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What are the economic development issues in the territory of the Basque Eurocity?

The Basque Eurocity on its own counts 600,000 inhabitants, and if the two border territories are taken together the population covered reaches 1,000,000. This territory is characterised by a real urban continuity and substantial daily cross-border movements. For example, it takes only 45 minutes to travel from Bayonne to San Sebastian. Even though the space is not completely integrated, in terms of the development and establishment of businesses it nevertheless shows genuine consistency and economic uniformity.

The economic issue at cross-border level is that of "coopetition", meaning that the economic players are in a situation of both competition and complementarity.

Certain activities are highly competitive, for example the "domestic" markets (personal services, food, construction, etc.), and here cooperation can be very pertinent, for example to study modes of consumption or trading areas, with the aim of helping businesses to optimise their approach to the "cross-border market".

In other areas, such as logistics, transport or tourism, the "complementarities" are more obvious and can enable businesses to improve their performance directly. In June 2008, for example, we set up a joint stand at the subcontracting trade show in Nantes. We presented a cross-border subcontracting service and the success was phenomenal. Orders were taken and very interesting contacts were made. Cooperation is highly stimulating here: it enables structured proposals to be made to the major investors, leading to the winning of major contracts. Afterwards it doesn't matter whether the contracts are placed on the Spanish or French side, it's the joint approach at the source that is important and which multiplies the opportunities. This means that competing businesses can find a genuine interest in cooperating with each other.

To give another example, the massive TGV Sud Europe programme represents an investment of 4 billion euros and should create between 5000 and 8000 jobs. The development potential is enormous, and only cooperation can enable local and regional businesses to win contracts and attain a size allowing them to compete with the multinationals at this level.

Towards a cross-border CCI in the Basque country

For years the Chambers of Commerce and Industry (CCI) of Bayonne and Gipuzkoa have been developing cross-border actions between France and Spain. They now wish to take a further step forward and structure their cooperation by establishing a joint entity.

Many projects have been accomplished by the two CCIs: networking of founders of technology-based businesses, organization of trade shows presenting joint services, setting-up of a joint unit for bringing businesses together, and networking of museums and cultural sites.

The teams of the two chambers consider that they have reached a plateau for individual cooperation projects, and now want to integrate the cross-border aspect into their day-to-day practice.

They are planning to establish a joint entity enabling them to federate their objectives and their actions. The cooperation would focus on three major areas:

- "pilot an entity" in order to promote potential economic developments and facilitate joint projects,
- "understand economic dynamics" in order to measure, track and distribute economic decision aid tools,
- "pool support services" with the aim of acting jointly on business development issues.



Bayonne, in the Basque country

The European Grouping of Territorial Cooperation (EGTC), the new legal form proposed by the European Union, is the form now preferred by the partners, in that it is a public structure with European recognition which can be managed directly by existing bodies while incorporating a specific entity and a dedicated team.

An application for Interreg 4 funding has been submitted for the project. The timetable from January 2009 includes the recruitment of a first project manager, the drawing-up of a joint working plan and the launching of the initial actions.

The Bayonne CCI joined the MOT network in May 2008 to obtain assistance in setting up the EGTC.

Cross-border cooperation and the French Presidency

Organised within the framework of the French Presidency of the European Union, the fifth seminar on local governance was held in Biarritz from 14 to 16 September, attended by Michèle Alliot-Marie, French minister of the interior, overseas territories and local authorities, and Alain Marleix, French secretary of state for the interior and territorial authorities.

Devoted to "good practices in the involvement of local authorities in the processes of deciding and implementing Community law", it was attended by civil servants from local authorities of the 27 member states, representatives of the European Commission, the Committee of the Regions and the Council of Europe, and representative associations including the MOT. The round tables covered issues relating to the development of cross-border and inter-territorial cooperation projects.

Alain Marleix emphasised the major role that local authorities are playing in the construction of Europe and the need for the States to involve them to a greater extent in decisions that have "a direct impact on the exercise of

their competences". In this context he praised the recent introduction of the European Grouping of Territorial Cooperation (EGTC), which is "a concrete illustration of citizen-led cooperation". He also insisted on hailing "the action of the MOT in favour of cross-border projects and the EUROMOT project, which can be the basis for a great ambition".

The importance of cross-border cooperation for building "a practical Europe close to its citizens" was emphasised. Michèle Alliot-Marie stated that "the Europe of local authorities is a Europe of pragmatism and practical projects" and that "the citizens no longer want an abstract Europe, aloof from the realities and their practical concerns". She expressed the wish for a Europe that "does not ignore the day-to-day action of the local authorities, [for example] in waste processing, development of public transport and water purification". "The Europe of local authorities must back practical, understandable and effective programmes, such as the ambition of the EGTC supported by France" she also asserted.



The Auchan site at Mont-Saint-Martin, in the conurbation of the Pôle Européen de Développement (PED) (FR/LU/BE).

Trade in cross-border territories

In cross-border territories, the differences in standard of living and economic attractiveness on either side of the border generate particularly complex trading dynamics. What is the situation on the borders between France and its neighbours?

In the French border territories, the growth of trading activities is linked not only to expenditure by border

residents who come to make purchases in France, but also to the "return of purchasing power" by border residents in France who work abroad. The number of such border residents is particularly high for France: 24,000 French residents travel to work in Belgium, 65,000 in Luxembourg, 56,000 in Germany and 110,000 in Switzerland. The French border spaces are thus experiencing a situation of "capture of trading clientele" from the neighbouring territories.

To understand these economic issues, an important parameter is competition, on either side of the border, between similar businesses on identical products. There are many factors explaining why consumers cross the border: although lower prices seem determining (in fact a consequence most of the time of a difference in tax on the products: petrol, cigarettes, alcohol, cars, etc.), it is not the only criterion; cross-border shopping practice can take the aspect of an exotic outing and a desire for a change of scene (luxury purchases in Lille for Flemish and Walloon border residents, Ventimiglia market and its counterfeit items, etc.).

It can also be difficult in the case of large-scale trading establishments set up without consultation on both sides of the border, which can have repercussions up to and including relations between the local authorities. That is the case in the conurbation of the "Pôle européen de Développement" at Longwy, on border between France and Luxembourg, with the establishment of "Auchan" at Mont-Saint-Martin on the French side which "captures" a Luxembourg clientele with prestige products that are often inaccessible to the inhabitants on the French side who are not border workers.

But not all cross-border territories are in a situation of trading competition. In cross-border conurbations, complementarities can be established and specialisations emerge (for example between the shops in the centre of a conurbation and those on peripheral territories located in the neighbouring state, which has more land available than in the urban centres, as in Lille, Geneva or Basle).

With regard to the services of the State in the regions, there is a lack of tools for understanding the mechanisms of establishment and authorisation on either side of borders, or for comparing the taxes on identical products and better understanding their effects on consumer behaviour.

With the European "Bolkenstein" directive, free competition with regard to setting up trading establishments has become the rule on European territory. The procedures for authorisation of trading operations in effect in France, Belgium, Italy and Spain are programmed to change in the direction of procedures for authorisations delivered within the framework of building permit applications. In France this recent change (act of 4 August 2008) should encourage siting of trading establishments according to spatial planning objectives rather than just financial interests.

In cross-border territories, consultation between the local authorities and the trade organisations should also facilitate the regulation of trading provision, leading to better structuring and organisation of distribution. In this framework, the introduction of the EGTC, which brings together all the competent authorities on both sides of a border on a common territory, should encourage the setting up of local governance procedures, enabling joint action programmes in areas such as trading and services to the inhabitants.

Launch conference of the URBACT "EGTC" project



The "Expertising Governance for Transfrontier Conurbations" project, for which MOT is lead partner, was approved by the URBACT II programme on 26 September. It concerns the governance of cross-border conurbations in Europe. The launch conference is being held at the European Parliament in Strasbourg on 19 November 2008.

Further information: <http://urbact.eu/egtc>



October events in which MOT is participating

OPEN DAYS, 7/10 to 9/10, Brussels (BE). The EUROMOT partners (Eixo Atlantico, City Twins and MOT) are involved in a series of three workshops on 8 October on cross-border cooperation.

French Presidency: "The Europe of health at the service of the patients", 13/10 and 14/10, Paris (FR).

"Cross-border metropolitan governance", 14/1, Walferdange (LU).

"Cooperation in teaching and research across borders", annual conference of the AEBR, 16/10 to 18/10, Plauen (DE).

"The Euroregions: laboratories of European integration?", training at the Kehl Euro-Institut, 16/10, Kehl (DE).

"The future of central Europe's Euroregions", organised by Euro-prosperitas, 28/10, Budapest (HU).

French Presidency: "Territorial cohesion and the future of the cohesion policy", 30/10 and 31/10, Paris (FR).

Further info.: www.espaces-transfrontaliers.eu

Press review

- **Neglected in Belgium, border workers are turning to French elected representatives**, *La Voix du Nord*, 14 September
"The taxman wants to abolish their status, the employers are becoming the administration's enforcers, the unions and the elected representatives aren't saying anything. Unable to find support in Belgium, border workers are turning to French elected representatives..."
- **West-Vlaanderen/Flandre – Dunkerque – Côte d'Opale on the move**, *La Voix du Nord*, 19 September
"The political representatives of the stakeholder structures of the future West-Vlaanderen/Flandre-Dunkerque - Côte d'Opale European grouping of territorial cooperation met in Dunkerque and reached an agreement on the convention and the statutes of this new organisation..."
- **Forum de l'Eurométropole: job vacancies without borders**, *La Voix du Nord*, 23 September
"Three territories (Lille, Tournai and Kortrijk), 120 Belgian and French businesses and nearly 500 positions to be filled: it's today, on the occasion of the second Eurometropolis employment forum, in Tournai..."
- **Successful cooperation**, *Dernières Nouvelles d'Alsace*, 18 September
"Because he wanted to see an example of successful cross-border cooperation, Hubert Falco, secretary of state for spatial planning, yesterday crossed the Rhine on the Rhinau ferry..."
- **A new management plan for the Strait of Bonifacio**, *Corse Matin*, 23 September
"The Corsican territorial assembly has approved its first management plan, the one that will be applied to the Strait of Bonifacio nature reserve..."

