

Reserved growth.

INTRODUCTION

At the **international** level, the economic crisis is finally giving way to the first signs of recovery at the end of 2009. Disturbances arisen in the United States in mid-2007 from the “subprime” crises, were transformed in 2008 and until the mid-2009 into a real economic crisis, the most important one since 1929.

The **New Caledonian economy** gets its breath back. The estimated growth is more important in 2009 (+1.8% in volume), than in 2008 (+0.6%). The nickel plays a strong role in this resumption, with better results than in 2008. Without the nickel, the activity slows down with an enviable growth (+2.1%), but with a set back from 2008 (+4.6%).

Inflation is low, according to the world trend. So, after the record year of 2008, the 2009 price increase is the lowest in the decade (+0.2%).

The economy is however weakened by the fear of the world crisis propagation, and also by internal factors such as the end of the construction site of Vale Inco.

Thus, **domestic demand** has set the pace. Registrations of new vehicles are decreasing, for passenger cars as well as pickup or small vans. Imports slump under the double effect of the price decline of raw materials and the decrease of orders for the South factory. On the other hand, housing construction increases especially with a strong progress in completion of social housing.

Decrease of the **external demand**, related to the world crisis and the decline of the stainless steel production, affects the New Caledonian nickel. Sales outside the territory recede, especially in the first part of the year. While remaining dynamic, **monetary indicators** slow down, testifying of the caution of households as well as businesses in their investments.

On the labour market, there are more **job-seekers**, also due to the end of the construction site of the South factory; but there are also more new vacant positions, due to the needs for labour in the construction of the North factory.

A sign of the slowdown, **employment** in the private sector progresses less rapidly. The number of additional employment crosses below the 2 000 mark, which had been exceeded every year from 2004 till 2008. On the other hand, the **creation of new business** progresses faster, pulled by the dynamism of “business services” and “education, health and social” sectors.

Social climate in businesses has deteriorated with a high number of conflicts, concentrated in the first half of the year. The number of lost working days is multiplied by three over one year and exceeds the average of these last ten years.

Consequence of the low inflation, **salaries** have hardly increased; but in a move to upgrade the salaries of the most deprived, the government undertook late last year to bring the Guaranteed minimum wage (SMG) up to XFP 150 000 by the middle of 2012.

In this slowdown context, **public spending** declines, for the French State as for New Caledonia. As for the resources, New Caledonia’s tax revenue outside nickel increases and testifies of a still steady economic activity.

The sectorial analysis reveals nevertheless the dynamism of certain activity sectors.

It is the case of the **construction and public work** sectors, in spite of the end of the works for South factory, pulled in particular by the housing construction.

The assessment for the **fishing** industry is also positive with more tunas fished and exported.

Strongly dependent on the metallurgic activity, **electricity** production and consumption rise again.

International **maritime traffic** shows a nice progress due to embarked volumes, directly linked to the increase of exported nickel volumes; internal traffic undergoes a slight decrease.

International **air transport** reaches a record number of passengers, under the impulse of travel by New Caledonians. Domestic transport is also in progress, revitalized by the Magenta and Koné aerodrome traffic.

On the other hand **nickel** results are mitigated. After a first gloomy half-year in the continuity of 2008, the activity recovers on the second part of the year, due to the improvement on the world market illustrated by the rise of the nickel prices on the London Metal Exchange (LME). Over the year, mining extraction stays in light recession while the metallurgic production is positively directed.

Finally, difficulties appear mainly in three sectors.

Agriculture shows declining productions, due to bad climatic conditions. **Aquaculture** registers strongly declining results, after the hopes of 2008.

The **tourism** sector deteriorates: the number of arrivals goes below the 100 000 mark again, resulting in a slump in the hotel activity and the number of cruise ship passengers is declining.