Among the many factors that lead companies to invest in foreign countries are the quality of infrastructure, access to local markets and enhanced competitiveness. In 2004, the Paris Ile-de-France region was home to 11,200 foreign-owned establishments employing 542,000 people. Foreign-owned establishments accounted for 3.4% of all companies located in the Paris Ile-de-France region and their share of the region’s employment stood at 14.1%. In the rest of France, the penetration rate of foreign-owned establishments is lower: they account for 2.5% of all companies and 11.9% of jobs.

**Paris Ile-de-France: France’s leading host region for foreign company locations**

The Paris Ile-de-France region is France’s leading inward investment location. It is home to a quarter of foreign-owned establishments and 30% of employees of foreign companies in France, whereas it accounts for only 22% of domestically-owned establishments and 26% of jobs in domestically-owned companies in France, ahead of, for example, greater Lyon (11% of establishments and jobs in France) and the Nord – Pas-de-Calais region (6%).

Foreign companies prefer to locate in the regions of north-eastern France. Their presence is particularly dense in the Paris basin, frontier zones and areas with a longstanding manufacturing tradition. In the provinces of Alsace, Lorraine and Picardy, foreign companies’ share of manufacturing employment stands at

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**Note:** in Paris Ile-de-France, foreign companies’ share of employment stands at 14.1%; 10.4% of jobs in Paris Ile-de-France are at foreign companies in the services sector.

*Source: Insee, Register of companies and establishments - Survey on intercompany financial links*
Three quarters of foreign company jobs are in the services sector

In the Paris Ile-de-France region, the productive system is predominantly service-orientated: three quarters of all jobs are in the services sector. At foreign-owned companies, the proportion is the same. One third of jobs at foreign-owned companies are service jobs. Such a density of service sector jobs is specific to the Paris Ile-de-France region, but also, albeit to a lesser extent, to the Provence-Alpes-Côte d’Azur (PACA) and Languedoc-Roussillon regions. By contrast, in the rest of France, foreign companies have a greater share of manufacturing jobs.

The highest employment penetration rates of foreign companies in the Paris Ile-de-France region are to be found in the wholesale trade (27%), financial services (19%) and operational services (18%). Conversely, in the transport and real estate/property sectors, foreign companies’ share of jobs is smaller.

The last quarter of foreign company jobs in the Paris Ile-de-France region is concentrat-
ed in manufacturing, i.e. mainly in intermediate, consumer and capital goods. The manufacturing sector with the largest rate of jobs at foreign-owned companies (47%) is the pharmaceuticals-perfumery-cleaning products sector (e.g. Lilly France). Foreign companies also have large (30 to 42%) shares of jobs in industries such as chemicals-rubber-plastics (3M France), mechanical products (Filtrauto) and minerals (Sogerem). In these highly internationalised sectors, technology and access to raw materials are key factors of success.

**Foreign corporate investors prefer medium-sized enterprises**

Foreign-owned companies located in the Paris Ile-de-France region are larger than those located in the rest of France (48.2 and 42.3 employees respectively). The main reason for this difference is the large number of corporate head offices located in Paris Ile-de-France, which are large establishments. Foreign companies generally do not invest much in small enterprises, preferring medium-sized enterprises. In Paris Ile-de-France, among companies with between 200 and 500 employees, one job out of four is at a foreign-owned company. Among enterprises with less than 10 employees, only 3% of jobs are at foreign-owned companies. In the rest of France, foreign companies prefer to invest in large industrial plants, which tend to be larger establishments.

### Alcis Semiconductor: an outstanding investment project in the Paris Ile-de-France region*

In 2003, the Paris Ile-de-France region was the recipient of 119 investment projects, expected to generate nearly 4,000 new jobs, at a time when economic conditions were difficult in Europe (according to AFII – ARD economic surveys). In spite of a fall in US investments in 2003, the United States remained by a wide margin the largest investor in the Paris Ile-de-France region, ahead of Germany (13.5% of investment projects), the United Kingdom (11%) and Japan (6.7%).

One of the most significant projects that materialised in 2003 with the support of the Paris Region Economic Development Agency (ARD) was the establishment of an R&D centre by the ALTIS Semiconductor company on the site of its production plant in Corbeil-Essonnes near Paris. This centre is likely to be dedicated in future to the design and development of new generations of components. This 170 million euro investment over three years will generate 150 new jobs directly and 350 new jobs indirectly. The decision to locate this facility in the Paris Ile-de-France region, which was in stiff competition with other locations across the world, was due to the successful blending of several factors: the high quality of public sector research centres already located in the region (such as the Institut d’Electronique Fondamentale), the qualified workforce available, and the support of the public authorities (central and local government authorities including the region) for this structural project.

This investment project also had a very positive economic knock-on effect on its local environment. It strengthened the multi-company high-tech campus in Corbeil-Le Coudray-Montceaux, known as “Essonne Nanopole”, where 3,100 people now work. This hub is home to the ALTIS company and several of its leading industrial partners, such as Toppan Photomasks or Air Liquide. Testifying to this project’s economic and strategic value to the Paris Ile-de-France region, the Paris Chamber of Commerce and Industry (CCIP) awarded ALTIS the International Investor Special Prize for Research in 2003.

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**Note:** The USA own 2,170 establishments totalling 140,700 employees, 23% of whom work in consulting/advisory services and 19% in wholesaling.

Source: Insee, Register of companies and establishments - Survey on intercompany financial links

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### Main countries of origin of companies that own business establishments in the Paris Ile-de-France region (2004 data)

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of employees</th>
<th>Number of establishments owned</th>
<th>Main sectors in which the Paris region's employees work (share by sector of jobs at companies owned by the country)</th>
<th>Examples of companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNITED STATES</td>
<td>140,700</td>
<td>2,170</td>
<td>Consulting/advisory services (23%) Wholesale trade (19%)</td>
<td>Accenture Microsoft France</td>
</tr>
<tr>
<td>UNITED KINGDOM</td>
<td>79,100</td>
<td>2,470</td>
<td>Consulting/advisory services (16%) Financial services (13%)</td>
<td>Computacenter France Aviva Vie</td>
</tr>
<tr>
<td>GERMANY</td>
<td>75,200</td>
<td>1,390</td>
<td>Wholesale trade (22%) Financial services (13%)</td>
<td>Siemens SAS Assurances Générales de France</td>
</tr>
<tr>
<td>NETHERLANDS</td>
<td>72,900</td>
<td>1,410</td>
<td>Wholesale trade (16%) Consulting/advisory services (15%)</td>
<td>Philips France Oracle France</td>
</tr>
<tr>
<td>SWITZERLAND</td>
<td>37,200</td>
<td>740</td>
<td>Operational services (27%) Financial services (12%)</td>
<td>Adecco Travail Temporaire Société suisse assurances Gles vie humaine</td>
</tr>
<tr>
<td>BELGIUM</td>
<td>27,000</td>
<td>590</td>
<td>Retail trade and repairs (22%) Financial services (18%)</td>
<td>Cora Dexia Crédit Local</td>
</tr>
<tr>
<td>ITALY</td>
<td>25,700</td>
<td>390</td>
<td>Financial services (32%) Mechanical equipment (7.5%)</td>
<td>GPA VIE Filtrauto</td>
</tr>
<tr>
<td>LUXEMBOURG</td>
<td>25,000</td>
<td>1,060</td>
<td>Operational services (23%) Consulting/advisory services (18%)</td>
<td>Techniques d'environnement et propriété Polymont</td>
</tr>
<tr>
<td>JAPAN</td>
<td>12,800</td>
<td>170</td>
<td>Wholesale trade (54%) Operational services (6%)</td>
<td>Sony France SA Laboratoires Fujifilms</td>
</tr>
<tr>
<td>SWEDEN</td>
<td>12,300</td>
<td>160</td>
<td>Wholesale trade (27%) Operational services (15%)</td>
<td>Atlas Copco Compresseurs Securtias France SARL</td>
</tr>
<tr>
<td>DENMARK</td>
<td>10,100</td>
<td>80</td>
<td>Operational services (56%) Wholesale trade (15%)</td>
<td>Euroguard Lundbeck Sas</td>
</tr>
</tbody>
</table>

Note: The USA own 2,170 establishments totalling 140,700 employees, 23% of whom work in consulting/advisory services and 19% in wholesaling.

Source: Insee, Register of companies and establishments - Survey on intercompany financial links

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In 2004, the top foreign corporate investors in the Paris Ile-de-France region originated in Europe: EU companies accounted for 62% of jobs at foreign companies, and Swiss companies 7%. The European countries with the largest corporate presence in Paris Ile-de-France are France’s neighbours and major economic partners, such as the United Kingdom (15% of jobs), Germany (14%) and the Netherlands (13%). The 10 new EU member states are not present in the Paris Ile-de-France region.
US companies account for a quarter of jobs at foreign companies, while Japanese and Canadian companies account for 2% of such jobs. To mitigate the effects of geographical remoteness, foreign companies prefer to locate in Paris Ile-de-France rather than other regions.

Foreign corporate investors locate in sectors in which their countries of origin or host countries have strong positions. Thus, US companies are very well established in the electrical and electronic equipment industries (e.g. General Electric Medical Systems). In this sector, half of all employees of foreign-owned companies work for US-owned establishments. In financial services (e.g. Aviva, Assurances Générales de France), jobs tend to be at companies from the United Kingdom (21% of foreign company jobs in this sector), Germany (21%), Italy (17%) and Switzerland (9%). The Paris stock market has also acted as a magnet for foreign company locations and the European Union has helped to establish new economic ties or to strengthen existing ones in banking and insurance.

Each country has positioned itself in a small number of activities. Switzerland has invested mainly in operational services (e.g. Adecco Temporary Employment) and financial services (e.g. Swiss Life Insurance). Many other countries, such as Japan, Germany and the USA, have preferred to focus on the wholesale trade. Luxembourg companies have favoured services too: 22% of their employees in the Paris Ile-de-France region work in operational services and 18% in consulting/advvisory services.

In terms of employment, Paris, which hosts the largest number of foreign-owned establishments, accounts for fewer foreign company jobs (11%) than the other counties in the Paris Ile-de-France region. The capital city is home mainly to service companies, whose establishments are smaller. It also hosts a large number of corporate head offices, which means that many foreign companies continue to locate their staff in strategic job functions in the capital.