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## REPORT FOR 1992-93 ON PROGRESS MADE IN IMPLEMENTING POSEIDOM

Report by the Commission to the Council and the European Parliament  
pursuant to Title V of Decision 89/687/EEC and Article 23 of Regulation  
(EEC) No 3763/91

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## INTRODUCTION

1. Council Decision 89/687/EEC of 22 December 1989<sup>1</sup> established a programme of options specific to the remote and insular nature of the French overseas departments (Poseidom). Pursuant to Article 227(2) of the Treaty of Rome as interpreted by the Court of Justice (Hansen case), Poseidom seeks to take into account in the application of Community policies the special features and handicaps of the French overseas departments arising from their remoteness, island nature, small size and difficult terrain and climate. Hence, their economic dependence on a small number of products, the small size of their local markets and their dual nature both as Community regions and territories located amidst developing countries affect their economic and social life.
2. Poseidom epitomizes the Community's solidarity with its remotest regions, something which is essential if the French overseas departments are to be better integrated into the internal market, and was intended to provide a frame of reference for the application of Community policies in these regions.
3. Accordingly, Poseidom is a framework programme which, because of the permanent nature of the constraints under which the French overseas departments suffer, extends beyond 31 December 1992. The Declaration on the outermost regions of the Community annexed to the Treaty of Maastricht confirms the Poseidom approach and extends it for as long as necessary.
4. On the general principle that it is to take into account the special features of the French overseas departments in the application of Community policies, Poseidom includes measures of four types: special provisions for agriculture chiefly concerned with supply and support for local production, regional cooperation between these overseas departments, the overseas countries and territories and the ACP States, the continuation or improvement of existing measures (dock dues, State aids, taxation) and assistance from the Structural Funds in accordance with the principles underlying the 1988 reform, while stating that such assistance must take account of the extra handicaps imposed by isolation and their island nature.
5. The "framework" nature of Poseidom means that measures can be taken under it which were not identified in advance. In order to ensure equal treatment with the other most remote regions, measures clearly of benefit to the French overseas departments but not provided for in Poseidom have been taken. Examples of these include certain measures concerned with customs matters and fisheries.

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<sup>1</sup> OJ No L 399, 30.12.1989.

6. Title V of the Poseidom Decision and Article 23 of the framework Regulation on agricultural matters<sup>1</sup> require the Commission to submit an annual progress report on the implementation of both the Poseidom programme and the measures provided for in that Regulation accompanied where appropriate by proposals concerning any adjustment measures which may prove necessary to achieve the objectives of the Poseidom programme.
7. This report is intended to comply with those requirements and covers the year 1992, during which most of the specific measures implemented under Poseidom became operational, and 1993, the first complete year during which they were applied.
8. In the light of this initial period of application, the report reviews the economic and social situation of the French overseas departments and how it has changed since 1989, makes an initial appraisal of the measures designed and implemented under the partnership between the national government, the French overseas departments and the Commission and outlines adjustments and extensions which appear necessary to achieve the Poseidom objectives.

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1 Council Regulation (EEC) No 3763/91 of 16 December 1991 introducing specific measures in respect of certain agricultural products for the benefit of the French overseas departments - OJ No L 356, 24.12.1991, p.1.

## I. THE SOCIO-ECONOMIC SITUATION OF THE OVERSEAS DEPARTMENTS

9. In addition to the handicaps listed and recognized by Poseidom (island situation, small markets, remoteness, etc.), which still apply, the socio-economic situation of the French overseas departments has changed since 1989. That change, which occurred during a time of economic difficulty, demonstrates the need to continue and step up the measures taken under Poseidom in order to achieve the goal of enabling these regions to catch up and develop and integrate further into the large internal market and the region in which they are situated. A table of basic socio-economic indicators may be found in Annex I.
10. The constant features which have long typified the French overseas departments include:
- per capita GDP less than half the Community average which means that they are among the poorest regions in the Community;
  - one of the highest unemployment rates in the Community, approaching 25% in Martinique and Guadeloupe, 40% in Réunion and 16% in French Guiana. This is made all the more serious by the recent reversal of traditional patterns of migration and a birth-rate higher than elsewhere in the Community;
  - a primary sector still largely dependent on traditional agriculture whose outlets are being threatened by the greater competition which its products have to face in France, their main outlet and one which was previously their sole preserve. This problem is accentuated by the fact that they are virtually unrepresented on the rest of the Community market and the difficulties they are experiencing in integrating themselves into regional trade in the Caribbean and the Indian Ocean;
  - a secondary sector which is comparatively weak and consists mainly of small firms (90% have fewer than 20 employees) in the construction and civil engineering sector dealing primarily with the local market and struggling under the following widely recognized handicaps:
    - \* problems of securing raw materials for processing on the spot;
    - \* inadequate access to technological investment;
    - \* vocational training limited by the size of the firms and the possibilities offered by each region;
    - \* excessive transport costs which inflate the price of inputs and make it difficult to sell their products on other markets.

In addition, they have to face competition from the outside world;

- a highly developed tertiary sector, largely thanks to the size of the public administration. Tourism has excellent prospects but is still excessively dependent on visitors from France and finds it difficult to find a niche among its Caribbean neighbours.
11. In addition, the socio-economic context of the French overseas departments has changed, mainly as a result of:
- growth in regional economies above the Community average whose impact on employment has not, however, been sufficient to absorb the increase in the labour force;
  - strong population growth comprising a high birth rate and a reversal of migratory flows over a number of years. This exerts considerable pressure on the labour market;
  - a degree of diversification which is still precarious, but is encouraged by the Regis Community Initiative among others;
  - high labour costs, which undermine the competitiveness of firms and add to the additional costs stemming from their location in these remote regions where they face competition from low-wage neighbours. The policy of aligning the SMIC (salaire minimum de croissance - minimum growth wage) in the French overseas departments with that in France and the introduction of the RMI (revenu minimum d'insertion - minimum work programme income) into these regions (which accounted for 20% of applications filed in France although containing only 2.5% of the population) advance the desirable cause of raising living standards but may also have a deleterious impact on employment. For example, they somewhat reduce the prospects for employment, particularly among young people and those with the lowest qualifications (over 60% of the unemployed are unqualified), and may contribute to the growth of undeclared work;
  - the budgetary problems of the regions which, together with the general economic slow-down and the spiralling cost of credit, have depressed the local economic situation. The chief results of this are a fall in public investment and the activity rate of local small firms and industries and delays in payments which cause severe cashflow problems for many firms;
  - an improvement in infrastructure quality between 1989 and 1993, although there is still much to be done in some areas such as low-cost housing;
  - greater urgency as regards the environment, particularly the cost of treating waste and problems in applying Community standards. Here too the French overseas departments require a special approach - for example, French Guiana has the only tropical forest in the Community.

## II. MEASURES TAKEN UNDER POSEIDOM

12. The various measures adopted under Poseidom since 1989, which are listed in Annex II, demonstrate the stress laid on agriculture along with the gradual adoption of measures in other sectors of economic activity such as fisheries or through instruments relating to taxation, customs matters and commercial policy. The Community has expressed substantial financial solidarity with these Objective 1 regions through assistance from the reformed Structural Funds channelled through a Community support framework for each of the four French overseas departments and Community Initiatives, such as Regis, which deal specifically with the most remote regions.

### A. AGRICULTURE

13. In order to offset the impact of the territories' location, Poseidom has identified a series of measures principally designed to improve supply to these regions and develop or maintain certain forms of agricultural production while adapting assistance from the common agricultural policy to the special features of agriculture there. To implement and extend the initial guidelines contained in Poseidom, on 16 December 1991 the Council adopted a framework Regulation<sup>1</sup> introducing specific measures which were in turn implemented through a number of Commission Regulations. The Community has also paid particularly attention to the traditional production of bananas and sugar cane, sugar and rum, mainly through specific structural measures.
14. These measures to assist agriculture in the French overseas departments are all designed to encourage production in that sector, which is regarded as a priority for the economic and social development of the regions.

#### 1. Implementation of the Poseidom framework Regulation for agriculture

15. Regulation (EEC) No 3763/91 established:
- a series of specific market measures to be financed from the Guarantee Section of the EAGGF (mainly specific supply arrangements and aid for local production), using specific lines in the Community budget and costing ECU 45 million in 1992 and ECU 49 million in 1993;
  - a series of veterinary and plant health measures;

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<sup>1</sup> Council Regulation (EEC) No 3763/91 - OJ No L 356, 24.12.1991.



- a series of derogations from structural measures to facilitate assistance from the Guidance Section of the EAGGF in the French overseas departments.

16. The time required to prepare and adopt the regulations to implement the framework Regulation (EEC) No 3763/91, the administrative procedures at national and regional level actually to put them into effect and the time required for those engaged in economic activity to adapt to the new mechanisms means that, in most cases, this assessment relates to a period of effective application of 12 to 18 months. At this stage, it would be fruitless to draw final conclusions as to the impact of these measures on the economic and social development of the regions. A further obstacle is the different levels of achievement in the various territories which, in any case, are not affected to the same extent by the measures adopted.

(a) Specific supply arrangements

17. The aim of the supply arrangements is to offset the additional costs which their geographical location imposes on supplies to these regions of certain products required for everyday consumption and/or processing from non-member countries or elsewhere in the Community. Supply from non-member countries is assisted through exemption from levies and customs duties on direct imports. Aid is given to supplies from elsewhere in the Community so that such products may be available in those regions on equal terms.
18. The quantities of products which may benefit from the supply arrangements are determined on the basis of forecast supply balances which are periodically revised in order to take account of the needs of the regional markets. Particular attention is paid to the economic repercussions of these arrangements in order to ensure that the benefits granted are enjoyed by all concerned down to the final consumer.
19. The supply arrangements were originally devised as a means of developing agricultural production and processing activities and then as a means of meeting local consumer needs. Two sectors benefit from them: cereal products and animals for breeding and fattening.

Cereal products

20. The supply of cereal products is intended to meet needs in the French overseas departments more fully by encouraging the expansion of local production, particularly stockraising, and providing supplies at lower costs. The arrangements exempt products from the ACP States from levies and customs duties and may be extended to other non-member countries if there are supply problems; they also provide for Community cereals to be supplied on equivalent terms. This measure was required by the lack of cereal production in these regions and the

pressing requirements of animal and human consumption.

21. This measure is subject to the condition that the advantages granted are enjoyed by all concerned down to the final consumer. However, it is difficult to measure this impact because of the number of stages of processing and the fact that raw materials constitute only part of the costs of production. The French authorities have set up a Monitoring Committee in each territory to assess the impact of Community aid and exemptions from levy on final prices.
22. The quantities determined by the supply balances show increased requirements for wheat, barley and maize but to a degree which varies from one region to another.
23. An initial assessment shows that introduction of these supply arrangements has led to a reorganization of the stockraising sector and an increase in the self-supply rate in meat, which still remains very far short of 100%, and the development of new units to manufacture animal feed. This consolidation and revitalization of an underdeveloped sector have introduced fresh competition which can only benefit the final consumer.
24. Supplies of cereal products for human consumption are smaller in volume but nevertheless essential to offset the additional costs arising from distance and to enable local processing firms to survive in the face of competition from those located elsewhere in the Community.

#### Animals and meat

25. The supply arrangements concern aid for the supply of breeding animals of Community origin and of bovine animals for fattening. These provisions are complementary because they are designed to support local breeding and permit the consolidation or establishment of meat and animal production in these regions by offering them volumes large enough to guarantee economic operation.
26. The arrangements for the supply of pure-bred breeding animals of Community origin apply to bovine animals, horses, rabbits, pigs, sheep, goats, chickens and eggs for hatching. The delay in introducing these arrangements means that they are not yet operating at a significant level. The main obstacle to increasing these supplies is that European breeds of cattle and goats are not well adapted to the climatic and health conditions in these regions. The authorities have reported that most breeds of cattle face considerable problems (transport, acclimatization, health) so that the aid granted has not resulted in the considerable reduction in production costs which was expected. However, deliveries of such animals are essential to improve herds through crossing with local breeds. The situation could be improved by acquiring animals from non-member countries which are better adapted to local climatic conditions.

27. The supply of bovine animals for fattening and local consumption is designed to increase the low level of self-supply from local animals. Imports from non-member countries, exempt from customs duties and levies, met obstacles because of the veterinary problems confronting the main supplier countries. Despite Community aid, supplies of animals of Community origin remained limited by the high transport costs and the weight lost by the animals.

(b) Aid to agricultural production in the French overseas departments

28. Aid under Poseidom may be granted for the production, processing and marketing of agricultural products. This aid covers either the maintenance and consolidation of the traditional activities of the regions or the development of diversified production.
29. Two specific aid measures for the sugar cane - sugar - rum sector have been implemented (see para. 46 below):
- flat-rate aid for cane cultivation as part of a restructuring plan includes replanting and land re-parcelling measures. The impact of the aid over one year is still insufficient for any useful assessment to be made;
  - aid granted for the processing of cane into agricultural rum has rapidly proved its value and constitutes an excellent response to the general objective of maintaining traditional agricultural activity in the region.
30. Aid for the production of rice in French Guiana was introduced for a limited period (1992-96) as part of the development of the Savane Sarcelles polder. Disposal of the rice is also assisted by aid for marketing in Guadeloupe and Martinique. However, this is insufficient to dispose of all the rice produced in French Guiana in view of traditional trade flows between certain ACP countries and the French overseas departments.
31. Specific measures have been adopted to develop the production and improve the quality and marketing of fruit, vegetables, plants and flowers:
- the first programmes of initiatives to develop production and improve the quality of products were not submitted until 1993. The application procedures appeared cumbersome to small holdings and the aid granted did not have the stimulating effect which had been hoped for;
  - aid for the marketing of local products was well regarded by producers who wished to meet the quality requirements of the Community market. This approach should be continued and intensified while improving quality and raising awareness of products from the French overseas departments;

- the study financed by the Commission on the balance and prospects for processing fruit and vegetables in the French overseas departments was delivered at the end of 1993. Under Article 14 of the framework Regulation (EEC) No 3763/91, the Commission will make appropriate proposals on the basis of this study.
- 32. Aid for the human consumption of fresh dairy products obtained locally is designed to support local production. This measure has proved difficult to apply for a number of reasons. The small amount of aid and the method of production, which entails manufacturing products from locally purchased fresh milk mixed with imported milk powder, made it useless. The provisions governing this aid should therefore be reviewed.
- 33. As regards animal husbandry, supplements to the premium for the fattening of male bovine animals and a premium for suckler cows were introduced to extend the arrangements for developing breeding and improving meat production.
- 34. Poseidom include a provision for the production of a special graphic symbol to ensure greater awareness and consumption of quality agricultural products specific to the French overseas departments as remote regions. In December 1993 the Commission organized a competition for the production of this symbol for joint use.

(c) Veterinary and plant health measures

- 35. Poseidom provides for the Community to provide financial assistance to veterinary and plant health measures as part of programmes submitted by the French authorities. In the veterinary field, measures should concentrate on the eradication of diseases affecting cattle and undermining efforts to improve the quality and productivity of herds. In December 1993 the Standing Veterinary Committee gave its favourable opinion on the inclusion of diseases specific to the French overseas departments on the list of diseases in respect of which eradication programmes may adopted. The decision will be adopted by the Commission shortly. The veterinary programme for the eradication of these diseases should be approved by the Standing Veterinary Committee during February 1994. With regard to plant health, measures to prevent and combat harmful organisms are required for the development and improvement of crops. The plant health programme has been adopted and will apply from 1993.

(d) Derogations from structural measures

- 36. The changes made to the implementation of Council Regulation (EEC) No 2328/91 on improving the efficiency of agricultural structures<sup>1</sup> should be mentioned. Subsequent to the opinion of the Star Committee and the favourable Commission Decision of 29 July 1993, the following

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1 OJ No L 218, 6.8.1991, p.1.

measures, compatible with animal welfare requirements and the protection of the environment were adopted:

- conditions for the grant of aid were made flexible to encourage investment in buildings on the holding and foster the development of pig and poultry raising;
- the compensatory allowance was extended to all crop production in the French overseas departments.

**2. Measures to promote traditional agricultural production (bananas and sugar cane - sugar - rum)**

37. Through Poseidom, the Community has acknowledged the importance of bananas and sugar cane - sugar - rum for the economic health of these regions and the maintenance of employment there. Bananas, sugar and rum are products of vital economic and social importance in the French overseas departments. Together they account for almost 70% of exports by value and one third of employment in all the departments apart from French Guiana.
38. Pursuant to paragraphs 8.2 and 8.3 of the Poseidom programme, the Commission has implemented structural measures to assist bananas and sugar cane - sugar - rum, principally to improve their competitiveness and assist their marketing, without waiting for the adoption of the market organization for bananas and completion of the single market on 31 December 1992. The Community assistance granted (ECU 14 million in 1992 and ECU 17.5 million in 1993) is over and above assistance from the Structural Funds for 1989-93 and complementary to Community and national market measures.
39. The doubling of the Structural Funds for the French overseas departments over the period 1992-99 should enable measures to restructure and modernize these products to be stepped up and intensified over the new programming period for the Funds (1994-99).

**(a) Bananas**

40. The additional structural measures for bananas adopted by the Commission in 1992<sup>1</sup> and 1993<sup>2</sup> concerned implementation of the following measures:
- land reparation and irrigation
  - conversion to new varieties
  - farm transport
  - farm equipment
  - measures to promote and control quality
  - promotion measures.

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1 Commission Decision C(92) 2116 of 10 September 1992.

2 Commission Decision C(93) 2796 of 5 October 1993.

Community assistance for the two overseas departments producing bananas, Martinique and Guadeloupe, amounted to almost ECU 13 million and ECU 6.3 million respectively.

41. When it prepared its proposal on a market organization for bananas, the Commission took account of the special circumstances in which Community bananas, which come chiefly from the most remote regions and, as far as the French overseas departments are concerned, Guadeloupe and Martinique, are produced and marketed. Council Regulation (EEC) No 404/93,<sup>1</sup> which set up the market organization for bananas, introduced import arrangements, arrangements for compensatory aid to offset loss of marketing revenue suffered by Community producers, aid for the establishment of producer organizations and structural measures to be integrated into the future Community support frameworks for 1994-99. This means that the new market organization offers those involved in banana production and trade in the French overseas departments prospects for disposing of and marketing their products on the Community market.

(b) Sugar cane -- sugar -- rum

42. Paragraph 8.3 of the Poseidom programme provides for specific measures to protect the vital interests of rum producers in the run-up to the single market with the aim of improving their competitiveness, restructuring the sector and promoting the marketing of their products.
43. Some of the measures adopted by the Community directly concern rum, others sugar and sugar cane and some the whole group. The importance of each element should be borne in mind, since they are difficult to dissociate, with each ensuring the continued existence of the next.

Structural measures

44. In 1989-93 Community structural assistance to these products was granted principally through:

- the EAGGF Guidance Section via:
  - \* the Community support frameworks for each of the regions;
  - \* the Community Regis initiative for the most remote regions;
- the structural measures financed by additional appropriations in 1992 and 1993, under Poseidom.

45. The following table shows, for guidance, the Community funds allocated to the sugar cane - sugar - rum sector over the period 1989-93. The Community contributions cover about 50% of eligible expenditure and

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<sup>1</sup> Council Regulation (EEC) No 404/93 of 13 February 1993 on the common organization of the market in bananas - OJ No L 47, 25.2.1993.

are supplemented by national aid, regional aid and in some cases by private funds.

(ECU million)

	CSF 1989/93 (1)		REGIS 1991-93 (2)		POSEIDOM 1992 and 93 (3)	Total
Réunion	27	30%	1.6	7%	8.5	37.1
Guadeloupe	5.8	25%	1.7	18%	2.8	10.3
Martinique	0.8	4%	2.9	25%	0.9	4.6

- (1) Indicative share of the measures for the sector in the total EAGGF Guidance Section appropriations in the Community support frameworks.
- (2) Indicative share of the measures for the sector in the total EAGGF Guidance Section appropriations under Regis.
- (3) Additional structural measures financed under budget heading B2-24 "programmes for the most remote regions"

- In Reunion, the measures are directed primarily at land improvements (stone removing and mechanization), the restructuring of a sugar unit and the development of reception and research stations. The size of the funds allocated to this sector shows the economic significance of sugar production in Reunion.
- In Martinique and Guadeloupe, the assistance is mainly for the restructuring of sugar factories but also covers research and technical support.

#### EAGGF Guarantee Section measures under Poseidom

46. The agricultural framework Regulation for Poseidom contains two measures to promote sugar cane - sugar - rum production in the French overseas departments (see para. 29):

- the first provides Community support for drawing up a restructuring plan for sugar cane cultivation. Aid is granted at a flat rate per hectare and takes two forms for the same parcels:
  - \* firstly, a maximum amount of ECU 750/ha, for plantation work, applies to an area of 27 400 hectares;
  - \* secondly, a maximum amount of ECU 1 747/ha, for land improvement work, applies to an area of 9 850 hectares;

- the second consists of aid for the processing of sugar cane into agricultural rum. The aid is paid to the distiller on condition that he has paid a minimum price to the sugar cane producer. The amount of aid is set at ECU 53.18/HPA for an overall quantity of 75 600 HPA.

#### EAGGF Guarantee Section measures under the organization of the sugar market

47. The production of sugar cane and its processing into sugar are integrated into the common organization of the market in sugar. The specific nature of the sugar cane sector has been taken into account in two ways in this market organization:

- by not setting a basic price, or a minimum price for the sugar cane, as is done for beet;
- by introducing measures to facilitate the sale of sugar from the French overseas departments in the Community.<sup>1</sup>

48. The first measure provides that the prices of sugar cane are established by inter-trade agreements between the sugar cane producers and the sugar manufacturers. The second provides for aid for transport and aid for refining applied to the sugars processed in a European refinery. These two forms of aid bring the price of sugar from the French overseas departments to the same level as that of sugar from the ACP States. The overall cost of this aid to the Community budget over the period 1986-92 averaged ECU 16.6 million per year.

#### National measures authorized by the Council

49. Regulation (EEC) No 1785/81<sup>2</sup> authorized a national scheme for the sugar sector in the French overseas departments. Subsequently, Regulation (EEC) No 1254/89<sup>3</sup> authorized a new scheme of national aid by providing for its re-examination under the Poseidom programme rather than in the context of the Regulations fixing the price of sugar for the year.

#### The taxation of rum

50. By adopting the new excise duty arrangements applicable since 1 January 1993, the Community took account of the sensitivity of certain rums by allowing the preservation of a tax concession in their favour on the French market, both in the overseas departments and in mainland France (see para. 69).

<sup>1</sup> Regulation (EEC) No 2225/86, OJ No L 194, 17.7.1986.

<sup>2</sup> OJ No L 177, 1.7.1981.

<sup>3</sup> OJ No L 126, 9.5.1989.



51. Hence Council Directive 92/12/EEC of 25 February 1992<sup>1</sup> provides for the general excise duty arrangements not to apply to the overseas departments. This measure therefore allows France, if it so wishes, to keep the various reduced rates of excise duty for all locally produced rums as they are.
52. As far as mainland France is concerned, Council Directive 92/83/EEC of 19 October 1992 allows France to apply the normal national rate of excise duty reduced by up to 50% to certain types of rums (agricultural and other traditional types).

### Position of the producers

53. While it is still too early to assess the precise impact of these measures, particularly those concerned with structures, it may already be said that they have helped preserve this sector, which is of vital importance for the French overseas departments in the context of the completion of the internal market and the adaptations which this requires of producers. The Commission is currently considering the position of Community rum producers in the new situation created by the growth of imports from non-member countries, and, in particular, in the light of the removal of the tariff quota for the ACP States provided for in Protocol 6 to the Lomé Convention, for which provision is already being made. The Commission will report on this matter and take all appropriate steps during 1994.

## B. FISHERIES

54. Following the lines set out in Poseidom, in 1992 the Community adopted a number of measures to improve the integration of the French overseas departments into the common fisheries policy. Because of the potential of the fisheries sector in those regions, which themselves consume large quantities of fish, and the constraints imposed by their remote location (additional costs of inputs, disposal of products and access to research and technological development), in 1993 the Commission, in partnership with the French authorities concerned, began considering how a fisheries aspect of Poseidom could be developed and took steps in that direction.

### 1. Producer organizations

55. On 15 June 1992 the Council adopted Regulation (EEC) No 1603/92 authorizing an enhanced aid system for the formation of producers' organizations.<sup>2</sup> That measure, which originally formed part of the Poseima and Poseican programmes, was extended to the French overseas departments to ensure equal treatment of all the most remote regions.

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1 Council Directive 92/12/EEC of 25 February 1992 on the general arrangements for products subject to excise duty and on the holding and movement of such products, OJ No L 76, 26.2.1992.

2 Council Regulation (EEC) No 1603/92, OJ No L 173, 27.6.1992.

56. That Regulation authorized France to provide increased financial aid for a period of five years for the establishment of producer organizations in the French overseas departments over the five years following adoption of the Regulation. Half the aid would be reimbursed by the Community. Similarly, the Community will encourage application in the French overseas departments of the fisheries market organization of which producers' organizations are a compulsory part.
57. To become fully operational, this measure will require an adjustment to the specific features of the fisheries sector in the French overseas departments of the general rules governing the recognition of producers' organizations, and in particular the minimum production threshold required.

## 2. Fisheries in French Guiana

58. Tropical shrimps of the "Penaeidae" family account for 80% by value of French Guiana's exports and are currently encountering difficulties, mainly because of competition from shrimps produced by non-member countries and the restructuring which the sector requires.
59. The reform of the market organization for fisheries<sup>1</sup> meant that this product could enjoy the guide price guarantee and aid for private storage when its average selling price fell below 85% of the guide price. That measure is a complement to the one encouraging the establishment of producer organizations, which are an essential means of transmitting the instruments and aids provided for by the market organization.
60. Measures were also taken under Regulation (EEC) No 4028/86 on Community measures to improve and adapt structures in the fisheries and aquaculture sector<sup>2</sup> and Regulation (EEC) No 4042/89 on the improvement of the conditions under which fishery and aquaculture products are processed and marketed.<sup>3</sup>
61. The Community is continuing to monitor the situation as regards conservation and management of stocks in the waters off French Guiana. Each year appropriate measures are taken with regard to vessels from non-member countries within that region's 200-mile zone.<sup>4</sup> They are designed to enable local fishing activity to continue and ensure conservation without harming the processing industry in French Guiana which is supplied by vessels from non-member countries fishing within the 200-mile zone.

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1 Council Regulation (EEC) No 3759/92 of 17 December 1992 on the common organization of the market in fishery and aquaculture products - OJ No L 388, 31.12.1992.

2 OJ No L 376, 31.12.1986.

3 OJ No L 388, 31.12.1989.

4 See, for 1993, Council Regulation (EEC) No 3929/92 - OJ No L 397, 31.12.1992. In December 1993 the Commission proposed that these measures should be continued in 1994.

62. The quality of this production and its importance for the economy of the region make it a priority for Community assistance to French Guiana.

### 3. Fisheries agreements

63. The Community has negotiated a fisheries agreement with Dominica. That agreement, reached in a spirit of regional cooperation, takes account of the fact that both parties are signatories to the United Nations Convention on the Law of the Sea. It provides for mutual access to fishing zones for vessels registered on the one hand in Martinique and Guadeloupe and on the other in Dominica and for cooperation on the conservation and rational management of fisheries resources. The agreement also makes provision for periodic consultations on the number and size of vessels authorized to fish in the other party's waters and sets up a Joint Committee to ensure its smooth implementation. However, in March 1994 the Government of the Commonwealth of Dominica was unable to sign the Agreement and made fresh requests concerning the limitation of access by Community vessels to opportunities for deep-sea fishing within its territorial waters.

### 4. Introduction of a fisheries aspect for Poseidom

64. On 3 December 1993 the Commission sent the Council a proposal for a Regulation also applying to the Canaries, the Azores and Madeira intended to compensate these regions for the additional costs incurred in the marketing of certain fishery products, including shrimps from French Guiana, as a result of their remote location.<sup>1</sup> On 15 November 1993 the Commission also decided to grant special Community aid worth ECU 3.3 million for various analytical and forecasting studies and measures for certification, promotion and research and the development of aquaculture in the French overseas departments.

## C. TAXATION

### 1. VAT and excise duties

65. Traditionally, the overseas departments have enjoyed different arrangements for indirect taxation (VAT and excise duties) from those applying elsewhere in the Community. As part of its work on abolishing tax frontiers, the Community has extended and amended the common system of VAT and adopted a series of directives on the harmonization and approximation of excise duties. In line with the Poseidom guidelines, appropriate adjustments had to be made to the general arrangements to take account of the specific needs of the French overseas departments.

66. A lighter burden of VAT and excise duties for the French overseas departments is justified by the need to limit the tax burden added to

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1 COM(93) 630 final of 3 December 1993 - OJ No C 4, 6.1.1994.

the high additional costs arising from their remoteness and island nature. A global approach to indirect taxation was also required to encompass dock dues, the revenue from which supports local budgets and regional funds for development and employment, in addition to VAT and excise duties.

67. Accordingly, Council Directive 91/680/EEC of 16 December 1991<sup>1</sup> excludes the French overseas departments from the new Community VAT scheme. France may therefore keep special arrangements for these territories:
- reduced rates in Guadeloupe, Martinique and Réunion;
  - no VAT in French Guiana, St Barthélémy and St Martin.
68. Similarly, France was authorized not to apply in the French overseas departments the general arrangements for the holding, movement and monitoring of products subject to excise duty.<sup>2</sup>
69. In the case of rum produced from sugar cane harvested in the place of manufacture and having a content of volatile substances of 225 grams per hectolitre of pure alcohol and a minimum alcoholic strength by volume of 40% vol., the Community authorized France<sup>3</sup> to apply on its metropolitan territory rates of duty of not less than 50% of the standard national rate of duty. That measure applies to all rums which meet these criteria and in particular, but not exclusively, agricultural or other traditional rums from the French overseas departments. The aim of this measure is to preserve outlets for traditional rums from the French overseas departments on the French market.

## 2. Dock dues

70. By decision 89/688/EEC<sup>4</sup> the Community recognized the role of dock dues as a substantial resource for local budgets and an instrument of economic development while providing for its adjustment to make it compatible with the Treaty.
71. The Court's judgment of 16 July 1992 (Case C-163/90 *Legros*) in which it declared the old-style dock dues collected until 1992 incompatible with Articles 9 *et seq.* of the Treaty demonstrated that the Community had been right to anticipate problems with this tax and to reform it from 1 January 1993.
72. Hence, pursuant to Council Decision 89/688/EEC, the dock dues arrangements were amended by the French law of 17 July 1992. The new

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1 Council Directive 91/68/EEC - OJ No L 376, 31.12.1991.

2 Council Directive 92/12/EEC of 25 February 1992 - OJ No L 76, 23.3.1992.

3 Council Directive 92/83/EEC of 19 October 1992 on the harmonization of the structures of excise duties on alcohol and alcoholic beverages.

4 Council Directive 89/688/EEC of 22 December 1989 concerning the dock dues in the French overseas departments - OJ No L 399, 30.12.1989.

arrangements came into force on 1 January 1993 and extend the scope of this tax, traditionally applied to products imported into the French overseas departments, to products manufactured in those regions. Partial or total exemptions depending on economic needs may, however, be authorized for a period of ten years to help promote and maintain local economic activities in the light of the strategy for the economic and social development of each region and subject to notification to the Commission, which informs the other Member States and adopts a position within two months.

73. As part of this reform, on 22 December 1992 the Commission decided to raise no objections to the scheme of exemptions notified in October 1992 while asking the French authorities to keep it informed of any changes in the basic rates or exemption schemes which could increase the taxation differential between imported products and local production which the regional Councils wished to support. In line with this attitude, on 20 December 1993 the Commission decided, in the light of the further information which it had received in November 1993 and provided that the exemptions did not prove such as to alter the conditions of trade in a manner contrary to the common interest, to raise no objections to the fresh deliberations of the Martinique and Guadeloupe regional councils notified to it in July and August 1993, respectively.

#### **D. FREE ZONES AND WAREHOUSES**

74. On 15 June 1992 the Council adopted Regulation (EEC) No 1604/92,<sup>1</sup> under which the free zones and warehouses of the French overseas departments, the Canary Islands, the Azores and Madeira were exempted from the economic arrangements laid down in the inward processing arrangements. It should be remembered that in the general conditions for inward processing products from non-member countries may be incorporated into the processing chain without being subject to CCT duties provided that this does not affect the essential interests of Community producers.
75. The Regulation (EEC) No 1604/92 means that all processing operations intended for export may be carried out in these free zones and warehouses, irrespective of whether the above condition has been complied with.
76. Because of their exceptional geographical location, this measure applies to all the most remote regions. Although Poseidon makes no explicit reference to it, Poseican and Poseima do. To ensure equal treatment and because there is a free warehouse in Guadeloupe and a free zone is being created in Réunion, the French overseas departments benefit from the inward processing arrangements laid down by that regulation.

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<sup>1</sup> Council Regulation (EEC) No 1604/92 of 15 June 1992 - OJ No L 173, 27.6.1992.

77. This derogation from the general inward processing arrangements encourages the development of small firms and the productive sector as a whole, which is important for the socio-economic progress of these regions. It may also encourage:
- either the direct establishment of firms from other Community regions, the ACP States or non-preferential non-member countries, or
  - the setting up of joint ventures for more sustained economic activity in regional markets (Caribbean and Indian Ocean).

#### E. LIST OF NATIONAL MEASURES

78. Paragraph 10.1 of Poseidon provides for a systematic list of national measures which have specific effects favouring the French overseas departments so that a decision may be taken on whether to maintain, modify or abolish them in line with the general principles of the Treaty, while taking into account the special constraints on those areas.
79. The Commission drew up an initial list, which it sent to the French authorities on 22 December 1992. This was completed and returned to the Commission on 21 September 1993. France was asked for further information in November and December 1993.
80. The measures on that list included six taxation aid schemes which were considered by the Commission in 1992 in the light of Community rules on State aids (Article 92 of the EEC Treaty) and pursuant to paragraph 10.2 of Poseidon. The measures related to:
- Article 208c-1 of the general taxation code concerning the temporary exemption from taxation of firms establishing a new activity in the French overseas departments;
  - the reduction in the tax base for profits made overseas referred to in Article 217a of the general taxation code;
  - the long-term tax arrangements for the overseas departments contained in Article 1655a of the general taxation code;
  - the reduced rate of income tax provided for in Article 231(5) of the general taxation code;
  - the possibility of deducting VAT on certain exempt products pursuant to Articles 295(1)(5) and 50-Annex IV to the general taxation code;
  - the scheme of financial incentives for overseas investment.

81. The Commission took a favourable decision on a further State aid concerning the credit policy of the IEDOM (Institut d'Emission des Départements d'Outre-Mer) towards firms.
82. Despite the size of the aids in question and their generally high level of intensity, the Commission decided to raise no objections to these measures. In its appraisal, the Commission noted that:
- the aids were intended to foster the economic development of the French overseas departments, in line with Poseidom and with the derogation applicable to these regions in Article 92(3)(a) of the Treaty;
  - because of their island nature and remoteness, the French overseas departments suffer from permanent handicaps which reduce the competitiveness of firms;
  - the main beneficiaries of these measures are the small firms and industries whose retention and development are essential if these regions are to catch up in social and economic terms.
83. Acceptance of these seven aids by the Commission does not prejudice the view which might be taken of aids to sectors subject to Community rules. In any case, these aids will be included in calculating the ceiling on regional aids applicable to the French overseas departments. The Commission has asked for an annual report on the implementation of these aids.
84. The other national measures on this list are currently being considered by the Commission in consultation with the French authorities.

#### F. AIR AND SEA TRANSPORT

85. Because of the island and very remote nature of the French overseas departments, their economies are highly dependent on air and sea links with the rest of the Community. Supplies to these regions and their deliveries of tropical products (bananas, sugar, pineapples, etc.) to the rest of the Community depend on sea transport. Air links are the only way of ensuring the free movement of their residents and are essential to the tourist economy.
86. The Community intends to ensure that a selection of companies continues to serve the French overseas departments in order to ensure competition in supplies and the export of local products. However, these regions also require a regular year-round service.
87. Poseidom therefore provides for the Commission and France to introduce measures to ensure that a number of airlines serve the French overseas departments. Accordingly, they benefit already from the third air

transport liberalization package which permits France to continue to impose public service obligations on the airlines which serve them.<sup>1</sup>

88. As regards maritime cabotage, the French overseas departments are temporarily exempt from the principle of the freedom to provide services in the field of maritime transport within the Member States.<sup>2</sup> That derogation until 1 January 1999 should permit those regions to adapt to the liberalized arrangements. In the case of maritime cabotage, existing public service contracts may remain in force until they expire.

#### G. ENVIRONMENT

89. Paragraph 6 of Poseidom states that Community policies, including those concerned with the environment, will have to take into account the special character of the French overseas departments because of the particular problems posed by their isolation in areas with fragile ecosystems and by their adjustments to meet Community environmental standards with all the extra costs which that implies.
90. In order to study and list the special characteristics and needs of the French overseas departments in this respect, on 21 December 1993 the Commission decided to grant ECU 1 million for studies.
91. These will cover:
- a list and preparation of the investments required for assistance from the Structural Funds to begin during the period 1994-99;
  - consideration of matters relating to the application of Community legislation on the environment and any related problems.

#### H. REGIONAL COOPERATION

92. Title IV of Poseidom deals with the need for better regional cooperation between the French overseas departments and the different States, countries and territories nearby. That regional cooperation should permit better integration of the French overseas departments into their geographical situation which replaces traditional divisions (competing economies, lack of trade and so on) by dialogue and the implementation of common projects which take account of complementary features and the development needs of the various partners irrespective of their status.

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1 Council Regulation (EEC) No 2408/92 of 23 July 1992 on access for Community carriers to intra-Community air routes - OJ No L 240, 24.8.1992 - and in particular Article 4 thereof.

2 Council Regulation (EEC) No 3577/92 of 7 December 1992 applying the principle of freedom to provide services to maritime transport within Member States (maritime cabotage) - OJ No L 364, 12.12.1992.



93. Since 1989 this cooperation has concentrated on relations between the French overseas departments, the overseas territories and the ACP States. Here Title IV of Poseidom extends and confirms Title XII of the Lomé IV Convention (regional cooperation) as regards the ACP States and Title XII of the association decision on the overseas territories.

94. The Community has made available to each of the partners appropriate resources, from either the ERDF or the ESF, to foster the emergence of common projects:

- from the ERDF the following indicative amounts have been allocated under the Community support frameworks for each region for 1989-93:

- Guadeloupe	ECU	800 000
- French Guiana	ECU	500 000
- Martinique	ECU	800 000
- Réunion		ECU 1 500 000;

- the regional programmes under the VIth EDF provide:

- for the ACP States in the Caribbean: ECU 90 million;
- for the ACP States in the Indian Ocean: ECU 30 million (ECU 25.5 million outside the overseas territories);
- for the overseas territories: ECU 11.5 million (including ECU 6.5 million for the Caribbean).

These amounts apply to common projects and programmes between the ACP States and between ACP States and the French overseas departments and territories.

95. These resources are used to finance regional-scale projects involving the two parties in accordance with the procedures of the various funds, that is, at the initiative of the responsible regional authorities or organizations. While the Commission does not replace the representatives of the beneficiary inhabitants, it facilitates and encourages consultations between the various parties involved.

96. In terms of the finance made available to the partners, achievements are still modest, although there seemed to be an upturn in 1992.

97. Réunion is the region which is most involved in common projects with its neighbours, Madagascar, Mauritius, the Seychelles and the Comoro Islands. Its membership of the Indian Ocean Commission (IOC) has greatly facilitated the emergence of these common projects. For example, a catalogue of the main products traded between Réunion and the ACP States which are members of the IOC was prepared and published. These common projects should stimulate trade within the IOC, which has hitherto accounted for only 2% of total trade in that region.

98. The French departments in the Americas do not have the same tradition as Réunion. The fact that France does not belong to the regional organizations (CCBI, Caricom, OECS, etc.) has not encouraged the development of common projects with the neighbouring ACP States and the overseas territories. Some cooperation on trade between the French overseas departments and the OECS (Organization of Eastern Caribbean States) began in 1992 with a meeting at Castries (St Lucia) on 23 and 24 September to which there have been regular follow-ups. These meetings identified new lines for practical long-term cooperation and demonstrated that:

- as far as trade is concerned, obstacles between the French departments in the Americas and the ACP States are much less substantial than is normally supposed and exchanges of information have permitted clarification of a number of points which have hitherto given rise to disputes;
- there is agreement on promoting investment and joint ventures between the French overseas departments and the ACP States. This will require the establishment of conventions on taxation and the protection of investment. It would also be desirable to establish a regional Europartenariat;
- a start has been made on training and education measures, mainly with the OECS countries;
- regional needs in the fields of transport and communications should take greater account of the complementary features of the ACP States and the French overseas departments and make better use of the capacity which the French regions have.

99. These meetings appear to have given a fresh boost to those most involved in regional cooperation. A study financed by the Community is being carried out to select the main sectors for regional common projects. This is the first time since Lomé I was adopted in 1975 that there has been an in-depth common analysis embracing the French overseas departments, the French overseas territories and the ACP States in the Caribbean.

#### I. STRUCTURAL FUNDS

100. Title III of Poseidon states that structural aid in the French overseas departments will take account of the additional handicaps of remoteness and insularity.

101. Financial assistance from the Structural Funds has been prepared:

- under the 1988 reform of the Structural Funds based on the definition of a development strategy, the implementation over a five-year period of development priorities part-financed by the Community and national and local authorities and the establishment of a partnership in the preparation and monitoring of measures;

- within the guidelines set out by Poseidom the text of which was being adopted at the beginning of 1989 and in particular the need to take account of the special handicaps of the French overseas departments such as their remoteness and help to integrate them into their regional context.
102. On the basis of the regional development plans for each of the French overseas departments submitted in spring 1989, Community support frameworks were drawn up in partnership with the national and local authorities and adopted by the Commission in October 1989.<sup>1</sup> The total of ECU 795 million (at 1993 prices) available in assistance from the Structural Funds was utilized through a number of projects adopted during 1990 and a major airport project adopted in 1991.<sup>2</sup>
  103. Mainly in 1991 but also in 1992 each region received further assistance from the Structural Funds under the Community Initiatives totalling ECU 125 million (at 1993 prices).<sup>3</sup> Three quarters of this assistance was allocated under the Regis Initiative, the rest through Envireg, Stride, Prisma, Telematique, Leader and Now. Apart from Regis, which is concerned exclusively with reducing the handicaps of the most remote regions of the Community, these initiatives contributed to the establishment of Community policies in the specific fields of the environment, applied research, the preparation of firms for the single market, advanced information technologies and rural development.
  104. The table in Annex III shows the breakdown of Community assistance between the Structural Funds and among the various measures. It shows that the vast bulk of Community aid was dedicated to basic infrastructure, particularly that facilitating access from the outside (airports and ports) intended to reduce the handicap imposed by great remoteness. Considerable assistance was also provided for vocational training and support for the productive sectors. In general, finance was intended both to consolidate traditional activities and develop diversification.
  105. Between 1992 and 1993 financial assistance from the Structural Funds was implemented still more rapidly so that all the assistance allocated for 1989-93 could be committed at Community level and virtually all at regional level.<sup>4</sup> This means that the operations should be completed and payments for them made by the deadline set of 31 December 1995.

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1 Commission Decision C(89) 1669 final of 31 October 1989 - OJ No L 370, 19.12.1989.

2 Commission Decisions C(90) 2591/2, C(90) 2596/1, C(90) 2596/2 and C(90) 2596/3 of 5 December 1990 and C(91) 1993 of 25 September 1991.

3 Commission Decisions C(91) 2665/1, C(91) 2665/2, C(91) 2665/3 and C(91) 2665/4 of 5 December 1991 and C(92) 1012 of 25 May 1992, C(92) 2125 of 24 September 1992, C(92) 2836 of 25 November 1992 and C(93) 296 of 16 February 1993.

4 Some further commitments primarily for operations now under way will be made during the first half of 1994.

106. While it is still too early to assess the final impact of the measures undertaken using Community financial assistance, since many of them are still in progress, a number of qualitative findings may be made already:

- the allocation of substantial financial aid (15% to 30% of investment in development) is the tangible indication of Community solidarity with the French overseas departments whose living standards are still well below the Community average. Per capita Community aid has been higher than in most of the regions of the other Member States;
- the application of the principles of the reform of the Structural Funds in these regions has meant that greater thought has been given to preparing the development strategy and monitoring its implementation on the spot. The annual progress reports, the half-yearly meetings of the Monitoring Committee with on-site visits and technical assistance for the establishment of local units for the management of Community funds have contributed to the utilization of appropriations and facilitated adjustment of programme content to meet the changing local situation;
- the implementation of Community assistance has encouraged greater dynamism amongst all those involved, whether public or private, and a partnership has been established between central and regional authorities, local authorities and the Commission.

### III. THE FUTURE FOR POSEIDOM

107. Under Poseidom, since 1989 the French overseas departments have enjoyed a specific Community approach to help them catch up in economic and social terms which combines the adjustments required in the application of Community policies with assistance from the Structural Funds as part of the priority granted to these Objective 1 regions.

108. The social and economic situation of the French overseas departments and the progress made in implementing this approach mean that some measures in progress must be adjusted and extended by new forms of assistance. Following consideration within the partnership with the national and regional authorities concerned, including the chambers of commerce, industry, agriculture and trade, and in the light of the resolution on the development of the French overseas departments in the context of the Single Market adopted by Parliament on 25 June 1993,<sup>1</sup> there appear to be three areas where assistance should be developed in the near future.

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<sup>1</sup> EP 173.752; Min 19 II of 25 June 1993, p.6.

**A. ADJUSTMENTS TO THE AGRICULTURAL ASPECT OF POSEIDOM**

109. The difficulties encountered in implementing the agricultural measures and the new requests made to the Commission by the French authorities mean that some adjustments should be made to the Poseidom framework regulation for agriculture. With this report, the Commission is sending the Council a proposal for a regulation which includes the following points:

- in order to improve development of stockraising in the French overseas departments, some derogations from the market organizations are required to take account of the specific production conditions in those regions; other temporary measures already in place should be continued;
- assistance for the consumption of locally obtained dairy products has proved inappropriate to the position in the French overseas departments and should be replaced by production aid;
- appropriate measures should also be taken to take account of the vital economic role of certain interprofessional groups in the French overseas departments;
- to meet the needs of production and the processing industry, the specific supply arrangements should be extended to certain other products;
- the conditions for applying aid for the disposal and marketing of rice from French Guiana should be adjusted to take account of the volume of production;
- aid for the completion of programmes of initiatives in the fruit, vegetables, plants and flowers sector has not produced the results expected. The scheme should be adjusted so that it provides greater incentives and to improve supply to the market of the French overseas departments in local products. The very special conditions applying to certain products (vanilla, geraniums and vetiver) require specific aids;
- following the study financed by the Community on the fruit and vegetables sector, [the system of processing aid for pineapples should be adjusted]. Support should also be provided for the processing and marketing of other tropical fruit and vegetables harvested and processed in the French overseas departments;
- aid should be provided to the sugar cane - sugar - rum sector for the processing of sugar cane into sugar syrup, a traditional product of the French overseas departments.

## **B. CONSOLIDATION OF THE FISHERIES ASPECT OF POSEIDOM**

110. The fisheries sector is of the utmost importance for the social and economic development of the French overseas departments. A number of factors, including the extent of exclusive economic zones and the employment created by activities related to fisheries justify an approach at Community level which takes account of this importance and at the same time of the constraints imposed by the remoteness and dependence of these regions which stems from their island nature.
111. In this context Poseidom is the appropriate framework for the implementation of a series of measures to enable these regions to further their integration into the dynamic of the internal market with the advantages which stem from a closer alignment of their economies with development levels elsewhere in the Community.
112. Measures taken at Community level in this field of activity are intended to adapt the rules of the common fisheries policy (CFP) as regards production, conservation of resources and disposal of products. In November 1993 the Commission provided for this purpose specific financial support amounting to ECU 3.3 million for economic studies and forecasts in the French overseas departments on catch methods, conditions for transporting products and markets. The Commission will apply the lessons of these studies, whether in the area of resources, markets or structures, to the CFP.
113. The Commission has made a proposal to the Council and Parliament for the implementation from 1994 of a scheme to compensate for the additional costs which remoteness imposes on the disposal of shrimps from French Guiana. This is intended to compensate for differences in price at the level of production as compared with those in trading centres elsewhere in the Community.
114. In addition to the greater aid already provided for the establishment of producer groups, the Commission intends to adjust the conditions under which such organizations can be recognized to meet the specific needs of the fisheries sector in the French overseas departments.
115. The production of species using aquaculture infrastructure requires Community support for installation and appropriate transfers of technology.
116. In the case of structures, the sector's development prospects have to be considered from January 1994 in the context of the reform of the Structural Funds. The recent adoption of Council Regulation (EEC) No 2080/93 defining the financial instrument for fisheries guidance (FIFG) will enable the structural aspect of fisheries policy to be made more effective and more flexible. The integration of structural measures in the fisheries and aquaculture sector will improve synergy between Community measures and make a more coherent contribution to greater economic and social cohesion in the Community.

117. This being so, the guidelines hitherto defined by the Commission in partnership with the French authorities will enable the difficulties faced by these regions to be coped with through the harmonious adjustment of the common policy to the needs of the local fisheries sector.

**C. CONTRIBUTION TO THE DEVELOPMENT OF JOB-CREATING CRAFT INDUSTRIES AND SERVICES**

118. The economy of the French overseas departments is largely dependent on its strategic sectors and the dynamism of its small businesses. Higher living standards in these regions and a firmer anchorage within their regional economies require an effort to recapitalize and open up the share of the local productive sector (craft industries and industrial and service activities). The special conditions of these regions, especially their alarmingly high levels of unemployment and rapid population growth, make it still more imperative to develop local processing activities which are compatible with local needs and economically viable. The Commission considers that this requires an innovative and multisectoral approach to which the Community can contribute by greater mobilization and concentration of its instruments along the lines of Poseidom in a desire to facilitate the adaptation of the local economy to the rules of the internal market.

**1. Small firms and craft industries**

119. Firms in the French overseas departments suffer from a number of specific handicaps as a result of their size which are exacerbated by their location in the most distant parts of the Community:

- the high costs of transport, communications and energy constitute a triple burden for local firms because they raise the costs of supplies to processing industries and the price of products for outside markets, because the price structure of freight creates competitive conditions which penalize local products as compared with imported finished goods and those intended for processing by local firms and because the labour force has only limited possibilities of movement;
- high labour costs compared with those in neighbouring countries, particularly in the case of certain processing operations which provide only low added value;
- the need for training to provide managers with qualifications and for technical and vocational training for staff, who secure only partial benefits;

- technological equipment which is not suited to the absorption capacities of local markets and very weak resources for developing suitable technology;
- less favourable access to finance for local firms than that enjoyed by their counterparts in Europe.

120. The results are:

- the main difficulty in securing access to capital is at the stage of turning a credit into competitive productive capacity which can repay the debt incurred;
- access to the capital market is further complicated by the limited volume of the physical guarantees which can be offered when what is involved is not a major continuing bank debt which requires clearance measures prior to any further investment;
- the narrow financial base makes firms introverted and not open to change;
- the small local markets limit the possibilities of growth for local firms and this is aggravated by competition from products from elsewhere in the Community or from non-member countries;
- restricted prospects on outside markets because of the substantial investments required in promotion and marketing.

## 2. Mobilization of Community policies and instruments

121. The Community has hitherto supported efforts to develop the productive sectors of the French overseas departments mainly through assistance from the Structural Funds. Almost a quarter of Community assistance to these four regions has contributed directly to the development of the productive sectors. The gravity and specific nature of the handicaps listed and the priority which has to be given to job creation mean that the Community has to continue and increase its efforts to help establish an environment which is propitious to the development of local firms. This entails making greater use of the possibilities offered by Community policies and instruments while ensuring that this assistance is directed to meeting the specific needs of the local economy, in line with the general approach of Poseidom:

- in the future Community support frameworks for each French overseas department for 1994-99, particular attention will have to be paid through the partnership to infrastructure measures which will lower production costs and to measures to assist small firms and craft industries:



- \* here it should be noted that productive investments, finance for the transfer of technology and innovation, some forms of financial engineering to improve access to the capital market and the development of outside services to firms are eligible under the ERDF;
  - \* all the fields eligible under the ESF, and particularly those intended to strengthen and improve the systems of education, training and development of human resources, are relevant to the needs of the French overseas departments;
- under the Regis II Community initiative, which is specifically concerned with the most remote regions, priority is given to the diversification of economic activity, with special emphasis on the creation of new activities. Here Regis could prove to be the most appropriate instrument for taking account of the special features of these regions and should remain as flexible as possible in order to complement measures under the Community support frameworks;
  - the other Community financial instruments, some of which are not well known in the French overseas departments, could also be used to facilitate access by firms located there to the capital market. Greater efforts should be made to provide information on these Community financial instruments (loans, risk capital or guarantees). The EIB should assist investment projects in liaison with measures taken under the Structural Funds as it has already done in the past to finance infrastructure. The EIB could, by granting loans at rates and for periods more favourable than those available on the local capital market, encourage individual initiatives and investment by firms in these regions. EIB assistance would entail active participation by the instruments at national or local level (IEDOM/FIDOM). Its proven experience of major infrastructure projects would enable it to play an effective role in linking projects bringing together the various regions. Other instruments such as guarantee systems or the use of risk capital could also be supported in this way;
  - the specific features of firms in the French overseas departments must also be taken into account in terms of the existing guidelines and instruments for small firms and craft firms. Particular attention should be paid to the nine priority objectives adopted in 1991 following the first European conference on craft industries and the development of these priorities through the multiannual programme adopted by the Council on 14 June 1993<sup>1</sup> and reaffirmed in the Council Resolution of 11 November 1993.<sup>2</sup> The Commission

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1 Council Decision 93/379/EEC of 14 June 1993 - OJ No L 161, 2.7.1993.

2 Council Resolution of 11 November 1993 on strengthening the competitiveness of enterprises, in particular of small and medium-sized enterprises and craft enterprises, and developing employment in the Community.

will also seek to facilitate access by firms in the French overseas departments to the various Community instruments for firms (Interprise, Europartenariat, BC-Net, etc.) and those which are more sector oriented (Value, Sprint, ESCF, Venture Consort, Force, Petra, etc.);

- other Community policies can also be used to bolster Community measures to help firms. These include general customs instruments (economic customs arrangements) and those specific to the most remote regions (modulation of the arrangements for free zones and warehouses, tariff suspensions for supplies of raw materials to firms).

122. In view of the large number of forms of assistance, care should be taken to coordinate the various instruments used and to concentrate the resources committed on firms and the productive sector of these regions. These strategies should be designed and implemented through the partnership between the national and regional authorities and the Commission and the representative social and professional organizations.

123. In view of the environment of the French overseas departments and their specific features, the best possible use should be made of the various forms of assistance available under the Structural Funds. The appropriate use of technical assistance, pilot and demonstration projects and global grants could be adequate responses to the needs of firms.

### 3. Priorities

124. The mobilization of Community policies and instruments could in particular seek to achieve two related objectives:

- greater competitiveness and productivity among local firms;
- the search for outlets both on local markets and elsewhere.

#### (a) Greater productivity and competitiveness

125. The first aim of encouraging the development and strengthening of small firms in the French overseas departments (small firms and industries and craft firms) involves enhancing their productivity and hence their competitiveness both on local markets and elsewhere. That requires both a recapitalization of firms and training and information for those involved. The following measures could be supported to that end:

- training:

- \* improving existing vocational training capacity by making available to approved centres the most recent skills and teaching resources and, where necessary, reception facilities;
- \* making vocational training more attractive to young people and helping managers who wish to accept sandwich trainees;
- \* improving qualifications for managers and those establishing firms and for spouses working in the same firm, principally through periods of training by approved bodies;
- \* promoting the training of instructors in vocational skills and advisers providing firms with economic and legal assistance;
- \* improving the mobility of students, teachers, apprentices, workers, managers and founders of firms and assist them in securing high-level qualifications elsewhere in the Community
- \* promoting utilization in the firm of computerized management techniques, mainly through the establishment of centres providing training on micro-computers.

- access to capital:

- \* greater flexibility and adjustment of existing procedures and conditions for access to the various credit instruments while taking account of the specific needs of firms in the French overseas departments;
- \* making use of the loans subsidized by the EIB decided on at the Edinburgh European Council in addition to those available at local level both for the modernization of the productive apparatus and for those establishing or taking over firms, particularly in under-developed sectors of the economy;
- \* assisting in the establishment of a system of guarantees and mutual guarantees at local level backed by the local authorities and the firms themselves;
- \* encouraging use of risk capital, principally to launch businesses, or other systems for gathering local investments to encourage the taking of holdings in firms with development potential;
- \* promoting the establishment of European economic interest groupings to disseminate productive or financial innovation.

- access to new and adapted technologies: This involves principally assisting firms to develop the use of existing local technologies and acquire the technological potential required including:
  - \* financial assistance to help firms secure new technologies and make use of counsellors, particularly with reference to complying with European and international standards and the introduction of an approach to quality adapted to firms;
  - \* aid for research and the application of appropriate technologies to firms in the French overseas departments which take account of the absorption capacities of local markets;
  - \* facilitating trade and cooperation with Community firms, particularly those in other remote regions which have developed technologies appropriate to their markets;
  - \* helping firms make use of Community R&D programmes.
- reducing the cost of supplying inputs. This entails studying ways in which firms in the French overseas departments could reduce the costs of supplying consumer goods and goods for processing to ensure that they have the extra competitiveness they require for their survival or development. The points to which further consideration could be given include:
  - \* encouragement for the establishment of activities in free zones and warehouses by providing for the temporary suspension of customs duties on capital goods for firms in such areas;
  - \* encouraging local firms to secure supplies of raw materials and inputs on the markets of non-member countries at world prices by temporarily suspending certain CCT duties.

(b) Access to markets

126. The essential effort to improve the competitiveness of firms in the French overseas departments will be still more effective if measures are also taken to find new outlets. Three strategies could be pursued at the same time:
- securing a better position for local products on the markets of the French overseas departments;
  - deriving greater benefit from the internal market, principally by assisting the promotion and marketing of products from the French overseas departments in the various Member States through the establishment of quality standards;

- better integration into the regional environment by developing trade flows with neighbouring ACP States and overseas territories.

127. The following approaches could be adopted to this end:

- improving the tools for securing knowledge and information in the form of:
  - \* support for the establishment of observatories on the economy and human resources responsible for analysing trends and enabling managers to control their adjustment in terms of technical and economic changes. To be fully effective, these observations should include a regional dimension (Caribbean or Indian ocean);
  - \* analyses of the states and needs of the professional sectors, and in particular the updating of work already carried out;
  - \* support for greater cooperation between local chambers of commerce and industry, agriculture and trade and with representative socio-professional bodies in those regions at Community level (Eurodom, UPEC, etc.);
- extending the measure for a specific graphic symbol to improve knowledge and increase consumption of quality agricultural products and promote them on the Community markets to other products made by small firms and industries and craft firms in the French overseas departments;
- facilitating commercial and technological cooperation and exchanges of experience with firms in the Member States and between firms in the French overseas departments, mainly through the existing instruments for cooperation such as Europartenariat, Interprise, etc.;
- facilitating the establishment of approved management centres for firms;
- undertaking an audit operation to identify firms capable of exporting and to prepare with them plans for adapting production and skills to the opportunities and requirements of external markets
- exploring whether the Community policy on food aid could help the French overseas departments to integrate better into the regions where they are situated by using them for intermediate storage.

## GENERAL CONCLUSION

128. This report has noted the significant advances achieved in terms of the Community contribution to the economic and social development of the French overseas departments from the points of view of their integration into the dynamic of the internal market and recognition of their special regional features, which form the basis of Poseidom.
129. The first period of application of Poseidom has shown that this approach is appropriate to the specific needs of the French overseas departments.
130. In line with the declaration on the outermost regions annexed to the Treaty on European Union, the Commission believes that this approach should be continued and stepped up in order to achieve the ultimate objective of bringing these regions up to the Community average in social and economic terms.
131. Accordingly, the Commission is sending the Council with this report proposals for appropriate adjustments to the agricultural aspect of Poseidom and has taken the first steps, particularly as regards the Council, to consolidate the fisheries aspect of Poseidom.
132. More generally, the Commission, acting in the spirit of the White Paper on growth, competitiveness and employment, intends to concentrate its thoughts and actions on developing job-creating productive activities in the French overseas departments suited to their particular situation. Accordingly, it has sought in this report to stress the extent to which Community policies and instruments, acting alongside national and regional measures, are likely to help meet the challenges facing businesses in the overseas departments. The Commission now intends to gather through the partnership the reactions of the French authorities to these guidelines so that appropriate steps may be taken under and in accordance with the procedures set out in the relevant Community instruments and policies.

**BASIC SOCIO-ECONOMIC INDICATORS**

	EUR 12	Guadeloupe	Martinique	Guyane	Réunion
population (1992)	345383400	387000	359000	136000	642000
area	2363100 km <sup>2</sup>	1700 km <sup>2</sup>	1100 km <sup>2</sup>	91000km <sup>2</sup>	2500 km <sup>2</sup>
distance from metropolitan France		7000 km	7000km	7500 km	10000km
population density	146 h/km <sup>2</sup>	227h/km <sup>2</sup>	319h/km <sup>2</sup>	1,5h/km <sup>2</sup>	257h/km <sup>2</sup>
population growth 1980-90		17,7%	10%	57% <sup>1</sup>	17,9%
unemployment 1993	9,5% <sup>2</sup>	24%	24%	16%	37%
recipients of the RMI <sup>3</sup>		8%	15%	11%	19%
per capita GDP as % of Community average <sup>4</sup>		38%	50%	43%	39%
% of employment					
- primary	6,2%	10%	8%	6%	8%
- secondary of which public works	31,8% 7,2%	18% 11%	17%	19%	19% 12%
- tertiary of which non-merchant services	62% 9,2%	72% 29%	75% 27%	75%	73% 37%
rate of cover <sup>5</sup>		9%	14%	14%	9%

1. Population growth since 1990 as been 19%..
2. 1992 figures (Eurostat).
3. Revenu Minimum d'Insertion (Minimum work programme income).
4. 1986 figures in PPP.
5. 1992 figures.

REGULATIONS ADOPTED AT 31 DECEMBER 1993

**I. BASIC TEXTS**

- A. Council Decision 89/687/EEC of 22 December 1989 establishing a programme of options specific to the remote and insular nature of the French overseas departments (Poseidom)  
OJ No L 399, 30 December 1989.
- B. Council Decision 89/688/EEC of 22 December 1989 concerning the dock dues in the French overseas departments  
OJ No L 399, 30 December 1989.

**II. AGRICULTURE**

A. Framework Regulation:

Council Regulation (EEC) No 3763/91 of 16 December 1991 introducing specific measures in respect of certain agricultural products for the benefit of the French overseas departments  
OJ No L 356, 24 December 1991.

B. Common detailed rules:

Commission Regulation (EEC) No 2596/93 of 22 September 1993 amending Regulations (EEC) No 131/92, (EEC) No 1695/92 and (EEC) No 1696/92 concerning common detailed rules for implementation of the specific arrangements for the supply of certain agricultural products to the French overseas departments, the Canary Islands, the Azores and Madeira  
OJ No L 238, 23 September 1993.

Commission Regulation (EEC) No 1707/93 of 30 June 1993 amending Regulations (EEC) No 131/92, (EEC) No 1695/92 and (EEC) No 1696/92 as regards the operative event for the agricultural conversion rate applicable to the specific measures for the supply of products to the French overseas departments, the Canary Islands and the Azores and Madeira  
OJ No L 159, 1 July 1993.

Commission Regulation (EEC) No 2132/92 of 28 July 1992 amending Commission Regulations (EEC) No 131/92, (EEC) No 1695/92 and (EEC) No 1696/92 laying down common detailed rules for implementation of the specific measures for the supply of certain agricultural products to the French overseas departments, the Canary Islands, the Azores and Madeira  
OJ No L 213, 29 July 1992.



Commission Regulation (EEC) No 131/92 of 21 January 1992 laying down common detailed rules for implementation of the specific measures for the supply of certain agricultural products to the French overseas departments

OJ No L 15, 22 January 1992.

C. Regulations by product:

1. Cereal products:

Commission Regulation (EC) No 3473/93 of 17 December 1993 amending Regulation (EEC) No 391/92 setting the amounts of aid for the supply of cereals products from the Community to the FOD

OJ No L 317, 18 December 1993.

Commission Regulation (EC) No 3243/93 of 26 November 1993 amending Regulation (EEC) No 391/92 setting the amounts of aid for the supply of cereals products from the Community to the FOD

OJ No L 293, 27 November 1993.

Commission Regulation (EEC) No 3005/93 of 29 October 1993 amending Regulation (EEC) No 391/92 setting the amounts of aid for the supply of cereals products from the Community to the FOD

OJ No L 270, 30 October 1993.

Commission Regulation (EEC) No 2300/93 of 18 August 1993 amending Regulations (EEC) No 388/92, (EEC) No 1727/92 and (EEC) No 1728/92 laying down detailed implementing rules for the specific measures for supplying the French overseas departments, the Azores, Madeira and the Canary Islands with cereal products

OJ No L 208, 19 August 1993.

Commission Regulation (EEC) No 1727/93 of 30 June 1993 amending Regulations (EEC) No 388/92, (EEC) No 1727/92 and (EEC) No 1728/92 of 30 June 1993 laying down detailed rules for implementation of the specific arrangements for the supply of cereal products to the French overseas departments, the Azores and Madeira and the Canary Islands respectively and establishing the respective forecast supply balances

OJ No L 160, 01 July 1993.

Commission Regulation (EEC) No 1670/93 of 29 June 1993 amending Regulation (EEC) No 646/92 establishing the forecast supply balance and Community aid for the supply to French Guiana of products falling within CN codes 2309 90 31, 2309 90 33, 2309 90 41, 2309 90 43, 2309 90 51 and 2309 90 53 used in feedingstuffs

OJ No L 158, 30 June 1993.

Commission Regulation (EEC) No 1625/93 of 25 June 1993 amending Regulation (EEC) No 391/92 setting the amounts of aid for the supply of cereals products from the Community to the FOD

OJ No L 155, 26 June 1993.

Commission Regulation (EEC) No 1497/93 of 18 June 1993 amending Regulations (EEC) No 388/92, (EEC) No 1727/92 and (EEC) No 1728/92 laying down detailed implementing rules for the specific measures for supplying the French overseas departments, the Azores, Madeira and the Canary Islands with cereal products  
OJ No L 148, 19 June 1993.

Commission Regulation (EEC) No 1299/93 of 28 May 1993 amending Regulation (EEC) No 391/92 setting the amounts of aid for the supply of cereals products from the Community to the FOD  
OJ No L 132, 29 May 1993.

Commission Regulation (EEC) No 1042/93 of 30 April 1993 amending Regulation (EEC) No 391/92 setting the amounts of aid for the supply of cereals products from the Community to the FOD  
OJ No L 108, 1 May 1993.

Commission Regulation (EEC) No 786/93 of 31 March 1993 amending Regulations (EEC) No 2027/92, (EEC) No 1961/92 and (EEC) No 1962/92 concerning aid for the supply of certain cereal products of Community origin respectively to the French overseas departments, the Azores and Madeira, and the Canary Islands  
OJ No L 79, 1 April 1993.

Commission Regulation (EEC) No 710/93 of 26 March 1993 amending Regulation (EEC) No 391/92 setting the amounts of aid for the supply of cereals products from the Community to the FOD  
OJ No L 74, 27 March 1993.

Commission Regulation (EEC) No 688/93 of 25 March 1993 amending Regulation (EEC) No 388/92 laying down detailed rules for implementation of the specific arrangements for the supply of cereal products to the French overseas departments (FOD) and establishing the forecast supply balance  
OJ No L 73, 26 March 1993.

Commission Decision C(92)638 of 22 March 1993 introducing special measures concerning the payment of the amounts of aid for the supply of cereal products from the Community to the FOD for April, May, July and August 1993.  
(Not published).

Commission Regulation (EEC) No 445/93 of 16 February 1993 amending Regulation (EEC) No 391/92 setting the amounts of aid for the supply of cereals products from the Community to the FOD  
OJ No L 49, 27 February 1993.

Commission Regulation (EEC) No 191/93 of 29 January 1993 amending Regulation (EEC) No 391/92 setting the amounts of aid for the supply of cereals products from the Community to the FOD  
OJ No L 22, 30 January 1993.

Commission Regulation (EEC) No 3804/92 of 23 December 1992 amending Regulation (EEC) No 388/92 of 23 December 1992 laying down detailed rules for implementation of the specific arrangements for the supply of cereal products to the French overseas departments (FOD) and establishing a forecast supply balance  
OJ No L 384, 30 December 1993.

Commission Regulation (EEC) No 3672/92 of 18 December 1992 amending Regulation (EEC) No 391/92 setting the amounts of aid for the supply of cereals products from the Community to the FOD  
OJ No L 370, 19 December 1992.

Commission Regulation (EEC) No 3447/92 of 30 November 1992 amending Regulation (EEC) No 391/92 setting the amounts of aid for the supply of cereals products from the Community to the FOD  
OJ No L 350, 1 December 1992.

Commission Regulation (EEC) No 3162/92 of 30 October 1992 amending Regulation (EEC) No 391/92 setting the amounts of aid for the supply of cereals products from the Community to the FOD  
OJ No L 317, 31 October 1992.

Commission Regulation (EEC) No 2551/92 of 31 August 1992 amending Regulation (EEC) No 391/92 setting the amounts of aid for the supply of cereals products from the Community to the FOD  
OJ No L 254, 1 September 1992.

Commission Regulation (EEC) No 2107/92 of 24 July 1992 amending Regulation (EEC) No 391/92 setting the amounts of aid for the supply of cereals products from the Community to the FOD  
OJ No L 210, 25 July 1992.

Commission Regulation (EEC) No 2027/92 of 22 July 1992 amending Regulation (EEC) No 388/92 laying down detailed rules for implementation of the specific arrangements for the supply of cereal products to the French overseas departments (FOD) and establishing the forecast supply balance, and fixing the level of aid for the supply of groats and meal of durum wheat  
OJ No L 207, 23 July 1992.

Commission Regulation (EEC) No 1402/92 of 27 May 1992 amending Regulation (EEC) No 391/92 setting the amounts of aid for the supply of cereals products from the Community to the FOD  
OJ No L 146, 28 May 1992.

Commission Regulation (EEC) No 1135/92 of 4 May 1992 amending Regulation (EEC) No 391/92 setting the amounts of aid for the supply of cereals products from the Community to the FOD  
OJ No L 120, 5 May 1992.

Commission Regulation (EEC) No 867/92 of 6 April 1992 amending Regulation (EEC) No 391/92 setting the amounts of aid for the supply of cereals products from the Community to the FOD  
OJ No L 91, 7 April 1991.

Commission Regulation (EEC) No 646/92 of 13 March 1992 establishing the forecast supply balance and Community aid for the supply to French Guiana of products falling within CN codes 2309 90 31, 2309 90 33, 2309 90 41, 2309 90 43, 2309 90 51 and 2309 90 53 used in feedingstuffs  
OJ No L 069, 14 March 1993.

Commission Regulation (EEC) No 467/92 of 27 February 1992 amending Regulation (EEC) No 388/92 laying down detailed rules for implementation of the specific arrangements for the supply of cereal products to the French overseas departments (FOD) and establishing the forecast supply balance  
OJ No L 53, 28 February 1992.

Commission Regulation (EEC) No 391/92 of 18 February 1992 setting the amounts of aid for the supply of cereals products from the Community to the FOD  
OJ No L 43, 19 February 1992.

Commission Regulation (EEC) No 388/92 of 18 February 1992 laying down detailed rules for implementation of the specific arrangements for the supply of cereal products to the French overseas departments (FOD) and establishing the forecast supply balance  
OJ No L 43, 19 February 1992.

Commission Regulation (EEC) No 338/92 of 12 February 1992 laying down detailed rules for the application of Council Regulation (EEC) No 3763/91 with regard to the Community quota for the import of 8 000 tonnes of wheat bran falling within CN code 2302 30 originating in the ACP States into the French department of Réunion  
OJ No L 36, 13 February 1992.

Commission Regulation (EEC) No 249/92 of 31 January 1992 on the direct import of maize for animal feed into Réunion during January and February 1992  
OJ No L 24, 1 January 1992.

## 2. Rice in French Guiana

Commission Regulation (EEC) No 1920/92 of 10 July 1992 laying down detailed rules for the application of Council Regulation (EEC) No 3763/91 with regard to granting aid for rice production in French Guiana  
OJ No L 195, 14 July 1992.

Commission Regulation (EEC) No 980/92 of 21 April 1992 laying down detailed rules for applying the aid scheme for the marketing in Martinique and Guadeloupe of rice produced in French Guiana  
OJ No L 104, 22 April 1992.

3. Sugar cane, sugar, rum:

Commission Regulation (EEC) No 1488/92 of 9 June 1992 concerning aid for the processing of sugar cane into agricultural rum in the French overseas departments  
OJ No L 156, 10 June 1992.

Commission Regulation (EEC) No 1487/92 of 9 June 1992 concerning flat-rate aid for sugar cane cultivation in the French overseas departments  
OJ No L 156, 10 June 1992.

4. Fruit and vegetables, plants and flowers:

Commission Regulation (EEC) No 1445/93 of 11 June 1993 determining the operative events applicable to products in the fruit and vegetables sector, to processed fruit and vegetable products and partly to live plants and floricultural products  
OJ No L 142, 12 June 1992.

Commission Regulation (EEC) No 1831/92 of 3 July 1992 amending Regulation (EEC) No 667/92 laying down detailed rules for the application of specific measures adopted in respect of fruit, vegetables, plants and flowers for the benefit of the French overseas departments  
OJ No L 185, 4 July 1992.

Commission Regulation (EEC) No 667/92 of 16 March 1992 laying down detailed rules for the application of specific measures adopted in respect of fruit, vegetables, plants and flowers for the benefit of the French overseas departments  
OJ No L 71, 18 March 1992.

5. Animals and meat

Commission Regulation (EEC) No 1734/93 of 30 June 1993 amending Regulation (EEC) No 2312/92 and (EEC) No 1148/93 laying down detailed rules for implementing the specific measures for supplying the French overseas departments with live bovine animals and breeding horses  
OJ No L 160, 1 July 1993.

Commission Regulation (EEC) No 1148/93 of 11 May 1993 laying down detailed rules to implement the specific measures for supplying the French overseas departments with breeding horses  
OJ No L 116, 12 May 1993.

Commission Regulation (EEC) No 1123/93 of 7 May 1993 laying down detailed rules to implement the specific measures for supplying the French overseas departments with products from the sheepmeat and goatmeat sector  
OJ No L 114, 8 May 1993.

Commission Regulation (EEC) No 231/93 of 3 February 1993 laying down certain detailed rules for the application of the supplements to the special premium for producers of beef and veal and to the premium for maintaining suckler cows in the French overseas departments and the Azores and Madeira

OJ No L 27, 4 February 1993.

Commission Regulation (EEC) No 2989/92 of 15 October 1992 laying down detailed implementing rules for the specific measures for supplying the French overseas departments with products from the pigmeat sector

OJ No L 300, 16 October 1992.

Commission Regulation (EEC) No 2826/92 of 29 September 1992 laying down detailed implementing rules for the specific measures for supplying the French overseas departments with products from the egg, poultrymeat and rabbit sectors

OJ No L 285, 30 September 1992.

Commission Regulation (EEC) No 2312/92 of 31 July 1992 laying down detailed rules for implementing the specific measures for supplying the French overseas departments with live bovine animals

OJ No L 222, 7 August 1992.

#### D. Plant-health and veterinary measures

Commission Decision 93/542/EEC of 11 October 1993 on the Community's financial contribution to programmes for the control of organisms harmful to plants and plant products in the French overseas departments for 1993

OJ No L 264, 23 October 1993.

Commission Decision 93/522/EEC of 30 September 1993 on the definition of the measures eligible for Community financing in the programmes for the control of organisms harmful to plants or plant products in the French overseas departments, in the Azores and in Madeira

OJ No L 251, 8 October 1993.

### III. TAXATION

#### A. Dock dues

Commission Decision C(93)3868 of 20 December 1993 raising no objections to the total or partial exemptions from tax decided by the competent authorities of the department of Martinique in ruling 93-64 of the Regional Council and the competent authorities of the department of Guadeloupe in rulings 93-078, 93-079, 93-0980 and 93-172 of the Regional Council.

(Not published).

Commission Decision C(93)2112 of 28 July 1993 raising no objections to the total or partial exemptions from tax decided by the competent authorities of the department of Martinique in ruling 93-02 of the Regional Council; such exemptions are deemed to supplement ruling 92-313.

(Not published).

Commission Decision C(92)3314 of 18 December 1992 raising no objections to the exemption arrangements for local produce notified by France.

(Not published).

Commission Decision C(92)393 of 2 March 1992 raising no objections to the double amendment of the dock-due rates applicable to certain preparations of canned meat.

(Not published).

Commission Decision C(92)1565 of 20 July 1990 raising no objections to the increase of the dock-due rates applicable to margarine from 15% to 20% for two years (Martinique).

(Not published).

#### B. Other provisions

Council Directive 92/83/EEC of 19 October 1992 on the harmonization of the structures of excise duties on alcohol and alcoholic beverages  
OJ No L 316, 31 October 1992

Council Directive 92/12/EEC of 25 February 1992 on the general arrangements for products subject to excise duty and on the holding, movement and monitoring of such products  
OJ No L 76, 23 March 1992.

Council Directive 91/680/EEC of 16 December 1991 supplementing the common system of value added tax and amending Directive 77/388/EEC with a view to the abolition of fiscal frontiers  
OJ No L 376, 31 December 1991.

#### IV CUSTOMS MEASURES

##### Free zones and free warehouses

Council Regulation (EEC) No 1604/92 of 15 June 1992 amending Regulation (EEC) No 2504/88 on free zones and free warehouses  
OJ No L 173, 27 June 1992.

## V FISHERIES

[Proposal for a Council Regulation (EC) establishing a system of compensation for the additional costs incurred in the marketing of certain fishery products from the Azores, Madeira, the Canary Islands and the French department of Guiana as a result of their very remote location.

COM(93) 630 final. OJ C 4, 6 January 1994]

Commission Decision C(93)3157 of 15 November 1993 fixing the Community's financial contribution to certain development measures in the fisheries and aquaculture sector in the French overseas departments.  
(Not published).

Council Regulation (EEC) No 1603/92 of 15 June 1992 authorizing an enhanced aid system for the formation of producers' organizations in the French overseas departments, in the Canary Islands, in Madeira and in the Azores

OJ No L 173, 27 June 1992.

## VI STATE AIDS

Commission Decision of 18 May raising no objections to the credit policy of the IEDOM.

Commission Decision of 21 December 1992 raising no objections to six taxation aid schemes for local businesses notified by France  
OJ No C 71, 13 March 1993.

## VII STRUCTURES (Addendum to the Community support frameworks and the Regis programme)

Commission Decision C(93)2796 of 5 October 1993 on the grant of assistance from the European Agricultural Guidance and Guarantee Fund, Guidance Section, for a specific operational programme for bananas and sugar-cane rum in the French overseas departments within the framework of Poseidom.

(Not published).

Commission Decision C(92)2116 of 10 September 1992 on the grant of assistance from the European Agricultural Guidance and Guarantee Fund, Guidance Section, for a specific operational programme for bananas and sugar-cane rum in the French overseas departments within the framework of Poseidom.

(Not published).

## VIII ENVIRONMENT

Commission Decision C(93)3847 of 21 December 1993 on the grant of Community financial assistance for measures in the form of environmental protection programmes in the French overseas departments.

(Not published).



## OTHER MEASURES

### Agriculture:

#### Sugar:

Commission Regulation (EEC) No 2930/93 of 25 October 1993 amending Regulation (EEC) No 1786/93 determining, for the period 1 July 1993 to 28 February 1994, the quantities of raw sugar produced in the French Overseas Departments for which the refining aid specified in Council Regulation (EEC) No 2225/86 may be granted  
OJ No L 265, 26 October 1993.

Commission Regulation (EEC) No 1786/93 of 30 June 1993 determining for the period 1 July 1993 to 28 February 1994 the quantities of raw sugar produced in the French overseas departments for which the refining aid specified in Council Regulation (EEC) No 2225/86 may be granted and amending Regulation (EEC) No 388/93  
OJ No L 163, 6 July 1993.

Commission Regulation (EEC) No 388/93 of 22 February 1993 determining for the period 1 March 1993 to 30 June 1993 the quantities of raw sugar produced in the French overseas departments benefiting from the refining aid referred to in Council Regulation (EEC) No 2225/86 and amending Regulation (EEC) No 476/92  
OJ No L 45, 23 February 1993.

Commission Regulation (EEC) No 1730/92 of 30 June 1992 determining for the period 1 July 1992 to 28 February 1993 the quantities of raw sugar produced in the French overseas departments on which the refining aid specified in Council Regulation (EEC) No 225/86 may be granted, and amending Regulation (EEC) No 2750/86  
OJ No L 179, 1 July 1993.

Commission Regulation (EEC) No 476/92 of 27 February 1992 determining for the period 1 March 1992 to 30 June 1992 the quantities of raw sugar produced in the French overseas departments benefiting from the refining aid referred to in Council Regulation (EEC) No 2225/86 and amending Regulation (EEC) No 1806/91  
OJ No L 53, 28 February 1993.

#### Fruit and vegetables:

Council Regulation (EEC) No 638/93 of 17 March 1993 amending Regulation (EEC) No 1035/72 on the common organization of the market in fruit and vegetables and Regulation (EEC) No 827/68 on the common organization of the market in certain products listed in Annex II to the Treaty  
OJ No L 69, 20 March 1993.

Council Regulation (EEC) No 404/93 of 13 February 1993 on the common organization of the market in bananas  
OJ No L 47, 25 February 1993.

Commission Regulation (EEC) No 1927/92 of 13 July 1992 fixing for the 1992/93 marketing year the production aid for tinned pineapple and the minimum price to be paid to pineapple producers  
OJ No L 195, 14 July 1993.

Fisheries:

Council Regulation (EC) No 3329/93 of 29 November 1993 concerning the conclusion of an Agreement on fisheries between the European Economic Community and the Government of the Commonwealth of Dominica  
OJ No L 299, 4 December 1993.

Council Regulation (EEC) No 3929/92 of 19 December 1992 laying down for 1993 certain measures for the conservation and management of fishery resources applicable to vessels flying the flag of certain non-member countries in the 200-nautical-mile zone off the coast of the French department of Guiana  
OJ No L 397, 31 December 1993.

Council Regulation (EEC) No 3759/92 of 17 December 1992 on the common organization of the market in fishery and aquaculture products  
OJ No L 388, 31 December 1993.

**BALANCE OF STRUCTURAL FUNDS 1989-93<sup>1</sup>**

Total intervention based on objective n°1: 795 MioEcus.

Total intervention based on community initiatives: 125 MioEcus

	<b>Guadeloupe</b>	<b>Martinique</b>	<b>Guyane</b>	<b>Réunion</b>
<b>ERDF</b>	110,8	102,8	52,6	181,8
access	53,0	53,1	20,8	66,4
industry, craft industries and services	10,7	14,5	5,8	29,0
tourism	15,0	7,0	2,6	9,5
support infrastructure	30,1	26,8	22,5	73,5
technical assistance	2,0	1,4	0,9	3,4
<b>EAGGF</b>	26,2	23,7	13,2	96,4
Objective 5a	6,7	5,2	5,0	13,8
other agricultural development measures and rural development	19,5	18,5	8,2	82,6
<b>ESF</b>	63,4	66,1	25,9	156,7
development of human resources	21,2	43,3	17,0	109,5
objectives 3 et 4	42,2	22,8	8,9	47,2
<b>regional total</b>	<b>200,4</b>	<b>192,4</b>	<b>91,7</b>	<b>431,9</b>

1. The amounts indicated for EAGGF and ERDF are in millions of ECU at 1993 prices. The estimate for ESF is at 1989 prices.

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# DOCUMENTS

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