

Saint-Pierre-et-Miquelon at a Glance

STRUCTURAL CHARACTERISTICS

Capital	Saint-Pierre
Surface area	242 km ²
Geographical location	Atlantic Ocean, 25 km southwest of Newfoundland, Paris at 4,300 km
Language spoken	French
Currency	Euro
Status	Overseas Territory
Global HDI ranking (2010)	66
National representation	1 MP, 1 senator and 1 representative at the Economic, Social and Environmental Council
State representation	Prefect

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Historical background

The territory of Saint-Pierre-et-Miquelon was discovered in 1520 by the Portuguese sailor José Alvarez Faguendes. Jacques Cartier took possession of it in 1535 in the name of François I. The archipelago then took the name of Saint Pierre-et-Miquelon. It was alternately a French and British colony, before becoming permanently French in 1816.

The first real settlement was of French origin and dates back to the second half of the 17th century. The two islands served as a base for Norman, Breton and Basque fishermen, who were whalers and cod fishers. There was a boom in cod fishing after the Second World War, with the arrival of factory ships which process and freeze the fish directly on board. Intense industrial fishing led to the creation, in 1977, by Canada and then France, of 200-mile exclusive economic zones (EEZ). Territorial disputes were settled in 1992 by the Court of Arbitration in New York, which reduced the French EEZ to a narrow strip of ocean to the south of the archipelago. In the same year, faced with a reduction in fisheries resources, Canada imposed a five-year moratorium on cod fishing. This caused a major shake-up to the archipelago's economic structure, which was based on a single industry. Market activities were gradually replaced, mainly by administrative services. Cod fishing only resumed in 1997, governed by the 1994 agreement between France and Canada establishing extremely low quotas compared to past production. However, cod stocks have failed to recover and the low quotas allocated to the archipelago have dealt a heavy blow to the fishing industry.

Institutional organisation

Since 2003, Saint-Pierre-et-Miquelon has had the status of an overseas territory, governed by Article 74 of the Constitution. The Organic Law of 21st February 2007, which sets out statutory and institutional provisions relating to overseas territories, gave Saint-Pierre-et-Miquelon its own special status.

The territory of Saint-Pierre-et-Miquelon comprises two municipalities (Saint-Pierre and Miquelon-Langlade) and a Territorial Council. The municipalities of Saint-Pierre and Miquelon-Langlade have the same powers as a municipality in mainland France.

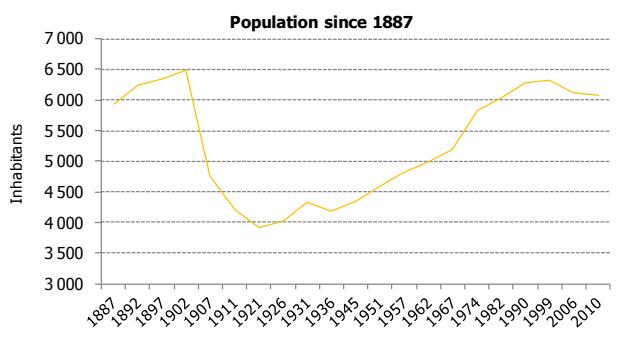
The Territorial Council of Saint-Pierre-et-Miquelon holds the same powers as departments and regions in mainland France, with a few exceptions (lower and upper secondary schools, national highways, etc.). Furthermore, the Territorial Council has competence for taxation, customs regulations and urban planning.

Under community law, Saint-Pierre-et-Miquelon is considered as an Overseas Country and Territory (OCT) on the basis of association rules. In this respect, this archipelago has the status of a foreign territory which, under an Association Agreement, applies only part of community law. Due to its OCT status, certain community technical standards are not compulsorily applicable. This has the advantage of facilitating trade, particularly with the USA and Canada.

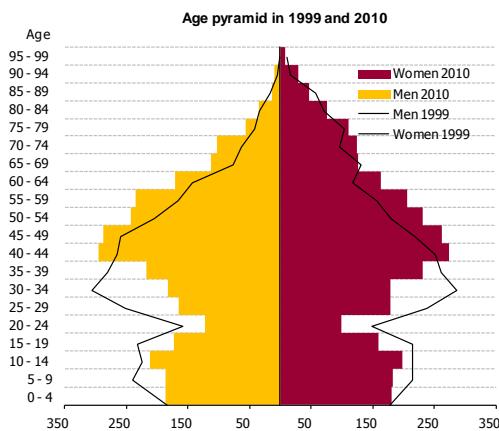
POPULATION DECLINING

The last census conducted by INSEE in Saint-Pierre-et-Miquelon in 2010 estimated the population at 6,081 inhabitants, including 5,467 in Saint Pierre and 614 in Miquelon-Langlade. The population has thus declined by 0.7% compared to the last census (2006). Following a phase of continuous population growth from 1945 to 1999, there is a downward population trend. Indeed, the archipelago is facing a major outflow of university-aged young people, or young people at an age when they can find their first job. Furthermore, the population is continuing to age, with the over 60s accounting for 19.6% in 2010, against 17.8% in 2006.

Sources: Population census survey 2010. INSEE.



Source: INSEE.



Sources: Census - INSEE.

Demographic indicators

	Saint-Pierre-et-Miquelon (1)	France (2)
Total population (in millions for France)	6,081	65.8
Percentage of under 20s	24.3	24.6
Percentage of 20-59 year-olds	56.1	51.2
Percentage aged 60 and older	19.6	24.2
Annual average population growth rate (from 1999 to 2010)	-0.5	0.6 ⁽³⁾
Population density (inhab./km ²)	25.2	112
Average household size	2.3	2.3 ⁽⁴⁾

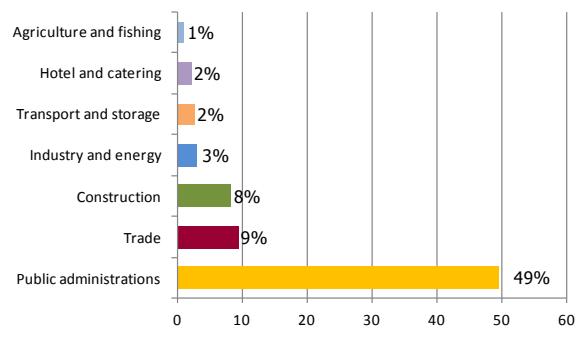
(1) 2010 population survey, unless specified otherwise; (2) INSEE 2013 population survey (population at 01/01/2014); (3) Between 2003 and 2013 (4) In 2009.

Sources: INSEE, Prefecture of Saint-Pierre-et-Miquelon.

ECONOMY AT A GLANCE

Saint-Pierre-et-Miquelon's GDP stood at EUR 172.0m in 2008, *i.e.* a GDP per capita of EUR 28,327. The archipelago's economy is dominated by the service sector (84%). Public administrations account for almost half of added value. However, the wealth created by the fishing industry is becoming marginal.

Breakdown of added value in 2008

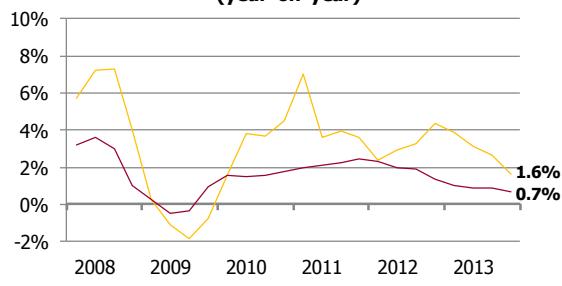


Source: IEDOM.

Volatile price index

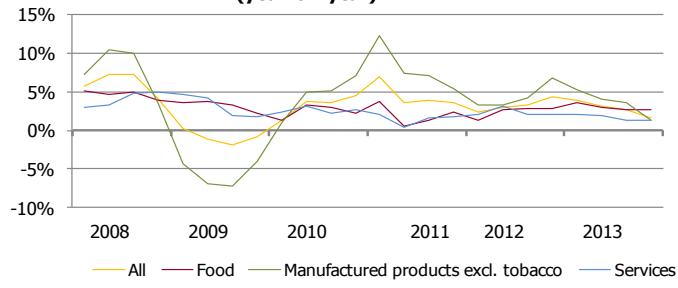
The price index in Saint-Pierre-et-Miquelon is more volatile than in mainland France. Indeed, it is highly dependent on the exchange rate for the euro/Canadian dollar (as the vast majority of consumer products are imported from Canada) and the price of fuel oils and other fuels (high proportion of household consumption).

Consumer price index (year-on-year)



Sources: Préfecture and

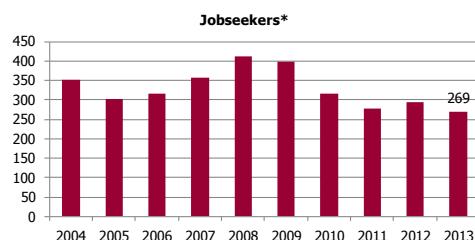
Change in CPI by product group (year-on-year)



Sources: Préfecture and INSEE.

Employment predominantly in the service sector

The structure of employment was radically affected by the sudden stop to industrial cod fishing in 1992. The archipelago has moved towards a service economy, where the service sector accounted for 85.8% of jobs in 2010, against 72% in 1990. The employment market is characterised by its highly seasonal nature, linked to climate hazards. This leads to a rise in jobseekers, and in the number of people who benefit from the "RSA" minimum income allowance during the winter. However, the launch of several public projects has reduced the number of jobseekers.



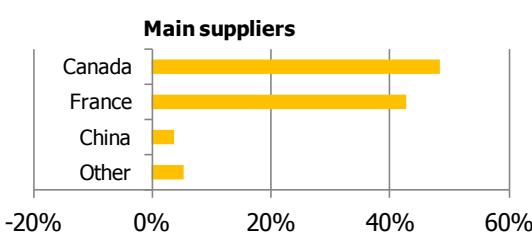
*DEFIM cat.1: Jobseekers looking for immediate permanent contract.
Source: Prefecture.

Employment	1999	2010	Trend 10/99 ⁽¹⁾
Total employment	2,790	2,920	+0.4%
Self-employment	321	283	-1.1%
Paid employment	2,469	2,637	+0.6%
Agriculture	76	55	-2.9%
Industry	194	170	-1.2%
Construction	261	190	-2.9%

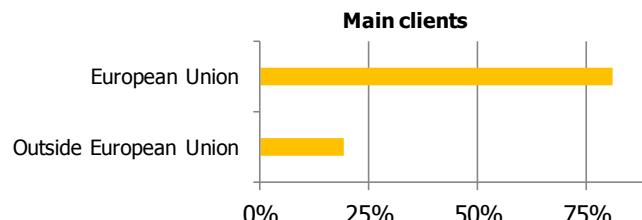
(1) Average annual growth rate (AAGR)
Source: INSEE.

Trade balance in structural deficit

As the archipelago has little self-production, it is highly dependent on the outside for its supplies. Canada and France account for 91% of Saint-Pierre-et-Miquelon's imports. Canada is the main supplier due to its geographical proximity, with 48% of the total value of imports (60% in 2012), followed by France with 43% (32% in 2012). China ranks third with only 4% of total imports. There has been a sharp rise in the archipelago's exports (+70%), which until now have exclusively consisted of fishery products, mainly for the European Union (81% in 2013). This is due to the exceptional sales of metals for recycling to Europe.



Source: Customs Department.



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Import values (millions of euros)	2013
Manufactured products	49,000
Oil products	20,242
Food products	16,179
Raw commodities	7,938
Total	93,359

Source: Customs Department

Export values (thousand of euros)	2013
Fresh or frozen fish	443
Salted, smoked and dried fish	291
Fresh or frozen molluscs	52
Fresh crustaceans, refrigerated	70
Ferrous waste and scrap	1,143
Total	1,999

Source: Customs Department.

MAIN SECTORS OF ACTIVITY

The archipelago's main activities are administrative services, construction and trade, which account for over three-quarters of value creation. The local economy is also characterised by an extensive fabric of craft enterprises, representing almost a third of registered companies.

Sector indicators	2013	Trend 13/03 ⁽¹⁾
Tourist arrivals	11,676	-3.2%
Number of companies	537	+0.9%
Incl. craft enterprises	176	+0.2%
Electricity consumption (in MWh)	46,448	+1.9%
Small-scale fisheries catches (in tonnes)	1,459	-2.3%
Industrial fisheries catches (in tonnes)	1,114	-4.3%

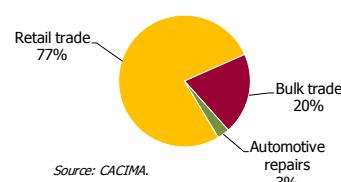
(1) Average annual growth rate

Sources: Border police, Prefecture of Saint-Pierre-et-Miquelon, CACIMA, EDF, DTAM.

Dynamic local trade despite limited market

The trade sector makes a significant contribution to economic activity (9% of wealth creation). The retail sector has the largest number of companies (77% in 2013), with a relatively dense fabric of small shops. However, shops on the archipelago continue to face many constraints, such as the small size of the market, as well as competition from mail-order selling and from the market in Newfoundland.

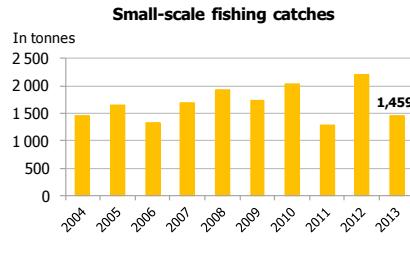
Breakdown of commercial companies in 2013



Source: CACIMA.

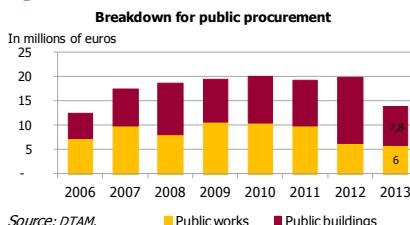
Fishing industry facing structural difficulties

Fishing was for a long time the archipelago's main source of wealth, but the extension of Canada's exclusive economic zone (EEZ) to 200 marine miles, to the detriment of the French EEZ, has had a negative impact on the archipelago's fishing industry. Furthermore, quotas allocated according to species and fishing zones (French, Canadian...) have been decreasing since the moratorium. Two types of fishing co-exist in Saint-Pierre-et-Miquelon: small-scale fishing, with a season running from April to November, and industrial fishing, which takes over from November to March. However, uncertainties continue to weigh on this industry, especially since the main seafood product processing factory in Saint-Pierre was shut down in 2011.



Public procurement important for construction industry

The construction industry has been a significant driver of the local economy since the decline of the fishing industry. Public procurement has almost doubled in recent years, with the implementation of projects worth some EUR 20m. In 2013, there was a marked decline in public procurement (-30.8%). This decrease is due to the large-scale projects that are reaching their completion phase, such as the new hospital and EDF power plant.



FINANCING OF THE ECONOMY

Concentration of credit market

Following a relative stability in the banking and financial sector throughout the 2000s, the end of the decade was marked by the emergence of new actors. The Banque Postale started its activities in September 2008, with a range of services limited to current account management. Furthermore, the Banque de Saint-Pierre-et-Miquelon (BDSPM) was established in June 2009, following the merger-takeover of Crédit Saint-Pierrais by the Banque des Iles Saint-Pierre-et-Miquelon

	2003	2013
Number of inhabitants per bank branch	1,263	1,013
Number of inhabitants per ATM	1,053	1,520
Number of client bank accounts	19,666	18,061
Financial assets of economic agents (millions of euros)	161.8	214.8
Outstanding performing loans of economic agents (millions of euros)		148
Rate of doubtful loans (%)	133	5.3
		4.7

Sources: IEDOM.

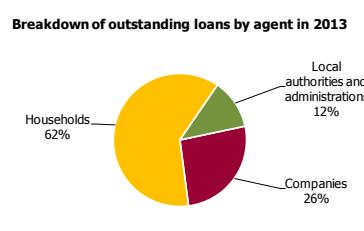
The archipelago's banking and financial activity is based on various networks of credit institutions and the like. Some are established locally, others operate directly from mainland France. At the end of 2013, five institutions had local branches: two commercial banks (Banque de Saint-Pierre-et-Miquelon and Banque Postale), a mutual savings banking (Caisse d'Epargne Ile-de-France), a financial company (the Coopérative Immobilière des îles Saint-Pierre-et-Miquelon) and a specialised financial institution (Agence Française de Développement).

Local credit institutions play a key role in the financing of the economy: at the end of 2013, they accounted for 83.4% of allocated loans. Furthermore, the share of loans allocated to households is constantly increasing and has risen by over ten points in the last ten years, to the detriment of local authorities and administrations. This increase is mainly related to the dynamism of home loans, which accounted for half the loans allocated in 2013, against only 37% in 2003.

Moreover, the rate of doubtful loans, which had risen sharply during the first half of the 2000s, has fallen regularly since 2006 due to the improvement in risk quality. At the end of 2013, it stood at 4.7%.

Trends in performing loans	2003	2013
Households	63	90
Incl. consumer loans	6	16
Incl. home loans	49	74
Companies	39	38
Incl. operating loans	16	7
Incl. investment loans	15	27
Local authorities and administrations	29	18
Total	133	148

Sources: IEDOM.



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

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