



# General Assembly

Distr.: General  
5 March 2008

Original: English

---

## Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples

### New Caledonia

#### Working paper prepared by the Secretariat

#### Contents

	<i>Paragraphs</i>	<i>Page</i>
I. General . . . . .	1–5	2
II. Constitutional, political and legal issues . . . . .	6–31	3
A. Recent developments . . . . .	6–25	3
B. External relations . . . . .	26–31	7
III. Socio-economic conditions . . . . .	32–54	9
A. General . . . . .	32–38	9
B. Labour . . . . .	39–41	10
C. Mineral resources . . . . .	42–46	11
D. Tourism . . . . .	47–50	13
E. Other economic sectors . . . . .	51–54	14
IV. Consideration of the question by the United Nations . . . . .	55–57	15
A. Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples . . . . .	55	15
B. Special Political and Decolonization Committee (Fourth Committee) . . . . .	56	15
C. Action taken by the General Assembly . . . . .	57	15



## I. General

1. New Caledonia,<sup>1</sup> a Non-Self-Governing Territory administered by France, is located in the Pacific Ocean, about 1,500 kilometres east of Australia and 1,700 kilometres north of New Zealand. It comprises one large island, known as Grande Terre, and smaller islands known as the Loyalty Islands (Ouvéa, Maré, Lifou and Tiga), the Bêlap Archipelago, the Isle of Pines and Huon Islands. There are also several uninhabited islands to the north of the Loyalty Islands. The area of Grande Terre is 16,750 square kilometres, and that of the Territory is 19,103 square kilometres. Nouméa, the capital, is located in the south of Grande Terre. The Territory is divided into three provinces, North and South (on Grande Terre) and the Loyalty Islands. The official language is French and about 28 Melanesian-Polynesian dialects are spoken.

2. In August 2004, a census completed by the French National Institute of Statistics and Economic Studies placed the population of New Caledonia at 230,789, an increase of 33,953, or 14.7 per cent since the last census in 1996.<sup>1</sup> A more recent estimate assesses the population as at 1 January 2007 to be 240,400.<sup>2</sup> The 2004 census, which focused on regional groupings of the population, as opposed to ethnic groupings, provoked controversy and incited a boycott by the indigenous movement, dissatisfied with the omission of questions regarding ethnicity. The questions had been removed following an intervention by the President of France, who had labelled them scandalous and unlawful.

3. As a result, the only official information on ethnicity currently available dates from 1996. According to the 1996 census, the population comprised indigenous Melanesians, known as Kanaks (42.5 per cent); persons of European origin, mainly French (37.1 per cent); Wallisians (8.4 per cent); Polynesians (3.8 per cent); and others, mainly Indonesians and Vietnamese (8.2 per cent). Almost half the population at that time was reported to be under 25 years of age.

4. Although there has been a measurable increase in New Caledonia's population since 1996, the demographics have remained essentially unaltered, with the majority of the population (approximately 70 per cent) living in the South Province, mainly around the greater Nouméa area, approximately 20 per cent in the North Province, and approximately 10 per cent in the Loyalty Islands. In 1996, the native Kanak population made up almost 78 per cent of the population of the North Province and 97 per cent of the population of the Islands, but only 25.5 per cent of the population of the South Province. With respect to the Territory's second largest population group, persons of European origin, 89 per cent lived in the South Province.

5. The political and administrative structures of New Caledonia were fundamentally altered by the Nouméa Accord (A/AC.109/2114, annex), signed in May 1998 between the Government of France, the pro-independence Front de libération national kanak socialiste (FLNKS) and the integrationist Rassemblement pour la Calédonie dans la République (RPCR). Under the terms of the Accord, the

---

*Note:* The information contained in the present paper has been derived from published sources, including those of the territorial Government, and from information transmitted to the Secretary-General by the administering Power under Article 73 *e* of the Charter of the United Nations.

<sup>1</sup> Institut de la statistique et des études économiques 2004 — Nouvelle Calédonie.

<sup>2</sup> Institut de la statistique et des études économiques de Nouvelle-Calédonie (ISEE), Bilan économique et social 2006: Démographie.

New Caledonian parties opted for a negotiated solution and progressive autonomy from France rather than an immediate referendum on political status. The transfer of powers from France began in 2000 and is scheduled to end with a referendum between 2013 and 2018, when the Territory will opt for either full independence or a form of associated statehood. The characteristics of New Caledonia's economy and employment, as well as current efforts to implement a policy of redressing economic and social imbalances between the more prosperous South Province and the less developed North Province and Loyalty Islands, are described in section III below.

## II. Constitutional, political and legal issues

### A. Recent developments

6. Following the ratification of the Nouméa Accord by the people of the Territory and the codification of its provisions into French law, New Caledonia is no longer considered an Overseas Territory. Instead, the Government of France describes it as a community *sui generis*, which has institutions designed for it alone to which certain non-revocable powers of State will gradually be transferred. Details on the political and legislative aspects of the Nouméa process and the new institutional arrangements are contained in the 2005 report (see A/AC.109/2005/13, paras. 6-10, and 30 and 31).

7. For 25 years, the party system in New Caledonia was dominated by the anti-independence RPCR (Rassemblement pour la Calédonie dans la République), since renamed Rassemblement-Union progressiste mélanésienne (UMP). This dominance by one party ended just months prior to the Caledonian general elections in May 2004, with the emergence and electoral success of a new party, l'Avenir Ensemble (AE).<sup>3</sup> Like the then RPCR, the AE party oriented itself as opposed to complete independence from France, but is seen as being more favourable towards consensus and dialogue with the indigenous Kanak movement, and supportive of full implementation of the Nouméa Accord. The indigenous movement is part of FLNKS, a coalition of several pro-independence groups that are of the view that a future vote about New Caledonia's status should be about full independence rather than an endorsement of a continuing relationship with France.<sup>4</sup>

8. The most recent addition in New Caledonia's political scene came in November 2007, when New Caledonia's mainly Kanak Union for Kanak and Exploited Workers (USTKE) launched a new Labour Party. Staunchly pro-independence in nature, the party has focused its political platform on the complete application of the Nouméa Accord, particularly with regard to the rights of the indigenous people, and on the need to take the situation of the Kanak workers into account, especially in view of the inequality in the distribution of the Territory's wealth. The new party's leader, Gerard Jodar, expressed the view that the FLNKS movement was no longer adequately fulfilling its role in opposition, having failed in obtaining adequate progress towards implementation of the Nouméa Accord.<sup>5</sup> The

<sup>3</sup> Administering Power, "*L'évolution de la Nouvelle Calédonie en 2004*".

<sup>4</sup> Economist Intelligence Unit, *Country Report* (December 2005).

<sup>5</sup> *Les Nouvelles Calédoniennes*, 19 November 2007.

new party intends to contest New Caledonia's municipal elections due in March 2008.<sup>6</sup>

9. All of the political parties and groupings have experienced tensions and internal divisions. In 2005, RCPR founder and long-time leader, Jacques Lafleur, highly critical of its failure to defeat AE, established a new anti-dependence party, the Rassemblement pour la Calédonie (RPC).<sup>7</sup> Meanwhile, in the run-up to the French parliamentary elections in June 2007 (see para. 11 below), both Rassemblement-UMP and AE had internal differences over their election slates, with both parties facing challenges from breakaway candidates deciding to run against former colleagues.<sup>8</sup> An increase in tension between Rassemblement-UMP and AE was temporarily reversed through an agreement reached in the summer of 2007 with strong French backing (see para. 20 below), but by the autumn discord between the two parties had re-emerged. Meanwhile, FLNKS, which had experienced tensions for years, reinforced its cooperation in an apparent effort to exploit the unprecedented disarray among the anti-independence parties. This renewed unity of purpose was also visible when FLNKS held its first summit in four years in Nouméa in December 2007.<sup>9</sup> The appearance of the new Labour Party, however, demonstrated divergences among the proponents of independence.

10. Regarding French State institutions, New Caledonia participated in the French presidential elections on May 2007, won by Nicolas Sarkozy of France's Union pour un mouvement populaire party, who took 63 per cent of New Caledonia's vote. Meanwhile, Simon Loueckhote of RPCR continued to serve as New Caledonia's Senator, having been re-elected to that post in September 2001 for an additional nine years.

11. In June 2007, New Caledonia participated in the elections for the French National Assembly, voting for the two seats set aside for New Caledonia in France's lower house, one for each of its constituencies, North and South. In the previous elections in 2002, New Caledonian voters had returned two members of the pro-integrationist RPCR to their seats, namely, Mr. Lafleur, who had held the seat in Paris since 1978 (and who later left the party), and Pierre Frogier, who has served as leader of Rassemblement-UMP since Mr. Lafleur's departure.<sup>10</sup> The first round of voting on 10 June did not produce the required margins of victory, and a run-off vote was held one week later, on 17 June.

12. The first vote yielded a result that saw both pro- and anti-independence candidates proceed to a second round in both the North and South constituencies, with the candidates put forward by Rassemblement-UMP and FLNKS prevailing in both cases to move forward to the run-off vote. That outcome was widely attributed to the disarray in the anti-independence camp and the proliferation of candidates. For the North constituency, AE and Rassemblement-UMP each put forward a candidate — Harold Martin and Pierre Frogier (incumbent in the French Assembly), respectively. The National Front also put forward a candidate (Bianca Henin). Meanwhile, on the pro-independence side, the FLNKS coalition fielded a consensus single candidate (Charles Pidjot). The Kanak USTKE union also fielded a

---

<sup>6</sup> Radio New Zealand, November 2007.

<sup>7</sup> *Les Nouvelles Calédoniennes*, 30 October 2006, [www.lnc.nc](http://www.lnc.nc).

<sup>8</sup> Radio New Zealand, May and June 2007.

<sup>9</sup> Information provided by the administering Power, 9 January 2008.

<sup>10</sup> Oceania Flash, 17 June 2002.

candidate (Francois Apok). For the South constituency, meanwhile, AE and Rassemblement-UMP again fielded a candidate each (Philippe Gomes and Gael Yanno, respectively). Jacques Lafleur made a bid for re-election to the Assembly on his own RPC party ticket, and a breakaway candidate from AE ran as an independent (Didier Leroux). Two additional candidates ran in that constituency — Guy George for the National Front; and Pierre Maresca as an independent. Again, FLNKS rallied round a single candidate, Charles Washetine, while the former leader and founder of USTKE, Louis Kotra Uregei, ran on behalf of the union.<sup>11</sup>

13. In the second round, on 17 June, contested by the two Rassemblement-UMP and two FLNKS candidates, Rassemblement-UMP won, sending Mr. Frogier back to the French National Assembly, joined by Mr. Yanno. However, the FLNKS showing was considered notable, given the past tensions within the pro-independence movement.<sup>12</sup>

14. New Caledonia is governed by a 54-member Territorial Congress, a legislative body composed of members of the three provincial assemblies (15 from the North Province, 32 from the South Province and 7 from the Loyalty Islands) elected for terms of five years. In each province, a member of the leading party is elected President of the Provincial Assembly, also acting as the chief executive of the province. Further details on the structure of the Government are contained in the 2005 working paper (see A/AC.109/2005/13, paras. 11-16, 25 and 26).

15. Elections for the three Provincial Assemblies, which thus also determined the composition of Congress were held on 9 May 2004, ending the 25-year domination of the Caledonian Government by RPCR and reflecting the advent of AE. The present composition of Congress has AE and RPCR each holding 16 seats, National Front, 4 seats, and pro-independence parties, the remaining 18 seats. A breakdown of the results of the 2004 provincial elections can be found in previous working papers (see A/AC.109/2005/13, A/AC.109/2006/14 and A/AC.109/2007/9).

16. In keeping with the five-year election timetable, the next elections for Congress and the Provincial Assemblies were foreseen for 2009. However, on 23 July 2007, in the wake of the French Assembly elections and the setback experienced by the ruling AE party, Marie-Noëlle Thémereau of the AE party, president of New Caledonia since 2004, tendered her resignation, triggering the fall of the whole 11-member Executive Committee (ministerial Cabinet) of the Territory's Government, and setting in motion new elections.<sup>9</sup>

17. Under New Caledonia's 1999 organic law,<sup>13</sup> Congress then had 14 days to convene and elect a new Government in two stages: first, to vote on the number of Government Ministers, and second, to nominate portfolio bearers. The Cabinet is also required to proportionally reflect the make-up of the 54-member Congress.

18. On 6 August 2007, the New Caledonia Congress, elected a new 11-member Cabinet, in a vote that resulted in the election of eight anti-independence and three pro-independence members. This outcome was facilitated by the agreement reached the previous week by New Caledonia's main anti-independence parties to work

<sup>11</sup> Pacific Islands Report, Oceania Flash, 11 June 2007.

<sup>12</sup> Radio New Zealand, 15 June 2007.

<sup>13</sup> Under the French Constitution, organic laws are special statutes of constitutional scope according to the framing of the French Constitution, and have constitutional force. (Wikipedia, [http://en.wikipedia.org/wiki/Organic\\_law](http://en.wikipedia.org/wiki/Organic_law)).

together to share power (see para. 20 below). However, hours later, FLNKS resigned from the Cabinet in protest at what it considered an error in the Congress's ballot which did not accurately reflect the proportion of its relative strength in the 54-member Congress, as was required, and had thus cost them a seat in the Government.<sup>14</sup> Those resignations in turn caused the immediate collapse of the Government (though it remained in a caretaker capacity), and activated a renewed 14-day period during which Congress would have to elect a new Government. In the meantime, Harold Martin, leader of AE, was sworn in the following day as President of the caretaker Government.

19. On 21 August, using improved technical procedures for voting, the New Caledonia Congress again elected a new 11-member Cabinet, this time comprising seven anti-independence and four pro-independence members. Harold Martin retained the position of President. The voting for anti-independence Cabinet members and distribution of portfolios were greatly facilitated by a strategic agreement reached among them the previous week on power-sharing, *inter alia*, as described below.

20. An element that is integral to political stability in New Caledonia is the guiding principle of "collegiality", as enshrined in the Nouméa Accord, involving such areas as governance, power-sharing and consensus decision-making. In the light of the lack of cohesion among the main anti-independence forces in New Caledonia, reconciliation talks were initiated in July 2007 under the leadership of party leaders Pierre Frogier (Rassemblement-UMP) and Harold Martin (AE), with the strong encouragement of the French Government. That effort culminated in the signature on 29 July of a "majority pact" between the three main anti-independence parties — Rassemblement-UMP, AE and Jacques Lafleur's RCP. The pact, anchored firmly in the terms of the Nouméa Accord, is aimed at setting the parameters for a working relationship between the parties, affecting not only Government portfolios, but also key positions in public institutions and companies. In line with the goal of collegiality, it also emphasized the need to maintain dialogue with the New Caledonia pro-independence movement, mainly represented by FLNKS. As mentioned in paragraph 18 above, that strategic alliance was instrumental in the elections held shortly thereafter by the New Caledonia Congress for a new Government.<sup>15</sup>

21. The French State is represented in the Territory by a High Commissioner. On 15 October 2007, it was reported that Michel Mathieu, who had been appointed to the post in September 2005, had tendered his resignation to President Sarkozy, reportedly after a difference in views that emerged during the visit of Christian Estrosi, French Secretary of State in charge of Overseas, on how to deal with a union rally and social unrest in New Caledonia in general.<sup>16</sup> A new High Commissioner, Yves Dassonville, was appointed on 26 October.

22. A certain amount of controversy broadly surrounded Mr. Estrosi's trip to New Caledonia. Prior to his visit, FLNKS announced its intention not to meet with him, citing its concern over the "majority pact" between the main anti-independence parties, reached with strong French backing. FLNKS interpreted that move as an attempt to weaken the pro-independence coalition's institutional power. FLNKS

---

<sup>14</sup> Radio New Zealand, 6 and 7 August 2007.

<sup>15</sup> Pacific Islands Report, Oceania Flash, 24 and 31 July 2007.

<sup>16</sup> Radio New Zealand, 15 and 26 October 2007.

later criticized Mr. Estrosi's statements in the Territory, expressing the view that they were in contradiction with the Nouméa Accord, and more in keeping with a UMP activist rather than a Government representative. Philippe Gomes, one of the leaders of AE, also voicing disagreement with Mr. Estrosi's positions, urged his party to reconsider its existing agreement with Rassemblement-UMP, and to reinforce its political strategy of dialogue. Meanwhile, for its part, the pro-independence Caledonian Union urged France to remain impartial, and not to support the loyalist parties.<sup>17</sup> Responding to the reaction to his visit, Mr. Estrosi said his comments had been misunderstood, reiterated his respect for the Nouméa Accord and reaffirmed France's neutral role. That approach has since been reinforced by Mr. Dassonville in several public comments reaffirming the support of France for the implementation of the Nouméa Accord.<sup>18</sup>

23. In response to a question put to Prime Minister François Fillon, in the French National Assembly on 17 October 2007, in the wake of Mr. Estrosi's visit to New Caledonia, the Prime Minister announced that he would personally convene a meeting of the signatories to the 1998 Nouméa Accord in Palais Matignon, the Prime Minister's official residence in Paris, to review progress on the implementation of the Accord.

24. The meeting took place on 20 December 2007, bringing together representatives of the French Government, Rassemblement-UMP, AE, RPC and FLNKS. A statement issued by the Prime Minister following the talks said that re-establishment of the dialogue would allow joint efforts to proceed in developing New Caledonia's economy, and in effecting the transfer of powers in line with the terms of the Nouméa Accord. The statement indicated that the transfer of the next set of powers is foreseen for 2009. Prime Minister Fillon also announced the creation of a task force to help New Caledonia's working groups to prepare for the transfer of the next set of powers, as the second phase of an understanding reached by the parties at the group's meeting in February 2006; that task force was established on 20 February 2008. As the first phase of that agreement, 13 working groups were established in 2007, one for each of the powers to be transferred, under the auspices of the High Commissioner.<sup>9</sup>

25. Some steps have been taken to fulfil the requirement contained in the 1998 Nouméa Accord of agreeing on identity symbols around which New Caledonia can unite. A public competition opened in December 2007 to find an anthem, motto and banknote design. Meanwhile, the question of the new name and flag will be decided by an Identity Signs Steering Committee.<sup>19</sup>

## **B. External relations**

26. The legal framework within which New Caledonia may establish external relations is governed by the Organic Law of 1999 (details are contained in A/AC.109/2005/13, para. 9). In that regard, the participants at the January 2002 meeting of the signatories of the Nouméa Accord agreed on the importance of developing trade and other relations with the larger actors in the Pacific region

<sup>17</sup> *Les Nouvelles Calédoniennes*, 10, 16, 29 October and 9 November 2007.

<sup>18</sup> Radio New Zealand, 19 October 2007 and 14 January 2008.

<sup>19</sup> Pacific Islands Report, Oceania Flash, 3 January 2008.

(Australia and New Zealand), as well as with other island States, and of building on existing links with regional organizations. Another concern expressed was the need to establish better links with the European Union (EU), given its political, commercial and financial importance. Since 1998 when the Nouméa Accord was signed, New Caledonia has been gradually expanding its international and regional links.

27. New Caledonia has continued to strengthen its ties with the EU, within which it has the status of associated territory. New Caledonia participated in the EU Overseas Countries and Territories Forum, held in Brussels, on 27 and 28 November 2007. The main topics discussed were future Overseas Countries and Territories-EU relations, status of implementation of the ninth European Development Fund for the Overseas Countries and Territories, economic and trade cooperation, the environment, climate change and financial services.<sup>20</sup>

28. In 2006, New Caledonia became an associate member of the Pacific Islands Forum, having been an observer since 1999. Addressing the 38th Summit of the Forum, held in Tonga on 16 October 2007, New Caledonia President Harold Martin reiterated the Territory's commitment to the Forum's Pacific Plan, focusing on the priorities of economic growth, sustainable development, good governance and the establishment of conditions conducive to institutional stability as a guarantor of peace and stability in the Pacific region. He also voiced encouragement for the Forum to continue its efforts towards developing the Pacific region's institutional architecture. For the first time, a special invitation was extended to France to attend the event in the framework of the post-Forum dialogue; Secretary of State Estrosi led the French delegation.<sup>9</sup>

29. New Caledonia is also a member of the Pacific Community, the Pacific's oldest regional organization, whose secretariat is headquartered in Nouméa. The secretariat implements programmes that benefit its 22 members, which encompass the Pacific island countries and Territories, with the aim of helping them to make and implement informed decisions about their future. The Pacific Community has land, marine and social programmes under way in New Caledonia.

30. Among other Pacific regional arrangements in which New Caledonia is involved are the South Pacific Regional Environment Programme, the Pacific Islands Development Programme and the South Pacific Applied Geoscience Commission.

31. New Caledonia has also developed its bilateral relations in the region. For example, New Caledonia signed a cooperation agreement with Vanuatu in 2006. It is the fifth- and third-largest export market in the Pacific for Australia and New Zealand, respectively, and has actively pursued its trade and other relations with both countries.<sup>21</sup>

---

<sup>20</sup> See European Commission report on the Sixth Overseas Countries and Territories-EU Forum, 28 November 2007, <http://ec.europa.eu>.

<sup>21</sup> Official website of the Government of Australia ([http://www.dfat.gov.au/geo/new\\_caledonia/new\\_caledonia\\_brief.html](http://www.dfat.gov.au/geo/new_caledonia/new_caledonia_brief.html)), and official website of the Government of New Zealand (<http://www.mfat.govt.nz/Countries/Pacific/New-Caledonia.php#bilateral>).

### III. Socio-economic conditions

#### A. General

32. New Caledonia, with its considerable economic assets, ranks among the more affluent Pacific nations with a gross domestic product (GDP) per capita of €22,737 in the year 2006.<sup>22</sup> As one of the world's largest nickel exporters the Territory's economic development is closely connected with the developments on the booming global nickel market. In line with steadily growing nickel prices and several ongoing large-scale mining investments, the economy expanded by 4.0 per cent in 2005 and 4.4 per cent in 2006.<sup>23</sup>

33. The Territory, however, suffers from long-standing structural imbalances between the economically dominant South Province and the considerably less developed North Province and the Loyalty Islands. Therefore, in the context of the Matignon Accords of 1988 (see A/AC.109/1000, paras. 9-14) and the Nouméa Accord of 1998, many of the efforts of the Government of France and New Caledonian institutions in the past decade have been aimed at *rééquilibrage*; that is, redressing the balance among the three provinces in terms of infrastructure, social services and employment opportunities. Accordingly, 70 per cent of State assistance to the Territory is earmarked for the North Province and the Loyalty Islands, with the remaining 30 per cent for the South Province. In addition, the French State concludes multi-year development treaties with the local government communities (*communes*) in the Territory. Implementation of contracts awarded for the period 2000-2005, focusing on housing and public health, was completed in 2007. The next batch of development contracts for the period 2006-2010 entered into force in March 2006. Funding provided by the administering Power, with a financial commitment of €393.4 million accounts for more than 50 per cent of the Territory's total projected spending of €777.7 million.<sup>9</sup>

34. According to information provided by the administering Power, the French State continues to offer fiscal incentives to encourage investment in its Overseas Territories, as well as specific tax arrangements aimed at strengthening New Caledonia's metallurgy and mining sectors, hotel industry, housing, transport sector and public service concessions.<sup>9</sup>

35. New Caledonia remains heavily dependent on direct financial transfers from France, which are equivalent to around 30 per cent of GDP. Approximately 80 per cent of that amount is spent on health, education and the payment of public service salaries, with the remainder funding development schemes, mainly in the North and Island Provinces. The financial transfers made by the administering Power increased to a total of €214.5 in 2007 compared to €205.7 million in the year 2006.<sup>9</sup> However, in July 2007 shortly after his election, President Sarkozy announced his intention to move away from France's existing arrangements of financial support to its overseas departments and territories, indicating that this was not the best approach for addressing development challenges.<sup>24</sup> Consequently, the so-called *loi-programme*, initiated by the administering Power in January 2008, aims at evaluating and eventually improving the effectiveness of financial transfers and other measures

<sup>22</sup> Economist Intelligence Unit, *Country Report* (December 2006).

<sup>23</sup> See [www.isee.nc](http://www.isee.nc), accessed on 3 March 2008.

<sup>24</sup> Oceania Flash, 17 July 2007, <http://newspad-pacific.info>.

taken by the administering Power vis-à-vis its overseas departments and territories.<sup>25</sup>

36. Passed by the Territorial Congress in December 2007, the 2008 budget totals a record 2 billion United States dollars (US\$). The territorial Government explained the budget increase in terms of higher revenues caused by a flourishing economy, a booming nickel industry and international investment in the Territory. The main components of expenditures were dedicated to regional wealth distribution and educational issues.<sup>26</sup> Territorial President Martin affirmed in a declaration of general policy that the favourable economic situation prevailing in New Caledonia constituted “the right time” to focus on overcoming regional inequalities.<sup>27</sup>

37. Meanwhile, as discussed in paragraph 27 above, New Caledonia’s currency, the Pacific franc, could be replaced by the euro if all three French Pacific Territories concur. The administering Power has urged New Caledonia, as one of France’s overseas territories, to adopt the euro and has established a committee for preparation and consultation with territorial actors. New Caledonia’s anti-independence parties as well as the Territory’s business sector are supporting the introduction of the euro. On the other hand, the change is opposed by the pro-independence parties, which assert that, under the provisions of the Nouméa Accord, currency matters are to be dealt with locally, and a switch to the euro would serve only to bind New Caledonia more closely to France.<sup>28</sup>

38. Owing to New Caledonia’s dependence on the importation of many products, the cost of living in the Territory reflects the upward trend of world market prices, and thus remains an issue of concern. The Territorial Congress endorsed in November 2006 far-reaching tax exemptions for a basket of 14 essential food items, such as sugar and flour.<sup>29</sup> The territorial Government has also introduced subsidized fixed-price bread as a countermeasure to rapidly rising wheat prices.<sup>30</sup> In January 2008, President Martin announced further measures to reduce the cost of living such as tighter control on the price of basic goods. A recent survey showed that housing rents had not only increased by up to 45 per cent between 2001 and 2006, but had in cases also reached the levels prevailing in parts of Paris.<sup>31</sup> Another survey by the French consumer association “UFC-Que Choisir” revealed that the cost of living in the Territory was on average 72 per cent higher than in metropolitan France.<sup>32</sup>

## **B. Labour**

39. According to information provided by the administering Power, the number of unemployed persons fell considerably in the past four years, from 12,275 in 2003 to 7,923 in 2007. That is partly the result of the increasing labour demands of the

---

<sup>25</sup> *Les Nouvelles Calédoniennes*, 15 February 2008, [www.lnc.nc](http://www.lnc.nc).

<sup>26</sup> *Pacific Magazine*, 13 December 2007, [www.pacificmagazine.net](http://www.pacificmagazine.net).

<sup>27</sup> Harold Martin, President du Gouvernement de la Nouvelle-Calédonie, Déclaration de Politique Générale, 4 January 2008, at [www.gouv.nc](http://www.gouv.nc).

<sup>28</sup> *Les Nouvelles Calédoniennes*, 2 November 2007, [www.info.lnc.nc](http://www.info.lnc.nc); Economist Intelligence Unit, *Country Report* (November 2007).

<sup>29</sup> *Pacific Magazine*, 9 November 2006, [www.pacificmagazine.net](http://www.pacificmagazine.net).

<sup>30</sup> Radio New Zealand International, 6 September 2007, [www.rnzi.com](http://www.rnzi.com).

<sup>31</sup> *Les Nouvelles Calédoniennes*, 21 September 2007, [www.info.lnc.nc](http://www.info.lnc.nc).

<sup>32</sup> *Pacific Magazine*, 8 January 2008, [www.pacificmagazine.net](http://www.pacificmagazine.net).

mineral industry, particularly the recently operational Goro Nickel mine. However, the regional disparities mentioned above remain visible in the labour market and have tended to deepen.<sup>33</sup> As previously reported (A/AC.109/2007/9), unemployment remains particularly high among the Kanaks, who have repeatedly called for a corrective law giving preference to local workers.

40. Labour disputes are traditionally frequent in New Caledonia, leading to many hours of lost productivity owing to strikes and lockouts. In recent years, the number of social conflicts and the subsequent loss of working hours have risen considerably.<sup>34</sup> A conflict between USTKE and the public transport company Carsud led to violent clashes in January 2008 when the police undertook to dismantle a picket line. Several people were hurt and 45 unionists were arrested. The conflict had been sparked by the dismissal of a Carsud employee for alleged theft in November 2007, USTKE has since been fighting for his re-employment. At the time the present working paper was being prepared, the conflict was ongoing, negotiations had not been resumed and 14 unionists remained under arrest.<sup>35</sup>

41. Another strike, at the Territory's only cement factory in autumn 2007, paralysed the booming building sector for six weeks. The territorial Government considered the import of cement in order to cushion the impact on the industry and its workers.<sup>36</sup>

### C. Mineral resources

42. New Caledonia's economy is dominated by the nickel industry. The Territory, which is the third largest nickel producer in the world after Russia and Canada, is estimated to have at least 25 per cent of the world's nickel reserves<sup>37</sup> and is responsible for 6 per cent of the world's nickel output, employing some 3,500 people in mining firms of varying sizes. Although this highly dynamic sector makes up to about 90 per cent of New Caledonia's exports and generates numerous related economic activities, it is fragile in that it is almost entirely dependent on international demand and nickel prices. For that reason, emphasis continues to be placed on the development of local metallurgical production, which creates more wealth, rather than on mineral exports.<sup>9</sup> In 2007, the world market price for nickel was particularly volatile, ranging from US\$ 32,000 per ton in January, climbing to more than US\$ 51,000 in May, before dropping to US\$ 25,000 less than two months later.<sup>38</sup> In early 2007, the territorial Government announced that it would work towards new mining legislation aimed at promoting a more coherent approach to the islands' mining industry, with an emphasis on local processing of resources.<sup>39</sup>

<sup>33</sup> Information provided by the administering Power, 9 January 2008; *Les Nouvelles Calédoniennes*, 11 July 2007, [www.info.lnc.nc](http://www.info.lnc.nc).

<sup>34</sup> See ISEE, *Syndicats-Conflicts sociaux*, [www.isee.nc](http://www.isee.nc), accessed on 31 January 2008.

<sup>35</sup> *Pacific Magazine*, [www.pacificmagazine.net](http://www.pacificmagazine.net), 18 January 2008; *Les Nouvelles Calédoniennes*, 16 and 23 February 2008, [www.lnc.nc](http://www.lnc.nc).

<sup>36</sup> *Les Nouvelles Calédoniennes*, 2 October 2007, [www.lnc.nc](http://www.lnc.nc); Radio New Zealand International, 6 November 2007, [www.rnzi.com](http://www.rnzi.com).

<sup>37</sup> Economist Intelligence Unit (November 2007).

<sup>38</sup> *Les Nouvelles Calédoniennes*, 24 October 2007, [www.lnc.nc](http://www.lnc.nc).

<sup>39</sup> Dow Jones Newswire, 26 March 2007, [www.djnewswire.com](http://www.djnewswire.com).

43. There are currently three major projects related to nickel mining under way in the Territory, namely, those of Société Le Nickel, Xstrata and Companhia Vale de Rio Doce (see A/AC.109/2004/4, A/AC.109/2001/14 and A/AC.109/2002/13). While it is hoped that these projects will lead to significant economic growth, they remain controversial for environmental and financial reasons. The Kanaks continue to believe that mining rights are being sold off cheaply, that the economic benefits are not flowing to the poorer areas of the Territory and that development will damage the local environment. Early in 2007, the territorial Government announced its intention to employ stricter environmental standards in the new mining legislation.<sup>39</sup> In particular, there has been an ongoing debate for some years, as well as significant protest, over the impact that new nickel projects will have on New Caledonia's pristine maritime environment and coral reef system. The reef is 1,600 kilometres long and covers about 8,000 square kilometres. It is regarded by scientists as having great research potential and it is also a major tourist attraction. The French Government submitted a bid to UNESCO in 2007 to include New Caledonia's lagoons and reef ecosystem in the World Heritage list.<sup>40</sup>

44. The first of the three projects is being developed by Société Le Nickel (the New Caledonian affiliate of the French State-owned company Eramet), expanding its Doniambo smelter to boost production from 60,000 tons to 75,000 tons per year. Work on the renovation began in 2006 but faced several delays, including strike actions and multiple blockades.<sup>41</sup> The renewed facilities are projected to become operational in late 2008.<sup>9</sup>

45. The second project under way is a joint venture between the Kanak-controlled Société Minière du Sud-Pacifique and the Canadian company Falconbridge Limited. When Falconbridge was acquired by the Swiss mining group Xstrata in 2006, the future of the project was put in question. However, in October 2007, Xstrata confirmed its commitment to continue the US\$ 3.8 billion project,<sup>42</sup> which includes the construction of a smelter in the North Province to process nickel from the Koniambo mountains. It is estimated that this smelter will produce some 60,000 tons per year, creating 800 jobs directly and 2,000 indirectly. It is also at the heart of a major project to bring wealth and employment to the underdeveloped North Province.<sup>43</sup> While actual nickel production is now not due to begin until 2011<sup>44</sup> the North Province government began construction of residential and commercial buildings around the Koniambo site in 2004 in order to prepare for the population increase expected to occur when the mine opens.<sup>45</sup>

46. The third project, a new nickel mine at Goro, South Province, was run by the Canadian company Inco until October 2006, when the Brazilian Companhia Vale de Rio Doce acquired 75 per cent of Inco's shares.<sup>46</sup> The three provinces have each signed up to acquire a total stake of 10 per cent in Goro Nickel. These shares were originally held by the French Government's mining and geological research

---

<sup>40</sup> *Pacific Magazine*, 2 February 2007, [www.pacificmagazine.net](http://www.pacificmagazine.net).

<sup>41</sup> *Pacific Magazine*, 11 October 2006, [www.pacificmagazine.net](http://www.pacificmagazine.net).

<sup>42</sup> Economist Intelligence Unit (November 2007); *Les Nouvelles Calédoniennes*, 18 October 2007, [www.info.lnc.nc](http://www.info.lnc.nc).

<sup>43</sup> Economist Intelligence Unit (March 2006).

<sup>44</sup> Radio New Zealand International, 18 October 2007, [www.rnzi.com](http://www.rnzi.com).

<sup>45</sup> Economic Intelligence Unit, *Country Report* (December 2003).

<sup>46</sup> *Pacific Magazine*, 27 October 2006, [www.pacificmagazine.net](http://www.pacificmagazine.net).

department.<sup>47</sup> The project has suffered numerous setbacks since 2006 such as strikes, a legal dispute and ongoing protests by several activist groups (see A/AC.109/2007/9). In February 2008, Goro Nickel faced another setback when it embarked on the installation of a 21 kilometre long underwater pipe to carry liquid mining waste into the lagoon at the Havannah Channel. The construction quickly had to be stopped due to massive resistance by residents, environmentalists and local fishers, further delaying completion of the project.<sup>48</sup> Production is now projected to begin in late 2008.<sup>49</sup> Meanwhile, the costs of the factory have nearly doubled to US\$ 3.2 billion compared to the initially projected investment of US\$ 1.8 billion.<sup>50</sup> Both the Goro Nickel and the Koniambo projects have been granted tax breaks in the amount of several hundred million United States dollars by the territorial Government and the administering Power.<sup>51</sup>

#### D. Tourism

47. Tourism constitutes an important sector of the Territory's economy, accounting for about 4 per cent of the territorial GDP and around 8 per cent of the employment. Most visitors come from Australia, France, Japan and New Zealand. Over the last years, tourist numbers have remained static at around 100,000 per year. However, during the same period, the number of cruise arrivals has grown considerably.<sup>52</sup> Political instability, continuous labour strikes as well as high costs of living and air travel present the main challenges for the Territory's tourism sector. The Territory also has to compete with other attractive South Pacific Islands such as Fiji, French Polynesia and Samoa which recently overtook New Caledonia as third most popular tourist destination in the region.<sup>53</sup>

48. As previously reported, the territorial Government launched a strategic plan to revive the tourism industry in December 2005 aimed at increasing the number of tourists to 180,000 during the decade 2005-2015. The plan consists of three phases to be implemented successively in 2006, 2008 and 2012, and designed to diversify tourist destinations other than the capital. The first phase involved a new marketing strategy and subsidized rental accommodation designed to attract an upscale clientele. The second phase, now under way, aims to increase hotel accommodations by 1,200 rooms, with a view to launching a new tourist image. The final phase will attempt to consolidate New Caledonia's position in the international tourism market (see A/AC.109/2007/9).

49. Additional measures to support New Caledonia's tourism sector have been launched such as the abolition of visa requirements for Japanese nationals staying in the Territory for up to 90 days (*ibid.*). The territorial Government has also launched a series of campaigns targeted at visitors from New Zealand and Australia.<sup>54</sup> Moreover, efforts have been enhanced to promote coordination between the

<sup>47</sup> Inco Limited, 18 February 2005, [www.inco.com](http://www.inco.com).

<sup>48</sup> *Les Nouvelles Calédoniennes*, 20 and 25 February 2008, [www.info.lnc.nc](http://www.info.lnc.nc).

<sup>49</sup> *Ibid.*, 2 February 2008.

<sup>50</sup> Economist Intelligence Unit (November 2007).

<sup>51</sup> *Pacific Magazine*, 20 February 2007, [www.pacificmagazine.net](http://www.pacificmagazine.net).

<sup>52</sup> See ISEE, [www.isee.nc](http://www.isee.nc), accessed on 4 February 2008.

<sup>53</sup> Radio New Zealand, 22 October 2007, [www.rnzi.com](http://www.rnzi.com); *Pacific Magazine*, 28 December 2005, [www.pacificmagazine.net](http://www.pacificmagazine.net).

<sup>54</sup> Radio New Zealand, 8 January 2008, [www.rnzi.com](http://www.rnzi.com).

Territory's three provinces which in the past had been promoting their destinations separately, thus partly competing with one another. Also, a new reorganized national tourism office has been established.<sup>55</sup>

50. As previously reported, the Territory has enhanced its cruise sector which is reflecting in a rising number of cruise passenger arrivals.<sup>56</sup> In January 2008, New Caledonia's Chamber of Commerce, together with the administering Power and the territorial Government began with the renovation and upgrading of the international airport Tontouta, due to be finalized by early 2011.<sup>57</sup>

## **E. Other economic sectors**

51. Other sectors that contribute to New Caledonia's GDP are public administration, commerce, services, construction and public works, small- and medium-scale industry and agriculture.

52. While the agriculture and fishery sectors account for only 1.9 per cent of GDP, they occupy a central place in New Caledonian society, employing some 30 per cent of the population, to some extent stemming the rural exodus. Rural development projects are aimed at increasing the local market, thereby decreasing the high dependence on imported food. While the prevailing small-scale structure of farming in the Territory hardly allows for more economic and efficient agricultural production, a growing number of farmers engage in eco-tourism in order to generate more income.<sup>58</sup>

53. Although fisheries are also underdeveloped, with commercial fishing accounting for only a third of the total catch, shrimp exports were New Caledonia's second largest export category in 2006, after nickel and nickel products. Despite the increase of shrimp production, falling market prices led to decreasing export revenues in the year 2006. Efforts to diversify the Territory's export market, which has traditionally been dominated by China and Japan, have shown some success, as evidenced by the 350 per cent increase in shrimp exports to the United States of America in the period 2005-2006. The aquaculture industry, which mainly relies on shrimp-farming, is subsidized by the French Government. While the North Province and Loyalty Islands authorities have continued the expansion of their fishing fleets, there were mounting concerns about falling stocks of certain species attributable to overfishing, climate change and ocean temperature cycles.<sup>59</sup>

54. The construction industry is currently a very dynamic sector and accounts for 8.6 per cent of the Territory's GDP. As discussed above, New Caledonia's real estate market is founded on high price levels comparable to those of Paris or the Mediterranean coast. However, the strike in the cement industry in October 2007 dealt a blow to the construction sector, at least temporarily.<sup>60</sup>

---

<sup>55</sup> Economist Intelligence Unit (November 2007); *Pacific Magazine*, 14 February 2008, [www.pacificmagazine.net](http://www.pacificmagazine.net).

<sup>56</sup> See A/AC.109/2007/91; [www.isee.nc](http://www.isee.nc).

<sup>57</sup> *Les Nouvelles Calédoniennes*, 8 November 2008, [www.info.lnc.nc](http://www.info.lnc.nc).

<sup>58</sup> Economist Intelligence Unit (November 2007).

<sup>59</sup> Information provided by the administering Power, 9 January 2008; Economist Intelligence Unit (November 2007).

<sup>60</sup> Information provided by the administering Power, 9 January 2008; *Les Nouvelles Calédoniennes*, 2 October 2007, [www.info.lnc.nc](http://www.info.lnc.nc).

## **IV. Consideration of the question by the United Nations**

### **A. Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples**

55. At its 7th meeting, held on 20 June 2007 (see A/AC.109/2007/SR.7), the Special Committee on decolonization adopted a draft resolution, introduced by Papua New Guinea, in which all parties involved in the question of the status of New Caledonia were invited to continue promoting a framework for the peaceful progress of that Territory towards an act of self-determination (see A/AC.109/2007/L.13). Such a framework would safeguard the rights of all sectors of the population, according to the letter and spirit of the Nouméa Accord, which is based on the principle that it is for the populations of New Caledonia to choose how to control their destiny.

### **B. Special Political and Decolonization Committee (Fourth Committee)**

56. Subsequently, at its 6th meeting on 15 October 2007, the Fourth Committee adopted a draft resolution on the question of New Caledonia (see A/AC.4/62/SR.6).

### **C. Action taken by the General Assembly**

57. At its 75th plenary meeting, on 17 December 2007, the General Assembly adopted without a vote resolution 62/117 on the question of New Caledonia.

---