Consumption continues to be the main driver of Mayotte's economy.

Despite this extremely dynamic growth between 2005 and 2009, Mayotte's 2009 GDP per capita remained four times lower than in mainland France over the same year. It is eight times higher than in the Comoros.

Volatile prices

Mayotte's consumer price index (CPI) is more volatile than in mainland France. One of the impacts of the economic development of the island and the improvement in the standard of living is an increased demand for goods. This demand, combined with the high shipment costs and the increase in world commodity and hydrocarbon prices, contributes to pushing up general price levels. Variations in the CPI are mainly due to changes in prices for services, food products and beverages.

General consumer price index (year on year)



Source: INSEE.

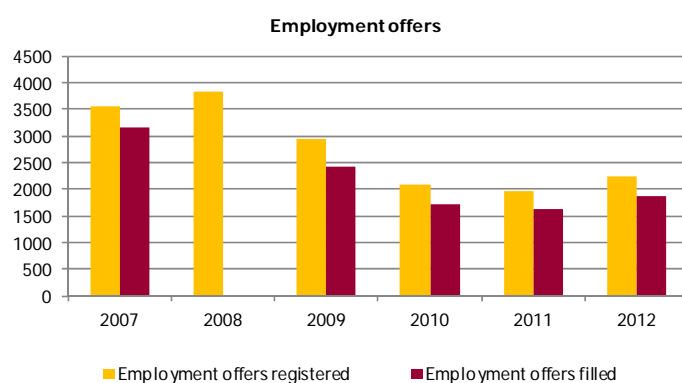
Labour market marked by transition towards a service economy

Employment is marked by the island's transformation to a service economy. Employment in the service sector is developing at a faster pace than in the primary and secondary sectors and accounts for over 80% of job offers registered by the Employment Agency. Public administrations are the largest employer (54% of total employment, 50.4% of job offers in 2012) and the private sector is experiencing rapid development. The unemployment rate was estimated at 17.6% in 2009. However, this figure underestimates the full extent of unemployment on the island. Indeed, ILO criteria for defining unemployment create an extremely strong "halo" around unemployment in Mayotte, with 29,300 inactive people wanting to work who are not included as being unemployed by ILO. Unemployment is mainly due to the mismatch between professional qualifications and the needs of the productive sector.

Employment	2002	2007	Trend 07/02 ⁽¹⁾
Total employment	31,514	37,910	3.8%
Self-employment	7,879	12,889	10.3%
Paid employment	23,636	25,021	1.1%
Agriculture	2,127	2,002	-1.2%
Industry	945	1,251	5.8%
Construction	2,364	2,002	-3.3%
Trade	3,309	3,002	-1.93%
Market services	4,254	3,753	-2.48%
Non-market services	7,800	9,007	2.92%
Activity related to casual jobs	2,836	4,003	7.14%

(1) Average annual trend.

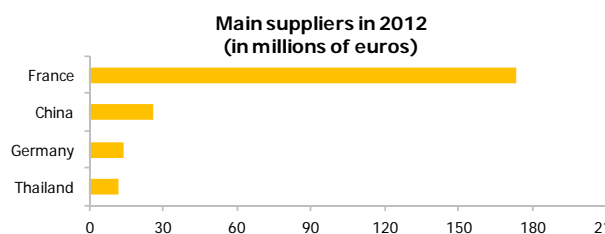
Source: INSEE.



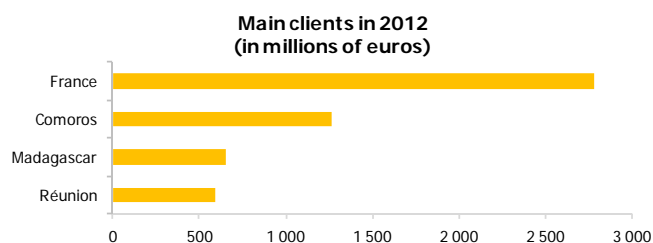
Source: Employment agency.

Trade balance structurally in deficit

Trade is characterised by a very strong predominance of imports. The structural deficit of the trade balance is becoming more marked year by year. This trend can be explained both by the continuous increase in imports due to the rise in living standards and the household equipment rate, and by the low level of exports, which show uneven trends. Mainland France is the main trade partner, both for imports and exports of Mayotte's specific products. The Comoros are Mayotte's second largest client, mainly for re-exports of goods.



Source: Regional Customs Department, IEDOM calculations.



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Import values (in thousands of euros)	2012	Export values (in thousands of euros)	2012
Other industrial products	100,414	Other industrial products	2,144
Capital goods	44,874	Capital goods	1,523
Transport equipment	27,476	Transport equipment	2,334
Agricultural, fishery and aquaculture products	2,225	Agricultural, fishery and aquaculture products	493
Publishing and communication products	2,463	Products from agrifood industries	232
Products from agrifood industries	76,390	Natural hydrocarbons	535
Refined petroleum products and coke	72,716	Other	13
Other	206	Total	7,275
Total	326,764		

Sources: Regional Customs Department, IEDOM calculations.

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MAIN SECTORS OF ACTIVITY

Key sector indicators	2012	2012/2002 ⁽¹⁾
Cement imports (thousands of euros)	8,063	8.0%
Number of building permit requests	1,303	4.3%
Passenger traffic at Dzaoudzi Airport	267,030	6.4%
Passenger traffic at Mayotte port	923	-17.2%
Number of establishments (hotel stock)	70	5.0%
Number of beds	1,108	4.4%

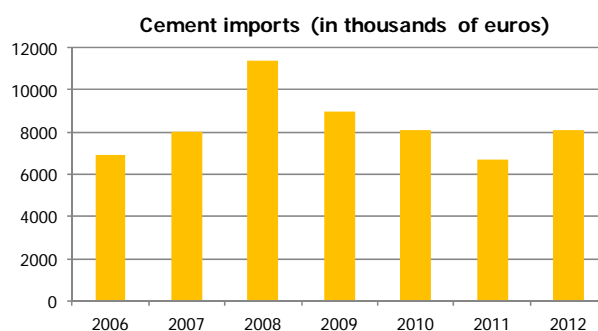
(1) Average annual growth rate.

Sources: Tourism Committee, Customs Department, civil aviation, DEAL, port management.

Mayotte's economic fabric mainly comprises very small units (90% of active companies have less than 5 employees). There are about 500 "large corporations" (i.e. with an annual turnover in excess of EUR 150,000). The trade, transport and personal services sectors account for 58% of the added value of large corporations.

Construction and public works, a strategic sector in decline

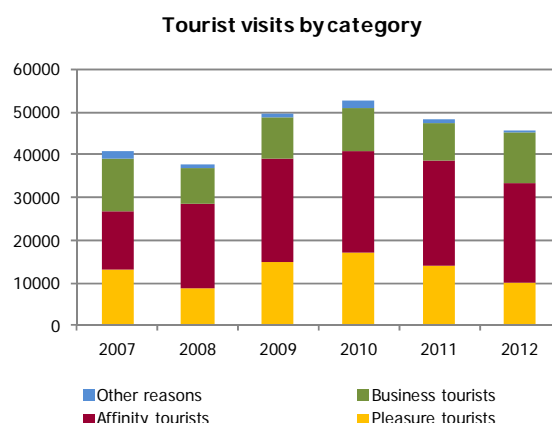
The construction industry has been one of the engines of Mayotte's economy over the past ten years, with activity driven both by public procurement (significant needs for infrastructure) and private demand (population growth and increase in incomes). In 2007, the sector employed 10% of registered employees and accounted for about 16% of the added value of large companies in 2005. Since 2008, the construction activity has deteriorated significantly due to the slowdown in construction and housing sales and delays in the start-up (or absence) of large-scale projects. With an extremely low level of orders and the widespread lengthening of payment periods, particularly by local authorities, many companies have had to reduce their workforce or close. However, there were some signs of an upturn at the end of 2012, although the situation does remain fragile and activity is below the 2008 level.



Source: Regional Customs Directorate, IEDOM calculations.

Tourism, untapped potential

In 2012, tourism accounted for about 7% of active companies in Mayotte and employed less than 2% of the workforce. Tourism remains limited, despite the island's potential for natural and cultural tourism. This sector suffers from the low level of reception facilities, in terms of both quality and quantity, combined with the lack of qualifications of the workforce. It is also limited by the fact that the destination has only recently been promoted and by the high cost of air travel. However, for Mayotte, tourism is a sector of activity with great potential to create added value and employment. A Tourism Development Master Plan was defined for Mayotte in 2006, with the aim of reaching a target of between 120,000 and 150,000 visitors a year by 2020. The current number of tourist visits is, however, way off these objectives, with only 45,800 tourists in 2012 (-5.0% year on year). The Departmental Tourism Committee is continuing its promotion activities and is taking part in regional and national events in order to sell Mayotte as a destination.



Source: INSEE.

FINANCING OF THE ECONOMY

There are seven locally established banking institutions: AFD and OSEO, three commercial banks (Banque française commerciale Océan Indien, Banque de La Réunion and Banque Postale) and two mutual or cooperative banks (BRED-BP and CRCA). Other establishments do, however, operate directly from Réunion or mainland France, without necessarily having a local branch.

In 2012, the activity of financing the economy, which had been in decline at the beginning of the year, saw an upturn in the third quarter and accompanied the sharp increase in the Business Confidence Index (BCI). This improvement was subsequently confirmed at the end of the year, driven by the positive trend for business investment loans and, as always, home loans to households. Consequently, the growth in outstanding performing loans seen in 2010 (+0.5%) and 2011 (+2.2%) increased further in 2012 (+4.3%), but remains well below the 2007-2008 level (over 30%). The upturn in 2012 was driven by the continued high level of business investment, both in terms of investment loans (26.4% increase in outstanding loans) and real estate financing (+6.9%). Home financing for households also contributed to overall growth and rose by 11.1%, after +5.8% in 2011. Finally, risk at the local level increased regularly from 2008 onwards, due to the impact of the economic and financial crisis (6% of total outstanding loans impaired at the end of December 2012, against 3.3% at the end of 2007).

Key financial indicators	2002	2012	Key financial indicators (in millions of euros)	2002	2012
Number of bank branches	9	26	Total financial assets held ¹	210.3	430.0
Number of ATMs	23	55	Incl. companies	56.5	139.9
Number of current accounts	20,191	53,328	Incl. households	60.6	208.2
Number of special savings accounts	34,693	65,214	Performing outstanding loans of economic agents ¹	306.3	779.0
Number of deposit accounts	196	565	Incl. companies	150.8	307.5
Total number of accounts	55,080	119,118	Incl. households	62.5	257.6
Rate of use of banking system	35%	56%	Incl. local authorities	86.4	171.8
Number of cases of overindebtedness	0	12	Rate of doubtful loans ^{1 2}	2.6%	6.0%

Source: IEDOM.

¹ With all credit institutions (established locally or not).

² Doubtful loans/total outstanding loans.

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

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