

## **Summary – Master thesis**

The influence of French-German cross-border cooperations on the competitiveness of Euroregions and Eurodistricts – case study of Euroregion TriRhena and Eurodistrict Pamina.

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### **Introduction:**

Around the 1990's Europe's borders came back to the centre of political debates. After the collapse of the communist system in Central and Eastern Europe, some European states went even further by embarking on a real cooperation announcing a radical change and a desire for integration. A border-free Europe was first envisaged at a state level, with the Single European Act in 1986, the creation of a European market in 1993 or the Schengen agreements in 1985 and the Schengen Convention in 1990. The aim of these treaties was to allow economic and political integration for the member countries. The cooperation quickly extended to the regions and municipalities, thereby offering the people the possibility to build and participate in this new cooperation.

However, cross-border partnerships first suffered from being very little institutionalized, thus not allowing visibility and giving the image of informal actions. Usually, such associations were organized in working groups or commissions which weren't officially recognized, although they were generally constituted by local administrations. Finally, the authorities clearly identified the necessity to create an institutional and qualified framework promoting cross-border co-operations thus improving daily-life-conditions of the inhabitants. Thanks to this evolution, border proximity has become more functional including joint management strategies in a variety of areas and affecting regions on both sides of the border. Nevertheless, these co-operations are limited by different internal laws on each side of the border resulting in a real legal puzzle. Mistrust, the lack of willingness to get involved in cross-border actions, further decrease the success of common work measures taken.

Despite these obstacles, cross-border cooperation is growing and is subject to new directives aimed at improving and encouraging their implementation. Indeed, cooperation seems to be more efficient than competition.

Through cross-border co-operation, the regions try to pool their qualities and capacities in order to maintain and reinforce their competitiveness and attractiveness and to create a synergistic effect. Participating countries gain access to a larger market, promote economic and social progress and the level of employment as well as the intensification of innovation.

### Objective:

The aim of this thesis is to analyze the influence of cross-border cooperation on the competitiveness of border regions, here Franco-German. For this purpose, the study focuses on two European integration models located on the eastern part of France on the border with Germany: Euroregion TriRhena and Eurodistrict Pamina. The influence of cross-border cooperation on the competitiveness of Euroregions and Eurodistricts is analyzed through the presentation and evaluation of the organization, objectives, areas of competences as well as through the actions and funding of these organizations. The activities and the results of the two chosen examples are compared with respect to beneficial and unfavorable outcomes that may result, revealing also the development opportunities provided by each structure. After presentation of the theoretical context, different forms of cross-border cooperation and the European framework recommended for the integration models are outlined. Finally, discussions around the concept of competitiveness are reported. In a second part, the methodological approach including the choice of the case studies, the data collected and the analysis criteria, is outlined. In a third part, results are compared, evaluated and discussed in order to answer the research question: Does cross-border cooperation improve the competitiveness of Euroregions and Eurodistricts?

### Literature:

#### Cross-border cooperation:

After the entry into the EU, in 2004, 2007 and 2013, of many states, it now happens that "more than half of the population living in the EU now resides in border areas" (Lhomel E.; 2008), thus pushing Europe to adapt and propose innovative policies and actions, supported by the institutions of the targeted regions, with a view to developing joint European integration work.

### French-German cooperation:

France and Germany are among the most involved countries in terms of cross-border cooperation. The pair has even become a reference in Europe and seems to give impetus to the rest of the EU members. The essential duo, which the two countries form, has not always existed, however. It is in fact with the aim of ending their long tradition of conflict that the two territories are now moving forward together. This cooperation is unlimited, it extends to all fields (economic, political, social, environmental, military).

France and Germany now share a long tradition of working together and have sealed their friendship through a succession of treaties and agreements. The principle of these cooperations is to show the world the strength and commitment of the association between the two countries, which is also put forward by their leaders.

On 22 January 2019, a follow-up to the Elysée Treaty was ratified by President Emmanuel Macron and Chancellor Angela Merkel. The Treaty of Aachen includes major advances. This resolution makes it possible to commit to the construction of a genuine common economic space with rules aiming to be harmonised. This can also be achieved at a social level thanks to common standards, guaranteeing equal treatment at the legal level. Thus, several proposals have been drawn up to intensify cooperation in various fields such as training and learning, the fight against global warming, migration policy, defence policy and digital development. Hence the idea to engage in the construction of bilateral projects such as the creation of a single energy market.

Thus, the aim is to strengthen cohesion. This cohesion is more marked as the treaty was voted by the French and the German parliaments on the 50th anniversary of the Elysée Treaty - a first in history. After that, it was worked in partnership by the two governments and finally officially presented a year later.

The challenge now is for governments, regional or local authorities and integration groupings to implement the actions recommended by the Treaty of Aachen.

### Various forms of cooperation:

Cross-border cooperation between the many European regions can take various forms, take place at different levels, involve a multiplicity of actors or even apply to a diversity of spaces

and sectors of activity. However, their actions are not very well referenced, and their diversity may lead to confusion.

Beyond the existence of groupings of very different types and sizes, there is a complex hierarchy among them, marked by specific designations and statutes.

- The institutions are particularly important bodies within the EU:

-The Parliament was the first political instrument, founded by the European Coal and Steel Community (ECSC) in 1952. First, it formed a Common Assembly. It has become a European legislative body, composed of MEPs from each state, in proportion to their populations. It represents European citizens.

-The European Commission was founded in 1958. It symbolises the executive branch of the EU. It is politically independent and aims to represent the interests of the Union as a whole.

-The Council of the EU was first founded in 1958 as the "Council of the European Communities". Then, in 2009, it became the representative body of the governments of the Member States. Together with Parliament, it is the EU's main decision-making body. It should not be confused with the Council of Europe, which is not an EU body, or with the European Council, which brings together European politicians at quarterly summits to set the broad lines of EU policy.

These three bodies are managed on the principle of co-decision.

### Financing:

Linked today with the "Europe 2020 Strategy", funding has been developed to enable an integrated territorial approach to be implemented. The principle is to help reduce development gaps, economic and social disparities and boost growth, by influencing socio-economic structures. EU funds are managed according to strict rules to ensure strict control over their use and to guarantee that they are spent in a transparent and accountable manner. The EU budget is managed and shared between national and regional authorities but monitored by EU bodies. In order to meet the objectives of the 2020 Strategy, five Structural Investment Funds are proposed:

- European Regional Development Fund (ERDF): regional and urban development.

→ It gives priority to the development of digital technology, the skills and qualifications of the population, as well as to increasing economic performance. It also supports the energy transition.

→ The ERDF is also the financial instrument for European territorial cooperation. It finances programmes such as INTERREG, which aims to support regional ERDF and ESF programmes. Interreg's objective is to propose more common solutions in urban, rural, coastal, economic and environmental management development. The current programme for the period 2014-2020 is called Interreg V. It can be applied to all regions of the Member States, as well as to those of Switzerland and Norway.

- European Social Fund (ESF): social inclusion and good governance.

→ It is the financial instrument of cohesion policy, which aims to act on sustainable access to employment and on the adaptation of workers, companies and entrepreneurs to change. It also acts in the fight against poverty and the promotion of inclusion.

- Cohesion Fund (CF): economic convergence of less developed regions.

→ It is addressed to EU Member States. It aims to eliminate disparities mainly for new entrants to the Union. The Cohesion Fund operates in the form of budgetary quotas.

It can be noted that with each new programming, the EU tries to improve and facilitate access to aid and financing, to give more opportunities to cooperation actors to get involved.

### Benefits, issues and potential:

The EU was created with the aim to avoid new conflicts. Then, in the continuity of this first idea, the principle of cooperation was established. Cross-border cooperation has succeeded in achieving its primary objective and is proving beneficial in the development and construction of Europe. They even directly affect regions and municipalities, which gives people the opportunity to become actors in their integration into Europe. However, the EU

must, with the support of the European institutions and regions concerned, continue to adapt and propose innovative policies and actions. The concept of European integration has become omnipresent and is only waiting to be extended and developed. However, it seems that despite efforts at institutional rapprochement and joint projects, some obstacles remain. According to the findings in 2003 of the academic Michel Casteigts, "cross-border cooperation would be condemned to permanent compromises at the end of which projects would often lose a large part of their initial ambitions and clarity", which suggests significant difficulties or obstacles that will have to be removed in the future. The diversity of legal systems or the variety of taxations is another main limitation in cooperation strategies. Indeed, in the context of cross-border cooperation, local authorities and authorities wishing to associate with their border counterparts necessarily bring together different administrative divisions, territorial organisations and hierarchies. This is a real tangle of texts that can lead to confusion, which has led to associations that are not always satisfactory. This legal puzzle presents a real obstacle to the progress and creation of cooperation groups, causing delays or discouragement for some. The different tax rates in different countries also give a lack of visibility for all economic or social actors.

The EU and its bodies are working to remove these limits and better harmonise these constraints. However, the most significant issue remains confusion. Indeed, although the forms of cooperation are intensifying and diversifying, they remain, despite everything, too little visible and are not known or recognized by the populations. This situation is very often the source of misunderstandings or difficulties.

### **Eurodistricts et Euroregions:**

With the aim of finding common solutions to problems that transcend borders, some regions are uniting and building European integration models. When successful, these associations can lead regional economic actors to innovate, fight unemployment, develop training opportunities and thus encourage them to be creative, while at the same time taking an environmental approach. These actions are the basis of integration structures, such as Eurodistricts and Euroregions.

-Eurodistricts define areas of cross-border cooperation, the aim of which is to organise and institutionalise partnerships between countries at the level of border areas. They are generally composed of two or more regions, municipalities or communes (depending on the territory). Decisions are taken in institutions and committees where local agents and elected officials come together to determine the areas of action. One of the expectations expressed by cross-border cooperation is to eliminate the barriers that characterise borders. Depending on the geographical areas in which they operate, Eurodistricts face different challenges; each region and its population have their own unique economic and social needs. This can be seen in their organizations and operations. The PAMINA Eurodistrict, for example, is part of the European Groupings of Territorial Cooperation (EGTC), like most Eurodistricts, but some can be defined as private associations.

In 2003, in a joint statement for the 40th anniversary of the Elysée Treaty, President Jacques Chirac and Chancellor Gerhard Schröder affirmed their commitment to strengthening cross-border cooperation. They then launched the creation of Eurodistricts, which has since continued to evolve.

- Euroregions territorial administrative structures formed along European borders. This term attempts to define the relationships between border regions, but it is not official. There are also several possible names, all of which can be used to designate Euroregions (the most commonly used term): Euregio, Europaregion, Regio, etc. However, there is still a certain contradiction, since the Euroregions benefit from European financial aid and the support of the European authorities, which even gives them better visibility and public recognition than the EGTCs, which have a status.

The Euroregions and Eurodistricts are ultimately two separate entities with the same ambitions but each participating in European integration in its own way. Indeed, they evolve within different legal frameworks and especially specific groupings.

In the literature there is often confusion. This phenomenon is even more marked as structures change their status according to circumstances and development or financing strategies.

## **Competitiveness:**

Competitiveness is a central topic of this study. It can be approached differently depending on the modalities and contexts. Therefore, it is particularly important to understand how it is defined here.

Competitiveness is the ability of a company, or a territory, to increase its market share. This notion, which initially only took price into consideration, has evolved to consider the choices of consumers, or investors, by taking into account qualitative elements. One of the key objectives of competitiveness is the impact it has on the labour market. Indeed, unless productivity gains are significant, an improvement in production will lead to an increase in the employment rate.

The concept of "regional competitiveness and employment" was a priority objective of European cohesion policy for the period 2007-2013 and the policy has proved to be quite effective.

Euroregions and Eurodistricts have both quantitative and qualitative impacts on competitiveness:

- By opening borders, companies can make economies of scale. The number of potential consumers is mechanically increasing. Investments in traffic networks, thanks to Euroregions and Eurodistricts, facilitate this opening and accessibility to local markets.

- By facilitating exchanges, companies, or administrative partners, benefit from a synergistic effect; the performance of all actors is greater than the sum of the performance of each individually. In this way, market shares can be improved because the effects are felt both in terms of prices and non-price levels. The strategies for bringing the various economic actors together, taken by the Euroregions and Eurodistricts, are fully involved in this aspect of growth.

- By pooling skills, stakeholders will benefit from innovations created or exchanged through this partnership. Companies can focus on higher value-added production and benefit from undeniable competitive advantages; they can also seek a more qualified workforce. This has a double effect: the attraction for a more educated population with a better standard of living; "the pooling of skills improves productivity and develops economic activity"



(Çağlar Özden ; 2015). The role of Euroregions and Eurodistricts is essential in this aspect of local dynamics.

The strategies and energy, identified in the Euroregions and Eurodistricts, partly refer to Porter's thesis on the dynamism of the American market. It shows that the existence of a regional local market is essential in terms of development capacities and attractiveness for businesses and the population. It bases its model on the competitiveness clusters that are deployed when there is a local determination or the structuring of a regional market. Its work is based on the cluster model. The cluster was defined by Michael Porter as: « [a] geographic concentrations of interconnected companies and institutions in a particular field. Clusters encompass an array of linked industries and other entities important to competition. They include, for example, suppliers of specialized inputs such as components, machinery, and services, and providers of specialized infrastructure. Clusters also often extend downstream to channels and customers and laterally to manufacturers of complementary products and to companies in industries related by skills, technologies, or common inputs. Finally, many clusters include governmental and other institutions—such as universities, standards-setting agencies, think tanks, vocational training providers, and trade associations—that provide specialized training, education, information, research, and technical support. » (Porter ; 1998).

In addition, Michael Porter emphasizes the role of politics. Democratic power is essential, on the one hand for the involvement of the population and on the other hand in the orientations given by local political authorities. The functioning of Euroregions and Eurodistricts responds perfectly to this logic by wanting to involve all local institutional actors and by wanting to involve the inhabitants as often as possible.

However, Michael Porter demonstrates that the role of law and the uniqueness of rules in a market are fundamental. There, the limits are great. The "Delors solution" on the unity of standards has made it possible to make progress, but the diversity of legal rules or tax systems are undeniable obstacles.

## **Methodology:**

After reviewing the definitions and theoretical bases of the concepts of cross-border cooperation, competitiveness and the different models of European integration, the comparison of two examples will provide an answer to the problem raised. The presentation of the approach followed, the choice of case studies, the collection of data and the analysis criteria will ensure the transparency and quality of the research.

#### The data collection:

For data collection, qualitative social research offers a multitude of different approaches and techniques. Qualitative approaches are particularly attractive since they offer the possibility of leaving one's own perspective, considering the point of view of other actors and integrating it into one's own analysis. Although such studies provide data that are not always representative and transferable, they can contribute to a better understanding of social realities and draw attention to processes, interpretation patterns and structural characteristics (Flick, von Kardorff & Steinke ; 2008). In order to reflect the full range of regional competitiveness, it would have been desirable to adopt more advanced qualitative and quantitative approaches, to better reflect the representativeness of results and provide added value. However, this survey method would have been beyond the scope of this paper's research and could not be carried out due to the time required for data collection.

This thesis does not seek to produce representative data from an experimental study but to relate and compare the results described in the literature on two forms of cross-border cooperation. The objective is to improve our understanding of how these two models of cooperation work.

#### Choice of the study cases:

The two groups selected for this study are relatively old, created around the 1990s, when cross-border cooperation, which was booming under the impact of the European authorities, experienced strong growth and development. One of the two regions, Euroregion TriRhena, was founded in 1995 from one of the oldest Euroregions, the Regio Basiliensis. Being Franco-German-Swiss, it allows the possible impact of a greater openness to Europe to be considered. The other, the Pamina Eurodistrict, underwent a major structural change from Euroregion to

Eurodistrict in 2009 and is Franco-German. It thus makes it possible to reflect the importance of status: Euroregion versus Eurodistrict. Both are located on both sides of the Rhine.

### **Study cases:**

Following the presentation of the approach followed in the selection of case studies, data collection and analysis criteria, the presentation of the two is made successively. After the Pamina Eurodistrict, which was approached according to certain characteristics useful for understanding and understanding its cooperation model, the work is repeated for the TriRhena Euroregion in a similar way, in order to have a clear vision of the results for their comparison.

The presentation of the geographical and administrative context shows the complexity and interweaving of the structures that overlap on the Franco-German border. This entanglement should not limit the analysis, but it requires a precise focus on the object being studied in order to avoid getting lost.

### **Comparison of the two study cases:**

After presenting and analysing the two regions chosen for the study, it is interesting to compare them and to evaluate their characteristics in parallel: the organisations, the objectives, the fields of competence and actions and the financing. The aim is to show the extent to which cross-border cooperation influences the competitiveness of cross-border groupings. In this case, the results collected for the TriRhena Euroregion and the Pamina Eurodistrict are compared in order to clarify the value and effectiveness they bring to European integration.

Both clustering models have similar motivations and implement actions that clearly respond to Strategy 2020. However, they have relatively different operations and strategies, but each one is efficient in its own field. The Pamina Eurodistrict is nevertheless more visible and receives more financial support than the TriRhena Euroregion. Even if Pamina's EGTC status is

favoured by the EU in terms of funding and recognition, TriRhena is nevertheless carrying out its actions with some effectiveness.

The standard of living in the two regions studied is relatively high. It is higher than 22,000 euros for the median standard of living per capita for the two territories concerned in France and is close to the German and Swiss standards of living. These data must be put into perspective because all the border cities of Germany and Switzerland are among the richest in France. The economic weight of frontier workers is therefore essential. However, when looking at the level of employment, there are significant differences between the two areas studied. If on Pamina, there is a relative uniformity with an unemployment rate between 4% and 5% on both sides of the border, which marks a certain integration. The data for Regio TriRhena is very mixed. Indeed, with an unemployment rate of nearly 10% in the Mulhouse region, 4% in the Fribourg region and barely 2% on the Swiss side, cohesion does not yet seem to be achieved. TriRhena's work on economic aspects alone shows shortcomings that Pamina seems to have solved by taking a more social approach.

Referring to Mr. Porter's diamond diagram, there are significant differences between the two entities. A priori TriRhena seems to have advantages. In terms of endogenous factors, the association can rely on human resources and the relatively high weight of capital in the Basel region, its work on physical infrastructure (transport) is undeniable and it has been able to rely on scientific and technological research. Thus, locally, it can count on innovative competitive companies and an advanced training network. Their desire is to rely heavily on the competitiveness of local structures, but its lack of visibility at the population level and its actions centred on a network of limited partners limit its effectiveness.

The Pamina Eurodistrict also relies on factors of production (capital and labour) of a comparable level. The EGTC has done a lot of work on reception and cooperation infrastructures, but it has little support for scientific or technological research. However, it can count on competitive companies or developing sectors of activity (tourism, silver economy). Pamina's actors know how to be visible by being very present in the field, thus responding to different demands and knowing how to regulate complex situations. Proximity to administrations and the way it is organised seems to be an important element of their effectiveness.

One of the main differences between the two functions is related to their organization and especially to the administrative context in which they are located. While for Pamina the legal framework has been partially harmonised, the situation of Regio TriRhena in three different countries seems to be more complex and hinders dynamism. It also appears that, in the Pamina Eurodistrict, there are fewer differences between the populations on both sides of the Rhine. However, it is not possible to say that this factor is the result of Pamina's actions or simply a contextual effect due to other variables.

### **Propositions:**

Cooperation has become a major vector for European integration and the development of its members, mainly supported by cooperation structures such as Euroregions and Eurodistricts, which have greatly expanded the scope of cross-border work. However, some obstacles remain and do not seem ready to disappear. Some parameters that pose difficulties for cohesion have been or are being resolved, but it is necessary to maintain efforts in this direction. However, some areas remain deeply attached to the national authority, which poses a problem for the development of border projects. These are mainly legal and financial barriers. To allow for more effective approaches, action should be taken on taxations, legal rules and standards. The harmonisation of law, the framework of taxation and the unity of rates and labour law are areas of work that must become priorities in order to make progress in the development of cross-border projects.

### **Conclusion:**

The concept of Europe is now well established and seems to be accepted as an area of cooperation and exchange, both by political, administrative and economic structures and by the population. It has taken time for the EU to develop and invent common projects, which go beyond borders, in order to try to respond as effectively as possible to the problems experienced by European citizens. At the initiative of Jacques Delors, President of the European Commission from 1985 for ten years, cross-border cooperation was intensified "so that "Greater Europe" could provide financial assistance for the implementation of these "small Europes" that exist on the borders of the Community" (Wassenberg B. & Reitel B. ;

2015). Europe wants to be synonymous with dynamism and offers regions and local authorities the opportunity to participate in the process by setting up cross-border groupings. These cooperation structures have become essential and take various forms, such as Eurodistricts and Euroregions, for example; they are rather effective, particularly around the Rhine, which now represents an axis of communication and exchange rather than a border. Euroregions and Eurodistricts have been at the root of Europe's increasing competitiveness on the world market in high value-added products or services in the "knowledge professions". Some obstacles remain due to differences in legislation between European countries, the rise of Euroscepticism or the repetition of social and financial crises. The answer must come from the harmonization of laws and standards. Joint and proactive political decisions must make it possible to convince both European citizens and companies. It is at the cost of these efforts that the cross-border partners will regain the same dynamism as that which prevailed at the time of the agreements that enabled their development.

This position of cross-border associations is essential to establish Europe in the international economic dynamic. Indeed, it is because Europe has been able to develop on local markets and innovate that it has reached a level of competitiveness that will enable it to face the global market.