



## Hauts-de-France extends hand of friendship to Brexit-bound UK

Cécile Sourbes | 14/12/2017 12:01 pm |

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In the run up to the UK leaving the EU in 2019, the French region of Hauts-de-France is positioning itself as a top destination for UK companies. But unlike others in Europe, it favours fostering two-way arrangements, as Cécile Sourbes reports.

Since the Brexit referendum in June 2016, many EU member states have entered into a race to lure business away from the UK. After all, they say, if the UK leaves the bloc, it may lose its passporting rights to trade with the EU, hence the need for many of its companies to relocate elsewhere in Europe.

But in this context of fierce competition, not everyone has taken up the option of cornering British companies. Some have opted for a more subtle and more diplomatic approach. This is the case of the French region of Hauts-de-France, which covers the city of Lille and its surrounding area.

### Cross-channel friendship

"Our goal is not to incentivise British companies to relocate their activities to Hauts-de-France when Brexit happens," says Yann Pitollet, general director of [Nord France Invest](#), the agency which promotes investments in the region. "What we are seeking to do instead is to establish bilateral agreements, whereby we help British companies settle in Hauts-de-France and we encourage our businesses to do the same in the UK."

The message is clear, and to forge stronger ties with the UK the region is thinking big. In 2017, the Conseil Régional (the general assembly supervising the region) deployed a vast communications plan, which included regular presentations and networking events with British companies and trade organisations.

The efforts did not stop there, and in June 2017 the Conseil Régional opened a representative office in London. According to Jean-Paul Mulot, who heads the office, the move is unique. "We are probably one of the only regions, at least in France, to have a permanent presence in the UK," he says.

If the London office is any indication, Hauts-de-France is on a mission to ensure those agreements work, for two reasons. First, the volume of British direct investment in the region suggests there is still room for improvement. According to data from [Nord France Invest](#), the UK currently counts 93 companies in the Hauts-de-France. This number pales in comparison to the 490 Belgian businesses, which employ more than 13,000 people, or the 262 German companies that support almost 22,500 jobs.

[Nord France Invest](#) therefore hopes to fill the gap. "If we look at what other foreign investors do in the region, it is not unreasonable to think that we could double the number of British businesses," says Mr Pitollet. "I know this will take years but if we managed to do it, this would be a great achievement," he adds.

### **Race against time**

On that front, financial services could help. Unlike Frankfurt or Paris, which are stepping up efforts to draw in trading activities from London-based large investment banks, northern France is looking at smaller back-office companies. "Thanks to our low operating costs but also our low office rental prices and the excellent commuting service we have with London and Brussels, those firms could have an interest in moving to Lille," says Mr Pitollet.

But this is not the only reason why Hauts-de-France is hoping to establish bilateral agreements in the UK. In the coming years, the region wants to see its SMEs develop their activities in Europe. Although the UK is set to leave the EU, it will still have an important role to play in this expansion.

"If we look at the logistics sector, for instance, which is one of the most important sectors for us, the fact is that a large volume of semi-trailers transiting through Calais do not stop in London or the surroundings. They actually go as far as Ireland," says Mr Mulot. "This means that if we want to see our logistics companies develop their activities there, we absolutely need to make sure they expand their activities in the UK first."

The approach taken by Hauts-de-France is driven by the UK's decision to leave the EU. After all, if the region fails to establish economic ties with the UK before Brexit in March 2019, it could risk losing potential business with Ireland.

### **The waiting game**

The stakes are high. That is why Xavier Bertrand, the head of the Conseil Régional and former minister of labour, employment and health under Nicolas Sarkozy's government, visits the UK in person at least once a month.

"He comes [to the UK] regularly to discuss potential opportunities with his British counterparts," says Mr Mulot. "At the moment, for instance, we work a lot with Invest Essex, where several automobile manufacturers are based. These manufacturers export car parts all over Europe, including France, and our logistics companies could easily help them channel their production to the EU."

Hauts-de-France will soon launch similar discussions with Trade and Invest Wales, where European aircraft manufacturer Airbus has a production line. "Airbus makes airplane wings in Wales. Although these wings are assembled in France or Germany, they transit via our region and our companies could have a role to play," says Mr Mulot.

So far though, the region has not secured any new agreement since the launch of its communications plan in early 2017. But Mr Pitollet says this is normal. "All of this takes time," he says. "In fact, it takes on average 18 months to bring a project to maturity. So we are still holding discussions with investors and investment agencies in the UK and we are making progress."

### **Fierce competition**

However, there is probably another reason behind these slow developments. The reality is that competition remains fierce in Europe and many regions are currently trying to position themselves to corner British assets. The relocation of the EU's medicines agency to Amsterdam is a good example of that.

Until recently, 23 cities were hoping to host the agency, which will have to leave the UK post-Brexit. Lille took part in the contest in June 2017 after being designated by the country's government as the only French contender. On November 20, though, the 27 EU member states voted in a secret ballot and the competition came to an end with Amsterdam the victor.

Yet for Mr Mulot, attracting the EU's medicines agency was not an end in itself. "British health giants such as GlaxoSmithKline and AstraZeneca have not waited for Brexit and the relocation of the medicines agency to open production plants in the region," he says. "So this decision will not prevent companies from moving to Hauts-de-France. Moreover, foreign investments in the health sector are not limited to the UK and investors from further afield may be interested."

The Conseil Régional is currently holding talks with Indian businesses, for example. Traditionally, these investors have seen the UK as the first point of entry into the EU. But due to Brexit, they may need to find new home countries soon, according to Mr Mulot. The discussions have thus far been promising. In 2018, the Indian Chamber of Commerce in London will hold its first event in Lille to meet with French representatives.

But Brexit may not be the only factor for relocating businesses, according to Mr Mulot. The reforms introduced by French president Emmanuel Macron may also have an important role to play. "The reforms are positive in terms of the discussions we are currently having with foreign partners," he says. "Although they are still not sure what impact the reforms will have, they know France is changing, and for the better."