



Outermost Region Fiche

SAINT MARTIN

Study on the impact of
the COVID-19 pandemic
on the Outermost Regions

Region Saint Martin

Country France

Size 53 Km²

Number of inhabitants 34 065

Population density (2018) 640 per Km²



EUROPEAN COMMISSION

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Study on the impact of the COVID-19 pandemic on the outermost regions (OR)

Outermost Region FICHE Saint Martin

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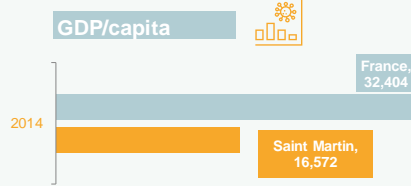
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INTRODUCTION

This fiche was prepared as part of a broader study assessing the impact of COVID-19 on the nine EU outermost regions (ORs). It provides an in-depth analysis of the economic and social impacts of COVID-19 in Saint Martin, highlights the measures taken to mitigate the spread of the virus, and puts forward proposals for recovery and resilience-building measures addressing the major issues identified in this outermost region.

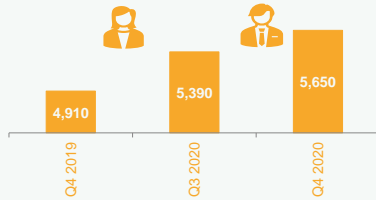
This fiche first presents an overview of the health-related impacts of the pandemic in Saint Martin, as well as the timeline of measures put in place to keep infection rates in check. It then examines the economic repercussions, starting at the macroeconomic level, followed by an analysis of the main sectoral impacts. The third section presents the social impacts and is followed by an identification of the most relevant policy measures implemented in the region to mitigate the negative consequences of the crisis. The final two sections examine future prospects and suggest measures to support recovery and build resilience to similar challenges in the future.

Overview and impact of COVID-19 on the economy of Saint Martin



83%
drop in businesses turnover
in the first six months of 2020

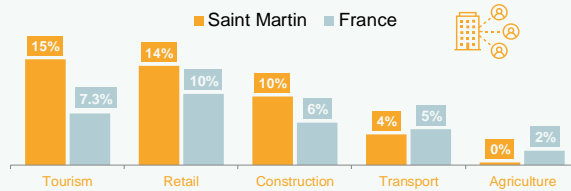
Number of jobseekers



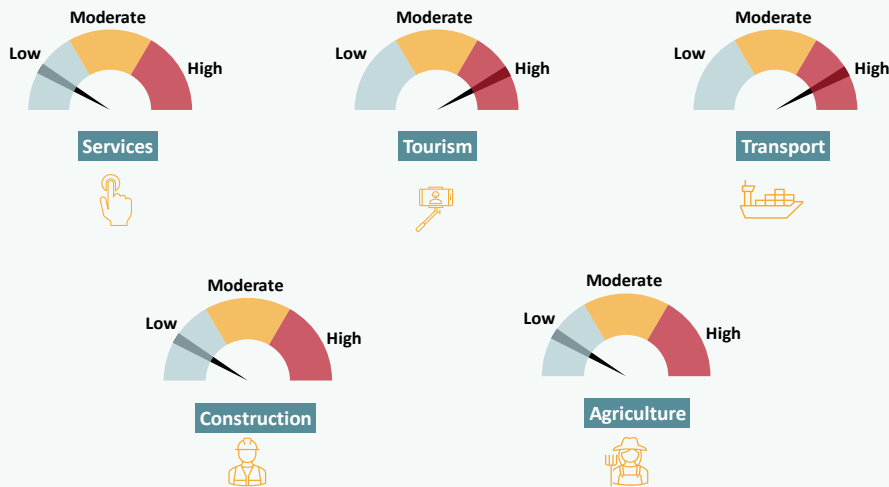
Share of population without high school diploma

50%
compared to the **French average of 29%**

Share of key sectors within the economy as % of GDP - 2017



Impact of the COVID-19 crisis on specific sectors of the economy



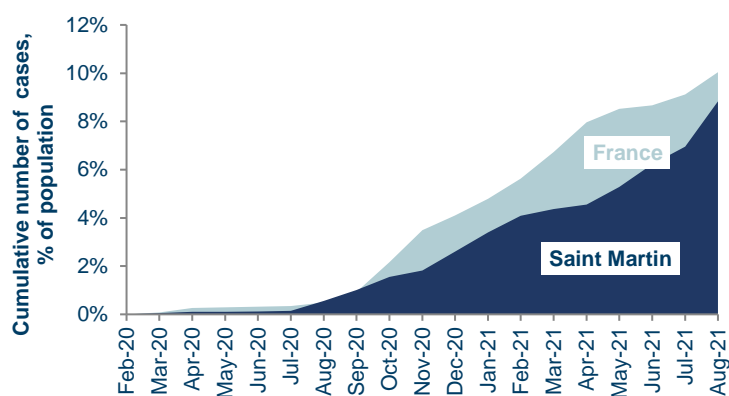
Recommendations

- Reducing the administrative burden of accessing funding opportunities for businesses 
-  Increasing visibility and awareness of existing EU funding opportunities
- Strengthening current efforts to shift to a formal economy and develop a long term integrated formalisation framework 
-  Widening the scope of the "cadre avenir" framework for training young people in the region
- Improving private sector capacity through digitalisation 

1. COVID-19 PANDEMIC IN THE REGION – HEALTHCARE STATISTICS AND TIMELINE

Saint Martin has been generally less affected by the COVID-19 epidemic than mainland France, in terms of recorded case numbers as a proportion of the population. With a relatively mild first wave (March-May 2020) and a successful suppression of the outbreak in spring 2020, case numbers increased rapidly in August 2020, and remained relatively higher over the autumn months of 2020. As of August 2021, the cumulative number of cases over the total population remains below but very close to the levels seen in France (see Figure 1). 3,356 cumulative cases were recorded in the region, with 17 deaths.

Figure 1: Cumulative number of cases over total population, in percentages (Feb 2020 – Aug 2021)



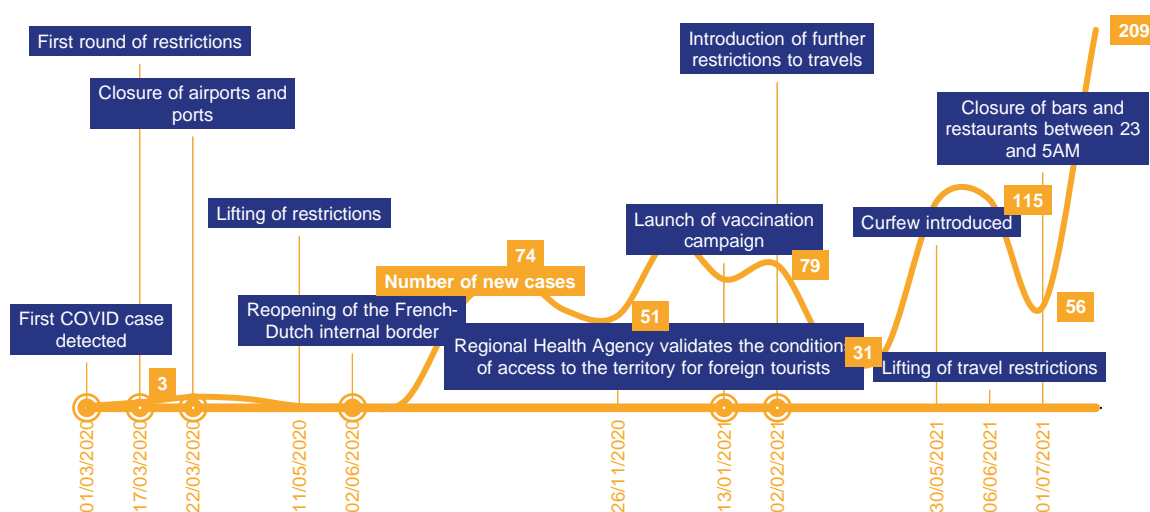
Source: Ecorys. Figures based on WHO data.

The first case on the island was detected on 1 March 2020. The first confinement measures were introduced on 17 March 2020. Maritime and air travel routes were closed five days later. The border between the Dutch and French sides was closed before the end of the same month.

The insularity of Saint Martin helped stop the propagation of the virus relatively fast. The French side opted for gradual reopening in May 2020, and the border between the

two sides was reopened at the beginning of June 2020. Despite a rising number of new cases in August 2020 and the re-introduction of confinement measures in France, the Prefect of Saint Martin opted not to introduce new restrictions in October 2020 ahead of the tourist season. According to the interviewees, protective measures were generally well-respected, which contributed to the relatively successful containment of the virus over the autumn period (2020). The ARS (*Agence Régionale de Santé*) allowed foreign tourists access to the territory (under certain conditions) in November 2020, but a requirement for compelling reasons for travelling was introduced from February until June 2021, restricting the flow of tourists to the island. Following a surge in cases, a curfew was introduced once again at the end of May 2021.

Figure 2: Timeline of the health / social distancing measure and healthcare milestones and new COVID-19 cases reported in Saint Martin (latest data shown are from 28 August 2021)



Source: Ecorys. Figures based on WHO data.

Interviewees noted that the healthcare infrastructure was rapidly overloaded, despite the low case numbers. This is not surprising, given that Saint Martin's only hospital centre has 80 beds.¹ This lack of capacity poses a permanent risk for the island. Patients had been sent to nearby Guadeloupe to receive better treatment, even prior to the COVID-19 pandemic. With an under-equipped healthcare sector, capacity limits can easily be reached should the situation worsen or with the emergence of a new pandemic in the future.

Vaccine rollout in Saint Martin has generally been slower than in mainland France. At the end of August 2021, 33.6% of the eligible population had received at least one dose, compared to 72.3% in mainland France at the time.² A relatively high rate of vaccine refusal could make achieving mass immunity difficult on the island.³

2. ECONOMIC IMPACT OF THE COVID-19 PANDEMIC

MACROECONOMIC OVERVIEW

Saint Martin's specific economic situation arises from its geographical situation and its juxtaposition with the Dutch territory of Sint-Maarten. The coexistence of France and the Netherlands allows the island to combine their resources and advantages. Their interdependence allows both sides to share the reception infrastructures, such as the international airport (Princess Juliana International Airport) and seaport located on the Dutch side, and Grand Case-Espérance Airport located on the French side. However, the differences in their legal frameworks can create competition between the two parts of the island. While the outermost region status allows Saint Martin to benefit from EU funds, it also imposes the obligation to apply EU law, including standards (food, construction, etc.) and taxation. In addition to a less favourable taxation system for businesses, the relative disadvantage of the French side of the island also comes from higher operating and labour costs (in 2014, the hourly minimum wage was almost three times higher than in Sint-Maarten).⁴

¹ Website - Centre Hospitalier Saint Martin Louis Constant Fleming; Available at: <https://www.chsaintmartin.org/centre-hospitalier-st-martin/chiffres-hopital-saintmartin.html>

² Our World in Data. Available at: <https://ourworldindata.org/covid-vaccinations?country=FRA>

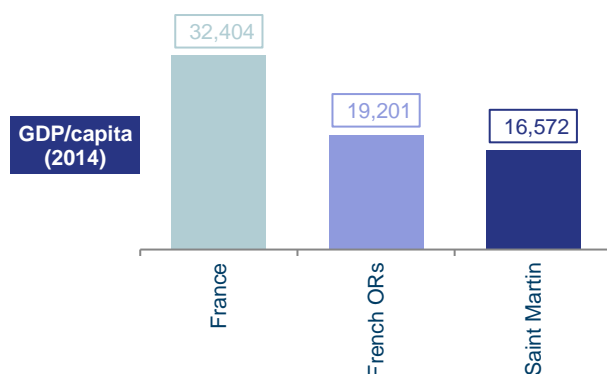
³ Interview input.

⁴ CEROM (2018) Estimation of per capita GDP in Saint Martin Growth driven by public investment; IEDOM (2019) Panorama de Saint Martin; ACCIOM (2021) Outre-mer: l'état d'urgence

The toll from the ongoing global crisis caused further economic fallout even following the relaxation of measures in May 2020. A study commissioned by ACCIOM (*Association des Chambres de Commerce et d'Industrie des Outre-Mer*) estimated that the impact of the eight weeks (March-May 2020) of confinement on yearly GDP growth would be -5.7%, under the assumption that the rest of the year would carry on under 'business as usual' conditions.⁵ The latter assumption did not materialise. Nonetheless, with an economy that is oriented towards the tourism sector, the continued global restrictions in mobility (impacting both tourism arrivals and supply chains) and the closure of the border with the Dutch side had a further negative impact on the economy of Saint Martin.

The impacts of the COVID-19 pandemic was accentuated by the fact that at the beginning of 2020, the Saint Martin economy was still reeling from the cumulative effect of two recent crises, making it somewhat different from other French outermost regions. The economy of the island was already weakened by the consequences of Hurricane Irma in 2017, followed by social unrest and general strikes towards the end of 2019, during the peak season for tourism.⁶ Thus, with activity only slowly picking up, the COVID-19 pandemic had an even more pronounced effect. Moreover, considering the relatively small size of the overall economy of the island, the border closing with the Dutch side had a double isolating effect.

Figure 3: Saint Martin GDP per capita, in € (2014)⁷



Source: Ecorys. Figures based on IEDOM data.

Accurate statistics measuring the economic performance of Saint Martin are scarce, as it has no statistical institute of its own, and there are no disaggregated statistics for Saint Martin at Eurostat level. INSEE (*Institut national de la statistique et des études économiques*) only provides figures on employment, training, demography, and housing, but even these come with years of delay.⁸

The GDP/capita of Saint Martin was estimated to be just above half that of France in 2014 (the most recent year for which an estimate is available). It is also lower than that of most other French outermost regions. GDP in Saint Martin grew slowly between 2011 and 2014, without any indication of convergence towards the economic performance of mainland France.⁹

In 2017, Hurricane Irma wreaked havoc on the island. 95% of all buildings on the island were damaged (~€1bn of damage was estimated on the French side alone), leading to a loss in revenues in tourism activities. The economic situation of Saint Martin remained weak until 2020. With a continued demographic decline since the beginning of the decade caused by the emigration of the young and further departures following Hurricane Irma, as well as a very high unemployment rate (34% in 2019), economic activity was only slowly beginning to recover by the time the COVID-19 pandemic reached the territory.¹⁰

⁵ DME, 2020, Evaluation de l'impact de la crise sanitaire sur les économies ultramarines

⁶ CEROM (2018): Estimation of per capita GDP in Saint Martin Growth driven by public investment

⁷ The comparison made here should be treated with caution. The figures are in nominal GDP, and therefore do not take into account the price differences between regions.

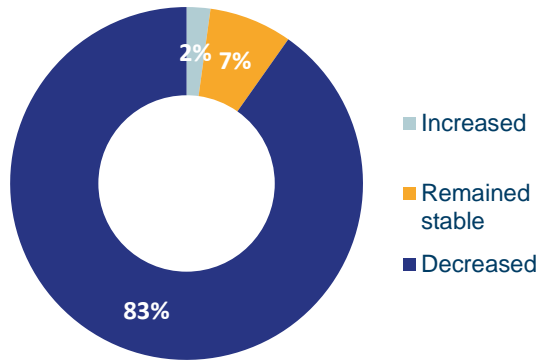
⁸ Interview input.

⁹ CEROM 2018: Estimation of per capita GDP in Saint Martin Growth driven by public investment

¹⁰ CEROM (2018) Estimation of per capita GDP in Saint Martin Growth driven by public investment; Saint Martin, rapport annuel 2019.

The closure of the land border with the Dutch side of the territory led to an unprecedented situation and created severe disruption in supply chains, especially in the supply of fresh food products. With international ports and airports located in Sint-Maarten (i.e. the Dutch side), travel and consumption patterns have changed, as

Figure 4: Turnover in the first six months of 2020 as compared to the same period in 2019 (sample of enterprises)



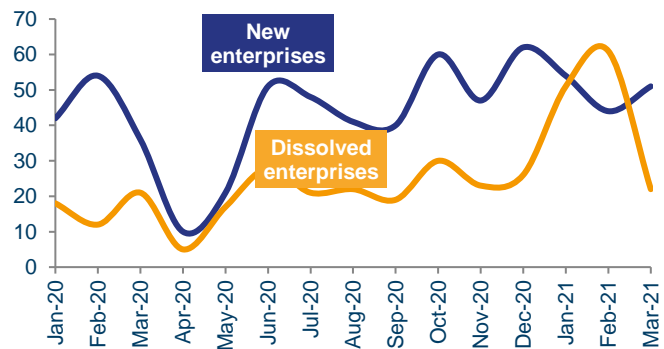
Source: Ecorys, based on Qualistat data

consumption relied solely on internal demand. According to interviewees, workers commuting from one side of the region to the other suffered disproportionately from these measures, leading to loss of personal income and, in some cases, job losses.

The severe impact of restriction measures and the border closure was quantified through a survey¹¹ conducted in August 2020 with a representative sample of regional enterprises. The results of this survey indicated that in the first six months of 2020, 83% of businesses experienced decreased turnover compared to the same period in 2019 (Figure 4).

Trends in enterprise creation and closures reflect this slowdown of economic activity over the confinement period. In general, there is a very strong entrepreneurial dynamic on the island, with a very high level of new (mostly micro-) businesses being created. However, the number of new enterprises fell sharply during the lockdown period, and there was an increase in the number of dissolved businesses. Rates recovered to pre-pandemic levels following the relaxation of restrictions in May 2020. The official figures have to be treated with some caution, given the relatively large size of the informal economy.

Figure 5: Number of new and dissolved enterprises 2020-March 2021



Source: Ecorys, based on CCI data

According to interviewees, the transition to a digital environment was far from seamless. Saint Martin lacks both the digital infrastructure and the entrepreneurial mindset required to engage with and make use of digital business opportunities. Although a move to the digital platforms was generally encouraged by authorities wherever possible, the initiative also faced opposition from the local population. With an underdeveloped broadband infrastructure, the regional authorities are planning further investments to ramp up digital capacity in the future.

SECTORAL ANALYSIS

The economy of Saint Martin is characterised by the predominance of the tertiary sector. As the main driver of growth, all sectors are in one way or another related to tourism (estimated to be up to 95% of the whole economy).¹² The impact of mobility restrictions was therefore immediately obvious, affecting all sectors, with the exception of supermarkets and other food shops that were allowed to remain open. Lockdown measures have directly affected commercial movements and trade, causing a disruption of vital supply chains (e.g. supply of fresh foodstuff and construction materials). With important transport infrastructures located on the Dutch side,

¹¹ QualiStat (2020) Evaluation de l'impact de la crise sanitaire et de la fermeture de la frontière sur les entreprises de Saint Martin

¹² Interview with CCI Saint Martin.

the closure of the border has further amplified these impacts. Interviewees noted that travel and consumption habits have changed, with demand dropping sharply. As a result, services, transport, hotels, catering, car rentals and taxi companies have directly suffered from the COVID-19 pandemic. Although sector-specific data allowing deeper analysis are not available, interviewees also noted that the behavioural changes caused by restriction measures heavily impacted the culture and leisure sectors.

Table 1: Economic structure of Saint Martin, 2017

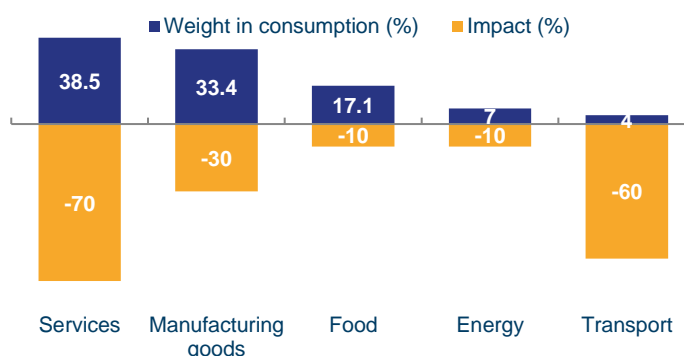
Sectors	Share of total employment (%)
Accommodation and food	14.9
Wholesale and retail trade	14
Construction	9.7
Transport	4.3
Manufacturing	3.7
Energy	1.5
Agriculture	0.3
Non-commercial services ¹³	29.9
Other commercial services ¹⁴	21.7
Total	100

Source: IEDOM, 2020

According to the latest sectoral data (2017), the food and accommodation sector (14.9%) is the third-largest employer in Saint Martin, followed by wholesale and retail trade (14%) and construction (9.7%). Agriculture, livestock, fishing and industry are only marginal activities, and represent a limited share of the island's economy. Employment related to the public sector (i.e. category non-commercial services in Table 1) makes up roughly 30% of all jobs.

The ACCIOM study cited above¹⁵ estimated the loss of consumption in certain sectors during the March-May 2020 lockdown period. Services (both commercial and non-commercial), with the largest share of consumption, have suffered the highest economic toll, totalling an estimated 70% loss in activities compared to the counterfactual 'business as usual' scenario for the same period. The second largest consumption category, manufacturing, has seen a decrease of 30% (Figure 6). Transport has taken a large hit, with a 60% decrease in activity. Albeit less important in terms of its economic weight, transport activities are vital to ensure the business continuity and the operation of supply chains on the island. Other sectors, such as food and energy, performed relatively well, with a 10% drop during the March-May 2020 lockdown period, again compared to the counterfactual 'business as usual' scenario for the same period.

Figure 6: Sectoral impact of the first lockdown period, March-



Source: Ecorys, based on DME data

Tourism

The tourism sector grew over the 1996-2016 period, with an average annual growth rate of 3.5% in arrivals, peaking at 2.7 million in 2014.¹⁶ With a marked drop in 2017 in the aftermath of Hurricane Irma, the sector was on the rise again in 2019 (though it was again impacted by the December 2019 riots).¹⁷ The vulnerability of the sector stems partially from its reliance on a relatively homogenous clientele, leading to high seasonality

¹³ Non-commercial services include: public administration, education, health and social services

¹⁴ Other commercial services include: information and communication, finance, insurance, real estate, science and technology, administrative and support services

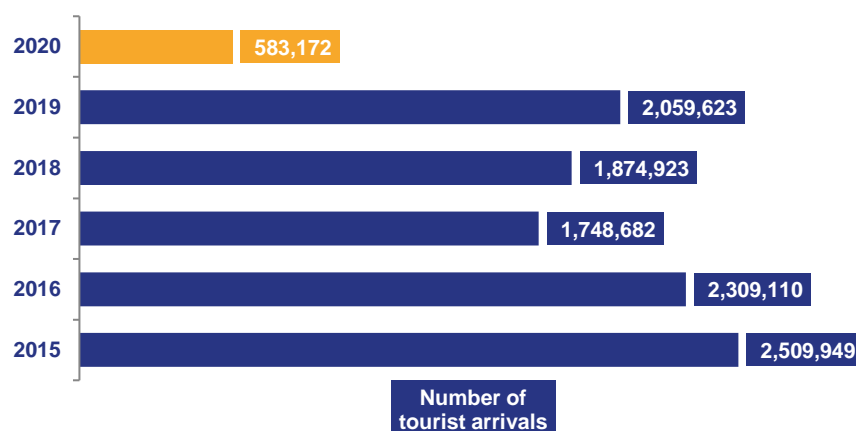
¹⁵ DME (2020) Evaluation de l'impact de la crise sanitaire sur les économies ultramarines

¹⁶ IEDOM, Saint Martin, Rapport annuel 2018

¹⁷ Saint Martin (2019) Rapport annuel

depending on holiday periods in the United States and France.¹⁸ Therefore, before the onset of the COVID-19 pandemic, the sector was already in a fragile state.

Figure 7: Number of tourist arrivals to Saint Martin, 2015-2020



Source: Ecorys, based on Direction du Tourisme Saint Martin data

The impact of the mobility restrictions related to the global attempt to halt the spread of COVID-19 dealt a heavy blow to the regional tourism sector. During the lockdown period in early 2020, only 7% of businesses remained open.¹⁹ The Saint Martin Tourism Office estimated the economic loss of the confinement measures to amount to as much as

€30m for the sector already then, with further losses expected as a result of the lower number of tourism arrivals throughout the rest of 2020 (see figure above).²⁰ Saint Martin was particularly heavily affected during the March-May 2020 period, due to both the loss of tourists and the loss of associated indirect spending (i.e. affecting businesses supporting the tourism sector, such as professional services) from the Dutch side.²¹ As a result, the 2020 August survey found that almost half (49%) of CEOs in accommodation and catering were seriously concerned about the future of their businesses. Interviewees noted that taxi and car rental companies were also heavily affected. An indirect impact of the crisis was the return of the marine fauna (e.g. sharks) to the beaches, which could impact the attractiveness of the region for tourists in the longer run.

Although the local administration put in place measures to incentivise demand for local tourism, the relatively small population and economy do not permit sufficient compensation to the sector for the loss of tourism revenue. With travel restrictions in place up until June 2021 comprising the majority of the high season, the woes of the island's tourism industry are expected to continue in the short term.

Similarly to other regions, the cultural sector has suffered heavily from the impacts of the pandemic, with all events (including the Saint Martin carnival and music festivals) being cancelled in both 2020 and 2021.

Construction

The construction sector is generally considered to be the second pillar of the Saint Martin economy. It provided almost 10% of all jobs in 2017. The sector exhibited dynamic growth between 2000 and 2015. With the growth of tourism activity and continuous high order intake from public works, the industry benefitted from increased demand, despite strong competition from companies on the Dutch side. However, the slow decline in population and public procurement slowed this trend between 2010 and 2015.²² Following the collapse of activity after Hurricane Irma, the reconstruction work on the island supported the sector in 2018, with a 352% increase in activity during that year.²³

¹⁸ ACCIOM (2021) Outre-mer: l'état d'urgence, February 2021

¹⁹ QualiStat (2020) Evaluation de l'impact de la crise sanitaire et de la fermeture de la frontière sur les entreprises de Saint Martin

²⁰ Table ronde délégation aux outre-mer du Sénat, étude sur l'urgence économique outre-mer à la suite de la crise du Covid-19, 25.06.2020

²¹ ACCIOM (2021) Outre-mer: l'état d'urgence

²² CEROM (2018) Estimation of per capita GDP in Saint Martin

²³ IEDOM, Rapport d'activité économique 2018 de Saint Martin, p57.

Construction was less affected by the impact of the COVID-19 pandemic. This is partly due to long lead-in times in the sector. In 2020 four large contracts in Marigot amounted to an estimated €48m, ensuring a steady stream of work. Consequently, it is unsurprising that the August 2020 enterprise survey found that only 28% of CEOs in construction were concerned about their businesses, which is by far the lowest figure on the list. In addition to ongoing contracts, many saw the lockdown as an opportunity to undertake renovation activities. According to interviewees, closed hotels or those with fewer clients took advantage of the crisis to renew their facilities. Public procurement of construction work continued and even intensified during this period. Nonetheless, air transport restrictions had an indirect negative effect on activities in the sector, with many construction enterprises operating in Saint Martin based in other regions, such as Guadeloupe and Martinique, or even Metropolitan France. Moreover, the border closure also deprived the sector of its supply of cement, wood, covering or insulating material, causing delays in implementation.

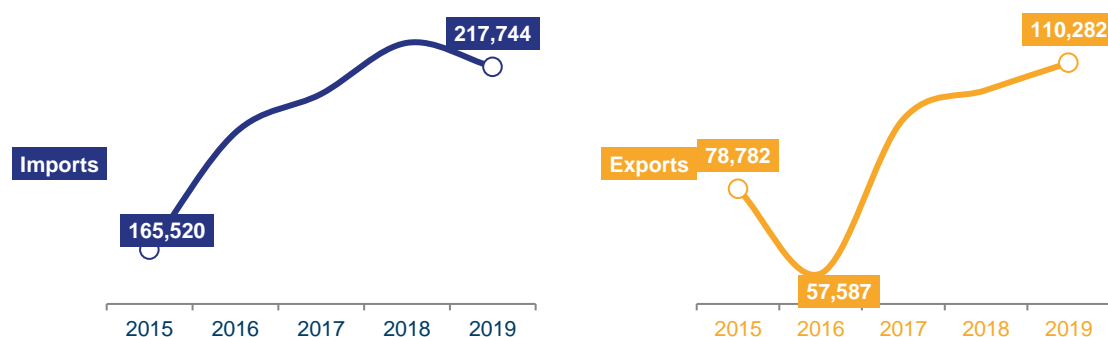
Transport

As Figure 6 shows, the transport sector suffered the second-largest economic toll following the March-May 2020 lockdown period. The sector represents 4.3% of all employment on the French side of the island, and therefore the impact of this drop on the overall economy remains limited. However, as an open economy heavily reliant on imports and its tourism industry, the transport sector is vital for the island, and therefore the repercussions of reduced activity go beyond the impact on the industry itself.

On the French side, there is one port (Galisbay) dedicated to cargo traffic and one (Marigot) to inter-island passenger traffic and the arrival of cruise ships. In Sint-Maarten, the deepwater port of Pointe Blanche receives most of the cruise ship traffic and handles most of the imports of the island. Since the passage of Hurricane Irma, passenger and cargo traffic via maritime access has been carried out from partially rebuilt port infrastructure. Overall, the island's importers (on the French and Dutch sides) have their goods unloaded mainly in the Dutch part, where the freight zone is better equipped. Approximately 70% of goods are thus handled by the Dutch side, which has direct international links with the United States and France, among others.

The above helps explain the disruption of supply chains following the closure of borders between the two sides and also contextualises the traffic figures for Saint Martin presented below. The port traffic data available until 2019 show an increase in both imports and exports over the 2015-2019 period. While, as noted above, these figures only capture a small share of the overall flow of goods to and from the island, they indicated the reliance of Saint Martin on imports, and therefore its vulnerability to external shocks resulting from restrictions on the transport of goods.

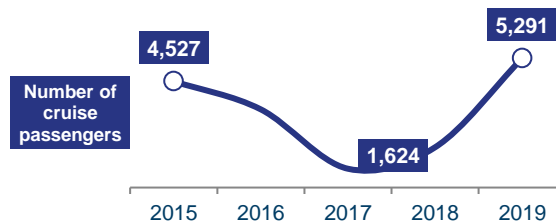
Figure 8: Total port traffic in goods (all seaports in Saint Martin and Sint Maarten), tonnes (2015-2019)



Source: Ecorys, based on Port de Saint Martin data

Similarly to cargo traffic, maritime and air passenger traffic was on the rise following the slump in 2017, with a 31% rise in inter-island passenger arrivals to the Port of Marigot in 2019. Nonetheless, figures remained below pre-Irma levels.²⁴ 2020 saw a drop in excess of 70% in passenger numbers as compared to 2019, a downturn that exceeds the impact of Irma.²⁵

Figure 9: Number of cruise passengers (2015-2019)



Source: Ecorys, based on Port de Saint Martin data

In addition, the COVID-19 pandemic resulted in increased uncertainty about further reconstruction and the development of the sector. New investments, such as the extension of the Galisbay port, allowing it to receive large ships, are vital for the development of the local economy and to build up resilience towards similar shocks.

Services²⁶

Although the estimates cited at the beginning of this section indicate that there was a drastic decline of activity in the service sector during the confinement period (March-May 2020), enterprises seem to be less concerned about their future than other sectors (with only 35% of CEOs in the service sector were very concerned, according to the August 2020 survey). According to interviewees, enterprises facing suppressed business activity took the opportunity to upskill their employees through training sessions during this period.

Banks and the financial sector experienced no disruption in their work and were very active in the distribution of the corporate solidarity fund and state-guaranteed loans to businesses (through the PGE - *Prêt garanti par l'État* – see Section 4 for details). Insurance activities continued to work as well, with an increase in digital services. For instance, local communication services thrived through the increased demand for online services.²⁷

3. SOCIAL IMPACT OF THE COVID-19 CRISIS

Saint Martin, similarly to other outermost regions, faces various societal challenges: a fragile labour market, a high share of the population without tertiary education and a high poverty rate. These issues were exacerbated by the COVID-19 pandemic.

With a relatively young population and a high share of the active working-age population (75.2%), Saint Martin struggles with structural unemployment issues. In 2018, more than one-third of its overall population (35.2%) was unemployed (in comparison to 6.2% in Sint-Maarten).²⁸

Over the 2011-2017 period, the number of people in the labour force decreased slightly (-1%) while the unemployment rate continued to rise (3.4%). This was mainly attributable to the 2017 crisis, which followed a period of relative stability.

Although the labour market slowly recovered over 2018 and 2019, as measured by the number of people in the labour force, the onset of the COVID-19 pandemic interrupted the positive trend. At the end of 2020, the number of registered jobseekers stood at 5,650, marking an increase of 15% compared to the end of 2019. Younger (under 25 years old) jobseekers were disproportionately affected by this development, as the increase in this

²⁴ Saint Martin (2019) Rapport annuel

²⁵ Direction du Tourisme Saint Martin (2021) Statistiques Touristiques 2008-2020

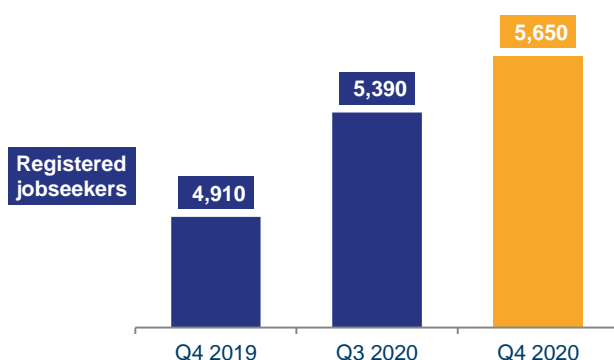
²⁶ Including commercial and non-commercial services

²⁷ Based on interview input

²⁸ Saint Martin (2019) Rapport Annuel

category reached almost 20%.²⁹ This is reportedly largely a result of travel restrictions: a large part of the island's youth completes their studies abroad. The increase in youth unemployment results from their inability to leave, leading to an increased number of jobseekers in this category entering a job market already constrained by the crisis.³⁰ With outwards migration high among the youth, difficulties in finding employment might lead to a further loss of the economically active natives of the island, speeding up the overall population ageing already observed from the beginning of the 2010s.

Figure 10: Number of registered jobseekers at Pôle emploi³¹



Source: Ecorys, based on Préfet de la Région de Guadeloupe data

Employment prospects deteriorated more in 2020 for men (+22.7% in jobseekers) than for women (+17.6% in jobseekers). However, women still constitute the majority of jobseekers registered at Pôle emploi (61.9% at the end of 2020). In 2020, the number of jobseekers increased at all education levels. However, job applications related to the lowest level have increased faster than the average, highlighting the vulnerability of this group.

Before the onset of the pandemic, Saint Martin had an extensive informal economy, making the estimation of the actual loss of employment and economic fallout a more complex task. Given that entities operating in the informal economy were unable to access the support measures made available by the regional administration, the informal economy suffered more than the formal economy, likely inflating the unemployment figures presented above further.

As of 2017, approximately 50% of the regional population aged 15 years or older did not have a diploma or had, at most, a high school diploma ('Brevet des colleges'). This proportion is higher than that in Guadeloupe (41.4%), and much higher in mainland France (29%). The same year, 15.3% of the resident population above 15 years of age were educated to a high school degree standard, compared to 21% in Guadeloupe and 19.3% in France.³² With education levels lagging behind other ORs and mainland France, recent developments in the labour market (disproportionately affecting those with lower education levels) underline the fragile status of Saint Martin's society and economy.

Moreover, Saint Martin has a relatively young population.³³ In 2017, 26.7% of the inhabitants were under the age of 14, compared to 19% in Guadeloupe and 18.1% at the national level.³⁴ However, as a result of continued outwards migration over the past decade, the population decreased by 1.1% between 2012 and 2017.³⁵ The young native population of the island is the primary source of the negative migratory balance of Saint Martin, as many leave to continue studies or for work-related reasons.³⁶ Although data on the most recent developments are not available, the economic fallout from the COVID-19 crisis could contribute to this negative trend, especially in view of the higher youth unemployment rates observed in 2020.

²⁹ Direction des entreprises, de la concurrence, de la consommation, du travail et de l'emploi (DIECCTE) (2021) Bilan 2020 - Le Marché du travail à Saint Martin.

³⁰ Interview input

³¹ Préfet de la Région de Guadeloupe (2021) Demandeurs d'emploi inscrits à pole emploi à Saint Martin au quatrième trimestre 2020

³² IEDOM (2019) Saint Martin, Rapport annuel. Available at : <https://www.iedom.fr/Saint-Martin/publications/rapports-annuels/rapports-d-activite/article/rapport-annuel-2019-edition-2020>

³³ Sénat (2020) Rapport d'information sur l'urgence économique outre-mer à la suite de la crise du Covid-19, July 2020

³⁴ IEDOM (2019) Saint Martin, Rapport annuel. Available at : <https://www.iedom.fr/Saint-Martin/publications/rapports-annuels/rapports-d-activite/article/rapport-annuel-2019-edition-2020>

³⁵ *Ibid.*

³⁶ CEROM (2018) Estimation of per capita GDP in Saint Martin.

Despite the decrease in the overall population, the high rate of immigration to Saint Martin is putting a further strain on the social cohesion of the territory. Irregular immigrants make up an estimated one-third of the population. The closing of the borders in the region showed the impact of migration in many aspects of life. For instance, the take-up of child protection and maternity care services has more than halved since March 2020, which is partially due to the fact that these services are mainly performed by migrants that had to stay home.³⁷

4. POLICY RESPONSES TO TACKLE THE EFFECTS OF THE CRISIS

OVERVIEW

The EU has mobilised a number of tools and funding sources to help Saint Martin to overcome the social and economic challenges brought on by the pandemic. The Coronavirus Response Investment Initiative (CRII) and Coronavirus Response Investment Initiative Plus (CRII+) initiatives enabled the use of unused existing resources, and their redirection to where they were most needed.

The EU Recovery and Resilience Facility is a key tool to support recovery. In this context, France developed the RRP (*Plan National de Relance et de Résilience* - the national Recovery and Resilience Plan 2021-2026), which lays out nine investment priorities intended to guide recovery over the medium term.³⁸ In June 2021 the European Commission adopted a positive assessment of the French plan, indicating that the Recovery and Resilience Facility will provide €39.4 billion in grants to France over the next five years.

The French response to the crisis is described in the *France Relance*, the French recovery plan³⁹ as having three stages, starting with a response to the immediate shock, then focusing on the most affected sectors for the remainder of 2020 and, finally, moving on to measures for recovery and long-term resilience.

A sub-element of the plan *France Relance* is the *France Relance Outre-mer*, which includes around €42 million for Saint Martin.⁴⁰

HEALTH SECTOR MEASURES

As of July 2021, the Coronavirus Response Investment Initiative (CRII) and Coronavirus Response Investment Initiative Plus (CRII+) packages have reallocated EU funds with the purpose of jointly supporting Saint Martin's and Guadeloupe's healthcare system.⁴¹ The REACT-EU package also mobilised €1.5 million under the European Regional Development Fund (ERDF) in support of Saint Martin's healthcare sector.⁴² These funds have been directed towards improving the accessibility of Saint Martin's and Guadeloupe's healthcare services.

Additionally, national and regional health-related rules and measures have been introduced in order to counteract the spread of the coronavirus. The measures that pertain to Saint Martin are the following:

- The activation of France's *Plan Blanc*.⁴³ This crisis mechanism allows for the immediate mobilisation of resources in the event of increased hospitalisations as a consequence of a pandemic or terrorist attack. Presently, the French government has implemented this plan to increase the hospital's capacities and ensure enough beds are reserved for patients who have contracted COVID-19.

³⁷ Interview input.

³⁸ Gouvernement français (2021) Plan National de Relance et de Résilience. Available at:

https://www.economie.gouv.fr/files/files/directions_services/plan-de-relance/PNRR%20Francais.pdf

³⁹ Gouvernement Français (2020) France Relance. Available at: https://www.economie.gouv.fr/files/files/directions_services/plan-de-relance/annexe-fiche-mesures.pdf

⁴⁰ https://www.economie.gouv.fr/files/files/directions_services/plan-de-relance/20211810_DP_1_an_Outre-mer.pdf

⁴¹ Coronavirus Dashboard: EU Cohesion Policy Response to the Crisis. Available at:

<https://cohesiondata.ec.europa.eu/stories/s/CORONAVIRUS-DASHBOARD-COHESION-POLICY-RESPONSE/4e2z-pw8r/>

⁴² Latest figures provided by the European Commission.

⁴³ Demmer, B., 2020. Coronavirus: déclenchement du plan blanc dans tous les hôpitaux de France.

Available at: <https://www.doctissimo.fr/sante/epidemie/coronavirus-chinois/coronavirus-plan-blanc-et-bleu-definition>

- The introduction of a free health screening campaign for citizens to get tested for COVID-19 in partnership with the Red Cross.⁴⁴
- The compulsory wearing of facemasks in all establishments open to the public.⁴⁵
- Restricting cross-border travel between Sint-Maarten and Saint Martin as of the 4th of April 2020.⁴⁶ Entry into the French part of the island is only possible upon presentation of a certificate of full vaccination, or a negative test and imperative reasons for travelling;⁴⁷
- Allowing for volunteer general practitioners to conduct in-office vaccinations, as of the 25th of February 2021.⁴⁸
- The institution of other containment measures including: mobility restrictions with exceptions for medical visits and grocery shopping⁴⁹, and the regulation of hospital visits.⁵⁰

MEASURES IN SUPPORT OF THE ECONOMY

With the aim of supporting Saint Martin's firms during the coronavirus pandemic Coronavirus Response Investment Initiative (CRII) and Coronavirus Response Investment Initiative Plus (CRII+) packages facilitated funds in order to finance productive investment in SMEs.⁵¹ In addition, the REACT-EU package mobilised €25.5 million under the ERDF to support the region's economy.⁵²

Furthermore, the European Commission also provided support for France's (and Saint Martin's) private sector, under the State Aid Temporary Framework. The European Commission approved support schemes such as France's €2 billion scheme aimed at financing the uncovered fixed costs of companies, from all French regions, affected by the coronavirus outbreak.⁵³

Several national and regional measures were also activated to support Saint Martin's industry and economy. These mainly included:

- **Fonds National de Solidarité (Part I):** This solidarity fund was set up by the French State to support the self-employed workers and SMEs that have been most affected by the economic consequences of the coronavirus crisis. It is primarily aimed at traders, craftsmen, and other economic agents, no matter their status (company, individual entrepreneur, association, etc.) and their tax or social regime (including microentrepreneurs). This aid has provided Saint Martin's self-employed with grants of up to €1,500 per month.
- **Fonds Regional de Solidarité (Part II of the Fonds National de Solidarité):** This measure has provided additional financial support for Saint Martin's traders, craftsmen and other professionals. This second element of the fund is financed by the Regional Government of Saint Martin and consists of grants, with a value between €2,000 and €5,000, disbursed on a monthly basis.

⁴⁴ St-Martin : campagne mobile de dépistage gratuite et ouverte à tous, 2020. Available at:

<https://www.guadeloupe.ars.sante.fr/covid19-l-st-martin-campagne-mobile-de-depistage-gratuite-et-ouverte-tous>

⁴⁵ Ministère Des Outre-Mer, 2021. Informations Coronavirus. Available at: <https://outre-mer.gouv.fr/informations-coronavirus#sxm%20sxb>

⁴⁶ Préfecture de Saint-Barthélemy et de Saint Martin, 2020. Covid-19 : Maintien des contrôles sur les déplacements transfrontaliers à Saint Martin. Available at: <https://www.sxminfo.fr/126406/17/05/2020/covid-19-maintien-des-contrôles-sur-les-deplacements-transfrontaliers-a-Saint-Martin/>

⁴⁷ Ministère des Outre-mer (2021). Available online: <https://www.outre-mer.gouv.fr/informations-coronavirus#sxm%20sxb>

⁴⁸ Alphonsine, J., 2021. Covid 19 : Début de la vaccination chez les médecins généralistes volontaires, Saint Martin emboîte le pas.... Available at: <https://www.sxminfo.fr/127142/15/03/2021/covid-19-debut-de-la-vaccination-chez-les-medecins-generalistes-volontaires-Saint-Martin-emboite-le-pas/>

⁴⁹ Préfecture de Saint-Barthélemy et de Saint Martin, 2020. Covid-19 : Les déplacements sont réglementés dès aujourd'hui à Saint-Barthélemy et à Saint Martin. Available at: <https://www.sxminfo.fr/126281/17/03/2020/covid-19-les-deplacements-sont-reglementes-des-aujourd'hui-a-saint-barthelemy-et-a-saint-martin/>

⁵⁰ sxminfo.fr, 2020. Coronavirus COVID-19 – Mesures prises dans les établissements de santé et médico-sociaux des Iles du Nord. Available at: <https://www.sxminfo.fr/126285/18/03/2020/coronavirus-covid-19-mesures-prises-dans-les-etablissements-de-sante-et-medico-sociaux-des-iles-du-nord/>

⁵¹ Coronavirus Dashboard: EU Cohesion Policy Response to the Crisis. Available at:

<https://cohesiondata.ec.europa.eu/stories/s/CORONAVIRUS-DASHBOARD-COHESION-POLICY-RESPONSE/4e2z-pw8r/>

⁵² Latest figures provided by the European Commission.

⁵³ European Commission (2021) State aid: Commission approves €2 billion French scheme to support uncovered fixed costs of companies affected by the coronavirus outbreak. Available at: https://ec.europa.eu/commission/presscorner/detail/en/ip_21_815

- **Prêt garanti par l'État (PGE):** This support measure has provided loans for firms in Saint Martin, of all sizes and from all industry sectors.
- **Postponement of tax deadlines:** Saint Martin's fiscal authorities have allowed for companies, who have suffered a 50% decrease in turnover during the three months preceding consultation to defer certain tax payments.⁵⁴
- **Chèque numérique:** This grant scheme has directly provided companies with eleven employees or fewer with €500 grants.⁵⁵ The purpose of these grants is to financially support the digitalisation of firms' operations. For the specific case of Saint Martin, these grants have also been used to help hotels, and other similar accommodations, in covering their operating costs.
- **CODEFI** (Departmental Committee for the Examination of Enterprises' Financial Problems): This measure has directed funds from the economic and social development fund (FDES) to support the financial and operational restructuring of companies under financial distress as a result of the COVID-19 pandemic.⁵⁶ The CODEFI has provided exceptional participatory loans for SMEs that have been unable to obtain state-guaranteed loans.
- **Dispositif Boost, aide à l'investissement productif:** This investment aid system was established by Saint Martin's regional government with the purpose of promoting local SME production capacities, technological levels and competitiveness. These investments have been provided in the form of subsidies with values corresponding to 30% of eligible investments, and a ceiling of €15,000.⁵⁷
- **Cellule d'accompagnement à la régularisation des entreprises** (CARE): This group was set up to help businesses tackle administrative procedures related to formalising their businesses and to accessing funds.⁵⁸

Saint Martin's tourism sector, still in recovery from 2017's Hurricane Irma when the pandemic hit, was particularly affected by the pandemic. Sector-specific measures were, therefore, mostly focused on this industry.

- A **Staycation** program was set up in Saint Martin to support local tourism.⁵⁹ Presently Saint Martin is encouraging its population to consume locally. The Staycation program encourages the local population to spend their vacations at home, and the Tourism Office also helps them to discover this territory and become ambassadors of their territory.
- **The Tourism Loan Scheme:** Bpifrance has set up this sector-specific loan scheme aimed at Saint Martin's micro-enterprises, SMEs and mid-cap firms that form part of the tourism industry. These loans range from €20,000 to €2 million and have a maximum payback period of 12 years.
- **The Creative Industries Loan Scheme:** As part of the Bpifrance loan mechanism, this measure has supplied loans for micro, small and medium-sized enterprises (MSMEs) in the creative industry sector. The value of the loans granted range from €50,000 to €2 million and have a maximum payback period of 7 years.

LABOUR/SOCIAL SECTOR MEASURES

Furthermore, numerous measures were also established to support Saint Martin's workers and citizenry. These measures primarily consisted of the support schemes for the young, those struggling to stay in employment and lower-income households in general.

Young citizens of Saint Martin had access to the following incentives and funds:

- The national youth employment incentive scheme **1 Jeune, 1 Solution** was set up with the purpose of supporting youth employment. This measure provides private-sector incentives in the form of €4,000 grants

⁵⁴ Information extracted from Saint Martin's official government Facebook website.

⁵⁵ Information extracted from Saint Martin's official government Facebook website.

⁵⁶ Information extracted from Saint Martin's official government Facebook website.

⁵⁷ Collectivité de Saint Martin (2021) Dispositif BOOST: Aide à l'investissement productif. Available at: <http://www.com-Saint-Martin.fr/ressources/Dispositif-BOOST-Aide-a-l-investissement-productif.pdf>

⁵⁸ Dispositif CARE : aider les entreprises et aider au recouvrement (2021). Available at: <http://www.lepelicanejournal.com/Saint-Martin/economie/Dispositif-CARE-aider-les-entreprises-et-aider-au-recouvrement-19350.html>

⁵⁹ <https://www.st-martin.org/images/pdf/APPEL-A-CANDIDATURE-STAYCATION-2021.pdf>

to companies that hire young individuals under the age of 26 or offer apprenticeships. Additionally, the measure also offers training courses for young people.

- As part of the '1 Jeune 1 Solution', the **Projet Initiative Jeune (PIJ)** aims to support the creation or takeover of businesses by young people in overseas territories, including Saint Martin.⁶⁰ This financial support consists of direct grants, with a maximum face value of €9,378, given to individuals between the ages of 18 and 30 who create or take over a local business.

In order to mitigate the pandemic's effects on employment, the following national measures were launched:

- **The *Activité Partielle*** scheme allowed companies, which were faced with a lasting reduction in their economic activities, to temporarily reduce the working hours of their employees. Whilst working hours are reduced, employers receive an allowance for the hours not worked. This allowance equals to at most 70% of the wages paid to the employees placed under long-term partial employment.
- The nationwide **Partial Unemployment Scheme** allows companies to request support from the *Activité Partielle* if they meet one of the following conditions: they have employees who are unable to work; they are affected by closures or decreases in activity; they are experiencing supply difficulties; or they are unable to implement preventive measures for all their employees.

REFLECTIONS ON MEASURES⁶¹

Given the recent implementation of several measures and the evolving nature of the situation in Saint Martin, it is difficult to assess the effectiveness of the above-mentioned measures. Some initial reflections are outlined below based on the information available and feedback from stakeholders.

The majority of the measures were perceived to be relevant. There was a quick response to REACT-EU and INVEST-EU funds for safeguarding projects. Stakeholders were largely positive of the national schemes implemented in Saint Martin. The state-backed loans (PGE) scheme was quite well utilised. The tourism sector, in particular, benefited from these schemes, with many businesses withstanding the crisis. This was attributed to local business familiarity with the measure, given that similar measures were rolled out during the previous crisis caused by Hurricane Irma. As a result, businesses were aware of the procedures and could fill in the dossier and react rather quickly.

The *Fonds National de Solidarité*, while relevant, had lower utilisation rates. According to interviews, this was due to bureaucratic and administrative constraints, which prevented SMEs from applying. Stakeholders also mentioned this constraint regarding EU funds, pointing out that companies often find it difficult to put together applications. The local government was also said to struggle with complying with the criteria and administrative requirements to access this mechanism. In general, there seems to be low visibility and awareness regarding this opportunity and its benefits.

In summary, while a number of measures were relevant and were utilised, stakeholders pointed out that specific measures related to the above funds and SME support were less effective and not always relevant to the context of the region.

⁶⁰ Les services de l'Etat à Saint-Barthélemy et à Saint Martin (2020) France-Relance: Projet initiative jeunes. Available at: <http://www.saint-barth-Saint-Martin.gouv.fr/Actualites/LA-UNE/Actualites/France-Relance-Projet-initiative-jeunes>

⁶¹ The reflections on the measures are mainly based on stakeholder feedback collected in the period January-July 2021. These should be treated as initial feedback and insights from the measures rather than an evaluation. The final report attempts to provide a more detailed review of the measures in terms of relevance and outputs achieved.

5. FUTURE PROSPECTS

As noted previously in this fiche, the lack of up-to-date economic data makes it impossible to accurately capture the extent of the impact of the COVID-19 pandemic on the economy of Saint Martin, and consequently the developments in the short and mid-term. However, with an economic structure relying extensively on the tourism sector, there are limited grounds for optimism regarding short-term recovery prospects. Continued uncertainty about the global vaccination rollout, the emergence of new and more contagious variants, and ongoing travel restrictions all hinder efforts to restart the economy of Saint Martin and to recover to pre-COVID-19 crisis output levels.

One potentially positive development resulting from the COVID-19 crisis could be the move to a more formalised economy. With many entities operating in the informal economy suffering disproportionately from the impact of the pandemic, the local administration offered special support to formalise their status, in order to be able to benefit from support schemes.

While the short-term future of the tourism sector remains uncertain, some sectors such as services or construction have better prospects for the mid- and long-term future. The construction industry has already managed to avoid a major downturn as a result of the crisis. The sector exhibits growth potential - in particular through the deployment of broadband capacity - but also through the development of hurricane-resistant infrastructure. Nonetheless, it remains heavily dependent on the public sector, which can lead to unforeseen challenges. For instance, in early 2021, 167 public procurement procedures related to construction were on hold due to administrative reasons.⁶²

The COVID-19 pandemic has exposed Saint Martin's over-reliance on tourism. Future developments will largely depend on the developments related to travel restrictions (as well as a potential shift of the primary clientele of the island from North Americans to more Europeans) and the success of measures to diversify the local economy.

6. POLICY RECOMMENDATIONS FOR RECOVERY AND RESILIENCE MEASURES

RECOMMENDATION 1: REDUCING THE ADMINISTRATIVE BURDEN OF ACCESSING FUNDING OPPORTUNITIES FOR BUSINESSES

Type of measure: Policy, reform, technical support

Duration: Short to medium-term

Challenge: Stakeholder feedback and analysis of the business environment suggests that business owners do not apply for funding or financial benefit even when they would be eligible. This is concerning in the context of protracted economic hardship, such as the one currently being experienced in Saint Martin. One of the factors which discourage applicants is the administrative burden and effort required to apply and access these opportunities. The burden of filing and gathering complex documents is often deemed to be too high, especially for smaller companies. Linguistic differences also play a role, given that a large share of the population is anglophone and does not speak/understand French to a sufficient level.

Objective: Support economic actors in securing funding to strengthen the recovery of the island and plan investments to increase its long-term resilience.

⁶² ACCIOM, Outre-mer: l'état d'urgence, February 2021

Actions: Building on existing measures - such as the 2020 'European Financing and Contractual Policy Service'⁶³, which is a single window for submitting applications to all funds - complementary tools could be put in place. First, with support from the local government, a helpdesk could be created to support all enterprises in developing applications for support. Second, online workshops and guides could be developed to support SMEs in navigating the requirements for tapping into EU funding. Third, seminars and the exchange of best practices could be encouraged to increase business owners' understanding of how to successfully and efficiently apply for funding. These measures are aimed at supporting the administrative capacity building of enterprises, which is complementary and instrumental to reducing the administrative burden. In the medium term, possibilities could be explored to reduce the administrative burden by simplifying application requirements and required documentation to ease the administrative burden. In addition, it would be key to ensure that the government's capacity to process these applications is strengthened effectively through training and targeted technical assistance support. This could also provide room for exploring public-private entity set-up (e.g. exploring options with associations to provide additional support in processing these requested) to achieve efficiency gains.

RECOMMENDATION 2: INCREASING VISIBILITY AND AWARENESS OF EXISTING EU FUNDING OPPORTUNITIES

Type of measure: Awareness campaigns, technical support

Duration: Short and medium-term

Challenge: After multiple years of economic crisis, the impact of the 2017 Hurricane Irma, local protests and social unrest in 2019, and the global pandemic, entrepreneurs, SMEs, and most economic actors in Saint Martin are facing acute difficulties. While challenges differ for each actor, access to funding is a key priority to either survive in the short term or for resilience building in the longer term. Multiple sources of funding are currently available under different programmes, focussing on a variety of different objectives. These include, among other instruments, loans, microfinance, guarantees, and venture capital supported by the EU. According to our analysis and interviews and engagement with stakeholders, the visibility of existing funding opportunities is often limited, as funding opportunities are in many cases perceived to be directed at larger scale projects.

Objective: Support job creation and business recovery from the economic effects of the COVID-19 pandemic by increasing the use of available funds.

Actions: While the reduction of administrative burden increases access for businesses, awareness is key to ensure the utilisation of the available funds. The regional government could consider increasing the visibility of existing opportunities, with possible support from the Chamber of Commerce. The key is to ensure that the information on funding and criteria for accessing these opportunities are clear and consolidated information on available funding for different types of enterprises is provided on a single website, highlighting opportunities, especially for SMEs. Moreover, all registered businesses could be contacted by mail and redirected to such a website. Information sessions/webinars/in-person seminars could be organised often to reach as many associations, SME representative organisations, and sectoral associations, amongst others, as possible to increase outreach and utilisation of the measures. Campaigns could be conducted in English and French, presenting success stories, examples of supported projects, and more generally informing enterprises and entrepreneurs of available funding opportunities.

Saint Martin could explore national and EU sources of support. EU sources could include REACT-EU. In addition, regional sources should be explored further.

⁶³ Fax Info News, 12 May 2020. Saint Martin: A new management of European funds. Available [here](#).

RECOMMENDATION 3: STRENGTHENING CURRENT EFFORTS TO SHIFT TO A FORMAL ECONOMY AND DEVELOP A LONG-TERM INTEGRATED FORMALISATION FRAMEWORK

Type of measure: Policy reform, legislative reform, Technical support, investment

Duration: Short to medium-run

Challenge: Before the onset of the pandemic, Saint Martin had an extensive informal economy, making the estimation of the actual loss of employment and economic fallout an even more complex task. This part of the economy has been particularly exposed to the impacts of the COVID-19 pandemic given that entities operating informally could not access the support measures made available by the local administration. More broadly, the informal economy within the OR exposes a large segment of the population to vulnerability and impacts of external shocks. Formalisation not only stimulates decent work and employment, but also strengthens the safety nets for vulnerable groups and livelihoods. Since March 2020, around 300 companies voluntarily moved into complete formalisation.⁶⁴ However, based on global best practices and lessons from ILO and OECD, such formalisation efforts are fully effective when there is an integrated policy framework and further included in national development strategies and budgets, taking into account the role of different levels of government in the region.

Objective: Develop an integrated policy framework to facilitate the integration into the formal economy and, in parallel, continue to increase the number of formally registered companies in the region and, as a consequence, those eligible for post-COVID-19 aid in the short term.

Actions: In the short-term, actions could build on the *Cellule d'Accompagnement à la Régularisation des Entreprises* set up in the Chamber of Commerce and Industry to help companies formalise to access post-COVID-19 funds. The *Cellule* could be strengthened, increasing its personnel to more quickly support businesses into assembling all the required documents to formalise businesses. Second, ongoing awareness campaigns and mapping of informal activities⁶⁵ could continue.

The existence of unregistered companies is caused by various levels of challenges such as the cost of doing business and the overall support to structures to businesses. In the short-term, the registration drive could be complemented by the regional government's effort to introduce incentive measures such as tax deferrals or tax exemptions for newly established micro and SMEs, therefore reducing resistance to formalisation. Those measures could then be rolled back when economic recovery becomes apparent. In the meantime, newly formalised businesses could receive state support. These measures could support businesses and employees which are currently excluded from state support. Facilitating their access to financial support will have a twofold effect: First, it will reduce the negative social effects that the crisis is having on workers in the informal sector. Second, this would facilitate more widespread recovery, as businesses will be able to access funds to survive until the reopening of international routes is bringing tourists back to Saint Martin.

While the above steps will address the acute short-term challenges, in the medium-long term, it will be critical to develop an integrated policy framework to facilitate the transition to formal economy in line with the national development strategy of France. While this will require various levels of problem assessment and option analysis, such a framework is key to capturing all aspects of the drivers of informality that is so pronounced not only within this region but other areas of France. It is important to note that these drivers are multi-dimensional and may include a range of measures such as the establishment of an appropriate legislative and regulatory framework, organisation support, business advisory services, decent work, equality, as well as access to education, lifelong learning and skills development, financial and business services, markets, infrastructure and technology, and the extension of social security coverage. This is in recognition of the fact that changing one part of the system

and policy framework can affect other parts of the system, e.g. streamlining business procedures, simplification of administrative burdens on micro and SMEs.

RECOMMENDATION 4: WIDENING THE SCOPE OF THE “CADRE AVENIR” FRAMEWORK FOR TRAINING YOUNG PEOPLE IN THE REGION

Type of measure: Investment

Duration: Medium to long-term

Challenge: Saint Martin has a high rate of emigration amongst young people. Challenges for young people in finding employment in the current economic times are likely to lead to a further loss of the youth cohort, which skews Saint Martin’s demographic structure further towards an older population.

Objective: Strengthen the skills of young people, in line with the needs of the region over the mid- to long-term.

Action: The *cadre avenir* project⁶⁶ is a skills-building programme designed to support and finance young people below the age of 40 to support them in managerial postings and has already been implemented in other French outermost regions. The project focuses on middle and senior executives positions, and it does so by facilitating young professional training in metropolitan France, on the condition that trainees return to the region afterwards for a posting of a minimum number of years. Saint Martin launched the system during the pandemic, in October 2020. It is, however, still in its early phase, during which experts focus on matching the labour market demand to young peoples’ career interests.⁶⁷ The operational start is expected by the end of 2021. Support could be provided to Saint Martin to launch other cohorts focused on different thematic areas. These could include promising sectors such as those of renewable energy or sustainable construction. Each cohort could focus on the skills needed to take advantage of planned future investments, such as the reconstruction of digital infrastructure⁶⁸ or port development on the French side of the island.

RECOMMENDATION 5: IMPROVING PRIVATE SECTOR CAPACITY THROUGH DIGITALISATION

Type of measure: digitalisation, training, and investment

Duration: Medium and long-term

Challenge: The pandemic severely limited the economic activities and work of many companies, citizens and the public administration. Although several economic agents have been able to adapt swiftly to the new situation, a more digitally literate population and more technologically sound companies and public institutions could have coped better with the crisis. Furthermore, strong digital skills are of paramount importance for the future economic development of the region, in an increasingly automatised and digitalised world.

Objective: To improve citizens’ digital skills and promote digitalisation in the private sector. It will increase resilience and offer a way to diversify the local economy.

⁶⁴ Evidence provided by stakeholders and validated by desk research.

⁶⁵ <https://www.caraibcreolenews.com/2021/05/07/Saint-Martin-signature-de-la-convention-cellule-daccompagnement-a-la-regularisation-des-entreprises-care/>

⁶⁶ <https://dfpc.gouv.nc/se-former/salaries/programmes-publics/le-programme-cadres-avenir>

⁶⁷ Collectivité de Saint Martin (2021) La Collectivité de Saint Martin met en place son GPECT et son dispositif Cadre Avenir. Available at: http://www.com-Saint-Martin.fr/La-Collectivité%20de-Saint-Martin-met-en-place-son-GPECT-et-son-dispositif-Cadre-Avenir_Saint-Martin-Antilles_2373.html

⁶⁸ Tintamarre project focused on rebuilding the telecom network media destroyed by Hurricane Irma to allow operators to deploy optical fiber through a combination of ERDF and State grants.

Actions: Training programmes for workers could be expanded to include digital literacy curricula. The regional government could also consider providing support for private companies via grants or fiscal incentives to support the creation of websites, the setting up of online platforms or the acquisition of digital hardware such as computers. These programmes could also be directed at hiring unemployed people, which would then receive dedicated training. This would create more productive, efficient and resilient companies, while facilitating the absorption and upskilling of the unemployed. Digitally focussed training could also be used to develop new business models in Saint Martin, such as remote services for foreign companies (e.g. IT services).

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