

Martinique at a Glance

STRUCTURAL CHARACTERISTICS

Capital	Fort-de-France
Surface area	1,128 km ²
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 (2010)	34
National representation	4 MPs, 2 senators and 1 representative at the Economic, Social and Environmental Council
State representation	Prefect

Historical background

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 10th and 14th century, a new civilisation arrived on the island: the Carib or Kalina Indians. Christopher Columbus discovered Martinique on 15th 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 Schoelcher.

On 8th 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 19th March 1946. This desire for assimilation on the part of the population of Martinique was reflected by an overwhelming vote in favour of the 5th Republic in 1958, whereas independence processes were being initiated in parallel.

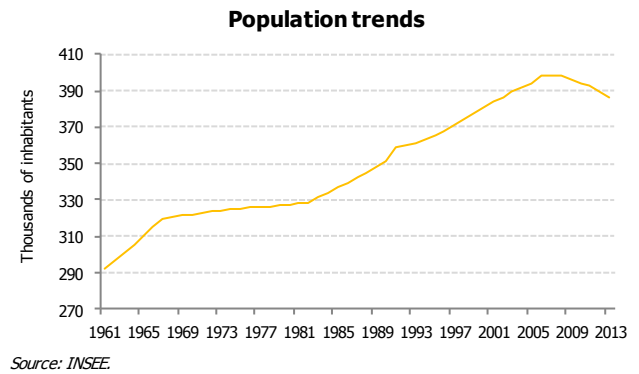
Institutional organisation

The institutional framework of the French Overseas Territories is defined by the Constitutional Law of 28th 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 19th March 1946 and 31st 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 28th 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. In the referendums on the 10th and 24th of January 2010, voters in Martinique widely rejected its transformation into an Overseas territory, governed by Article 74 of the Constitution, and decided to create a single territory, exercising the powers conferred on the Departments and Regions under Article 73 of the Constitution. The single territory of Martinique is expected to come into being in 2015. At community level, Martinique, like the other DROM, is an Outermost Region (OMR). This system provides for the applicability in principle of all community law, and allows it to benefit from structural funds.

DECLINING AND AGEING POPULATION

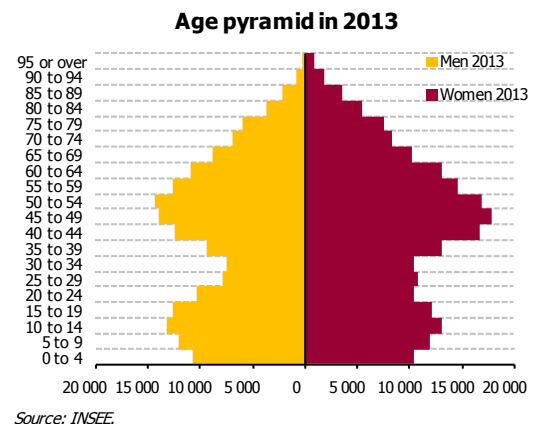
Martinique's population was estimated at 386,486 inhabitants at 1st January 2013, *i.e.* 0.6% of the total French population and 20.5% of the population of the overseas territories. Population density is high, with 343 inhab./km², and concentrated in the centre of the island, with over one inhabitant out of two (58.5%).¹

Martinique's population has been declining in recent years and its average annual growth rate was negative from 2006-2013 (-0.4%). It is also ageing under the combined effect of the decline in the birth rate and net out-migration, which is particularly high for the 18-30 age group. According to INSEE projections, Martinique is expected to become the second oldest region in France by 2040, after Corsica. The ratio between the number of elderly people and the number of people of working age (15-64 year-olds) is expected to rise from 21.7% in 2007 to 66.4% in 2040.



Demographic indicators	Martinique	France ⁽¹⁾
Population (thousands in 2013, millions for France)	387	66
Percentage of under 20s (2013)	25	25
Percentage of 20-59 year-olds (2013)	52	51
Percentage aged 60 and over (2013)	23	24
Population density (inhab./km ² , at 01/01/2013)	343	117 ⁽²⁾
Annual average population growth rate (% , 2006-2013)	-0.4	0.6 ⁽³⁾
Birth rate (‰ inhabitants, 2012)	11.5	12.3
Mortality rate (‰ inhabitants, 2012)	7.3	8.7
Infant mortality rate (‰ birth, 2010/2013) ⁽⁴⁾	8.3	3.6
Total fertility rate (2012)	1.94	1.99
Life expectancy at birth for women (years, 2012)	85.4	85.0
Life expectancy at birth for men (years, 2012)	78.8	78.7

⁽¹⁾ INSEE 2013 population survey (population at 1st January 2014); ⁽²⁾ In mainland France in 2013; ⁽³⁾ Between 2004 and 2014; ⁽⁴⁾ Number of deaths of infants under one year of age/number of live births in 2010, 2011 and 2012.
Source: INSEE.



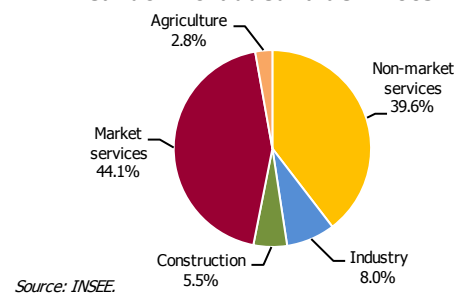
ECONOMY AT A GLANCE

Martinique's economy experienced sustained growth between 2002 and 2012 (annual average of +3.2% in value), driven by consumption and investment. However, growth became negative in 2008 and 2009 with the onset of the economic and financial crisis in the euro zone, which was exacerbated in Martinique by the social crisis. There was a partial recovery in 2010 and 2011, but it was not sufficient for Martinique's economy to return to pre-crisis levels. According to the rapid economic accounts, GDP stagnated in 2012 (+0.0% in volume and +0.7% in value). This trend is mainly due to the rise in exports (+3.0 points) and the consumption of public administrations (+1.3 points), which were offset by the decline in investment (-1.3 points).

Key economic indicators	Martinique	France
GDP (billions of euros, 2012) ⁽¹⁾	8.4	2,032.3
GDP growth rate (% , in volume, 2012) ⁽¹⁾	0.0	0.0
GDP per capita (constant euros, 2012)	21,527	31,076
State expenditure in the territory (% of GDP, 2012) ⁽²⁾	35.4	-
Debt of local authorities (% of GDP, 2012)	11.1	8.4 ⁽³⁾

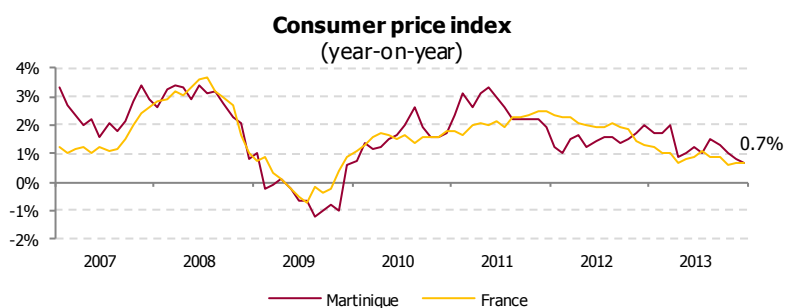
⁽¹⁾ CEROM estimation; ⁽²⁾ Expenditure for personnel, operating, investment, operations, tax advances and TIPP, allocations to local authorities; ⁽³⁾ Public debt notified or in the sense of Maastricht in 2012.
Sources: INSEE, CEROM, Customs, DRFIP.

Breakdown of added value in 2009



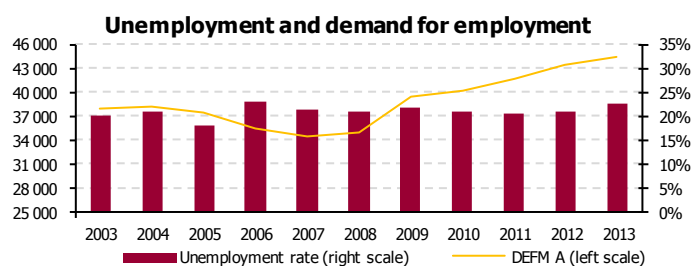
Moderate inflation

Between 1998 and 2013, the consumer price index grew at an average annual rate of 1.8% in Martinique (1.7% in mainland France). Over the period, energy, food and service prices contributed significantly to the increase in prices. The overall price difference with mainland France stood at 9.7% in 2010. For food products, it was over 29.5%, which heightened the feeling that the cost of living is high.



¹ The centre corresponds to the grouping of the Centre-Agglomération and Centre-Atlantique areas by INSEE.

High unemployment



DEFM A: End-of-month category A jobseekers.
Sources: DIECCTE, INSEE.

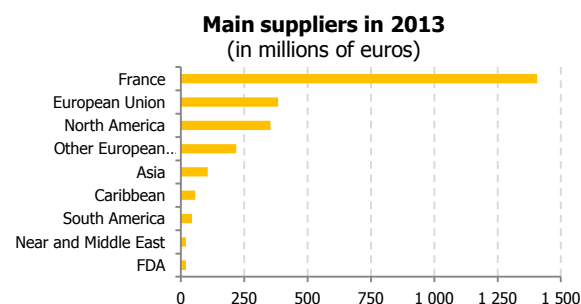
Employment	2002	2012	AAGR* 12/02
Total employment	125,770	133,183	+0.6%
Self-employment	8,154	8,794	+0.8%
Paid employment	117,616	124,389	+0.6%
Agriculture, forestry and fishing	5,232	4,492	-1.5%
Industry – Energy and Water	8,644	8,620	-0.0%
Construction	5,272	6,447	+2.0%
Market services	41,307	53,922	+2.7%
Non-market services	57,161	50,908	-1.2%

* Average annual growth rate.
Source: INSEE, EPURE database.

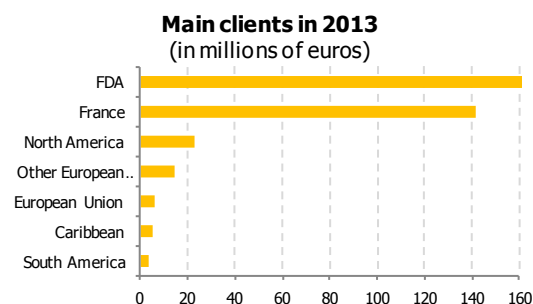
The unemployment rate has remained at a high level over the past ten years, above 20%, with the exception of 2005 (18.0%). Age and the low level of training are the main discriminatory factors. In 2013, the unemployment rate was 22.8% in Martinique (10.2% in mainland France). It stood at 68.2% for working-age people under 25, and reached 30.4% for working-age people without qualifications. The number of category A end-of-month jobseekers stood at 44,583 in 2013, including 51.3% for over a year, an increase of 2.7% and 2.3% year-on-year, respectively, while the number of unemployment insurance recipients fell by 4.0%. In 2012, 84.3% of paid employment was in the service sector, ahead of industry (6.9%) and construction (5.2%). Central Martinique concentrates almost two-thirds of paid employment in the territory. Public employment accounts for about a third of paid employment and breaks down into 3 statuses: the State civil service (39.5% of the workforce), the territorial civil service (40.0%) and the hospital public service (20.5%).

Foreign trade structural deficit

Energy accounts for a significant part of Martinique's foreign 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 Guadeloupe and French Guiana are important export partners for Martinique, while mainland France and the European Union are its largest suppliers. Regional trade (excluding energy) is, for its part, still in its infancy. The trade balance is structurally in deficit and the trade deficit has grown over the decade (+46.6%).



Source: Customs.



Main imports in value (millions of euros)	2013
Natural hydrocarbons, other extractive industry products, electricity, waste	310
Mechanical, electric, electronic and IT equipment	358
Agrifood industry products	401
Refined oil products and coke	447
Transport equipment	258
Other industrial products	791
Total imports	2,641

Source: Customs.

Main exports in value (millions of euros)	2013
Refined oil products and coke	178
Agricultural, forestry, fishery and aquaculture products	77
Agrifood industry products	57
Natural hydrocarbons, other extractive industry products, electricity, waste	14
Transport equipment	20
Other industrial products	25
Total exports	384

MAIN SECTORS OF ACTIVITY

Martinique has the characteristics of a modern and diversified economy. Market and non-market services are the main source of wealth creation. Their weight in the economy increased by 2.5 points between 1999 and 2009, whereas the weight of the other sectors is in decline. However, in absolute terms, the added value of all sectors is increasing, with the exception of the hotel and catering industry (-2.7% a year on average). Traditional sectors (banana, sugarcane-rum) play an important role in the social and territorial balance of the island.

Main sector indicators	2013	AAGR* 13/03
Sugarcane production (tonnes)	177,921	-0.2%
Sugar production (tonnes)	2,188	-8.3%
Rum production (hectolitres of pure alcohol)	81,064	+0.3%
Banana shipments (tonnes)	159,015	-5.8%
Meat production** (tonnes)	2,418	-0.4%

Main sector indicators	2013	AAGR* 13/03
Cement production (tonnes)	171,168	-3.0%
Number of tourists	646,760	-1.9%
Passengers at airport (thousands)	1,624	+1.2%
Cruise passengers	103,770	-9.0%
Mass-market retailing turnover (millions of euros)	564	+4.8%

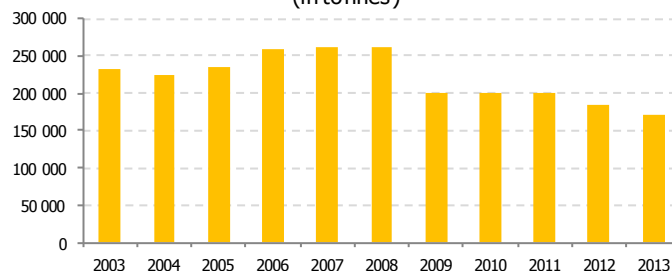
* AAGR: average annual growth rate. ** excl. poultry production.

Sources: CTCS, FEL Hebdo, Martinique semi-public abattoir company, Ciments Antillais, CMT, CCIM, DIECCTE.

Difficult situation in construction industry

The construction industry played a key role in Martinique's economic growth until 2007. Between 1997 and 2007, the added value of the industry rose by an annual average of 4.2%. Since 1999, the construction and public works sector has been facing a serious crisis. Private housing supported activity in the sector until 2007-2008, with a production of some 4,000 housing units a year. The calling into question of tax relief measures in 2008 led to a marked decline in this segment, without this being offset by social housing or public procurement. Consequently, between 2008 and 2013, cement sales fell by nearly 35% and housing construction by about 40%.

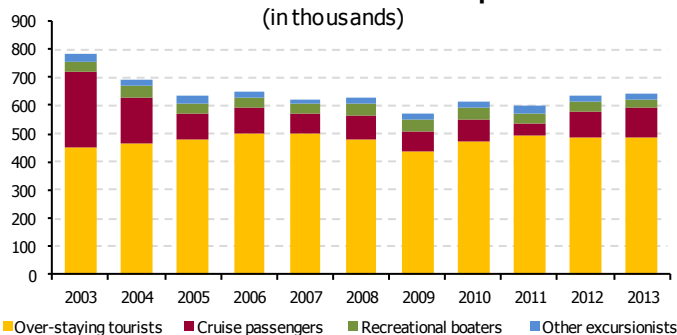
Cement sales
(in tonnes)



Source: Ciments Antillais.

Structural difficulties in the tourist industry, despite an upturn in 2013

Number of tourists to Martinique
(in thousands)



Source: CMT.

While Martinique welcomed almost a million tourists in 1999, there were only 646,760 visitors in 2013. With 1.6% of flows of over-staying tourists and cruise passengers from the Caribbean region, in 2013, Martinique ranks 18th out of destinations in the region. According to the Court of Auditors, the sector has been in crisis since the early 2000s due to the dynamism of competing destinations, but especially as a result of shortcomings in the definition and implementation of public policies. The tourist industry does, however, contribute to Martinique's economic diversification. It is one of the most integrated sectors in the economy, thanks to its high direct and indirect labour intensity. In 2013, there was a fresh upturn in the tourist industry (+0.9% year-on-year), driven by cruise passenger tourism (+12.7%).

FINANCING OF THE ECONOMY

Martinique's banking and financial activity is based on various networks of credit institutions and the like, whether or not they are established locally. There are 21 local credit institutions in Martinique: 5 banks affiliated to the French Banking Association, 6 mutual and cooperative banks, 7 financial companies and 3 specialised financial institutions. These establishments have a total of 159 branches, including 150 bank branches, and employ 1,508 officers.

Monetary and financial indicators	2003	2013
Number of inhabitants per bank branch	3,905	2,577
Number of inhabitants per ATM	1,337	974
Number of bank accounts per inhabitant	3.0	3.4
Financial assets of economic agents (<i>Local CIs, in millions of euros</i>)	4,148	6,686
Outstanding performing loans of economic agents (<i>All CIs, in millions of euros</i>)	4,643	7,951
Rate of gross doubtful loans (<i>All CIs</i>)	9.0%	6.9%

Source: IEDOM.

Between 2003 and 2013, performing outstanding loans increased by 71.3%, with an average annual growth rate of 5.6%. 2009 marked a break in the trend for outstanding loans, which had increased by an annual average of 8.2% between 2003 and 2008, then by an annual average of 2.4% since 2009. At the same time, the rate for gross doubtful loans fell by 2.1 points over the period, reflecting an improvement in the quality of the portfolio.

In detail, over the decade, average annual growth in outstanding loans to households stood at 5.3%, and was particularly high for home loans (annual average of +7.3%). The average annual growth rate for consumer loans was much lower, at +1.7%, as the outstanding amount has been falling since 2009. Among the corporate loans, for which the outstanding amount rose by an annual average of +4.8%, the largest increase was with investment loans (annual average of +10.2%). Finally, there was also a marked increase in outstanding loans to local authorities over the period, with an annual average of +7.7%.

Business indicators	2013
Financial assets (<i>Local CIs, in millions of euros</i>)	1,355
Outstanding bank loans (<i>All CIs, in millions of euros</i>)	3,164
incl. operating loans*	-5.8%
incl. investment loans*	-2.7%
Annual average cost of credit for businesses (<i>Oct. 2013</i>)	6.6%
Legal persons banned from holding a bank account	2,509

*Annual rate of change.

Source: IEDOM.

Household indicators	2013
Financial assets (<i>Local CIs, in millions of euros</i>)	4,926
Outstanding bank loans (<i>All CIs, in millions of euros</i>)	3,194
incl. consumer loans*	-2.7%
incl. home loans*	+5.1%
Number of cases of overindebtedness filed	501
Natural persons banned from holding a bank account	16,861

N.B.: The data used in this note are as of 31st December 2013 unless specified otherwise.

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