

THE CHALLENGES FACING HAUTS-DE-FRANCE REGION

The Hauts-de-France region, the fifth most populous region in France with almost 6 million inhabitants, is structured around the European Metropolis of Lille and a network of urban and rural centres. Thanks to its strategic geographical position and extensive infrastructure (ports, motorways and waterways), the region is open to Europe.

The challenges facing the Hauts-de-France region are manifold. They include producing more added value in economic terms, raising the standard of living of the entire population in social terms, decarbonising all activities and adapting to climate change. It is also a question of making the region attractive from a demographic point of view.

These challenges need to be considered in comparison at national and then European level, because the regions of France and Europe are facing similar challenges to varying degrees.

We also have to take into account the fact that the challenges are interdependent: for example, the growth in wealth produced must be sustainable in terms of greenhouse gas emissions and sober in terms of energy consumption.

POPULATION

Population: 5,995,290 9.2% of the French



ÉCONOMY

Regional GDP: €185.5bn



**2,238,000 jobs
Share of research: 1.1**

SOCIAL

Human Development Index: 13th in France



**Poverty rate :
18 %
of the regional
population**

ENVIRONMENT

**Regional greenhouse gas
emissions**



**48 MteqCO2 or
13% of national
emissions**

On 1st January 2021, the Hauts-de-France region counts a population of almost 6 million, making it the 5th most populous region in France (9.2% of the French population). The regional territory, which covers 31,949 km², is structured by a metropolis with European influence, the European Metropolis of Lille, which has over 1 million inhabitants, and the metropolis of Amiens, a balanced metropolis, as well as by a network of structuring urban centres. The region is also made up of a large rural area served by a number of local centres. The region is densely populated, with 188.5 inhabitants per km².

The region, which is connected to several other countries and to the Paris region, enjoys a strategic geographical position at European level. It boasts an open seafront with 3 ports (Boulogne, Calais and Dunkirk), as well as numerous road and waterway infrastructures, including the future Seine-Nord-Europe canal, which will connect the Seine basin with the canals of Northern Europe. Goods and transit flows, the proportion of multinational and foreign companies and the number of overnight stays confirm the region's openness to the outside world.

However, the region faces a number of challenges in developing its economic activity, improving its social cohesion, sustaining its demographic dynamism and reducing its impact on the climate.

Economic challenge: a region benefiting from its European openness but struggling to create more value

The region's location and transport infrastructure mean that its production base is highly integrated into European and global value chains around major sectors (industry, agri-food, logistics, etc.). The region is home to a large number of investments by major, often foreign, companies (Toyota, Arcelor Mittal, AGCO, etc.), as well as the growth of family businesses that are now multinationals (Roquette Frères, Bonduelle, Auchan, etc.). This fabric is currently being complemented by plans to set up gigafactories (battery manufacturing plants for electric vehicles).

With a GDP of €185.5 billion in 2022¹, the Hauts-de-France region ranks sixth among French regions, behind Île-de-France, Auvergne-Rhône-Alpes, Provence Alpes Côte d'Azur, Nouvelle Aquitaine and Occitanie. Its GDP per capita in PPS (purchasing power standard) is 20% lower than the European average. The region is therefore considered by Europe to be a region in transition for the purposes of cohesion policy. However, its GDP per job is very close to that of regions outside Île-de-France.

This is due to the fact that there are not enough jobs available in the region in relation to the resident working population. This ratio stood at just 93% in 2018, the lowest in mainland France behind Grand Est, and 3.5 points lower than in mainland France (96.5%)². This means that the number of people in employment working outside the region is greater than the number of people



entering the region to work. With 127,600 people commuting to the Paris region (compared with 18,200 in the opposite direction), these workers contribute to the GDP of the Paris region rather than that of the Hauts-de-France region.

In addition to a lower density of jobs than in other regions, a lower activity rate and a higher unemployment rate are indicative of difficulties in the regional employment market. The region has 37 jobs per 100 inhabitants, compared with the French national average of 42 per 100 inhabitants. The activity rate remains below the national level (72% and 74.7% respectively in 2018) despite a significant catch-up in recent years, linked to the increase in female activity. Finally, the unemployment rate is higher than in France: 8.8% on average in 2022, compared with 7.1% in mainland France.

The regional economy is structured around 344,000 businesses, including those with no employees. Businesses with fewer than ten employees account for 18% of these establishments³. This figure rises to 83% if establishments without employees are excluded, revealing the importance of the local economy, which accounts for more than 3 out of 5 jobs. However, this figure remains lower than the French average: 22.2 per 100 inhabitants compared with 23.4.

Business start-ups have grown over the last decade, encouraged in particular by new forms of entrepreneurship (auto-entrepreneurship, micro-enterprises). In 2021, the region will have a record number of business start-ups, with 52,000

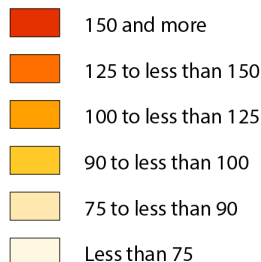
¹Eurostat, Gross GDP by region

²Insee note GDP of Hauts-de-France 2022

³Eurostat

Regional gross domestic product PPS* per capita as % of EU27 average in 2022

GDP at current market prices
by NUTS 2 region



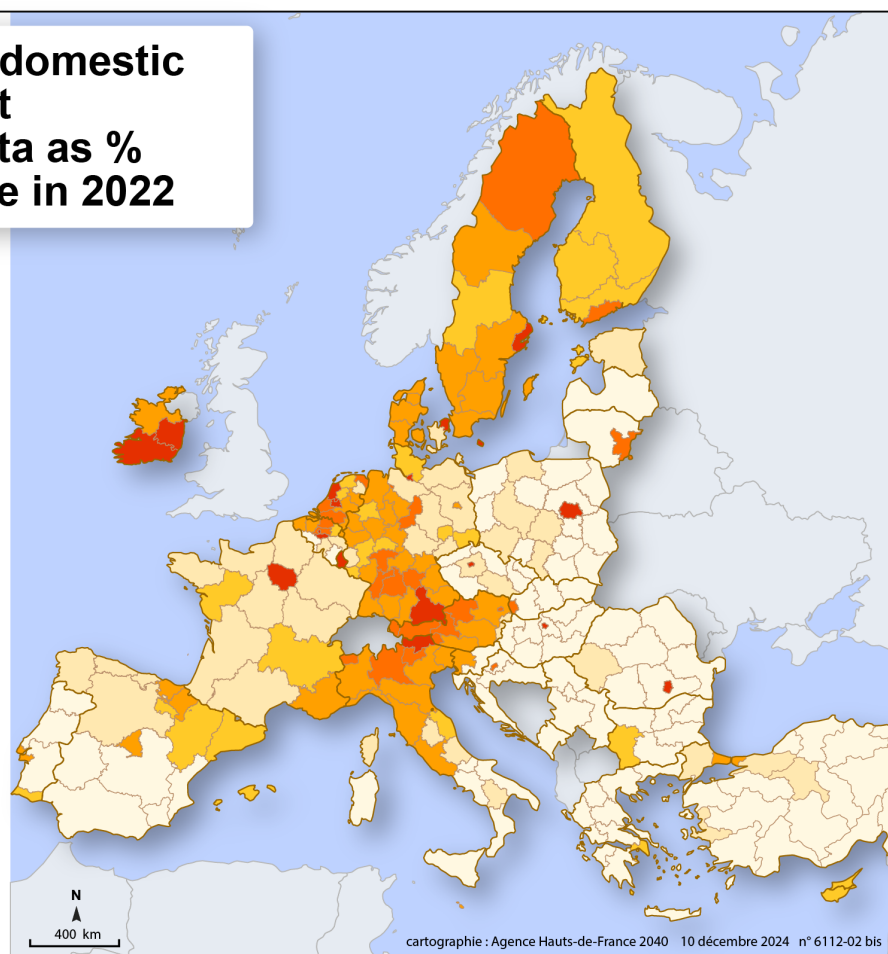
PPS* : Purchasing Standard

The Purchasing Standard (PPS) is an artificial currency unit that eliminates differences in price levels between countries. An APS allows the same volume of goods and services to be purchased in all countries.

This unit enables volume comparisons of economic indicators between countries.



Sources :
Data retrieved on 12/04/2024 15:21:12
from [ESTAT] (map of 23 May 2024)



registered⁴. However, entrepreneurship in the region is still lagging behind that of the working population. The proportion of self-employed workers in total employment is the lowest in France (9.4% compared with 12%). This position is only partly explained by the lower weight in the regional economy of key sectors for the self-employed, such as agriculture, construction and real estate. Since 2014, although the number of self-employed workers has increased thanks to the success of micro-entrepreneurship, this trend has been more moderate in Hauts-de-France than in the rest of France.

The productive economy is relatively strong in the region. There are 2.328 million jobs in the region, across all sectors. Industry accounts for a significant proportion of the regional economy (13.6% of jobs, compared with 10.3% in France). The region has a number of specific industrial sectors (textiles, plastics, glass, refining, chemicals, pharmaceuticals, steel) and is a leader in car production (1 in 3 cars is produced in the region). Today, the region is attracting direct foreign investment, which continues to drive the development of this productive economy. After Grand Est, Hauts-de-France is the second most popular region in France for foreign multinationals. They employ 16% of the region's workforce (164,500 employees), compared with 12% in the rest of France.

On the other hand, the region's industry is highly energy-intensive. Research and development remains moderate,

representing 1.1% of the region's GDP, the lowest rate among French metropolitan regions.

On a European scale, the region is in an intermediate position and is one of the "moderate innovators" (Regional Innovation Scoreboard 2023).

Demographic challenge: a demographic structure that is set to change radically over the next few years, with the inevitable ageing of the population in particular

The Hauts-de-France region is the fifth most populous and the second youngest. It has almost 6 million inhabitants, or 9.2% of the population of mainland France. More than a million young people aged between 15 and 29 live here. At the same time, the region has an ageing population: over 1.1 million people are aged 65 or over, representing around 18% of the regional population.

⁴SIRENE data, [Agence Hauts-de-France processing](#), REPERE n°34

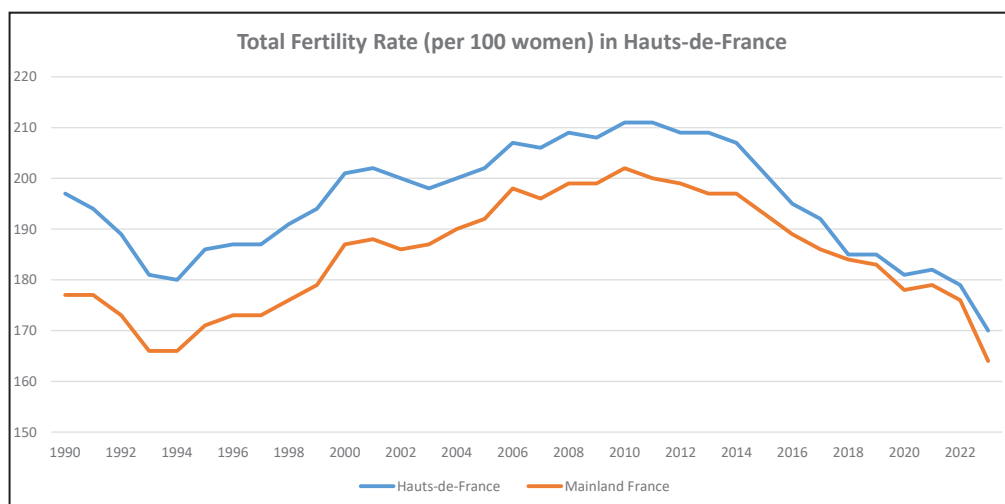
Since 2015, the number of inhabitants has not increased, in contrast to the situation in mainland France (+0.3% on average per year). However, the region still gained an average of 11,400 inhabitants per year between 2010 and 2015.

The natural surplus, which continues to shrink, no longer offsets the migratory deficit, which is the highest in France excluding Ile-de-France. The decline in the natural balance is the result of a fall in the number of births, with fertility levels recently returning to national norms. This goes hand in hand with a slight increase in the number of deaths, linked to the ageing of the baby-boom generation.

If current demographic trends continue⁵, the Hauts-de-France region will have a population of 5,768,100 by 2050, which is 275,700 fewer people than in 2018 (-4.6%). The loss of population would be particularly marked in the 15-39 age group, which is expected to shrink by around 221,000 or almost 12%⁶.

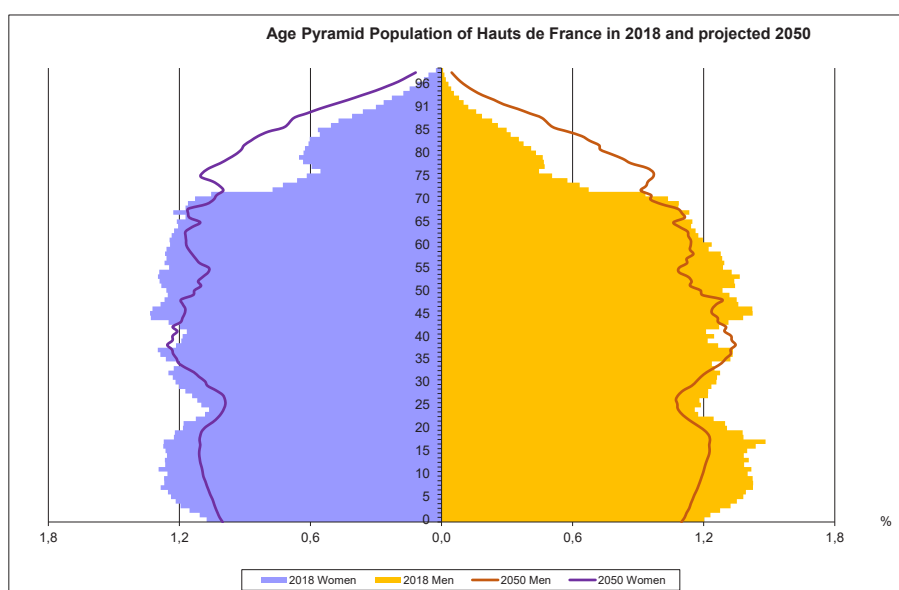
In 2050, **there will be almost 1.5 million people aged 65 and over in the region, compared with 1.1 million today**. The structure of the population will change, with those aged 65 and over accounting for 25.3% of the population, 7.5 percentage points more than in 2018, while the proportion of 15-39 year-olds will fall from 31.0% in 2018 to 28.7% in 2050.

The growth in the number of senior citizens is expected to be driven mainly by the elderly: the population aged 85 and over (most exposed to the risk of dependency) could double from 164,000 in 2018 to almost 320,000 in 2050 (with their share of the regional population increasing from 3% to 6%).



Source: INSEE, Civil Registry

Note for the reader: In Hauts-de-France, the total fertility rate is 1.7 children per woman in 2023.



Source: INSEE Omphale 2022, Central scenario and calculations Agence Hauts-de-France 2040

⁵Central scenario Omphale INSEE 2022

⁶See [Repères Hauts-de-France No. 38](#), "A potential loss of young people aged 15 to 39 in Hauts-de-France by 2050"

Social challenge: a region facing major social and territorial inequalities

In terms of human development, the Hauts-de-France region is in a difficult situation. Of the 13 regions in mainland France, Hauts-de-France ranks last in terms of the Human Development Index (HDI-2). With an HDI-2 of 0.675 in 2020, it is behind Normandie (0.700) and Bourgogne-Franche Comté (0.723). A contrario, the Ile-de-France (0.801) and Auvergne-Rhône-Alpes (0.773) regions are at the top of this ranking.

This is partly due to the fact that life expectancy at birth is significantly lower in the Hauts-de-France region: 78.1 years for men, compared with an average of 80.1 years in mainland France, and 84.2 years for women, compared with an average of 85.8 years in mainland France in 2023.

The Hauts-de-France region also has the lowest standard of living of all the French regions: in 2020, the median disposable income was €20,820, compared with €22,400 for France as a whole.

In terms of level of education, the region has the highest proportion of non-educated or low-educated people aged 15 or over of any French region, ahead of Normandie and Grand-Est (24.8% compared with 20.7% on average in France).

The Hauts-de-France region combines lagging human development with a particularly high rate of income poverty : **In 2021, 18% of the regional population is living below the monetary poverty threshold⁷, compared with 14.9% in mainland France.**

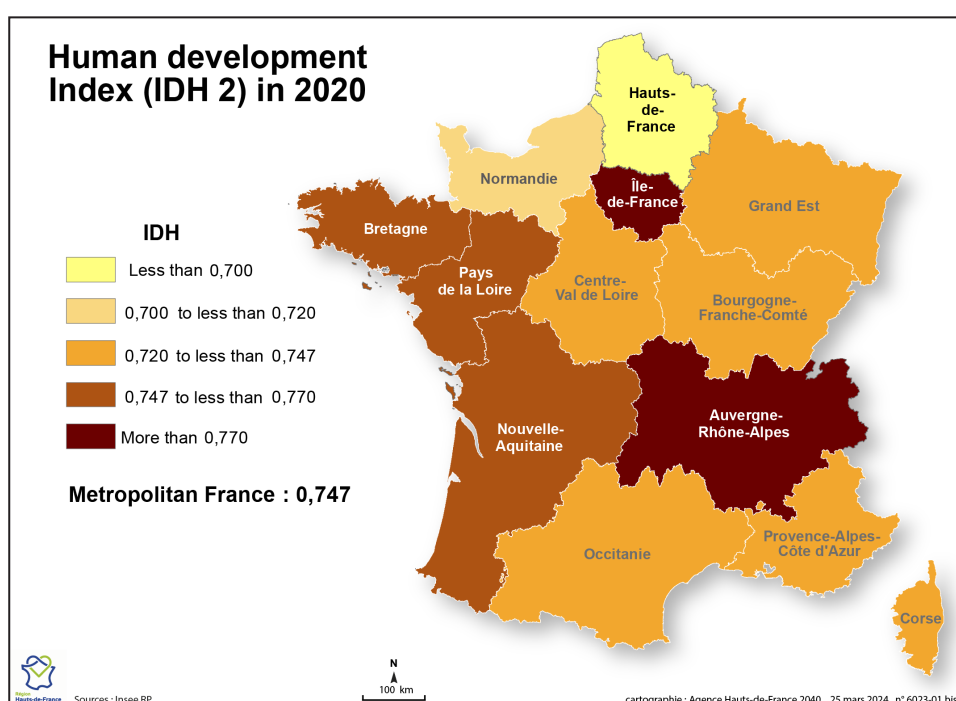
Hauts-de-France is the second region in France most exposed to income poverty, with three out of five departments among the most affected nationally. Monetary poverty is less intense here, however, as poor households are further away from the poverty line. Factors explaining this moderation in the intensity of poverty include the more frequent use of minimum social benefits by poor people in the region, as well as an average amount of all social benefits, including minimum social benefits, which is higher than the average for mainland France. In Hauts-de-France, poverty therefore affects people whose standard of living is closer to the poverty threshold in mainland France than in most other regions.

While single-parent families and young people are particularly hard hit, other types of households are also affected by these difficulties, such as retired households, which make up more than a quarter of poor households, or households that are far from employment and living on social housing, which account for 23.2% of poor households in the region, compared with 17.2% nationally⁸.

Compared to the European level, the at-risk-of-poverty rate in Hauts-de-France is 2.7 points higher than the EU-27 average⁹

The Hauts-de-France region is characterised by a higher overall share of social benefits in household disposable income (7.7% compared with 5.5% nationally). Redistribution is an important factor in reducing disparities in income declared by households, and it is in the region where the reduction in disparities brought about by redistribution is most marked.

The desire for quality of life is increasingly becoming a lever for regional attractiveness. It can be understood by taking into account not only the social situation of residents, but also the characteristics of the living spaces themselves, such as the presence of facilities.



⁷A household (or individual) is poor when its standard of living is below the poverty line, i.e. of the median standard of living. In 2021, the poverty threshold is €1,158

⁸See INSEE Analyses Hauts-de-France No. 159

⁹The at-risk-of-poverty rate calculated by Eurostat is defined as the proportion of people with an equivalised disposable income (after social transfers) below the at-risk-of-poverty threshold, set at 60% of the national median equivalised disposable income after social transfers.

Access to everyday amenities is an important factor in people's quality of life. Half of the region's population takes less than 3.2 minutes by car to access the basic amenities¹⁰, a time equivalent to that in mainland France excluding the Île-de-France region. This puts the region in fourth place outside Île-de-France in terms of accessibility to the basic basket of daily needs, behind other populated regions such as Occitanie, Provence-Alpes-Côte-d'Azur and Auvergne-Rhône-Alpes. The urban nature of the region largely explains this position. On a regional scale young people, senior citizens and parents also have relatively easy access to facilities, and the deployment of Maisons de services au public (MSAP - public services centres) is reducing the time taken to access public services throughout the region.

However, there are specific issues around healthcare provision, particularly access to specialists: there are 143.3 specialists per 100,000 inhabitants compared with a national average of 168.5, the sixth lowest density of any French region. The

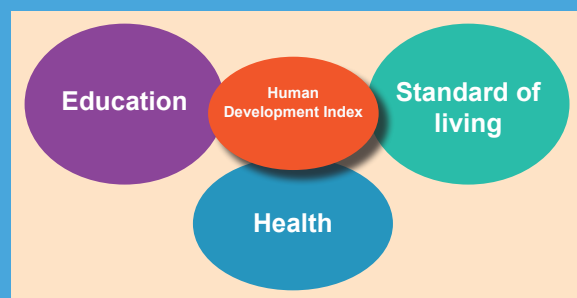
greatest deficits are in rheumatology, dermatology, ophthalmology and ENT surgeons. The region also has the lowest density of dental surgeons.

Housing is another important aspect of people's living conditions. One household in five is vulnerable to energy-related housing costs. In Hauts-de-France, 448,000 households are in a situation of energy vulnerability, meaning that they spend more than 8% of their disposable income on energy costs for their home. At 4 percentage points higher than the average for France excluding Ile-de-France (19% compared with 15%), the region is the third most exposed, behind Grand Est and Bourgogne Franche-Comté.

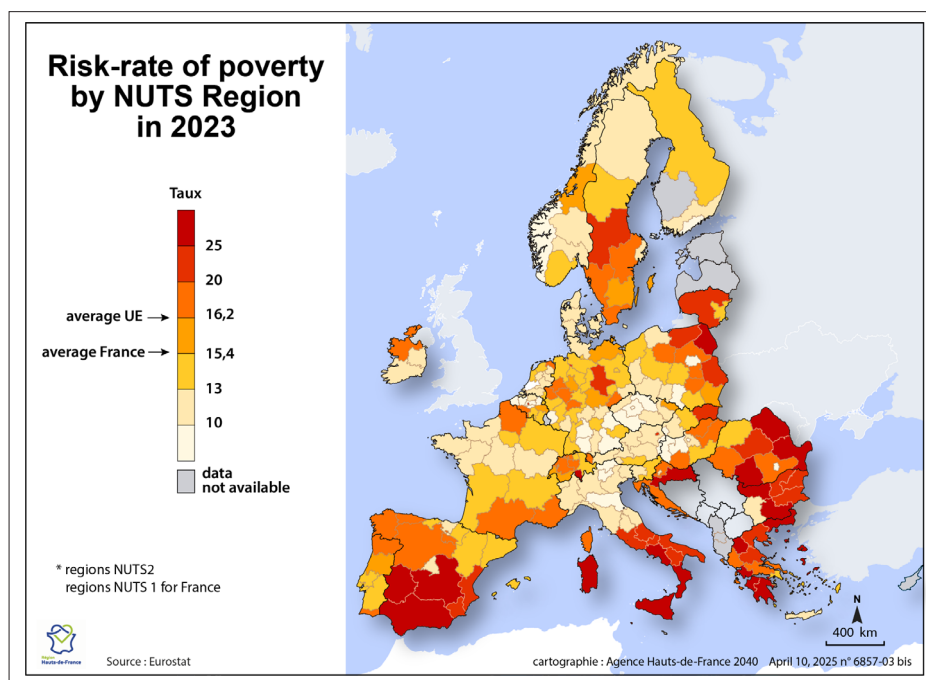
Access to home ownership has become more difficult: the proportion of low-income households among first-time buyers has fallen by 9 percentage points over the last three years.

The Human Development Index (HDI) at the regional level in the Hauts-de-France region

Agence HDF produces regional versions of the Human Development Index. This composite index, promoted by the United Nations Development Programme (UNDP), measures a region's development by integrating 3 capabilities essential to well-being: Health, Education and Standard of living.



These different territorial variants of the Human Development Index are tools for steering and monitoring regional strategies such as the SRADDET or the REV3 dynamic. They are regularly used and cross-referenced with other indicators to produce territorial diagnoses.



¹⁰The "everyday life" basket includes 22 facilities selected on the basis of their proximity, the mobility they involve, the importance attached to them on a daily basis and their frequency of use: banks and savings banks, driving school, hairdresser, restaurant, police station, post office, supermarket, bakery, bookshop, petrol station, grocery shop, secondary school, nursery school, primary schools, general practitioner, dental surgeon, nurse, pharmacy, medical analysis laboratory, assistance service for the elderly, sports hall or multi-sports ground.

Climate challenge: an energy-intensive region due to its economic activities and threatened by the effects of climate change

Like all regions, the Hauts-de-France region is facing the impact of climate change. Its characteristics, and in particular its economic fabric, raise the issue of the transition from fossil fuels to less carbon-intensive energy sources in order to help meet greenhouse gas reduction targets.

Climate change is already having an impact on the region. It is also helping to exacerbate existing risks. The average temperature is increasing relatively quickly: a 2° rise in average temperatures has already been observed in certain areas of the region (Lille, Beauvais), while sea levels have already risen by 10 cm along the coast and the number of days with frost is clearly decreasing¹¹.

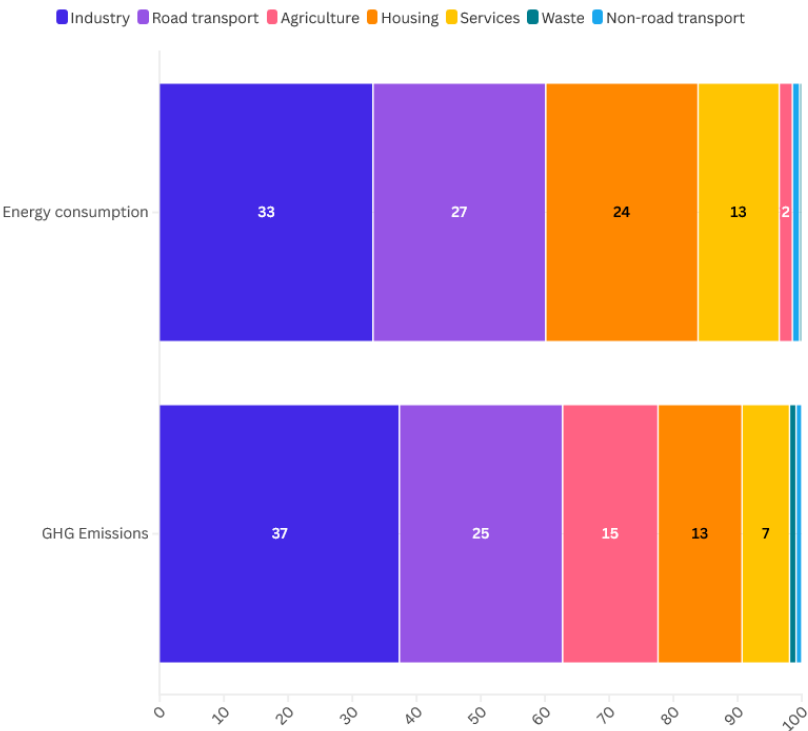
Climate change, which is already underway, is increasing the risks present in the region: flooding, marine submersion, and landslides caused by the shrinking and swelling of clay in the soil. Today, 58% of municipalities in Hauts-de-France are already exposed to climate risks. Flooding is the number one natural hazard in Hauts-de-France.

The region faces a specific risk from its coastline, which is exposed to multiple pressures: coastal erosion, which currently affects of the coastline, and marine submersion.

With a large number of industrial sites among the most energy-intensive sectors in France, the region's final energy consumption will reach 183,000 GWh in 2021. This represents 11% of national final energy consumption. Industry is the leading consumer sector, accounting for 1/3 of total consumption. This reflects the importance of energy-intensive sectors such as iron and steel, mineral production and the food industry. The region is home to a large number of sites and facilities classified for environmental protection purposes. Road transport is in second place, due to longer commutes than in other regions, and the large flows of traffic crossing the region. Industry has seen its consumption fall since 2012, while other sectors have remained stable or increased: services and transport.

Since some of the energy consumed comes from fossil fuels, the region's contribution to greenhouse gas emissions is significant. Direct regional greenhouse gas emissions amount to 48 Mt CO2 eq, or 13% of national emissions (2021). The industrial sector predominates in this area (37%), although it is experiencing a sharp decline: -24% between 2015 and 2021. The overall trend is downwards (-14% between 2015 and 2021). Only road and non-road transport are not following the overall downward trend, and are showing a slight increase.

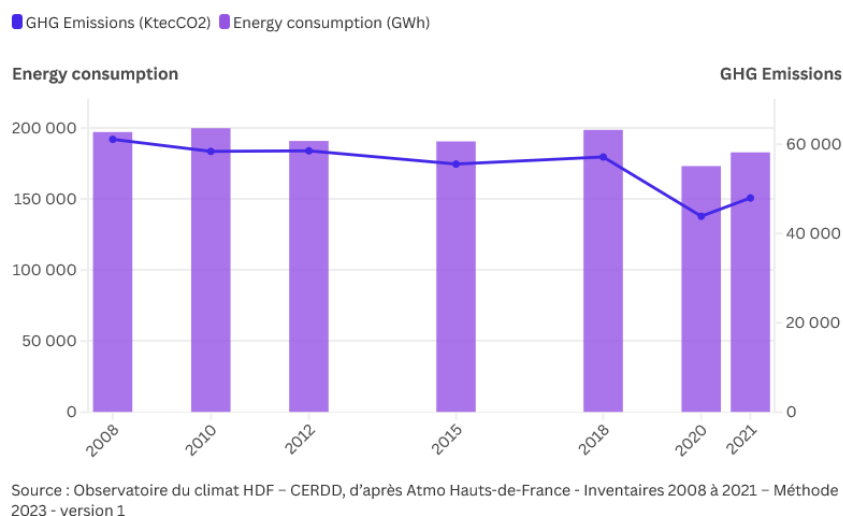
Share of energy consumption and greenhouse gas emissions by sector of activity (2021)



source: Observatoire climat HDF – CERDD, d'après Atmo Hauts-de-France / Inventaires 2008 à 2021 – Méthode 2023

¹¹ CERDD, Tour d'horizon Climat Energie, 2022

Trends in energy consumption and greenhouse gas emissions in Hauts-de-France



Finally, the region is helping to mitigate climate change. In 12 years, regional renewable energy production has more than doubled, rising from 14,000 GWh in 2010 to 29,000 GWh in 2021. The renewable energy coverage rate (total renewable energy produced divided by final energy consumption) is 15,9 % in 2021 in Hauts-de-France. In addition, the balance of carbon flows (annual average over the period 2012-2018) shows a net sequestration of 2 million t CO₂ eq/year, resulting from the difference between the input and output of carbon in soils and biomass (mainly from forests).

Finally, on the economic front, the aim is to increase wealth creation, entrepreneurship and research and innovation.

We must also take into account the fact that the challenges are interdependent: for example, the growth in wealth produced (economic challenge) must be sustainable in terms of greenhouse gas emissions and sober in terms of energy consumption (climate challenge). This wealth must also make it possible to increase the quality of life and standard of living (social challenge) while helping to maintain the population in the local areas (demographic challenge).

Multiple and interdependent challenges

In conclusion, on climate, the challenges are to continue efforts to reduce greenhouse gases, reduce the use of carbon-based energy and adapt the region to the effects of climate change. In terms of demographics, the challenges are to adapt to the ageing of the population and to enable the region to remain attractive.

On a social level, raising skills levels is a key challenge for the Hauts-France region, as is improving the life expectancy of its inhabitants.

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