

Property prices are lower in France, despite a trend in the direction of a catch-up. Planning permissions particular to German municipalities favour the concentration of commercial activities with large catchment areas on German territory, where prices of consumer goods are generally lower. To set up business in the Haut-Rhin Department or the southern Baden region is more costly due to the proximity of the Basel conurbation.

As regards households, despite the different tax and social security structures, overall the tax burden is equivalent in France, Germany and Switzerland.



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Campus Novartis, Basel



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Cross-border Project Café, Strasbourg-Ortenau Eurodistrict

## ECONOMIC FABRIC

A quarter of the Upper Rhine's GDP comes from processing industries, the main sectors of which are the chemical industry and pharmaceuticals (major international companies such as Novartis and Roche are present in the Basel conurbation), mechanical engineering (highly developed in the Baden region), electronics/electrical engineering (in the Baden region and Switzerland) and car manufacturing (Daimler Chrysler in Wörth in the Palatinate, Peugeot in Mulhouse, and Daimler Chrysler in Rastatt in the Baden region). Building on a strong reputation in the field of life sciences, the region has signalled its desire to specialise in biotechnologies. Other sectors are also emerging, such as nanotechnology, photonics and renewable energies.

Financial and business services, the hotel and restaurant trade and particularly the real estate and transport sectors are relatively underdeveloped. The potential for growth in these sectors is therefore not negligible.<sup>30</sup> In this respect, the river corridor formed by the Rhine has been the subject of new reflections regarding the development and diversification of industrial services (logistics, etc.) as well as intermodal connections. The territorial authorities and economic players are at present exploring the functioning and potential of port areas. The same is true of the bi-national airport platform at Basel-Mulhouse, with its concentration of 130 businesses, which as a result constitutes a prime hub of activity for the south of the Upper Rhine region.

In the Upper Rhine region there are a little over 153,000 SMEs, the great majority of which (84%) employ fewer than ten people.<sup>31</sup> Many companies in the Baden region and Switzerland sub-contract part of their production to SMEs in Alsace. The recent economic crisis has encouraged an increase in the number of self-employed on the French side of the border – as a consequence, the economic fabric of Alsace is characterised by many very small businesses (fewer than 4 out of 10 businesses have any employees).<sup>32</sup> The slowdown in the pharmaceuticals-chemical industry around Basel, which is highly international and was directly impacted by the global economic crisis, had a knock-on effect on many of the sub-contractors and on the general economic dynamics of the region in 2011-2012. This unfavourable situation is, however, in the process of improving.

<sup>30</sup> Source: Operational programme of the INTERREG IV A Upper Rhine programme (2007-2013).

<sup>31</sup> Source: *Rhin Supérieur – Faits et chiffres 2012 (Upper Rhine – Facts and Figures 2012)*, published by the offices of statistics for the "Economic Policy" working group of the French-German-Swiss Upper Rhine Conference.

<sup>32</sup> Source: *Le tissu économique en Alsace et dans la CUS: évolution 2008-2013 (The economic fabric of Alsace and the Urban Community of Strasbourg: developments in 2008-2013)*, Les indicateurs de l'ADEUS, issue 66, March 2014.