Frank Margain – President, Paris Region Entreprises, France



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Frank Margain, chairman of Paris Region Entreprises, the 'Invest in Paris Region' promotion agency, discusses the importance of the life sciences sector for the Paris Region (Ile-de-France in French) and shares how the region is going through a key developmental period in attractivity, digitalization, and infrastructure investment.

Please begin by introducing yourself and Paris Region Entreprises.

I am chairman of Paris Region Entreprises, which is responsible for conveying the investment attractiveness of the Paris region. We have a team of 70 people dedicated to facilitating the entrance of business into the region. This ranges from having connections in many areas such as infrastructure, real estate, education, health, and other logistic areas. We believe that corporate stakeholders are the best ambassadors of an area's business environment. By forging networks with business leaders within the region, we can add value in spreading knowledge of what makes the Paris region an ideal place to do business and invest in.

What are your priorities in developing the economic, academic, and scientific environment of the Paris region?

As of now, our key focus is on artificial intelligence. This is a transversal concept that will play a critical role in all business sectors. Therefore, we have taken several actions into building an ecosystem for this technology in the region. Paris Region Entreprises has organized tech meetings revolving around AI with the aim to connect all major stakeholders. Last month in Las Vegas, we attended the 2019 International CES convention for innovation and breakthrough technologies, to showcase the existing capabilities of the Paris Region.

The Paris Region has strong competition and opportunities coming from Europe in two ways. First, the natural flow into Europe linked to Brexit, in which UK companies are being pressured to establish a presence within Europe. And second, a larger influx of international companies looking to enter Europe. Previously, many organizations seeking a European presence would begin by setting themselves up in the UK, but now, they must look for other locations on the continent, creating a new opportunity for the Paris Region. This second flow from outside of Europe has driven us to travel internationally in an effort to proactively spread the message of the attractiveness of Paris and the Paris Region in areas like Asia, South America, and the US.

What are the strengths of the Paris region, and consequently, the areas for improvement?

Our educational system and talent pool are highly competitive. The Paris Region claims 40 percent of the PhD population in France. Mathematics, medicine, and engineering – all STEM fields – have a strong foothold in the region. We have a philosophy that having an established market not only attracts young professionals for development but helps to retain talent and create a network of peers. Therefore, it is crucial that within the region we leverage the complementary relationship of having business opportunities that attract talent and quality talent to attract business.

On the other hand, the lack of labour flexibility once created a definite challenge for not only the Paris region but for France as a whole. However, in reality, the cost of managerial employment is lower in France than the UK or the US, for example. Thanks to the social safety net in France, additional costs such as private insurance and pensions are not an issue for employment in the country.

How important is the life sciences industry for the economy of the region?

In the region, the pharmaceutical and life sciences industries are well established, and we have a known reputation for these business areas. Indeed, the three largest industries in Paris Region are luxury, aerospace, and life sciences. There is a huge interconnection for this industry internationally in the Paris Region. The focus we are putting into areas like AI and R&D are bringing companies who are using new technologies to move the industry forward such as AstraZeneca, Pfizer, Novartis, Sanofi, GSK, Pierre Fabre and others.

The region is also home to Medicen, one of Europe's biggest healthcare and life sciences clusters. Medicen has nearly 400 members including SMEs, physicians, and academics and has invested 1.3 billion euros (1.5 billion USD) in various projects since 2005. The cluster is structured around five technological axes; in vitro diagnostics, diagnostic and interventional imaging, regenerative medicine, ICT for health, and translational medicine. Medicen Paris Region is a gateway to innovation which seeks to foster collaborative R&D projects and partnerships in Europe and worldwide.

We also have Genopole which is a cluster for biotechnologies and research in genomics and genetics. It unites innovative high-tech life sciences companies, public and private research and higher education facilities at a single site in Evry/Corbeil-Essonnes, just south of Paris. There are currently 87 biotech companies established there, and they are very much focused on advancing personalized, regenerative medicine, and favouring the research and development on genomics, stem cell, bioproduction and synthetic biology.

What is the capacity of the Paris Region to embrace technological trends such as digitalization?

In 2016, we created a focused digitalization plan at the regional level. The first step was to fully equip the region with 4G connectivity. We are investing 6 billion euros (6.8 billion USD) to modernize and digitalize high school infrastructure. Furthermore, the Paris Region has made a commitment to reach 100 percent fibre-optic broadband coverage by 2020.

How can France retain its much-acclaimed mathematicians (many of which have been recruited by the GAFA and are in Silicon Valley) and generally speaking, its talents in the country?

The Macron administration and Paris Region Entreprises has implemented a strategy to call back the talents that have left France in search of higher wages in other countries. One measure from the authorities has been to establish an expatriate tax which establishes that variable bonuses and wages will not be taxed upon return to France. Secondly, the wealth tax (*Impot sur la Fortune* – ISF) in France has been redefined so that only housing assets are taxed, and not investment assets.

Looking at other major regions in the world like the Silicon Valley or London, we see that the *in fine* 'net-to-spend' is more favourable in Paris, despite higher financial packages offered by our Anglo-Saxon counterparts. Quality of life has also increasingly become a deciding factor for young professionals, and I believe the Paris Region can offer a great environment for professionals and families to prosper. It is a significant advantage that exists for this region.

How has the yellow vest movement impacted the business community and investment attractiveness of France?

Thankfully, this movement has not had any impact. The demonstrations take place only on Saturdays and protestors continue to work during the week. Additionally, the government has taken new approaches to manage, dialogue with, and generally address the movement. The situation is being handled well and we do not expect to see any long-term challenges for the business environment.

How would you describe the internationalization strategy of Paris Region Entreprises?

Our strategy is to boost marketing efforts in international markets like Canada, China, and the US which have vibrant innovative ecosystems and an opportunity to expand their activities to the Paris Region. One initiative has been to sign an agreement with the Beijing Innovation Park. We are creating startup networks to share experiences and build a mutual understanding of each country's business environment.

This year, we have also launched a plan to extract more investment for companies already present in the region. Paris can serve as a very attractive European hub for international companies entering the market. The region is geographically central and well-connected. Investing in the Paris Region is, therefore, a sounder strategic choice than cities like Berlin, Milan, or Basel.

What concluding message do you have on behalf of the Paris Region Entreprises?

The Paris Region is in a moment of deep transformation at the political level with a pro-business national government and a pro-business regional administration, under the leadership of Valérie Pecresse. We have a strong ambition to succeed in the innovation space through digital initiatives. In regard to infrastructure, we are investing billions in transportation, real estate, healthcare, and education. Finally, an international approach will be key to success for the future of the region’s business ecosystem.

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