

INTRODUCTION

New Caledonia resists the crisis.

On the **international** level, the disturbances which had begun to be felt on the United States financial markets by the middle of 2007 with the "subprime" crisis, were finally transformed in 2008 into a real world financial crisis, the worst since 1929. Its fast propagation to the economic sphere entailed a slowing down of the world economy in the second half of the year.

In this gloomy world context, New Caledonia shows indicators which testify of a still steady economic activity, in spite of the "nickel" sector's degradation which pulls the growth downward. The **real growth** is therefore temporarily estimated at +0.2% in 2008 (compared with +5.6% in 2007) for the whole economy and at +4.0% excluding nickel.

Employment registers its strongest progress, with +5.8%, that is 4 507 additional employees in a year, among which three quarters are in the private sector, and particularly in construction, mining-metallurgic industries, services to companies, trade and hotels-restaurants' sector. The result is a good orientation in the **labour market** which shows however a certain setback in the unemployment decrease, with a stability in the number of job-seekers (+0.4%). The companies' social climate stabilized, with a number of lost workdays reducing by 63.2%.

This employment data is consolidated by a high level of **business start-ups** : more than 4 000 units created, among which nearly half are in the sectors of construction and services to companies.

Domestic demand is steady. A more important demand for imports (+11.9% in volume), almost generalized to all sectors, illustrates a greater need of households and New Caledonian companies.

Also, household's debt increases by 5.5%, travel by New Caledonians continues to progress (+4.9%), while purchases of new vehicles increase less rapidly (+1.5%). Purchase of housing is still dynamic with an increase in real estate borrowing of 13.6%. Finally, companies' investment debts progresses by 16.2%.

Strongly dependent on the outside for its supplies, New Caledonia undergoes in 2008 a rise in agricultural and mineral raw materials' prices on the world markets up to the middle of 2008.

Inflation thus reaches 3.7%, that is the highest in these last ten years, with a generalization of price rises in all sectors : +4.6% for the foodstuffs, +3.4% for the manufactured products and +3.1% for services.

New Caledonia external **commercial trade**, at the same time made more expensive in the import by the rise of prices of raw materials (+7.4%), and depreciated in the export by the decline started in 2007 of the price of nickel (-40.4%), registers a degradation of the balance of trade with a cover rate which falls by 41.8% and a deficit which rises to 1.3 billion Euros.

Monetary indicators consolidate confidence of economic agents, with a growth of financial assets (+5.5%) and bankings (+11.0%) which remains dynamic.

Public sector's expenses play a major role in the New Caledonian economy. Indeed, spending progress of various collectivities, of which a big part in the form of salaries or pensions (an additional 92 million Euros), feeds directly the dynamism of household consumption.

The analysis by activity sector reveals that in the **agriculture sector**, the animal production does relatively well, in spite of the level always low of beef meat production. Crop production, except for squashes and potatoes, shows declining results over a year which leads to an increase in imports in 2008.

Fishing and aquaculture sectors show a positive balance sheet with increasing volumes of production over one year, after some difficult years. The exports of sea products progress by 4.1% in value.

After a particularly exceptional 2007 year, the **mining and metallurgic sector** shows a reversal of tendency : nickel exports move back by 17.8% in volume and fall by 42.0% in value, heavily impacted by a nickel price which lost almost half of its value between 2007 and 2008. If the slowing down of the world economy is not ineffective, it is not the only explanation. Inclemency in the first half of the year penalizing mining extraction, technical problems and repair of one of the three electric furnaces (Demag 9) to increase its production capacity seriously slowed down metal production.

In 2008, metallurgic activity decline is felt on **energy** consumption (-4.0%) in spite of a public distribution in progress and the starting of one of the two units of the Prony power station.

In spite of a slight slowdown of completions on residential buildings (-8.2%) and a strong price increase on construction costs (+9.7%), the **construction sector** shows dynamism in 2008, as shown by the employment growth (+6.5%), current borrowing (+12.6%) or cement consumption (+1.9%).

On the international (-14.3%) as well as domestic (-11.8%) level, **maritime traffic** of goods registers a contraction of transported volumes directly bound to the slowing down of the nickel sector.

While world tourism feels the brunt of the crisis effects, and in particular Oceania which registers a drop in attendance by 1.5% in 2008, New Caledonia shows a stability in **tourist** numbers (103 672), in spite of the strong drop registered in the Japanese market (-24.4%). Hotel activity benefits from the extension of the duration of stay of tourists in hotels, and registers an 11.0% progress on overnight stays.