Ile-de-France among the European regions

A young population with low participation in the labour market

The Ile-de-France economy belongs to one of Europe’s largest, most wealth-producing regions as measured by gross domestic product (GDP). Services, research and development, and tourism are the region’s major assets. Ile-de-France, however, is distinguished by a labour force that is both low- and high-skilled. In addition, Ile-de-France residents are more likely to participate in the labour market than their counterparts in North Rhineland (Germany) or North-Western Italy. Furthermore, the region’s senior population has one of the highest labour force participation rates, comparable to figures in Greater London and Randstad (Western Netherlands). Nevertheless, in Ile-de-France, workers are more likely to be unemployed than in other regions, with the exception of North Rhineland. Labour market integration is particularly difficult for young residents of Ile-de-France.

In 2004, 11.3 million residents lived in Ile-de-France, representing 18% of the French population. Accounting for some 30% of France’s gross domestic product (GDP), the region boasts an economy of European scope. Five other European regions have a comparable GDP: Eastern Spain, Greater London, North-Western Italy, Randstad (Western Netherlands) and North Rhineland. These six regions alone produce 20% of Europe’s wealth. Ile-de-France is one of the regions with the highest rates of wealth production, equivalent to 37,500 PPS (purchasing power standard) per capita in 2004. (➔■ Methodology).

Wealthy region focused on services, tourism and R&D

Producing this wealth requires less job creation than in other regions: Ile-de-France has the highest GDP per job, making it the most competitive

Ile-de-France: strengths and weaknesses

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Key: Strengths Weaknesses Neither strength nor weakness

The strengths and weaknesses were assessed by comparing the results from the six regions for the period from 1999-2005 based on the following indicators:

- Demography: total rate of population growth;
- Labour force participation: participation rate of working-age population (15 and over);
- Youth participation: participation rate of youth population (under 25);
- Unemployment: unemployment rate;
- Youth unemployment: unemployment rate of under-25 population;
- Economic growth: GDP growth;
- Tourism: capacity in hotel beds, number of arrivals & number of overnight stays.

Source: Eurostat
Methodology

This study relied on data from Eurostat’s harmonised, regional, statistical database. In addition to its mission of gathering data from the various national statistical offices, this European statistical body is responsible for harmonising results, ensuring quality control and developing methodology.

Eurostat developed the Nomenclature of Territorial Units for Statistics (NUTS in French), which classifies the European Union’s member states and breaks them down into administrative divisions for statistical purposes, giving priority, if possible, to each country’s own system. The current NUTS divides EU member states into three levels: NUTS 1 (89 regions); NUTS 2 (254 regions); and NUTS 3 (1,214 regions). Ile-de-France is classified as both a NUTS 1 and NUTS 2 region.

The six regions in this study were selected on the basis of their 2003 GDP. After the 15 largest European regions were ranked according to GDP, one region per country was selected: North Rhineland-Westphalia (Germany); Ile-de-France; North-Western Italy; Greater London; Western Netherlands (Randstad); and Eastern Spain. These regions were chosen because they produce one-fifth of the EU’s (25 countries) wealth.

Purchasing power standard (PPS): EU unit of purchasing power parity that enables a comparison of the actual volume of goods and services produced in the different countries. The key figures are expressed in a fictive common currency (purchasing power standard), which eliminates the price level differences among countries, allowing significant GDP comparisons among countries in terms of volume.

Employment rate: proportion of employed individuals among the working-age population (15 to 64 years). The employment rate reflects the economy’s ability to use its labour resources.

Labour force participation rate: the labour force (employed and unemployed individuals) expressed as a percentage of the total corresponding population.

Unemployment rate: unemployed individuals as a percentage of the labour force.

among the six regions. Moreover, the Ile-de-France economy is dynamic, although less so than the economies of comparable regions: from 2000 to 2004, the regional GDP grew an average of 1.7% annually compared to 4.5% in Eastern Spain.

The Ile-de-France economy is concentrated in the service sector, given that eight out of ten workers are employed in that sector. In that respect, the French region does not differ from other European regions.

Many innovation-oriented companies are located in Ile-de-France. In 2003, 3.2% of the wealth produced in this region was earmarked for research and development.

In Ile-de-France, 173,200 people work in research and development, making it the leader among the other European regions. Furthermore, the number of patents filed with the European Patent Office is particularly high: 296 patents per one million inhabitants compared to an average of 153 in the other regions.

The Greater London area is comparable to Ile-de-France in terms of both wealth creation and demographics. These two regions both contain capital cities and concentrate a major portion of their country’s economic activity.

Ile-de-France paradox: low- and high-skilled workers

The 5.5 million Ile-de-France workers include a large number of both low and high-skilled individuals. One-third of people aged 25-64 are well-educated, i.e., they have studied in an institution of higher learning. The working population is also highly educated in the Greater London and Randstad areas. The large network of universities and professional schools explains this distinctive feature of Ile-de-France and its regional competitors. These schools attract a large number of both French and foreign students, contributing to the vitality of the region’s institutions of higher learning.

At the same time, a third of the region’s working population is low-skilled, with only a secondary school education or less. The Paris area’s situation resembles...
that of certain regions in southern Europe, like North-Western Italy and Eastern Spain.

The coexistence of low- and high-skilled workers in the same region can be explained by the “capital effect.” The Ile-de-France region attracts many companies that hire highly skilled people. But it also has many jobs that do not require a high level of education, particularly in personal and business services. There are fewer low-skilled workers in Greater London, another “capital” area. The very high cost of living in the London metropolitan area may explain this phenomenon.

**Level of business activity sustained by migratory flows**

Every year, many people move to the Paris area, most of them young: 61% of newcomers are less than 30 years old. These new residents mainly join the regional working population. The number of young people in the labour market is therefore increasing. Moreover, these newcomers tend to be well-educated, which raises the average educational level of the working population.

Many individuals, however, leave the Paris area when they retire. Retirees often move to other parts of France. As a result, most seniors who remain in the Paris area continue to work, contributing to the region’s high employment rate of people aged 55 to 64.

Ile-de-France is not the only region to attract new residents; migration occurs throughout the European regions, with Eastern Spain drawing the largest numbers. Migration accounts almost exclusively for the upswing in this region’s population.

**High unemployment rate**

In the Paris area, 60.3% of the working-age population is employed. This high employment rate, however, is lower than those in Randstad and Greater London (65.7% and 63%, respectively). On the other hand, just over half the working-age population in North Rhineland and North-Western Italy is employed.

Among Ile-de-France workers, approximately one out of ten was unemployed in 2005. Ile-de-France and North Rhine-

land have the highest unemployment rates, while North-Western Italy and Randstad have almost full employment, with unemployment rates under 5%. In theory, workers’ educational level helps protect them from unemployment: the higher the educational level, the lower the risk of unemployment. But whatever the skill level, Ile-de-France residents are more likely to be unemployed than residents of the other five European regions.

Among unemployed workers in Ile-de-France, women are more likely to be affected than men. One woman out of ten was unemployed in 2005 compared to one out twelve men. This situation is not limited to Ile-de-France. Throughout the European Union, unemployment strikes more women than men. The same situation prevails in the Eastern Spain, North-Western Italy and Randstad regions. In the other European regions, men are more likely to be unemployed.

Unemployment increased by 0.8% from 2000 to 2005 in Ile-de-France. The number of unemployed workers in North Rhineland and Randstad also grew, although it declined in the other regions.

In 2004, 45% of Ile-de-France residents seeking employment had been looking for more than a year. Ile-de-France and North Rhineland had the highest rates of long-term unemployed among the six regions.
Ile-de-France and major European regions

**Greater London**
Central London, outer London
Population in thousands (2003): 7,400
GDP per capita (2004): 40,500 PPS
Labour force in thousands (2005): 3,700
Unemployment rate (2005): 6.9%

**Western Netherlands-Randstad**
Northern Netherlands, Southern Netherlands, Utrecht, Zeeland
Population in thousands (2003): 7,800
GDP per capita (2004): 30,800 PPS
Labour force in thousands (2005): 4,000
Unemployment rate (2005): 4.7%

**North Rhineland**
Arnesberg, Cologne, Detmold, Dusseldorf, Munster
Population in thousands (2003): 18,000
GDP per capita (2004): 24,700 PPS
Labour force in thousands (2005): 8,500
Unemployment rate (2005): 10.5%

**Eastern Spain**
Catalonia, Valencian Community, Balearic Islands
Population in thousands (2003): 11,800
GDP per capita (2004): 23,700 PPS
Labour force in thousands (2005): 6,300
Unemployment rate (2005): 7.6%

**Ile-de-France**
Population in thousands (2003): 11,300
GDP per capita (2004): 37,500 PPS
Labour force in thousands (2005): 5,500
Unemployment rate (2005): 9.5%

**North-Western Italy**
Liguria, Lombardy, Piedmont, Aosta Valley
Population in thousands (2003): 15,100
GDP per capita (2004): 28,400 PPS
Labour force in thousands (2005): 7,000
Unemployment rate (2005): 4.4%

Source: Eurostat
Low youth participation in labour market

With one-third of its residents under the age of 25, Ile-de-France has the youngest population of the six European regions. However, only one-third of young people aged 15-24 participate in the region’s labour market. This is the lowest proportion of any region; in the other regions, more than 50% of young people are in the labour force. Young people in Ile-de-France are more likely to be students. Many of them do not have to work to pay for their educations because French universities are tuition-free. On the other hand, apprenticeship and work-study programmes tend to be less common in the Paris area than in the German regions in particular.

In the Randstad region, where 70% of young people are in the labour force, 65% of them are employed. Greater London also has a high labour force participation rate among the youth population, namely 54%. Furthermore, two out of five young adults hold a job in this region.

Among Ile-de-France residents aged 15 to 24, only 27% are employed. This is the lowest rate among the European regions. It is also lower than the overall rate for France (35%) and the European Union (37%).

Moreover, Ile-de-France’s young working population is more likely to be unemployed than their counterparts in the other European regions. One young person out of five in the region was unemployed in 2005 and the youth unemployment rate has been on the rise since 2000 (up 4 points in six years). It also rose during the same period in all the other European regions with the exception of Eastern Spain.

The youth unemployment rate in Ile-de-France is the highest of the six regions even though it is close to the rate in Greater London and Eastern Spain. The rate is lowest in the Randstad region despite the strong participation of young people in the Dutch labour market. Europe as a whole also has a high rate, with one out of five young people out of work.
Seniors most likely to be employed in the Paris region

While young adults’ labour force participation in Ile-de-France is relatively low, 47% of residents aged 55 to 64 years held a job in 2004. This high rate is one of the highest among the six regions, comparable to those recorded by Greater London and Randstad.

The strong labour force participation by Ile-de-France seniors enables the region to come closer to achieving the Lisbon objectives, which include raising the European Union’s senior employment rate to 50% by 2010. This challenge was set during the Lisbon European Council in March 2000 and reaffirmed in March 2001 during the Stockholm European Council. The overriding goal is to make the EU “the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth”. This goal has already been achieved in the Greater London area. It should be noted that in France, Ile-de-France is the only region to come close to reaching this objective and that only 37% of seniors are employed nationwide.

The high proportion of employed seniors in this region can be explained by the special characteristics of the Ile-de-France population, which includes many high-level executives and self-employed professionals. Well-educated individuals aged 55 to 64 are more likely to hold a job than who have less education and retire at a younger age. Furthermore, people in that age group living in the Paris area are more likely to work and young Ile-de-France retirees often retire to other parts of France.

For more information:
« L’Ile-de-France parmi les régions européennes », Insee Ile-de-France and Crocis, research report, September 2007, Crocis website.
Eurostat website: www.epp.eurostat.cec.eu.int