

SUMMARY

Economic growth continues

Following the exceptional performances of 2004, the world economy showed surprising resistance in 2005. Despite natural disasters, soaring fuel prices and inflationary trends, world economic growth remained strong through 2005.

The New Caledonian economy, following on from 2003 / 2004, and similarly to world trends, recorded very good results for 2005, stimulated by strong demand both internationally and domestically.

Nickel was again the major contributor, with increased exports for the year (+5.2%), achieving record levels at over 100 billion F.CFP.

Imports grew faster over the year (+8.9% for a total 170.7 billion F.CFP), particularly affected by the energy bill (-42.6%) along with strong domestic demand.

In this context of faster increasing imports, the ratio of exports over imports declined slightly to 61% (as opposed to 63.1% in 2004) but maintained, for the second consecutive year, a level not seen (with the exception of the year 2000) since the late 80s.

Reflecting the positive frame of mind in households, the monetary situation stands in good stead, with increases in both financial assets collected by lending institutions and bank type lending.

Local authority public finances also showed budgets on the rise, particularly New Caledonia's, exceeding 100 billion F.CFP.

In parallel, State spending in New Caledonia, with 106 billion F.CFP, grew 5.3% in 2005, a greater increase than that recorded in 2004.

The number of wage and salary earners averaged 70,291 in 2005, being 2,618 more employees than the previous year with, as in 2004, an exceptional number of jobs created. The main contributors to this growth : the hospitality and restaurant sectors, and business services.

Of note in 2005, a revaluation of the minimum wage, increased to 110,000 F.CFP from January 1st, and no longer linked to the general price index for the period January 1, 2005 to July 1, 2007, date at which it is due to reach 120.000 F.CFP.

Job creation, strong for the past two years, has lead to a lasting decrease in unemployment. In effect, on average for 2005, there were 8,725 job seekers enrolled with the Employment Agency at the end of each month, being 9.4% less than in 2004, which was already down by 5.5% in comparison to 2003.

In 2005, business creation continued the growth that began in 2004, with more than 3,000 entities established in one year. All the major economic sectors benefited from this, of particular note the building industry, commerce, and services (both to business and to households).

Despite all these favourable indicators, the 2005 year, in social terms, was agitated by numerous disputes, with a number of companies suffering several disruptions. Accordingly, with a total 54 disputes in the private sector (excluding mining), 33,466 working days were lost, compared to 22,301 in 2004.

Another cloud on the horizon, inflation was significantly higher than the previous year at the same period : 2.6% in 2005 (as opposed to 0.9% in 2004). Such a level of inflation, although far from catastrophic, had not been seen for some 10 years. Consecutive rises in fuel prices as a consequence of soaring crude prices (+2.6% on January 1, +1.9% on July 1, and +6.5% on October 1), gas prices (+4.5% in February and +0.4% in August), higher tobacco prices (+5.5% on August 1) and costs for health services contributed significantly to rising prices.

Making the most of a favourable world context, ore mining and metallurgic activity were dynamic. Metallurgy, in accordance with SLN's new production targets, returned to a growth phase (+8% for the year), following a slower 2004 due to the installation of the new Demag 10 oven. However, technical incidents and labour disputes seriously affected the initial target of 70,000 tonnes.

Strong perspectives in housing construction have contributed to the good health of the building industry, evident in the increased level of cement consumption (+ 6.8% in 2005) and sustained growth in employment (+6.8% or 408 new jobs) along with strong growth in lending to home buyers (+10.1%).

The tourism industry recorded slight growth, with just over 100,000 visitors. The impact of positive results from the Japanese market was lessened by the stability of the other major markets. More stopovers and passengers in 2005 confirmed the growth in the cruise ship market since 2002.

The agricultural sector recorded mitigated results, mainly affected by the sharp decline in beef production.

Deep-sea fishing is still in troubled waters, with low catch volumes.

Prawn farming, destined for development, showed disappointing results in comparison to expectations ; export sales were, however, slightly up and contributed to a marine sector that was otherwise flat.

The New Caledonian population was estimated at 236,528 inhabitants at January 1, 2006.

Demographic indicators for the 2005 year are in accordance with longer term trends, i.e. decreasing fertility and declining mortality.

The number of students in schools totalled 72,158 at the start of the 2005 year, a modest increase of 1.2% mainly driven by increased numbers in higher education, and more moderately in secondary education. The strongest trend remains the increase in school populations in the Southern province, while those in the Northern and Islands provinces are in decline.