Compensation of French residents employed abroad: more than EUR 20 billion in 2016

Compensation of French residents employed abroad came to more than EUR 20 billion in 2016. The bulk of this income was received by cross-border workers employed in Belgium, Luxembourg, Germany and Switzerland. This income has risen steadily since 2000, with average growth of 5.6% driven by three factors: the increase in the numbers of cross-border workers (from 187,000 in 2000 to 345,000 in 2016), rising wages in the countries concerned and a specific, but important, factor: the rising value of the Swiss franc against the euro.

Switzerland accounts for the largest share of cross-border workers’ income (11.6 billion, or 54% of the total, in 2016), ahead of Luxembourg (4.6 billion and 22%). Since 2010, the income of French residents working in these two countries has risen significantly, whereas the income of French residents working in Belgium and Germany has been virtually stable.

The increase in the number of cross-border workers has also been boosted by greater use of posted workers. The definition of cross-border working in the balance of payments statistics includes all resident workers employed abroad, even if their place of residence is far from the physical border.

Luxembourg’s overall employment grew by 52% between 2001 and 2016, outpacing the 35% growth of the country’s working-age population (population aged 20 to 69).¹ In some sectors, the increases have

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¹ Source: STATEC.
been outstanding, with 85% growth in information and communication services, and 110% growth for specialised and support services. At the same time, French imports from Luxembourg of professional and management consulting services, which lend themselves to the use of posted workers, rose by 580%, from 110 billion to 640 billion, between 2011 and 2015. The same pattern is seen with Belgium, but to a less marked degree, with 50% growth over the same period.

In 2016, cross-border workers accounted for 42% of total domestic employment in Luxembourg. Half of these workers are French residents, or 90,380 workers out of 177,000 in the third quarter of 2016. In Switzerland, cross-border workers account for 5.7% of domestic employment. This figure represents 287,000 workers, of whom some 50% are French residents.

Resident workers’ remittances came to 10 billion

Resident workers’ remittances of funds to other countries from France came to 10.0 billion in 2016, which is about 0.4% of GDP. This figure was up by 2% over 2015 (9.8 billion) and by 8% over 2014 (9.2 billion). The increase is of the same order of magnitude for any country receiving the funds. This amount has more than doubled since 2000, with average growth of 5.6% over the period, making France one of the top ten fund exporting countries (in nominal terms).

2 Source: STATEC.
4 On the other side, transfers received from abroad came to less than 0.5 billion. Consequently, they are not discussed here.

Sources: World Bank, calculations Banque de France.
The amount of these remittances outstrips France’s official development assistance, even though France is the fifth largest donor in the world, with 8.1 billion in direct aid in 2015.

The distribution of the remitted funds by country has been fairly stable. The top five beneficiary countries in 2016 were the same as in 2000. However, these five countries’ share of total remittances increased from 56% in 2000 to 62% in 2016. Algeria, Tunisia and Morocco account for 4.4 billion in remittances, which is more than 40% of the total.

Behind the top five beneficiary countries, however, the top ten list in 2015 saw the arrival of countries that had been receiving very small amounts in 2000, such as Vietnam, Senegal, Madagascar, China and Serbia. These countries replaced Poland, India, Lebanon, Turkey and even the United States in the top ten.

Generally speaking, there has been little change in remittances to European countries in the last ten years, while remittances to Africa increased sharply. Consequently, Europe’s share of the total, standing

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### Ranking of destination countries for funds remitted by French residents in 2016

<table>
<thead>
<tr>
<th>Value</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 50 million</td>
<td></td>
</tr>
<tr>
<td>50 to 100 million</td>
<td></td>
</tr>
<tr>
<td>100 to 250 million</td>
<td></td>
</tr>
<tr>
<td>250 million to 1 billion</td>
<td></td>
</tr>
<tr>
<td>More than 1 billion</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Banque de France.*
at 37% in 2000, shrank to 26% in 2016, whereas Africa’s share increased from 36% in 2000 to 52% in 2016. Asia’s share increased slightly, from 7% in 2000 to 10% in 2016.

**Compensation paid to non-resident employees remains limited**

The total compensation that French employers pay to employees who are resident abroad but employed in France is still quite small, standing at some 1.3 billion in 2016. The overall balance of compensation of employees (compensation paid abroad, minus compensation received from abroad) shows a significant surplus of more than 19 billion. Overall, the combined net receipts from cross-border working and the net payments resulting from workers’ remittances resulted in a net surplus of some 10 billion for France in 2016.

This surplus, accounting for approximately 0.45% of GDP, has been rising gradually since 2008.