

NOTE RAPIDE

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620,000 JOBS IN THE PARIS REGION DEPEND ON FOREIGN FIRMS

15,100

FOREIGN ESTABLISHMENTS OPERATING IN THE PARIS REGION IN 2013.

1 employee out of 6

WORKS FOR A FOREIGN BUSINESS GROUP IN THE PARIS REGION.

Sources: INSEE, Esane, Clap and Lifi 2013.

WITH ONE SALARIED JOB OUT OF SIX IN THE MARKET SECTOR, THE PARIS REGION IS THE TOP FRENCH LOCATION FOR FOREIGN BUSINESS GROUPS. MOST OF THESE ARE CONCENTRATED IN THE HAUTS-DE-SEINE “DÉPARTEMENT” (INNER SUBURBS OF PARIS) AND IN THE CITY OF PARIS ITSELF. THE MAIN FOREIGN COMPANIES IN THE REGION ARE AMERICAN, GERMAN AND BRITISH, NOTABLY IN THE RETAIL WHOLESALE TRADE, INFORMATION AND COMMUNICATION SECTORS.

The presence of foreign firms is one of the determining factors of a region's economic attractiveness, even though it may also sometimes result in a certain degree of fragility. Economic attractiveness depends on numerous factors, such as the dynamism of the productive system, geographical location and proximity to markets, the quality of infrastructures and the qualifications of the labor force. The presence of foreign businesses in a region's economy can be measured by the number of salaried employees working in establishments that belong to foreign groups. In 2013, in the Paris Region's market sector (*i.e.* excluding agriculture and temporary work), 15,100 establishments employed 617,200 employees, *i.e.* one in six salaried employees in the Paris Region.

THE PARIS REGION: A PREFERRED DESTINATION FOR FOREIGN INVESTORS IN FRANCE

The Paris Region is the top French region in terms of the number of salaried jobs that depend on foreign business groups, well ahead of the Auvergne-Rhône-Alpes and Grand-Est regions (see table on next page). The Paris Region accounts for a third of the jobs in mainland France controlled from abroad, whereas it accounts for a quarter of the total number of salaried market sector jobs in France (27%).

By contrast, the Paris Region is ranked second in terms of the penetration rate of foreign businesses (see Definitions on p. 4) with 16.7% of salaried jobs dependent on foreign business groups, just behind the Grand-Est region (18.7%), which borders Germany, Belgium and Luxembourg. However, in the Paris Region, this penetration rate has increased a little faster than the national average (+0.5 point between 2010 and 2013, compared with +0.3 point). Foreign business groups located in the Paris Region are much more often “mono-regional” groups than those located in other parts of France: six out of 10 of them are present in the Paris Region, whereas in the other regions of France this proportion averages only 1 in 4.

Cover photo:

The headquarters of Generali France, a leading global insurance company, in Seine-Saint-Denis "département". This company employs 10% of the number of jobs controlled by foreign business groups in this "département".

IN 2016, THERE WERE 359 FOREIGN INVESTMENT PROJECTS IN THE PARIS REGION

The Paris Region Entreprises agency counts every year the number of new foreign investments*. According to this survey, the Paris Region attracted 359 foreign investment projects in 2016. Over the next three years, these new investments should generate 6,635 new jobs in the region and preserve 819 existing jobs. In most cases, the projects are genuine start-ups (250 out of 359 projects). Moreover, the investments announced in 2016 mainly concerned the location of headquarters, which outnumbered R&D centers.

In 2016, the European Union and the United States accounted respectively for 48% and 21% of investment projects in the Paris Region, and 40% and 42% of potential job creations. The decision in June 2016 by the United Kingdom to exit the European Union does not seem to have adversely affected British investments in the second half of 2016: in spite of the fall in sterling's exchange rate, the number of British projects remained quite stable between 2015 and 2016. Investments by the BRICS countries (Brazil, Russia, India, China and South Africa) remain modest: 29 projects and 469 job creations in 2016. China represents a large share of this. Similarly, investments by Persian Gulf countries (Saudi Arabia, United Arab Emirates, Kuwait, Qatar, etc.) remained at a limited level in 2016 (four projects and 25 job creations).

* An investment project is considered to be "foreign" if it belongs to a company in which over 50% of the capital is held by foreigners. The nationality of a project is that of its parent company.

The Paris Region also features a broader range of nationalities than elsewhere in France with 90 nationalities represented compared to 80 in all the remaining regions of France. Nationalities from the most distant continents are better represented in the Paris Region than in the other regions: thus, 42% of French jobs dependent on US business groups are concentrated in the Paris Region, while 36% of French jobs dependent on Asian business groups are also concentrated in the Paris Region. In spite of this great diversity, 10 nationalities alone account for 87% of jobs dependent on foreign business groups.

THE MAIN INVESTING COUNTRIES: THE UNITED STATES, GERMANY AND THE UNITED KINGDOM

The United States are by far the number one foreign employer in the Paris Region with 165,600 salaried employees, i.e. 27% of the total number of employees of foreign business groups in the Paris Region (see charts on p.3). American business groups thus account for as many employees in the Paris Region as the next two largest employing countries combined, i.e. Germany and the United Kingdom (some 80,000 jobs each). Thus, these three countries account for over half of employees dependent on foreign business groups in the Paris Region. This share is greater than that recorded at national level because of a greater American and British presence at the Paris Regional level.

In the other regions of France, the weight of German business groups is equivalent to that of American business groups (19% for each of the two countries). Between 2010 and 2013, the weight of other countries such as Luxembourg, Belgium, Canada and Japan is slightly increasing.

In spite of the strong presence of American business groups, most salaried employees in the Paris Region who are dependent on foreign investors are employed by businesses from the European Union (EU28): 58% in Paris Region compared with 64% in other regions. However, in view of the forthcoming Brexit, the European Union's share should mechanically diminish. In 2013, the three European countries best represented in the Paris Region after Germany and the United Kingdom were the Netherlands, Belgium and Italy. These five countries accounted for three quarters of Paris Region salaried jobs dependent on EU28 business groups.

Even though their weight doubled between 2010 and 2013, the jobs controlled mostly by the BRICS countries (Brazil, Russia, India, China and South Africa) remain limited in the Paris Region: 10,400 jobs in 2013, i.e. only 1.7% of salaried jobs dependent on foreign business groups. Among the five countries, China is the largest contributor (4,800 salaried jobs), ahead of South Africa (2,500). South Africa recorded the largest increase between 2010 and 2013 due to the acquisition of the Conforama company in 2011 by the South African Steinhoff International holding company specialized in furniture retailing. Thus, the nationalities of the business groups involved can fluctuate because of takeovers.

MAJOR FOREIGN PRESENCE IN RETAIL/WHOLESALE TRADING AND HIGH VALUE-ADDED SECTORS

The presence of foreign business groups in the Paris Region varies according to economic sectors. Their presence is particularly strong in retail/wholesale trading: one third of salaried jobs dependent on foreign business groups are attributable to this sector, whereas it accounts for only 19% of the Paris Region's jobs.

The Paris Region is the top region in France in terms of the number of salaried jobs that are dependent on foreign business groups

	Establishment owned by a foreign group	Percentage of establishments owned by a foreign group	Salaried jobs dependent on a foreign group (headcount)	Penetration rate (%)
Paris Region	15,100	5.5	617,200	16.7
Auvergne-Rhône-Alpes	6,300	3.7	223,000	12.9
Grand-Est	5,200	5.3	202,300	18.7
Hauts-de-France	4,700	5.2	173,400	15.8
Provence-Alpes-Côte-d'Azur	4,100	3.4	94,900	9.8
Nouvelle-Aquitaine	3,400	2.9	90,700	8.4
Occitanie	3,400	2.9	85,300	8.5
Normandie	2,100	3.5	80,200	12.4
Pays-de-la-Loire	2,300	3.3	78,800	9.8
Centre-Val-de-Loire	1,800	3.8	68,100	13.5
Bourgogne-Franche-Comté	1,900	3.5	64,100	12.1
Bretagne	1,600	2.6	42,700	6.9
Corse	50	0.5	600	1.0
Mainland France	52,000	4.0	1,821,300	13.2

Scope: employer establishments in market sectors, excluding agriculture and temporary work. Sources: INSEE, Esane, Clap and Lifi 2013.

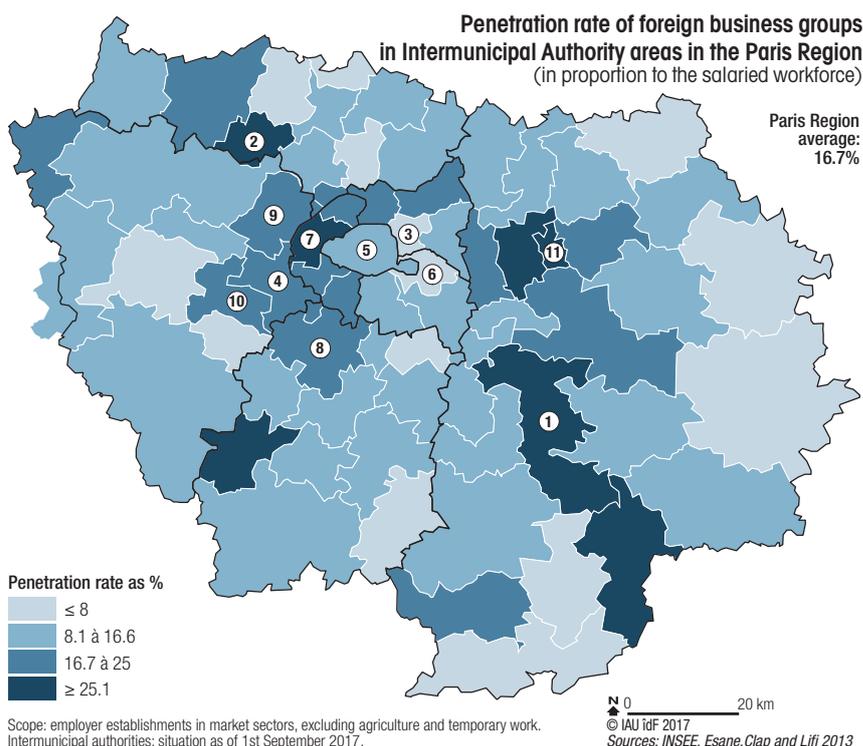
Foreign business groups are particularly heavily invested in **wholesale trading**, which accounts for 21% of the foreign presence with 132,000 salaried jobs. In fact, nearly half of Paris Region employees work for foreign business groups, *i.e.* 2.3 times more than in the other regions. American business groups are the number one foreign employer with, for example, the location in Hauts-de-Seine “département” of a very large establishment belonging to the Merck & Co. group specialized in wholesale trading of pharmaceuticals. Between 2010 and 2013, the presence of foreign business groups continued to grow in trading (+2.6 points), notably in wholesale trading. Conversely, foreign investments in the financial, real estate and business services sectors recorded signs of relative disengagement, probably due to the 2008-2009 recession.

Industry is the second most favored sector in the Paris Region for foreign business groups, with almost 82,000 salaried jobs. The foreign penetration rate stands at 18%, *i.e.* a higher proportion than that of all sectors in the Paris Region, but lower than for industry in the other regions (22%). Foreign business groups are notably present in the manufacturing of electrical, electronic and IT machines with, for example, the American General Electric group, which has a large establishment in Yvelines “département”, *i.e.* the European headquarters of GE Healthcare specialized in medical imaging.

Scientific and technical activities (including consulting and corporate headquarters), which are particularly well represented in the Paris Region, are ranked third, with 75,000 controlled jobs. In this sector, the penetration rate (although very close to the Paris Region’s average) is twice as high as in the other regions.

Information and communication activities (notably IT), which are also a major feature of the Paris Region, account for 71,000 jobs dependent on foreign business groups, *i.e.* 20% of salaried employment in the Paris Region in this sector (compared with 11% in the other regions). The computer and software consultancy businesses are represented by four of the largest establishments that are dependent on foreign business groups, including the American company IBM located in Hauts-de-Seine “département”.

American firms that operate in the Paris Region are present in all types of business, whereas the German and British groups are more specialized. German groups account for 41% of jobs in the Paris Region that depend on foreign businesses in the automotive sales and repairs sector (including, among others, the Porsche and Daimler groups) and for 27% in the transport and storage sector (TUI, Deutsche Bahn, Deutsche Post). The United Kingdom is particularly present in finance and insurance (which account for 29% of Paris Region jobs in this sector that are dependent on foreign business groups), notably with HSBC, Aviva and Barclays, as well as in accommodation and catering (which account for 27%, including a large proportion due to the presence of employees of the Compass catering group).



LARGER ESTABLISHMENTS

The average headcount of establishments in the Paris Region that depend on foreign business groups is larger than the average headcount of all establishments in the Paris Region (41 employees compared with 13). It also exceeds the average headcount of establishments in the other regions of France that are controlled by foreign business groups (33 employees).

Three quarters of Paris Region employees who are dependent on foreign business groups work in establishments that employ 50 or more workers. This represents 58% of the total number of salaried employees in the Paris Region.

OVER HALF OF TOTAL FOREIGN INVESTMENTS ARE CONCENTRATED IN HAUTS-DE-SEINE “DÉPARTEMENT” AND PARIS

The locations of foreign groups are concentrated in the heart of the Paris agglomeration. Over half (52%) of the workers of these groups present in the Paris region are in Hauts-de-Seine “département” (186,000) and Paris (137,300). The penetration rate is particularly high in Hauts-de-Seine (23%) because of the strong presence of large foreign groups in the Paris Ouest La Défense international business district.

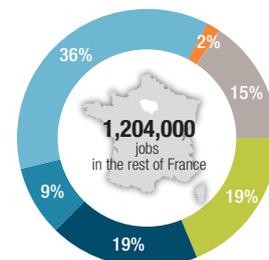
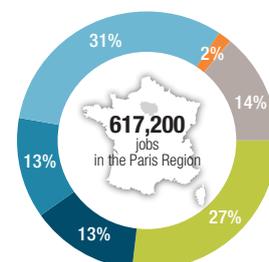
In Paris, this rate is in line with the national average (13%) and close to that of the other “départements” in the inner suburbs (12% in Val-de-Marne and 15% in Seine-Saint-Denis). Nevertheless, along with Hauts-de-Seine, Paris remains one of the “département” with the most diversified range of nationalities in the working population.

In Seine-Saint-Denis “département” the Italian insurance company, Generali, is a major presence among foreign groups. In the outer suburbs, Seine-et-Marne

Intermunicipal Authorities mentioned in the article

- 1 Brie des Rivières et Châteaux
- 2 Cergy-Pontoise
- 3 Est Ensemble
- 4 Versailles Grand Parc
- 5 Paris
- 6 Paris Est Marne & Bois
- 7 Paris Ouest La Défense
- 8 Paris-Saclay
- 9 Saint-Germain Boucles de Seine
- 10 Saint-Quentin-en-Yvelines
- 11 Val d'Europe Agglomération

Origins of the salaried jobs in the Paris Region that are dependent on foreign business groups



- United States
- Other EU28 countries
- Germany
- United Kingdom
- BRICS
- Others

“département” stands out with one job out of five dependent on foreign groups. This great dependence is mainly due to the presence of Disneyland Paris, which represents a quarter of salaried workers in this “département” whose jobs depend on foreign groups. Owing to the presence of this American group, the penetration rate of foreign companies in the “other service activities” sector (which includes theme parks) is very high in the Paris region: 18% compared to 3% in the other regions. In the Yvelines and Val-d’Oise “départements”, this penetration rate is close to the regional rate, as the presence of foreign companies is slightly lower in Essonne “département”, which is also in the outer suburbs.

VERY STRONG LOCAL PRESENCE OF FOREIGN COMPANIES

At a finer level of geographical analysis, three quarters of employees of foreign groups are concentrated in eleven out of the sixty-five intermunicipal local authorities that exist in the Paris region (see map on p.3). The presence of foreign groups is greater to the west and north of Paris and around Marne-la-Vallée new town, both in terms of headcount and proportionally (see map p.3). To a lesser extent, it is also the case to the east in Yvelines “département” (Versailles Grand Parc, Saint-Quentin-en-Yvelines, Saint-Germain Boucles de Seine) and to the north in Essonne “département” (Paris-Saclay). The penetration rate of foreign businesses is particularly high in some of these intermunicipal local authorities because of their attractiveness and relatively dense employment rate boosted by the strong and diversified presence of foreign businesses. This is the case in Paris Ouest La Défense and its surrounding areas and, to a lesser degree, in Cergy-Pontoise new town. In the Val d’Europe agglomeration where Disneyland Paris is located, the salaried employees of the Walt Disney company account for 60% of local salaried jobs in an area where the production base is moderately dense. In this part of the Paris region, the penetration rate of foreign businesses is 73%. This penetration rate is also high in some more rural intermunicipal authorities to the south of the Paris region. This is due to low job density and the presence of a few large foreign businesses such as, for example, the US group SAS Institute located in the Brie des Rivières et Châteaux intermunicipal authority.

The areas where the penetration rates of foreign businesses are the lowest are mainly in the outer suburbs of Paris. However, these rates are also low in certain areas close to Paris such as Est-Ensemble and Paris Est Marne & Bois, which seem relatively less attractive to foreign business groups. ■

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SOURCES, SCOPE, DEFINITIONS

Sources: the results of this study come from three sources:

- the Esane database, which produces structural corporate statistics on market sectors except for the agricultural sector, based on administrative data and surveys of a sample of businesses;
- the CLAP database (local data on the productive system), dated 31st December 2013, counts and locates business establishments and salaried jobs (excluding temporary workers) as well as corporate headquarters. The Lifi file is a data base on financial links. Lifi identifies which group controls a company and to locate the company defined as the group parent company.

Scope: the study covers business establishments that employ salaried staff whose jobs depend on a foreign group which has majority control of shareholder voting rights (see below). The scope

of the companies covers all market sectors excluding agriculture and temporary work.

Definitions:

- a group of companies is a set of companies interlinked by share ownership and controlled by the same decision-making center, known as the parent company. No other company has majority control over a parent company. The criterion used to define the boundaries of a group is the holding of an absolute majority of voting rights;
- a group is said to be “foreign” if its parent company is in a foreign country;
- an establishment is a production unit that is geographically separate but legally owned by a company;
- the foreign company penetration rate in each area is the ratio of salaried jobs in the area’s establishments that depend on foreign groups to the total number of salaried jobs in the area concerned.

1. A “département” is a French administrative unit close to a “county”.

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