



Proceedings

European conference The integrated economic development of cross-border territories

PROCEEDINGS OF THE CONFERENCE

The integrated economic development of cross-border territories

15 April 2014

INTRODUCTION

The Mission Opérationnelle Transfrontalière (MOT) held a European conference on the integrated economic development of cross-border territories on 15 April 2014 at the Caisse des Dépôts in Paris. Bringing together over 150 people, it launched an 18-month project aimed at producing tools to facilitate cross-border economic development (notably a territorial diagnosis and two guides to stimulating economic development partnerships and projects along France's borders). This project is financed by the national technical assistance programme Europ'Act.¹

In his opening address, **Marc Desjardins**, Director of Network Facilitation in the Territorial Development and Network Directorate at the Caisse des Dépôts, recalled that it is a crucial issue for cross-border territories and welcomed the institutional structuring of cooperation along France's borders, with the proliferation of EGTCs. Although "the cross-border approach is not the natural one for the Caisse des Dépôts, the regional directorates are involved in the work of the EGTCs". Thanks to its action focused on supporting territorial authorities, Mr Desjardins stressed the desire of the Caisse des Dépôts to respond to the needs of territories, notably in respect of its three key areas of work: the competitiveness and attractiveness of territories, social cohesion and the energy and environmental transition.

FIRST SESSION: The challenges and potential of cross-border economic development

Stéphanie Fuchs, Head of the Division for International and Cross-Border Action at the Conseil Général du Haut-Rhin, talked about the situation of this department partially covered by the trinational Basel conurbation. Suffering from a major asymmetry regarding its economy (unemployment rate, an industrial base that can be relocated) and tax regime (social security contributions) vis-à-vis North-West Switzerland and Baden on the German side, the Haut-Rhin is struggling to share in the Basel conurbation's dynamism. French inhabitants of the cross-border region are at a disadvantage compared with German and international workers regarding jobs with high added value due to insufficient levels of training. Several ideas aimed at correcting this imbalance are however being studied in order to encourage investment on the French side, notably the creation of an area with European economic and social status, and the management of the cross-border transition with respect to energy.

Regarding the region of North Lorraine that borders Luxembourg, **Aurélien Biscuit**, Director of the North Lorraine Urban Planning and Sustainable Development Agency, highlighted the impact of the Grand Duchy across the Greater Region. "In the past 20 years, Luxembourg has created 25% of the new jobs in the Greater Region. By way of comparison, this is as if Luxembourg had created a quarter of all new jobs in the Ile-de-France (Paris) Region." He pointed out the paradox of this border which is very porous demographically speaking (with the populations in the French, German and Belgian border regions being strongly attracted by the Grand Duchy) but much less porous in terms of economic activity (with job creation negative in these border regions). This

¹ Europ'Act is the tool for the implementation and strategic steering of cohesion policy in France for the 2007-2013 period and comes under the managing authority of the Interministerial Delegation for Territorial Development and Regional Attractiveness (Délégation interministérielle à l'aménagement du territoire et à l'attractivité régionale – DATAR), now Commissariat général à l'égalité des territoires (CGET).

imbalance which, according to statistical forecasts, is expected to increase over the coming years, calls for stronger governance for the Greater Region.

Florian Némethi, Director of the Neuchâtel Chamber of Commerce and Industry, gave the point of view of businesses in the Swiss Canton of Neuchâtel. He pointed out that trade between France and Switzerland constituted “a variable relationship – a glass that is both half-full and half-empty” since “in spite of a very favourable context between France’s Franche-Comté Region and the Canton of Neuchâtel (similar cultural identity, similar economic environments, complementarities), the potential is insufficiently exploited”. He highlighted the weakness of strategic partnerships and of technological transfer in the cross-border context and regretted that SMEs and local know-how are increasingly being taken over by international economic players. To remedy this, Mr Némethi argued for “greater awareness of common interests, better knowledge of one another and the emergence of leaders”.

Questions from the floor

Jean-Luc Johaneck, Chairman of the Border Workers Defence Committee of the Haut-Rhin Department, stressed the need on the French side to develop tools to help workers to integrate better into the cross-border job market, for example, better targeting by job centres of job-seekers with a good command of German.

Rachid Belkacem, economics lecturer at the Longwy University Institute of Technology, recalled that Luxembourg and Switzerland make use not only of workers but also of skills and training for which these countries bear no cost. He also stressed that the main objective for the regions bordering Luxembourg and Switzerland is to develop economic activities that are both compatible with the other side and are not liable to be relocated.

Bertrand Wert, from the DG Enterprise and Industry (European Commission), pointed out that the portraits of territories presented fortunately do not reflect the reality of all cross-border territories, citing the example of the Lille-Kortrijk-Tournai Eurometropolis, and asked for details regarding the impact of the Swiss vote in February on immigration.

- ⇒ **Florian Némethi** emphasised the need for a “pragmatic application” of the decision: “the border Cantons will do all they can to retain control of quotas in accordance with local needs”.

SECOND SESSION: Practices of economic cooperation

Olivier Ceccotti, Cross-Border Projects Manager at the Greater Lille Chamber of Commerce and Industry, presented the CCI’s three pillars for cross-border action along the French-Belgian border. “First of all, there is the operational aspect” with the Centre transfrontalier des entreprises (CTE – Cross-Border Business Centre), a French-Walloon-Flemish partnership network that supports SMEs-SMIs that wish to expand on either side of the border, which is based on individual support and collective coordination. “And an aspect relating more to reflection and lobbying” with the Euro 3 EEIG, a think-tank that aims “to give a cross-border dimension to economic initiatives present on one side of the border”. One of its first successes is the transposition of the Flemish BRYO scheme aimed at developing young people’s entrepreneurial spirit and stimulating the creation of innovative businesses. The think-tank is currently working on the Nord-Pas de Calais Region’s Third Industrial Revolution project, as well as on the Seine-Europe Canal project. “And finally, a cooperation initiative with the political sphere”, in this case with the Lille-Kortrijk-Tournai Eurometropolis regarding a range of projects developed in the EGTC area. It should also be noted that by 2015 the CCIs in the Nord-Pas de Calais Region will merge into a single chamber, the North of France CCI, in order to develop a common approach for the whole border.

For more information: <http://www.espaces-transfrontaliers.org/en/resources/projects/projects/project/show/centre-transfrontalier-des-entreprises/>

Peio Olhagaray, Director of Economic Development in the Bayonne-Basque Country Chamber of Commerce and Industry, was unable to attend at the last minute. Jonathan Boudry, a policy

officer at the MOT, nevertheless briefly presented the Bihartean cross-border CCI, a European Economic Interest Grouping set up by the Bayonne-Basque Country CCI and the Gipuzkoa Chamber of Commerce. Its actions are focused first of all on supporting innovation (in all its forms) in SMEs and the coordination of the interterritorial partnership, notably in the area of interclustering. This strengthening of cross-border cooperation between businesses is expected in the second phase to stimulate SMEs to help them gain access to external markets. Very shortly, the CCIs of the Euroregion will also join Bihartean, which will become a primary point of contact regarding cross-border economic development at regional level.

For more information: <http://www.espaces-transfrontaliers.org/en/resources/projects/projects/project/show/chambre-de-commerce-et-dindustrie-transfrontaliere-bihartean/>

Brice Fusaro, Secretary General of the Greater Geneva Local Grouping of Cross-border Cooperation (LGCC), illustrated the dynamics of the France-Vaud-Geneva conurbation using three instruments that promote the territory's economic development. The cross-border economic development unit, set up by the Canton of Geneva, the Conseil Régional of the District of Nyon and the ARC Syndicat Mixte (a grouping of the French local authorities around Geneva), in collaboration with private-sector players, aims to foster synergies between the region's businesses, as well as assisting firms from outside that wish to set up in the area as part of a "dual location" strategy. The "dual location" approach enables French and Swiss businesses to set up a subsidiary or branch in the neighbouring country and to benefit from its tax, commercial or real estate advantages and thus constitutes a valuable tool for rebalancing the distribution of economic activities across the cross-border conurbation. Lastly, the French Ecocity in Greater Geneva is organised around several areas of sustainable development and aims to support structural investment in the area (trams, multi-modal hubs, a hospital, etc.).

For more information: <http://www.arcdugenevois.fr/domaines-d-interventions/economie>

Questions from the floor

Pierre Pougnaud, a technical adviser at the Ministry of Foreign Affairs, requested more information about the Flemish project BRYO.

- ≡ **Olivier Ceccotti** explained that the scheme, which was launched in 2008, is aimed at people under the age of 36 who wish to set up a business. During a two-year programme, groups of around 40 trainees are set up and meet once a month with company managers who support them in setting up their own business. It is an extremely successful project, with more than a half of the innovative businesses set up in Flanders coming out of BRYO since the introduction of the scheme.

Michel Casteigts, Associate Professor at the University of Pau and the Pays de l'Adour (UPPA), regretted the fact that the cooperation with Gipuzkoa and the Atlantic coast area (a 15 km-long border with France) is favoured over that with Navarra (a 150 km-long border). The preference for San Sebastián over Pamplona is in his view a political choice that has created a new border.

Jean-François Vereecke, from the Flandre-Dunkerque Urban Planning Agency, wondered about the implications of the merger of the Nord-Pas de Calais CCIs for the area covered by cooperation and opening up to the coast.

- ≡ **Olivier Ceccotti** pointed out that the Côte d'Opale CCI was not a leader in cross-border terms, but that there has been a change since the creation of the West-Vlaanderen / Flandre-Dunkerque-Côte d'Opale EGTC. The Greater Lille CCI is already supporting businesses with respect to cooperation with Antwerp on port activities. The merger of the CCIs will in any case make it possible to harmonise these actions and lead to a common approach along the whole of the French-Belgian border.

Stéphanie Fuchs asked for more details about the implications of the "dual location" of businesses for labour law.

- ≡ **Brice Fusaro** pointed out that there was no legislative framework but that there was experience on the ground, with many legal and financial experts having dealt with this mechanism over a number of years.

Thierry Brunet, an assistant in the cabinet of the President of the Franche-Comté Conseil Régional, expressed his doubts about the position of businesses along the French-Belgian border on the issue of cross-border apprenticeships. He based this on the experience of heads of businesses in the Franche-Comté Region, who fear that the apprentices will leave at the end of their training period.

≡ **Olivier Ceccotti** noted that there is strong demand from businesses for all levels of training since the whole point is to have access to skills that are hard to find on the French side, such as a command of Dutch. The same is true on the Belgian side, where businesses are very interested in French training that does not exist in Belgium. The actions developed in this area by the Greater Lille CCI draw on an initiative already in place in the Strasbourg-Ortenau Eurodistrict.

Chloé Segura, who is responsible for European and cross-border projects in the South Basque Country Conurbation Community, wished to highlight the action of territorial authorities alongside CCIs in the area of cross-border economic development. The South Basque Country Conurbation is thus active in the maritime sector, the promotion of local products and short supply chains, and innovation.

THIRD SESSION: European perspectives

Giulia Ajmone Marsan, an economist in the Directorate for Science, Technology and Industry at the OECD, was unable to attend at the last minute. Jean Peyrony, the MOT's Director General, briefly presented her work and in particular the study *Regions and innovation: collaborating across borders*. Taking a pragmatic approach, the study asks the following question: why, when and how does it make sense for regions to put in place cross-border policies in the area of innovation? Through the analysis of six cooperation regions in Europe, the OECD focused on the identification of favourable conditions for the emergence of functional cooperation areas (economic complementarity, geographical accessibility, institutional context, socio-cultural similarity, etc.) and the promotion of governance tools to facilitate the emergence of cross-border innovation policies (involvement of the private sector, pooling of priorities and research efforts, long-term financing, etc.).

An economist for the Centre of Cross-Border Studies (CCBS, Northern Ireland), **Maureen O'Reilly** talked about cooperation between businesses in the Republic of Ireland and Northern Ireland in the border region. The creation of a Border Development Zone is a priority, hence the launch of five studies commissioned by the CCBS and co-financed by the INTERREG IVA programme on the zone's overall strategy and structure, SMEs' export potential, tourism and leisure, the agri-food industry and renewable energies. Ms O'Reilly focused particularly on the issue of exports: businesses on both sides of the border are tending to develop cross-border trade relationships in order to strengthen their export capacity, which is a crucial factor for Northern Irish businesses on account of the limited size of their domestic market. A list of ten action points to support cross-border economic cooperation was presented, highlighting the importance of capitalising on experience and implementing a joint trade development programme for the two territories.

FOURTH SESSION: Public action for cross-border economic development

Bertrand Wert addressed the issue of cross-border economic development from the angle of the public innovation policies supported by the DG Enterprise and Industry at the European Commission. The Europe 2020 strategy advocates a strong commitment to innovation in order to support jobs and competitiveness, notably by means of "a bolder approach associating the supply and demand sides". Mr Wert pointed out that "public innovation policies traditionally use supply instruments more than demand ones", leading in most cases to a lack of knowledge of the needs of territories and the development of solutions without there being markets for them. Yet, "innovation is when a solution finds a market". Territories therefore need to tackle the issue of demand by stimulating it and territorial authorities (which already make 70% of public investment)

need to become groups of top-class public buyers of innovation. In this approach, the authorities in cross-border territories can draw on the Horizon2020 programmes and structural funds.

Bernard Soulage, Vice-President of the Rhône-Alpes Region in charge of Europe and International Affairs, recalled the new “thematic concentration” of European programmes for the 2014-2020 period (60% of funds devoted to innovation and economic development). He stressed the fact that “territorial” criteria should not be forgotten in the formulation of cross-border economic development strategies, citing the example of the Rhône-Alpes Region, which straddles two very different border areas: the France-Vaud-Geneva area (the France-Switzerland programme), which is very integrated at the urban level, and the mountainous French-Italian region (the ALCOTRA programme), which offers very different cross-border economic development opportunities (the agricultural economy, mountain tourism, etc.). He also emphasised “the need to simplify the mechanism”, referring to European funding (ERDF financing, etc.) which provides vital support to local initiatives. In addition, he regretted the fact that the “problem of the governance of cross-border cooperation” has not been solved with the creation of EGTCs, which do not constitute territorial strategies.

Anne Funk, Head of the Office for European Initiatives and French-German Issues in Saarland's Ministry of Finance and European Affairs, talked about the major components of Saarland's “France” Strategy. This aims to promote the “French competence” of the border Land, reinforce the already strong links with neighbouring Lorraine and take advantage of its position at the interface between the European Union's two biggest economies. The internal and external strategy proposes a set of measures in the areas of language, administration, the economy and intercultural competencies, and seeks to ensure better exploitation of infrastructures for the future establishment of French-German and European institutions and businesses. Drawn up in January 2014 by the Council of Ministers, these major components should lead to a consultation on their strategic orientation and implementation, and result in the drafting of a master plan.

Jean-Michel Zabiegala, from the Nord-Pas de Calais Regional Directorate of the Caisse des Dépôts, recalled that business development is the Caisse des Dépôts' fifth priority action point and identified three questions relating to cross-border economic development: how can it be promoted in the context of globalisation and the crossing of borders by Internet? What kind of governance is needed to promote cross-border territories? What are the obstacles to the integration of territories? He also cited the cross-border projects supported by the Caisse des Dépôts in the Nord-Pas de Calais Region: a European centre for innovative textiles between Roubaix and Tourcoing, innovation platforms and competitiveness clusters.

Christian Dubarry, Head of European Affairs in the Development and International Department of Bpifrance, followed on from Mr Zabiegala's contribution by listing Bpifrance's objectives: supporting SMEs, supporting innovation and promoting entrepreneurial spirit. Bpifrance does not carry out specifically cross-border actions but nonetheless supports several initiatives that are cross-border in scope: investment in funds intended for businesses with a cross-border remit (Eurefi, but also in Leuven and Italy), a project for a guarantee fund to enable Bpifrance to support a foreign subsidiary of a French firm in need of financing, an online platform called Euroquity designed to connect businesses and investors in a cross-border perspective (in partnership with the German State-owned bank KfW), ERA-Nets public financing projects notably in the textile sector, and competitiveness clusters. Mr Dubarry added that these projects are “a sign of the impact of geographical proximity on commercial cooperation”.

Questions from the floor

Pierre Pougnaud asked if the “living labs” programmes have a future in the cross-border context.

- ≡ **Bertrand Wert** answered that they are one tool among others, but that nothing stops a regional or local authority from implementing them to test a public policy.

Aurélien Biscaut recognised that Saarland has long been involved in cross-border cooperation, but thought that the “France” Strategy had come a bit late and seemed more like a cry for help from the Land, which is facing a demographic crisis and the prospect of a shrinking active population.

- ≡ **Anne Funk** stressed the fact that this strategy follows on from more long-standing initiatives and is not a one-way street, citing the study by the Lorraine's Regional

Economic, Social and Environmental Council (CESER) on the importance of the economic partnership with Germany.

Montaine Blonsard, an assistant of the MEP for French residents in the Benelux countries, Philip Cordery, wondered about the application of the amendment concerning the integration of the cross-border dimension by the management boards of Bpifrance's regional directorates.

- ≡ **Christian Dubarry** indicated that he didn't have the answer but that he would make enquiries internally.

Pauline Gessant, Head of the European Territorial Cooperation Unit at the Conseil Général of the Pas-de-Calais Department, pointed out that the main obstacle to cross-border cooperation is the regime governing State aid to companies.

Alain Roggeri, an adviser on macro-regional strategies and cooperation at the European Commission, judged that there is no real cooperation and economic development strategy, with cooperation programmes often regarded as sources of financing rather than strategies. "ETC (European Territorial Cooperation) = etc."

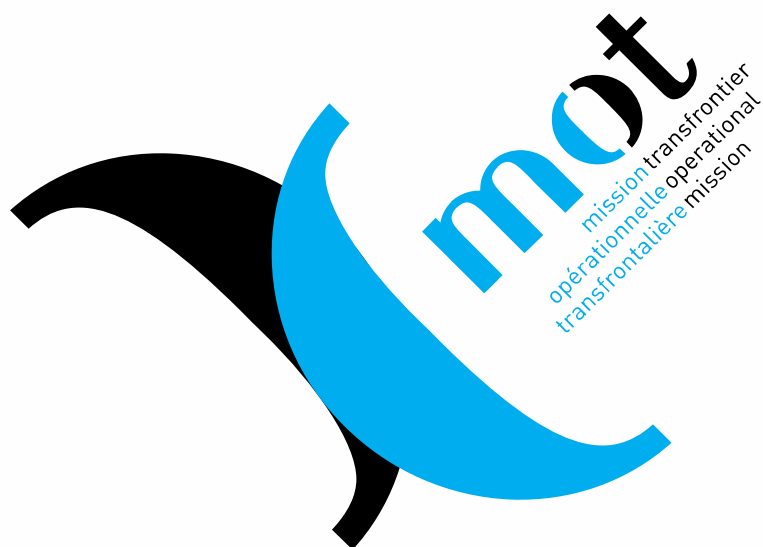
The discussion with the audience thus made it possible to identify specific challenges:

- ≡ differences between countries in the frameworks in place, notably regarding the issue of State aid;
- ≡ the absence of an overall cooperation and development strategy;
- ≡ the need for stronger institutional and economic governance based on breaking down the boundaries between players.

CONCLUSION

Jean Peyrony, the MOT's Director General, thanked the speakers and the participants for the quality of their contributions, which illustrated the main stakes and practices of cross-border economic cooperation. He also thanked them for the richness of the exchanges that fueled the discussion on the obstacles that need to be surpassed and the points to reflect on.

Mr Peyrony launched an invitation to participate in the next phase of the project, which is the territorial diagnosis. The members of the MOT and the players of economic development will be invited to contribute with their expertise and to raise questions relevant at the local level for the cross-border territories.



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