

Institutional Agenda in European Cross-Border Labor Market and  
Initiatives of Employment Agency in Germany  
-Research Report of Oberrhein Region-\*

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**Abstract**

This paper is a research report about the administrative agency's initiative for cross-border labor mobility in the European border region. We selected the German-French cross-border labor market in "Oberrhein" region for a case study object. We focus on facilitating activities for cross-border commuting conducted by the Employment Agency (Agentur für Arbeit) in Germany.

In this paper, we explain the historical and institutional background of cross-border labor market in Oberrhein. The development of the cross-border labor market since 1970s can be divided into two phases in accordance with its nature and structure. We describe how the institutional framework and administrative activities have been changed and have evolved in the last four decades. Based on these, we discuss the agenda for administrative agency.

Furthermore we introduce the concrete activities which have been recently implemented by the Employment Agency of Germany. The domain of the administrative agencies' activity has been conventionally defined by the national border while the framework of the cross-border labor market has been established. We find that the supporting activities of the administrative agency beyond the national jurisdiction can play the important role in improving the quality of the cross-border labor market. Moreover the remaining legal issues related to the transboundary labor market are illustrated.

This work is based on the interview survey conducted at the Employment Agency in Freiburg and the other relevant institutions in Oberrhein region in June 2013.

Key Words: European Integration, Cross-border labor market, Administrative agency

JEL Classification: F15, F55, J61

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## 1. Introduction

This is a research report about the labor administrative agency's initiative for cross-border labor mobility in the European border region. We selected the German-French cross-border labor market in "Oberrhein" region for a case study object. We focus on facilitating activities for cross-border labor mobility, especially for cross-border commuting from France to Germany<sup>1</sup>, conducted by the Employment Agency (Agentur für Arbeit) in Germany. This work is based on the interview survey conducted at the Employment Agency in Freiburg<sup>2</sup> and the other relevant institutions in Oberrhein region in June 2013.

Oberrhein is the border region consisting of Germany, France and Switzerland. As summarized in Ito [2003] and Yagi and Wakamori [2006], cross-border cooperation has been developed since 1960s in this region. Multilayered cooperative relationship has constructed in different administrative levels such as national and state/department level. There has been cross-border regional cooperation in the fields of politics, economy, education and etc. Against this background, the earliest statistics in 1972 shows that there were more than ten thousand people engaging in cross-border commuting from Alsace region in France to Germany. Cross-border commuting refers to the form of labor mobility where workers keep their residence in their original countries and commute to neighboring country across border every day.

In the mid-1980s, institutional cooperation for labor market unification started in Europe as a whole. The Schengen Agreement and the white paper on "Completing the Internal Market" in 1985 had made transboundary labor mobility liberalized across Europe. Moreover the supra-national organization started to promote labor market unification in Oberrhein region as this region was selected as one of the project regions of INTERREG and European Employment Service (EURES). German and French labor administrative agencies have tried to activate the transboundary labor market by pursuing the cross-border cooperation such as sharing of job opportunity information.

As a result of these actions, the number of cross-border commuters from Alsace to Baden region has increased to thirty thousand in 2002. This number, however, turned downward afterward. One reason for this decline could be explained by the ineffectiveness of the conventional initiatives. These might have not been enough to support the continuous cross-border commuting in the long run. Still it is hard to conclude the correlation between the effectiveness of the initiatives and the number of commuters, since this number should be affected by the demand-side factor of the labor market as well as the supply-side one. Furthermore Mr. Nobert Mattusch at the Employment Agency in Freiburg mentioned that not only qualitative increase in the number of commuters, but also

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<sup>1</sup> Germany refers to Baden region centering on Freiburg City and Offenburg City in Baden-Württemberg State. France refers to Alsace region centering on Strasbourg City in Bas-Rhin Department, Colmar City and Mulhouse City in Haut-Rhin Department.

<sup>2</sup> Interview with Mr. Nobert Mattusch at the Department of Cross-Border Cooperation, the Employment Agency in Freiburg, Germany conducted on June 10, 2013.

qualitative improvement of the transboundary labor market was the important subject. They have already started to take actions to activate the market, such as carrying out the job matching taken in consideration of the properties of job applicants.

In this paper, we introduce some concrete activities conducted by the Employment Agency in Germany; the job-placement center established jointly with the Employment Center (Pôle emploi) in France, and the labor market survey in Alsace region.

The rest of this paper is structured as follows: in section 2 we explain the historical development in the administrative framework of the cross-border labor market in Oberrhein region. In section 3 we clarify the agendas for qualitative progress of the cross-border labor market. In section 4 the recent initiatives conducted by the Employment Agency in Germany is introduced. Section 5 concludes and describes the policy implication and the remaining tasks of this study.

## 2. Development of the Administrative Framework for the Cross-Border Labor Market

### 2.1. Institution of the Cross-Border Commuting and the Number of Commuter

In this section we explain historical change in the relationship between the labor market in Oberrhein region and the administrative agencies in two countries. The development of the cross-border labor market is divided into two phases for simplicity here.

Following three aspects play the important role when we discuss the administrative framework of the cross-border labor market; (1) institutional cooperation between countries, e.g. border control and taxation system, (2) cross-border information sharing-based cooperation among administrative agencies within the region, and (3) the supranational organization for cross-border labor market. According to these three points, we define the 1<sup>st</sup> phase as the stage where labor market was segmented by the national border. 2<sup>nd</sup> phase started from around 2000 when the cross-border labor market with three elements mentioned above had been established.

1<sup>st</sup> phase refers to 1970s – 1980s when the administrative cooperation across border had not started yet and labor market was segmented by national border. As pointed out earlier, significant number of cross-border commuters had been already identified in 1970s in this region. Table 1 shows development of the number of commuters from France to Germany<sup>3</sup>. 10,590 commuters were identified in 1972 and this number increased to 15,470 in 1981.

The time frame from late 1980s to early 1990s can be referred to as the transition period to the 2<sup>nd</sup> phase. The Schengen Agreement was signed in 1985 by five European countries including West Germany and France. In this agreement, they agreed to the gradual abolition of the internal border control, and the cross-border movements of people had been liberalized. Moreover, under the

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<sup>3</sup> Because of the different data source, the definition of the destination regions is different across periods. We use these data for the purpose of having an overview of the development of the numbers of commuters although they lack rigorousness as continuous time series data.

white paper on “Completing the Internal Market” issued by the European Commission in 1985, liberalization of the cross-border labor mobility had been promoted toward the establishment of the European Union (EU) in 1993. Furthermore, the tax legislation for cross-border workers, including cross-border commuters, between Germany and France had been developed by the revision of the German-French Tax Treaty in 1989. Herewith the conditions on residential and working places to be identified as the cross-border commuter have been explicitly stated (see Appendix Table 1 for the case of Oberrhein region). As a result of these national-level cooperative actions, the statistics indicates 22,000 cross-border commuters from Alsace to Baden region in 1992.

In 1990s, some regional organizations in Oberrhein started to support the cross-border commuting. Information center for cross-border commuters “INFOBEST PAMINA” was established in Lauterbourg, France in 1991 as one of the INTERREG projects<sup>4</sup>. It has been supporting the cross-border commuters by providing inquiry service mainly about the taxation and social security system. In 1993, French community “SIVOM Hard Nord” established “Info Center” which had similar function to the INFOBEST PAMINA. Info Center has reformed to “INFOBEST Vogelgrun/Breisach” in 1996. At the moment, there are four INFOBESTs in Oberrhein region. They provide the relevant information about the cross-border movement in a broad sense, including residential movement across border. Through this transition period, labor market integration in Oberrhein region went into 2<sup>nd</sup> phase.

It is assumed that 2<sup>nd</sup> phase started by the establishment of supra-national organization in Oberrhein region. European Employment Service (EURES) chose the Oberrhein as one of the selected regions to facilitate the cross-border labor market unification and named “EURES-Transfrontalier (EURES-T) Oberrhein”. As a result, supra-national organization consisting of two countries’ labor administrative agencies has been constructed. EURES is the sub-organization of the European Commission. It is aimed at promoting the cross-border labor mobility by constructing the transboundary network of the labor administrative agencies across Europe. EURES-T projects especially focus on the labor market unification in border regions. Being selected as EURES-T project means that the supranational organization started to take political approaches for the labor market unification in Oberrhein.

Since 1999, the EURES has taken the initiative to promote cross-border cooperation between German and French labor administrative agencies. Main agenda here was cross-border information sharing about job opportunities among two countries. Moreover the consultant called “EURES advisors” from relevant organizations in two countries have provided advisory service for cross-border commuters. As of 2013, there are 13 EURES advisors in EURES-T Oberrhein; six staffs from the Employment Agency in Germany, three from the Employment Center in France, two

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<sup>4</sup> INTERREG is an initiative aimed at promoting the interregional cooperation across Europe. It is financed by the European Regional Development Funds of the European Union.

from Confederation of German Trade Unions (*Deutscher Gewerkschaftsbund*), one from General Confederation of Labour (*Confédération générale du travail*) and Movement of the Enterprises of France (*Mouvement des entreprises de France*).

Table1 Number of Cross-Border Commuters from Alsace to Germany

	Alsace→ Germany*	Alsace→ Badent†	Alsace→ Baden-Württemberg‡	Events	Phase
1972	10,590				Phase1
1973	11,190				
1974	13,460				
1975	13,250				
1976	12,740				
1977	12,370				
1978	12,070				
1979	12,250				
1980	14,460				
1981	15,470				
~				Schengen Agreement: 1985 WP Completion of Internal Market: 1985 INTERREG Pilot: 1989-90 INTERREG I: 1990-93 INFOBEST PAMINA: 1991	↓
1992		22,000			
~				INTERREG II: 1994-99	
1999		27,000	29,214	EURES-T Oberrhein → Coop bet Labor Admin	Phase2
2000			29,856	INTERREG III: 2000-06	↓
2001			30,933		↓
2002			30,178		
2003		30,000	29,100	EURODISTRICT REGIO PAMINA	
2004		28,000	27,864		
2005			26,970	Eurodistrikt Straßburg-Ortenau	
2006		25,900	26,067	Eurodistrict Region Freiburg/Centre et Sud Alsace	
2007			25,861	INTERREG IV: 2007-13 Trinationaler Eurodistrict Basel	
2008		23,900	25,383		
2009			24,365		
2010		22,500	23,380		
2011			23,297		↓
2012			23,112	"Job Forum"	Phase3

Source : \* Schlagowski [1982], †Oberrheinkonferenz [2006, 2008, 2010, 2012]

‡ Bundesagentur für Arbeit [2013]

Aside from the administrative initiatives, four Eurodistricts have been established in Oberrhein<sup>5</sup>. Eurodistrict is supra-national administrative organization consisting of multiple municipalities adjacent to borders. They have been promoting the cross-border regional cooperation in the field of economy, education, environmental issues, and etc. “Eurodistrict Strasbourg-Ortenau,” one of the Eurodistricts to which the European Grouping of Territorial Cooperation (EGTC) gave the legal status in 2010, started providing educational opportunities for potential cross-border commuters. They divide the vocational training into two parts, theoretical and practical part, after German system of vocational training “dual system”. Trainees take part in the former in their residential country and the latter in the neighboring country.

As explained above, administrative cooperation for the cross-border labor market was constructed and they started concrete activities to promote cross-border commuting in the 2<sup>nd</sup> phase. Table 1 indicates that there were 27,000 commuters from Alsace to Baden in 1999. Data for commuters from Alsace to Baden-Württemberg implies that the number of commuters reached a peak during 2001-2003 and the figure turned downward subsequently.

## 2.2. Cross-Border Labor Market and the Labor Administrative Agency

In this section we discuss the relationship between the labor market and the administrative agencies with taking into account the gradual development of the market integration explained in the previous section. Figure 1 illustrates the relation between the labor market and administrative agencies in the 1<sup>st</sup> phase. Labor market segmented by the national border had been **controlled** by the country’s law and institution. The labor administrative agency, a public organization of the country, intends to activate the national labor market. French labor market is the jurisdiction of the Employment Center in France, and German labor market is the jurisdiction of the Employment Agency in Germany. The supporting activities such as job matching are intended for the job applicants, workers, and firms within the agency’s jurisdiction. As far as the workers and firms engage in the economic activities within one country, the jurisdiction of the labor administrative agency is coincident with its target.

As mentioned above, more than 10 thousand commuters were identified even in the 1<sup>st</sup> phase. However they had not constructed the administrative framework for the cross border labor market at that time. Cross-border commuters in the 1<sup>st</sup> phase can be viewed as the labor mobility among segmented different labor markets of Germany and France.

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<sup>5</sup> Eurodistrict Strasbourg-Ortenau, Eurodistrict Region Freiburg/Centre et Sud Alsace, Trinationaler Eurodistrict Basel (TEB), and Eurodistrict Regio Pamina.

Figure2 Labor Market and Administrative Agency: 1<sup>st</sup> Phase

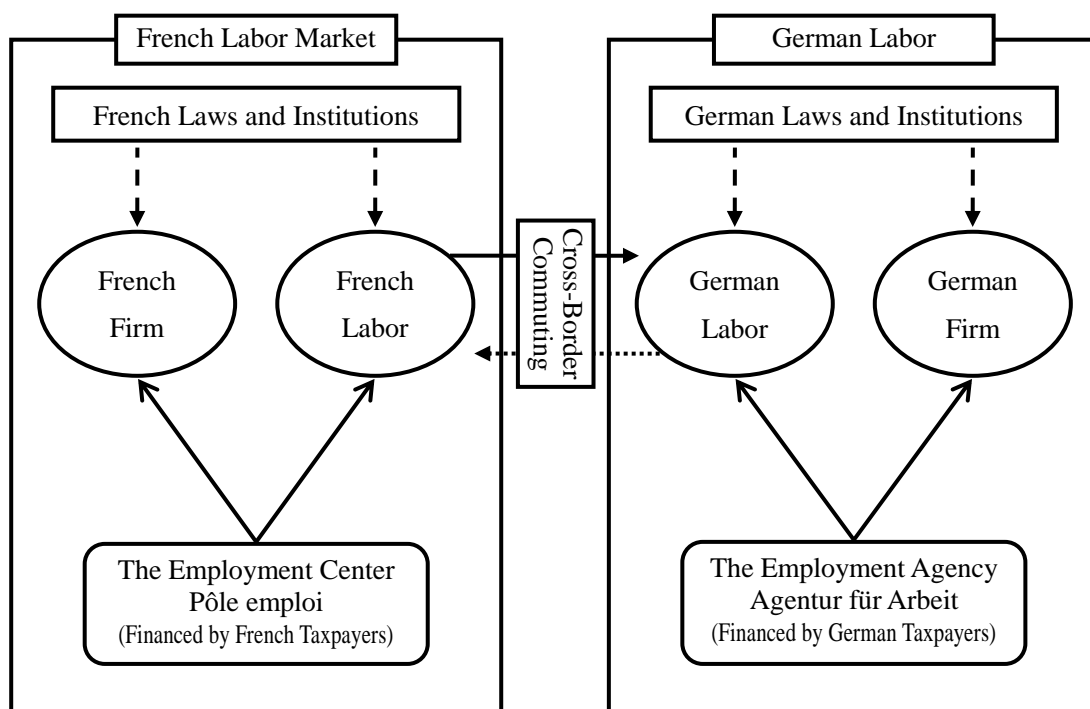
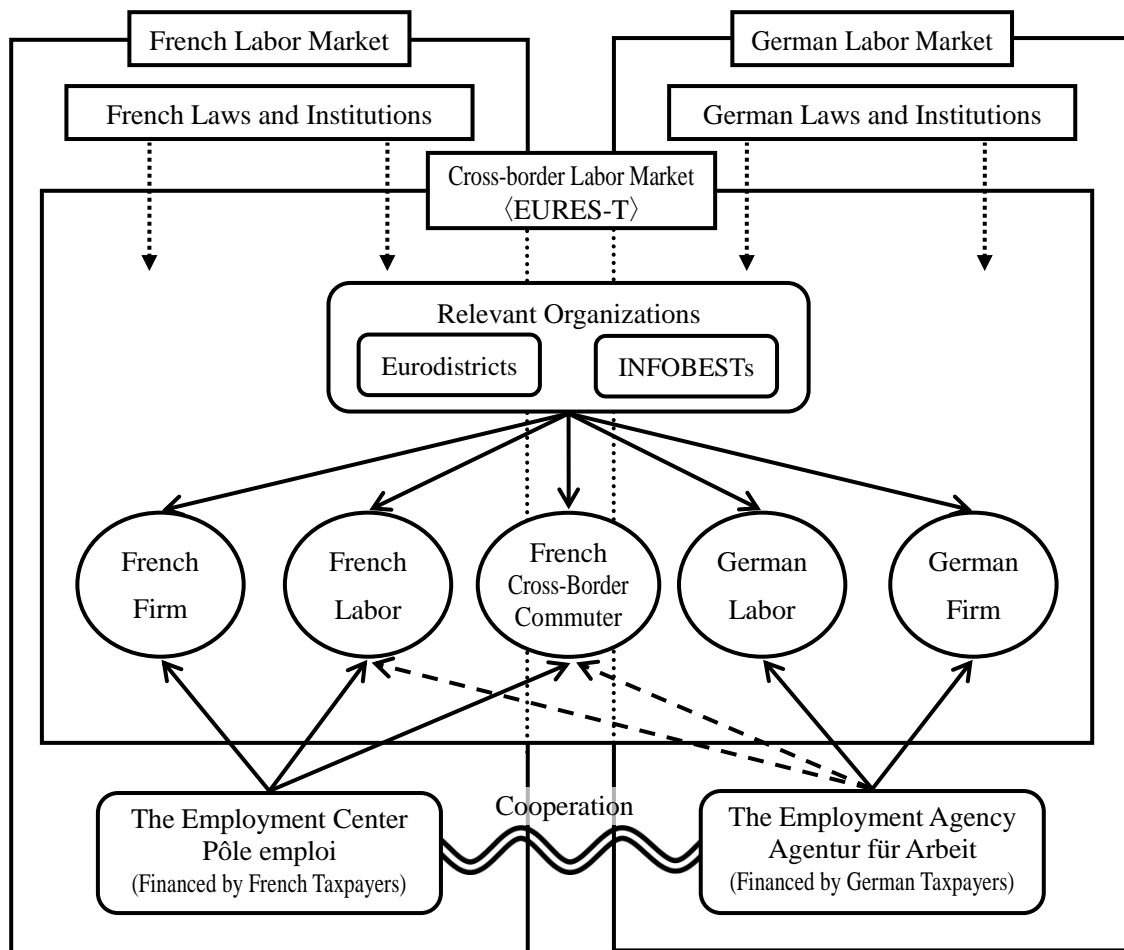


Figure 2 describes the relationship between the labor market, administrative agencies, and the relevant institutions in 2<sup>nd</sup> phase. As a result of EURES's political initiatives to promote the market integration, framework of the cross-border labor market is illustrated. Labor administrative agencies in each country, which were originally taking initiative in each country, started cross-border cooperation such as information sharing. It means that the framework of administrative cooperation for the cross-border labor market had been established. Cross-border cooperation between German and French labor administrative agencies makes it easy, for example, for French job applicants to get information about German labor market without visiting administrative office in Germany. Furthermore, the EURES provides the glossary for cross-border commuters and the brochure explaining how to write the resume. These initiatives have been intended to reduce the barriers for cross-border commuters.

Legislation and institution regarding the labor market, however, has not been perfectly harmonized among two countries, although the cooperative framework had been constructed since late 1980s. In Figure 2 we described French cross border commuter as a representative one in Oberrhein region. In this case, French worker needs to follow the employment condition and labor standard in Germany, and French income tax law. Absence of the single legislation and institution calls on the cross-border commuters to understand the legal system in neighboring country too.

Difference in the law and institution of labor market makes the rules which cross-border commuters obey complicated. Among these legal and institutional issues, INFOBESTs has been playing an important role to provide consultation about taxation, pension, and social security system regarding cross-border commuting.

Figure3 Labor Market and Administrative Agency: 2<sup>nd</sup> Phase



As explained in this section, labor market integration in Oberrhein has been developed through two phases. The national and the EU level agreements have set up a fundamental institution to make cross-border commuting possible. Informational barrier also has been reduced by cooperation between two countries' administrative agencies and the initiatives of supra-national organization. According to the Mr. Mattusch, at the Employment Agency in Freiburg, however, pointed out that current framework was not enough to take advantage of the potential of cross-border

labor market. He noted the necessity of additional initiatives in order to activate the cross-border labor market. In the following section, we explain the agenda for cross-border labor market and in section 4, new initiatives of the Employment Agency in Germany started in 2012 are introduced.

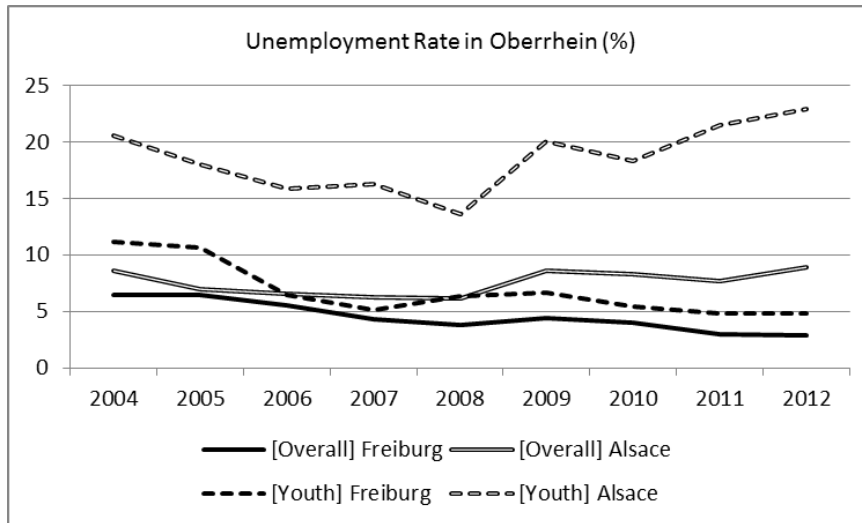
### 3. Agenda for the Cross-Border Labor Market

In the previous section, we explained the administrative cooperation among labor administrative agencies and the concrete activities in Oberrhein. Moreover, We introduced the the recognition of the Employment Agency in Germany that conventional policy for cross-border commuting was not enough to take advantage of the potential of the transboundary labor market. In this section, we discuss the agenda for cross-border labor market.

According to the Employment Agency in Freiburg, Germany, there is pool of potential cross-border commuters in for Alsace region. As a basis for this recognition, three aspects of the Alsatian labor market were noted (Agentur für Arbeit Freiburg, 2012). The first point is the steady growth in population; that is abundant labor force in Alsace. The second is change in industrial structure; large decline of the several industries (e.g. Textile, clothes, leather, and shoes; Vehicle) leads to the increase in the potential cross-border workers. The third is relatively higher unemployment rate. Figure 3 illustrates the development of unemployment rate in Alsace and Freiburg region (southern part of Baden region.) During the whole period from 2004 to 2012, unemployment rate is higher in Alsace. Moreover, while the figure shows decline in unemployment rate in Freiburg, Alsace has experienced aggravation. Unemployment rate of youth (ages 15-24) especially has been much higher in Alsace, and it reached to 22.8% in 2012. Doi and Suzuki [2012] pointed out that the higher unemployment rate in Alsace is the key factor of the promotion policy on cross-border labor mobility in Oberrhein. Contrary to the lower unemployment in Baden, it is known that the abundant labor force is not utilized effectively in Alsace. It implies the coexistence of a kind of “excess supply” and “excess demand” of labor in the cross-border labor market.

Conventional initiatives in Oberrhein have put emphasis on creating the framework of cross-border cooperation. There still remains room for improvement, however, in measures aimed at “qualitative progress” for cross-border labor market; e.g. job matching taking into consideration the properties of workers and firms. This is how and why the Employment Agency in Germany has come to the recognition that qualitative improvement in the labor market is critical.

Figure4 Unemployment Rate in Freiburg and Alsace



Source: Eurostat “Unemployment rates by sex, age and NUTS 2 regions”

Based on the result of our interview, we summarize the administrative and institutional agenda for qualitative improvement in the cross-border labor market from three aspects. Firstly, the jurisdiction of the labor administrative agencies has been segmented, *de facto*, by the national border. Though the concerned agencies in two countries have established the cooperative framework in order to activate the cross-border labor market, they still remain the national institutions. Support for the domestic market has been the imperative for them. There might have been less efforts and opportunities for effective job matching in the cross-border labor market since the job-seekers and employers located in different countries.

Secondly, there remain the legal issues in cross-border labor market. As mentioned in the previous section, legislation regarding labor market has not been completely standardized among two countries. It is notable here that the number of inquiries to INFOBEST has been increasing year by year while the number of commuters itself has been declining after early 2000s. According to the statistics of INFOBEST Vogelgrun/Breisach, annual number of inquiry in the first year of its open was 2,161. This number increased to 3,474 in 2000, and the latest figure in 2012 exceeded 5,600. This number includes inquiries which are not directly related to cross-border commuting. It implies that, however, legal difference among two countries prevents workers from engaging in continuous cross-border commuting.

Legal and institutional issues also include the difference in labor standard (e.g. minimum wage, working hours, and etc) as well as taxation and social security system. In France, for example, workers are guaranteed to be paid 9.43Euro per hour by the minimum wage legislation while there is no corresponding law in Germany (Administration française, 2013). Mr. Mattusch noted that French job seekers might not be willing to commute to Germany if the suggested wage was lower than the

minimum wage in France. It is known that there is higher labor demand in hospitality industries (e.g. hotel and restaurant) in Germany, for example. He pointed out that the lower wage in this sector makes it difficult to attract workers from France. Moreover, working hour is also different among two countries; 35 hours per week in France and 40 hours in Germany. This difference also might affect the decision making of cross-border commuters.

Last aspect is issues in education and qualification. Germany and France have different system of education and professional qualification. According to the interview, there are three main factors which prevent the workers' educational standard and expertise from being evaluated correctly; (1) no common measures to evaluate German Abitur and French Baccalauréat, (2) different duration of vocational training in Germany and France, (3) country's own qualification system. Although there are high labor demand for automobile mechanic and tool mechanic in Baden region, for example, difficulty of comparison between French and German qualification makes it hard to invite French worker to Germany (Agentur für Arbeit).

#### 4. Initiatives of Employment Agency in Germany

Based on the discussion in the previous section, we introduce the recent initiatives taken by the Employment Agency in Germany. These can be viewed as the 3<sup>rd</sup> phase of the labor market integration in Oberrhein region. This section is composed of the following two sub-sections. In Section 4.1 we introduce establishment of "Service," which is the job-placement office jointly operated jointly the Employment Center in France, and other supporting activities for French labor market which had been out of the German jurisdiction. In Section 4.2 we explain the Freiburg-Mulhouse labor market survey conducted by the Employment Agency in Germany in 2012 and summarize the main result of it.

##### 4.1. Establishment of "Service" and Supporting Activities for French Labor Market

In February 2013, the Employment Agency in Germany and the Employment Center in France jointly opened a job-placement office "Service for Cross-Border Job-Replacement in Strasbourg-Ortenau (Service für Grenzüberschreitende Arbeitsvermittlung Strasbourg-Ortenau)" in Kehl, Germany. "Service" is the first attempt for German and French labor administrative agencies to jointly establish the job-placement center for cross-border commuters (EURES, 2013).

Staffs from both countries' labor administrative agencies are working in Service. They promote the job-matching intended to cross-border commuting in Strasbourg and Ortenau region. The innovative features of the "Service" lies in the fact that two countries' labor administrative agencies provide the job-replacement service itself together, based on the previous attempts to integrate the database of employment opportunities in two countries.

Table2 Growth Rate of Sectoral Employment in Freiburg and Mulhouse  
(End of 2007 – Q1 2009 / Q1 2009 – End of 2010)

Freiburg	07-09 (%)	09-10 (%)	Mulhouse	07-09 (%)	09-10 (%)
<b>No or Small Impact of the Economic Crisis</b>			<b>No or Small Impact of the Economic Crisis</b>		
5. Wholesale and retail trade; repair of motor vehicles and motorcycles	2.8	2.1	4. Accommodation and food service activities	4.1	3.3
4. Transportation and storage	1.1	9.9	6. Human health activities	0.8	2.7
4. Accommodation and food service activities	1.2	5.3	6. Residential care activities; social work activities	0.5	4.4
2. Manufacture of basic metals; Manufacture of fabricated metal product	-0.1	-0.2	4. Scientific research and development	1.8	2.9
3. Manufacture of computer, electronic and optical products	0.9	2.2	<b>Recovered from the Economic Crisis</b>		
1. Manufacture of electrical equipment	5.3	3.8	3. Manufacture of food products, beverages and tobacco products	-10.0	11.8
1. Manufacture of machinery and equipment n.e.c.	2.0	1.6	3. Manufacture of computer, electronic and optical products	-11.7	2.7
1. Manufacture of motor vehicles, trailers and semi-trailers	8.0	14.1	5. Real estate activities	-6.9	7.2
2. Other manufacturing; Repair and installation of machinery	1.9	0.3	6. Arts, entertainment and recreation	-7.2	11.7
3. Electricity, gas, steam and air conditioning supply	0.9	2.1	4. Other service activities	-17.1	26.1
5. Financial and insurance activities	-0.7	0.3	<b>Under adjustment (Not recovered / deteriorated)</b>		
4. Scientific research and development	11.7	10.5	2. Mining and quarrying	4.1	-2.6
6. Public administration	5.5	2.2	3. Manufacture of textiles, wearing apparel, leather and related products	-36.0	-11.4
6. Education	5.0	7.4	2. Manufacture of products of wood, paper and paper products, Printing and service activities related to printing	-2.9	-1.0
6. Human health activities	3.5	5.4	2. Manufacture of chemical and pharmaceutical products	-8.9	-0.9
6. Residential care activities; social work activities	3.8	9.0	2. Manufacture of plastic and mineral products excl. metal products.	-3.8	-1.6
6. Arts, entertainment and recreation	3.8	13.8	2. Manufacture of basic metals; Manufacture of fabricated metal product	5.9	-10.4
6. Other service activities	1.5	3.0	1. Manufacture of electrical equipment	5.8	-4.8
<b>Recovered from the Economic Crisis</b>			1. Manufacture of machinery and equipment n.e.c.	-0.9	-8.5
2. Mining and quarrying	-10.9	2.0	1. Manufacture of motor vehicles, trailers and semi-trailers	-9.1	-9.4
3. Water supply; sewerage, waste management and remediation activities	-6.3	6.5	2. Other manufacturing; Repair and installation of machinery	-3.9	-8.1
1. Construction	-3.6	4.6	3. Electricity, gas, steam and air conditioning supply	-2.4	-1.4
5. Real estate activities	-24.9	41.5	3. Water supply; sewerage, waste management and remediation activities	-16.7	-8.6
4. Professional Activities	-1.5	10.2	1. Construction	-0.9	-4.4
4. Scientific and technical activities	-5.1	9.7	5. Wholesale and retail trade; repair of motor vehicles and motorcycles	-0.4	-3.2
4. Other service activities	-6.5	20.8	4. Transportation and storage	-4.8	-4.9
<b>Under adjustment (Not recovered / deteriorated)</b>			5. Publishing; audiovisual media	-5.9	-6.5
3. Manufacture of food products, beverages and tobacco products	-7.0	-0.3	4. Telecommunications	-18.0	-9.6
3. Manufacture of textiles, wearing apparel, leather and related products	-2.2	-7.8	4. Information technology and information service	-1.1	-11.4
2. Manufacture of products of wood, paper and paper products, Printing and service activities related to printing	-9.0	-3.2	5. Financial and insurance activities	-5.2	-5.8
2. Manufacture of chemical and pharmaceutical products	-3.8	-51.2	4. Professional Activities	0.7	-2.2
2. Manufacture of plastic and mineral products excl. metal products.	3.0	-4.6	4. Scientific and technical activities	-5.4	-0.9
5. Publishing; audiovisual media	-0.1	-4.8	6. Public administration	-0.1	-13.2
4. Telecommunications	-24.0	-25.8	6. Education	1.5	-2.8
4. Information technology and information service	17.2	-13.4	4. Other service activities	5.7	-3.2

1. Capital goods industry, 2. Consumption goods industry, 3. Other manufacturing industry,  
4. Business-related service, 5. Wholesale and economic service, 6. Non-economic Service

Source : Agentur für Arbeit Freiburg and MEF [2012]

The concrete results of the Service have not been reported yet. It is notable, however, that the Service can be viewed as the first institution which is in charge of workers and firms belonging

to different countries collectively. It is expected that the job-matching across borders would be strongly promoted hereafter. Furthermore, according to the staffs from Germany, the establishment of the Service has an important implication for the staffs of both countries' labor administrative agencies. The working environment of the Service itself, i.e. German and French staffs work together within the same office, symbolizes the cross-border cooperation of the labor administration. This working environment is expected to motivate staffs to work for the cross-border labor market.

The Employment Agency in Germany has also engaged supporting activities for French workers. "Job-Forum" held in Breisach, Germany in October 2012 is one of the cases. Fifteen German firms joined this forum in order to invite French cross-border commuters, and 350 people visited from mainly Alsace region (Badische Zeitung, 2012). Participating firms explained the job opportunities, training program in Germany. Legislation and institution regarding German labor market are also introduced. We already mentioned the difference in working standards, e.g. minimum wage. Through this kind of opportunities, the Employment Agency in Germany has tried to encourage French worker to be aware of the difference in labor standard and to be flexible about working in neighboring country. At the same time, they have encouraged German firms to accept the French job-seekers.

There are also attempts to provide the vocational training and internship program for French workers. These educational programs include the expertise acquisition under cooperation with German firms, as well as the language acquirement which is the requirement for working in Germany.

These initiatives taken by the Employment Agency in Germany is different from conventional ones in that German labor administrative agency is taking actions for French worker. What is the justification for the German agency to engage in supporting activities for French labor market which is out of their jurisdiction? It is inferred that the purpose of these activities is to activate the cross-border labor market as a whole by taking advantage of abundant labor force in Alsace. In other words, it would be reasonable for German agency to support French workers because they recognize the benefit they would enjoy from engaging in these activities.

#### 4.2. Freiburg-Mulhouse Labor Market Survey

In this section, we introduce the Freiburg-Mulhouse labor market survey conducted by the Employment Agency in Germany. Explanation below is based on the report issued in 2012 titled "The Development of Economic Sectors before and after the Economic Crisis (2007-2010) : Comparison of Freiburg im Breisgau and Mulhouse<sup>6</sup>." This project is the joint survey with the Employment and Training Center in Mulhouse (Maison de l'emploi et de la Formation du Pays de la

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<sup>6</sup> Die Entwicklung der Wirtschaftsbranchen vor und nach der Krise (2007-2010): Vergleich der Regionen Freiburg im Breisgau und Mulhouse

Région Mulhouse : MEF). The development of sectoral employment is investigated in detail. The features of this survey can be summarized as follows: (1) making the two countries' data comparable taking into account the different statistical method in Germany and France, (2) using 33-sectoral data rather than aggregate data with consideration for large difference in industrial structure among two regions. According to the report, higher unemployment rate in Mulhouse region and increasing demand for skilled worker in Freiburg region are the key background factors for this survey. On the basis of these facts, the importance to analyze the cross-border labor market beyond the national administrative framework has been strongly recognized.

Table 2 shows the development of sectoral employment before and after the economic crisis in 2008. The table as a whole describes the different impact of economic crisis on employment among two regions. In Freiburg region, only the construction sector among 6 main industries (underlined in the table) shows the decline in employment after the economic crisis. In Mulhouse, however, decline in employment was observed in 5 out of 6 main industries. Moreover, these 5 sectors are still under depression even after 2009, although employment of construction sector in Freiburg is in recovery.

Close observation of sectoral development in employment shows that the economic crisis made different impact among two regions within a same industrial sector. This fact gives us a very important policy implication for cross-border labor market. Sector of "wholesale and retail trade; repair of moto vehicles and motorcycles," which is one of the main industries in Mulhouse, for example, has been experiencing continuous decline in the number of employee since the end of 2007. It means that there is pool of available workers who have skill to engage in this sector. Meanwhile, in Freiburg, employment of this sector has been increasing continuously. If this trend is expected to last hereafter, it is effective to encourage job seekers in Mulhouse to apply jobs in Freiburg. The detailed analysis of the labor market in neighboring country enables to identify the industrials sectors where there is potential for cross-border commuting. This helps implementing more effective and exact policy measures to promote job matching in the cross-border labor market.

This report concentrates on the only two regions in Oberrhein. Additional surveys are required for other regions. Furthermore, it is needed to investigate how this survey has been utilized for the promotion policy of the cross-border commuting in Oberrhein.

## 5. Conclusion

In this paper, we investigated the initiatives of the Employment Agency in Germany for cross-border labor market in Oberrhein regions. We explained the historical development and political agenda of labor market integration in this region. Furthermore, some concrete activities recently implemented by the Employment Agency were introduced.

As of 2012, the institutional framework to activate the cross-border labor market had been

constructed. This framework, however, was not comprehensive enough; cross-border administrative cooperation has been enhanced with some remaining obstacles to discourage cross-border commuting. Initiatives of the Employment Agency in Germany have been upgraded to ones which are aimed at improving the transboundary labor market *qualitatively*. We explain the policy implication of this work below.

First point is the importance to implement the political measures beyond the conventional jurisdiction in the cross-border labor market. The Employment Agency in Freiburg had been engaging in supporting activities for workers and firms mainly in the domestic labor markets in Germany, though the framework of the cross-border cooperation in labor administration itself existed. In order to activate the cross-border labor market, however, job matching should be carried out in consideration of both demand and supply side of the labor market, e.g. properties of French job seekers and German firms. Establishment of the job-placement center “Service,” which is the jointly operated office with the Employment Center in France, the labor market survey in France, and the support for the French job seekers are the initiatives of labor administration from the supra-national perspective.

Secondly, difference in laws and institutions regarding labor market discourages the demand-supply matching in the cross-border labor market. In addition to legislation on the border control and tax system, difference in labor standard (e.g. minimum wage, working hours and etc.) and the absence of common measure to evaluate the educational achievement and the professional qualification play the key roles here. It implies that information provision about the working condition and the system of education and qualification, and active encouragement for the potential cross-border commuters and host companies are significant to activate the cross-border labor market, as well as sharing of job opportunities among the employment agencies in two countries.

Political measures taken by the Employment Agency in Germany are aimed at optimization of labor allocation in the transboundary labor market by enhancing the cross-border commuting. In this light, investigation on these activities gives us the important insight into the economic policy in the context of multi-national labor market integration. The effect of the policy measures, however, has not been analyzed empirically. Detailed analysis on the policy effect makes this work applicable to other regions under the process of labor market integration. Future development includes the empirical analysis on the impact of the initiatives of the Employment Agency in Germany on the cross-border commuting by employing the micro data of cross-border commuters including region, industry, education, and qualification information.

Although we did not mention in this paper, INFOBEST Vogelgrun/Breisach has provided information not only for cross-border commuters, but also for retired and unemployed workers who live in neighboring countries. They introduce, for example, administrative procedures to receive pension payments. INFOBESTs recognize the importance to support the cross-border labor mobility

in abroad sense in order to improve the transboundary labor market. This topic will be investigated in the future work.

## Appendix

Appendix Table1 Condition on Residential and Working Places for  
Cross-Border Labor Market German-French Tax Treaty

	Those who live in France	Those who live in Germany
Status	Employee	Employee
Residential Region	Alsace (Bas-Rhin, Haut-Rhin) Moselle	Within 20km from the border
Working Region	Within 30km from the border	Within 20km from the border
Remarks	Not going back to the residential place, and/or not working outside the border region for more than 45 days/year.	
Treatment	Payment of income tax in the residential country	

Source: INFOBEST Vogelgrun/Breisach [2012]

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