

Wallis and Futuna at a Glance

STRUCTURAL CHARACTERISTICS

Capital of the Territory	Mata'Utu
Surface area	142 km ²
Geographical location	South Pacific; Paris at 22,000 km, Suva at 780 km; Nouméa at 2,500 km
Languages spoken	French, Wallisian and Futunian
Currency	Pacific franc - F CFP - (XPF) – F CFP 1,000 = EUR 8.38
Status	French Overseas Territory with a special status
Global HDI ranking, 2005	53
National representation	1 MP, 1 senator and 1 representative at the Economic, Social and Environmental
State representation	Prefect, Senior Administrator

Historical background

Wallis and Futuna were originally populated as a result of the migration of Austronesians, who colonised part of Melanesia and Western Polynesia towards 1,500 B.C. The Tongans took possession of the Island of Uvea in the 15th century, while the Samoans settled in Futuna in the 17th century.

In 1616, Futuna and Alofi were discovered by the Dutch navigators Jacob Le Maire and Willem Shouten, who named them the "Hoorn Islands". Uvea was visited in 1767 by the English navigator Samuel Wallis, who gave his name to the island.

European presence increased with the establishment of Marist missionaries in 1837, who were tasked with evangelising the archipelago. A request for French protectorship made by Queen Amelia was subsequently ratified for Wallis in 1887 and for Futuna in 1888.

In 1942, Wallis was used as a rear base by the USA to respond to the advance of Japanese troops in the Pacific. 6,000 soldiers were stationed on the island, which experienced times of plenty.

In 1959, the inhabitants of the archipelago adopted the status of French Overseas Territory, which was legally endorsed by Law n° 61-814 of 29th July 1961. Since then, there has been very little change in the Territory's status.

Institutional organisation

In 2003, the archipelago became a French Overseas Territory with a special status. In addition to the State's own institutions, the status recognises the existence of customary entities. This organisation is based on the following institutions:

- The State, represented by the Prefect, a Senior Administrator who exercises executive power;
- The Territorial Assembly, comprising 20 members, is the Territory's legislative body. However, its deliberations only come into effect once they have been approved by the Senior Administrator;
- Districts, with boundaries based on the three kingdoms (Uvea, Alo and Sigave), which hold powers similar to those of a metropolitan municipality in mainland France;
- Chieftaincies, one per kingdom, with a king and appointed ministers. They manage issues such as land problems and the current affairs of the Territory *via* the Territorial Council and District Councils.

AN AGEING AND DECLINING POPULATION

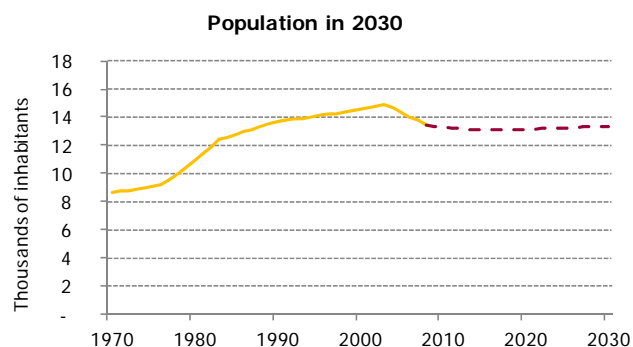
Since the Second World War and the development of mining activities in the Pacific, a number of the inhabitants of Wallis and Futuna have emigrated, mainly towards New Caledonia. This community is now home to a Wallisian and Futunian population which exceeds the residents of the Territory (over 20,000 people against less than 14,000 on the archipelago).

In five years (between 2003 and 2008), the archipelago lost 10% of its population due to substantial emigration and a decline in the birth rate. The 20-34 year-old bracket of residents has fallen by over a quarter.

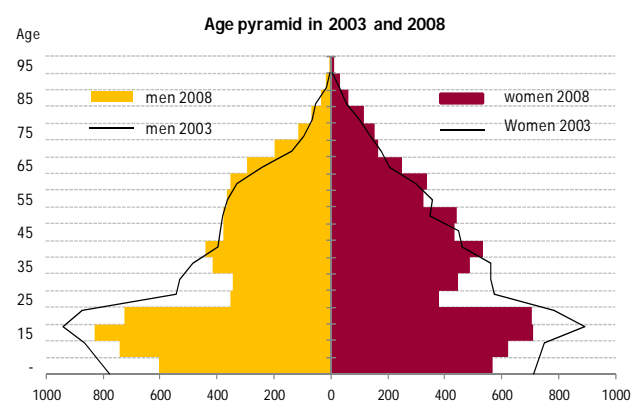
Demographic indicators	Wallis and Futuna	France ⁽¹⁾
Population (WF: thousands, in 2008; France: millions)	13,445	65.8
Population in Wallis (2008)	9,207	
Population in Futuna (2008)	4,238	
Percentage of under 20s (2008)	41.0	24.7
Percentage of 20-59 year-olds (2008)	47.7	51.5
Percentage aged 60 and older (2008)	11.3	23.8
Population density (inhab./km ² , 2008)	94.7	115 ⁽²⁾
Annual average growth rate (% , 2003-2008)	-2.1	0.6 ⁽³⁾
Birth rate (‰, 2008)	16.0	12.6
Mortality rate (‰, 2008)	5.4	8.7
Infant mortality rate (‰, 2005-2008)	5.2	3.5
Total fertility rate (2008)	2.0	2.01
Life expectancy at birth for men (years, 2005-2008)	72.7	78.4
Life expectancy at birth for women (years, 2005-2008)	75.9	84.8

(1) INSEE 2012 population survey; (2) Population: Mainland France in 2011; (3) Between 2003 and 2013.

Sources: STSEE, INSEE.



Source: STSEE, CPS (projection).



Source: STSEE

ECONOMY AT A GLANCE

Wallis and Futuna's economy has remained traditional, with a low level of monetisation. It is marked by the high propensity of households to own consumption. The public sector plays a key role in supporting the economy and accounts for over half of wealth creation. The private sector's contribution to wealth creation remains low. Exports are marginal due to the weakness of production and the distance from potential markets. Tourism is underdeveloped and economic activity, excluding public administration, focuses on agriculture, the construction industry and trade.

With no income tax and corporate tax, income from import taxes is the Territory's main source of budget revenue.

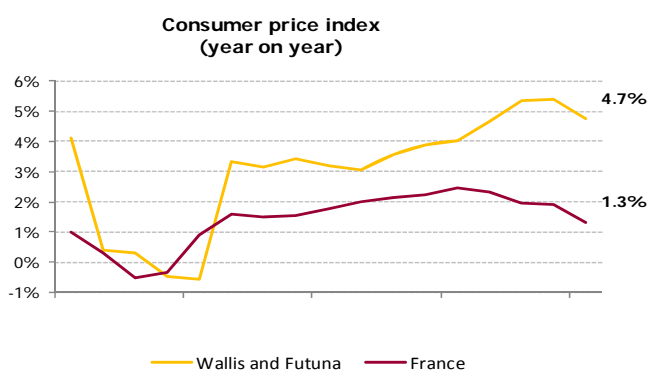
Rise in inflation

In 2012, the consumer price index rose by an annual rate of 4.7% due to the increase in world oil prices. Over the past five years, food and energy prices have risen by an annual average of 4.2% and 6.3%, respectively. The difference between the annual increase in the CPI and the same index in France reached over 300 basis points at the end of December 2012. It has been affected by the increase in the exchange rate between the currencies of the Territory's main trade partners – from where over fifty per cent of foodstuffs are imported – and the Pacific franc.

Key economic indicators	Wallis and Futuna	France ⁽¹⁾
GDP (billions of F CFP, 2005)	18 ⁽²⁾	242,518
GDP per capita (thousands of F CFP, 2005)	1,211 ⁽²⁾	3,706
Share of public administrations in GDP (% , 2005)	54.0 ⁽²⁾	16.4
State expenditure in the territory (billions of F CFP, 2012)	12.1	-

(1) National accounts in 2012, INSEE; (2) CEROM estimation.

Sources: CEROM, Treasury, INSEE.



Source: STSEE, INSEE.

Concentration of employment in the public sector

Over the past five years, the number of paid employees has remained stable, with an average of 2,400 registered employees. The public and semi-public sector accounts for two-thirds of paid employment.

Paid employment



Employment	2008	2012	2012/ 2008 ⁽¹⁾
Total employment	2,444	2,466	0.2%
Industry/agriculture	80	101	6.0%
Construction industry	89	103	3.7%
Trade	317	296	-1.7%
Market services	335	341	0.4%
Non-market services	1,623	1,625	0.0%

(1) Average annual change.

Source: CPSWF.

Job declared at the CPSWF and seconded officials.

Sources: CPSWF, Senior Administration, Vice-Rectorate.

Predominantly importing Territory

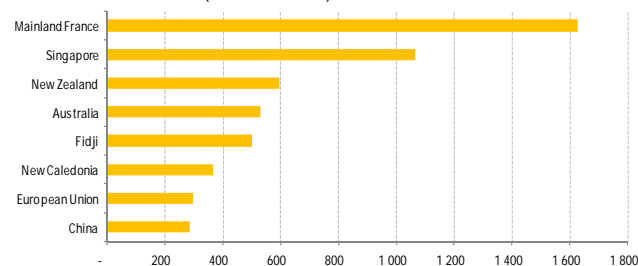
Wallis and Futuna exports very little and depends largely on the outside for its supplies. Mainland France is the main supplier, despite its distance (27% of total imports). Singapore is the second largest supplier and supplies Wallis and Futuna with hydrocarbons. Australia, Fiji and New Zealand account for a quarter of the Territory's imports.

Import values (millions of F CFP)	2012
Agricultural and food industries	1,697
Energy	1,153
Intermediate goods industries	1,128
Consumer goods industries	955
Capital goods industries	692
Car industry	391
Agriculture, forestry and fisheries	110
Total	6,125

Source: Customs.

Main suppliers in 2012

(in millions of F CFP)



Source: Customs.

MAIN SECTORS OF ACTIVITY

Wallis and Futuna's economy is characterised by the predominance of the administrative sector and its leading role. Consequently, the other sectors (trade, construction and services) are highly dependent on needs generated by the public sector *via* the salaries paid, large-scale projects, investment works, etc.

Agriculture accounts for 19% of registered companies, almost half of which are in the fisheries sector. However, this sector has remained very traditional, mainly informal and employs very few people. Outstanding loans to the agricultural sector account for less than 1% of bank lending.

Main sector indicators	2012	2012/ 2002 ⁽¹⁾		2012	2012/ 2002 ⁽¹⁾
Cement imports (millions of F CFP)	106	1.7%	Public procurement notifications in the construction industry (millions of F CFP)	325	N/A
New vehicle registrations (number)	162	-3.0%	Pupils in school – 1 st and 2 nd levels (number)	3,885	-2.9%
Number of companies (registered)	486	N/A	International air traffic (number of passengers)	29,477	3.0%
incl. agriculture, livestock, fishing (%)	18.9		Domestic air traffic (number of passengers)	14,066	0.8%
incl. construction (%)	16.7				
incl. trade (%)	24.1				

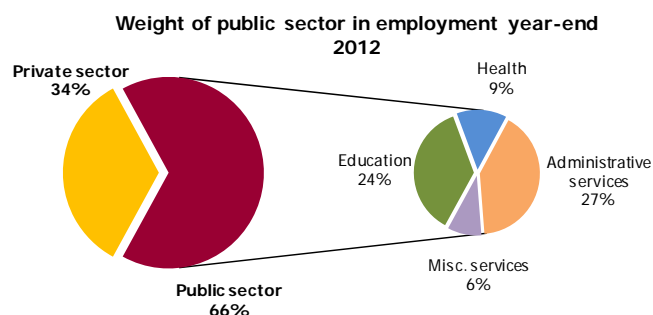
(1) Annual average growth rate; N/A: Not Available.

Sources: Customs and various contributions, Public Procurement Unit, CPSWF, Civil Aviation.

Public sector, mainspring of the economy

The non-market sector is the Territory's largest employer (65.5% of registered employees). Over 50% of State transfers serve to remunerate public service staff. Education accounts for a quarter of the total number of employees and half of them are on secondment with two- to four-year contracts on the archipelago. The Health Agency, on which Wallis and Futuna's health system is based, employs 8.5% of the total number of registered employees.

In 2012, 16.8% of the total amount of credit allocated (excluding households) was earmarked to finance diverse infrastructure projects (hospital, electrification, etc.).

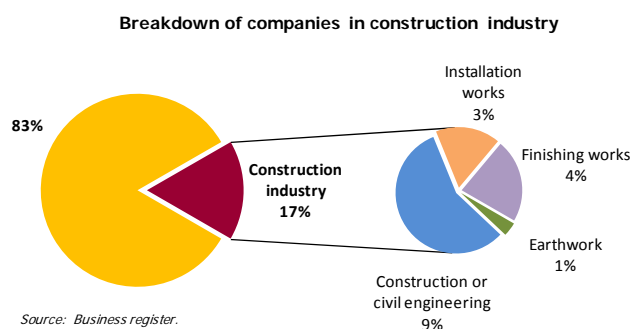


Sources: CPSWF, Senior Administration, Vice-Rectorate.

Construction industry bolstered by public procurement

The construction industry comprises 17% of registered companies and employs 12% of the private sector workforce (excluding casual workers and small undeclared entrepreneurs). This industry is mainly boosted by projects launched by the State *via* development contracts and by those financed by the European Development Fund (EDF).

Household demand is low due to the fact that the property financing mechanisms have been stopped in the Territory.



Source: Business register.

FINANCING OF THE ECONOMY

There is only one retail bank, the Wallis and Futuna Bank (BWF), which has been established on the archipelago for some twenty years now. In this context, the Public Finance Directorate of the Wallis and Futuna islands continues to provide personal banking services. Other institutions operate in the Territory: AFD, EIB and a few New Caledonian banks. Since 2009, ADIE has also been offering micro-credits to small entities (often individual entrepreneurs).

The trend for the financing activity remains positive, thanks to the allocation of new loans to households (+15.1% in 2012) and businesses (+61.3%). The net external position of credit institutions is largely in surplus as investment remains limited.

Monetary and financial indicators

	2007	2012
Money supply (millions of F CFP)	6,252	8,731
Net external banking position (millions of F CFP)	2,996	2,326
Number of inhabitants per bank branch	4,387	3,958
Number of inhabitants per ATM	13,732	12,390
Number of bank accounts per inhabitant	0.51	0.60
Financial assets of economic agents ¹ (millions of F CFP)	4,430	6,591
Performing outstanding loans of economic agents ¹ (millions of F CFP)	1,318	1,833
Rate of doubtful loans – total outstanding loans (%)	17.5	10.0

(1) With local credit institutions.

Source: IEOM.

Business indicators

	2012
Financial assets ⁽¹⁾ (millions of F CFP)	2,075
Outstanding bank loans ⁽²⁾ (millions of F CFP)	2,513
Share of operating loans (%)	3.3
Share of investment loans (%)	84.5
Share of construction loans (%)	12.2
Legal persons banned from holding a bank account	11

(1) With local credit institutions.

(2) Lending for all credit institutions.

Source: IEOM.

Household indicators

	2012
Financial assets ⁽¹⁾ (millions of F CFP)	1,971
Outstanding bank loans ⁽²⁾ (millions of F CFP)	1,561
Share of consumer loans (%)	76.3
Share of home loans (%)	23.7
Natural persons banned from holding a bank account	397

N.B.: The data used in this note are as of 31st December 2012 unless specified otherwise.

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