

European issues

n°385

22nd March 2016

A Tiger in the Tank: How can we take the Franco- German industrial policy forward?

Emmanuel Lefebvre

Abstract:

Franco-German cooperation is clearly set out in joint declarations. It often helps towards finding compromises which support the progressive integration of the European Union. However, real achievements are lacking, particularly in terms of a more cooperative industrial policy. This study aims to present main lines of a strategy which could lead in a few stages towards a far more ambitious cooperation. To do this it seems that new impetus is necessary, targeting trust/confidence and support in a two-pronged movement: top-down – i.e. on the part of the State in the shape of inter-ministerial action and bottom-up i.e. on the part of the regions and economic players. In a spirit of coherence, the establishment of a dedicated cell would allow, without interfering in any way in the running of institutions already in place, to inspire cooperative activity among many State, regional, public and private players.

This study aims to present strategic ideas that might be used in an underlying project to establish enhanced Franco-German cooperation in industrial policy – not from an institutional point of view, but according to regional and business reality.

For France, and also with European integration in mind, one of the most effective responses to the challenges in an extremely competitive world would be to deepen bilateral cooperation thereby leading to a strong pillar of growth and influence. Action like this should be based on a strategy that is implemented by way of concrete achievements and a new dynamic supported by three types of action. These should cover a wide range of activities, progress towards regional establishment and opt for trust. It should be seen as a founding project in the same spirit as Robert Schuman: *“Europe will not be made all at once ... it will be built through concrete achievements which first create a de facto solidarity.”* [1]

As always in the implementation of a strategy actions is needed to a range of lines of operation undertaken simultaneously and in stages, to create

a dynamic to achieve the final goal. This key idea to this strategy lies in taking two carefully selected sectors from energy transition, and to demonstrate the interest of enhanced Franco-German cooperation by firstly developing this, covering research to industrialisation, in order to encourage an exemplary climate of trust, which might then spread as a result to all industrial activities.

1. ANALYSIS OF THE SITUATION AND THE MAIN GUIDELINES

Joint declarations and initiatives will only be achieved via trust (the fuel) and results (the engine).

In regard to Franco-German cooperation the French President has spoken of an “Energy Airbus” and on his visit to Berlin in September 2014, the French Prime Minister was applauded for his praise of enterprise as he spoke to a circle of leading German industrialists. In this vein, and under the impetus of the Franco-German Council of Ministers (CMFA), bilateral cooperation is growing in the areas of

1. Robert Schuman, *For Europe*,
1963 (5th edition, Robert
Schuman Foundation /Nagel,
2010)

A Tiger in the Tank: How can we take the Franco-German industrial policy forward?

energy transition. The joint declarations made about economic integration and energy on the occasion of the 17th CMFA on 31st March 2015 illustrated this.

According to these declarations the dynamic of cooperation finds support in investments, in identifying real projects and in cross-border cooperation. But this has been limited to just a few achievements, whilst it could support the progressive establishment of a much more ambitious industrial policy. In sum everything is said about this regrettable reticence in the Pisani-Enderlein report [2] which concludes as follows: *"Our final words are simple: France and Germany spend a great deal of time making joint declarations on joint initiatives. It is action that we are lacking."*

The guarantee of any strategy is to gain flexibility. During a hearing on 22nd April 2015 at the Finance Commission the French Economy Minister observed that the Juncker Plan and German economic choices were of utmost importance for France to be able to benefit from a revival in the frame of its fiscal pressure. Indeed there is hardly a better lever to stimulate our industrial investments than to have close Franco-German cooperation. But any investment implies the dual condition of greater competitiveness and an atmosphere of trust.

With this in view a new base of trust and even of enthusiasm has to be established for Franco-German cooperation. And so the interest of this has to be demonstrated in several selected sectors and then extended towards a wider range. On both sides trust and familiarity are lacking. If we succeed in overcoming this resistance, then the Franco-German motor will find expression in gathering energy, as efforts are made in a two pronged movement: top-down i.e. on the part of the State in an inter-ministerial format and bottom-up i.e. on the part of regions and economic players.

In support of this action – without modifying anything from an organisational or institutional point of view – we only need to create a work group, an organisation responsible for the achievement of a transversal task to motivate and build cohesion; it would ensure the federation of initiatives in view of achieving an enhanced industrial policy. This might be a way of continuing Robert Schuman's work. If anyone were

to say it is too ambitious, we might invite them to re-read Malessherbes on this: *"We would do a great deal more, if only we believed them to be less impossible."*

2. A NEW APPROACH TO COOPERATION

Franco-German cooperation directed towards two particularly high profile sectors would have a knock-on effect that could potentially revive industrial policy in France.

In a bid to continue European integration and in its own interest Germany is concerned about France's possible industrial uncoupling and this pleads in favour of cooperation. German political leaders would support France if competitiveness requirements were respected. Of course the German economy is mainly directed for its own interest towards the conquest of export markets. Enjoying the support of the national authorities, it is skilled in promoting its industry and generally defends the autonomy of its businesses. And yet German industry claims that it is much more open to cooperation.

During his visit to Germany on 22nd and 23rd September 2014 the French Prime Minister clearly showed that he wanted to strengthen France's industrial base. In light of this it is interesting to note the response given to him by Ulrich Grillo, the Chairman of the German Federation of Industry (BDI): *"Strengthening the French economy, creating jobs, recovering growth, it is not just the French government's goal – it is our joint goal."* Lucid, constructive positions like this offer a positive framework for the development of the strategy presented in this paper.

Given the need to act convincingly yet progressively, a revival of Franco-German cooperation might be based on a strategy targeting two distinct goals in order to show the economic interest of more resolute cooperation undertaken in view of creating a dynamic of trust and action. It will be via some clear successes that we shall extend the movement for it to become a true industrial policy. The key to this approach would be to cover a wide area immediately, rather than draw up a catalogue of contracts. This is not as much about juxtaposing occasional projects but rather about the achievement of an environment to encourage entrepreneurial spirit.

2. Report Réformes, investissement et croissance – Un agenda pour la France, l'Allemagne et l'Europe, delivered on 27th November 2014 to the French and German Economy Ministers Emmanuel Macron and Sigmar Gabriel.

The idea would be to choose the sector of energy transition because it is open, opting for two areas within this sector in which competition between the two countries is not yet too fierce, to develop familiarity and trading principles, trust, methods and cooperation. Although this would favour two areas, it would be essential to cover at once research, innovation, development and industry in order to increase the number of points of focus and to achieve synergy. Basically the dynamic of cooperation is not supposed to remain restricted to two or three sectors in energy transition, but to be used as an example and to contribute by extension to industrial revival in France.

In practice the strategy advocated is based initially on the completion of two major "demonstrator" programmes. What matters is to show the capability these two countries have in promoting a much more efficient teamwork. It has to be acknowledged that these are not technical examples but two, well federated clusters of activities which will show exemplary cooperation. They are designed to highlight all of the interest that lies in Franco-German cooperation.

3. A REVIVAL STRATEGY FOR EXPONENTIAL DEVELOPMENT

Energy transition offers cooperation opportunities in which political impetus and industrial creativity can combine in a dual top-down and bottom-up movement.

To summarize them quite briefly these are the principles behind these "demonstrators" with their combined goals of creating an environment of method, trust and mutual interest. There concept has been already proposed to the French Prime Minister and to the Commissariat general for investment (CGI). The idea lies initially in the choice of two areas – where there is sufficient room for cooperation and in which competition is not yet too fierce: on the one hand electricity storage, together with smart network steering, and on the other, high quality photovoltaic, which will target the quest for results, systems integration and export outlets.

At the outset and in conjunction with these two

poles, a wide range of bilateral activities will have to be launched, deployed towards research, innovation, development, industrialisation, hubs of excellence, regional partnerships and the conquest of markets. Across the range initiatives should be fostered, synergies created, perimeters extended and active cooperation should be stimulated. If other poles of interest arise, in addition to these two, they would simply need to be processed at the same time.

The choice of these two poles is based on partial conclusions in the Beffa-Cromme report [3], in the chapter devoted to energy policy: "France and Germany must support a joint energy storage programme, for gas and electricity, put forward and implemented by businesses in the sectors in hand."

The question of storage is interesting because it is open to many areas (storage technologies, network coherence, intermittency management, supply security, accountancy techniques, urban development). Moreover "Germany and France must foster industrial networks in the new energies sector to create strong hubs of SMEs and to facilitate the rise of European champions." This recommendation fits "high quality" photovoltaic extremely well due to the relative balance of French and German assets in this area and because it entails a strong research aspect, as well as a requirement to create an export dynamic.

Moreover, Germany public investments devoted to innovation in energy storage and in networks each doubled between 2012 and 2013 [4]. The level of investment in storage is now on a par with that of wind and photovoltaic energy [5]. In addition to this there is a major interest in steering systems (deletion of intermittency, supply and demand regulation). This movement towards IT and energy synergy is an additional argument in support of cooperation since France would like to work in the area of the digital economy as well as in that of new energies.

Economic mechanisms should be provided by the definition of competitiveness, growth and employment goals, designed to mobilise both public and private investments (CGI, CIR [6], CICE [7], CDC [8], BPI [9], KfW [10], Juncker Plan, etc.). In light of this the Villeroy de Galhau report [11] shows how to conciliate finance with the economy,

3. Franco-German working group - Compétitivité et croissance en Europe (June 2013, in the chapter devoted to energy policy)

4. Source : Bundesbericht Energieforschung 2015 – Forschungsförderung für die Energiewende. In millions €, in 2012, 2013, 2014: storage (31, 59, 57) ; networks (17, 31, 35).

5. Ibid., 2014 figures : energy storage (57 M€) ; wind (53 M€) ; photovoltaic (58 M€).

6. CIR: crédit impôt recherche (Research Tax Credit)

7. CICE: crédit d'impôt pour la compétitivité et l'emploi (Tax Credit for Competitiveness and Employment)

8. CDC: Caisse des dépôts et consignations (or more generally: le Groupe Caisse des Dépôts)

9. BPI (or BPIFrance) : Banque publique d'investissement (Public Investment Bank)

10. KfW (Kreditanstalt für Wiederaufbau): a banking institution founded in 1948 with the initial aim of administering the Marshall Plan funds which then became a major bank for the financing of major political infrastructures ; it has wide experience in supporting regional initiatives but it has also developed an international sector of activities.

11. François Villeroy de Galhau's Report: Le financement de l'investissement des entreprises, 2015

A Tiger in the Tank: How can we take the Franco-German industrial policy forward?

by guaranteeing that via the “financing triangle” there is compatibility in terms of three expectations: investment to the benefit of innovation, which is a vector of growth, but risky by nature, the long term mobilisation of plentiful but careful savings, and the use of a better protected financial system than prior to the crisis.

However it is not in the idea but in the mechanism that a strategy will emerge. From a methodological point of view it is vital to base its dynamic on top-down political action, a bottom-up spirit of creativity and the determined use of better, immaterial investment levers. From a practical point of view exemplary mechanisms must be applied to these “demonstrators”, so that in France competitiveness gaps can be made good, and in Germany mercantile habits can be overcome. Finally, in spite of political and financial measures adopted in France, such as the law on energy transition and the Investment for the Future Programme, Germany has a considerable lead in terms of organisation, experience and lending. Therefore it is enlightening to compare the respective commitments made by public financial institutions (KfW, BPI, CDC). France will benefit a great deal if it takes inspiration in the structures introduced for the *Energiewende*.

However, French public financing bodies recently undertook determined action that has brought France closer to Germany. Historically directed towards urban development and social protection the *Caisse des Dépôts* group (CDC) now places emphasis on reviving investment and has placed supporting transition amongst its priorities, [12] particularly that of energy. Moreover the CDC is a major operator in terms of PIA fund management (Investments for the Future programme/Programme d’investissements d’avenir), which are mainly devoted to energy issues (efficiency, renewables, transport).

In short, the initial direction to take must be in repeated commitment in support of enhanced cooperation in the areas of energy transition, with the famous “Energy Airbus” in view. And progressively France and Germany will be able to extend the successes achieved thanks to the experience of their “demonstrators”, towards a wider range of industrial cooperation.

4. WE ARE AT THE STARTING POINT

These guidelines emerged in the joint declarations adopted on the occasion of the CMFA, particularly that of 31st March 2015, but these clearly have to be strengthened.

In all of its complexity France’s policy includes two major areas of intervention: on the one hand, support to European integration, as well as to the functioning of its economy: on the other hand, the recovery of French industrial competitiveness to recover parity with Germany. All of these actions, if they are to develop, suppose the establishment of an atmosphere of trust and have to be based on constant cooperation work. Therefore we often speak of achieving a common industrial policy in Europe, but firstly between France and Germany.

Some results are exemplary: Airbus, in space and in some armaments programmes. But we have to agree that in spite of a great effort, bilateral industrial policy is still below the level desired. The immense gap in our respective export results is a sad illustration of this. However one of the most open areas would be that of energy transition, and success in this area would be a significant step forward towards the progressive extension of a widened industrial perimeter.

In Ludwigsburg on 22nd September 2012, the French President declared: “*Germany, France, we can take these projects forward. Firstly an energy community (...) So, let’s work together on these renewable energies, let’s develop new technologies, let’s invent the jobs of tomorrow. This is a beautiful project for our countries!*” With this in view and for the last two or three years, several studies have been submitted to government.

On the occasion of the 17th CMFA, on 31st March 2015, the two countries committed to step up cooperation in the area of energy transition, to share their experience, and assess the conditions for the development of joint projects. The texts approved mention cross-border projects in storage capacities, network steering and photovoltaic. For a precise overview of this it might be best to quote some pertinent excerpts.

12. The 2014 report by the CDC mentions a new target of supporting transition: territorial, demographic, digital, ecological and energy (cf. the presentation of the report by the Caisse des Dépôts group by Pierre-René Lemas).

In the joint declaration on “economic integration”

- “Jointly we have decided to foster greater economic convergence between our two countries. Franco-German cooperation is still one of the main drivers of economic integration, competitiveness and growth in Europe.
- France and Germany reassert their determination to strengthen their cooperation both on European, regional and bilateral levels in the area of the climate and energy in line with the common declaration on energy.
- Investments and innovation are decisive if we want our companies to be productive (...). To this end France and Germany will put forward concrete projects that should be an integral part of the European investment plan.
- Cross-border pilot plants of smart networks could be set up, notably energy management and storage mechanisms involving delivery operators, consumers and equipment suppliers.
- Energy storage in stationary or mobile applications will play a decisive role in Europe’s industrial future. French and German industries could cooperate (...) for example by setting up an innovative “pilot-plant”.

In the joint “Energy” declaration

- “Recalling the conclusions of the CMFA of 2014 Germany and France re-assert their commitment to stepping their cooperation at European, regional and bilateral levels in terms of energy and climate policy.
- The two countries agree to share their experience via bilateral cooperation in identified renewable energy projects and in the strengthening of the development of smart networks.
- In particular, in order to better assess the development conditions of joint projects the two countries are to work on the development of a cross-border project of stand-alone photovoltaic plants.
- Both countries (agree on the need) for integrated solutions covering energy efficiency and renewable energies but also appropriate infrastructure networks, storage capacities, management mechanisms.
- France and Germany are to strengthen their sharing experiences between local authorities in these integrated processes, to show the economic potential of regional cooperation in a bottom-up approach.

- In addition to this the ADEME and the DENA (...) are to develop a real project for a pilot region, along the border that will serve as a “pilot” project of an integrated system, preferably in partnership with local authorities.”

The question will not be liked but it deserves to be asked. Will experience sharing, a pilot project along the border and the introduction of a pilot plant match our ambitions?

5. USING COOPERATION AS A LEVER FOR INDUSTRIAL REVITALISATION

Together France and Germany have a historic task ahead of them, the completion of which demands parity of values and means, including from an economic and industrial point of view.

But three things have to be acknowledged. Firstly on the strength of high level reports (Gallois, France Stratégie, Beffa-Cromme, Pisani-Enderlein), France may be outranked, unless it takes inspiration in models that have been behind the success of German businesses. Then the “relentless and virtuous employment chain” (Pierre Gattaz) supposes that before investment work, hopes of growth and the reality of employment, a base has to be established on three factors: the direction (political, economic, industrial), competitiveness and trust. Finally Germany’s export results are exemplary, whilst France has been losing market shares.

We also have to take two decisive factors into consideration. Germany is concerned about industrial decline in France, since it needs the Franco-German tandem to achieve its goals in terms of European integration. This is true on a political level, but economic players have also become aware of this. Moreover the famous “alignment of the planets” (the decline of the euro, oil prices and interest rates) can but provide economic reprieve from which France is also not benefiting as it should.

The conclusions are evident: to invest long term France has to adopt a business strategy that brings it closer to Germany. This is not the only means, but it is the best one and it comprises two things. Firstly, cooperation challenges will encourage greater French competitiveness. Secondly, cooperation promises will rebuild investor confidence.

A Tiger in the Tank:

How can we take the Franco-German industrial policy forward?

To these two aspects we might add a third mechanism to be considered within a European context. We have to convince Germany to plan joint projects with France in renewable energies, because this is the best opportunity to access financing in the "Juncker Plan". This incidentally is one of the approaches mentioned in the joint declaration on "economic integration" in the investment and innovation chapter.

However the analysis of the Juncker funds intermediary report on employment [13] (January 2016) provides a surprising observation. In terms of SME financing from the EIF (European Investment Fund), France and Germany are on a comparable level. Conversely, in terms of projects, France draws easily ahead of Germany (eight projects against only one). Should we not demand that Germany make good this gap by joining France in the design of joint projects that will be eligible for the Juncker Plan?

There is no doubt that the list of projects planned for would fit favourably with the pertinent use of the funds that the Juncker plan will raise via the synergy of both public and private investors. However it would only be a restricted list, which alone would not achieve the critical mass required for a true French industrial renaissance. Still it could augment the snowball effect that would be based on bilateral cooperation, if this is supported by absolute political will.

We might object that it would be an excessive privilege being granted to the Franco-German dimension. But it is logical: Germany is the export champion, it neighbours France, and along with France takes Europe's interests forward, though it is not necessary to demote other partners.

6. THE INDUSTRIAL FACTOR IN FRANCO-GERMAN RESPONSIBILITY

There are two types of investment: material (projects and financing) and immaterial (values, confidence, enthusiasm). We should be brave enough to develop immaterial investment.

In this text immaterial investments do not involve the economic investment category devoted to software. It concerns new investments in the pooling of values and the spirit of cooperation that can become the best

economic instruments to increase potential growth. Although virtual this investment would improve the combination of production factors. Wasn't this the foundation of the common market in Europe?

The commitments that are included in the joint CMFA declarations form a sound working base. And yet they need to be extended in two ways. As stressed in the Pisani-Enderlein report they must be implemented. Consequently they should be extended to become a true industrial and even societal policy. In this light we shall discuss issues involving labour flexibility, professional training, social dialogue, taxation and urban development.

Because, if we want to improve Franco-German cooperation from an industrial point of view in the wide sense of the term, and with this revive France's industrial dynamism, we must have high ambition and mutually inspire the best practices. The "Energy" declaration does indeed provide for Franco-German rapprochement in the sectors of research and its applications. However in real terms it mainly suggests experience sharing as well as the pilot project for an integrated cross-border system.

However Airbus's successes have not been achieved on the banks of the Rhine. They found establishment in hubs in Toulouse and Hamburg, reaching out to a network of partners that cover France and Germany. It is on this level that we have to build the "Energy Airbus" with new solutions of course, since the aviation and energy sectors are not really comparable.

Moreover, since energy is part of a new paradigm, it will be the opportunity to establish a virtuous circle: bringing French and German chains together, from research to innovation and industry; using energy sectors as a base, we should seek extension to all areas of industry; and doing this the taste for cooperation will spread to the heart of regions and Länder with the aim of showing exemplary integration – a model for Europe and the world.

Immaterial investment, confidence – is advantageous in two ways: it is inexpensive, the strength of belief triggers material investments. It is easy to see in which areas the rapprochement between the two countries might be beneficial. Here are some examples:

- professional training: the new orientations adopted in the 2015 National Reform Plan are promising; it would be interesting to compare them systematically with the German methods;
- labour flexibility: we speak of "French flexibility"; we should also be looking at "German flexibility", and as a comparison, we should try to adjust the measures that might inspire awareness of the two respective systems;
- professional mobility: with the aim of developing job skills in the Franco-German environment – why not establish a kind of "professional Erasmus" at the management and also execution levels;
- employability: the practice of Franco-German relations as part of a bilateral project dynamic to improve general employability in any other international environment;
- the practice of social dialogue: from this standpoint there are too many narrow national positions, whilst it is vital to understand that business and employee interests go hand in hand;
- the virtuous ecosystem: France has made significant efforts to encourage initiatives, attract capital and to support businesses; it would be interesting to compare these in practice and in joint projects with German measures;
- means of financing: particularly in the banking sector Germany has extremely effective systems such as the KfW; BPI, CDC and AFD cooperation with the KfW might up paths of mutual interest;
- new inclusiveness: the spirit of twinning has brought towns closer together but it has not been developed enough; it has to be directed towards more creative twinning, in the area of universities, technical and industrial sectors.

All of these points deserve to be explored more closely, notably on a regional level.

7. THE ESTABLISHMENT OF A VIRTUOUS CIRCLE BASED ON REGIONAL COOPERATION

Energy transition will occur at territorial level. Using this area and this level as a base it would evolve towards the development of the grid of a cooperative industrial policy.

Franco-German cooperation is deemed to be the

vital base of European integration but it sometimes wavers at the political level between divergence, compromise and convergence. Because the grid is not complete the Franco-German motor falters slightly; it is lacking its gears and transmission belt. This adjustment might be the focus of a territorial rapprochement policy.

As pointed out in the Dantec-Delebarre [14] report, the "territorial authorities are the first in line in the fight against climate change" because "it is the sum of the work undertaken by the territories that will facilitate the achievement of the main quantitative goals." Hence the proposal that "territorial energy/climate plans (PCET) should now be in line with national goals". [15] These analyses suggest the strengthening of bilateral cooperation under the auspices of "climate twinning". Of course there are world or European associations (like the UCLG, *United Cities and Local Governements*) (particularly the Mayors Convention founded by the European Commission, which is hosted by the Energy Cities secretariat). But their main assets are essentially emulation, strength of attachment and the strength of proposals.

With Germany we should go further and in a more ambitious manner than we do with "floral" or "twinning" towns. If we take the example of the PCET – they were supported by a great number of initiatives created by "calls for projects" on the part of the Ministry for Sustainable Development under the title of "Positive Energy Territories for Green Growth". The range is wide since it extends from the Paris city energy plan (for 2.2 million inhabitants) to energy transition in the Ponant Islands (1800 inhabitants).

The achievement of "climate twinning" would be a formidable tool in Franco-German cooperation. This would involve leaving cultural and linguistic twinning behind to address an entrepreneurial area, which would then extend to an enhanced industrial policy. Is it possible to imagine a better tool for trust/confidence than that of a shared economic ambition? Hence Paris has set itself the target of becoming the world "smart city" capital by 2020. For its part, Berlin is launching the project to become the world capital of urban technologies by taking over Tegel airport

14. Guideline report – Les collectivités territoriales dans la perspective de Paris Climat 2015 : de l'acteur local au facilitateur global – Foreign Affairs Ministry (2013)

15. Cf. p. 26, 27, 78.

A Tiger in the Tank:

How can we take the Franco-German industrial policy forward?

– when it is free – to set up 800 businesses and research centres. This is a cooperation opportunity that has to be seized immediately. Otherwise another international partnership will be formed.

On a regional level interaction has to be stepped up. Energy transition on the Ponant Islands sets the same challenges as that on the Friesian Islands. Why not launch close cooperation that would transform into mutual interest and could then extend to other agricultural or industrial activities? We can apply the same logic to 488 energy transition projects [16].

The new generation of State-Region plans is also providing opportunities for enhanced bilateral cooperation. Indeed in these contracts (CPER [17]), it is the State's role to federate support to structuring projects. This would be an occasion to put declarations made during Franco-German Councils of Ministers into practice at regional level, especially since the main axes of the CPER are multimodal mobility, energy transition, as well as research and innovation. This covers a major share of the industrial policy in which France and Germany might draw together.

8. WHAT STRATEGY AND WITH WHICH TYPE OF ACTION?

There has been a time for making gestures, another for treaties, and yet another for dialogue, debate and compromise. The time has now come for societal projects.

One of the best books on the future of Franco-German relations was published under the title: *France Allemagne : l'heure de vérité* [18]. The two authors ask a fundamental question: "How do we turn the convergence of our interests into an opportunity for both countries, which also is seen as such by public opinion?" Indeed all of the ingredients are there: the political framework provides interests and opportunities; the goal, is that of both countries are committed to Europe; and the need for a strategy. The rest is just a matter of imagination and determination.

It is a project for society. In sum the approach comprises the establishment of the foundations of active, confident cooperation based on work

launched firstly in the area of renewable energies. Their vectors are the "cooperation demonstrators" which should immediately cover the entire range of activity from research to industry. Using this basis of methods, customs, common interests, the idea is to extend the trend towards the goal of a common industrial policy as quickly as possible.

This approach involves a two pronged movement: top-down i.e. the State in an inter-ministerial format and bottom-up i.e. the territories and their economic players. It aims to revive Franco-German relations which resembles the initiatives launched by Robert Schuman and Jean Monnet. Strength of belief and political determination shaped history at that time.

If each player, i.e. the ministries, the regions, the chambers of commerce, the financial instruments, research organisations, industrial sectors were to act alone autonomously, without any guidelines, they would do so at their own pace and without respecting any political coherence. Therefore a dedicated cell is required for this policy to inspire, mobilise and guide, without however involving itself in aspects of execution or interfering in any way in the running of these institutions. But this is a full time transversal role.

The French cell must have a counterpart in Germany, since both are the expression of a joint agreement and the condition for effective work.

9. "IF YOU WANT EFFECT, THEN DEVELOP THE CAUSE" (MARÉCHAL FOCH)

It is the duty of Europe's institutions to establish the conditions for a favourable environment: an effective monetary policy, an energy policy, a research policy. But Europe's true economic driver would be to recover the spirit of major projects. In the beginning they can only be taken forward by a small number of countries, with France and Germany having the greatest potential.

In regard to Germany, from a political point of view, France lies in a particularly favourable position. The French Prime Minister's declarations in support of business were received with interest in Berlin, although this has not yet led to many real achievements. The French Economy Minister has

16. The MEDDE and ADEME have retained 488 regional and local projects, ie 214 "positive energy territories for green growth", 160 "future positive energy territories" and 114 "local energy transition contracts".

17. As a reminder during the Council of Ministers on 25th February 2015 the presentation of the CPER announced more than 25 Bn€ in public investments over the period 2015-2020 (ministerial, regional, agency loans). The CPER will mobilise 12.5 Bn€ from the State with a powerful leverage on regional investments and correlation with European financing. The State defined six thematic chapters including three privileged sectors : multimodal mobility (6.7 Bn€), energy transition (2,9 Bn€), higher education, research, (1.2 Bn€).

18. Bernard de Montferrand and Jean-Louis Thiériot, *France Allemagne : l'heure de vérité*, 2011 (France-Germany : the hour of truth)

established perfectly constructive relations with the German Vice-Chancellor, the minister responsible for the economy and the *Handelsblatt* [19] awarded him the title of "Newcomer of the year". Finally the appointment of Jean-Marc Ayrault as the head of the French Foreign Affairs Ministry reminds us that Frank-Walter Steinmeier, his German counterpart, delivered a speech in his favour on the attribution of the Carlo-Schmidt Award [20], recalling on this occasion that Franco-German cooperation was vital to European integration.

This configuration helps the French government to act on three levers simultaneously: general policy, economic and foreign policy. Basically it involves heading an original approach with Germany, purposely covering a wide range which is shared broadly within the institutions and territories. This would be a historic choice. It demands an extremely determined political will. It also requires an effort in terms of financial investments and more particularly a positive orientation in the shape of immaterial investments: determination, confidence, enthusiasm. This is the function that the entity described above can achieve. It is flexible, inexpensive and vital.

The bilateral group should be chaired by two high level personalities who have held responsibility. Domestic political considerations barely count in this. What does count, above all, is the ability to lead a founding project intelligently with the other country in view of enhanced cooperation. The other important aspect is the ability to undertake a leading role in the spirit of cohesion to the benefit of many State, regional, public and private players.

An initiative like this would be all the more effective if were taken quickly. The Pisani-Enderlein report concludes: *"Time is running out. France and Germany must act now. And they need to act together. The greatest danger at present is the period of appearances in which the priority is given in discourse to major projects and reforms but in which no real steps are taken."*

Emmanuel Lefebvre,

Former marine officer, strategic affairs with the Defence Ministry.

You can read all of our publications on our site :
www.robert-schuman.eu

Publishing Director : Pascale JOANNIN

THE FONDATION ROBERT SCHUMAN, created in 1991 and acknowledged by State decree in 1992, is the main French research centre on Europe. It develops research on the European Union and its policies and promotes the content of these in France , Europe and abroad. It encourages, enriches and stimulates European debate thanks to its research, publications and the organisation of conferences. The Foundation is presided over by Mr. Jean-Dominique Giuliani.

19. The *Handelsblatt* is the main economic weekly in Germany. In December 2015, it devoted a double page to Emmanuel Macron and deemed him to be the rising star of the year (*Aufsteiger des Jahres*).

20. Excerpt from the introduction, 14th May 2014 : *Als man mir vorgeschlagen hat, heute die Laudatio auf dich zu halten, habe ich keine Sekunde gezögert – weil du ein großer Freund Deutschlands bist, weil du ein großer Europäer bist und nicht zuletzt, weil uns eine lange Zusammenarbeit verbindet.* (When someone suggested that I dedicate this speech to you today I did not hesitate a minute – because you are Germany's greatest friend, because you are a great European and finally because our work together goes back a long way).