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The transboundary automotive region of Saar-Lor-Lux: Political fantasy or economic reality?

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ABSTRACT

In times of globalization and a rescaling of political-economic processes, transboundary cooperation constitutes an important agenda for many border areas. Regional politicians try, for instance, to foster economic relationships to neighboring regions as a way to improve the competitiveness of the entire transboundary area. In order to understand these processes and to contribute to the formulation of suitable strategies, the paper analyzes the effects of borders on transboundary cooperation amongst automotive enterprises in the region of Saar-Lor-Lux which is one of the largest and most institutionalized cross-border regions in Europe. To do so, the paper adopts the perspective of relational economic geography. Additionally, insights provided by the literature on proximity and on barriers toward cross-border relations are used in order to explain the degree of transboundary cooperation. A micro-level approach is chosen and interaction patterns of automotive companies are examined by written questionnaires. In addition, prospects and limitations of cross-border cooperation are discussed through guided interviews with firm representatives and regional stakeholders. In doing so, the paper reveals that many, though not all enterprises are interested in transboundary relationships. Yet, at the same time, various negative and positive border effects are identified: Borders limit, for instance, information flows, cultural and legal systems as well as a sense of togetherness. These border effects, together with a suboptimal organizational structure of the regional automotive industry, constitute significant barriers for extensive cross-border cooperation within the region of Saar-Lor-Lux.

1. Introduction

For the last decades, territorial development in Europe has been influenced by, among other factors, the process of globalization and a "relativization of scale" (Jessop, 2000, p. 343). One outcome of these processes is that the relevance of the nation state, which had been predominant until the 1970s, declined while, at the same time, the importance of other scales grew (Storper, 1997; Brenner, 2000, 2004; Paasi, 2009). Consequently, processes of economic, political and social integration are more and more taking place at the subnational (i.e. urban and regional) as well as the international level. However, thus far this restructuring has not led to a new dominance of a single scale. Rather, the situation might be characterized as a "'scalar flux' – a wide-ranging, contested recalibration of inherited scalar hierarchies and interscalar relations throughout global capitalism as a whole" (Brenner, 2009, p. 68).

Since the implementation of the INTERREG program[1] by the European Commission in 1989, cross-border regions are of increasing relevance within the interplay of scales in Europe (Perkmann, 2003; Topaloglou et al., 2005; Popescu, 2008; Johnson, 2009). The European Commission supports the formation of transboundary regions as they are perceived to be congruent with its goal of European integration. As shown by Deas and Lord (2006) as well as Johnson (2009), such regions help to (1) improve the permeability of national borders and thereby support the functioning of the single European market; (2) boost competitiveness across Europe by facilitating the creation of new dynamic regions; and (3) promote territorial and social cohesion.

From the perspective of regions located close to national borders, transboundary cooperation seems to be promising as well. Traditionally, many of these regions are characterized by peripherality and low economic performance, which narrows their outlook in an era of globalization. Cross-border partnerships appear to be a solution to these issues, as they are seen as a way "to position themselves as hotspots for investors [...] in a global economy" (Löfgren, 2008, p. 196). Thus, by cooperation and the creation of synergies between the neighboring regions, regional stakeholders hope to be more visible and competitive in a globalized world.

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[1] The INTERREG program aims to promote cooperation between cities, regions and member states of the European Union. It is financed under the European Regional Development Fund and particularly aims to diminish the influence of national borders in favor of balanced development and integration of the European territory.

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As more and more transboundary regions were institutionalized in Europe during the 1990s and 2000s, the number of studies analyzing cross-border cooperation grew as well (for an overview see van Houtum, 2000; Newman, 2006). A common point of many of these studies is that although national borders become increasingly permeable, they still constitute a relevant barrier for political/administrative cooperation (Knippenberg, 2004; Matthäi, 2004; Dörrenbächer, 2010) as well as for private/economic border crossings (van Geenhuizen et al., 1996; Krätke, 1999; Koschatzky, 2000; Matthiessen, 2004; Löfgren, 2008). Having said that, Perkmann (2003, p. 154) notices that "the overall picture [of transboundary cooperation] tends to remain opaque." Likewise, Jukarainen (2006, p. 472, original emphasis) concludes that studies focusing "on *everyday life* in borderlands and everyday practices in relation to boundary making" are – compared to structural and systematic analyses and general theorizing – still relatively rare. As a consequence, Newman (2006, p. 154) stresses the importance of case studies "if we really want to know what borders mean to people."

Against this background, this paper focuses on the effects of borders on 'everyday' interaction patterns within the cross-border region of Saar-Lor-Lux which consists of five sub-regions belonging to four nation states. With regard to its large number of automotive enterprises, the region is frequently referred to as a transboundary automotive region, particularly by local politicians. Furthermore, politicians repeatedly called for and supported initiatives aiming to improve cross-border cooperation between the enterprises as well as the automotive clusters which were established in each sub-region within the last 15 years.[2] Thus, the paper aims at exploring whether these political visions have already become reality and whether the existence of national borders allows for extensive cross-border relationships within the automotive industry.

The paper proceeds by discussing some key aspects of the perspective of relational economic geography in Section 2. This approach is particularly suitable for analyzing production networks, supply chains and policy in spatial perspective (Bathelt, 2006; Hassink and Klaerding, 2009) and therefore serves as a conceptual framework for the paper. Additionally, this framework draws on the literature on proximity and on barriers toward cross-border relations. Following a short introduction of the region of Saar-Lor-Lux in part 3, Section 4 explains the research methods. The analysis of cross-border cooperation in the region of Saar-Lor-Lux in part 5 focuses on the following questions: (a) Why and how do regional politicians promote transboundary relations within the automotive industry? (b) Are the enterprises interested in such relations? (c) To what degree is the automotive industry in the region of Saar-Lor-Lux characterized by cross-border cooperation? (d) How do positive and negative border effects influence such cooperation? By answering these questions, the paper aims to contribute to our understanding of 'everyday' effects of borders and their consequences for interaction patterns in cross-border regions. These findings lead to some conclusive remarks in the final section of the paper which also identifies areas for future research on economic integration within cross-border regions.

2. Conceptual framework

In economic geography, relational approaches "have grown in popularity and influence" (Sunley, 2008, p. 1). They are particularly suitable for analyzing production networks, supply chains and policy in spatial perspective (Bathelt, 2006; Hassink and Klaerding, 2009). Therefore a relational economic geography provides the conceptual basis for studying political and inter-firm cooperation within the automotive sector of the region of Saar-Lor-Lux.

Around the turn of the millennium, scholars within economic geography were starting to integrate a relational perspective into their research agenda (cf. Massey with the collective, 1999; Ettlinger, 2001; Boggs and Rantisi, 2003; Bathelt and Glückler, 2003). This approach is a response to the growing relevance of inter-firm relations throughout the global economy since the 1970s and the limitations of neoclassical views to analyze these relations.

Traditional approaches conceptualize regions as being decisive for economic development and use quantitative variables, such as costs or physical distance, in order to explain the spatial distribution of economic activity. Hence, firms, which are in fact the real agents of economic performance, are treated as black boxes. As a consequence, the perception of economy is under-socialized (cf. Granovetter, 1985). In contrast to these views, the perspective of relational economic geography does not consider regions as its main research subject, but actors, economic action and interaction (Boggs and Rantisi, 2003; Yeung, 2005; Bathelt, 2006). Sunley (2008, p. 4), however, argues that apart from this common ground, "relational approaches have as much in difference as they do in common."

This paper adopts the relational perspective of Bathelt and Glückler (2003) and Bathelt (2006), as the author perceives their approach as best suited to analyze cross-border interaction among automotive firms and politicians in the region of Saar-Lor-Lux. One reason for this is the emphasis which Harald Bathelt and Johannes Glückler place on the argument of contextuality, a view that is consistent with others in the past (e.g. Polanyi, 1957; Granovetter, 1985). The notion of contextuality makes their conceptualization less open to attack, such as expressed by Sunley (2008, p. 19), who criticizes relational economic geography for abstracting "economic connections, relations, and networks . . . from other features of institutions and social contexts." Contextuality describes the fact that actors and actions are influenced by more than just economic rationales – such as the ideal of profit maximization. Thus, "economic agents are situated in particular contexts of social relations and operate under specific institutional and cultural conditions" (Bathelt, 2006, p. 226). These contexts need to be analyzed as comprehensively as possible in order to understand the attitudes and behavior of actors. Therefore, a relational perspective adopts a micro-level approach based on extensive empirical work (Bathelt, 2006).

Closely related to contextuality is the second central argument of a relational approach, i.e. the notion of path-dependence. As noted by Bathelt and Glückler (2003, p. 128), "from a dynamic perspective, contextuality leads to path-dependent development because yesterday's economic decisions, actions and interactions enable and constrain the context of today's actions." As a consequence, empirical research also has to cover historical or evolutionary aspects of the current context. Third, a relational perspective acknowledges the notion of path creation. That is to say, economic processes are not always predictable on the basis of history, as the (historical) context does not rule out the freedom of choice (cf. Garud and Karnøe, 2001). Consequently, "the agent's strategies and actions may deviate from existing development paths" (Bathelt and Glückler, 2003, p. 128) and create new paths. Finally, a relational approach recognizes the creation of "interdependencies between economic, social and cultural processes within and between different places, regions or nation states" (Bathelt, 2006, p. 227). Thus, events taking place outside the region – such as decisions taken by the parent company of a subsidiary, which is located on another continent, or the passing of a new law at

[2] The use of the term 'cluster' does not necessarily conform to its scientific definitions (cf. Martin and Sunley, 2003). It rather represents the political view and the labeling in the region of Saar-Lor-Lux.