

Paris Region attractive to foreign groups

The Paris region is the leading region in France for inward investment by foreign groups. These groups control 18% of employees in the region. The main investors in the region are from Europe and the USA. The sectors in which foreign groups are most prevalent are industry and commerce. Jobs dependant on foreign groups are mainly located in the heart of the Greater Paris urban area, with internationalisation particularly marked in Hauts-de-Seine.

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Setting up business in France, and particularly in the Paris region, is a strategic decision for foreign groups. The capital region has numerous advantages. These stem mainly from its role as a point of entry to the domestic market, and also to the international market. Its high concentration of skills and know-how also helps to boost business competitiveness.

At the end of 2007, 17,400 establishments and 697,400 jobs were dependent on a foreign group in Paris Region.

Paris Region, the leading French region for inward investment by foreign groups

Paris Region is the most attractive region in France for foreign groups. It has 28% of the foreign investors located in France, two and a half times more establishments than in Rhône-Alpes, the

French region with the second highest concentration. After Paris Region and Rhône-Alpes, which were already the top

two regions in 2004, comes the region of Provence-Alpes-Côte d'Azur (8%) ahead of Nord - Pas-de-Calais (6%).

Methodology

The study measures and analyses employment in Paris Region dependent on foreign groups.

The establishments selected are employers (with at least one employee) belonging to a company controlled, directly or indirectly, by a foreign group. A group is described as foreign if the parent or lead company, which is not itself controlled by another company, originates from a foreign country.

Some companies are joint ventures. In other words, they are not controlled by one particular group but are held by at least two groups with a stake of more than 30% each. In this case, the jobs of each establishment are distributed between the groups pro rata to their ratio of control.


Dependent employment controlled by foreign groups has been determined by merging data from two files:

- Local Knowledge of the Production System (CLAP) as at 31st December 2007. This reference base provides data on employment in companies in France at a detailed local level.

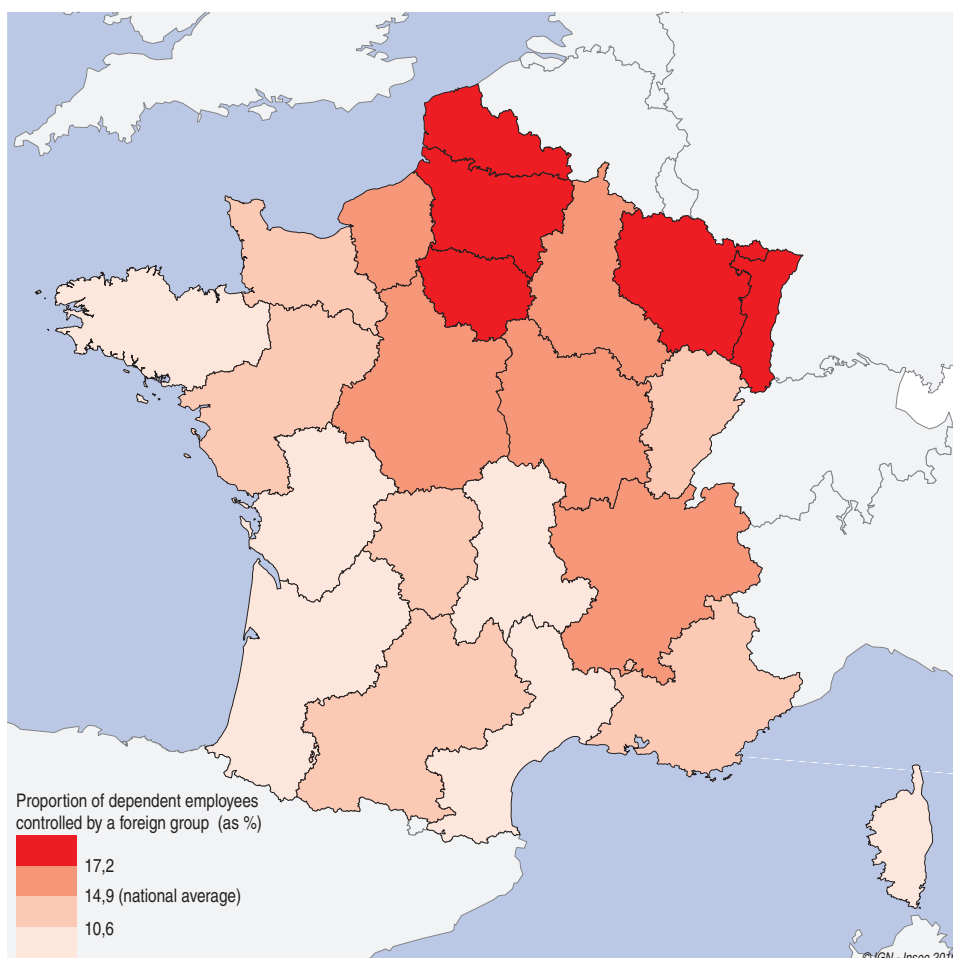
- Financial Links Between Companies Survey (LIFI) as at 31st December 2007. This is an annual survey of French companies in the private sector with more than € 1.2 million of equity capital or with turnover of more than € 60 million or employing over 500 people, in all business sectors. The survey also covers companies listed as being the head of a group in the previous year, companies held directly by a foreign company and companies over which the State has majority control. The survey is augmented by the DIANE data base. This allows the LIFI survey field to include foreign companies, especially those outside the thresholds set for the survey.

The establishments in the Paris Region account for one third of jobs depending on a foreign group in France (against 11% in Rhône-Alpes, 7% in Nord - Pas-de-Calais and 5% in Provence-Alpes-Côte d'Azur).

In 2007, 18% of jobs in the Paris region were dependent on a foreign group. The penetration of foreign groups expanded between 2004 and 2007. In 2004, 14% of jobs in the Paris region were dependent on a foreign group. The proportion of foreign groups has also risen in the provinces, although at a slower rate. It increased by 2 points and in 2007 stood at 14%.

Foreign inward investment is even higher in some regions in the North-East of France: 22% in Alsace and 20% in Lorraine and Picardie in 2007  1. The proximity of the Benelux countries and especially Germany is an incentive for foreign companies to locate there. 32% of those working for foreign groups in Alsace are employed by a German group; the figure is 25% in Lorraine, 20% in Picardie against only 13% in Paris Region.

 1 Foreign groups well established in the regions of the North-East quarter



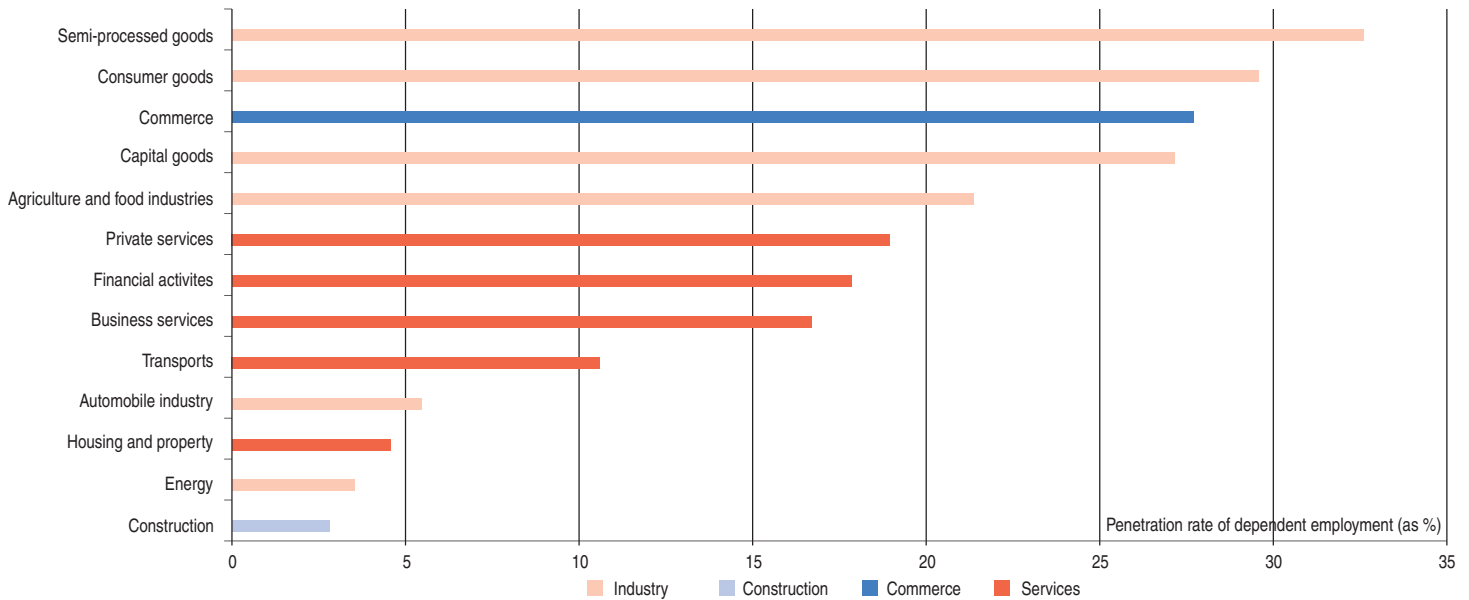
Source: Insee, CLAP-LIFI 2007

 2 Two third of employees are dependent on a European group

		Number of employees	Proportion of employees (as %)	Number of establishments	Proportion of establishments (as %)	Examples
Europe		457 100	65.6	13 100	75.4	
of which	UK	119 800	17.2	4 400	25.3	Barclays, BP, Intercontinental, Kingfisher
	Germany	94 200	13.5	1 800	10.4	Allianz, Daimler, Kärcher, Siemens, TUI
	Netherlands	46 700	6.7	1 260	7.2	ABN Amro, Philips, Unilever
	Belgium	41 300	5.9	1 140	6.6	Belgacom, Dexia
	Switzerland	39 700	5.7	880	5.1	Nestlé, Novartis, Roche, Swiss Life
	Italy	31 600	4.5	840	4.8	Ansaldo, Generali, Saipem
	Luxembourg	24 400	3.5	1 440	8.3	Polymont, Segula
	Sweden	18 700	2.7	320	1.8	Ericsson, Securitas
North America		202 300	29.0	3 080	17.7	
of which	United States	193 800	27.8	2 850	16.4	Accenture, General Electric, Microsoft, Walt Disney
Asia		27 900	4.0	790	4.5	
of which	Japan	20 200	2.9	400	2.3	JTEKT, Ricoh
Near and Middle East		4 000	0.6	160	0.9	
Central America		3 800	0.5	170	1.0	
Oceania		1 400	0.2	30	0.2	
Africa		600	0.1	40	0.2	
South America		300	0.0	10	0.1	
Total		697 400	100.0	17 380	100.0	

Source: Insee, CLAP-LIFI 2007

③ Commerce and industry sectors most dependent on foreign groups



Source: Insee, CLAP-LIFI 2007

European and US companies invest in Paris Region

In Paris Region, 95% of inward investors are either European or from the USA. However, the great majority of foreign groups are still from European countries. Indeed, two thirds of employees are dependent on a foreign group belonging to a European group ②. The majority are from the countries bordering France: United Kingdom (17% of jobs), Germany (14%) and the Netherlands (7%). While the Netherlands remains the European country with the third largest representation in Paris Region, its relative weighting has fallen sharply since 2004. Establishments from these three countries have locations in all the counties of the Paris region and in all sectors of activity. UK groups, for example, have a strong presence in the financial sector (Barclays) as well as in petroleum products (British Petroleum). Likewise, German investors are present in car production (Daimler), insurance (Allianz) and electronic equipment manufacture (Siemens).

The countries that joined the European Union in 2004 are investing more and more in France, and especially in the Paris region. Although the number of employees dependent on these 10 countries is still quite low, Paris Region is currently a destination for investors from Croatia, Poland, Hungary, Slovenia, Slovakia and, primarily, the Czech Republic.

Despite the large proportion of European investors, the United States is still the country with the largest presence in Paris Region. The United States is responsible for 193,800 dependent employees in Paris Region. It alone represents 28% of employees dependent on a foreign group. Like their British and German counterparts, the large US groups established in Paris Region cover a very broad range of sectors, such as IT (IBM and Microsoft), transport (FedEx), hotels (Hilton, Starwood) and the pharmaceutical industry (Pfizer).

The more geographically distant the investor country is, the higher the relative attraction of Paris Region over the rest of France. For example, the Paris region is home to 40% of the employees of US companies established in France. In addition, inward investors from the BRIC countries (Brazil, Russia, India and China) are a growing presence in Paris Region. China still only accounts for 1% of employees dependent on a foreign group in Paris Region, yet in 2007 represented 4,100 employees. India, Russia and Brazil have a lower presence than China, but these three represent 1,400 employees and their share of foreign inward investment is rising.

Strong predominance of jobs in the tertiary sector

In Paris Region, more than 80% of jobs dependent on foreign groups are in the

tertiary sector, a major sector in the region. In this sector, services represent the main activity of foreign groups, with 356,000 employees, half of which are in business services.

However, in the service sector, the proportion of jobs in the Paris region dependent on foreign groups is only 16%. In commerce, it rises to 28%.

Industry is a sector also dependent on foreign groups (24%). Construction, on the other hand, is still dominated by French companies ③.

Furthermore, establishments that have set up there are mainly large-sized. More than three quarters of employees of foreign groups in the region work in establishments with more than 50 employees and only 5% in ones with less than 10 employees.

In all counties, foreign groups are mainly concentrated in establishments with 50 to 250 employees. Half of jobs in establishments with more than 500 employees dependent on a foreign group are located in Hauts-de-Seine or in Seine-et-Marne. This county is the home of Disneyland Resort Paris, the largest foreign employer in Paris Region.

Paris and Yvelines are the most unrepresentative counties. The density of the urban environment in Paris results in an overrepresentation of services there (66% of foreign investment) at the ex-

2009: pulling power boosted by research and development (R&D)

In 2009, Paris Region was the destination for 191 foreign inward investment projects. Despite the economic crisis, the Paris region confirmed its place as national leader in 2009. These inward investment projects will create or support 8,300 jobs.

The United States, Germany, United Kingdom and Japan were still the main investors. However, China doubled its investment in projects in the Paris region.

A high proportion of decision making centres

Foreign inward investment projects locating in Paris Region in 2009

Type of fonction	Foreign inward investment projects in Paris Region	Paris Region/France (projects as %)	Jobs in Paris Region	Paris Region/France (jobs as %)
Decision-making centres	85	76.5	1 901	74.2
Commerce and business services	53	35.3	1 651	34.5
Commerce and private services	31	27.6	3 875	56.7
R&D, Engineering, Design	13	25.4	583	32.9
Production / Manufacturing	6	3.2	191	1.5
Logistics	3	11.1	85	7.8
Total	191	29.9	8 286	27.7

Source: Bilan AFII-ARD 2009

The Paris region attracts functions such as decision-making centres and activities in commerce and in business and private services, which between them account for 90% of projects and jobs. Decision-making centres represented 45% of inward investment projects in 2009 in the region and three quarters of projects of this type in France as a whole. In 2009, the number of R&D centres set up rose sharply (13 against 2 in 2008), which can be explained by the introduction of the Research Tax Credit and the effectiveness of the system of competitiveness clusters. The region attracted a quarter of the projects and a third of the jobs associated with this type of function in France.

More business start-ups

The Paris region is especially attractive to first-time foreign business start-ups, as they account for more than a third of start-ups and jobs created in France as a whole. In both 2008 and 2009, start-ups «from scratch» represented 74% of projects in Paris Region. This rate is much higher than that seen in France which, on the other hand, accounts for a higher proportion of acquisitions.

Foreign inward investment projects locating in Paris Region by type of operation in 2009

Type of operations	Foreign inward investment projects in Paris Region	Paris Region/France (projects as %)	Jobs in Paris Region	Paris Region/France (jobs as %)
Start-ups	143	36.4	4 827	34.2
Expansions	39	21.4	2 554	34.5
Acquisitions	7	13.5	735	9.2
Relocation in France	1	100.0	70	100.0
Acquisition-expansion	1	8.3	100	23.7
Total	191	29.9	8 286	27.7

Source: Bilan AFII-ARD 2009

Examples of high-profile inward investment projects in 2009

- After opening a store in the 9th District of Paris in 2009, the Japanese clothing manufacturer **Uniqlo** plans to open up to 10 other stores in Paris Region
- The US **Apple** group opened its first Apple Store in the Carrousel du Louvre shopping centre in Paris.
- British group **Galileo Connect** selected Seine-et-Marne as the location for its new data centre.
- **Huawei Technologies France**, a Chinese telecoms operator, announced the creation of a basic research centre to be located at two sites, one in Issy-les-Moulineaux (Hauts-de-Seine) and the other in Cergy-Pontoise (Val-d'Oise).
- The US company **Kendle**, a world leader in clinical research, set up its French subsidiary in Ivry-sur-Seine (Val-de-Marne).
- **Skytanking**, the German specialist in the design, financing and construction of aviation fuel storage systems, built a facility in Seine-et-Marne.
- The Japanese group **Horiba** chose Essonne as the site of its new European headquarters.

4 A quarter of jobs in Hauts-de-Seine depend on foreign groups

	Controlled by a foreign group		
	Number of establishments	Number of employees	Penetration rate (as %)
Paris	5 300	158 500	13.8
Hauts-de-Seine	3 100	188 800	24.1
Seine-Saint-Denis	1 700	67 200	18.1
Val-de-Marne	1 400	49 700	15.0
Seine-et-Marne	1 500	64 000	22.6
Yvelines	1 800	73 800	20.5
Essonne	1 400	50 600	18.2
Val-d'Oise	1 200	44 800	16.8
Paris Region	17 400	697 400	18.3

Readout: In Paris, 13.8% of dependent employment is controlled by foreign groups.

Source: Insee, CLAP-LIFI 2007

presence of commerce. In Paris, this latter sector is half the size it is in Essonne (40%). In Yvelines, contrary to Paris, services are underrepresented with only 31% of staff in foreign financed businesses.

On the other hand, the employees of foreign industrial groups account for 32% of total employment in the county against only 19% for the region as a whole.

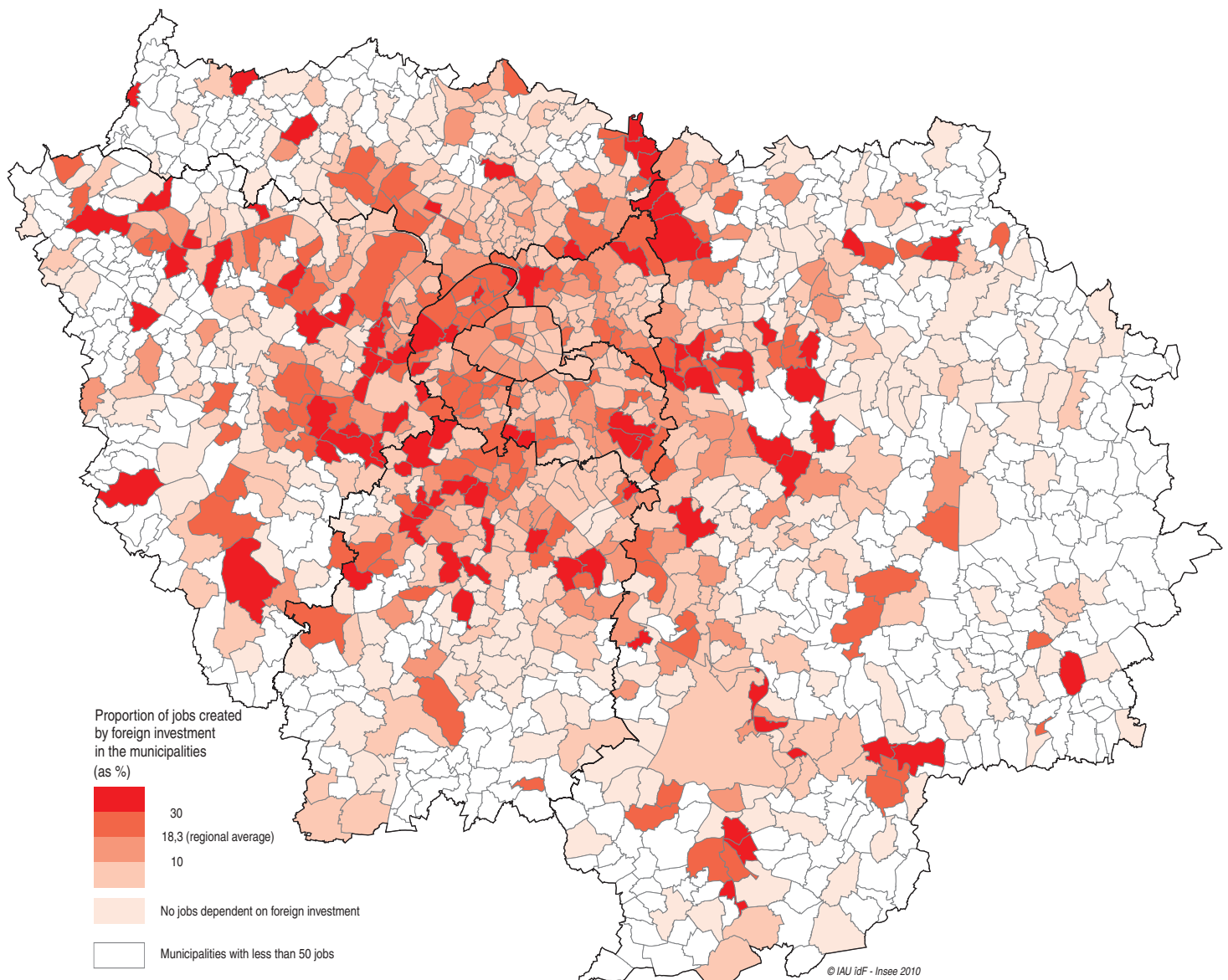
Internationalisation particularly marked in Hauts-de-Seine

Hauts-de-Seine and Paris are the counties in the Paris region that account for most employees dependent on a foreign group, with more than 150,000 employees each 4. It alone is home to half of employees in the Paris region working for a foreign group.

However, Hauts-de-Seine is still more internationalised than Paris: 24% of employees in Hauts-de-Seine work for a foreign group against 14% in the capital.

The proportion of employment attributable to foreign groups is particularly high in the district of La Défense and in general in all of the municipalities in Hauts-de-Seine 5. Nonetheless, a number of

5 Foreign groups at the heart of the region



Source: Insee, CLAP-LIFI 2007

other centres are attracting foreign groups. These include the municipalities around Roissy and Orly airports, the inter-council partnership of Saint-Quentin-en-Yvelines and even the towns situated in the corridor between Paris and Marne-la-Vallée

Hauts-de-Seine concentrates the principal nationalities of foreign investors within its territory. In particular, it is the location of nearly a third of the employees of the British, Dutch and US groups that have invested in Paris Region. Paris, for its part, has more than half of

the 4,100 employees working for Chinese financed groups.

The counties also figure prominently in terms of the origin of the investors they attract. While Seine-et-Marne and Hauts-de-Seine have attracted more than 45% of foreign groups based outside the European Union, this proportion is less than a third in Seine-Saint-Denis and Val-de-Marne.

In each of the eight counties in Paris Region, the United States, United Kingdom and Germany account for a significant

proportion of employees working for foreign groups. Val-de-Marne stands out from the other counties by having the largest proportion of investors from the Netherlands (14% of staff employed by foreign groups against 7% in Paris Region) and from Belgium (11% against 6%). In Seine-Saint-Denis, employees working for Italian groups are most represented, with 11% of the total number of jobs associated with foreign investors.


For more information

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