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ECONOMIC CONJUNCTURE

The economy of Wallis and Futuna in 2024

A broadly positive momentum

In 2024, the economy of Wallis and Futuna recorded a broadly positive momentum, despite a number of contrasting developments. Inflation slowed markedly (1.5% year-on-year, compared with 4.0% in 2023), although food prices continued to rise at a faster pace (+2.7%). The territory also benefited from an increase in employment (+28 employees), driven by the public sector, while private-sector employment declined by 20 employees, mainly in the construction sector (17 fewer employees than in 2023).

Imports to the territory increased overall (+0.3% in value and +8.8% in volume), although trends differed between imports linked to household consumption (+3.8% in value) and those related to business investment through capital goods (–0.9% in value). The construction sector, which is highly dependent on public procurement, together with certain factors such as the delayed adoption of the Budget, contributed to the mixed performance of the private sector. At the same time, the retail sector benefited from the slowdown in inflation and the rise in local employment.

The riots that occurred in New Caledonia in 2024 affected the territory, notably through the suspension of air links with Nouméa (220 external flights in 2024 compared with 290 in 2023). This disruption largely contributed to the decline in passenger numbers at Hihifo airport (–11.3% compared with 2023). However, the number of Wallisian passengers increased by 4.3%, reflecting a 'return to the homeland' movement.

The banking sector continued to record an excess of deposits over loans, although this gap narrowed in 2024. Financial leeway remains significant and outstanding performing loans granted increased sharply. At the same time, household vulnerability worsened, with a significant rise in the number of individuals subject to banking bans, as well as an increase in cheque payment incidents.

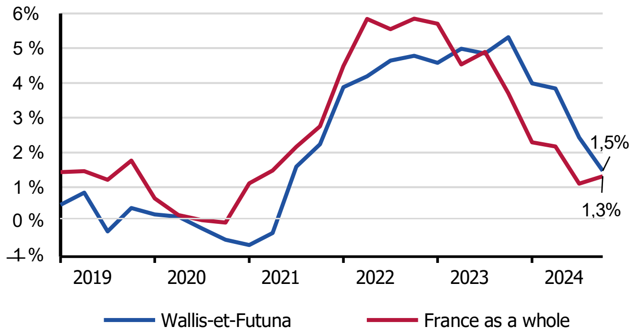
Inflation slows and employment rises

Inflation continues to ease

The year 2024 marked a clear slowdown in inflation both in mainland France and in Wallis and Futuna. On an annual average basis, inflation in mainland France[1] stood at 2.0%, after two years of high inflation (+4.9% in 2023 and +5.2% in 2022). Similarly, in Wallis and Futuna, average annual inflation amounted to 2.9% in 2024 (compared with 4.9% in 2023).

On a year-on-year basis at end-2024, **the consumer price index stood at 1.5%**, a level comparable to that observed in 2021. **Inflation in Wallis and Futuna was mainly driven by food and manufactured goods**, with prices rising by 2.7% and 0.9% year-on-year, respectively.

Change in the Consumer Price Index (year-on-year)



Source: STSEE, quarterly data © IEOM

1 Insee, France (excluding Mayotte)

For food products, price increases were directly linked to higher prices for coffee, tea and cocoa (+11.7%) and fruit (+5.9%). While electricity prices continued to rise sharply (+8.2%), fuel prices were trending downward at end-2024 (–2.6%).

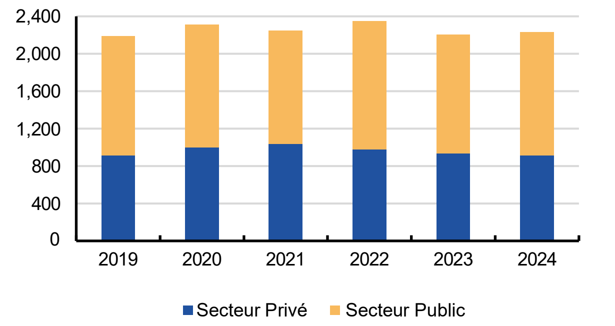
For the past 12 years, the Territory has placed particular emphasis on tackling the high cost of living. In this context, the Bouclier Qualité Prix (BQP – Price and Quality Shield) aims to guarantee value for money for a targeted list of essential and widely consumed products. This basket has expanded from 11 products in 2013 to 88 products in 2025, with a maximum overall price set at CFP 114,780.

Improvement in the labour market with an increase in declared employment

At end-September 2024**, 2,231 employees were declared to the CPSWF** (latest complete data), compared with 2,203 at end-September 2023, representing a year-on-year increase of +1.3%.

Employment in the public sector remains predominant, with 1,319 employees (+3.8%, i.e. +48 employees compared with Q3 2023), and average wages significantly higher than those in the private sector.

Emploi déclaré localement (nombre de salariés déclarés à la CPSWF)



Source: CPS WF, données du 3eme trimestre © IEOM

By contrast, **private-sector employment declined** over the year (–2.1%), with 912 declared employees (compared with 932 one year earlier). Trends vary across sectors. Construction lost 17 declared employees over the year (–13.4%), while employment in retail trade remained almost stable (an increase of 2 employees in 2024). In services, employment declined by 7 employees (–2.2%).

Overall, the private sector continues to lag behind the public sector, which accounts for 60% of all declared employment.

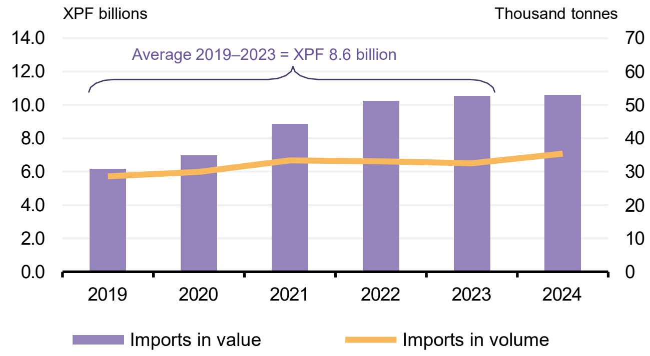
Imports rise slightly in value

Total imports to Wallis and Futuna remained at high levels despite the decline recorded at the beginning of the year.

In 2024, total imports amounted to XPF 10.6 billion, representing a year-on-year increase of 0.3% in value. In volume terms, imports rose by 8.8% year-on-year, after two consecutive years of decline.

In 2024, both the value and the volume of imports remained above their five-year average.

Total imports



Sources: Customs ©IEOM

Fourteen container ships called at the territory in 2024 (compared with 15 in 2023), while the number of containers handled fell by 8%.

Over the past ten years, **the structure of imports has changed little**. Products from the agri-food industries remain the leading import category, although their share has declined slightly (from 26% in 2014 to 25% in 2024), as has that of energy products (from 18% to 15%). These declines benefited intermediate goods (rising from 14% to 17%), capital goods (from 14% to 15%), and, to a lesser extent, consumer goods.

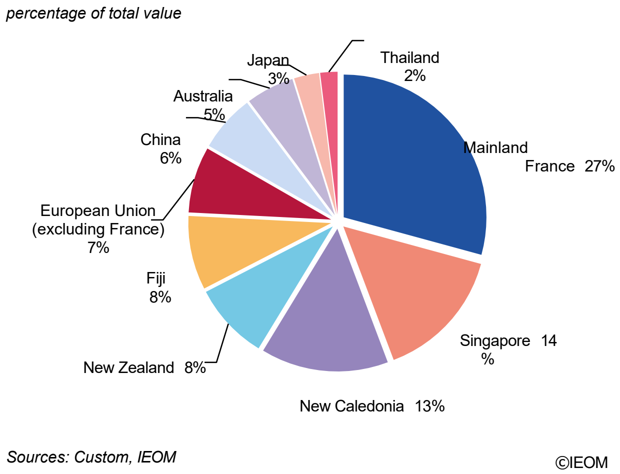
In 2024, imports of automotive industry goods fell compared with 2023, declining by 20.1% in value and by 27.1% in volume. While the inflationary pressures of the past two years are still reflected in consumer goods imports (+3.8% in value but –1.4% in volume year-on-year), they are easing and are benefiting imports of agri-food industry goods (–0.5% in value and +6.0% in volume) and capital goods (–0.9% in value and +2.6% in volume). Demand for energy goods increased sharply, both in volume (+20.9%) and in value (+4.7%).

Three major regions account for almost equal shares of the value of imports to Wallis and Futuna: 35% of imports originate from Europe, 34% from Oceania and 26% from Asia.

Mainland France remains the leading country of origin for goods imported into Wallis, accounting for 27% of the value of imports (24.1% in 2023 and 25.7% in 2022).

After rising sharply between 2022 and 2023 due to higher fuel prices, the share of imports from Singapore remained stable in 2024 (13.9%, compared with 13.6% in 2023). New Caledonia remained in third position, accounting for 13.4% of imports by value (13.5% in 2023). The share of imports from China continued to decline, reaching 6.0%. With XPF 634 million worth of imported products, this level nevertheless remains well above the 2010–2019 decade average, when imports from China amounted to an annual average of XPF 490 million. With an 8.1% market share, New Zealand gained ground and remained ahead of Fiji, whose imports represented 7.7% of the total value of imports. The downward trend observed in recent years for European imports (excluding France) continued in 2024.

Breakdown of imports by country of origin

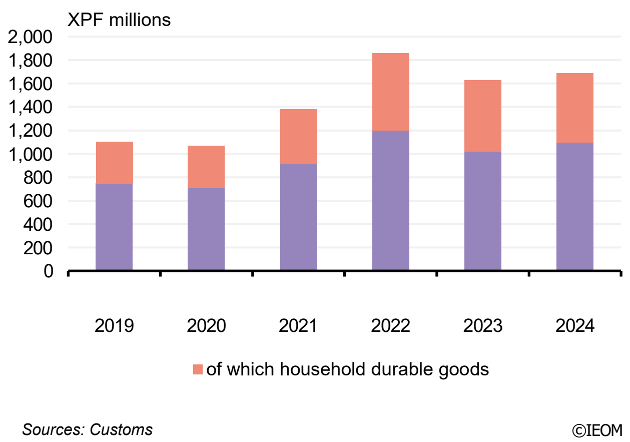


Customs revenues increased by 2.3% year-on-year, reaching XPF 2.5 billion. Most of this increase came from entry taxes, amounting to XPF 1.4 billion. Customs duties totalled XPF 439 million, up by 3%. Taxes on alcohol (+8%, to XPF 233 million) and tobacco (+14%, to XPF 405 million) also rose.

Household consumption remains resilient

Imports of consumer goods increased in value in 2024 (+3.8%), amounting to XPF 1.7 billion, **while their volume declined** (from 1,037 tonnes in 2023 to 1,022 tonnes in 2024, i.e. –1.4%). Nevertheless, this volume remains above the average of the past five years (931 tonnes).

Consumer goods imports (value)



Imports of household durable goods totalled XPF 591 million, down by 3.3% compared with 2023. In volume terms, the decline was more pronounced (–13.3%), with flows falling from 643 tonnes to 558 tonnes.

Electricity consumption continued to rise (+9.4%), while the number of users increased by only 0.4%, against a backdrop of a sharp year-on-year increase in electricity prices.

Registrations of new passenger vehicles increased, with 102 units recorded compared with 84 in 2023.

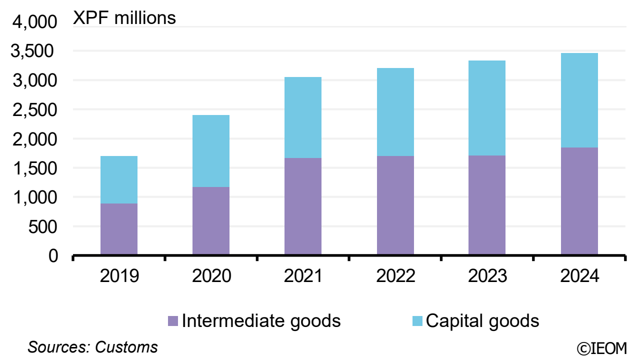
Outstanding consumer credit rose slightly over the year (+1.5%), reaching **XPF 1.8 billion**.

Business investment slows

Imports of intermediate goods destined for businesses increased markedly in 2024 (+7.9% in value and +4.4% in volume). They amounted to XPF 1,846 million over the year, a record level, and were well above the five-year average of XPF 1,429 million. These imports mainly comprised electrical equipment (16%), para-chemical products (13%), plastics (11%), and ceramic products and construction materials (10%).

Imports of capital goods by businesses, for their part, increased by 2.6% in volume, while declining slightly in value (–0.9%), to XPF 1,611 million..

Imports of capital goods and intermediate goods (value)



Imports of automotive industry products fell by 20.1%, to XPF 883 million. Similarly, acquisitions of **new commercial vehicles declined,** with 120 registrations in 2024 compared with 127 in 2023 and 175 in 2022, although the level remains relatively high**.**

Outstanding credit granted to businesses by all banking institutions increased by 19%, reaching a record level of XPF 2 billion.

In particular, investment loans – comprising solely equipment loans – amounted to XPF 1,634 million, representing a year-on-year increase of 17.5%.

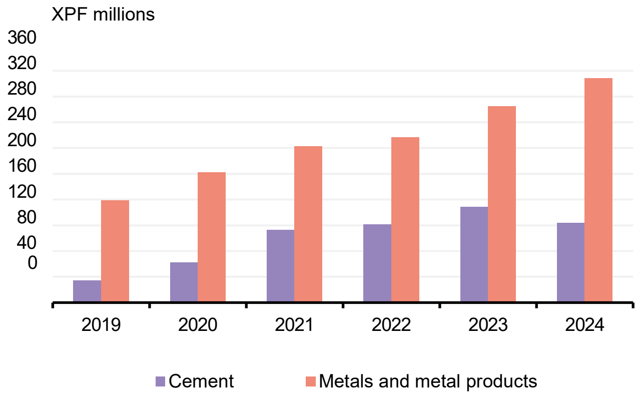
Economic sector momentum eases slightly

A mixed situation in the construction sector

In 2024, activity in the construction sector slowed overall.

Imports of cement declined by 16.7% in value compared with the previous year, amounting to XPF 124 million. The volume imported in 2024, at 3,165 tonnes, fell by 11.7% compared with 2023, but remained above the five-year average (2,989 tonnes).

Imports of construction materials (value)



Sources: Customs ©IEOM

Imports of **metals and metal products** increased by more than one-quarter year-on-year (+26.7%) in value, reaching XPF 348 million. In volume terms, the rise was even stronger, at +63%, to 1,064 tonnes.

The sector employed **110 workers** as at 30 September 2024, i.e. 17 fewer than one year earlier.

The retail sector remains resilient

The retail sector continues to play a major role in the Territory's economic activity. As the leading category of imports, accounting for more than one quarter of the total, imports of **products from the agri-food industries** declined very slightly in 2024, amounting to XPF 2,645 million. **In volume terms, however, these imports increased by 6.0%, despite higher food prices in 2024.**

The sector employed 409 people, a figure that has been rising for several years and now represents 45% of private-sector employment.

In the field of electronic payments, the **number of bank cards** increased (2,594 in Q3 2024 compared with 2,449 in Q3 2023), and the **number of merchants equipped with electronic payment terminals** continued to grow (105 EFTPOS terminals at end-2024).

Lower overall visitor numbers, but an increase in local passengers

In 2024, overall traffic to the Territory declined by 11.3%, with 40,539 passengers recorded**.**

This decrease is directly linked to the unrest in New Caledonia, which affected the number of international flights (220 in 2024 compared with 290 in 2023). The closure of Tontouta Airport led to the cancellation of numerous flights connected to the Territory, preventing residents of Wallis and Futuna from travelling to New Caledonia or transiting through it to reach Mainland France. This situation had tangible repercussions on the Territory's economy, by preventing a number of public-sector staff and service providers from travelling to the islands and by generating a decline in air freight.

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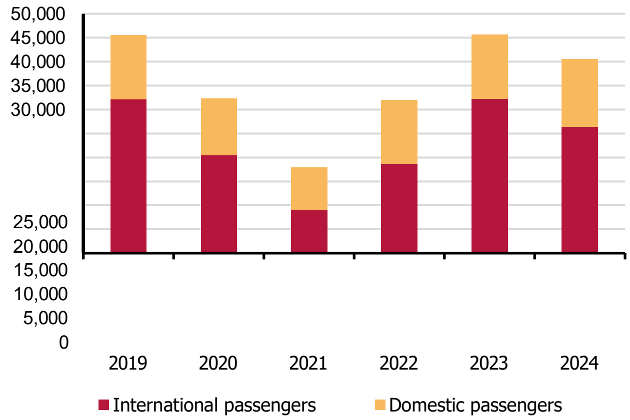
Air traffic (number of passengers)



Source: Civil aviation © IEOM

However, 2024 also marked an increase in the number of local passengers, up 4.3%, which can be explained by the return of Wallisians to the Territory from New Caledonia following these events.

A total of 26,431 passengers were recorded on **international flights**, representing an 18.1% decline compared with 2023, but an increase of 41.3% compared with 2022. The balance between arrivals and departures was positive, with 283 additional people, a level never previously observed.

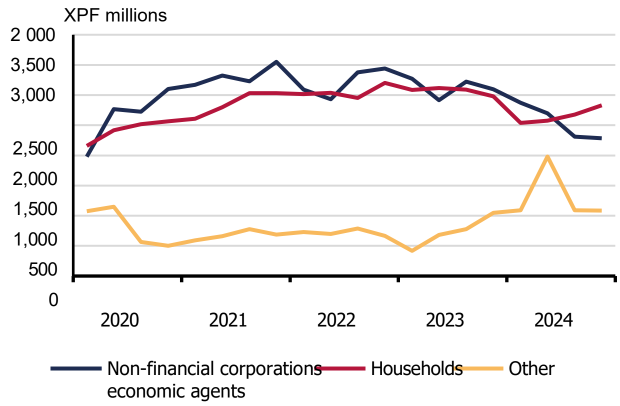
On flights between Wallis and Futuna, traffic increased, with 14,108 passengers recorded, up 4.9% compared with 2023 and 6.4% compared with 2022.

A banking sector with deposits exceeding credit outstanding

Decline in local deposits and increase in investments outside the Pacific franc area

Financial assets held by local economic agents declined in 2024, with a year-on-year decrease in assets held by both households and businesses. Total **financial assets** held by local economic agents amounted to XPF 7.1 billion, compared with XPF 8.0 billion the previous year, representing a -11.4% year-on-year decline**.**

Local deposits by economic agent



Source: RUBA ECIL, IEOM-BDF © IEOM

Households' demand deposits were virtually stable (-0.1%) at XPF 2.3 billion, while corporate demand deposits fell by more than one quarter, decreasing from XPF 3.0 billion to XPF 2.2 billion.

Liquid or short-term investments also declined sharply (-20%) to XPF 642 million, compared with XPF 803 million in 2023. They are composed of ordinary savings accounts, which account for 90% of the total and are predominantly held by households.

Long-term investments increased slightly (+0.7%), rising from XPF 926 million to XPF 933 million over one year. These investments, placed outside the issuing area and marketed by local banks, were held exclusively by households at end-2024 and consisted mainly of life-insurance products.

Growth in credit granted to all economic agents

The outstanding amount of **performing loans granted by all banking institutions** reached XPF 6.1 billion in 2024, compared with XPF 5.7 billion in 2023, representing an annual increase of 7.5%. All outstanding loans granted to local authorities consist of loans provided by the Agence Française de Développement (AFD), including in particular a facility granted to finance the Territory's 2024 investment budget for the reconstruction of the Territorial Assembly building.

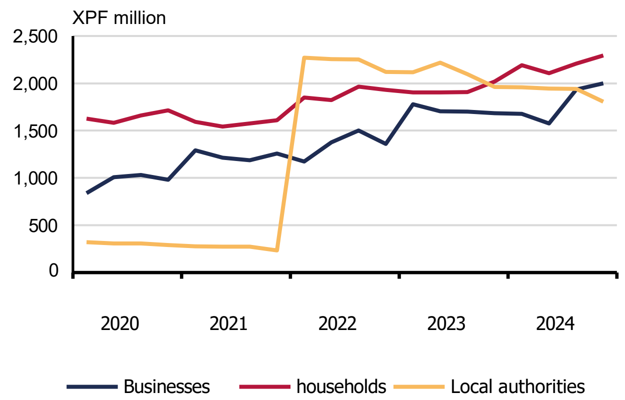
Loans granted to businesses increased by 18.8% in 2024, rising from XPF 1.7 billion to XPF 2.0 billion. More than 80% of these loans consist of investment loans.

Loans granted to households rose by 13.6% between 2023 and 2024, increasing from XPF 2.0 billion to XPF 2.3 billion. Around 80% of this amount corresponds to consumer credit.

Housing loans more than doubled over the year, rising from XPF 202 million to XPF 450 million.

Outstanding **loans granted to local authorities** declined slightly, standing at XPF 1.8 billion at end-2024, compared with XPF 1.9 billion at end-2023.

Outstanding performing loans by economic agent



Source: RUBA ECIL + ECNIL, IEOM-BDF © IEOM

Household vulnerability increases

The gross outstanding amount of doubtful loans to households increased by 133% over the year, reaching XPF 79 million in 2024, compared with XPF 34 million in 2023. **However, the doubtful loan ratio declined**, falling to 0.6%, down from 1.8% at end-2023.

At end-2024, the number of **individuals subject to banking bans** rose sharply (+47%), reaching a record level. A total of 433 individuals were subject to banking bans, compared with 295 at end-2023. **Cheque payment incidents** also increased markedly (+176%), with 1,436 incidents recorded, compared with 1,158 in 2023.

Outlook for 2025

The economy of Wallis and Futuna relies primarily on public employment and public procurement. The senior administration, along with the healthcare and education sectors, remains the largest employer in the Territory. Public spending exerts a spillover effect on private-sector activity, both through service provision and responses to public procurement tenders, and through household consumption driven by the large number of public-sector employees.

The late adoption of budgets has required the Territory to implement several measures, including cost-saving efforts across all sectors, workforce reductions through non-replacement of staff or the non-renewal of fixed-term contracts. In parallel, **reflections are under way to identify additional revenue sources**, beyond customs revenues, which recorded only limited growth in 2024.

The **Contract for Convergence and Transformation** (CCT) was extended and signed in May 2024 between the French State and the Territory. The 2024–2027 CCT is structured around three priorities:

- Infrastructure (roads, school and healthcare facilities, etc.), accounting for 72% of the CCT budget;
- Social policy, representing 22% of the envelope, allocated to Local Development Projects (CDL), child welfare, vocational training through mobility schemes, among others;
- Economic development and sustainable development, covering various operations such as sustainable waste management, market facilities in Futuna, control of invasive species, public road lighting, and related initiatives.

However, several factors – notably the crisis in New Caledonia, which has exacerbated the Territory's isolation, and budgetary constraints – have delayed the implementation of some operations. Among the CCT projects that began in 2024 are the multiannual investment programme of the Health Agency and works on educational facilities.

In 2025, the construction and public works sector (BTP) could therefore continue to benefit from public procurement, with several projects expected to advance in the coming months. These include runway lighting works at Futuna airport to enable night operations; building works aimed at improving reception facilities in order to obtain certification; refurbishment of the reception hall at Hihifo airport; and the rollout of fibre-optic infrastructure across the entire island of Wallis, involving the removal of existing lines and environmental remediation works extending over several months.

The **New Caledonia crisis** has had a significant impact on the Territory, notably through a sharp decline in air traffic, disrupting passenger transport and air freight. Some families have returned permanently to the Fenua, and forthcoming data may help quantify the economic impact of these returns on Wallis and Futuna. The easing of tensions observed over recent months, if sustained in 2025, should help restore passenger traffic levels comparable to those observed in 2023.

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