



New Caledonia at a Glance

STRUCTURAL CHARACTERISTICS

Capital	Nouméa
Surface area	18,576 km ²
Geographical location	South Pacific, Australia at 1,500 km, New Zealand at 1,800 km, Paris at 17,000 km
Languages spoken	French and vernacular languages (27 to 30) ⁽¹⁾
Currency	Pacific franc - F CFP - (ISO code 4217: XPF) – F CFP 1,000 = EUR 8.38
Status	<i>Sui generis</i> Territory part of France
Global HDI ranking (2010)	51
National representation	2 MPs, 2 senators, 2 representatives at the Economic, Social and Environmental Council
State representation	High Commissioner of the Republic

(1) Plus the languages of the communities of Wallisian, Polynesian, Asian, Vanuatan origin, etc.

Historical background

The regular occupation of the territory, which resulted from Austronesian migration, is thought to date back to 2,000 B.C. Captain James Cook discovered New Caledonia in 1774. In 1853, the archipelago became a French possession by order of Napoleon III. In 1946, New Caledonia subsequently ceased to be a colony and became an Overseas Territory, a status that was confirmed with the establishment of the 5th Republic.

The 1980s were marked by the rise of the Kanak independence movement. Following a period of unrest, the signing of the Matignon Accords on 26th June 1988 did, however, restore political stability and initiate economic rebalancing.

The Nouméa Accord, signed on 5th May 1998, built on the previous agreements by establishing a 20-year period whereby certain competences were to be gradually devolved from the State to New Caledonia and new institutions established.

Starting in 2014, and by 2018 at the latest, citizens who are members of the restricted electorate (in accordance with the conditions defined in Article 218 of the amended Organic Law of 19th March 1999) will be called on to decide on the devolution of the State's sovereign powers to New Caledonia.

Institutional organisation

New Caledonia is defined as a *sui generis* territorial authority specifically governed by Chapter XIII of the Constitution (Articles 76 and 77), which excludes it from the scope of territorial authorities. The institutional organization is specified by the Organic Law n° 99-209 of 19th March 1999.

The State, represented by the High Commissioner of the Republic, is responsible for organising services under the sovereign powers of the State and for ensuring *"the regular performance of their competences by the institutions of New Caledonia and the Provinces and the legality of their actions"*.

The Congress, made up of 54 members, is New Caledonia's deliberative assembly. It legislates by voting the "laws of the country" and elects the members of the Government by proportional representation.

The Government of New Caledonia is the territory's collegiate executive body. It prepares and executes the decisions of the Congress and its Permanent Commission. It includes the main political forces represented at the Congress, which are required to reach agreement on the management of New Caledonia, as decisions may only be taken by majority vote of its members.

The Provinces were established in 1989 with the aim of ensuring the economic and demographic rebalancing of the territory. There are three Provinces (South, North and the Loyalty Islands) and they exercise their powers in all areas which are not expressly the prerogative of the State, New Caledonia or the municipalities.

Other institutions have also been established, such as the Customary Senate (made up of 16 members in accordance with practices recognised by custom, with two representatives per customary area of New Caledonia), the Economic and Social Council, the Consultative Committee on Mines and the Mines Council.

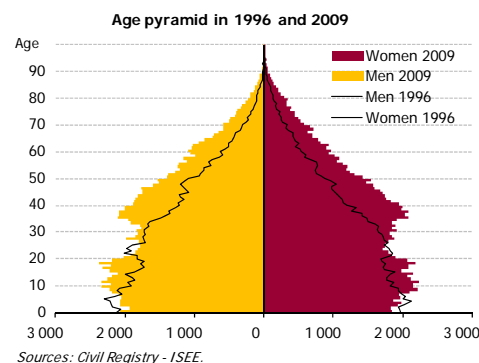
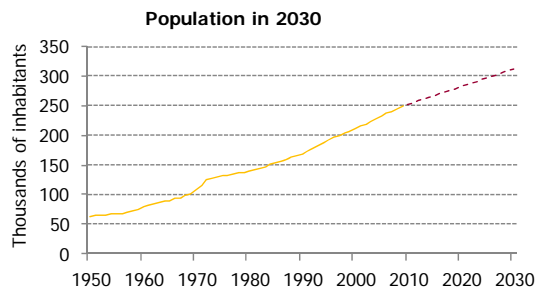
A YOUNG POPULATION

While the last census was conducted in 2009, New Caledonia's population was estimated at 256,000 inhabitants at 1st January 2012. Since the 1980s-1990s, the population increase has been slowing down but remains high, with an additional 1.7% of inhabitants a year between 1996 and 2009. 85% of population growth is due to the natural balance and 15% to the apparent migration balance. The population is rising sharply in the South Province (annual average of +2.3% between 1996 and 2009) and moderately in the North Province (+0.7%). However, the Loyalty Islands lost inhabitants over the same period (-1.3%).

Half of the population is under 30, but the relative importance of the 60 year-old and over age group is increasing. Two inhabitants out of three live in the Greater Nouméa area.

Demographic indicators	New Caledonia	France ⁽¹⁾
Population (NC: 2009, thousands; France: millions)	245.6	65.8
Percentage of under 20s (2009)	34	24.7
Percentage of 20-59 year-olds (2009)	54	51.5
Percentage aged 60 and over (2009)	11	23.8
Population density (inhab./km ² , 2010)	13.2	115 ⁽²⁾
Annual average population growth rate (1996-2009, %)	1.7	0.6 ⁽³⁾
Birth rate (for 1,000 inhabitants, 2008)	16.3	12.6
Mortality rate (for 1,000 inhabitants, 2008)	4.8	8.7
Infant mortality rate (for 1,000 births, 2008)	6.1	3.5
Total fertility rate (2007)	2.2	2.01
Life expectancy at birth, female (years, 2007)	80.3	84.8
Life expectancy at birth, male (years, 2007)	71.8	78.4

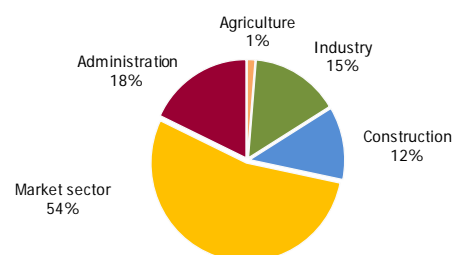
(1) INSEE 2012 population survey; (2) Mainland France in 2011; (3) Between 2003 and 2013.
Sources: ISEE, INSEE.



ECONOMY AT A GLANCE

New Caledonia's economy has experienced strong growth over the past decade: gross domestic product (GDP) rose by an annual average of 3.5% a year between 2000 and 2011. Growth was mainly driven by investments, in conjunction with the large-scale metallurgical projects, and the buoyant trend in household consumption. Investment thus accounted for 43% of GDP in 2011, against only 23% in 2000. In 2011, GDP per capita stood at F CFP 3.3m (EUR 28,000), putting it in 2nd place in the Pacific region (between Australia and New Zealand) and in 1st place for the French Overseas Territories.

Breakdown of added value in 2011



Sources: ISEE, CEROM.

Key economic indicators

Key economic indicators	New Caledonia	France ⁽⁴⁾
GDP (billions of constant F CFP, 2011) ^(p)	847.8 ⁽¹⁾	242,518
GDP growth rate (% , 2011) ^(p)	3.2 ⁽¹⁾	0.0
GDP per capita (thousands of constant F CFP, 2011) ^(p)	3,338 ⁽¹⁾	3,706
State expenditure in the Territory (% of GDP, 2010)	18.4	-
Debt ⁽³⁾ of local authorities (% of GDP, 2010)	6.7	8.3

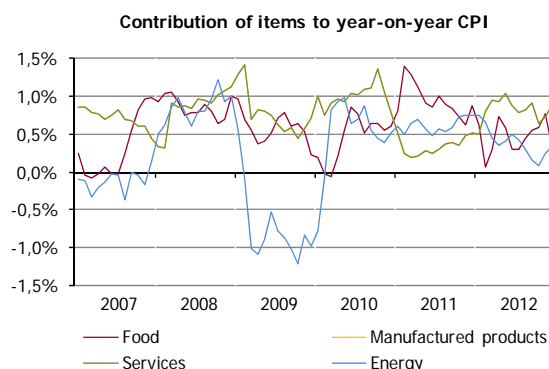
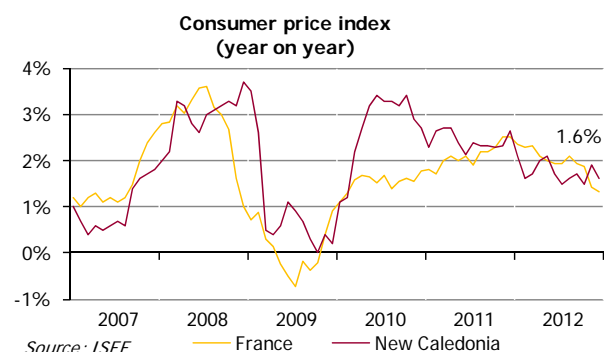
(p) provisional;

(1) CEROM estimation; (2) Imports/GDP; (3) Public debt notified or in the sense of Maastricht; (4) 2012 figures unless specified otherwise.

Sources: ISEE, INSEE, CEROM, Customs, IEOM, New Caledonia General Treasury.

Marked inflation

Between 2007 and 2012, the consumer price index rose by an annual average of 2.1%, higher than the rate in mainland France (1.7% a year). The highest increase in prices over the period was for food and services. Furthermore, the price difference with mainland France is the highest in the overseas territories (+34% according to the CEROM study released in 2012). 2012 was, however, marked by a moderation in price rises (+1.6%), following two years of high inflation (+2.7% in 2010 and +2.6% in 2011).



Dynamic labour market

Paid employment has been dynamic over the past ten years, with an average annual increase of 2.9%. The service sector has accounted for over half of job creations. The large-scale projects and ramp-up in production at the metallurgical plants have, of course, boosted job creation in the industry, construction, maintenance and transport sectors. The number of jobseekers contracted overall over the last decade and had fallen below the mark of 5,000 jobseekers at the end of 2012, *i.e.* 4.5% of the working population.



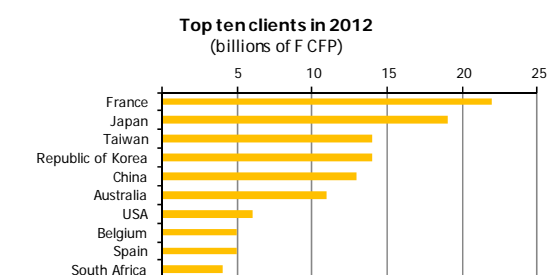
Employment	2003	2012(p)	2012/2003
Total employment	64,250	86	2.94%
Agriculture	2,150	2	-3.5%
Industry	7,304	10	3.7%
Construction	5,438	8	3.3%
Trade	7,917	10	2.1%
Services	40,694	55	3.0%
Energy	747	1	6.8%

(1) Annual average growth rate.

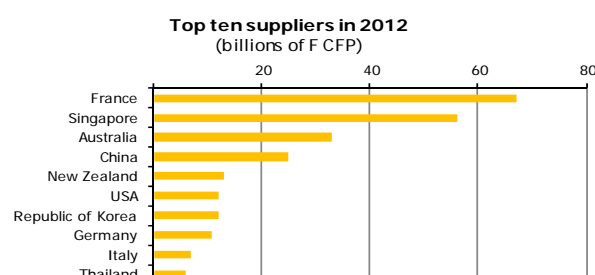
Sources: RIDET, CAFAT.

Structural trade deficit, partly offset by nickel

New Caledonia remains structurally dependent on the outside for its supplies. Since 2007, imports of industrial equipment for the construction of the North plant have had a strong impact on the total volume of imports. Exports, 94% of which are for nickel ore and metallurgical products, helped maintain a coverage rate of about 40% in 2012. France continues to be New Caledonia's main trade partner for both imports and exports. For imports, it is followed by Singapore, the main supplier of hydrocarbons, and for exports by Japan, a heavy consumer of minerals and ferronickel. Australia is New Caledonia's 3rd main regional supply market, followed by New Zealand. China is the territory's 4th largest supplier (mainly of industrial equipment for the North plant) and 5th largest client (ferronickel).



Sources: ISEE, Customs, DIMENC.



Sources: ISEE, Customs, DIMENC.

Imports (millions of F CFP)	2012
Intermediate goods	61,751
Energy	69,300
Other imports	16,118
Capital goods	48,356
Consumer goods	34,920
Agricultural and food products	36,415
Automotive industry	30,523
Agriculture, forestry and fisheries	3,949
Total imports	301,332

Sources: ISEE, Customs, DIMENC.

Exports (millions of F CFP)	2012
Ferronickels	64,002
Nickel ore	22,798
Nickel mattes	20,074
Nickel Hydroxyde Cake (NHC)	3,972
Other exports	9,891
Tuna	413
Shrimps	1,145
Holothurians	260
Total exports	122,556

MAIN SECTORS OF ACTIVITY

Beyond the impact it has on employment and wealth creation, the nickel sector is one of the main drivers of New Caledonia's economic growth due to the scale of mineral and ferronickel exports and the investments made for the construction of two metallurgical plants. These projects have also had a knock-on effect on the construction industry and business service sector. Moreover, following a period of stagnation at around 100,000 visitors a year, there has been a slight upturn in long-stay tourism, thanks to the return of clients from mainland France, while the boom in cruise tourism has taken hold.

Key sector indicators	2012	2012/2003 ⁽¹⁾	2012	2012/2003 ⁽¹⁾	
Beef production (tonnes)	2,734	-1.4%	Nickel ore production (thousands of tonnes)	9,659	3.8%
Pork production (tonnes)	1,696	3.7%	Nickel ore exports (thousands of tonnes)	4,652	3.1%
Tuna exports (tonnes)	779	-4.1%	Metallurgical production (in tonnes of contained Ni)	62,178	0.1%
Shrimp exports (tonnes)	817	-4.4%	Metallurgical exports (in tonnes of contained Ni)	64,809	0.4%
Housing units authorised	1,846	0.5%	Tourist arrivals	112,204	1.0%
Cement consumption (tonnes)	124,137	1.9%	Cruise passenger arrivals	277,941	15.8%
Power generation (Gwh)	2,262	2.6%	Trips by New Caledonians	121,101	4.4%

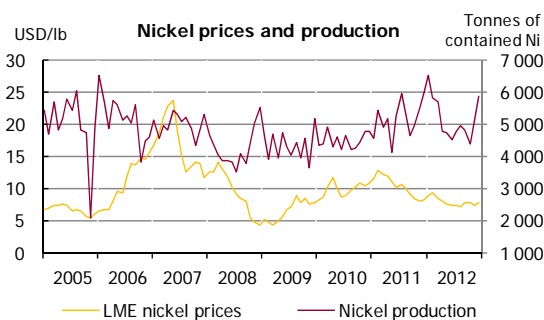
(1) Average annual growth rate.

Sources: ISEE, OCEF, Holcim, EEC, ENERCAL, CELECOBTP.

Nickel: on track for increased production capacity

New Caledonia has the 2nd largest estimated nickel reserves in the world (16%) after Australia, but ahead of Brazil and Russia. Production over the past five years has averaged 56.2 thousand tonnes of nickel metal, *i.e.* about 4% of world production. The sector is exposed to the high volatility of nickel prices, which have been on a downward trend since February 2011.

New Caledonia should be able to triple its production capacity when the ramp-up in production has been completed at the North and South plants by 2015. Mining is also experiencing growth *via* a partnership between the Korean steelmaker Posco and SMSP to operate a metallurgical plant in South Korea, 51% of which is owned by SMSP.



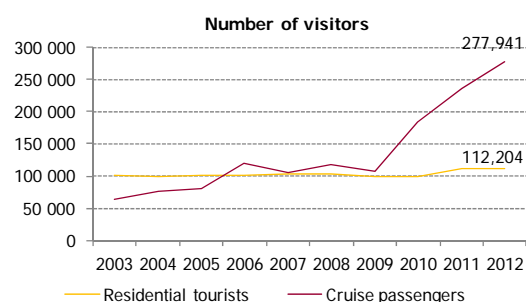
Sources: LME, DIMENC, ISEE.

Construction industry supported by public procurement

The construction industry accounted for an average of 11% of wealth creation between 2006 and 2011 and employs about 9% of New Caledonia's workforce. Over the past decade, the construction industry has recorded a 3.3% rise in employment and a 6.6% increase in the number of companies. For several years, activity in the sector was supported by large-scale projects (construction of metallurgical plants, refurbishment of La Tontouta Airport, infrastructure to host the Pacific Games), prior to losing its vitality since 2011. The construction industry has been penalised by the slowdown in the construction of new housing. However, the renewal of public procurement (*via* the construction of the Médipôle healthcare centre in Koutio, the development of the Voh-Koné-Pouembout area and the launch of projects under the 2011-2015 Development Contract) is a new growth driver.

Cruise tourism booming

With 112,204 residential tourists in 2012, New Caledonia accounts for less than 1% of tourism in Oceania, far behind Australia, New Zealand and Fiji. The tourism industry (accommodation and catering) employed over 5,200 people in 2012. There was an 18% increase in available accommodation between 2008 and 2012. During this period, the expenditure of residential tourists with New Caledonian service providers is estimated at an annual average of F CFP 18.7bn. Since 2009, cruise tourism has seen strong development as it has benefitted from the success of short-stay circuits from Australia.



Sources: ISEE, Department of Border Police, PANC.

FINANCING OF THE ECONOMY

New Caledonia has 9 locally established credit institutions, including 4 banks and 5 financial companies. 7 credit institutions from outside the zone operate regularly in New Caledonia, including Agence Française de Développement (AFD), the Caisse des Dépôts et Consignations (CDC) and the European Investment Bank (EIB). There is a high level of activity in the banking and financial sector due to the substantial financing needs of the economy. The portfolio of local financial institutions remains particularly healthy, with a low rate of doubtful loans at 2.7% at the end of 2012.

The local banking system is marked by a structural liquidity deficit, in conjunction with the fact that the lending activity is more dynamic than the collection activity. This can be seen with the negative net external position of F CFP 71bn at the end of 2012.

Monetary and financial indicators	2003	2012
Number of inhabitants per bank branch	1,777	2,378
Number of inhabitants per ATM	2,221	1,121
Number of bank accounts per inhabitant	15	19
Financial assets of economic agents ⁽¹⁾ (billions of F CFP, at 31/12)	297	709
Performing outstanding loans of economic agents ⁽¹⁾	300	671
Rate of doubtful loans (%) ⁽²⁾	4.1	2.7

(1) With local credit institutions.

(2) Doubtful loans/total loans.

Sources: IEOM, ISEE.

Business indicators	2012
Average cost of corporate loans (% Jan.-Feb. 2013)	4.93
Financial assets ⁽¹⁾ (billions of F CFP, at 31/12)	247
Bank loans ⁽²⁾ (billions of F CFP, at 31/12)	457
Share of operating loans (%)	8.5
Share of investment loans (%)	53.3
Share of construction loans (%)	24.8

(1) With local credit institutions.

(2) Lending for all credit institutions.

Sources: IEOM, ISEE.

Household indicators	2012
Net doubtful loans (millions of F CFP, at 31/12)	2,425
Financial assets ⁽¹⁾ (billions of F CFP, at 31/12)	359
Bank loans ⁽²⁾ (billions of F CFP, at 31/12)	404
Share of consumer loans (%)	8.3
Share of home loans (%)	80.1
Number of cases of overindebtedness filed	68

(1) With local credit institutions.

(2) Lending for all credit institutions.

Sources: IEOM, ISEE.

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

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Publication Director: N. de SEZE – Editor-in-chief: T. BELTRAND

Edited and printed by: IEOM

Printed: 2nd August 2013 – Legal Deposit: August 2013 – ISSN 1968-6277