



ECONOMIC AND FINANCIAL PUBLICATIONS

2025 Annual Review

New Caledonia's economy struggles to recover

New Caledonia continues to face a severely deteriorated economic climate, marked by the crisis in the nickel sector, the aftermath of the May 2024 riots and institutional uncertainty.

In 2025, the Business Climate Indicator (ICA) measured by the IEOM continued its recovery from its historical low in the second quarter of 2024, at the time of the riots. The ICA stabilised at 91 by the end of the year but remained well below levels observed between 2021 and 2023. Numerous other indicators also confirm the deterioration of the New Caledonian economy. Private sector employment continued to contract over the course of 2025 (-2.1% between Q3 2024 and Q3 2025 and -18.4% over two years according to the ISEE). In 2025, household consumption had not returned to its 2023 level: card payments and withdrawals rose by 3.5% in 2025, following a 6.9% decline in 2024. Banking activity has also been severely affected, with total credit origination (excluding overdrafts) falling by 3.2% compared with 2024 and by 50.5% compared with 2023, despite interest rates generally trending downwards.

Various economic sectors appear under significant strain. Against a backdrop of unfavourable price fluctuations on international markets, the two remaining metallurgists in New Caledonia managed to achieve satisfactory production levels, however they remain dependent on financial support from the French state. Activity in the construction sector declined further in 2025, with cement consumption reaching a new historical low by the end of the year. Whilst certain indicators for the primary sector appear to be improving, business leaders consulted as part of the economic survey expressed pessimism. The tourism sector presents a very mixed picture, with a tentative return of cruise passengers to the territory offset by a continuing decline in the number of overnight tourists. All the surveyed participants agree that there are no positive prospects for the coming year.

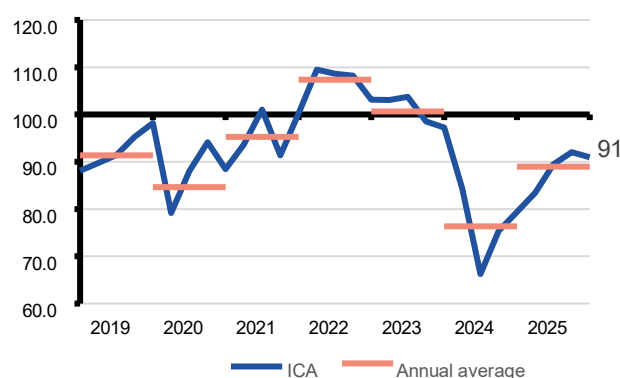
A severely deteriorated and highly uncertain economic environment

A business climate persistently established below its long-term average

After hitting an historical low in 2024 against a backdrop of unprecedented insurrectionary riots, the Business Climate Indicator (ICA) gradually recovered in 2025 before stabilising at the end of the year. The ICA averaged 89 in 2025, up 13 points compared with 2024. It remains well below its 2023 level (101) and its long-term average. The lack of political and institutional prospects continued to fuel a high level of uncertainty, which held back business investment.

Looking ahead 12 months, 29% of companies that responded to the survey still feared a business failure in the final quarter of 2025. Although this figure gradually fell back over the year, it remains higher than usually observed in this survey (18% on average for 2023).

Business Climate Indicator (ICA)
(100=long-term average, 1999–2026)

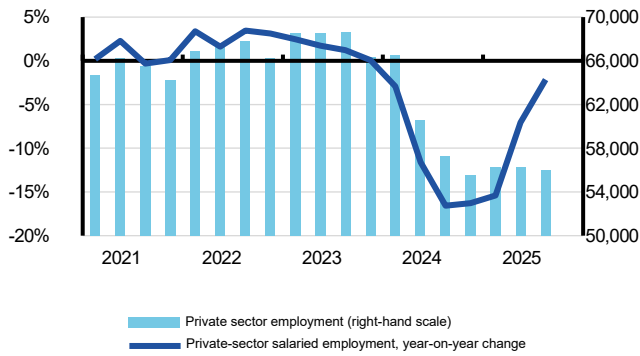


Private-sector employment remained severely impacted

According to the latest available ISEE figures (raw data), between September 2024 and 2025, the private sector lost 1,222 employees (-2.1%), in addition to the 11,371 already lost between September 2023 and 2024, bringing the total to 12, 593 fewer employees than two years earlier (-18.4%).

Private sector employment stood at 56,024 jobs in the third quarter of 2025, compared with 68,617 in the third quarter of 2023.

Private sector employment



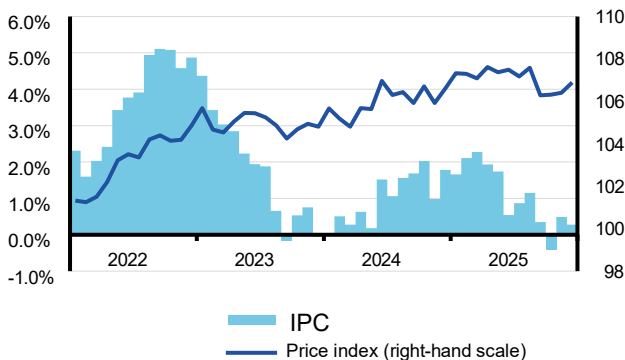
Source: ISEE, © IEOM

At the same time, although it remains firmly in negative territory, the net balance of opinions regarding staff numbers among the companies surveyed is improving. Thus, in the fourth quarter of 2025, the net balance of expected staff numbers continued to rise (+0.3 basis points) for the sixth consecutive quarter. Answers from the companies surveyed indicate that the strain on the employment outlook appears to be easing.

Stabilised inflation

Inflation averaged 1.1% in 2025 in New Caledonia (compared with 1.0% in 2024). It should be noted that over the first five months of 2025, inflation averaged 1.9%. Indeed, the May 2024 riots seem to have had a constraining effect on supply due to the destruction of certain businesses and hindrances on the movements of goods and persons. The effect on inflation appears to have materialised from June 2024 to May 2025 (average inflation of 1.7% over the period).

Consumer Price Index



Source: ISEE, © IEOM

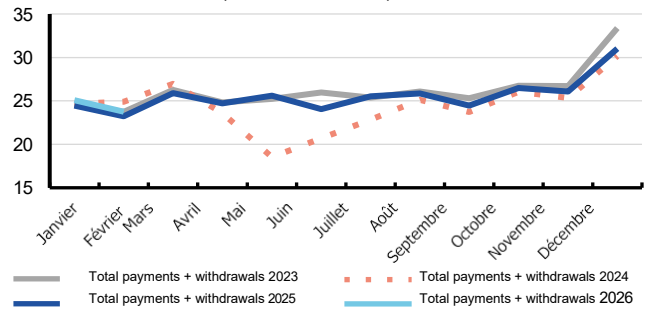
The price of manufactured goods fell in 2025 (-4.1%), continuing the decline that began the previous year. By contrast, food prices continued to rise (+2.9%), as did those for services (+2.2%) and energy (+2.1%).

On a related note, annual inflation in New Caledonia remained very slightly higher than in mainland France in 2025 (+0.9%).

Slight upturn in consumption in 2025

After falling by 6.9% in 2024, the total value of debit card payments and withdrawals rose by 3.5% in 2025. However, this slight rebound was insufficient to revert to levels reached in 2023 (the total remains 2% lower).

Total card payments and withdrawals per month (In billions of XPF)



Source: CSB

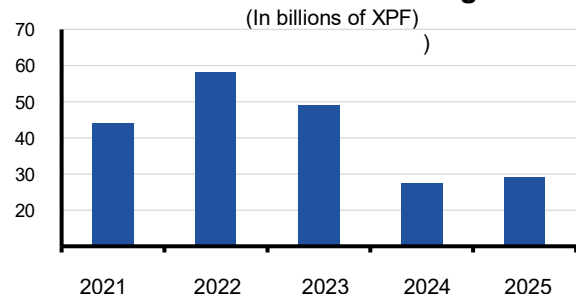
The car market, which remains subdued, only began to recover towards the end of 2025. Over the full year, 4,333 new vehicles were sold, compared with 4,727 in 2024 (-8.3%) (DITTT-ISEE data).

Finally, banking indicators of household vulnerability continued to deteriorate. In 2025, the number of incidents recorded in the FICP rose by 27.7% compared with the previous year, whilst 267 debt-relief procedures were filed with the IEOM (+159% compared with 2024). Despite this sharp rise, the rate of over-indebtedness in New Caledonia remains significantly lower than that of mainland France: 100 cases filed per 100,000 inhabitants aged 15 and over, compared with 267 in mainland France. However, for the first time, it has exceeded that of French Polynesia (86 applications per 100,000 inhabitants).

A slight rebound in investment loan origination following a sluggish 2024

Total corporate investment loan origination rose by 5.8% in 2025 (+1.6 billion XPF), following a year in 2024 marked by the lowest level of origination in a decade (27.4 billion XPF).

Investment lending



Source: IEOM, © IEOM

Despite this slight upturn in investment lending, business leaders' outlook remains bleak. Indeed, the net balance of opinions of the business leaders surveyed remains firmly in negative territory with respect to their 12-month investment forecasts (-0.8 on average in 2025). This reflects a reluctance among business leaders to invest in a depressed economic climate and an uncertain political and institutional environment.

According to the latest data available at the end of December 2025, the difference between business registrations and deregistrations in the RIDET (excluding associations, trade unions and foundations) returned to negative territory in the final quarter, after having been slightly positive in the 2nd and 3rd quarters (source: ISEE-RIDET).

Foreign trade down again

Having already contracted sharply in value terms in 2024 (-41.3% compared with 2023 at 137.7 billion XPF), exports fell slightly again in 2025, reaching 135.2 billion XPF (-1.8%).

New Caledonian exports were hit by weak nickel prices, which dropped to their lowest level in five years, at around USD 15,000 per tonne. Products derived from nickel mining account for 90% of total local exports. Against this backdrop, the recovery in metallurgical production and the increase in export volumes (+9.8%) were insufficient to offset the price effect: the value of nickel product exports continued to decline (-0.3%, following a fall of -45.3% in 2024). It is worth noting that NHC took the lead in the sector's exports in 2025 (39%), overtaking ferronickel (38%) and remaining well ahead of nickel ore (23%).

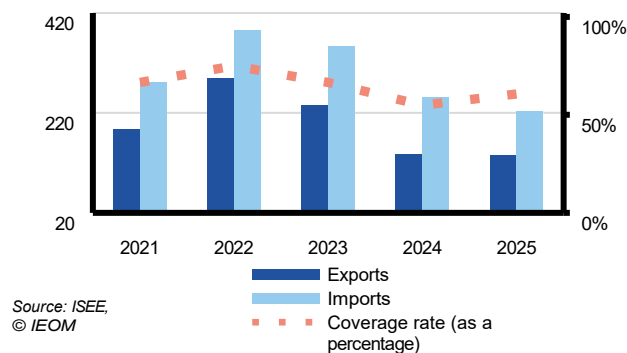
Significantly more modest (1.3% of the total) seafood exports (mainly prawns) fell by 12.8% in value in 2025.

Over the same period, imports (223.2 billion XPF) fell more sharply than exports (-11.0% in value). For mineral and food products, which represent the main import categories (24% and 21% respectively), the decline amounted to 8.8% and 4.1% respectively. As a reminder, imports of mineral products, notably coal and oil, are essential to the metallurgical industry, which is highly energy intensive.

In summary, changes in export and import trends in 2025 led to a considerable narrowing of the trade deficit, which fell from 113.1 billion XPF in 2024 to 88.0 billion XPF in 2025. Similarly, the import to export coverage ratio rose by 5.7 percentage points (60.6% in 2025 compared with 54.9% in 2024).

Nevertheless, these trends cannot be interpreted as a genuine improvement in New Caledonia's foreign trade, as they primarily reflect the difficulties facing the nickel sector.

Trade
(Raw data, in billions of XPF)



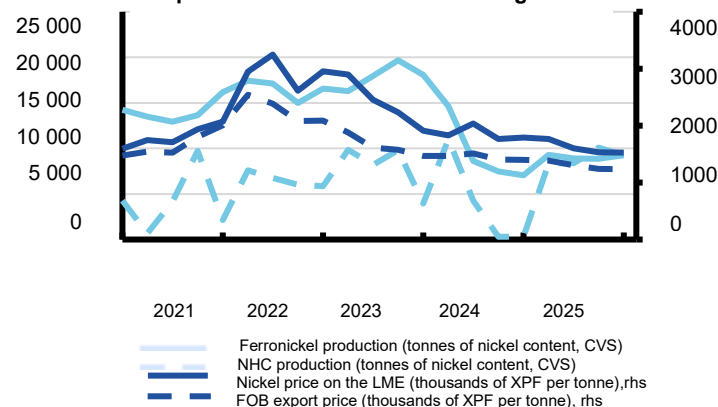
Conditions remained weak across all sectors

Nickel production is up slightly against an unfavourable international backdrop and amid persistent uncertainty over the sector's future in New Caledonia

In 2025, nickel prices continued to fall on international markets: the annual average price on the *London Metal Exchange* (LME) was 9.8% lower than in 2024. Nickel inventories reported by the LME continued to rise (+61.4% over 12 months), illustrating growing imbalance between supply and demand on a global scale. The search for buyers for New Caledonian metallurgical companies therefore continued in an unfavourable international context.

Following a year in 2024 marked by an unprecedented crisis for the nickel sector in New Caledonia, 2025 showed some signs of recovery. In 2025, nickel extraction resumed and increased by 24.0% compared to 2024 (tonnes of nickel content, DIMENC-ISEE data), driven by the resumption of mining operations at certain sites that had been shut down during the 2024 riots. Mining output nevertheless remained well below that of 2023 (-38.6% in tonnes of nickel content).

Price fluctuations and metal production of the three metallurgists



Total metallurgical production rose over the year (+35.4%) to 72,213 tonnes of nickel content, driven by NHC production (36,031 tonnes of nickel content), which grew by 128.0% following the resumption of operations at Prony Resources and even exceeded its 2023 level (31,741 tonnes). Ferronickel production fell slightly (-3.6%) to 36,182 tonnes of nickel content, well below its 2023 level (71,912 tonnes, i.e. -49.7%) due to the shutdown of operations at KNS and ongoing difficulties following the riots at SLN's mining sites.

The two metallurgical companies still in operation (SLN and Prony Resources) continue to face major structural challenges (energy and labour costs, access to mineral resources ...).

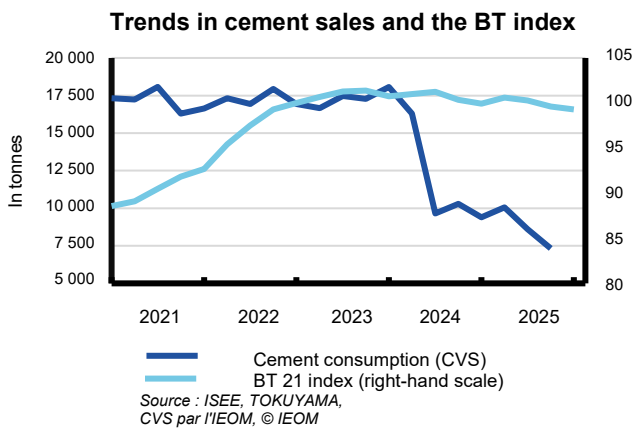
Against this backdrop, the economic and social renewal pact between the French state and New Caledonia includes a pillar dedicated to restoring the profitability of the nickel sector. It aims to formulate a plan to transform the sector by the first half of 2026, as the French state no longer wishes to finance the plants' operating deficits. Once this plan is approved, the French state will provide financial support to the sector during the transition period, alongside industrial stakeholders, and will contribute to the financing of infrastructure designed to decarbonise the territory's energy mix and offer competitive electricity costs to the plants.

The construction sector at a standstill

The decline in activity in the construction sector, as observed for several years, continued in 2025. Cement consumption plummeted (-28.6% over the first 10 months of 2025 compared with the same period in 2024 – raw data from Tokuyama, Regional Customs Directorate, ISEE) and reached its lowest point since 1995.

This downturn in activity coincided with a 10.1% rise in business insolvencies in the construction sector over the year. The construction sector accounted for 22.6% of total insolvencies in 2025, ranking first ahead of the retail sector (16.1%).

The BT 21 index of construction material prices fell by an annual average of 0.7% in 2025, confirming the general trend towards lower inflation.



However, business owners in the construction sector surveyed by the IEOM as part of its ICA survey report a slightly less dire situation for their business in 2025. This trend is reflected by a modest improvement in the net sentiment balances, which nevertheless remain well below their long-term average.

A tentative recovery in tourist numbers in 2025, following a sharp decline in 2024

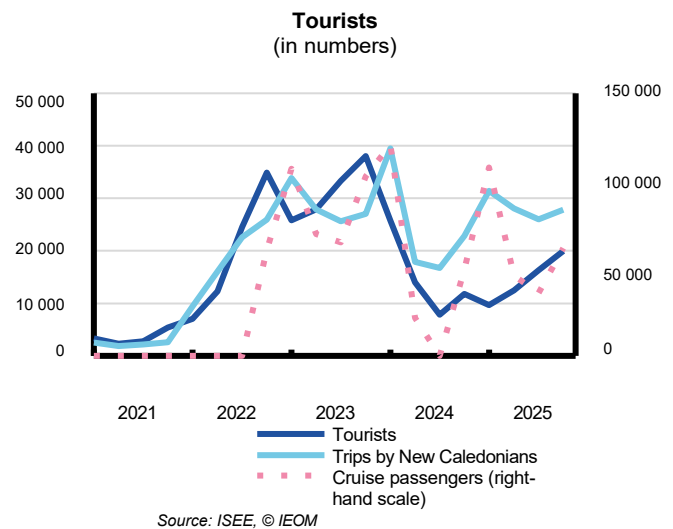
Having experienced a sharp contraction in 2024 - linked in particular to the prolonged closure of the international airport

following the riots, the suspension of Qantas and Air New Zealand flights, and the risk aversion of foreign tourists due to security concerns - tourist numbers showed a modest recovery in 2025.

Following a steep decline in cruise ship arrivals in 2024, cruise tourism saw a slight recovery in 2025. In total, 81 cruise ships and 250,924 passengers called at the territory, compared with 65 ships and 191,595 cruise passengers in 2024, representing an increase of 16 ships and 59,329 passengers in one year (+31.0%).

By contrast, in 2025, the number of overnight tourists (excluding cruise ship passengers) fell again, with 58,421 arrivals, compared with 59,399 in 2024. It remains significantly lower than the figure recorded during the recovery in 2022 (78,748 tourists). The year 2025 thus stands as the third lowest in terms of tourist numbers since 2013. This decline is mainly due to a sharp drop in visitors from New Zealand (-30.1%) and Japan (-87.6%), whilst the number of tourists from mainland France remained virtually stable (-1.0%).

The net balance of opinions among business leaders in the hotel and tourism sector is improving in 2025, despite business prospects that remain firmly in negative territory, as indicated by the ICA survey of industry professionals in the final quarter of 2025.



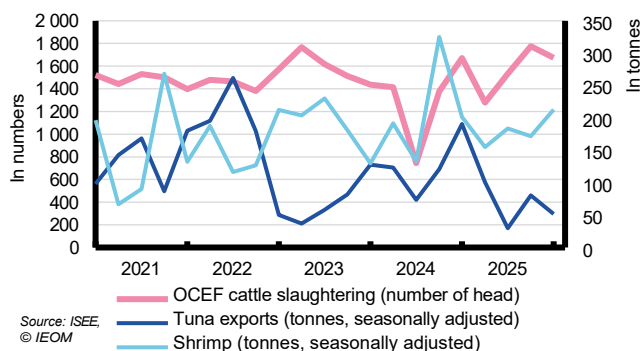
Primary-sector business leaders remained pessimistic, despite a few positive indicators in specific branches

The year 2025 in New Caledonia was characterised mainly by a neutral weather phase favourable to the primary sector, with a transition towards a La Niña episode at the end of the year.

Exports of agricultural and livestock products rose sharply: +191.3% vs. 2024 which was affected by riots, and +148.3% vs. 2023 which was characterised by a strong La Niña event (Customs and ISEE data, in value terms). At the same time, food imports fell by 4.1% in value in 2025.

Following the resumption of animal transport, which was severely hindered in 2024, and given a less severe drought in 2025, cattle slaughtering increased by 20.2% over the year (OCEF and ISEE data, in gross tonnes).

Primary sector indicators



The aquaculture sector shows less favourable indicators for 2025: shrimp exports fell by 15.5%, following a peak recorded in 2024, whilst tuna exports plummeted by 43.2% (data in gross tonnes, ISEE, Customs). This sharp decline was largely due to the cessation of exports to Japan as from September 2024, after the local airline (Aircalin) cancelled its direct route.

The cost of inputs, as reflected by the monthly index of purchase prices for agricultural inputs (IPAMPA), shows a slight downward trend in 2025 (the average index for 2025 fell by 0.5% compared with its 2024 average – ISEE).

Industry professionals describe a bleak outlook, in terms of activity, investment and staffing numbers, reflecting their ongoing pessimism.

Banking activity remains sluggish

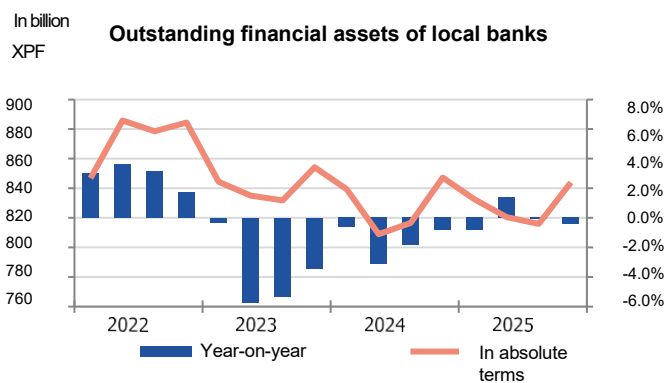
Bank deposits were down slightly

In line with the region's economic climate, the stock of financial assets held by economic agents in the EFZE is showing signs of gradually stabilising after several quarters of decline. The lack of prospects also led households and businesses to invest part of their cash holdings in so-called 'safe haven' assets.

Outstanding loans continued to contract

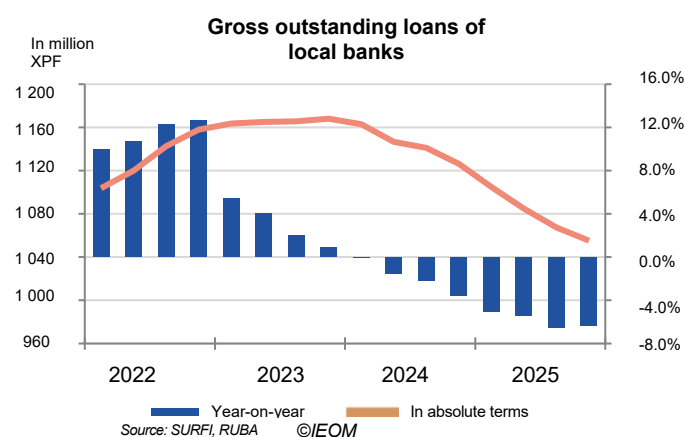
At the end of December 2025, the gross outstanding amount of loans granted by locally based financial institutions continued to fall for the seventh consecutive quarter: down 6.3% compared with 31 December 2024 (i.e. -71.2 billion XPF), compared with -3.6% a year earlier.

By the end of 2025, the total outstanding amount of performing loans (excluding doubtful debts) in favour of businesses had been hit harder (-36.2 billion XPF, or -8.8% year-on-year) than that of households (-25.0 billion XPF, or -5.5%) and local authorities (-14.1 billion XPF, or -9.2%).



Following a one-off increase in the 2nd quarter of 2025 linked to a base effect, total outstanding financial assets showed a very slight decline as of 31 December 2025 (-0.4% year-on-year, or -3.4 billion XPF).

In detail, this decline is mainly due to the fall in on-demand deposits (-6.5%, or -25.0 billion XPF) by businesses (-6.8%), households (-5.2%) and 'other agents' (-9.2%). This was partly offset by the rise in liquid or short-term investments (+6.5%, or +17.9 billion XPF), 67% of which consisted of term deposits, and to a lesser extent by long-term investments (+2.0%, or +3.6 billion XPF), consisting mainly of life insurance policies.



By loan type, home loans contributed most to the decline of total outstanding loans (-20.6 billion XPF, or -5.2%), followed by corporate investment loans (-18.7 billion XPF, or -8.8%), corporate working capital loans (-10.6 billion XPF, or -10.9%), investment and working capital loans to local authorities (respectively -8.6 billion XPF and -5.6 billion XPF) and consumer loans (-4.2 billion XPF, or -7.7%).

Note: In this publication, the outstanding loan balance has been restated to exclude a major equipment loan granted by AFD to New Caledonia, corresponding to the first two tranches of the PGE 2025 for a total amount of 95.5 billion XPF (disbursed in the second and fourth quarters of 2025). This allows visibility with respect to the structurally downward trend in outstanding loan balances, which is otherwise masked by the impact of this one-off major loan.

The rise in non-performing loans continued

As a result of the sharp deterioration in the economic situation since May 2024, the quality of the local banks' loan portfolios continued to decline. By the end of December 2025, total gross non-performing loans had risen significantly year-on-year (+10.3%, or +8.9 billion XPF), but at a slower pace than in 2024 where they had grown by +43.4% (+26.2 billion XPF). The non-performing loan ratio thus stood at 9.06% as of 31 December 2025 (compared with 7.69% one year earlier).

The increase in net doubtful loans (+5.3 billion XPF, or +10.8%) is attributable to corporate loans (+2.6 billion XPF, or +9.7%) and to a lesser extent, to household loans (+1.8 billion XPF, or +13.5%). Growth in loan loss provisions slowed in 2025 (+9.7%, following +27.5% a year earlier), and the provisioning ratio stood at 43.0% as of 31 December (compared with 43.2% at the end of 2024).

The funding gap between customer loans and deposits in the banking sector continued to narrow

Structurally, customer deposits collected by New Caledonian banks are insufficient to cover customer lending, resulting in a funding gap in the banking sector².

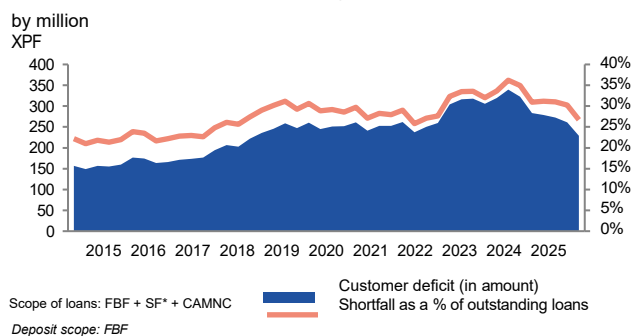
A fragile and uncertain outlook for 2026

By the end of 2025, the main indicators of the New Caledonian economy stabilised at a weakened level.

This is evidenced by employment levels, banking activity, foreign trade and household consumption, which are struggling to recover, whilst other indicators continue to deteriorate (household vulnerability indicators, cement consumption, inbound tourism, seafood exports...). Professionals surveyed across all sectors continue to describe an unfavourable outlook for the coming months.

This economic climate has also had a significant adverse effect on the territory's public finances, at a time when budgetary flexibility was already particularly constrained. Without the substantial financial support from the French state, the continuity of public services could not have been guaranteed (funding for unemployment benefits, the health system, electricity generation, retired civil servants' pensions...).

Deficit in the New Caledonian banking sector (excluding TCN)



By the end of 2025, this funding gap had narrowed for the sixth consecutive quarter to stand at 228.5 billion XPF (an improvement of 55.0 billion XPF year-on-year). This improvement is due to the sharp fall in outstanding loans (-61.6 billion XPF), whilst outstanding deposits fell by only XPF 6.6 billion XPF. This is the lowest funding gap in seven years.

To finance their funding gaps, banks rely primarily on refinancing from the IEOM, which helps cover a large part of this deficit, and on interbank borrowing, mainly from their parent companies. The outstanding IEOM refinancing for New Caledonia (refinancing and rediscount facilities) thus stood at 120.3 billion XPF as of 31 December 2025.

Part of this financial support was conditional on structural reforms essential to ensuring the sustainability of New Caledonia's public finances.

In 2026, building on the situation in 2025, New Caledonia will continue to face major challenges. One of these challenges relates to the nickel sector. The continuing fall in prices on international markets has highlighted the structural difficulties faced by New Caledonian metallurgical companies. Growing competition from Asian producers and the resurgence of major geopolitical tensions call for an in-depth, sector-wide strategic review.

Finally, 2026 will be marked by the continuation of political and institutional discussions, as no agreement could be reached in 2025. Whilst all political stakeholders have come to the negotiating table, the lack of clarity and hope for a short-term agreement continues to weigh heavily on economic actors who are already considerably weakened.

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Publishing Director: F. Dufresne ■ Editor-in-Chief: J. Charbonneau Editorial team: J. Charbonneau, D. Chatelain, M. Lambert, A. Ovinet

² Scope: banks belonging to the French Banking Federation, CAMs, finance companies