



FedEx Effect spotlight:
Economic impact of the
FedEx Express hub at
Paris-Charles de Gaulle



EDITORIAL

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Every day, in every corner of the globe, FedEx connects communities, transports goods and provides services that fuel the global economy, thanks to a large air and ground fleet and a wide territorial network.

At the heart of the European network of FedEx, Paris-Charles de Gaulle airport (Paris-CDG) is home to the largest FedEx hub outside the United States. FedEx has continued to expand its operations at Paris-CDG since it first set up there in 1999. FedEx has invested more than 600 million euros in capital⁽¹⁾ to develop this site, making Paris-CDG a major hub linking France and Europe to the rest of the world.

In addition to significantly supporting the international expansion of French businesses, particularly SMEs, which account for a large proportion of the customers of FedEx in France, our presence at Paris-CDG airport has generated numerous local jobs, thereby contributing to the economic development of the region.

With nearly 5,500 employees in the Greater Paris region⁽²⁾, FedEx has a decisive impact on the economy of the departments in which we operate and from which we recruit our employees. To take a deeper look at the wide-ranging impact of our business, coupled with our partners' broad ecosystems, we turned to a local expert to carry out a study of the economic impact of the FedEx Express hub at Paris-CDG

The study, commissioned by FedEx, was carried out by Professor Herbert Castéran, Director and research professor at the IDRAC Business School. The results of the study were released on October 11, 2023 and concluded with a report quantifying the social and economic benefits generated by the activity of FedEx at a local level.

This study also clarifies the scope of our contributions, highlighting the direct, indirect and induced impacts of FedEx on the local economy. It shows that the creation of quality jobs by FedEx makes a significant contribution to local economic stability and continues to increase the long-term appeal of the areas concerned.

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(1) This sum does not include the cost of facilities rented by FedEx in the Île-de-France region and Oise department.

(2) In this report, the Greater Paris region is defined as the geographical area that covers the eight departments of Île-de-France and Oise.

Introduction & scope

The economic study was carried out by Herbert Castéran, professor and director of IDRAC Business School and founder of HERM (Holos, Études et Recherches en Marketing). It is intended to quantify and analyze the social and economic impact of the activities of FedEx at the local level. The scope of the economic impact assessment covers an area including the Île-de-France region and the Oise department.

Direct impact by FedEx	Indirect impact in the supplier chain	Induced impact
approx. 5,500 Full-time Equivalent jobs	approx. 5,200 Full-time Equivalent jobs	approx. 22,000 Full-time Equivalent jobs supported in all (direct, indirect and induced)

The assessment of the social and economic impact of the activities of FedEx distinguishes three types of economic impact:

- **Direct impacts**, which include the salaries of FedEx group employees working in their home region, as well as the consumption of goods and services by the group.
- **Indirect impacts** resulting from the FedEx group's business activities and generated by its suppliers and service providers.
- **Induced impacts**, which are determined by the money spent by the beneficiaries of the direct and indirect impacts. An income/expenditure cycle is in place within the regional economy.

This study focuses on the financial impact of FedEx expenditure. Other aspects, such as the benefits generated by the connectivity offered by FedEx to its customers, particularly SMEs in the Greater Paris Region, are not considered here.

Social and economic impact
€1.847 billion
The annual equivalent of €141 per capita
1 job created by FedEx ultimately generates 4 jobs in the Greater Paris Region

Another way of illustrating the economic impact of the FedEx hub at Paris-CDG is to analyze the impacts generated by a tonnage of freight transported by FedEx.

The study shows that each ton of freight transported by FedEx generates a financial impact of €2,950 on the Greater Paris region economy. This result is consistent with previous assessments.⁽³⁾ In 2022, the total tonnage transported by FedEx at Paris-CDG amounted to 577,296 tons⁽⁴⁾.

A broader assessment, taking into account the annual number of air movements made by FedEx at Paris-Charles de Gaulle, shows that each FedEx flight contributes €62,985 to the economy of the Greater Paris Region.

(3) The Bureau d'Information et de Prévisions Économiques -BIPE- (2012), Assessment of the economic and social impacts of the Paris-Charles de Gaulle, Paris-Orly and Paris-Le Bourget airports for 2010.
(4) Source: DGAC, 2023.

Social and economic benefits for the Île-de-France Region

The activities of FedEx in the region also influence purchases, actual spending, and tax contributions, creating a network of economic interdependencies. Two main pillars stand out: payroll-related purchases and expenditure (wages with employer and employee social contributions), as well as taxes paid to the tax authorities and the various airport fees paid by FedEx.

An in-depth examination of the financial impact reveals that the operations of FedEx in the Île-de-France region and Oise department generate some €298 million in tax revenues and fees annually. Among other things, this revenue contributes directly to regional public finances, strengthening the region's ability to invest in infrastructure projects, public services, and other community initiatives.

CLOSE-UP ON THE IMPACT OF FEDEX ACTIVITY IN ÎLE-DE-FRANCE

Particular attention was paid to the Île-de-France region to measure the socio-economic impacts on the eight (8) departments, home of our international road and air hubs.

Injections in Île-de-France	Wages after taxes €119M	Purchases €677M	Various Taxes & Fees €257M	Taxation €41M
	↓	↓	↓	↓
Imports from abroad	€23M	€280M	€55M	€7M
	↓ VAT	↓	↓	↓
Net injections after tax	€79M	€397M	€202M	€34M
	↘ Regional multipliers ↙			
Contribution to GDP in Île-de-France	€1.702B			

THE SOCIAL AND ECONOMIC IMPACT OF THE ACTIVITIES OF FEDEX

Social and economic benefits for the Île-de-France Region

In short, FedEx has forged a vital link between the company and the areas around Paris-CDG airport. This financial interaction is significant: it accounts for 0.24% of regional GDP, or a contribution of €139 per year per Île-de-France inhabitant.

In other words, **for every euro spent by FedEx in the region, €1.50 is injected into the Île-de-France economy.**

This dynamic economic relationship further consolidates the position of FedEx as a key player in the regional economy and contributes to the continued growth and prosperity of the Île-de-France.

Beyond the strictly financial aspect, the impact of the FedEx is also characterized by job creation. In addition to the more than 4,400 direct jobs created by FedEx, there are more than 15,000 indirect jobs generated by the company's business among suppliers or induced by the goods and services consumed by employees living in the Île-de-France area.

approx. 19,400 Full-Time Equivalent jobs depend on the operations of FedEx in Île-de-France

approx. 4,400 direct Full-Time Equivalent jobs

approx. 15,000 indirect & induced Full-Time Equivalent jobs

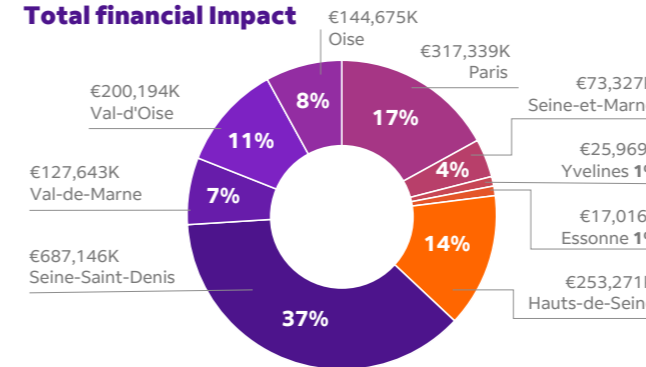
For every job created by FedEx in Île-de-France, 4.4 additional jobs are created in the economy.

Analysis by department

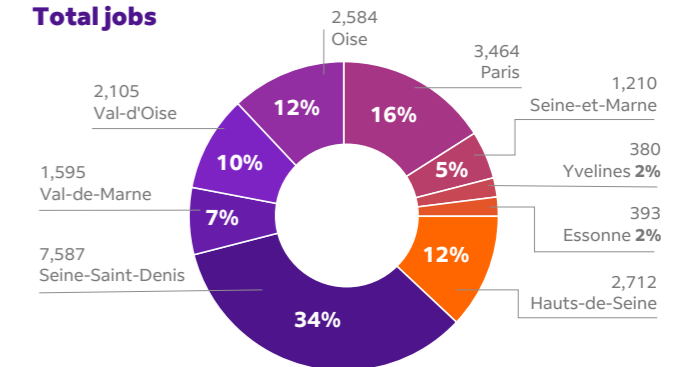
While the shipping and logistics services of FedEx help support the national economy as a whole, the company's impact is particularly significant in the departments that host its operations. This translates into direct investment, strong job creation, revenue-generating spending with local suppliers, as well as an induced impact resulting from the economic ecosystem stimulated by the activities of FedEx. The strong presence of FedEx boosts economic growth not only in the territories in which it operates, but also in adjacent departments. This chapter looks at the social and economic impact at the department level.

COMPARISONS BETWEEN DEPARTMENTS:

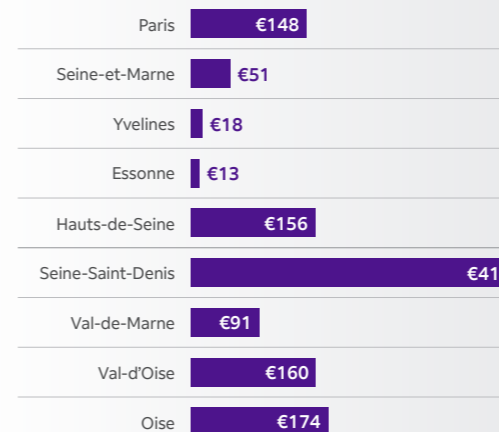
Total financial impact



Total jobs



THE ANNUAL IMPACT IN TERMS OF GDP PER INHABITANT REVEALS SIGNIFICANT DIFFERENCES:



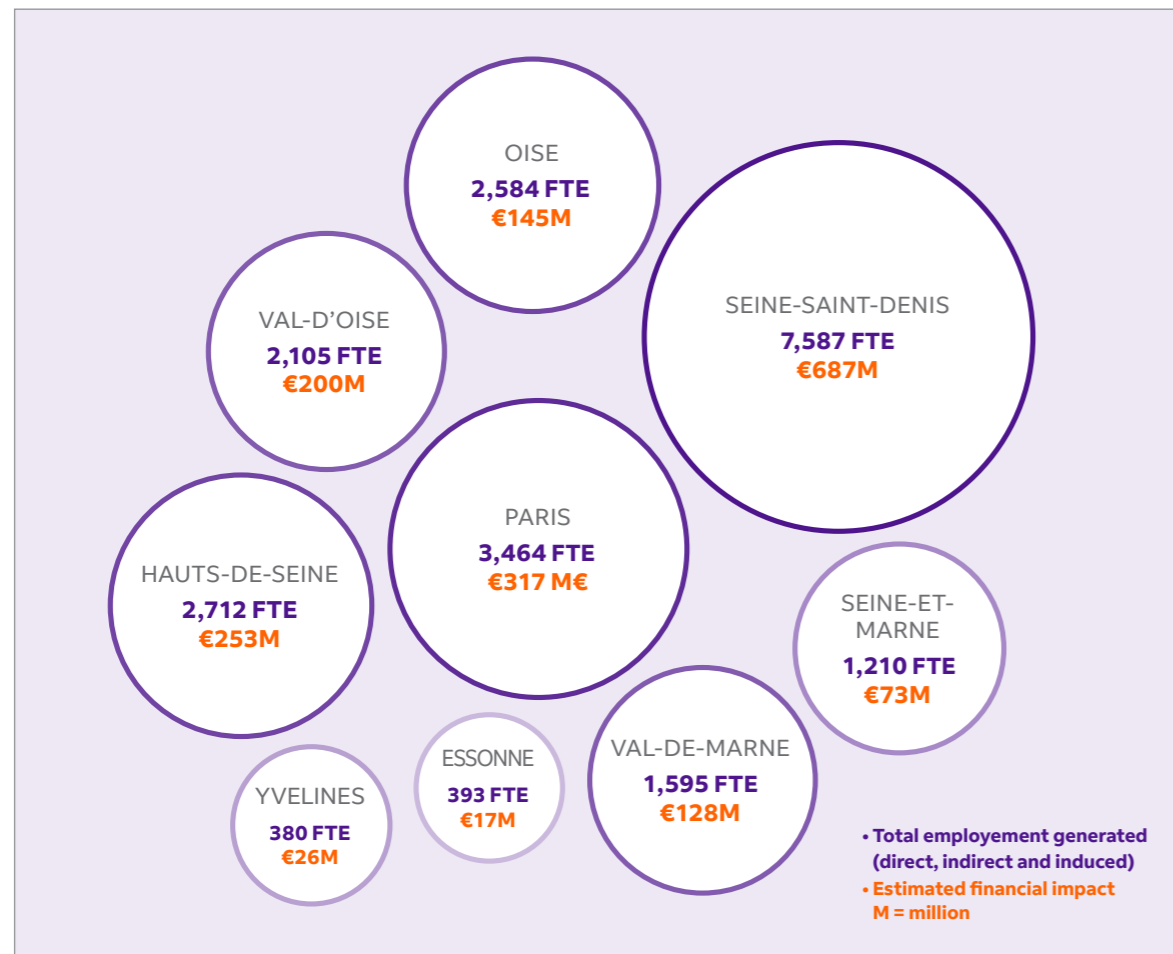
Four groups of departments stand out:

- **High economic impact:** in Seine-Saint-Denis, estimated at €415 per inhabitant per year.
- **Average economic impact** estimated between €148 and €174 per inhabitant per year in Paris, Hauts-de-Seine, Val-d'Oise and Oise.
- **Intermediate economic impact:** Val-de-Marne is in an intermediate position, with an impact of €91 per inhabitant per year.
- **More marginal economic impact:** Essonne, Yvelines and Seine-et-Marne.

THE SOCIAL AND ECONOMIC IMPACT OF THE ACTIVITIES OF FEDEX

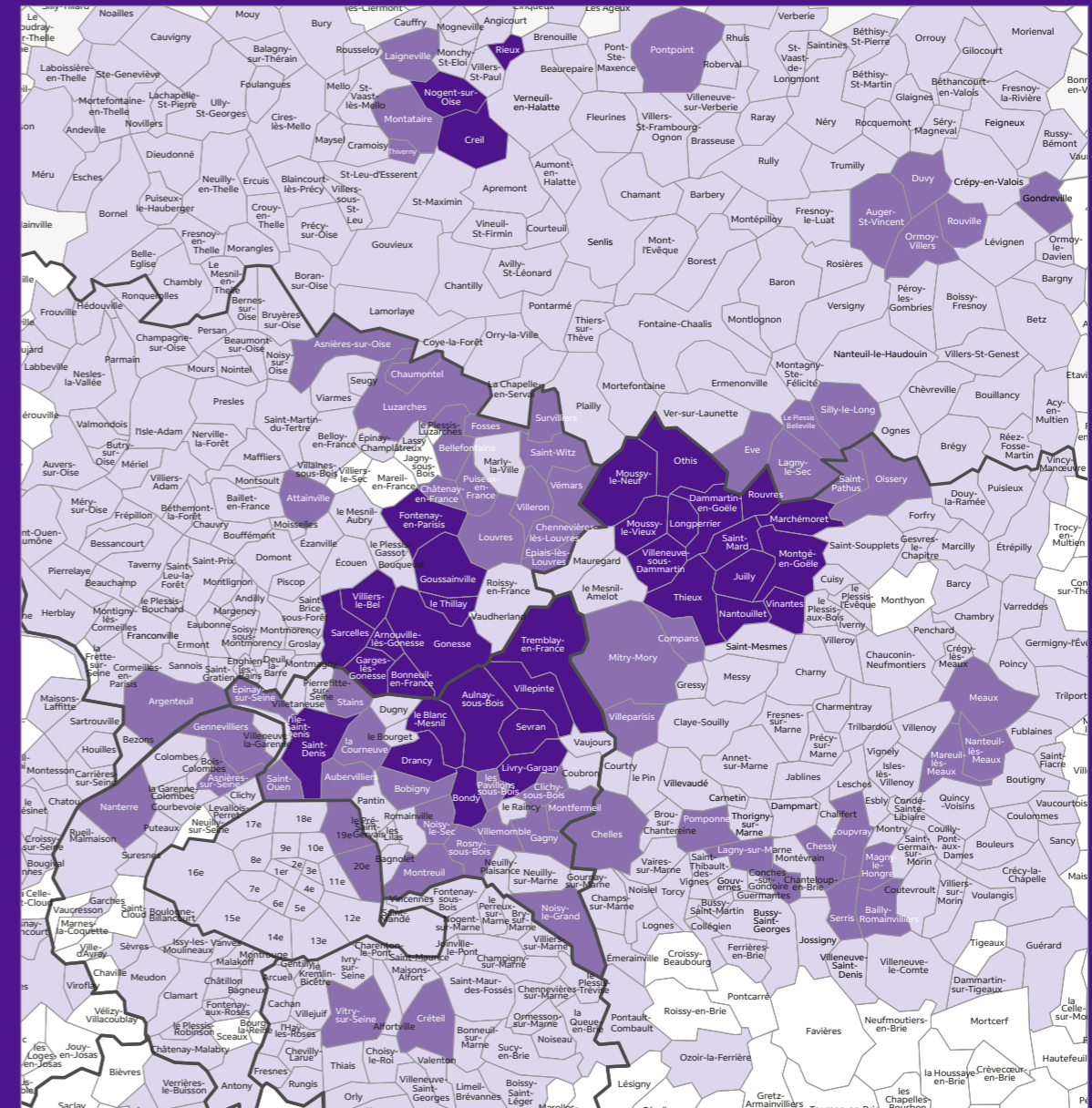
Comparison between departments: financial impact and employment

The chart below shows the main economic benefits generated by the operations of FedEx in the eight departments in the Île-de-France, as well as in the Oise department. This graphic representation highlights the value created as a result of the presence of FedEx in these departments, while putting into perspective the indirect effects of these operations on the local population and economy.



The correlation between the total impact and the number of induced jobs is clear. However, it is interesting to note the particular case of the Oise department, where the number of jobs generated by the financial impact is proportionately higher. This is explained in particular by the high number of FedEx employees living there.

Places of residence of direct jobs by municipality



Number of employees per municipality

- 1 to 20
- 21 to 50
- 51 to 200

Methodology used to quantify the economic impact of FedEx's operations

1. THE GENERAL FRAMEWORK

The economic basis approach was used to measure the economic impact of the activities of FedEx. It essentially consists of a Keynesian-inspired formalization.

This impact is assessed based on proven approaches published in peer-reviewed scientific journals. All the methodologies used are based on a methodological framework and existing literature.

The only exception is the 'departmentalization' of the financial impact. The impact is first rigorously estimated at regional level and then broken down at departmental level.

The estimates in this study are deliberately «conservative» and result from:

- Systematically choosing the lowest assumptions
- Eliminating any risk of double counting

2. RECONSTITUTING «INJECTIONS» (COMPONENTS OF THE ECONOMIC IMPACT) WITHIN THE DIFFERENT REGIONS

Four main «injections» corresponding to economic impacts have been identified

- **Pay.** The amounts taken into account are those corresponding to net pay. Contributions and tax deducted from these earnings have been estimated so as to determine net disposable income. However, given that deductions and social benefits are balanced out (INSEE), the net pay appears to be a credible estimate of the income actually available.
- **The impacts** are estimated on the basis of disposable income, outshopping and the added value rate.
- **Purchases.** These purchases include the sums spent by FedEx in the area.
- **Taxation.** Deductions include social security contributions and employer contributions, VAT, income tax, FedEx taxes paid in France and other taxes such as CSG and CRDS. For induced impacts, deductions are estimated on the basis of an average deduction rate and are broken down between the French regions.

- **The various taxes and fees** specific to the operations of FedEx

«Leakage» also occurs on a regional scale. Three types of leakage are taken into account:

- **Tourist spending.** Part of household spending is given over to tourism activities outside their region of residence/origin.
- **Outshopping,** covering all consumer spending outside the region of residence/origin, including mail order and/or e-commerce purchases.
- **Propensity to import and the added value rate*.** The products consumed in one region come partly from within the region and partly from outside it. This gives us a propensity to import that is specific to each region.

3. DETAILS OF THE METHOD BY DEPARTMENT

The models used to estimate the financial impact are designed for use at the regional level. It must be understood that the breakdown of this impact by department is approximate.

Interdepartmental flows are not taken into account.

In addition, the breakdown by department depends on:

- the actual breakdown of the FedEx group's payroll;
- the breakdown of purchases and other components of the impact. It is based on a gravitational logic that takes into account the distance from the main site at the Paris-CDG hub and the GDP of the departments. The data available for the latter goes back to 2005, as no more recent and exhaustive sources have been identified;
- The jobs generated at departmental level are estimated on the basis of job values estimated by INSEE at the regional level.

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* Source Barget et Gouguet, 2010

