

19/05/2015: The need for specific legal provisions to boost cross-border cooperation, LU

Workshop : “Labour market, economy, innovation”

I introduce myself briefly. The secretariat of the Economic and Social Committee of the GR (ESCGR) was founded in 1997 as a political organ upon the basis of a resolution of the 2nd Summit of the GR. This committee is one of the 3 pillars of the political architecture of the GR. It's an advisory body of the Summit of the GR that gets its mandate from the latter.

The GR is in Europe, the only cross-border area having a cross-border economic and social committee. The ESCGR is a platform representing the social partners and thus is the spokesman of the employees and the employers.

The reasoning regarding the GR can be applied to other cross-border areas.

Introduction

So I will talk you about the GR and the functioning of the regions within the GR with all the results (the wished ones and the real ones). But we have to keep in mind that the GR is also an ongoing process, it's not something stiff, it's living and it's all made about people. People are changing and evolving and so does as a result, the economic and political landscape. And I think there's room for improvement as there is nearly always room for improvement for given situations.

The GR, what is it about? : These are 5 regional components (*composantes régionales*), that's to say these are 5 neighbor regions (from a geographical point of view) put together in the GR (LU, Wallonia + German speaking community (BE), Saarland and Rhineland-Palatinate (DE) and Lorraine (FR). Thus you have 4 countries.

The GR is an area of roughly 65.000 km², a population counting roughly 11 mio inhabitants and representing about 2,5 % of the total population of the 28 MS of the EU and also 2,5% of the EU GDP.

In this context, I will light up shortly the 3 notions or topics (namely labour market, economy, innovation) that are linked to each other (interconnected).

Besides, the GR is supported by different cross-border projects: e.g. by the INTERREG programs, by classic state aid programs especially for projects regarding cross-border infrastructures with a common interest, and so on....

1) Labour market:

LU has the hugest number of frontier workers (or cross-border workers/ commuters) within the GR. In 2014, roughly 150.000 frontier workers from the neighbor regions came to LU. The majority has the French nationality (are coming mostly from the Lorraine to LU). It is noted that the frontier workers are better and better qualified. Wallonia and Saarland are the regions in the GR with the second and third highest number of frontier workers in the GR.

In LU, the hired labour (*main d'oeuvre salariée*) is split in 57 % residents and 43 % frontier workers. (according to the figures of 2013 published in 2014) But it must also be noted that among the frontier workers, there are also workers that have moved their residence into another region of the GR.

There are a number of agreements, of existing measures between the regions of the GR (e.g. The cell of cross-border training (*VAUS, cellule de formation transfrontalière*), the interregional job meetings/ lounges, the regional job agencies...). Another example is the cross-border Taskforce created in 2011 by an Interreg project. This taskforce has especially the task to handle the topics of labour law and social law. A further measure is the Framework-agreement (*accord-cadre*) regarding the professional cross-border training in the GR, signed on 5th Nov 2014. Thus, the mobility between the young people in the GR should be enhanced. The future will show us the impact of this measure.

Problems and possible solutions:

The fact that there's an unemployment rate in all the regions of the GR indicates that there is an imbalance between the offer and the demand of jobs. (e.g. the unemployment rate is varying from 4,1% for Rhineland Palatinate to a max of 16% for Wallonia, figures of 2014) It must be tried to increase the offer of jobs or to decrease the number of job seekers in the region respectively in the GR. The different possible ways to reach this aim must be analyzed in depth. (maybe trying to attract more investors (companies to the country from abroad) that more jobs could be created, a better transparency and information about all the job vacancies could be created by a unique platform within the GR, trying to diminish the asymmetry of information in the labour market that will maybe entail a higher velocity of occupying job vacancies. Another idea is to create a common database where all the employment agencies are interconnected with their own database. Thus job seekers and job suppliers have an online access to the relevant data.

More specifically, there's a lack of skilled labour (*main d'oeuvre qualifiée*) in certain parts of the GR and especially of highly skilled labour. In order to remedy this, we could try to adapt the education of the youth to the needs of the employers. We can also observe an increasing unemployment rate regarding the young job seekers, and not only in the GR (also ES, PT..). The early school leavers must also be reintegrated in the working or in the training process. Solutions must be found. (e.g. School 42 (*Ecole 42*) from Xavier Niel)

It is also observed that there's a problem regarding the transfer of the knowledge of research laboratories from universities to the companies. This is not only a point regarding the GR. This point could also be revised.

The education topic will join the labour topic, both are linked directly.

A solution could be a well-balanced employment policy on the level of the GR, combined eventually with an efficient immigration, a good initial training and a continued training (lifelong learning), an increase of the participation of certain groups of persons to the labour market (e.g. Seniors, job seekers, housewives, disabled persons...) etc.

Last but not least, the demographic evolution in the GR must also be considered if future actions and measures will be taken.

An effective communication plan regarding the job opportunities and advantages of the GR could be put more effectively on the map. This could eventually be created and implied on the GR level.

2) Economy:

To have a good overview, the strengths and weaknesses of the 5 regions, the synergies and the complementarities must be listed. And all this must be put into an international and globalized context (that's to say compared to the economic development of China, Latin America, Russia, India...). But, the most important are the complementarities between the regions. Complementarities are generated if each region has identified and underlined/ developed its comparative advantages (Ricardo theory). Of course, if every region makes the same products, services, has the same know-how etc, the comparative advantage strategy could not work out. Thus, it is always useful if there are differences between countries or regions in order to make effective exchanges.

The energy policy and the industrial policy are key elements in order to steer an economy. So, a good analysis and a good comprehension of the existing situation are important in order to suggest the most effective measures to boost the economy.

Energy prices are high in the EU compared to the energy prices in the US. What could we do? Could we do, in this context, something specific in the GR, a method that could be applied later on, in the whole EU? Can the GR be used as a lab?

How could we optimize the use of the renewable energy? What about free energy? (e.g. Nikola Tesla, Buckminster Fuller etc.)

Industrial policy: How to reindustrialize the old continent and the GR? What kind of industrialization should be chosen (high tech, big data analyzer, data protection specialization, new techniques with new materials, exploring the space and the linked energy...?)

Besides, the competitiveness of the GR is measured for instance by the regional competitive indicator (RCI) from the EU Commission and is followed over the years.

Business development: not only in each MS but also within the GR (not only the company from Lorraine that comes to LU but also trying to attract companies beyond the GR to the GR area, and for instance that they create the European head quarter in the GR)

The promotion of the GR could be enhanced (not only nation branding by each MS but also making the branding of the GR by the concerned MS)

Eventually a GR policy could be suggested and drafted in order to push forward especially the economic development and success of the GR.

3) Innovation:

The innovation generates the progress and is directly linked to the competitiveness of a country/ region and the competitiveness is linked to the performance of the companies. So we must have or take measures to make our companies competitive. The innovation is the basis of the economic growth. This is true for a country (a MS) and also for a region. And innovation needs in most cases money!

Tracks of “innovation meets capital” must be analyzed. And other ways must be explored (e.g. crowdfunding, business angels, sponsorship (*mécénat*), philanthropy etc.) An example of philanthropy is the Open society foundations founded by George SOROS (investor and philanthropist) with the HQ in New York, US. Eventually, a similar concept but adapted and tailor made to our needs could be drafted? I think that a global and connected thinking method could be applied on a cross-border area in order to find durable solutions to optimize our situation.

So it is important that innovative project building within the GR is promoted and should be intensified. The incentives should also be effective. In order to boost the innovation mechanism, a simplified aid system could be put in place or the existing aid system (as the structural funds, Interreg programs, Horizon 2020 for the EU etc.) could eventually be simplified, adjusted and made more flexible especially for the needs of the GR. Maybe the reflection on an administrative relief could be started. Universities having their own research lab and big companies with their own lab could try to create or to intensify links and find synergies and complementarities in the GR but also outside the GR but having an effect to the GR.

As it is difficult to link successfully the existing clusters between the 5 regions within the GR (as past efforts had shown a quite limited success), the creation of Meta clusters could be an alternative that's to say since the beginning the 5 regions would then be involved in the cluster project. I think that this track needs to be explored. As well business incubators (private and public ones) between the regions could be linked. (Eurodev, Forbach (FR)—Technoport (LU) etc.)

In general, what could we suggest in order to boost the GR:

We can develop together within the GR a real vision that goes far- a strategy to shape the deep future. Finding an answer to the question: What should the GR be in 10 years or in 20 years? The GR should be the champion of what?

And how to reach this aim? In my opinion, these are crucial questions that need to be answered.

Suggestion: Could we create a free zone in GR, where for instance, specific types of companies can be established? (we can inspire us on the free zone in Shenzhen). For instance, in this context, a specific legal framework could eventually be put in place.

Or would it be possible to draft in the future a small treaty for the GR so that the GR would have a legal autonomy? This structure could be highly flexible. If it works successfully, other region-models could be built within the EU. For instance, a smooth flexicurity model could then be implemented in the GR...

Administrative burdens and constraints (this is true also for other branches, health etc.) should of course be decreased as far as possible.

A general wish is that the cross-border area should benefit from harmonious, balanced and sustainable development with reduced economic and social territorial disparities and that the whole area should offer prosperity within the GR and even beyond.

In order to promote in a highly efficient way the GR, the concept, the opportunities and the benefits linked to the GR must be well and entirely understood by the public and by all the actors.

In my opinion, it's always the same, you have something (in our case: the concept of the GR) and then it depends upon you what you want to do with it. You have a key in your hand, - and with this key, will you open a door, more doors, a maximum of doors....Up to you. Up to us.

Having now finished my presentation, I will open the debate and will give the floor to you.

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