

Opinion on the 'prospects for agriculture in French Guiana and the French Antilles within the framework of the EEC'

A. LEGAL BASIS FOR THE OPINION

Pursuant to the third paragraph of Article 20 of its Rules of Procedure, the Committee delivered a supplementary opinion on the above matter, following on its opinion of 20 November 1980 on the 'proposal for a Council Directive on the development of agriculture in the French overseas departments.'

B. OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE

The Economic and Social Committee prepared its supplementary opinion on the above matter at its 190th plenary session, held in Brussels on 23 and 24 September 1981.

The full text of the opinion is as follows:

THE ECONOMIC AND SOCIAL COMMITTEE,

Having regard to the third paragraph of Article 20 of the Rules of Procedure,

Having regard to its opinion of 20 November 1980 concerning the proposal for a Council Directive on the development of agriculture in the French overseas departments ⁽¹⁾,

Having regard to the decision taken by its Bureau on 30 June 1981, instructing the Section for Agriculture to prepare a supplementary opinion on prospects for agriculture in French Guiana and the French Antilles within the framework of the EEC,

Having regard to the opinion of the Section for Agriculture issued on 16 July 1981,

Having regard to the report presented by the Rapporteur, Mr De Grave,

Having regard to the discussions at its 190th plenary session held on 23 and 24 September 1981 (meeting of 23 September 1981),

HAS ADOPTED THE FOLLOWING OPINION

unanimously:

1. The distinctive features of the three French overseas departments (DOMs) dealt with in the opinion

The three French overseas departments dealt with in this opinion – just like the other two (La Réunion and St Pierre et Miquelon) and other peripheral areas of the

Community such as Greenland – all have distinctive climatic (and hence agricultural), demographic, economic and transport features. These features are frequently a handicap but they can also be of potential value to the whole of the Community provided the areas in question are not neglected.

1.1. The economic and social situation in the DOMs

The three overseas departments have a number of socio-economic features in common:

- they have few mineral resources, except perhaps in Guiana where a survey of these resources is under way. This makes it even more essential to exploit other sources of wealth – agriculture, forestry, the sea, new forms of energy and, on a more general level, all sectors with a future;
- they have narrow overall economic bases. This makes it even more difficult to industrialize the islands and gives small and medium-sized businesses a particularly important role in economic development.

The three departments are relatively prosperous within an area of general underdevelopment. In 1977 the mean gross domestic product *per capita* came to 15 000 FF in the French Antilles, 5 000 FF in the rest of the Caribbean and 40 000 FF in metropolitan France. The pay and welfare systems are on a par with those to be found in the developed world: wages are quite close to the European level, social security benefits are being aligned on those obtaining in metropolitan France and transfer payments are also at a high level.

Guiana, which is sparsely populated and has 95 % of its surface area covered by more or less virgin forests, has a

⁽¹⁾ OJ No C 348, 31. 12. 1980, p. 7.

continental shelf teeming with prawns and fish. It also has a high level of transfer payments which are boosted by the activities of the National Centre for Space Studies (CNES) at the Kourou base and the first signs of agricultural development. There are no major industries in Guiana.

The local economies have been scarred recently by devastating hurricanes in the Antilles. These have traumatized the population and led to the authorities, together with the Community, putting up large sums of money to repair the damage and restore production. Hurricanes David and Frederick between 28 August and 3 September 1979. Hurricane Allen on 3 and 4 August 1980 in the Antilles.

The DOMs' economies are marked by:

- a very high level of unemployment;
- GDPs and jobs based preponderantly on the service sector;
- an insufficient diversification of industries, which puts their economies at the mercy of a sudden switch in economic fortunes in one or two sectors;
- trade balances heavily in the red.

One of the salient characteristics of the DOMs' economies is the fact that the market sectors (building and public works, trade, services) receive their stimulus from the non-market sectors (especially the public sector). The State has a decisive role to play in the non-market sector through the economic impact of the decisions it is called upon to take (expenditure on wages, transfers, investments, price policy, etc.).

In the field of agriculture – the traditional economic base of the DOMs' economies – ceilings have been put on exports of sugar, rum and bananas. Development plans have had teething troubles in the Antilles whilst in Guiana agricultural and forestry development has only just started to get off the ground. The fact that agriculture accounts for 9.1 % of GDP but employs 21 % to 22 % of the labour force shows that income from agriculture is much too low in an area where the general level is already very low.

Industrial activities, on which the authorities had based their hopes of creating jobs, have absorbed only a limited amount of unemployment and modernization schemes in the main food industries, particularly sugar and rum, have even led to lay-offs.

The development of tourism in the Antilles has meant a higher occupancy rate of existing hotels but only a limited amount of new construction.

1.2. *The major problem – unemployment*

The lack of local jobs and activities in the DOMs has led to higher unemployment and large-scale migration.

Thus, in spite of a threefold increase in industrial investments in the DOMs between 1975 and 1980, only 500 to 1 000 new jobs were created each year, a figure which has to be set against the 3 500 jobs axed annually in agriculture and the 3 500 young entrants to the labour market each year. Unemployment in the Antilles is between 20 % and 25 %.

However much agriculture, industries, crafts and tourism are expected to develop, there will still not be enough jobs to satisfy needs. Hence the large-scale migration of young people to metropolitan France is likely to continue.

This migration is bound to exacerbate the employment situation in metropolitan France and make it impossible for the migrants to return to their native countries, etc.

2. **Proposals for the economic development of the DOMs, especially in the agricultural sector**

The Committee thinks that every effort must be made to speed up the development of the DOMs and to provide their populations with stable employment.

To achieve this, greater encouragement will have to be given to the productive sector. The Commission, acting in liaison with national and local authorities within the framework of the Treaties and secondary legislation, will therefore have to keep a particularly watchful eye on the pursuit of these objectives, especially in the fields of regional, agricultural, social and commercial policy.

The Committee is aware that the three departments' major problems, i.e. their high levels of unemployment and their backwardness, cannot be resolved simply by developing agriculture.

Industrial production and craft trades will also have to be boosted to counterbalance the service sector's inflated size (which is particularly evident in the civil service and the import trade).

Even though the departments should become self-sufficient in certain produce (livestock farming and food crops) as soon as possible, there is also a need to create or develop economic activities upstream and downstream of crop production, stock-breeding, fishing, fish farming or forestry. To quote but one example,

tropical fruit juices are imported from Venezuela because there are no local manufacturers at the moment.

The Committee calls in particular for the pursuit of the following objectives:

2.1. Speedier financing of the infrastructure investments required for the development of production

The aforementioned Community financial plan (funded by the EAGGF, Guidance Section) should help the DOMs to mitigate their natural handicaps and diversify production.

Greater consideration should, however, be given to the complementarity of the three departments' development potential. Hence the need to interbalance and coordinate the departments' development plans. In order that the region's needs might be better met, steps should be taken towards an 'integrated' policy of the type already planned for other regions of the Community (Lozère, South East Belgium, Western Isles of Scotland). Such a policy was proposed by the Committee in its opinion of 24 October 1979 ⁽¹⁾.

An overall package of aid should be the ultimate goal. Individual measures have had the advantage of taking into consideration specific situations in remote corners of the Community, but it is regrettable that these measures have been confined to minor details of economic development (farm machinery pools, food production investments, industrial plant). It would possibly be wiser to adopt a more global approach in the form of an integrated economic development programme which would mobilize the full range of Community funds for the development of the departments over a number of years. It is vital, after all, for businessmen to be aware of a development policy's long-term content.

The development of stock-farming and wood production in French Guiana, for example, will require the building of a modern abattoir of sufficient capacity which complies with the appropriate standards and the construction of forest tracts and roads for heavy traffic.

2.2. Adapting the Community market regulations to the special features of DOM products and periods of production

As a whole, the correcting of the approach adopted in the seventies (complete integration with allowance being made for regional characteristics) is agreed with and frequently applauded locally. However, the Community must not overlook the very special pros and cons of these less-developed regions.

The market organizations must be better tailored to the distinctive features of the DOMs.

The first aim should be to support food production so that the departments become self-sufficient.

Whereas 90 % of Guadeloupe's exports are agricultural produce, 72 % of all its imports are articles of food worth more than all its exports put together (FF 482 089 million in 1979). Why, it may well be asked, is a country with such an agricultural bias so dependent on other countries for its food supplies?

The export-import ratio in money terms dropped from 27 % to 19 % between 1975 and 1979.

The second objective should be to encourage certain exports to neighbouring countries and to the Community. Products already grown in Europe should not be the only ones to be given a chance at the expense of products which may be of little statistical significance to the Ten but which are important for the overseas departments' economies.

2.3. Improvement of outlets for DOM produce in Member States and respect for the principle of Community preference

If a small effort were made to give more publicity to DOM quality products such as aubergines, tropical fruit, limes and processed goods (fruit juices), these products would most certainly go down well with consumers. More often than not metropolitan France is the sole Community outlet for these products, which ought to establish a market for themselves throughout the Community by taking advantage of Community preference.

2.4. Development of forestry policy

The Economic and Social Committee has repeatedly ⁽²⁾ underlined the deplorable consequences of not having a

⁽¹⁾ OJ No C 53, 3. 3. 1980, p. 22.

⁽²⁾ OJ No C 114, 7. 5. 1981 (opinion of 12. 7. 1978), and OJ No C 227, 10. 9. 1979 (opinion of 22. 5. 1979).

proper common forestry policy applicable to the whole of the Community. The Commission has itself stated that 'efforts to improve the structural aspects of the common agricultural policy should be accompanied by initiatives in the forestry sector'. (Communication from the Commission to the Council of 5 December 1980 entitled 'Reflections of the Common Agricultural Policy, p. 25.)

Production in the EEC is growing at the rate of 1 % per annum whereas the annual rate of growth of consumption is 2 %. Furthermore, annual production totals some 80 million m³, while annual consumption is around the 200 million m³ mark.

In twenty years' time, imports are expected to supply more than 80 % of needs. This is going to expose the Community to serious risks because of likely shortages and other difficulties worldwide.

Wood and forestry products rank second, after oil, in the Community's trade balance deficit. The forestry sector and allied activities are also very labour-intensive.

If wise use were to be made of French Guiana's forests through finding out more about the types of wood growing there, the region, the Member State concerned and the whole of the Community could benefit enormously.

2.5. Vocational training policy

A major effort will have to be made in the field of vocational training because of the decline in traditional activities, the high rate of unemployment and the need to develop new activities.

The Community will therefore have to step up its efforts in this direction.

2.6. Integration of the DOMs in the Community's research policy

The DOMs, with their forests in French Guiana, their space centre at Kourou, their new forms of energy (solar, biological), their fish-farming and their marine resources, seem to be able to help meet the major challenges of the new international economic situation in which raw materials and new technologies are in heavy demand. This will be to the benefit of the whole of Europe.

Special emphasis will have to be placed on agronomic research into DOM products and on the contribution which this region of the EEC can make towards the development of the neighbouring countries.

Contacts between the DOMs and the other countries of the Caribbean seem to be reduced to the bare minimum, even though it is possible to applaud the symposium held in Pointe à Pitre on this subject (February 1981). A joint and formally-based approach could be adopted to problem areas and research work – split up according to precisely defined topics – with tropical agronomic research figuring high up on the list of topics covered.

2.7. Improvement of information

The populations of the DOMs must be provided with more ample information about Community aid available (areas of intervention, level of aid, procedures, conditions) and about the projects which have already benefitted from financial assistance.

2.8. Aid for regional development and the reduction of unemployment

More often than not the establishment of industrial enterprises is made difficult by the fact that the local market is so small and a part of production has to be for export. Investing in industry is therefore fraught with more problems than, say, investing in a commercial enterprise engaged in the import trade.

Community funds (ERDF, EAGGF, Social Fund, Vocational Training, etc.) should be used to aid job-creating investments, reduce unemployment and enhance living standards in these regions.

3. Conclusion

The Committee would like to point out in conclusion that the Community must keep a constant watch on the repercussions which its domestic policy decisions – especially those taken in the field of agriculture – and its external commitments have on the requisite development of these outlying regions of the EEC, bearing in mind their distinctive features, their remoteness and their location.

Done at Brussels, 23 September 1981.

*The Chairman
of the
Economic and Social Committee*
Tomás ROSEINGRAVE