

Economic and financial publications



Economic conjuncture

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WALLIS AND FUTUNA : ECONOMIC OVERVIEW

Structural characteristics

Capital	Mata'Utu
Area	142 km ²
Geographic location	South Pacific; Paris 16,000 km away, Suva 780 km away, Nouméa 2,500 km away
Languages spoken	French, Wallisian and Futunan
Currency	Pacific franc – CFP franc (XPF) – CPF 1,000 = €8.38
Status	Overseas collectivity with special status
Human Development Index ranking (2010)	53
National representation	One Member of Parliament, one Senator, one representative on the Economic, Social and Environmental Council
State representation	One Prefect, Senior Administrator of the Territory

Historical background

The settlement of Wallis and Futuna originated from the migration of Austronesian peoples, who colonised part of Melanesia and western Polynesia around 1500 BC. Tongans took possession of the island of Uvea in the 15th century, while Samoans established their dominance in Futuna in the 17th century.

In 1616, Dutch navigators Jacob Le Maire and Willem Schouten were the first Europeans to explore Futuna and Alofi, naming them the 'Horn Islands'. In 1767, the English navigator Samuel Wallis explored Uvea, which was subsequently named after him.

European presence intensified with the arrival in 1837 of Marist missionaries tasked with evangelising the archipelago. A request for French protectorate status, submitted by Queen Amelia, was ratified separately for Wallis and Futuna in 1887, and then in 1888 for a unified protectorate covering both islands.

In 1942, Wallis was used as a rear base by the United States in response to the advance of Japanese troops in the Pacific. Some 6,000 soldiers were stationed on the island, ushering in a period of economic abundance. The post-war period was marked by economic crisis and political instability.

In 1959, the population of the archipelago adopted overseas territory status by referendum. Law No. 61-814 of 29 July 1961 set out the status of the Territory, which has changed very little since.

Current institutional framework

In 2003, the archipelago became an overseas collectivity with special status, without any modification to the 1961 statute. In addition to the institutions of the French Republic, this framework recognises the existence of customary structures. The institutional organisation is based on the following bodies:

- The State, represented by the Prefect, Senior Administrator of the Territory, who exercises executive authority. He is represented in Futuna by a delegate appointed by decree;

- The Territorial Assembly, composed of 20 members, which acts as the deliberative body of the Territory. Its decisions only become effective after approval by the Senior Administrator;
- Three administrative districts, whose boundaries mirror those of the three customary kingdoms (Uvea, Alo and Sigave), each headed by the Senior Administrator;
- The customary chieftaincies, one per kingdom, each comprising a king surrounded by ministers. They manage, among other matters, land issues and intervene in the day-to-day affairs of the Territory through the Territorial Council and the District Councils.

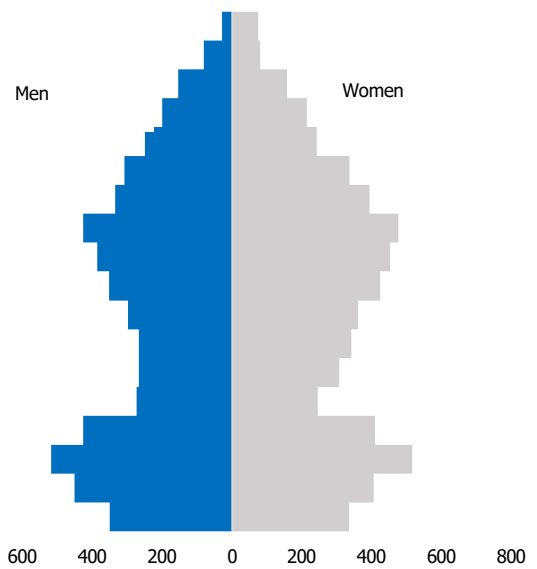
Population

Wallis and Futuna had a population of 11,151 inhabitants as at 24 July 2023. The population declined by 3.6% between 2018 and 2023, corresponding to an average annual decrease of 0.7% over the period. This pace was slower than during 2013–2018, when the average annual decline reached 1.1%.

This decrease is mainly explained by the strong outward migration of young people aged 20 to 35, combined with a decline in the birth rate. These factors, together with the increase in life expectancy at birth (78.4 years in 2023), have led to a progressive ageing of the population. As a result, the median age rose from 35 to 38 years between 2018 and 2023.

Demographic indicators	Wallis and Futuna ⁽¹⁾	France ⁽²⁾	
Population (France: millions)	11,151	68.1	85 years and+
Population in Wallis	8,088	—	80–84 years
Population in Futuna	3,063	—	75–79 years
Share of population under 20 (%)	30.6	23.01	70–74 years
Share of population aged 20–59 (%)	50.3	49.0	65–69 years
Share of population aged 60 and over (%)	19.1	28.0	60–64 years
Population density (inhabitants/km ²)	78	120.45 (3)	55–59 years
Average annual population growth rate (% , 2019–2023)	-14.0	0.3	50–54 years
Birth rate (‰)	10.3	9.9	45–49 years
Death rate (‰)	6.4	9.2	40–44 years
Infant mortality rate (‰)	n.a.	4.0	35–39 years
Total fertility rate	1.7	1.67	30–34 years
Life expectancy at birth – men (years)	75.7	80.0	25–29 years
Life expectancy at birth – women (years)	81.1	85.7	20–24 years
			15–19 years
			10–14 years
			5–9 years
			0–4 years

Age pyramid in 2023



(1) STSEE census, data as at July 2023 (2) INSEE demographic report, 2023; (3) Mainland France n.a.: not available

Sources: Territorial Statistical and Economic Studies Service (STSEE), INSEE

Source: STSEE

Economy

The economy of Wallis and Futuna is mainly supported by the public administration sector, which accounts for more than half of value creation. The retail sector also plays a key role in the territory. It is driven by household consumption and employs more than one third of private-sector workers registered with the Wallis and Futuna Social Benefits Fund.

Main economic indicators	Wallis and Futuna	France ⁽¹⁾
GDP (CFP francs billion, 2019)	22.6 (2)	336,724
GDP per capita (CFP francs thousand, 2019)	2,026 (2)	4,925
Share of public administrations in GDP (% , 2023)	73.0 (2)	57.0
State expenditure in the collectivity (CFP francs billion, 2023)	20.3	—

(1) Les comptes de la Nation en 2023 (National Accounts), INSEE (2) Estimate.

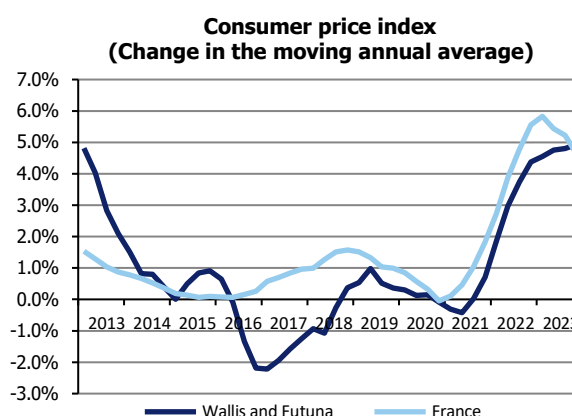
Sources: CEROM, DFIP (Public finance)Wallis and Futuna

Exports remain very limited, reflecting the weakness of the productive base and the remoteness of potential markets. In the absence of personal income tax and corporate income tax, taxation on imports constitutes the main source of budgetary revenue for the territory. In 2023, customs revenues accounted for 70.5% of total tax revenues, slightly below the 2012–2022 average (73%). Direct taxes and miscellaneous taxes (respectively 8.5% and 0.4% in 2023, compared with averages of 8.6% and 0.5% over the period) make up the remainder of budgetary revenues.

Inflation

The overall consumer price index (CPI) recorded a sustained increase in 2022 and 2023 (+4.4% and +4.9%, respectively, on an annual average basis), before easing at the beginning of 2024. Over the past decade, inflation has alternated between periods of sharp increases—reaching 5% in 2012—and more moderate growth, remaining below the level observed in mainland France between 2016 and 2020.

Price developments in mainland France and changes in energy prices have a significant impact on inflation in the territory. The alignment of electricity tariffs in Wallis and Futuna with those applied in mainland France contributed to a downward trend in the CPI between 2016 and 2020, before fuel prices reversed this trend between 2021 and 2023. Since 2023, rising prices for food products and services have also contributed to inflationary pressures.



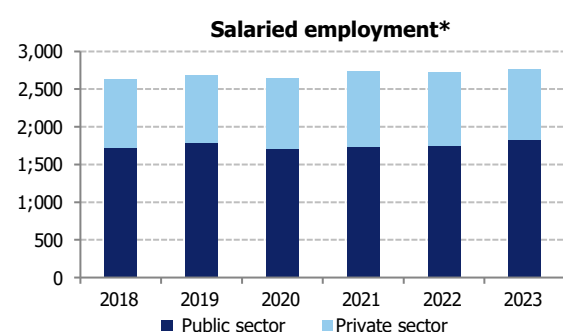
Sources STSEE, Insee

Pursuant to the provisions of the Overseas Economic Regulation Act, known as the 'cost-of-living law¹', the State and the main actors in the territory's supply chain sign each year a price moderation agreement for mass-consumption products. This 'Bouclier Qualité Prix' (BQP) capped prices in 2023 for 83 products, at a total cost of CFP 103,225. When it was launched in 2013, the scheme covered a basket of 11 products, priced at CFP 9,200.

Economic activity and employment

The labour force participation rate in Wallis and Futuna stood at 65.5% of the working-age population in 2023, up from 47.0% in 2018 and 49.6% in 2013. This level is comparable to that observed in other Pacific territories (66.0% in New Caledonia in 2022 and 61.0% in French Polynesia in 2023²). Unemployment in the Territory is also in line with these regions, at 8.2%, compared with 10.9% in New Caledonia (2022) and 8.5% in French Polynesia (2023).

As at June 2023, a total of 2,771 salaried employees were recorded. The share of public-sector employment increased slightly compared with previous years, with two thirds (66%) of declared employees working in the public or semi-public sector (this increase is partly due to the inclusion of new declarations). Over the long term, private-sector employment has increased slightly over the past five years, although it has declined since reaching a peak of 998 employees in June 2021. Between 2018 and 2023, locally declared public employment declined (–6.3%), after having increased between 2013 and 2018 (+6.1%).



	2013	2018	2023	2018/ 2013 ⁽¹⁾	2023/ 2018 ⁽¹⁾
Total employment	2,529	2,643	2,771	0.9%	1.0%
Industry/agriculture	98	102	84	0.8%	–3.8%
Construction	134	69	138	–12.4%	14.9%
Retail	291	304	383	0.9%	4.7%
Market services	348	446	343	5.1%	–5.1%
Non-market services	1,658	1,722	1,823	0.8%	1.2%

(1) Compound annual growth rate

* Act No. 2012-1270 of 20 November 2012, published in the Official Journal of Wallis and Futuna on 21 November 2012.
Sources: CPSWF, Administration supérieure, Vice-rectorat, Tribunal, Police aux frontières, Gendarmerie, Aviation civile (CPSWF, Senior Administration, Vice-rectorate, Court, Border Police, Gendarmerie, Civil Aviation)

Sources: CPSWF (*Caisse des prestations sociales de Wallis-et-Futuna*), Administration supérieure (Senior Administration)

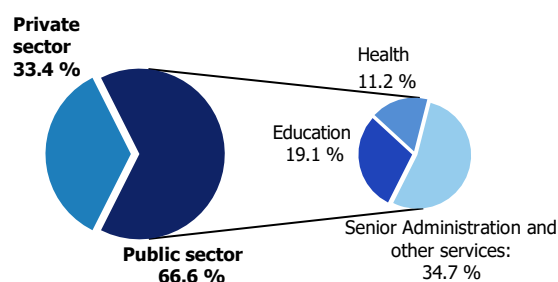
¹ Act No. 2012-1270 of 20 November 2012, published in the Official Journal of Wallis and Futuna on 21 November 2012.

² As data for Wallis are declarative and in the absence of standardised statistics, comparisons should be interpreted with caution.

The non-market sector is the leading employer in the Territory, accounting for 66.6% of declared employees. Education represents 19.1% of total employment, with more than half of employees posted to the archipelago on contracts lasting two to four years. The Health Agency, which fully underpins the local healthcare system, employs 11.2% of total declared employees. In 2023, the State's contribution to financing the local economy amounted to CFP 20.3 billion, following an average of CFP 19.7 billion over the 2020–2022.

period and CFP 13.7 billion over 2013–2019. This increase began in 2017, with an additional CFP 1 billion compared with the previous year, and intensified in 2021, with an increase of CFP 4.2 billion compared with 2020. Since 2022, expenditure has nevertheless declined slightly, stabilising at around CFP 20 billion.

Share of the public sector in employment in 2023

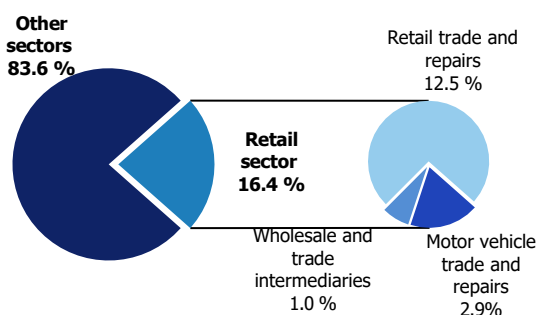


Sources: CPSWF, *Administration supérieure, Vice-rectorat, Agence de santé, Tribunal, Police aux Frontières, Gendarmerie, Aviation civile* (Senior Administration, Vice-rectorate, Health Agency, Court, Border Police, Gendarmerie, Civil Aviation)

Personnel expenditure, corresponding to the payment of State civil servants' salaries, now accounts for 55.0% of State transfers to the Territory. This represents a sharp increase, following the end of the exceptional allocation introduced to address the health crisis, which had mainly affected non-personnel expenditure. Public procurement continues to support the construction sector, with a significant number of projects ongoing in 2024, including: the construction of an annex to the Senior Administration building, the construction of an administrative complex in Futuna, and the relocation of the Postal and Telecommunications Service (SPT) outside the tsunami risk zone.

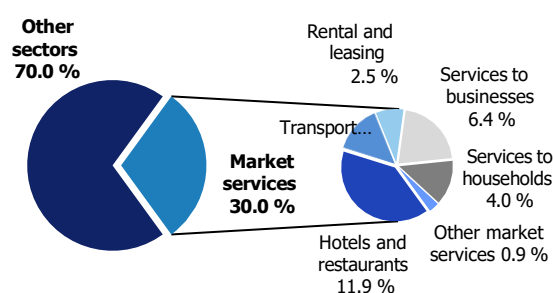
At the end of 2023, there were 191 registered businesses in the retail sector (16.9% of the total) and 349 businesses in market services (30.0% of the total). Together, these two sectors account for 46.4% of all private-sector businesses. As the drivers of the private economy, the retail and market services sectors have represented more than a quarter of total employment over the long term (26.6% in 2011, 35.5% in 2016 and 26.8% in 2021). More specifically, in 2023³, the retail sector employed 402 people, while market services employed 362 people, representing respectively 14.1% and 12.7% of total salaried employment (employees declared to the CPSWF and State civil servants). Taken together, these two sectors accounted for 76.9% of declared private-sector employment (40.4% for retail and 36.4% for market services). The Wallisian economy is entirely oriented towards meeting domestic demand, which explains the predominance of these sectors within private-sector activity.

Breakdown of businesses in the retail sector



Source: *Service des Contributions diverses* (Miscellaneous Taxation Service)

Breakdown of businesses in the market services sector



Source: *Service des Contributions diverses* (Miscellaneous Taxation Service)

External trade

Wallis and Futuna exports very little and relies heavily on external supplies. Its main supplier is mainland France, despite the geographical distance and a share in the Territory's imports that has fluctuated over time (27.5% in 2011, 20.1% in 2016 and 24.1% in 2023). Singapore moved from fifth to second place among suppliers in 2022, driven by the rise in oil prices. New Caledonia completes the top three, benefiting from a marked increase since 2011 (4.7% in 2011, 13.5% in 2023). The European Union and New Zealand, the Territory's fourth and fifth largest suppliers, saw their market shares decline in 2023, reaching 7.8% and 6.9%, respectively. However, their trajectories differ: the European Union has experienced a substantial increase since 2011, while New Zealand has recorded a downward trend since 2014. Despite its geographical proximity, Fiji ranks only sixth, accounting for 6.5% of market share in 2023.

³ Data as at 30/06/2023

Over the past ten years, imports have increased sharply in value, without any significant change in their overall structure. Imports of non-durable consumer goods have increased and remain the largest category, accounting for 33% of the total. Investment goods imports have declined slightly, from 28% in 2013 to 25% ten years later, as have energy product imports, which fell from 19% in 2011 to 14% in 2021. The only category to change significantly is durable consumer goods, whose value has halved and which now represent just 4% of total imports.

Imports by value (CFP francs million) and share of total, (%)	2013		2018		2023	
	Value	Share	Value	Share	Value	Share
Investment goods	1,640	28%	1,466	26%	2,642	25%
Durable consumer goods	883	15%	968	17%	425	4%
Non-durable consumer goods	920	16%	811	14%	3,525	33%
Energy products	1,104	19%	905	16%	1,522	14%
Intermediate goods	808	14%	783	14%	2,215	21%
Other imports	455	8%	593	10%	245	2%
Total	5,923	100%	5,526	100%	10,574	100%

Sources: *Service des Douanes* (Customs, IEOM)

Banking sector

Only one commercial bank has been established in the archipelago since 1991, the Banque de Wallis-et-Futuna (BWF)⁴. The Public Finance Directorate of Wallis and Futuna continues to provide certain retail banking services to individuals in both Wallis and Futuna. Its activity of managing private individuals' deposit accounts, carried out on a derogatory basis since 2001, is gradually being phased out, with these funds now under run-off management. Other institutions also operate in the Territory, including the AFD, the European Investment Bank (EIB) and New Caledonian banks. Since 2009, Adie has also been offering microcredit to small entities, most often sole proprietors.

Monetary and financial indicators	2013	2018	2023
Money supply (CFP francs million)	7,347	7,310	11,016
Net external banking position (CFP francs million)	2,628	2,781	5,754
Number of inhabitants per bank branch	3,638	3,855	3,563
Number of inhabitants per ATM	11,387	6,034	3,717
Number of sight deposit accounts per inhabitant	0.45	0.42	0.43
Financial assets of economic agents ¹ (CFP francs million)	5,189	5,041	7,122
Outstanding performing loans of economic agents ¹ (CFP francs million)	1,846	1,916	2,991
Gross doubtful loans ratio – all lending (%)	10.1	3.0	1.6

(1) With local credit institutions

Source: IEOM

As at 31 December 2023, the **outstanding financial assets** held by economic agents in the Territory declined by 2.2% year-on-year, reflecting a decrease in the assets of households (-12.4%) and businesses (-10.0%), despite a sharp increase in the assets of local authorities (+101.2%). Despite the context of rising interest rates in 2023, sight deposits remained broadly stable over the year (-1.0%) at CFP 6.3 billion, while liquid or short-term investments declined by 13.2%, following record inflows in 2022. Ordinary savings accounts, held by households, increased slightly (+3.8%). Long-term savings amounted to CFP 926 million, up 0.6% compared with 2022, and are held entirely by households, in the form of life insurance contracts.

At the end of 2023, **outstanding performing loans** totalled CFP 6.1 billion, of which 35.0% were granted to businesses, 32.9% to households, 31.9% to local authorities, and 0.2% to other agents. Seventy-seven per cent of these loans were granted by the local credit institution.

Given the small size of the Territory and the consequently limited number of firms, changes in outstanding loans to businesses tend to be volatile. Outstanding loans to businesses now stand at CFP 2.15 billion, up 15.6% compared with 2022. Outstanding loans to households increased between 2013 and 2023, rising from CFP 1.5 billion in 2013 to CFP 2.0 billion at the end of 2023.

⁴ Subsidiary of BNP Paribas New Caledonia

Corporate indicators	2013	2018	2023	Household indicators	2013	2018	2023
Financial assets (CFP million)	1,806	2,347	3,093	Financial assets (CFP million)	2,856	2,856	3,906
Bank lending ¹ (CFP million)	2,370	767	1,683	Bank lending ¹ (CFP million)	1,530	1,532	2,019
Share of working capital loans (%)	4.7	0.2	2.3	Share of consumer credit (%)	81.7	96.3	90.0
Share of investment loans (%)	83.8	69.4	82.7	Share of housing loans (%)	18.3	3.7	10.0
Share of construction loans (%)	11.5	3.8	5.2				
Legal entities banned from banking services	14	15	4	Individuals banned from banking services	330	186	295

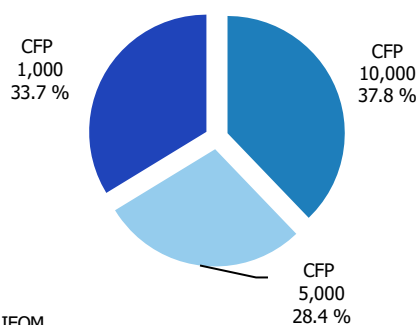
(1) Lending across all credit institutions

Source: IEOM

Currency in circulation

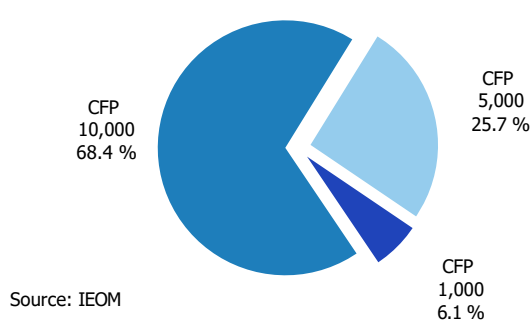
As at 31 December 2023, the cumulative net issuance of CFP franc banknotes, all denominations combined, amounted to 758,203 units, with a total value of CFP 4.3 billion (compared with CFP 2.4 billion at end-2018 and CFP 2.2 billion at end-2013). While the CFP 10,000 banknote represents only around 20% of banknotes in circulation in French Polynesia and New Caledonia, it remains the dominant denomination in the archipelago, although its share of banknotes by volume has declined over the past ten years (44% in 2013, 39% in 2018 and 38% in 2023). This structure of currency in circulation reflects the entrenched use of cash in local payment habits. Cash remains an accessible means of payment in a Territory where, on the one hand, the number of bank card holders is relatively low (the BWF reported 2,686 bank cards outstanding at end-2023) and where, on the other hand, customary practices play a major role, with numerous ceremonies involving the gift of cash⁵.

Breakdown by denomination of net banknote issuance as at 31 December 2023 (by volume)



Source: IEOM

Breakdown by denomination of net banknote issuance as at 31 December 2023 (by value)



Source: IEOM

⁵ Customary ceremonies (births, funerals, religious celebrations, communions, etc.) give rise to exchanges of goods and money, with banknotes frequently offered as gifts, particularly high-denomination notes.

Note: The data used in this report are as at 31 December 2023, unless otherwise stated.