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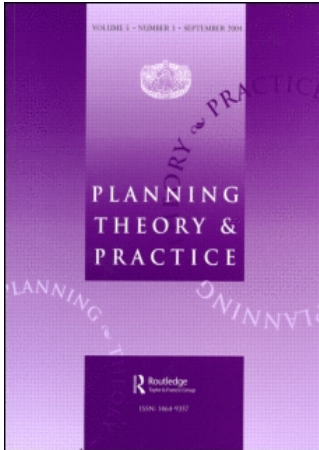
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An Experiment in French Urban Policy: Evaluation and Reflection on the Implementation of the Zones Franches Urbaines

HOWARD GREEN, HICHEM TRACHE & DANIELLE BLANCHARD

ABSTRACT *This article charts the changing context of urban policy in France, outlines the background to the implementation of the Zones Franches Urbaines (ZFU) and examines the implementation and impact of Zones Franches at a national level and locally through the case study of Roubaix in the Nord Pas de Calais region. Using both aggregate national and case study data, the article evaluates the policy objectives of Zones Franches in terms of what has been actually achieved both nationally and in the case study area, highlighting the importance of local context and circumstance of implementation, rather than the fundamental structure of ZFU policy, for successful outcomes.*

Introduction

While a great deal of attention has been paid to current developments in French urban policy (Booth *et al.*, 1997), particular attention has focused on two key policy initiatives of the 1990s, the *Contrats de Ville* (contract between the state and local authorities for regeneration funding, CdV) and the *Pacte de Relance pour la Ville* (the new deal for towns and cities, PRV) (Green, 1999). These initiatives were part of the French Government's promise to re-launch an urban policy that would tackle social exclusion and unemployment within the most deprived neighbourhoods (*quartiers en difficultés*). Whilst the French experiment with the *Contrats de Ville* was being praised elsewhere in Europe, and particularly in the UK (see LeGalès & Mawson, 1994), and also proved a potential model for the UK as a replacement for the Single Regeneration Budget (DoE, 1996; Quaipe, 1997), the last four years have seen some interesting new developments. These result from changes in political structure in France and are a fresh response to long-standing social and urban problems.

This article outlines the changing context for urban policy in France and identifies the *Zones Franches Urbaines* (ZFU) as a key element of this new response. It examines the underlying reasons for the introduction of the *Zones Franches Urbaines*, explores their operation both nationally and through the case study of Roubaix in the *Nord Pas de Calais* region and discusses the outcomes of the approach. Using both aggregate national and case study data, the article evaluates the policy objectives of *Zones Franches* in terms of what has been achieved both nationally and in the case study area, highlighting the importance of local context and circumstance of implementation rather than the fundamental structure of ZFU policy for successful outcomes.

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Twenty Years of French Urban Policy

Since the early 1980s, a number of distinct shifts in policy have marked the government's successive policy reforms of its *politique de la ville*, each of which has attempted to address the decline of social cohesion and solidarity and to reintegrate the socially excluded into the mainstream society. These policy shifts were a response to the problems of many urban areas, namely inadequate and degraded built environment, lack of public services, high levels of unemployment particularly amongst the ethnic minority communities and increasing poverty within the *grands ensembles* (housing estates) (Behar, 1999; Booth, Green & Paris, 1997; Maury, 1994).

The first major response came from the left-wing government in 1981, which had a strong mandate to address the social problems of specific neighbourhoods. The *été chaud* of 1981 during which violence broke out in *Les Minguettes* in *Venissieux*, one of Lyon's peripheral estates, gave a new impetus to policy-makers and resulted in the setting up a *Commission Nationale de Développement Social des Quartiers* (social regeneration of deprived neighbourhoods, DSQs) to promote innovative regeneration schemes in urban neighbourhoods and more specifically in the *grands ensembles*. These schemes consisted primarily of housing renovation, environmental improvement and social, educational and cultural initiatives. A raft of other programmes were put in place around this period: the *contrat d'action-prévention de la délinquance* (programmes against delinquency, CAP); the *zones d'éducation prioritaire* (education priority areas, ZEP) and the *Délégation à l'Insertion des Jeunes*, an organization charged with creating local employment opportunities for the young unemployed (Behar & Estébe, 1997; Green & Booth, 1996a; Jacquier, 1993).

Although these government initiatives were apparently positive, their impact had a negative bearing on many of the *quartiers* (Sueur, 1999). The poor image of many of the neighbourhoods increased, as they became areas highlighted by policy itself for their problems of social exclusion and lack of a social mix. As Green contended, "the DSQ proved to stabilize urban degradation rather than provide any remedy or solutions" (Green, 1999, p. 378). The *développement social des quartiers* procedure was neither an efficient approach to tackle problems of social deprivation nor was the *quartier* the relevant scale of intervention. It is generally accepted that the *développement social des quartiers* programme had limited success because their relatively small geographical scale was inadequate to tackle the complex social, urban and employment problems, the solutions to which frequently lay outside the boundaries of the designated *quartiers*.

The second response came in the form of the *Contrat de Ville* (Booth, Green, Blanchard & Bottomley, 1997; Green, 1999). The spatial framework was widened in the *Contrat de Ville* beyond the scope of the *quartier* to embrace neighbouring communes, recognizing the need both for more global action and inter-communal working. Introduced in 13 pilot cities in 1989 after the riots in *Vaulx-en-Velin* in the outskirts of Lyon, the policy soon became the main institutional and contractual framework of urban policy during the Sixth Plan (1994–98). By 1995, 215 contracts had been signed; only 50 per cent, however, had an inter-communal structure of co-operation.

The third response in French urban policy was the introduction of the 'new deal' (Green, 1999) in the form of the *Pacte de Relance pour la Ville* (PRV) in 1996. Although the Pact introduced new ideas by placing economic development at the heart of French urban policy, much of its content was little more than repackaging (Green, 1999). The *Zones Franches Urbaines*, a key element of the first objective of the Pact, the creation of

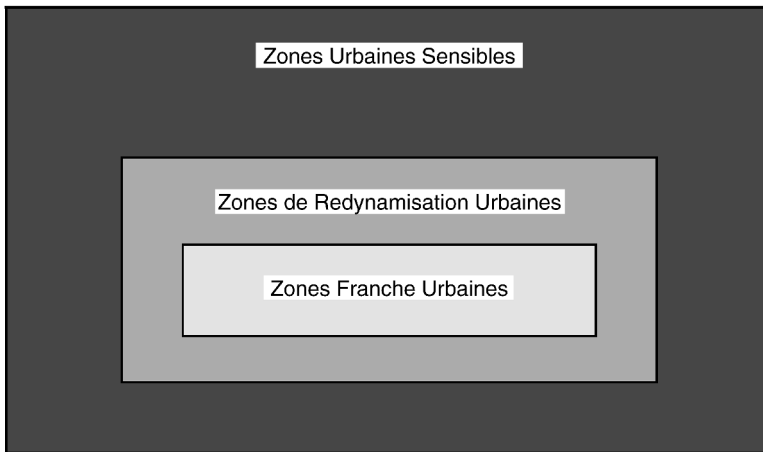


Figure 1. The hierarchy of urban initiatives (after Damon, 1997).

business and employment in the deprived areas, was perhaps the only element which did appear to offer something different.

The Zones Franches Urbaines

Spatially discriminating policies in favour of disadvantaged areas that use various forms of financial support to business are not new. Since the Special Areas Act of 1934 in the UK, governments have introduced various schemes designed to attract businesses to certain areas, by offering development grants, business support, tax breaks and reductions in employer contributions. France is no exception. In 1991, the *Loi d'Orientation pour la Ville* was introduced in an attempt to tackle the problems associated with the concentration of social housing in the outer suburbs. Latterly, the *Loi d'Orientation pour l'Aménagement et le Développement du Territoire* (1995) reinforced the measures introduced by the 1991 legislation in the most severely disadvantaged areas in France. The legislation has three themes. First it attempts to rationalize central government's intervention to regenerate deprived areas through the targeting of geographic areas suffering from severe urban, social and economic problems. Second, it is based on the positive discrimination of areas of need in order to focus intervention on the most severely deprived areas. Finally, it aims to set up new partnership mechanisms and modes of intervention with regional and local authorities to maximize impact. The primary output of this complex legislation was the creation of specific zones, the *Zones de Redynamisation Urbaines* (urban regeneration areas, ZRU) and the *Zones Urbaines Sensibles* (run-down neighbourhoods, ZUS). The *Zones Franches Urbaines* followed with the *Pacte de Relance pour la Ville* (see Figure 1) to create a Russian doll model of increasing levels of assistance.

In December 1996, the Chirac Government officially designated 44 *Zones Franches Urbaines* (ZFU) focusing attention on a limited number of *quartiers* identified as the most deprived. The *Zones Franches Urbaines* constitute the principal measure of the Programme, representing a change in approach by targeting businesses in urban areas for the first time as part of urban policy. The *Zones Franches Urbaines* represent new tax-free zones for businesses with less than 50 employees as a means to encourage the creation of new employment within the most deprived neighbourhoods.

The designation of the 44 zones was the result of a bidding process. Local authorities

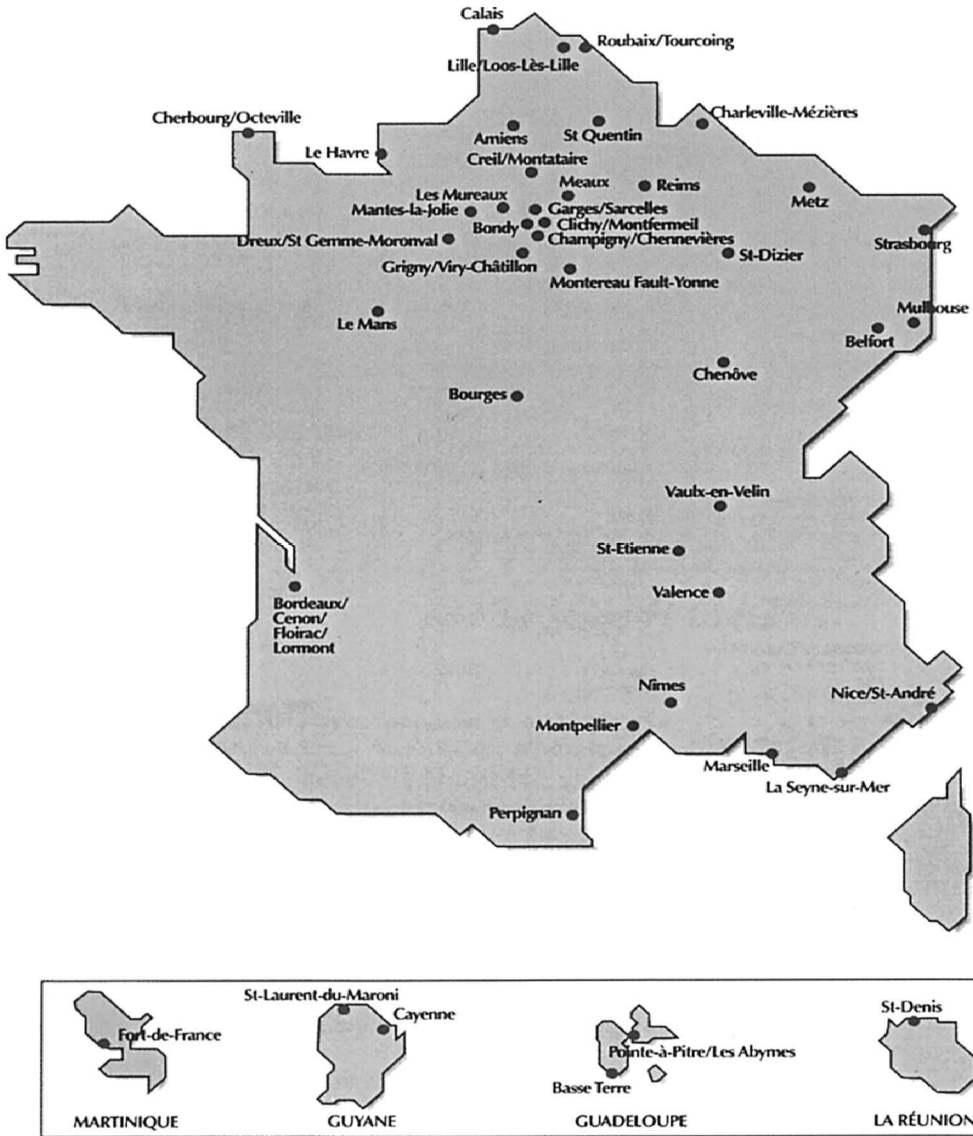


Figure 2. Map of selected ZFU areas.

were required to prepare bids for zones that met a series of criteria established by INSEE (*Institut National de la Statistique et des Etudes Economique*). Figure 2 shows the distribution of *Zones Franches Urbaines*.

Overall, the selected *quartiers* constitute:

- a population of around half a million;
- an unemployment level double the national average;
- a population of under 25-year-olds of 46 per cent;
- almost one person in two (44 per cent) over the age of 15 with no formal qualifications.

The criteria were as follows:

- a population of over 10 000 inhabitants;
- unemployment level 25 per cent higher than the national average;
- proportion of youths (under 25 years) over 36 per cent;
- proportion of over 15-year-olds with no qualifications higher than the national average, (29 per cent);
- local tax potential of less than FF 3800 per inhabitant.¹

The approach focuses on the economic dimension of urban development and the location behaviour of small businesses. Essentially, the main benefits of *Zones Franches Urbaines* are fiscal, of which of particular importance is the exemption from the *taxe professionnelle* (payroll tax). This is the payroll tax that businesses pay to the municipalities. As each commune normally sets its own level of *taxe professionnelle*, communes with lower tax rates are potentially more attractive for investors and developers than others. Hence, by removing it entirely, the government is modifying inter-communal tax advantages. Recent changes, and in particular *La Loi Chevènement* (1999), have reduced the significant differences in level of the *taxe professionnelle* and removed the competitive advantages to individual communes by introducing single tax rates for conurbations and other groupings of local authorities (Agence de Développement et d'Urbanisme de Lille Métropole, 2000).

Other benefits available to businesses in the *Zones Franches Urbaines* include:

- (1) tax exemption from company tax (*bénéfices industriels et commerciaux*, BIC) for a duration of five years for new and existing businesses (limit to FF 400 000 per establishment);
- (2) full exemption from land tax (*exonération de taxe foncière*) on all buildings for a duration of five years (state subsidized during this period);
- (3) exemption from employer tax contributions (*exonération des charges patronales de sécurité sociale*) during the five-year period. The employer no longer has to pay contributions including social security and accident at work insurance for a period of five years.

These tax incentives are, however, subject to certain conditions, the most important of which is that at least 20 per cent of any new employment created must be taken up by residents of the *quartier*. Superficially this might appear a positive benefit to local employment. However, as many of the people seeking work in these areas have limited qualifications and training, one of the key criteria for *Zone Franche Urbaine* status in the first place, this requirement may be a disincentive for business unless corresponding training initiatives are in place. Moreover, the procedure for recruiting new employees, even from the *quartier*, does not include any rigorous controls to ensure that employers are in fact recruiting local residents (Garin, 1999a).

Superficially, these incentives appear to be attractive to both the *communes* and *quartiers en difficultés* (deprived neighbourhoods) for a number of reasons:

- (1) the communes themselves bear no direct cost for the initiative, because funding is through taxation, and have minimal involvement in its administration;
- (2) they bring new employment to areas of need;
- (3) they help rejuvenate the economic activity of many of the *quartiers* where vandalism and poverty have driven out the traditional *petit commerce* (local shops).

There are, however, long-standing, well understood and widely reported problems

associated with spatially discriminatory local economic development policies such as *Zones Franches* (Scargill, 1998; Sueur, 1999). These have been encountered by previous French policy initiatives such as the *Zones Urbaines Sensibles* or the *Zones de Redynamisation Urbaines* and are well documented, for example, in the evaluations of the British enterprise zones (see Anderson, 1983; Roger Tym and Partners, 1984; Thornley, 1993). The rest of the article draws together some initial evidence that allows comments to be made on the working of the *Zones Franches Urbaines*. The difficulty in assessing the ZFU impact because of the very short period between implementation and evaluation is acknowledged.

An Initial Evaluation

The evaluation of the *Zones Franches* is approached from two levels. At a national level, it is based on an evaluation report commissioned by the French Government in July 1998 (*Inspection Générale des Affaires Sociales*, Buguet, 1998, 1999). A case study undertaken by the authors in Roubaix provides the evidence at the level of the individual *Zone Franche*.

In both cases the evaluation concentrates on two key themes, the designated zones themselves and their characteristics in relation to the original ZFU criteria, and the level of employment created. In so doing, it is acknowledged that the evaluation is partial. It does not, for example, address key issues such as job displacement and business survival. It does, however, allow general comments to be made about the process, which throw light on the workings and efficacy of policies such as *Zones Franches Urbaines*.

At the national level, Buguet's work (1998, 1999) attempts to quantify the outcomes of the *Zones Franches* across 32 towns and cities. The report notes for example the lack of clarity in the designation of the zones themselves. Although initially defined by the INSEE (*Institut National de la Statistique et des Etudes Economique*) on a number of quantitative indicators of deprivation (see above), the final list of zones displayed only limited similarity to either the criteria or areas already defined as deprived in other policy initiatives such as *Contrat de Ville*, *Zones Urbaines Sensibles* and *Zones de Redynamisation Urbaines*.

Meanwhile, there seems to be no direct linkage between the overall coverage of the ZFU and the social problems encountered within the selected areas. For instance, in both Meaux and Bordeaux, the three principal criteria that justified the designation of the *Zones Franches Urbaines* (unemployment rate, proportion of young people under 25 years and the proportion of youth with no qualifications) were all lower than the average rates observed across the *Zones Franches*. In the case of Bordeaux, the mayor, and later French Prime Minister, Alain Juppé designated the boundaries of the city's *Zone Franche*. This suggests that political rather than technical criteria influenced part of the designation process. Furthermore, the size of the approved zones varies significantly and many deviate from the original *Institut National de la Statistique et des Etudes Economiques* specification. The average size of the *Zones Franches Urbaines* is 189 hectares whereas four, Meaux (297 ha), Garges-les-Gonesse (359 ha), Roubaix-Tourcoing (525 ha) and Bordeaux (800 ha) are over 300 hectares and at first sight at least do not conform to the small targeted areas originally conceived in the policy (Garin, 1999a).

As far as job creation is concerned, Buguet (1998) suggests that the initiative has had only limited impact. Explicit in the initiative is the requirement that 20 per cent of new jobs should be given to local residents. However, the *Zone Franche Urbaine* procedure provides no administrative procedure which would allow the communes to assess and

control the recruitment of local residents to the businesses. Consequently although local people may have been recruited, it is impossible to ensure that this is the case.

More importantly, Buguet (1998) has contended that the national impact of the ZFU on employment was not substantial. The increase in job creation across the ZFU she studied reached 26.7 per cent in the period between 1995 and 1996, and 29 per cent in 1997 (Buguet, 1998, pp. 67–68). This latter increase represents the creation of 6023 new jobs in 1997 across the 33 *Zones Franches* studied. However, limited information is available as to the nature of the jobs created and their permanency.

As far as costs are concerned, the *Zones Franches Urbaines* appear not only to be having a very limited impact on job creation but also appear to be a very expensive initiative. It was estimated that tax exemptions were of the order of US\$64 million in 1997 and US\$55 million, during the first quarter of 1998. The outcome of all exemptions of social security contributions are expected to be of the order of US\$0.19 billion in 1999 and US\$0.25 billion in year 2000 (Buguet, 1999, p. 77). To sustain the *Zone Franche Urbaine* procedure, state subsidies, including all tax exemptions, almost doubled in 1998 to US\$205 million, from US\$104 million in 1997. The picture as far as cost per job is concerned is equally gloomy. It was also estimated that in 1997 between 9000 and 9500 jobs were created or transferred in all the 44 *Zones Franches Urbaines* (Buguet, 1999, p. 88). Assuming, generously, that at least one-third of these jobs were a direct result of the *Zones Franches'* incentives, the estimated cost per new job created, both full and part-time, was of the order of US\$27 000.²

These facts presented by Buguet are not very supportive of the initiative. However, across the 44 zones there seems to be some positive outcomes, albeit incidental to the process. The ZFU procedure gave the opportunity to develop new partnerships. Initial observations made from a number of agencies involved in the process suggest that the ZFU have given a new impetus to several of the actors involved in the implementation of urban policy. As such, establishments like the union for the collection of social security contributions and family allowances (*Union pour le Recouvrement des Cotisations de la Sécurité Sociale et des Allocations Familiales*) have established systematic contacts with the new businesses. In other instances, permanent contacts have been established between the *mairie* and local job centres (*Agence Nationale Pour l'Emploi*). In addition to these partnerships, 140 chambers of commerce were involved in the designation of the *Zones Franches Urbaines* and professionals were recruited to monitor the implementation of the procedure. These new partnerships have subsequently been drawn into the networks that supervise the implementation of the *Contrat de Ville* and *Grands Projets Urbains*. Nevertheless, these new networks are the indirect outcomes of *Zones Franches Urbaines*, not the principal objective.

Roubaix's Zone Franche Urbaine Experience

The picture painted so far of *Zone Franche Urbaine* is of a policy initiative that has perhaps predictably had a very limited impact on the urban areas it was intended to assist. However, this is not universally the case. The rest of this article examines the case of Roubaix's *zone franche*, where initial evidence suggests a more positive outcome. In so doing, our analysis benefits from earlier investigations by several authors (Booth *et al.*, 1997; Blanchard, 1998) who have looked at Roubaix itself and the insights into the wider region of *Nord Pas de Calais* provided by existing extensive research (Green & Booth, 1996b; Booth *et al.*, 1997; Fillion *et al.*, 1998; Ginnet, 1997; LeGalès & Mawson, 1994).

Roubaix is part of the *Communauté Urbaine de Lille* and has 97 746 inhabitants. The

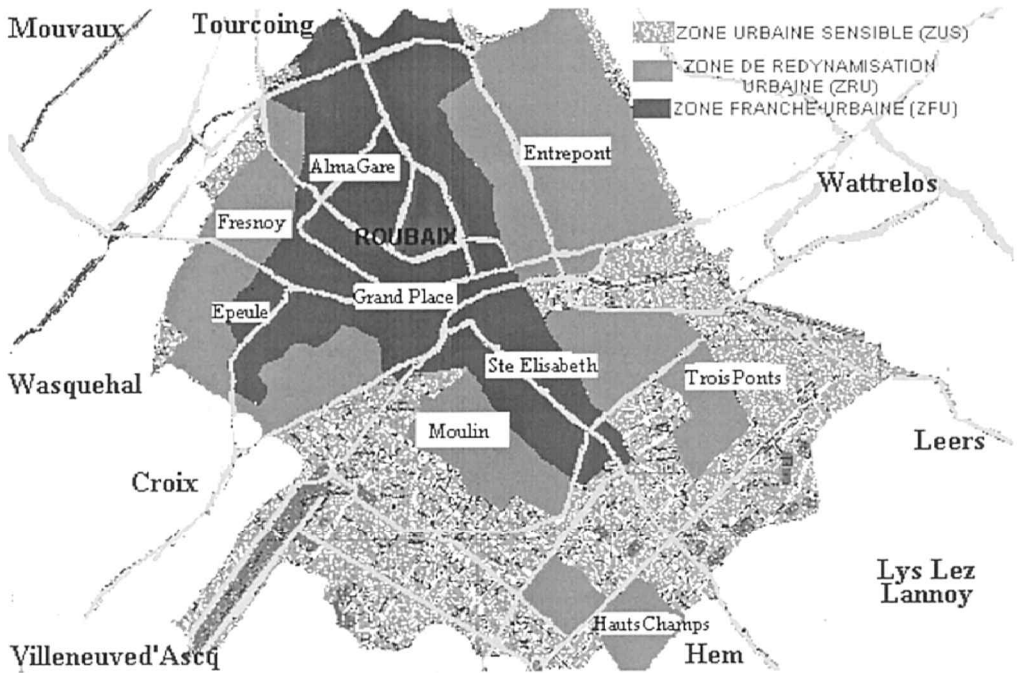


Figure 3. The geographic coverage of different urban policy initiatives in Roubaix (ZUS, ZRU & ZFU).

commune suffered from the decline of the textile industry, its traditional industrial base. The changing locational demands of newly establishing industry have led to industrial dereliction in the centre of the town. Factories located in the dense urban environment were gradually abandoned for more spacious and well-served suburban business parks. The commune of Roubaix had to respond to these changes by diversifying its economic base beyond textiles largely by attracting tertiary activities. Yet the decline of manufacturing employment and the rise of new jobs in the services, many of which require new skills, have by-passed those with only minimal education and training outside the formal labour markets. In 1996, Roubaix was designated as one of the 44 *Zones Franches*.

The *Zone Franche* of Roubaix covers 345 hectares and a population of over 42 000 inhabitants, almost half the commune's population. It is one of the largest ZFU in France, third only to those of Bordeaux and Garges-les-Gonnesse. According to the national indicators of deprivation, Roubaix's *Zone Urbaine Sensible* was classified as the most deprived area of all French *Zones Urbaines Sensibles*, hence its designation as a high priority area.

On most indicators, the area is recognized as having severe problems. In 1997, the unemployment rate in the entire *Zone Franche* of Roubaix-Tourcoing was 26.9 per cent, higher than the average rate of 21.3 per cent for the 44 ZFU as a whole. Income and the tax base per inhabitant are the lowest of all the communes covered by the *Zones Franches* (Buguet, 1999).

The boundary agreed for Roubaix's *Zone Franche*, and the character of the zone itself, are particularly distinct. The zone encompasses Roubaix's town centre and is the only one of the 44 designated ZFU to do so. The designation to include the town centre was the result of extensive negotiation and a strong political lobby led by René Vandieren-



Figure 4. Roubaix's city centre and MacArthur Glen.

donck, mayor of Roubaix, member of the State Council (*Conseil d'Etat*) and more importantly a resident of the commune.

This particular case study exemplifies other features which differentiate Roubaix from other *Zones Franches Urbaines*. One of the key criteria in the *Zone Franche Urbaine* designation process was the identification of *quartiers* with poor access to public services. However, Roubaix's *Zone Franche* includes areas of the town centre that already benefit the neighbouring *quartiers* in terms of public services and infrastructures (see Figure 4). These features highlight some of the procedural inconsistencies of the original designation process. They may, however, provide us with evidence to suggest why the Roubaix's *Zone Franche* has been more successful than others!

Table 1 shows a steady increase in the number of new businesses located within the

Table 1. Number of new businesses (births and transfers) in the ZFU employing full or part-time employees

	1995		1996		1997	
	Number of new businesses	% increase	Number of new businesses	% increase	Number of new businesses	% increase
Roubaix	446	N/A	584	30.9%	710	21.6%

Source: Buguet (1999, p. 357) after the *Union Nationale Interprofessionnelle pour L'Emploi dans L'Industrie et le Commerce* (UNIEDIC).

Table 2. Impact of the Roubaix's *Zone Franche Urbaine* on business births and transfers

	Business births 1996	Business births 1997	Business transfers 1996	Business transfers 1997	Total number of businesses 1996	Total number of businesses 1997
Roubaix (INSEE communes)	447	557	47	145	494	702
Increase (%)	N/A	+ 24.6%	N/A	+ 208.5%	N/A	+ 98.5%

Source: Buguet (1999, p. 357) after the *Institut National de la Statistique et des Etudes Economiques*.

boundaries of the ZFU over the period 1995 to 1997. It also clearly displays a substantial increase in the number of new businesses in Roubaix.

Buguet's (1999) evaluation of the *Zones Franches* (see Table 2) also demonstrates the relative success of Roubaix in attracting new businesses within its *quartiers*. In 1997 for instance, 24.6 per cent of new businesses were created in the *Zone Franche*. Nevertheless, it appears that the economic revival within the Roubaix *Zone Franche* was also due to a significant increase in the number of businesses (208.5 per cent between 1996 and 1997) transferring from outside the boundaries of the *Zone Franche* (Buguet, 1999, p. 357).

Fillion *et al.* (1998) provides further evidence of the importance of business transfers. In their evaluation of Roubaix's *Zone Franche*, they identified the significant impact of the zone's incentives on business transfers. In their survey of 142 small businesses in Roubaix's *Zone Franche*, they calculated that 29 per cent of the newly established businesses in the zone were actually being transferred. Nevertheless, 106 new businesses were created in Roubaix ZFU, a not insignificant number (Fillion *et al.*, 1998, p. 33). This again confirms the key argument that the *Zone Franche* would encourage local business transfers from outside its boundaries particularly if business owners know that they will benefit from tax breaks simply by relocating their businesses across the street. In many cases these business transfers do not directly create new jobs within the zone as employees are able to continue employment. Hence there is no impact on overall net employment growth.

For Roubaix itself this outcome is less problematic, however. The displacement of businesses and to a lesser extent jobs from the outer communes is consistent with the wider urban policy of attempting to bring life back into the city centre. The *Zone Franche* is thus helping to reverse the trend of local decentralization that has been apparent in the area for many years.

As far as changes in employment patterns are concerned, Table 3 shows a relatively steady increase in the number of full-time jobs created. Since the implementation of the *Zone Franche*, there has been a substantial overall increase in job creation although this rate has almost halved in 1997. Meanwhile, no data are available to confirm whether these jobs are permanent or not, as the system in place does not allow the monitoring of individual job creation over time.

It was noted earlier that Roubaix's *Zone Franche* has targeted a large part of the town centre to attract new businesses and create new jobs. The town centre is not one of the housing estates that ZFU procedures were targeting. Designation of the town centre as a *Zone Franche* was a political opportunity that linked the incentives of tax breaks subsidized directly by central government with the wider urban policy objectives of the town. As Fillion *et al.* (1998, p. 21) have argued, "the mayor's objective was to help every

Table 3. Impact of the Roubaix's *Zone Franche Urbaine* on job creation

	1995		1996		1997	
	Number of employees	% increase	Number of employees	% increase	Number of employees	% increase
Roubaix	3196	N/A	4293	+ 34.3%	5007	+ 16.6%

Source: Buguet (1999, p. 359) after the *Union Nationale Interprofessionnelle pour L'Emploi dans L'Industrie et le Commerce* (UNIEDIC).

resident of Roubaix to find a job" and to "allow those entrepreneurs who operate in Roubaix, through tax breaks, to invest and recruit new employees". Roubaix offers an essentially opportunistic approach to the ZFU initiative in which the mayor was willing to sustain general objectives by offering fiscal incentives to attract new businesses and activities within the town's *Zone Franche*. The positive outcome of Roubaix's *Zone Franche* then is not quite as simple as it might appear. This leads us to a number of observations about the importance of the wider policy context onto which the *Zone Franche* was grafted.

The first observation relates to the social and economic adaptability of the *Zone Franche Urbaine* procedure to Roubaix. The procedure aims to generate new businesses within areas that lack such activity. This in turn helps solve the social problems of the neighbourhoods by providing local employment opportunities. In the Roubaix case, the *quartiers* covered by the *Zone Franche* already benefited from business activity; activity, however, which does not impact significantly on local residents. As Buguet (1999) argued: "of the 3000 employees at *La Redoute*, (the mail order company and major employer), only 307 are residents of Roubaix" and "of the 44 000 employees within the commune, two-thirds of these employees are not from Roubaix" (p. 360), creating tensions between the local population and *La Redoute's* workforce. Roubaix's mayor René Vandierendonck similarly contended that "the juxtaposition of a major dynamic employer and a young unemployed population is at the heart of the social unrest that Roubaix experiences. To respond to such an unstable environment it is important to attract new businesses to the inner city that offer new opportunities to the young and unemployed generation" (Vandierendonck, 1998). Many of these young people lack the required skills, even where jobs are available. A key element in Roubaix's policy has been the provision of training schemes for young people.

The second observation relates to the impact of the *Zone Franche Urbaine* in terms of social change in the disadvantaged *quartiers*. Here the case of Roubaix proves to be less straightforward, primarily because Roubaix focused on its town's centre. Many *quartiers* facing severe social problems were not included within the boundaries of the *Zone Franche Urbaine* (Buguet, 1999). This raises questions about the relevance of the procedure's zoning process. Opportunism and astute politically motivated negotiation underpinned Roubaix's approach and led to a large part of its city centre being included within the designated area, assuring access to its developing facilities for all Roubaix's residents, not simply those in the more deprived neighbourhoods.

The case of Roubaix is perhaps, however, unique for a number of reasons some of which help explain how the town benefited from the ZFU. First, it has an opportunistic and proactive mayor whose ambition is to regenerate Roubaix's city centre by attracting new businesses within the designated boundaries of the *zone franche* that coincides with the town centre. The *Zone Franche Urbaine* was additional to a number of policies that have been launched by the commune of Roubaix which including the regeneration of the

town centre through the development of a large commercial centre (MacArthur Glen) as well as a number of leisure projects. The municipality also launched several urban regeneration initiatives in an attempt to increase public safety and improve the quality of the physical environment and thus enhance its image and become attractive to investors and to the *petit commerce*. Roubaix's *Zone Franche* is thus part of a wider regeneration package.

The second advantage of having selected the town centre within the *Zone Franche* is the availability of physical infrastructure, transport and buildings, all vital to business relocation. According to Fillion *et al.* (1998), 18 000 square metres of premises were available for immediate occupancy in January 1997. In order to facilitate business creation, refurbishment projects were launched during the first quarter of 1998 to convert derelict and unoccupied buildings into offices and warehouses. These initiatives enhanced the town's capacity to accommodate new businesses and helped attract new and transferring businesses from outside the boundaries of the *Zone Franche*. The negative effect of this has been that businesses have vacated premises outside the zone, creating an artificial industrial and commercial property market.

The impact of the *Zone Franche* on the attraction of new businesses appears to have slowed down more recently and may be due to factors external to ZFU policy itself. The rhythm in business creation is directly related to the available business premises within the ZFU. The growing number of new or transferred businesses within the ZFU has increased the demand for business premises. However, an increasingly limited availability of business premises has now begun to restrict the number of new businesses that can develop. The Chamber of Commerce of *Lille Métropole* is concerned that this limited availability of land and premises has also increased the value and rent of property within the *Zone Franche*, potentially discouraging the establishment of new firms or business transfers.

Conclusion

This article has reviewed the implementation of *Zones Franches Urbaines*, both nationally and in Roubaix. It has been noted that there are several inconsistencies in the implementation of the initiative. In particular it has shown how, as a result of political pressure and local negotiation, a fundamentally technically-defined process came to be modified on the ground to reflect local imperatives. As a result, the 44 *Zones Franches* do not include all (or the majority) of deprived areas and exclude some of the very deprived neighbourhoods. The extent of *Zones Franches* like Bordeaux certainly cannot be justified on grounds of social deprivation. In several cases, the zones owe their form to political negotiation rather than to specific urban and social problems. In many cases, areas that are severely affected by urban and social deprivation have been excluded from consideration in the zoning process.

The regulations at the heart of *Zones Franches Urbaines* also appear to have limitations. The most striking gap relates to the employment of local residents and hence the contribution which the *Zones Franches Urbaines* can make to solving local unemployment. On the one hand, job creation was not adequately controlled and monitored by the procedure, leaving many businesses to recruit from areas outside the zones. On the other hand, the initiative was not strategically associated with job creation and paid scant attention to the permanency of jobs created. Those jobs created appear to be very expensive. The permanency of the jobs beyond the tax exemption period remains an open question.

Although the evaluation at the national level supports the view that the *Zones Franches Urbaines* had only limited impact on generating new employment, this is not universally the case, as the case study demonstrates. The attraction of new businesses and locally created new jobs as observed in Roubaix has shown that the *Zone Franche Urbaine* can contribute significantly to local regeneration when combined with other more strategic policy and regeneration initiatives.

The case study of the Roubaix zone shows that in certain circumstances the *Zones Franches Urbaines* can have positive outcomes if introduced in conjunction with other initiatives. In addition to the other policy initiatives, the relative success of the *Zones Franches* procedure was due to the proactive role of the municipality and the mayor in providing additional incentives such as the availability of development sites and business premises. These proved to be essential ingredients to success in Roubaix. Overall, the ZFU initiative fitted within an evolving regeneration strategy.

Finally, it appears that the French Government has learned from this initiative. It is not surprising to learn that the government will abandon the *Zones Franches Urbaines* procedure by 2002, as announced by the *ministre délégué à la ville* Claude Bartolone (Garin, 1999b). It is now moving away from area-based approaches to regeneration. Jean Pierre Chevènement's new legislation (*Loi Chevènement*, 1999) proposed a comprehensive approach to tackle the 'social apartheid' through inter-communal partnerships and inter-communal development (Andréani, 1999). This Law also encourages the creation of 'communautés d'agglomérations' for urban areas of more than 50 000 inhabitants where the payroll taxes will be uniform between communes, lessening the fierce competition between affluent and less affluent communes. The government is also taking on board policy recommendations made in recent reports (Cavallier, 1998, 1999; Buguet, 1998, 1999) and by advisors (Sueur, 1998, 1999), by piloting its first *contrats d'agglomération* in 14 cities throughout France. Perhaps this will be the beginning of a move towards a more strategic approach to urban policy after the interlude of the *Zones Franches Urbaines*. It will certainly give the opportunity for another relaunch, this time of *Contrat d'agglomérations*.

Notes

1. After the Ministère de l'Aménagement du Territoire, de la Ville et de l'Intégration (1996) Conférence de Presse, March 1996, Paris.
2. All prices converted from FF to US\$ using the exchange rate on 4 December 2000 and rounding up. Original rates quoted in the article were FF476 million, FF411 million, FF1.42 billion, FF1.89 billion, FF15 271 million, FF7724 and FF200 000 respectively.

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