

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 Council
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 "Horn 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 that exceeds the residents of the Territory (over 21,000 people, against less than 13,000 on the archipelago).

In five years (between 2008 and 2013), the archipelago lost 9.5% 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 ⁽¹⁾	France ⁽²⁾
Population (WF: thousands, in 2013; France: millions)	12,197	65.8
Population in Wallis (2013)	8,584	
Population in Futuna (2013)	3,613	
Percentage of under 20s (2013)	37.7	24.6
Percentage of 20-59 year-olds (2013)	48.2	51.2
Percentage aged 60 and older (2013)	14.1	24.2
Population density (inhab./km ² , 2013)	85.9	117 ⁽³⁾
Annual average growth rate (% , 2008-2013)	-19.3	0.6 ⁽⁴⁾
Birth rate (‰, 2013)	14.2	12.3
Mortality rate (‰, 2013)	5.7	8.7
Infant mortality rate (‰, 2008-2013)	N/A	3.6
Total fertility rate (2013)	2.1	1.98
Life expectancy at birth for men (years, 2008-2013)	72.8	78.7
Life expectancy at birth for women (years, 2008-2013)	78.7	85.0

(1) STSEE census, data in July 2013; (2) INSEE 2013 population survey; (3) Mainland France; (4) Between 2003 et 2013.

N/A: Not available

Sources: STSEE, INSEE.

ECONOMY AT A GLANCE

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

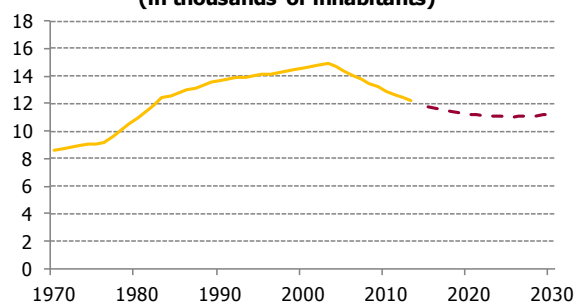
With no income tax and corporate tax, income from import taxes is the Territory's main source of budget revenue.

Marked slowdown in inflation over the year

At the end of 2013, the consumer price index had risen by an average annual rate of 2.1%, against 5.0% at the end of 2012. Over the year, the Territory benefited from the positive impact of foreign exchange rates with the currencies of its main trade partners (Singapore, New Zealand, Australia and Fiji), which provide over 40% of imported products. Over the past five years, prices for food and manufactured goods have risen by an annual average of 2.6%. There was a more moderate increase in service prices, *i.e.* an average of 2.2% each year. Energy prices saw the highest increase, with an annual average of 3.4%.

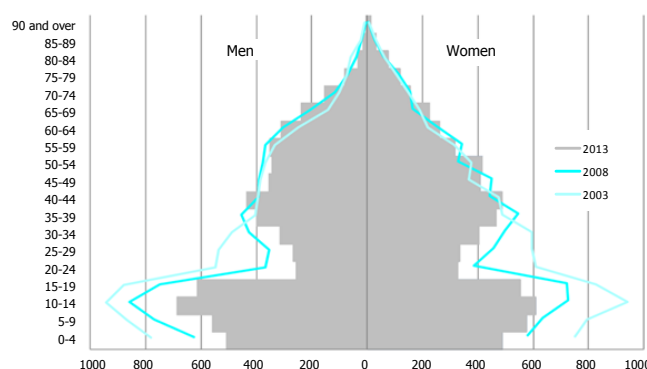
Under the Lurel Law, the first annual "price-quality shield" agreement between the State and retailers came into force on 1st March 2013. It endorsed an average reduction in the price of a basket of 11 consumer products of between 10 and 13%.

Population in 2030
(in thousands of inhabitants)



Sources: STSEE, CPS (projection).

Comparative age pyramid



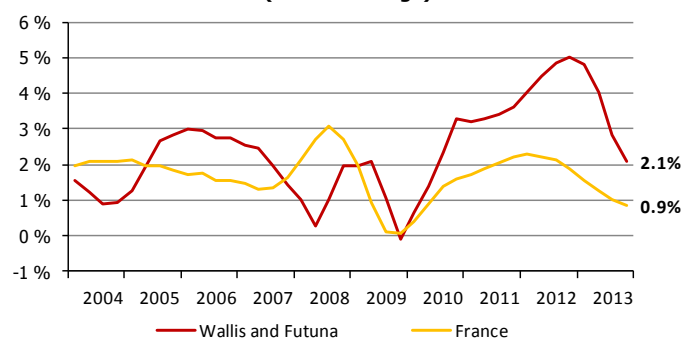
Source: STSEE.

Key economic indicators	Wallis and Futuna	France ⁽¹⁾
GDP (billions of F CFP, 2005)	18 ⁽²⁾	252,323
GDP per capita (thousands of F CFP, 2005)	1,211 ⁽²⁾	3,832
Share of public administrations in GDP (% , 2005)	54.0 ⁽²⁾	26.2
State expenditure in the territory (billions of F CFP, 2013)	12.4	-

(1) National accounts in 2013, INSEE; (2) CEROM estimation.

Sources: CEROM, DFIP de Wallis and Futuna DFIP, INSEE.

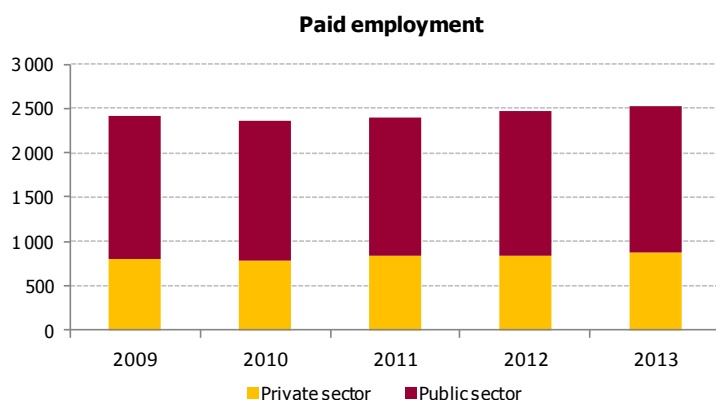
Consumer price index
(annual average)



Source: STSEE, INSEE.

Concentration of employment in the public sector

Over the past five years, the number of paid employees has risen steadily and moderately. At 31st December 2013, there were over 2,500 registered employees. The public and semi-public sector accounts for almost two-thirds of paid employment.



Employment	2009	2013	2013/ 2009 ⁽¹⁾
Total employment	2,409	2,529	1.2%
Industry/agriculture	82	98	4.6%
Construction industry	85	134	12.1%
Trade	321	291	-2.4%
Market services	308	348	3.1%
Non-market services	1,613	1,658	0.7%

(1) Average annual change.

Source: CPSWF.

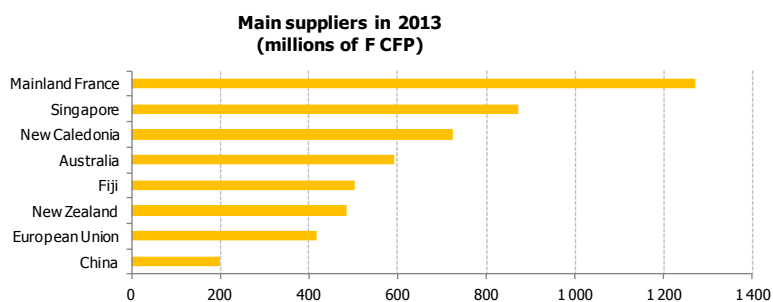
Employment declared at the CPSWF and seconded officials, data at 31/12.
Sources: CPSWF, Senior Administration, Vice-rectorate.

Predominantly importing Territory

Wallis and Futuna exports very little and depends largely on the outside for its supplies. Mainland France is the archipelago's main supplier, despite its distance (21% of total imports). Singapore is the second largest supplier and mainly supplies Wallis and Futuna with hydrocarbons. In 2013, New Caledonia rose to third place in this ranking. Australia, Fiji and New Zealand account for over a quarter of the Territory's imports.

Import values (millions of F CFP)	2013
Agricultural and food industries	1,640
Energy	1,104
Intermediate goods industries	920
Consumer goods industries	883
Capital goods industries	808
Car industry	455
Agriculture, forestry and fisheries	114
Total	5,923

Source: Customs.



Source: Customs.

MAIN SECTORS OF ACTIVITY

The economy of the Wallis and Futuna archipelago is characterised by the predominance of the administrative sector, which drives local activity. Consequently, the other sectors (trade, construction and services) are highly dependent on the public sector *via* the salaries paid, large-scale projects, investment works, etc.

Agriculture accounts for 23.5% of registered companies, almost half of which are in the fisheries sector. This sector remains very traditional and employs very few people. Since 2012, great efforts have been made to develop and professionalise the primary sector, with the aim of increasing its contribution to the local economy in terms of wealth creation and employment. At the end of 2013, the financing allocated to the agriculture sector was close to zero (0.2% of loans granted).

Main sector indicators	2013	2013/ 2003 ⁽¹⁾	2013	2013/ 2003 ⁽¹⁾
Cement imports (millions of F CFP)	76	0.5%	Public procurement notifications in the construction	2,020 N/A
New vehicle registrations (number)	202	-1.7%	Pupils in school – 1 st and 2 nd levels (number)	3,960 -3.3%
Number of companies (registered)	443	N/A	International air traffic (number of passengers)	32,816 4.3%
incl. agriculture, livestock, fishing (%)	23.5		Domestic air traffic (number of passengers)	13,017 0.5%
incl. construction (%)	14.9			
incl. trade (%)	24.2			

(1) Average annual 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 (68.0% of registered employees). Education accounts for 21.8% of the total number of employees and almost 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.

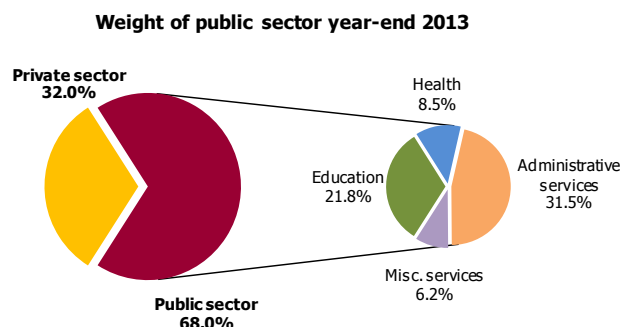
In 2013, the State's contribution to financing the local economy stood at F CFP 12.4bn (+2.2% over the year), over half of which is earmarked for the salaries of public service employees.

Following the full repayment of the Health Agency's loan during the year, in 2013, the public sector accounted for 7.9% of the total amount of credit allocated (excluding individuals). This financing is intended to finance the different infrastructure facilities (hospital, electrification, etc.). The mobile phone project is expected to benefit from it shortly.

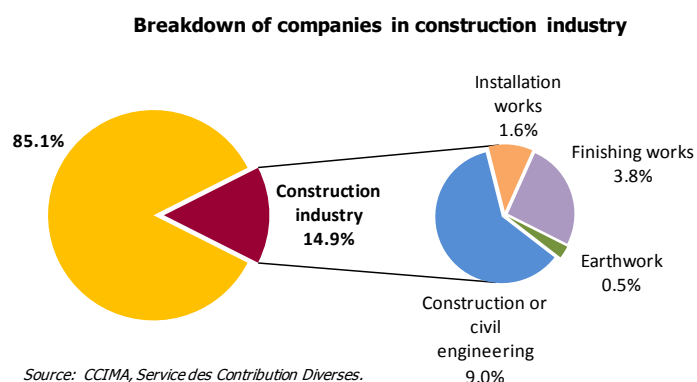
Construction industry bolstered by public procurement

The construction industry accounts for 14.9% of registered companies and employs 15.4% of the private sector workforce (excluding casual workers and small undeclared entrepreneurs). This sector 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 property financing mechanisms were stopped in the Territory in 2004.



Sources: CPSWF, Senior Administration, Vice-rectorate.



Source: CCIMA, Service des Contribution Diverses.

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. At the same time, the Public Finance Directorate of the Wallis and Futuna Islands provides personal banking services, both in Wallis and Futuna (a Public Finance Centre was created in July 2013). 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).

At 31st December 2013, the total amount of outstanding performing loans stood at F CFP 4.16bn, down 4.4% over the year. The decline in demand for credit, which was the same for all economic agents, shows warning signs of a subdued year in 2014. The money supply decreased by 15.9% year-on-year due to the investment of a significant amount outside the issuing area. The net external position of credit institutions is largely in surplus, as investment remains limited.

Monetary and financial indicators	2007	2013
Money supply (millions of F CFP)	6,252	7,347
Net external banking position (millions of F CFP)	2,996	2,628
Number of inhabitants per bank branch	4,387	3,638
Number of inhabitants per ATM	13,732	11,387
Number of bank accounts per inhabitant	0.34	0.45
Financial assets of economic agents ¹ (millions of F CFP)	4,430	5,189
Performing outstanding loans of economic agents ¹ (millions of F CFP)	1,318	1,846
	17.5	10.1

(1) With local credit institutions.

Source: IEOM.

Business indicators	2013
Financial assets ⁽¹⁾ (millions of F CFP)	1,806
Outstanding bank loans ⁽²⁾ (millions of F CFP)	2,370
Share of operating loans (%)	4.7
Share of investment loans (%)	83.8
Share of construction loans (%)	11.5
Legal persons banned from holding a bank account	14

(1) With local credit institutions.

(2) Lending for all credit institutions.

Source: IEOM.

Household indicators	2013
Financial assets ⁽¹⁾ (millions of F CFP)	2,109
Outstanding bank loans ⁽²⁾ (millions of F CFP)	1,530
Share of consumer loans (%)	81.7
Share of home loans (%)	18.3
Natural persons banned from holding a bank account	330

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

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