

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.

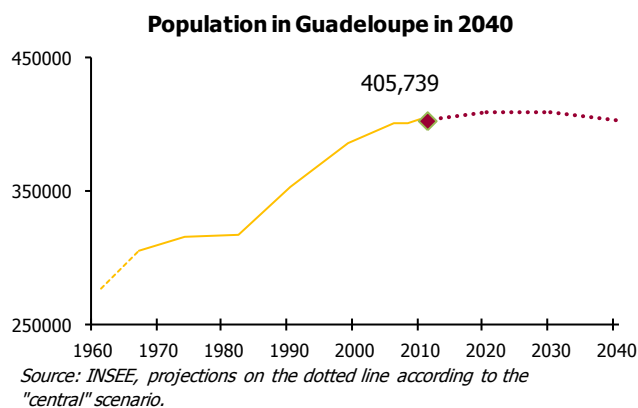
Institutional organisation

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 (excluding the Northern Islands) was estimated at 405,739 inhabitants at 1st January 2013, *i.e.* 0.6% of the national population. The average annual population growth rate between 2006 and 2013 fell considerably compared to the rate between 1990 and 1999 (1.0% a year) and stood at 0.2%. This rate is now below the nationwide rate (+0.5%) and is exclusively due to the contribution of the natural balance (+0.7%), as net migration is negative (-0.5%). It is estimated that in 2040, Guadeloupe will have 404,000 inhabitants, which is slightly lower than the current population level.

While the archipelago's population is younger than in mainland France, it is ageing due to the declining birth rate and a negative migration balance. In 2040, the share of under 20s is expected to be close to 22%, and the proportion of over 60s is expected to reach 40%. Guadeloupe will at this time be the third oldest region in France, after Corsica and Martinique.



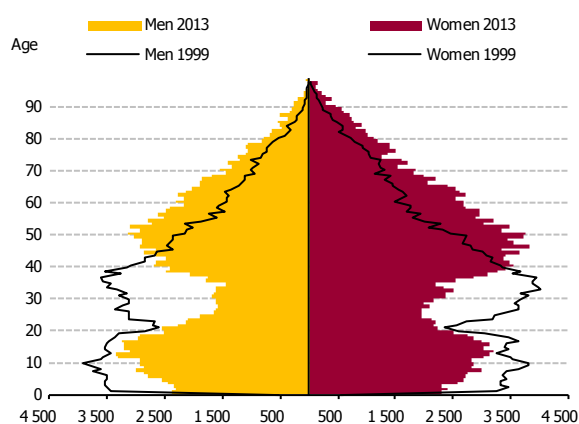
Demographic indicators ⁽¹⁾	Guadeloupe	France
Population (thousands, millions for France, at 01/01/2013)	406	65.8
Percentage of under 20s (at 01/01/13)	27.9	24.4*
Percentage of 20-59 year-olds (at 01/01/13)	50.8	51.5*
Percentage of aged 60 and older (at 01/01/13)	21.4	24.1*
Population density (inhab./km ² , 2013)	249	117*
Average annual pop. Growth rate (% , from 2003 to 2013)	0.3	0.6*
Birth rate (for 1,000 inhabitants, 2013)	12.9 ⁽²⁾	12.3
Mortality rate (for 1,000 inhabitants, 2013)	7.1 ⁽²⁾	8.7
Infant mortality rate 2010-2012	8.1	3.5
Total fertility rate (2013)	2.18 ⁽²⁾	1.99
Life expectancy at birth for women (years, 2013)	83.5 ⁽²⁾	85.0
Life expectancy at birth for men (years, 2013)	77.0 ⁽²⁾	78.7

(1) Provisional results at the end of December 2013, unless specified otherwise.

(2) 2012 data.

* Results for mainland France.

Source: INSEE, statistics from the civil registry and population estimate; UN (WPP, 2012) for population density in mainland France in 2013. For Guadeloupe, population density is obtained by dividing the population at 01/01/13 by the surface area (equal to 1,628 km²).



ECONOMY AT A GLANCE

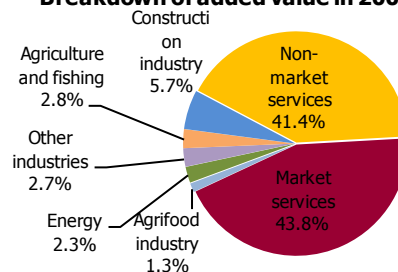
Guadeloupe's economy benefitted from buoyant economic growth between 1993 and 2008 (+3.1% a year in volume), driven by consumption and investment. This was combined with an increased shift in activity towards the service sector. In 2012, GDP per capita (EUR 19,810) remained 36% lower than nationwide GDP. However, over the long term, the gap has been closed markedly: in 1994, GDP per capita was 63% below the nationwide level. Following a 4.8% decline in GDP volume in 2009 due to the social crisis, Guadeloupe's economic growth picked up again in 2010 (+2.7%). In 2012, Guadeloupe's economic activity continued to grow, although to a lesser extent: regional GDP rose by 0.6% in volume over the year, against +1.3% in 2011. Household consumption, the traditional growth driver, remained on a positive trend (+0.8%). Investment, which increased in 2010 and 2011, is now in decline (-2.1%), reflecting economic actors' lack of confidence. The main industrial and commercial area is located in the Pointe à Pitre area. It is a real economic hub for the archipelago and in 2012 accounted for 68.4% of paid employment.

Key economic indicators	Guadeloupe	France ⁽¹⁾
GDP (billions of constant euros, 2012)	8.0 ⁽²⁾	2,032.3
GDP growth rate (% , constant euros, 2012)	0.6 ⁽²⁾	0.0
GDP per capita (constant euros, 2012)	19,810 ⁽²⁾	31,076
Debt of local authorities ⁽³⁾ (% of GDP, 2012)	8.2	8.4 ⁽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.

Breakdown of added value in 2009

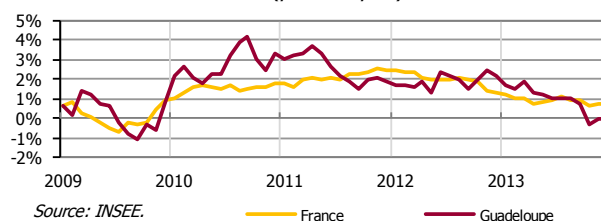


Source: INSEE, Final accounts.

Slowdown in inflation

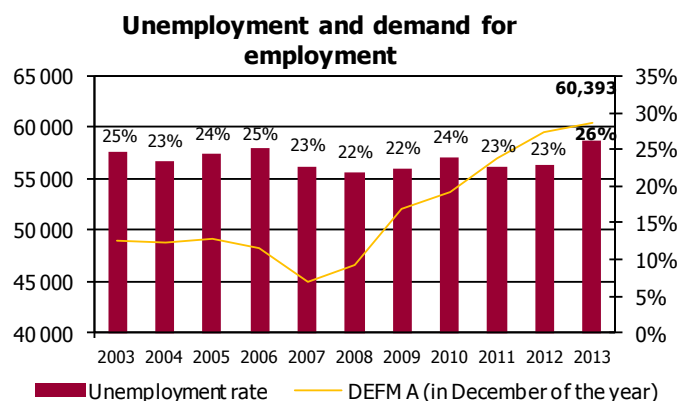
Between 2009 and 2013, the consumer price index grew at an average annual rate of 2.0%, *i.e.* a growth rate slightly above the national level (+1.6%). In 2013, annual inflation averaged +0.9%. It fell sharply compared to 2012 (+1.9%). Energy prices made the greatest contribution to the deceleration in the price index. They fell by 3.4% year-on-year. In particular, oil product prices fell by 6.1% year-on-year.

Trend in consumer price index (year-on-year)



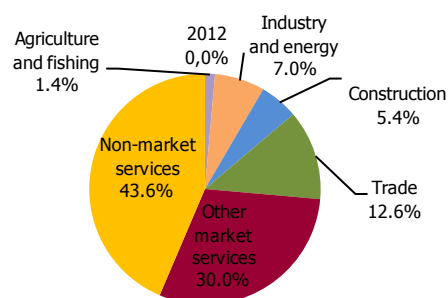
Unemployment remains at a high level

The labour market is characterised by the service sector's predominance in paid employment and by an unemployment rate (26.2% in 2013) more than double the national average (9.9%). After falling between 2000 and 2007, the number of category A jobseekers (DEFM A) grew (+34.1% between 2007 and 2013) to reach its highest level of the decade at the end of 2013, with 60,393 registered unemployed people, against 45,040 in 2007.



Sources: DIECCTE (Pôle emploi) - DEFM A, seasonally-adjusted data.

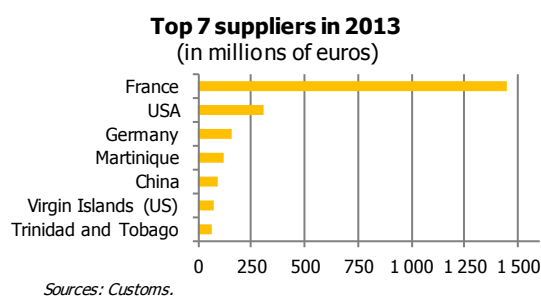
Breakdown of paid employment in 2012



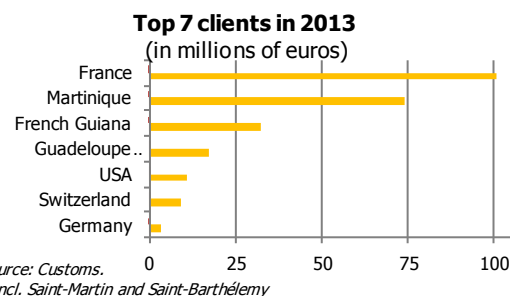
Source: INSEE.

Structural trade deficit

As with the other overseas territories, Guadeloupe is characterised by its low level of exports and a high reliance on imports: the trade coverage rate stood at 10.9% in 2013 (against 7.8% in 2012). France is the island's main client and supplier. Guadeloupe has a low level of trade with its regional environment. Exports to the Caribbean (excluding the FDA) are very low (EUR 2.7m, 1.0% of total exports). Imports from Caribbean states (excluding the FDA), worth EUR 154m, account for 5.6% of total imports, and imports from the FDA 2.4%. Trade with North America mainly concerns oil products from Porto Rico and stood at EUR 256m in 2013, i.e. 9.6% of imports in Guadeloupe.



Sources: Customs.



Source: Customs.
*incl. Saint-Martin and Saint-Barthélemy

Import values (millions of euros)	2013*
Other industrial products	925.2
Mechanical and electrical equipment	513.8
Agrifood industry products	412.4
Transport equipment	237.3
Refined oil products	551.6
Agricultural and fishery products	51.3
Other products	55.8
Total	2,747.4

*Provisional data.
Source: Customs.

Export values (millions of euros)	2013*
Agrifood industry products	61.7
Other industrial products	46.3
Agricultural and fishery products	38.0
Mechanical and electrical equipment	25.8
Transport equipment	29.8
Natural hydrocarbons, electricity, waste	13.7
Other products	49.2
Total	264.5

*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 2009, the service sector accounted for 85.2% of wealth creation (including 12.7% for trade), ahead of building and public works (5.7%), and agriculture and fishing (2.8%).

Key sector indicators	2013	2013 ⁽¹⁾ /2003
Cement sales (tonnes)	235,704	-1.2%
Number of passengers at airport (thousands)	1,964	1.7%
Number of cruise passengers	158,354	2.0%
Rum production (hectolitres of pure alcohol)	73,938	3.0%
Marketed banana production (tonnes)	71,512	-2.0%
Crushed sugarcane (tonnes)	448,022	-2.4%
Sugar production (tonnes)	45,366	-3.3%

(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%. In 2009, it accounted for 5.7% of wealth creation and employed 5.9% of the total workforce. Activity in the construction industry had already experienced a downturn in 2008 and fell sharply in 2009, penalised by the social crisis and the slowdown in public procurement. The sector has been experiencing a difficult post-crisis situation since then.

There was an overall decline in activity in 2013, with the lack of structural projects still being felt. The number of employees continued to decrease (-704 jobs) and cement sales on the local market fell by 5.5%, close to the lowest levels seen in 2011 and during the social crisis in 2009.

Tourism potential to be developed

Tourism has a significant impact, both directly and indirectly, on all the branches of the local economy (trade, transport, services, construction...) in terms of added value and job creation. At 1st January 2013, the accommodation and catering sector accounted for 8% of Guadeloupe's business fabric.

After having fallen sharply between 2003 and 2005, there was a significant rise in the number of cruise passengers (+136.3% between 2005 and 2013) to 158,354 at the end of December 2013. At the Pôle Caraïbes Airport, there was a marked fall in the number of non-transit passengers in 2009, prior to an upturn (+13.6% between 2009 and 2013) to 1,963,609 at the end of December 2013. Over the period 2003-2013, the average annual growth rate for cruise passengers stood at +2.0%, and the rate for non-transit passengers was +1.7%.

FINANCING OF THE ECONOMY

In 2013, 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.

Monetary and financial indicators	2000	2013
Number of inhabitants per bank branch	2,854	2,592
Number of inhabitants per ATM	2,070	1,044
Number of bank accounts per inhabitant	2.2	2.9
Financial assets of economic agents (EUR bn)	3.5	7.4
Performing outstanding loans of economic agents ¹ (EUR bn)	4.7 ²	8.1
Rate of doubtful loans in local institutions ² (%)	10.5 ²	6.8

¹ With all local credit institutions.

² 2004 data.

Source: IEDOM.

These establishments have a total of 174 bank branches and employ 1,823 officers. The regional equipment rate for bank branches and ATMs has considerably improved in recent years. There is now one ATM for 1,044 inhabitants in Guadeloupe, against one ATM for 1,085 inhabitants in mainland France.

In 2013, the lending activity struggled to maintain its level, as was the case with the still fragile recovery in economic activity: there was a 2.9% increase in the amount of performing outstanding loans year-on-year. This trend is close to 2012 (+3.1%), but well below the growth rates in 2011 (+7.1%) and 2010 (+6.4%). There was little increase in financing allocated to companies (+0.6%), which was affected by the difficulties encountered in most sectors. At the same time, the lending activity to households saw lower growth (+4.1%, against +4.9% in 2012). However, the bad debt rate for local banks improved throughout 2013: year-on-year, there was a marked decline in the gross outstanding doubtful loans of locally based establishments (-10.6%) at EUR 492.3m. The doubtful loan ratio decreased significantly to 6.8% (-0.9 points).

Business indicators	2013	Household indicators	2013
Average cost of MLT credit for businesses (% , Jan. 2013)	3.69	Net doubtful loans (millions of euros at end Dec. 2013)	216
Financial assets ¹ (millions of euros, at end Dec. 2013)	1,461	Financial assets ¹ (millions of euros at end Dec. 2013)	5,458
Bank loans ² (millions of euros, at end Dec. 2013)	3,736	Bank loans ² (millions of euros, at end Dec. 2013)	3,161
<i>incl. operating loans (%)</i>	8	<i>incl. consumer loans (%)</i>	31
<i>incl. investment loans (%)</i>	36	<i>incl. home loans (%)</i>	68
<i>incl. real estate loans (%)</i>	56	Number of cases of overindebtedness	287

¹ With all local credit institutions.

² Total lending by credit institutions.

Source: IEDOM.

¹ With all local credit institutions.

² Total lending by credit institutions.

Source: IEDOM.

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

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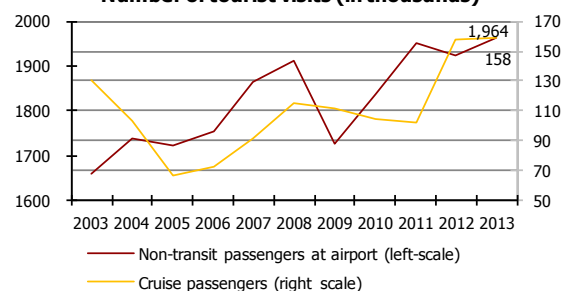
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Trend for cement consumption



Source: Ciments Antillais, incl. North Islands.

Number of tourist visits (in thousands)



Source: Guadeloupe Port Caraïbes, Guadeloupe Pôle Caraïbes