

## Mayotte at a Glance

### STRUCTURAL CHARACTERISTICS

Capital	Mamoudzou
Surface area	375 km <sup>2</sup>
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 <sup>st</sup> 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 8<sup>th</sup> 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 9<sup>th</sup> 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 19<sup>th</sup> century, when the last Sultan of Mayotte handed over the island to Commander Passot on 25<sup>th</sup> 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 the 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 99.4% approving to continue as an Overseas Territory within the French State.

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

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 (FMD).

As planned following the process to change to department status, France requested the accession of Mayotte, which was an Overseas Country and Territory (OCT), to the status of Outermost Region (OMR). On 11<sup>th</sup> July 2012, the European Council meeting, gathering the 27 Heads of Government of member countries, voted in favour of this accession, which allowed the island to become an OMR on 1<sup>st</sup> January 2014.

## DEMOGRAPHIC TRANSITION UNDERWAY

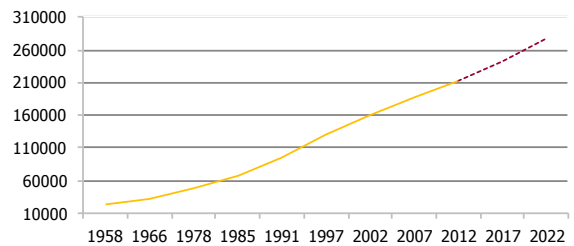
Mayotte's population has seen a threefold increase since 1985 and stands at 212,645 according to the latest census conducted by INSEE in August 2012. The census shows that the median age fell from 20 years old in 2007 to 17.5 years old in 2012, and 6 out of 10 people in Mayotte are under 25. However, 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 became negative from 2002-2007 and from 2007-2012. Population density (570 inhabitants per km<sup>2</sup> in 2012) is the highest in the region after Mauritius (640 inhabitants per km<sup>2</sup>), and the highest among French departments, excluding Île-de-France. The share of population of foreign nationality reached 39.8% in 2012, 39% of whom were born on French territory.

Demographic indicators	Mayotte	France <sup>(1)</sup>
Population (2012, millions for France)	212,645	66
Percentage of under 20s (2012)	54.4	25.0
Percentage of 20-59 year-olds (2012)	41.4	51.0
Percentage of aged 60 and over (2012)	4.2	24.0
Population density (inhab./km <sup>2</sup> , 2012)	570	117 <sup>(2)</sup>
Annual average population growth rate (% , 2007-2012)	2.7	0.6 <sup>(3)</sup>
Birth rate (for 1,000 inhab., 2012)	30.5	12.3
Mortality rate (for 1,000 inhab., 2012)	4.6	8.7
Infant mortality rate (for 1,000 births, 2007)	13.5	3.6
Total fertility rate (2012)	4.1	2.0
Life expectancy at birth for women (Years, 2007)	73.0	85.0
Life expectancy at birth for men (Years, 2007)	73.0	78.7

(1) INSEE 2013 population survey (population at 01/01/2014); (2) Population density in mainland France in 2011; (3) Between 2004 and 2014.

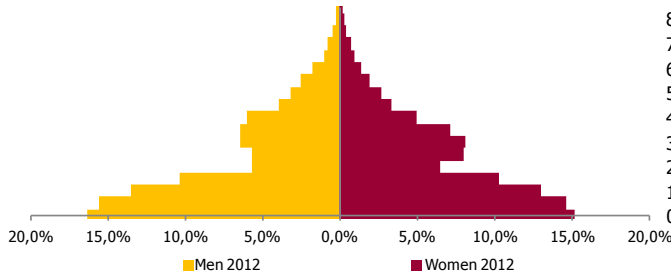
Source: INSEE.

Population in 2022



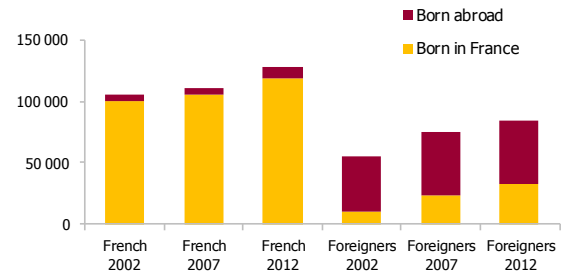
Source: INSEE.

Age pyramid in 2012



Source: INSEE.

Population by nationality and place of birth



Source: INSEE.

## ECONOMY AT A GLANCE

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

(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.

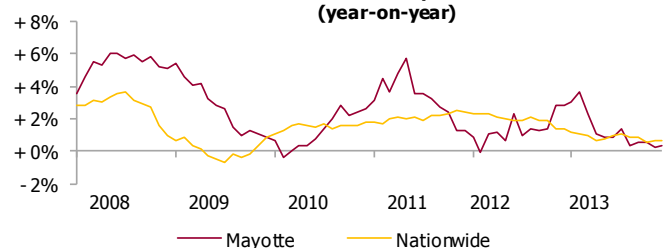
2009). These two institutional sectors experienced dynamic development between 2005 and 2009 and make a significant contribution to growth. Consumption continues to be the main driver of Mayotte's economy.

Despite this extremely dynamic growth between 2005 and 2009, Mayotte's 2009 GDP per capita remained four times lower than in mainland France for 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 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.

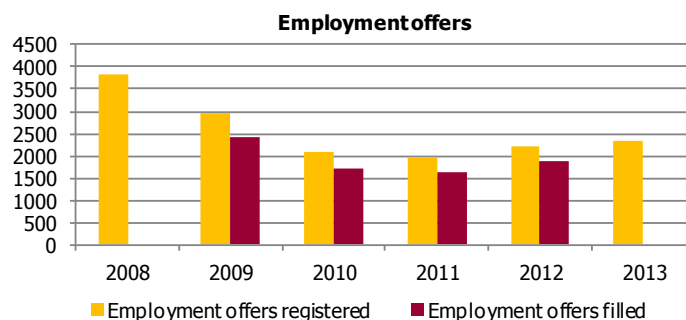
## Labour market marked by transition towards a service economy

Employment is marked by the island's transformation to a service economy. One of the reasons for this is the increasing share of informal employment, particularly in the primary sector, which lost 1,587 jobs between 2007 and 2012 (-79.3%). Total employment fell by 2.7% due to a sharp decline in self-employment (-23.9%). Employment in the service sector rose more rapidly than in the secondary sector and accounts for about 80% of job offers registered by the Pôle emploi employment agency. Public administrations are the largest employer (53.5% of total employment, 47.0% of job offers in 2013), and the private sector is experiencing rapid development. The employment survey conducted in 2013 by INSEE estimates the unemployment rate at 19.5%. 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, which comprises 29,900 inactive people wanting to work who are not included as being unemployed by ILO. According to the 2012 census, Mayotte has a workforce of 52,000 people aged between 15 and 64, 19,000 of whom declare they are unemployed (36.5%). Unemployment is mainly due to the mismatch between professional qualifications and the needs of the productive sector.

Employment	2007	2012	Trend 12/07 <sup>(1)</sup>
<b>Total employment</b>	<b>37,910</b>	<b>33,000</b>	<b>-2.7%</b>
<b>Self-employment</b>	<b>12,889</b>	<b>3,300</b>	<b>-23.9%</b>
<b>Paid employment</b>	<b>25,021</b>	<b>29,700</b>	<b>3.5%</b>
Agriculture	2,002	415	-27.0%
Industry	1,251	1,484	3.5%
Construction	2,002	3,056	8.8%
Trade	3,002	3,145	0.9%
Market services	3,753	5,697	8.7%
Non-market services	9,007	15,903	12.0%
Activity related to casual jobs	4,003	-	-

(1) Average annual trend.

Source: INSEE.

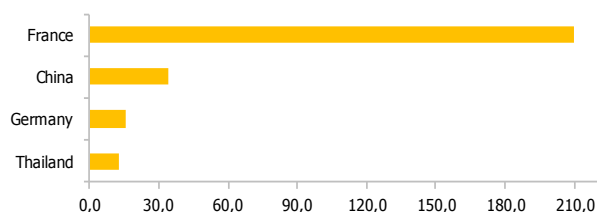


Source: Pôle emploi employment agency.

## 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 every 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.

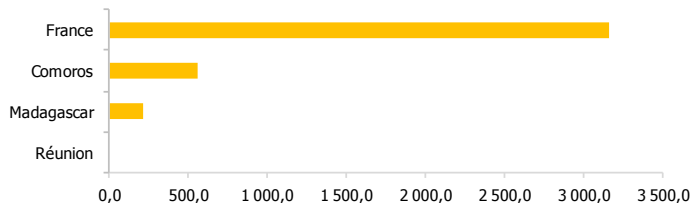
Main suppliers in 2012 (in millions of euros)\*



Source: Regional Customs Department, IEDOM calculations.

\*The breakdown of imports by product and by country is not available for 2013.

Main clients in 2013 (in thousand of euros)



Source: Regional Customs Department, IEDOM calculations.

Import values (in thousands of euros)	2012
Other industrial products	124,424
Capital goods	60,094
Transport equipment	29,548
Agricultural, fishery and aquaculture products	3,771
Publishing and communication products	3,610
Products from agrifood industries	101,058
Refined petroleum products and coke	74,254
Other	349
<b>Total</b>	<b>397,108</b>

Sources: Regional Customs Department, IEDOM calculations.

Export values (in thousands of euros)	2013
Other industrial products	854
Capital goods	775
Transport equipment	2,157
Agricultural, fishery and aquaculture products	477
Products from agrifood industries	168
Natural hydrocarbons	483
Other	21
<b>Total</b>	<b>4,935</b>

Sources: Regional Customs Department, IEDOM calculations.

## MAIN SECTORS OF ACTIVITY

Key sector indicators	2013	2013/2003 <sup>(1)</sup>
Cement imports (thousands of euros)	86,214	5.3%
Number of building permit requests	1,491	4.8%
Passenger traffic at Dzaoudzi Airport	291,939	7.1%
Passenger traffic at Mayotte port	1,026	-16.2%
Number of establishments (hotel stock)	59	5.1%
Number of beds	958	2.8%

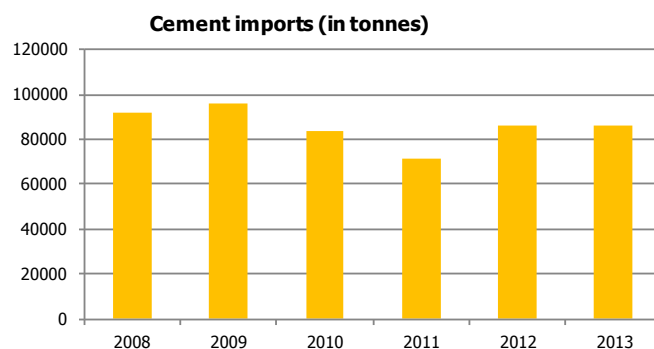
(1) Average annual growth rate.

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 industry, a strategic sector in decline

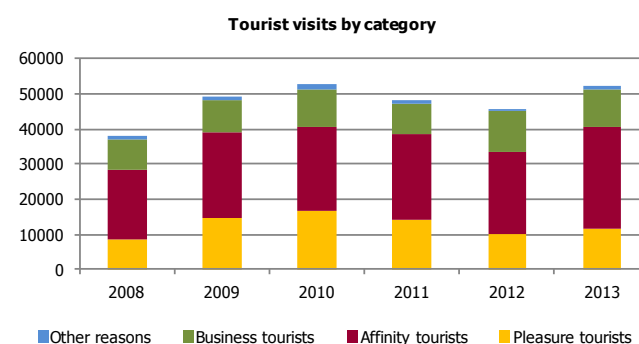
The construction industry has been one of the engines of Mayotte's economy over the past ten years, with activity driven both by public procurement (significant needs for infrastructure) and private demand (population growth and increase in incomes). In 2007, the sector employed 10% of registered employees and in 2005, accounted for about 16% of the added value of large companies. 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. The situation remains fragile and activity is below the 2008 level.



Source: Regional Customs Department, IEDOM calculations.

## The tourist industry, a potential to professionalise

In 2013, tourism accounted for almost 7.7% of active companies in Mayotte. It employed less than 2% of the workforce and accounted for 2.3% of the job offers registered at the Pôle emploi employment agency. 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 number of tourist visits in 2013 only reached 52,400 tourists (+14.4% 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: three commercial banks (Banque française commerciale Océan Indien, Banque de La Réunion and Banque Postale), two mutual banks (BRED-BP and CRCA), as well as BPI Financement and AFD. Other establishments do, however, operate directly from Réunion or mainland France, without necessarily having a local branch.

The activity of financing the economy remained robust throughout 2013. This improvement was more marked during the second and fourth quarters and is due to the positive trend for corporate loans, while there was a decline in home loans to households. Consequently, the growth in outstanding performing loans seen in 2010 and 2012 continued in 2013 (+1.9%), but does remain well below the 2007-2008 level (over 30%). The growth in 2013 was driven by the dynamic level of business investment, both in terms of investment loans (+17.6% year-on-year) and real estate financing (+19.6%). In contrast with 2012 and 2011, when home loans to households made a significant contribution to financing the economy, in 2013, there was a 2.2% decline in the latter.

Finally, following an increase in the past two years, risk at the local level (+5.7%) fell to its lowest level since December 2011.

Key financial indicators	2003	2013	Key financial indicators (in millions of euros)	2003	2013
Number of bank branches	9	29	Total financial assets held <sup>1</sup>	215.6	416.6
Number of ATMs	25	59	<i>Incl. companies</i>	66.6	135.6
Number of current accounts	34,723	57,840	<i>Incl. households</i>	71.3	240.1
Number of special savings accounts	32,310	58,566	Performing outstanding loans of economic agents <sup>1</sup>	317.8	833.5
Number of deposit accounts	579	685	<i>Incl. companies</i>	156.7	358.2
Total number of accounts	37,623	117,092	<i>Incl. households</i>	76.0	259.0
Rate of use of banking system	42%	55%	<i>Incl. local authorities</i>	75.6	176.8
Number of cases of overindebtedness	0	12	Rate of doubtful loans <sup>1 2</sup>	2.6%	5.7%

Source: IEDOM.

<sup>1</sup> With all credit institutions (established locally or not).

<sup>2</sup> Doubtful loans/total outstanding loans.

**N.B.: The data used in this note are as of 31<sup>st</sup> December 2013, unless specified otherwise.**

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