

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 Kanak languages
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
National representation	2 MPs, 2 senators, 2 representatives at the Economic, Social and Environmental Council
State representation	High Commissioner of the Republic

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 colony by order of Napoleon III. In 1946, New Caledonia subsequently 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 path opened up by 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.

During the Congress mandate, which started in 2014, and by 2018 at the latest, people who are on the special electoral list for consultations under the terms 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, access to an international status with full responsibility, and the organisation of citizenship on a nationality basis.

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.

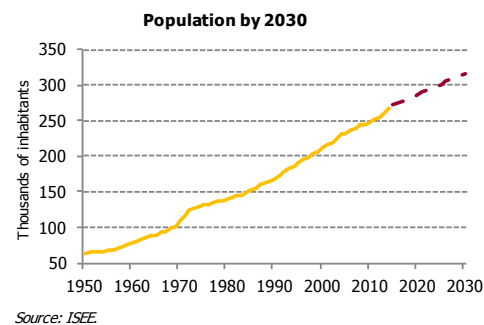
The Government of New Caledonia is the territory's collegiate executive body. It prepares and executes the decisions of the Congress and its Permanent Commission. It includes the main political forces represented at the Congress, which are required to reach agreement on the management of New Caledonia, 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 Loyalty Islands) and they exercise their extensive powers in the fields of economic development, territorial development, social sectors and culture.

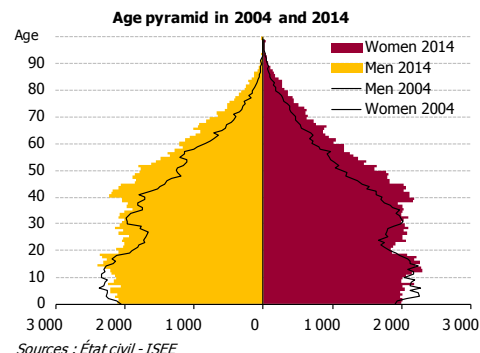
Other institutions have also been established, such as the Customary Senate (made up of 16 members in accordance with practices recognised by custom, with two representatives per customary area of New Caledonia), the Economic Social and Environmental Council (CESE), the Consultative Committee on Mines,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

A YOUNG POPULATION

The last census conducted in 2014 counted some 270,000 inhabitants in New Caledonia. The demographic transition which started in the 1990s is continuing: half of the population is under 30, but the relative importance of people aged 60 and over is increasing. New Caledonia's population growth gathered pace between 2009 and 2014, with an average of +1.8% a year, against +1.3% the five previous years. It concerns the three provinces, whereas between 2004 and 2009, the Loyalty Islands Province was losing inhabitants. Population growth results both from the natural balance (70%) and migration balance (30%). Three-quarters of inhabitants live in the South Province, particularly in the city of Greater Nouméa (two-thirds), 19% in the North Province, and the remainder in the Loyalty Islands Province.



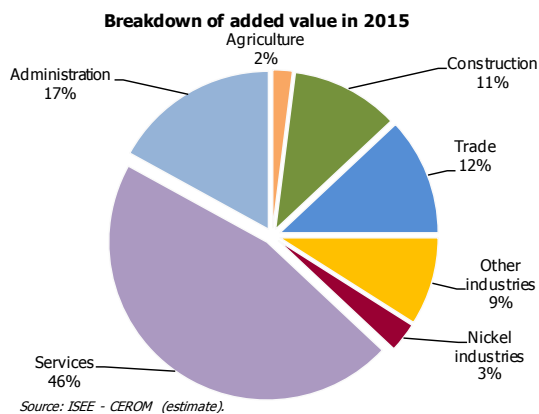
Demographic indicators	New Caledonia	France ⁽¹⁾
Population (NC: 2014 in thousands; France: in millions)	268.8	66
Percentage of under 20s (2014)	32	25
Percentage of 20-59 year-olds (2014)	55.5	51
Percentage aged 60 and over (2014)	12.5	24
Population density (inhab./km ² , 2014)	14	117 ⁽²⁾
Annual average population growth rate (2004-2014)	1.5	0.6
Birth rate (for 1,000 inhabitants, 2012)	17.0	12.3
Mortality rate (for 1,000 inhabitants, 2012)	5.1	8.7
Infant mortality rate (for 1,000 births, 2012)	3.9	3.6
Total fertility rate (2012)	2.3	1.99
Life expectancy at birth, female (years, 2012)	80.4	85
Life expectancy at birth, male (years, 2012)	74.0	78.7



(1) INSEE 2014 population survey. (2) French population density in 2013.
Sources: ISEE, INSEE, Civil Registry.

ECONOMY AT A GLANCE

New Caledonia's economy experienced strong growth between 2005 and 2015: Gross Domestic Product (GDP) rose by an annual average of 3.1% in real terms. Activity was maintained until 2011 by strong household consumption and major investments related to large-scale metallurgical projects, but has seen a sharp slowdown since. In 2015, GDP registered real growth of 1.4%, while GDP per capita stood at F CFP 3.5m (approximately EUR 29,400), placing the territory in third place in the Pacific region (after Australia and New Zealand) and in first place in the French overseas territories.



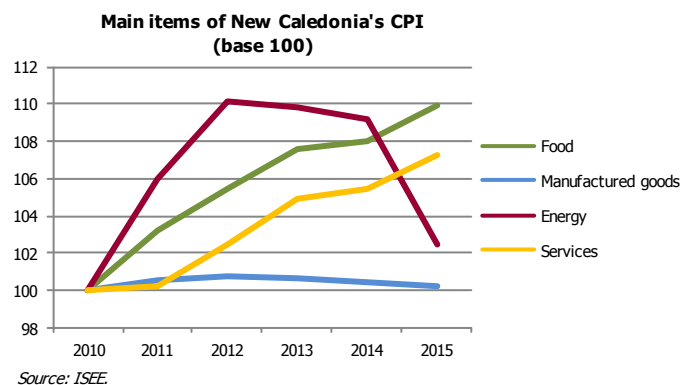
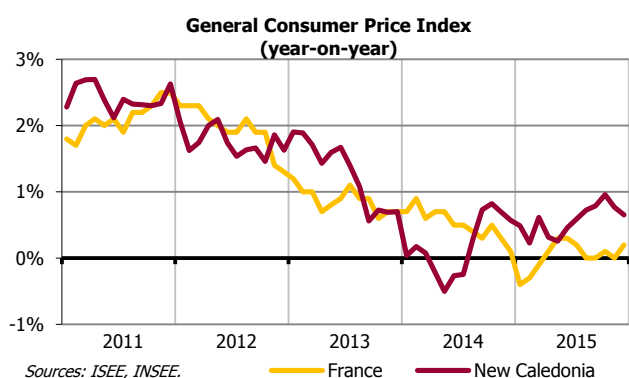
Key economic indicators	New Caledonia	France
GDP (billions of F CFP, 2015)	956 ⁽¹⁾	259,551
Real GDP growth rate (% , 2015)	1.4 ⁽¹⁾	1.3
GDP per capita (thousands of F CFP, 2015)	3,493 ⁽¹⁾	3,903
Activity rate (% , 2014)	71.5	71.4
Unemployment rate (% , 2014)	14.7 ⁽²⁾	10.3 ⁽³⁾
Number of DEFM ⁽⁴⁾ (% of working age pop., 2014)	3.9	11.3

(1) Latest CEROM estimation of GDP; (2) Unemployment rate given by the population census; (3) Unemployment rate in ILO terms (annual average); (4) End-of-month jobseekers.

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

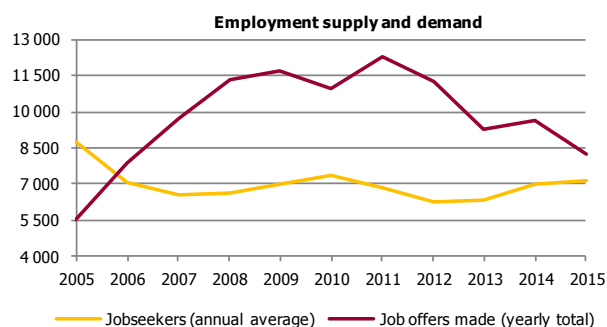
Price inflation subdued

Over the past five years, the consumer price index has increased at an average annual rate of 1.2%, which is very close to the rate in mainland France (+1.1%). This increase was mainly driven by the rise in food and service prices, and was held in check by the decline in energy prices. In 2015, the CPI rose by an annual average of 0.6% (+0.3%, excl. tobacco), after +0.2% in 2014. The price difference with mainland France is the highest in the overseas territories (+34%, according to a CEROM study published in 2012).



Labour market less dynamic over the recent period

Over the past ten years, paid employment has risen by a strong average annual rate of 2.9% in the private sector and by 2.1% in the public sector. Starting in 2005, employment opportunities were given a strong boost by the implementation of major works and rose at an average annual rate of 4.1%. Following the end of the major metallurgical projects in 2011-2012, there was a decline in provision at the same time as the slowdown in economic activity. The number of jobseekers started to rise in 2013 (+1.7% in 2015, after +11.2% in 2014). In 2015, over 70% of paid employees were working in the private sector, where one in two employees works in the services sector (main employer in New Caledonia).

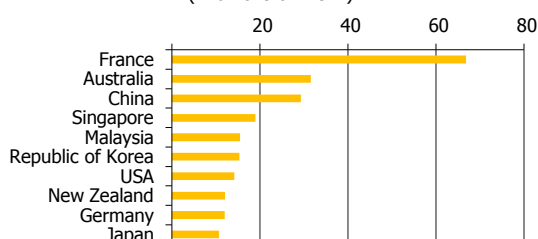


Source: IDC-NC.

Trade dominated by nickel industry

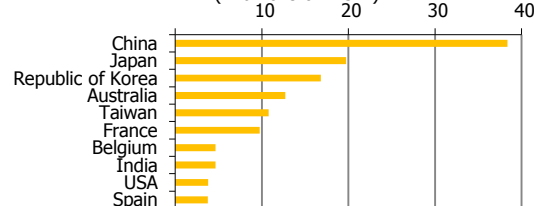
The trade balance is structurally in deficit and has widened considerably over the past decade, from F CFP 66bn in 2005 to F CFP 152bn in 2015. Imports have practically doubled over the period and have not been offset by a similar increase in exports. Consequently, the coverage rate deteriorated at the end of the period and stood at a ten-year average of 50%. It does, however, vary considerably due to the volatility of nickel prices and, consequently, the value of exports. France continues to be the territory's main supplier, despite a slight decline in its share in total imports (23% in 2015, against 32% in 2005), followed by Australia, China and Singapore (main supplier of hydrocarbons). In 2015, China, Japan and South Korea remained the main outlets for the territory's exports, which mainly comprise metallurgical products.

Top ten suppliers in 2015
(in billions of F CFP)



Sources: ISEE, Customs.

Top ten clients in 2015
(in billions of F CFP)



Sources: ISEE, Customs.

Imports (millions of F CFP)	2015
Food products, beverages, tobacco	42,782
Mineral products	66,389
Chemical products	24,156
Rubber and plastic products	12,821
Textiles	7,533
Metals and articles in these metals	17,888
Machines, appliances and electrical equipment	53,478
Transport equipment	33,028
Other products	33,543
Total imports	291,618

Sources: ISEE, Customs, DIMENC.

Exports (millions of F CFP)	2015
Nickel ore	24,251
Ferronickels	61,492
Nickel mattes	7,002
Nickel oxide	18,458
NHC	10,299
Cobalt carbonate	3,172
Shrimps	1,046
Tuna	385
Other products	12,683
Total exports	138,788

Sources: ISEE, Customs, DIMENC.

MAIN SECTORS OF ACTIVITY

The structure of New Caledonia's economy is characterized by the predominance of market services (including trade) and non-market services, which accounted for 58% and 17% of added value in 2015, respectively (+10 points and -0.7 points compared to 2005). The share of industry, including the nickel sector, for its part stands at 12% (-4% compared to 2005). The construction sector accounts for 11% (+3% compared to 2005) of added value.

Key sector indicators			10-year average				10-year average		
	2005	2015	average	AAGR ⁽¹⁾	2005	2015	average	AAGR ⁽¹⁾	
Beef production (tonnes)	2,721	2,731	2,595	0.0%	Nickel ore extraction (thousands of wet tonnes)	6,445	14,293	9,134	8.3%
Pork production (tonnes)	1,153	1,802	1,511	4.6%	Nickel ore exports (thousands of wet tonnes)	3,394	5,520	4,215	5.0%
Tuna exports (tonnes)	1,182	787	847	-4.0%	Metallurgical production (in tonnes of contained Ni)	59,576	93,977	64,445	4.7%
Shrimp exports (tonnes)	1,709	662	1,085	-9.0%	Metallurgical exports (in tonnes of contained Ni)	58,836	95,638	63,740	5.0%
Housing unit stock (number)	8,129	13,988	11,314	5.6%	Tourist arrivals	100,651	113,951	105,372	1.2%
Paid employment in construction (annual av.)	6,416	7,972	8,127	2.2%	Cruise passenger arrivals	81,215	444,124	232,420	18.5%
Power generation (GWh)	1,883	2,416	2,156	2.5%	N° of trips by New Caledonians outside the territory	95,859	127,346	116,513	2.9%

(1) AAGR: Average annual growth rate between 2005 and 2015.

Sources: ISEE, DIMENC, OCEF, Holcim, EEC, ENERCAL, Quadran, SIC, FSH, SEM Agglo.

Over a quarter of employment in New Caledonia in the public service

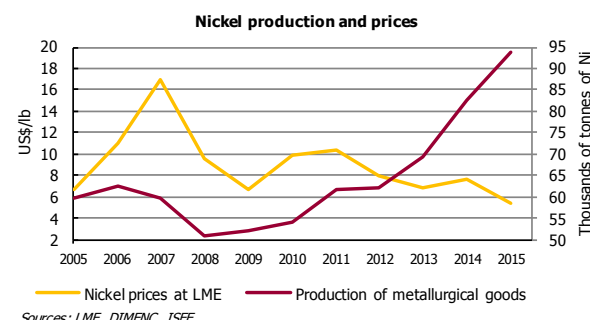
Between 2005 and 2015, the number of employees in the public sector increased by an annual average of 2%. In 2015, there were 25,899 employees, *i.e.* 28.4% of total employment in New Caledonia. Among them, 40% are under contract, 35% are territorial civil servants, and 25% government civil servants. In 2013, public revenues stood at F CFP 490.6bn and public expenditure at F CFP 496.9bn.

Public finances	2005	2015
Share of tax revenues in GDP (%)	14.7	19.5
Share of State expenditure in GDP (%)	17.7	16.0
Share of social benefits* in GDP (%)	11.0	14.8

*CAFAT benefits.
Source: CAFAT, ISEE.

Increase in nickel industry production capacity

New Caledonia ranks in 2nd place for estimated world nickel reserves (11%), after Australia (23%). With the gradual increase in the production of the two new plants, in 2015, average production of metallurgical goods stood at a record level of 94 thousand tonnes. However, the sector is exposed to the high volatility of nickel prices. The latter have been on a significant long-term downward trend since June 2014, which has a negative impact on export values.

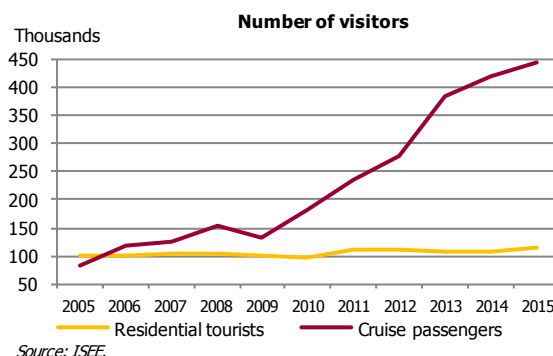


Decline in construction activity at the end of the period

The construction industry accounted for an average of 10% of wealth creation between 2005 and 2015 and has employed an average of 12.5% of private sector employees since 2005. Over the past decade, there has been an average annual increase of 2.2% in this employment. For several years, activity in the sector was boosted by large-scale projects, but has slowed since 2012 (decline in public procurement for several years), while the housing market is finding it difficult to meet sharply rising demand. In 2015, the activity was, however, supported by tax exemptions on intermediate housing.

Increase in cruise tourism

On average, since 2005, some 105,000 tourists have been visiting the territory each year. Their number has remained relatively stable over the decade, but the number of cruise passengers is rising sharply. The tourism sector (accommodation and catering) has accounted for an average 5,000 jobs since 2012. Accommodation provision has risen at an average annual rate of 3.1% since 2005, to 3,000 accommodation units in 2015. During this period, tourist expenditure is estimated at an annual average of F CFP 18.7bn.



FINANCING OF THE ECONOMY

New Caledonia has 9 locally established credit institutions, including 4 banks, 3 financial companies and 7 specialized credit institutions. In addition, Agence Française de Développement (AFD), the Caisse des Dépôts et Consignations (CDC) and European Investment Bank (EIB) operate regularly in New Caledonia. There is a high level of activity in the banking and financial sector, due to the substantial financing needs of the economy, which leads to an average annual growth in performing outstanding loans of 6.7% for 2005-2015. The total outstanding amount of deposits rose by 4.5% year-on-year (after +2.5% in 2014), mainly driven by net collection from companies (+6.2%). At 31 December 2015, the total outstanding amount of loans to New Caledonian clients stood at F CFP 1,068bn, with F CFP 727bn contracted from local credit institutions (*i.e.* a largely majority share, at 68%). At the end of 2015, the aggregated balance sheet total of the four local banks stood at F CFP 865.4bn. Despite an economic context considered to be unfavourable, it has risen by 3.2% year-on-year, after having increased by 2.0% in 2014.

Monetary and financial indicators	2005	2015	AAGR ⁽¹⁾
Money supply (billions of F CFP)	297	653	8.2%
Number of inhabitants per bank branch	1,985	2,532	2.5%
Number of inhabitants per ATM	2,131	1,048	-6.9%
Number of bank accounts per inhabitant	1.56	1.89	1.9%
Financial assets of economic agents ⁽²⁾ (billions of F CFP)	373	766	7.5%
Performing outstanding loans of economic agents ⁽²⁾	367	704	6.7%
Rate of doubtful loans (%) ⁽³⁾	4.0	3.1	-2.4%

(1) Average annual growth rate for 2005-2015.

(2) From local credit institutions.

(3) Doubtful loans/loans outside the issuing zone.

Source: IEOM.

Business indicators	2015
Bank loans ⁽¹⁾ (billions of F CFP, at 31/12)	472
<i>incl. operating loans (%)</i>	17.1
<i>incl. investment loans (%)</i>	51.4
<i>incl. construction loans (%)</i>	29.0
Net doubtful loans (billions of F CFP, at 31/12)	9.4
Average short-term cost of credit for companies (%)	3.2
Average long-term cost of credit for companies (%)	3.9
Financial assets ⁽²⁾ (billions of F CFP, at 31/12)	256

(1) Loans for all credit institutions.

(2) From local credit institutions.

Source: IEOM.

Household indicators	2015
Bank loans ⁽¹⁾ (billions of F CFP, at 31/12)	439
<i>incl. consumer loans (%)</i>	16.8
<i>incl. home loans (%)</i>	82.1
Number of cases of overindebtedness filed	92
Net doubtful loans (billions of F CFP, at 31/12)	5.1
Average cost of household loans (%)	5.6
Financial assets ⁽²⁾ (billions of F CFP, at 31/12)	403

(1) Loans for all credit institutions.

(2) From local credit institutions.

Source: IEOM.

NB: The data used in this note are as of 31st December 2015 unless specified otherwise.

All IEOM publications can be accessed and downloaded free of charge on the website www.ieom.fr

Publication Director: Hervé GONSARD – Editor-in-chief: Jean-David NAUDET

Edited and printed by: IEOM

Printed: October 2016 – Legal deposit: October 2016 – ISSN 1968-6277