THE ECONOMIC ASPECTS OF THE FRENCH OVERSEAS TERRITORIES;  
lecture by Pierre Valdant

On 22 November, M. Pierre Valdant, Deputy Director for Economic Affairs, Ministry of Overseas Territories, gave a lecture in Stuttgart to an audience consisting mainly of representatives of Wurttemberg industries, concerning the future participation of members of the European Commission in investment for the development of the natural resources of the French territories in Africa.

This lecture, the text of which is reproduced below, was given under the auspices of the Afrikavorein of Hamburg. Its purpose was to draw the attention of industrial circles in the Federal Republic of Germany to the financial requirements of a rational development of the French overseas territories.

The representative of the United Kingdom asked for this to be distributed to the Working Party in view of its general interest.

In 1958, the Common Market will come into existence, and will greatly enhance the prospects for trade between the various European Member States and their dependent overseas territories.

The framework of their relationship is rather special, since it involves an association and not full integration, but the effects will be similar: there will be a progressive lowering of customs duties, accompanied by the elimination of quantitative restrictions. In practice, the six European countries will enjoy the advantages and preferences which were hitherto the metropolitan territories.

From the economic point of view, the only special features of this association are that it will be possible to provide protection for local industries, and that the European countries will participate in investment. These are two essential factors for the economic development of those under-developed countries. And even though not considerable progress has already been made - particularly in comparison with the situation which existed several decades ago - there is still an enormous amount to be done.

Now that your country has joined the Common Market, I believe that the essential question for you, in general as well as in relation to your industries and your trade, is to know what is the present economic situation in the French overseas territories. I should like to begin by replying to this. But, as I have just indicated, these are underdeveloped countries; as a result of the efforts made by France they have made substantial progress, particularly in the last few years, and one cannot speak of the Africa of today without referring also to the Africa of tomorrow; that will be the subject of the second part of my address.

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1 Article published in Chroniques d'Outre-Mer, January 1958.

MT/35/58
What is the present economic significance of the overseas countries and territories in the tropical zone?

If you agree, I should prefer to limit this study to those territories under the authority of the Ministry of French overseas territories which are in the tropical zone, and thus to consider certain well-defined topics. Briefly, the area under consideration comprises the whole of the French overseas territories with the exception of North Africa, which is an integral part of the Mediterranean area, and is in every respect quite different from the rest of the overseas territories which are essentially tropical territories.

Let me first give you a few figures, in order to define the subject which we are considering. We shall consider West Africa, which stretches from the Atlantic coast, in the Dakar region, to Lake Chad and from the Sahara in the north to the Gulf of Guinea in the south - an area of 4,634,000 sq. km. - and French Equatorial Africa, which stretches from the Gulf of Guinea in the west to the Congo and the Oubangui in the east, and from the Chad in the north to the Congo in the south - 2,510,000 sq. km.

Lying between these two Federations are Togoland, with French West Africa on one side and Ghana on the other (57,000 sq. km.) and the French Trusteeship Territory of the Cameroons, between Nigeria and French Equatorial Africa (432,000 sq. km.).

Madagascar is another large territory, covering 590,000 sq. km; this island and the Comoro Archipelago lie to the south-east of Africa.

Finally, our general study will also include the French Somali coast with Djibuti as well as New Caledonia, the New Hebrides, the French Settlements in Oceania and St. Pierre and Miquelon.

These territories together form an area of 8,448,671 sq. km., that is, a little less than the countries of continental Europe together, and seven times the area of the European territories of the Common Market.

With the exception of small territories, it will be seen that the whole of this area is situated in the equatorial zone, the humid tropical zone and the arid tropical zone; agricultural production is therefore limited to certain typical crops which, with few exceptions, are very different from those grown in Europe. This fact is of capital importance, since for the time being the economic development of these territories is mostly confined to the agricultural sector.

In terms of value, raw agricultural products accounted for 79.6 per cent of the total exports of these countries and territories in 1956. This year, the corresponding figure has reached 227,000 million French francs, representing 5,000,233 tons.

About 80 per cent of the value of exports is made up by agricultural commodities, mainly the following items:
Oilseeds, etc.

Fr.fr. 57,500 million, representing one-quarter of total exports, and one-third of exports of agricultural products.

The most important item is groundnuts, which are produced in considerable quantities in the arid and humid savana zone, stretching from Senegal to the Sudan, Nigeria, Chad, Oubangui, particularly in Senegal. We estimate that production in the coming season will amount to about 1 million tons of groundnuts in the shell, which is slightly more than the requirements of the French franc area, and would yield more than 300,000 tons of refined oil.

More than one-third of this oil is extracted in factories in Senegal, and the rest in factories in metropolitan France.

Groundnuts are purchased at a price fixed, about 20 per cent above the world price. Production is expanding, but is not expected to reach considerable figures.

Other oil-bearing fruit include copra, the staple crop of our territories in the Pacific which covers half the requirements of the French franc area. Copra is purchased at the prevailing world price and enjoys a 10 per cent customs preference.

Palm kernels originate mainly on the African coast, which produces more than 100,000 tons, part of which is exported to Europe.

Finally, production of palm oils, which for the last few years have been processed in very modern factories, has increased from 4,000 to 20,000 tons over a period of five years and can be further expanded. As a result of increased factory capacity and new technical developments, prices are gradually reaching a competitive level. New factories which are to be set up are expected to produce 60,000 tons in a few years' time which ought to be marketed at world prices.

In addition to this traditional production of fatty substances, two staple items are becoming increasingly important - coffee and cocoa.

Coffee

In 1956, coffee represented, in terms of value, Fr.fr. 56,500 million, i.e. 25 per cent of the total exports of the overseas territories. Between 1950 and 1956, production almost doubled, rising from 118,000 tons to 221,000 tons, and is expected to reach between 250,000 and 300,000 tons within the next five years.

This commodity enjoys a 20 per cent tariff preference in France, and under the common tariff of the Community the duty will be 16 per cent.

The principal variety of coffee produced is the Robusta type, as in the other African countries: the Belgian Congo, Uganda, Angola, as well as in the Netherlands Antilles.
We export already fairly large quantities abroad, as a result of years of patient efforts; these included export incentive measures, but also, and above all, efforts to improve quality; with the co-operation of the local political leaders spectacular results have been achieved. We now manage to export 25,000 tons to the United States market which, as is well-known, is a market which requires very high standards of quality.

The only criticism that can be made of this coffee is that it has a special flavour which is not always what the consumer is accustomed to, but it has the great advantage of being particularly well suited for the manufacture of soluble coffee powder. This factor, together with the fact that it is considerably cheaper than Arabica (about three-fifths of the price of the latter) opens up great future possibilities for Robusta coffee.

Cocoa

In 1956, cocoa exports only amounted to Fr.fr. 27,500 million, representing 12 per cent of the total export trade of French overseas countries and territories. Normally, cocoa should rank higher among such exports.

It should be mentioned that in 1956 world prices were particularly low - about 22 cents per English pound, as compared with a usual average of 30 cents, and the present price of 42 cents. This means that cocoa generally accounts for one-quarter of the total export value of those territories. Production is expanding moderately; between 1950 and 1956 it rose from 113 to 139,000 tons.

Our cocoa is, I believe, fairly satisfactory in quality; Hamburg is one of our main markets, as your country buys about 10,000 tons annually from us.

Under the Common Market, there will be a moderate degree of protection, since the common tariff customs duty has been fixed at 8 per cent; that should facilitate our sales.

Bananas

Another typical product of these territories is bananas. Production has increased fairly rapidly in recent years, rising from 117,000 to 182,000 tons between 1950 and 1956. This is one of the products for which larger output can most easily be foreseen; it is an annual crop, which is already in existence in many territories - for instance, French Guinea, the Cameroons and the Ivory Coast - but any expansion depends primarily on the outlets available.

It should be added that Africa is not the only area interested in banana production; it is of almost comparable importance to the French Antilles, Martinique and Guadeloupe.

For a number of years past, we have been delivering considerable quantities to the Scandinavian countries and Italy; so far, your country has not been very interested, since it prefers the "Gros Michel" or the "Lacatan" variety. Finally, there is the question of price, but the outlook for the future is very encouraging as a consequence of the 20 per cent protective tariff which is to be established progressively, together with the quotas set up under the Rome Treaty, and a marked expansion of our production should result.
Wood

Exports of wood in 1956 amounted to Fr.fr. 15,000 million. This item is well known to Germany, which traditionally purchases large quantities of Gaboon (okoumé) mahogany, and bought 183,000 tons in 1956. Okoumé is a remarkably well suited species for the manufacture of plywood, but unfortunately it is found only in equatorial forests in relatively limited quantities, and no large scale increase can be expected.

On the other hand, there are available other qualities of wood which are taking on increased significance in trade, in particular, "limba", "wa-wa" and "abushi".

Without wishing unduly to lengthen this list, which is intended only to indicate the principal commodities, mention should nevertheless be made of:

Cotton

production of which is increasing quite considerably; between 1950 and 1956, it rose from 26,000 to 45,000 tons, with a value of more than Fr.fr. 11,000 million. However, 45,000 tons is so little in comparison with European needs that I will not do more than mention it.

I would also cite vanilla and tobacco, which are typical products of Madagascar, together with spices, hides and skins, high-grade rice, and essential oils.

Minerals

Nickel from New Caledonia, representing 9,000 million, either in the form of ore, ingots or mattes.

Iron ore from Conakry: Fr.fr. 1,500 million, as far as value is concerned. Tonnage, however, is more significant; it will reach one million tons in 1957, of which Germany buys several tens of thousand tons. There is no shortage of supplies.

Phosphates from Oceania and Senegal: Fr.fr. 1,500 million.

Diamonds from French Guinea, the Ivory Coast and Ubangi: also more than 1,500 million.

The above minerals accounted for only 8 per cent of the total export value in 1956.

270,000 million francs worth of imports

Exports are the main bulk of the purchasing power of these overseas countries and territories, the balance originating in public and private investment, thus making it possible in 1956 to import Fr.fr. 277,000 million worth of goods.
The composition of these imports is no doubt of interest to you as it indicates those sectors in which you can look for outlets.

Such imports include a great variety of products, because Africa is dependent on other regions for a great part of its foodstuffs (20 per cent of total imports), for petroleum products which Africa does not yet extract from its soil, and for certain raw materials, as well as for all equipment goods (23 per cent of total imports) and all current consumer goods (35 per cent).

Apart from foodstuffs and energy, for which the Community countries have no considerable economic prospects, more than half the total imports of the overseas territories may be of interest to industrialized countries such as Germany.

The third largest sector comprises cotton fabrics and blankets. In 1956, imports of these goods amounted to 25,000 tons, including printed and unprinted cotton fabric, rayon staple fabrics, and 4,000 tons of articles of clothing and clothing accessories. As this is a traditional market which is well-known to most industrialists, I shall not mention it further.

Another important category of consumer goods is that of tools, hollow-ware and household articles which generally are typical goods of a rather primitive type. In 1956, imports of such items amounted to Fr. fr. 5,500 million.

Imports of equipment goods, or items classified in that category include cement (500,000 tons per annum have been imported in recent years by territories under consideration); iron and steel products (175,000 tons); and machinery and apparatus (35,000 tons). Finally, imports of lorries are particularly important (about 10,000 vehicles annually).

Most of this trade has been with the French franc area (about 70 per cent of the total, of which 63 per cent with metropolitan France, and 7 per cent with the dependent overseas territories). As regards trade with other countries, the dollar area has accounted for 6 to 8 per cent of the total import value in the last few years, and the share of other European Economic Community amounted to 8 or 9 per cent. This last figure is obviously low, corresponding to some Fr.fr. 20,000 million, and if the outlets which are being offered to our European partners in the Common Market were to be limited to that amount, in volume and as a percentage of total trade, then, obviously, the association of the tropical overseas countries and territories would only offer meagre prospects to the European countries which are parties to this association.

The Common Market Treaty contains two sets of provisions which should add considerably to the import possibilities of the overseas countries and territories. On the one hand, customs duties on imports from the Member States of the Community are to be progressively abolished during the transitional period, while they will continue to be levied on imports from third countries. On the other hand, existing quantitative restrictions imposed for balance-of-payments reasons are to be progressively relaxed and eventually eliminated. We have virtually undertaken to double existing quotas within the next five years, that is to say, in principle the percentage of 8 to 9 per cent could be doubled and the value of imports, which
amounts to Fr.fr. 20,000 million, could be double that figure in five years
time. In actual fact, there is to be no fixed quota, but increased sales
possibilities, and French industry as well as local industry will certainly try
to struggle against competition.

Economic development

Of far greater interest, in our view, is the prospect of the continued
economic development of these tropical countries and territories. To varying
degrees, they are all under-developed countries. How could this be otherwise,
when one considers that Europeans living in those territories have only played
an active part there since the end of the last century? In order to assess
prospects for the coming decades, it seems to me essential to consider the
situation in the past. It is admittedly difficult to compile accurate statistics
for so many years ago, and any comparison is hampered by the fact that the
structure of exports has varied and nominal values expressed in francs have
been disrupted by monetary changes. We have nevertheless been able to trace
indices for the export volume of the overseas countries and territories from
1911 to 1955.

Taking as a basis 1949 = 100, the index for French West Africa in 1911 was
24; 22 for French Equatorial Africa, 28 for Madagascar,
and 26 for the overseas territories as a whole.

The corresponding figures for 1925 are as follows:

47 - 38 - 67 - 46, respectively


Leaving out 1949, which has been taken as the base year, we have:


For 1955: 133 - 1169 - 136 - 141.5.

Although these indices are rather abstract, nevertheless they show clearly
that export trade has about doubled between 1911 and 1925, while by 1938 it was
four times, and by 1955 six times what it had been in 1911.

I have already referred to the principal commodities produced in the overseas
territories, most of them agricultural products, to which this increase in the
volume of exports is attributable.

Groundnuts were already being produced in 1910: 225,000 tons approximately,
as compared with one million for the 1957-58 season.

In French West Africa, coffee accounted for only 38 tons in 1910, 208 tons
in 1925, 11,000 tons between 1935 and 1939, but 68,000 tons in 1950 and 130,000
tons in 1956.
The figures relating to bananas grown in French West Africa are very similar:

- 120 tons in 1910;
- 3,000 tons in 1925;
- 50,000 tons in 1939;
- 115,000 tons in 1956.

There has also been spectacular progress in cocoa production. Sales, and hence purchasing power, are expected to rise in coming years, and though probably to a lesser extent, there will nevertheless be a marked increase if outlets are available, especially in the case of bananas, coffee and palm oils.

However, the most remarkable development - I would even say sensational development - will not occur in the agricultural sector.

Spectacular results are expected from present mineral prospection attempts and from the results of primary processing. It is not so long ago that it was generally believed that, apart from phosphates and iron ore, North Africa had no mineral resources, and at the same time, no sizeable deposits had been found in tropical Africa either. Since 1946, large sums have been spent on exploration and prospection, which is a long and costly preliminary to exporting; the vastness of the African territories, difficulty of access, and the need to establish transport routes for removal constitute a serious handicap. This explains why it is only recently that deposits have been found which can bring about a fundamental change in the African economy.

These new resources are the following:

**Iron Ore**

which has been found in the Sahara (at Tindouf), in Mauretania (at Fort-Gouraud), in French Guinea, where extraction has already begun, and in Gaboon, where considerable deposits have been found. The proven reserves of these deposits amount to several million tons in each case, and they could supply the world with the ore it lacks, for both Europe and the United States can no longer find on their own territory, at an economic cost, the large quantities needed by their iron and steel industries.

**Manganese Ore**

has been found in the Middle Congo, at Franceville, 400 kms. from the coast: a Franco-American Corporation, "United Steel", the French Office of Overseas Mines, at Mokta-el-Hadid, in Eastern Ubangui have decided to begin mining operations; this calls for the construction of a teleferic, a railway and port installations. In a few years' time, extraction can begin on an initial basis of 500,000 tons per annum.
Phosphates

which were hitherto thought to exist only in North Africa, have also been found in plentiful quantities in French West Africa (Senegal and Togoland); the two rich deposits in question are being opened up and will make it possible to export one million tons per year.

Bauxite

Bauxite was discovered in the Loos Islands, in French Guinea, before the war, and is extracted by a Franco-Canadian corporation; there has been considerable prospecting for bauxite inland, and sizeable deposits have been found near Kindia and Boké. As a result, present annual exports, amounting to 450,000 tons, will be trebled; half of this amount will be converted into alumina, and subsequently into aluminium, as we shall see later. New deposits have recently been discovered in the French Sudan and in the Cameroons.

The discovery of these ore deposits has taken on added importance since studies directed by the E.D.F. (Electricité de France) Corporation have shown that there were vast hydro-electric potentialities in Africa. These are estimated at 200 million k.w.h., as compared with additional world energy potentialities of 500 million k.w.h. This represents a considerable source of wealth which can be tapped through the use of the best possibilities available, following the construction of a dam on the Sanaga, in the Cameroons; it has been possible already to establish a plant at Edea which produces electricity at a cost representing the equivalent of 70 French centimes per k.w.h. This power has been used by the French Pechiney and Ugine Corporation for the manufacture of aluminium. The first ingots were produced last year; in two years' time 45,000 tons will be produced, as compared with metropolitan output amounting to about 120,000 tons. Most important of all, this experience has shown how easily an industry of this type could be established in a tropical region.

Following this successful venture, the same group, in association with very large international companies (American, Canadian, German, Swiss and Italian), has turned its attention to the utilization of power from a dam on the Konkouré, in French Guinea, and one on the Kouilou, in French Equatorial Africa. In French Guinea, the initial installations will supply three million k.w.h. and can be used almost entirely for aluminium manufacture; production is expected to reach 160,000 tons, i.e. 20 per cent above the level of metropolitan production.

The Sounada gorge is an exceptionally favourable site on the Kouilou, and a classical-type dam is to be built which, it is estimated, will produce 6.500 million k.w.h. A considerable part of this energy could also be used for the production of aluminium or alumina from French Guinea, but these energy
resources are so great that other plans can be envisaged, such as the establish­ment of a ferro-manganese industry, using iron from Gaboon and French Guinea and manganese from the Middle Congo; the setting up of factories for the pro­duction of ammonium-phosphate fertilizers, for which tropical agricultural requirements are considerable; cement and paper-pulp works, and factories for the separation of isotopes, using cheap energy.

There is no lack of plans, but outlets will still have to be found in the coming years, and considerable funds will be needed in order to implement these plans.

Total equipment expenditure for COMILOG manganese amounts to about Fr.fr. 25,000 million; the Fort-Gouraud iron ore mines require about 50,000 million, and the bauxite mines in French Guinea, 80,000 million; when the installation of the Edea factory, in the Cameroons, is completed, more than 30,000 million will have been spent on equipment; 110,000 million will be required for the Konkouré project and 160,000 million for that on the Kouilou. If you add up the sums required only for these projects, which are not all that we can achieve in coming years, you reach an investment figure of over Fr.fr. 400,000 million. This is obviously beyond France's possibilities, both in terms of money and also as regards outlets in the French franc area.

Finally, mention must be made of our great hopes of finding petroleum in Africa; the whole world now knows that deposits have already been found at Hassi-Messaoud and at Edjole; it is no news that petroleum is already being produced at Port-Gentil, in Gaboon; a new deposit has just been discovered at Pointe-Noire, in the Middle Congo. We now know that in a few years' time the Sahara and French Equatorial Africa will be able to produce enough to meet Europe's petroleum requirements.
As partners in a new association whose principal interest is the expansion of trade, I think you would like me to indicate what the volume of trade is likely to be in five, ten or twenty years time.

You will certainly understand that it is impossible to give exact figures, but, on the other hand, it is easy to mention some general factors which indicate the possibilities of the Africa of tomorrow.

At present, the population is rather limited, both in number and in density per square kilometre; but studies which have been made, based either on statistics over several past decades, or on demographic studies of limited scope, indicate a rate of increase at between 1 and 2 per cent per annum, and probably nearer the latter figure. While 1935 population estimates for tropical Africa and Madagascar do not exceed 38 million habitants, conservative projections indicate that the figure will reach 40,600,000 in 1955, 47,300,000 in 1975, and 55 million in 1995, and it should be emphasized that these are conservative estimates, and that actual figures will probably be higher. Even so, in less than thirty years, the population of French tropical Africa will be greater than that of Germany and that of France.

Now any population advance implies corresponding production and consumption increases.

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Let us now consider another important factor in economic development:

**Investments**

You know that through the Investment Fund for the Economic and Social Development of the Overseas Territories (FIDES) we invest very large sums: Fr.fr. 600,000 million for the first ten-year plan from 1946 to 1956. We are continuing to invest at the rate of Fr.fr. 75,000 million per annum, and a further 20,000 million, on average, will be contributed by the members of the European Economic Community. Our efforts are concerned with the studies and research which are essential for improving agricultural production, the placing of rural economy on a sounder basis by providing technical guidance to farmers and the provision of social services - education; health etc. - which improve the welfare and the productivity of the individual.

The rapid expansion in trade which has occurred in the last ten years is certainly a consequence of these large-scale investments. In coming years they will certainly bring about increased production. In our view, the rate at which production has increased since 1915 cannot fail to become even greater in coming decades.
While the French tropical overseas territories at present offer considerable but limited economic possibilities, the speed with which they have developed in the recent past is a particularly encouraging sign for the future. This is an expanding market which deserves careful study and continuous efforts.

While prospects for the future are good, I must point out a certain number of factors which are essential if the results we hope for are to be achieved.

La Fontaine said to his children: "Work and toil, for it is the land that is least lacking...". This precept is particularly meaningful in the case of Africa; we must not expect miraculous results, there must be steady, patient efforts which will only yield results over the years.

No doubt, bringing a mine into operation, the building of a dam or bringing a factory into production are all rapid and spectacular achievements which are taking place at various places on the African coast; but in the field of agriculture, mineral projection, or industrialization as a means to improve the local economy, one has to find the most suitable crop varieties and learn better cultivation methods; in the field of mining, one must have specialized engineers, geological maps, and one must investigate immense territories; in the case of industrialization, one must determine what local needs amount to, in both quantity and quality, and find adequate labour.

More generally speaking, all this means having a steadily increasing population which has to be better fed and better cared for, and supplementing capital equipment and economic overhead. This calls for considerable expenditure.

It should also be remembered that while the establishment of the European Common Market makes it possible progressively to increase supplies to these territories, so as to make their production more and more competitive, on the other hand expanded outlets will have to be found for their production.

I am sure that you are fully aware of all these factors; with constant efforts and sufficient time, the association of the overseas countries and territories with the European Common Market will become a living and prosperous reality, in the common interest of Europe and Africa, which both need increased markets for their own development.