

10 recommendations concerning *purchasing* *power* in Overseas France

VÉRONIQUE BIARNAIX-ROCHE AND GHISLAINE ARLIE

The high cost of living is one of the main causes of social unrest in French Overseas Territories, and has been for many years a sign of continuing unease. Prices there are increasingly high, and the gap with France widened even further in 2022.

Despite an "Oudinot purchasing power" initiative organised by the Ministry for French Overseas Territories in autumn 2022 (the Assemblée Nationale's commission of enquiry on "The cost of living in Overseas France"), the inflationary context has particularly affected the Overseas Territories.

How can purchasing power be improved in Overseas France?

The ESEC had already taken up the subject in 2020, with a study entitled "Purchasing power and social cohesion in Overseas France: divisions and opportunities", reported by Véronique Biarnaix-Roche and Joël Lobeau. Three years on, the ESEC highlights three major challenges: poverty and low incomes; openness to competition and the functioning of markets, and the development of production and local taxation. The ESEC has put forward 10 recommendations, mainly addressed to the government and parliament, which will need to be adapted locally to the applicable legal framework and the provisions already in place, depending on the specific powers of each territory (DROM: overseas départements/regions – or COM: overseas communities).

900,000
people

live below the poverty line in Overseas France, i.e. on less than €1,010/month

Source: The 2023 Inequalities Observatory

30% to 40%
higher

this is the difference in prices in French Polynesia and New Caledonia compared with France, with a wider gap in 2022 compared with 2015 and 2010.



THE RAPORTEURS

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The 10 recommendations concerning *purchasing power* in Overseas France

→ SOCIAL MEASURES

- Provision by local social action centres of "**vouchers**" for food, energy, transport, water and housing for low-income households, in order to increase purchasing power, prevent over-indebtedness and maintain access to essential services.
- **Increase in the activity allowance** paid by family allowance funds in the DROMs to take account of the low incomes of numerous employees, the lack of collective agreements and the strong pressure on purchasing power. The same calculation method should be applied to all DROMs.
- **Implementation** in French Overseas Territories of all national agreements and **collective bargaining agreements** signed prior to 2017 required by "Labour Law" to be maintained, adapting them to specific local circumstances where necessary.
- Development of **training** and support for employment, and encouragement of social dialogue between local representative organisations.

→ ECONOMIC AND REGULATORY MEASURES

- Development of **structured local food chains** capable of supplying the market with fresh produce, fruit, vegetables, dairy products and meat.
- **Reform of dock dues:** by broadening the base to include all goods and services, simplifying the rates, and maintaining a rate differential between local and imported products. A list of basic necessities must be exempt.
- Strengthening **competition control** resources in Overseas France and carrying out regular scheduled inspections in the distribution, freight, air transport and communications sectors.
- **Adapting "Outermost Region" standards** to the specific needs of the various territories (climatic, seismic, etc.), while maintaining a high level of social, environmental, quality, safety and sustainability requirements for products.
- **Involving the people of** France's Overseas Territories in discussions on the reform of dock dues through citizens' workshops organised by the ESEC and the regional ESECs.
- Developing a **digital application** for comparing prices charged by shops in each region by the price, margin and income observatories, starting with Price Quality Shield products.
- Performance of a **spatial price survey** by INSEE **every 3 years**, as well as a **continuous** survey on cash register data.