

SUMMARY

Growth sustained through strong domestic demand and a favourable international context

Global economic growth remained strong in 2006, driven by the two Asian giants of China and India. There were, however, some indications of a slowing down originating in the United States and possibly gaining ground throughout the rest of the world in 2007.

Activity was strong in the **New Caledonian economy** in 2006, on the back of strong export performances as well as high domestic demand.

Export demand, dominated by nickel, benefited from a buoyant market and a nickel price at the highest level (\$11.00 USD/ lb for the 2006 year). For the second consecutive year, exports exceeded the 100 billion F.CFP mark, increasing by 14% in one year. Faster growth in imports (+18%) led to a slight decrease in the export / import cover rate (59.4% as opposed to 61.2% in 2005).

Household consumption was also dynamic, illustrated by increased numbers of residents travelling overseas (+4.5%) and new vehicle registrations (+6.3%), as was the case for residents' **property investment** (+7%), albeit to a lesser degree than 2005 (+11.2%). Furthermore, consumption was comforted by moderate price rises (+1.4%), after a 2005 year marked by sustained inflation (+2.6%), leaving households' with a feeling of diminished purchasing power, reflected by numerous demonstrations against the high cost of living in early 2006.

Strong growth in imports and increased lending for capital goods, particularly under the impetus of the major metallurgy projects, meant **business investments** were at a higher level than 2005. Furthermore, the new business creation rate was again significant in 2006, at 18.2%.

Economic growth in New Caledonia created employment, with some 3 300 more employees in a year (+4.7%), leading to a reduction in unemployment, with **end-of-month job seeker numbers** significantly down in the provincial offices (-19.2%, to an average 7 049 for the 2006 year), confirming the downward trend recorded since 2003.

The 2006 **social climate** was nonetheless marked by significant movements that penalised economic activity, with the number of working days lost higher than in 2005.

The economy was also boosted by increased **public sector spending**, from the State as well as New Caledonia and the provinces.

Sectorial analysis shows a particularly dynamic **building industry**, with a range of indicators pointing in positive directions : dwellings delivered, cement sales, employee numbers and home lending on the rise.

The **nickel** industry benefited directly from the global economic situation. Metallurgic production increased by 4.7% in one year, in line with the "75 000 tonnes" objective, whilst ore extraction decreased. Nickel exports, stable in terms of volume, increased in value by 18%, driven by soaring prices.

Inbound tourist numbers were stable at around 100 000 people, although hotel activity recorded more visitor nights, explained by higher numbers of client check-ins in hotels.

Agriculture was marked by a significant degradation in the beef industry, while all other sectors, particularly crops, recorded positive results.

Lastly, data available for **aquaculture** showed slight growth in sales volumes to overseas markets in conjunction with decreased revenue. The decrease in value can be explained by lower prices on world markets linked, in particular, to the emergence of low-cost producer countries.

Deep-sea fishing recorded lower catch volumes as well as decreased export sales volumes.