

Doing Business in Lyon

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Second city puts focus on finding a star role

Urban renewal is at the heart of ambitions to rise up the rankings in the economic premier league of European cities, writes *Hugh Carnegie*

The French economy has taken a battering but Lyon, the southeastern city where the Saône and Rhône rivers meet, has been spared much of the worst of the fallout from three years of the eurozone crisis. Unemployment in France's second biggest economic region, at 8.4 per cent, is below the national level, which is rising above one in 10 after a spate of industrial redundancies.

The high-speed TGV trains that dash back and forth every 30 minutes to Paris remain full of busy business people, typically tapping away the two-hour journey on their laptops.

Aderly, Lyon's inward investment agency, posted a record year in 2012, reporting the arrival of 71 companies in the area, promising 1,800 jobs over the next three years, a shade more

even than in 2007, when the previous record was set before the financial crisis hit in 2008 and a sharp recession followed in 2009. The effects of a year of zero growth have been felt: Lyon's commercial property sector saw a big fall in new rentals in 2012. But four urban development projects around the city are pressing ahead as Lyon looks to raise its standing in the rankings of European economic centres.

"If Europe was to collapse tomorrow of course it would be difficult for everyone but today we are managing to maintain our course," says Gérard Collomb, the city's socialist mayor in an interview with the Financial Times. "Our big urban projects are rising from the ground and they are allowing us to sustain the current of business in Lyon during this difficult period." Franck Viart, who covers the



Bright lights, big ambitions: Lyon, seen here during its light festival, aims to establish itself on the international stage Alamy

local economy for the regional daily newspaper *Le Progrès*, adds: "Of course Lyon has felt the effects of the crisis. Unemployment has risen and there is a lack of visibility about this year. But there have not been the big layoffs like elsewhere, such as in the auto industry. Those traditional industries are not so present in Lyon any more." Lyon has a history as a commercial and industrial base, positioned not only at a natural cross-

'When I look at Barcelona, Milan and Munich, we are still the little one at the back of the class'

roads between the north of the country and the Mediterranean coast, but also close to Switzerland and Italy, with Germany not far to the north east. With St Etienne just to its south west, Grenoble to the south east and Geneva to the north east, Lyon is at the centre of a busy commercial hub.

Its traditional industries were based on textiles, water, chemicals and pharmaceuticals – and a hinterland rich in food and wine, with the vineyards of Beaujolais to the north and the Cotes du Rhône to the south. The city prides itself on being the gastronomic capital of France, no mean claim in a country so proud of its food and drink. "Lyon has always been helped by its geographic position and that continues to be a factor in its development," says Jacques de Chilly, head of Aderly. The city's ambition is

to consolidate its position as the country's second economic power after Paris and establish itself as a European centre to rival the continent's other big regional cities.

"When I look at cities like Barcelona, Milan and Munich, we are still the little one at the back of the class," says Mr Collomb. "But we've entered the class and that is not bad."

The city, which counts a population in the greater Lyon area of 1.2m, has sought to construct a future emphasising new technology and in areas in which it can build on its industrial heritage and its higher education base, which has a tradition in medicine. These include the environment and energy, life sciences and chemicals, transport and communications and the movie and gaming industry. **Continued on Page 2**

Inside »

Positive element
Green chemistry proves attractive formula for growth and jobs
Page 2

Banking on a rich heritage
Finance turns its attention to smaller companies
Page 2

High ideals
Urban regeneration programme provides draw for foreign groups
Page 3

Gastronomic policy
A passionate mix of business and pleasure
Page 4

On FT.com »

Middle ground
How Lyon's politics run counter to national trends

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Paul Bocuse needs no introduction. Internationally hailed as the "Chef of the Century", he is much more than a culinary genius, with three Michelin stars since 1965. He is also a visionary and an entrepreneur with a passion and a long history of success in Lyon. It is here that he chose to build his empire and here that his business prospered and evolved. Thanks to Paul Bocuse, a young generation of chefs has risen to the top ranks and new young talents come from all over the world to train in Lyon. The city and French gastronomy have thus become a universal reference in the art of fine dining.

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Doing Business in Lyon

Green chemistry proves itself an attractive formula

Cleantech

New investors are arriving in numbers, writes *James Boxell*

With debate raging about France's attractiveness to foreign investors, Lyon has at least one recent success story to talk about: its so-called "cleantech" sector.

The name might be somewhat euphemistic for a sector made up in part by the region's historic chemicals industry. But during a difficult time for French industry, cleantech companies – made up of chemicals, green energy and autos groups – are proving to be a crucial source of job creation for the city and the

Rhône-Alpes region. Last year, 29 cleantech companies set up in Lyon and the surrounding region, double the 2011 number. They accounted for 41 per cent of all groups that moved to the area or started up there in 2012. Of the 29, 14 were from Germany, Austria, Spain and Italy, five were from the US and Canada, two from China and one from India.

"Green chemistry, green buildings, technology for renewable energy and environmentally friendly automotives are some of the main areas of growth for Lyon," says Marie-Laure Alonso, cleantech project adviser at Aderly, the city's development agency.

The 800-hectare "Chemical Valley", along the Rhône south of Lyon, was

the birthplace of the French chemicals industry more than 150 years ago and is still its heartland. About 500 companies, including Arkema, Rhodia and Air Liquide, operate in Rhône-Alpes, bringing in sales of about €12bn for the region and €4bn for Lyon alone.

Despite recent problems in areas such as PVC manufacturing, chemicals employs 22,000 in the region, about half in Lyon.

Local officials insist that the cleantech tag is more than just green marketing and a reflection of genuine ambitions towards environmentally sound processes by the traditionally dirty chemicals and plastics industries. As well as Chemical Valley, the region plays host to Plastipolis, the only plastics industry cluster in France. Lyon's chief claim for "green chemistry" resides in Axelera, set up in 2005 by Arkema, Rhodia and GDF Suez as France's only chemicals and environment industrial cluster.

Some €559m of research and development funds have been pumped into Chemical Valley as a result of Axelera, which says it has put itself at the "service of the major societal challenges" such as "the preservation of natural spaces;

total recyclability of materials; plant-based chemicals and the factory of the future".

This desire to address the "societal challenges" of creating a less polluted environment is the thread that links the rest of Lyon's developing cleantech sector. Frédéric Miribel, director of Aderly's cleantech unit, says: "Driven by environmental issues, one can see a number of activities now merging which were previously from quite distinct sectors. Buildings, for instance, are becoming increasingly environmentally-friendly in design, and the smart community concept encompasses technologies related to energy, the environment, transport, etc. The connection between cleantech and industry is

'The connection between cleantech and industry is becoming increasingly visible'

becoming increasingly visible and should contribute to our economic development."

By way of example, the city has recently teamed up with Toshiba and NEDO – a Japanese government energy and environmental agency – for a €50m project to test "smart community" projects in Lyon Confluence, one of the largest urban developments in Europe.

Toshiba has been joined by Bouygues, the construction group, Veolia Transdev, a transport provider, and carmaker Peugeot-Citroën to examine "smart grids" in the Confluence dockland development to better manage energy consumption.

The Confluence projects include: the construction of

a 12,000 sq m "positive-energy" building of residential units, offices and retail space; an electric vehicle sharing system with a network of charging stations; and the renovation of existing flats to install an energy management system.

Other investments in Lyon include a move by Bosch, the German manufacturer, to spend €50m on a production unit for photovoltaic panels. Bosch employs about 1,200 staff at its Vénissieux site south of Lyon. The company says the investment "safeguards production and jobs on this site".

The cleantech companies that set up last year are expected to create about 800 jobs over three years, up from 650 in 2011.

Focus turns to finding star role

Continued from Page 1

Mr Collomb emphasises innovation and the use of Lyon's regional strength to consolidate its attraction to business during a period of economic stringency. "To a certain extent Lyon has benefited from restructuring," he says, pointing to Sanofi, the pharmaceutical group, which is modifying its research operations in France, increasing its traditional presence in Lyon while reducing it elsewhere, notably in Toulouse.

"We're trying to make sure that Lyon stays in the game. Our challenge in the crisis is to be the most attractive," adds the mayor.

A particular struggle is to compete with the magnetic attraction of Paris, by far the biggest business centre in France. As one official with a development agency put it, Lyon and the surrounding Rhône-Alpes region have to battle constantly against the "Jacobin hegemony of Paris".

One way to counter the characteristic centralisation of France is to give Lyon greater critical mass. The city is due within the next two years to become the first city in the country with the status of European Metropolis, merging with the surrounding Rhone département in a bid to increase its financial firepower and streamline the layers of local administration and bureaucracy for which France is notorious.

The city is pressing ahead with its urban renewal projects, based around the revival of the large Confluence area, where the city's

Football man who scores in big business

Profile

Jean-Michel Aulas

Olympique Lyonnais owner has achieved a long-awaited goal, writes *Paul Betts*

In the six years since Jean-Michel Aulas, owner and president of Lyon's top-flight soccer club Olympique Lyonnais, launched a plan to build a stadium in the east of the city, the €400m project turned into a political football dividing local officials, environmentalists, fans and residents.

Mr Aulas never gave up and he has finally clinched the contract with Vinci construction group to build the 58,000-seat stadium in time to host the European championships in 2016.

The Olympique Lyonnais owner does not have the reputation of being a pushover. He is an atypical figure in corporate France and more akin to a Silicon Valley entrepreneur. Mr Aulas, 64, started his first business when only 19 rather than climbing the traditional French educational ladder. He founded Cegid, a software company specialising in accounting and fiscal services in 1983 and eventually acquired competitors, developed the business and listed the company on the stock exchange.

Football was his other big passion. In 1987, he was asked to help restore the fortunes of Olympique Lyonnais which was



Jean-Michel Aulas: atypical figure in corporate France

languishing in the second division. From the beginning he adopted a business approach and set about returning the club to the French first division (achieved in barely four years).

He rid the club of its debts, reorganised its management and, over two decades, transformed it into one of the richest in Europe. Lyon won its first ever Ligue 1 title in 2002 – the start of a record-breaking streak of seven successive titles.

In spite of his successes on the pitch and in business, the outspoken Mr Aulas has not escaped criticism and remains a controversial, if dominant, figure in Lyon and French football. His opponents dislike his overtly commercial and financial approach to the game. Lyon is the first and only French club to be listed on the stock exchange. He has turned the club into a strong business brand. For Olympique Lyonnais, or OL as it is known, is not just a football team. It has a number of subsidiaries operating in the media sector (OL Image), in services (OL Organisation), in catering (OL Brasserie), in distribution (OL Merchandising) and it is also involved in a travel group.

These days, Mr Aulas devotes most of his time to his football interests, having sold a large stake in his software company to the Groupama mutual insurer.

In an interview in Le Monde, he said he did not see himself so much as a traditional football club boss but as an entrepreneur having developed a new business model for the sport. He is focusing on his new stadium, which will involve the construction of two hotels, a leisure centre and office buildings.

He says the project will give Lyon a huge economic boost as well as become a showcase for the city and region. Yet he still has to persuade the banks to lend him €200m to help finance the grand venture. "In France there is a cultural problem," he once said. "Winners are not popular."



Growing frustration: the lack of a ring road and slow progress towards a solution mean Lyon suffers from acute road-traffic problems

Getty

Transport shortcomings keep the brakes on development

Infrastructure Improving road and air links is problematic, says *Yann Morell y Alcover*

Lyon is famous for two kinds of "bouchons", and while the first – restaurants serving traditional food – is the city's pride and joy, the second – a French slang word for traffic jams – is less celebrated.

The city may have been a pioneer of the high-speed train (the Paris-Lyon TGV connection has operated for over 30 years) but its road network is far from satisfactory for a metropolis at the crossroads of southern and northern Europe and a key route between Italy, Switzerland and France.

Difficult terrain to the west and poor planning in the 1970s and 80s have led to today's problems.

The city's western half of the "ring road" remains a project rather than a reality. Lyon is one of the few leading European cities that has a motorway going through it, with about 115,000 vehicles a day crossing the city centre. Efforts have been made over the past decades to divert and reduce the traffic and alleviate economic and public health consequences for urban dwellers but problems remain.

"We cannot accept this situation any more," says Gérard Claisse, vice-president at Greater Lyon, a municipal federation. After many years of hesitation, city officials are pushing for the construction of the western segment of the motorway.

A public consultation is under way and several options are being considered though the Greater Lyon administration clearly has a favourite one. This scheme would mean the construction of a 15km road through the western suburbs of Lyon, of which about 80 per cent would be underground.

Its supporters say the proposal, named *anneau des sciences* (or the "sciences ring", as it would link several scientific sites around Lyon) would free up space above ground to build tram and light-rail lines, thus improving public transport.

The project requires investment from the central government, either to finish the wider bypass road on the eastern side of the city or to build one on the west side, so the new ring road is not jammed tight with traffic from its first day. A decision on this issue is due next summer. Current estimates point to €2.5bn investment needed for just the construction of the new section of the road, which is not expected to be completed before 2028 in any case.

The *anneau des sciences* is not the city's only long-term project. The Lyon-Turin railway tunnel, another key element in infrastructure plans for the city's development, has been around for some time. In spite of soaring cost estimates, uncertain traffic

expectations and a degree of political uncertainty on the Italian side of the Alps, its promoters remain confident that France, Italy and the EU will take the 57km tunnel project further. But, as for the ring road, no completion before 2030 is expected.

Developing air connections at Lyon's Saint Exupéry airport is a challenge that remains to be taken up. With only 8.5m passengers last year (up 0.2 per cent year on year), Lyon ranks third among French cities (behind Paris and Nice) but is far behind similar size European cities such as Dusseldorf (20.8m) or Manchester (22m). Part of Saint Exupéry's lack of dynamism can be attributed to the fact that use by low-cost airlines remains relatively marginal. Low-cost passengers, the fastest growing segment (up 4.5 per cent last year in Lyon) represented only 22 per cent of the airport's total number of passengers. The scarcity of direct connections beyond Europe, Africa and the Middle East has not helped either. From Lyon, planes fly to 115 destinations, which is significantly fewer than, for example, Dusseldorf, which flies to about 200. Direct long-haul regular flights from Saint Exupéry only take travellers to Punta Cana in the Dominican Republic (once a week) and, only since last December, to Dubai (five times).

"We cannot accept this [traffic] situation any more", says *Gérard Claisse, Greater Lyon*

'We lose projects to Frankfurt and Paris because of the lack of international connections'

two rivers join, Part-Dieu, a city-centre business district – already second in size in France to La Défense in Paris.

Officials place emphasis in these projects on building an "intelligent city", with environmentally-friendly buildings and infrastructure, integrated public transport and the application of the latest information and communication technologies.

Lyon is known for transport innovation. It was the first city to be connected to Paris by TGV in 1981 and the first in France to deploy an extensive network of public hire bicycles, before Paris won international acclaim for its Vélib. The city benefits from a four-line metro but still has a reputation for patience-sapping traffic jams on its roads.

Perhaps its biggest problem as a business centre is the perceived inadequacy of its airport, ranked 47th in Europe. Local business leaders complain at the lack of international links, despite a tie-up with Emirates, the Gulf airline. "It remains a big handicap," admits Mr de Chilly. "We lose projects to Frankfurt and Paris because of the lack of international connections."

The other handicap that all cities and regions in France suffer from in bidding to attract foreign investment is France's reputation for high taxes, reinforced by President François Hollande's election pledge, yet to be implemented, of a 75 per cent marginal rate on incomes above €1m.

Mr Collomb says he warned the government against the adverse effects. "It is not so much the companies [that worry], it is the individual people. It is the senior managers who say 'oh la la'. With such levels of tax a senior manager of a big international company may look to go somewhere else for his next posting."

The mayor insists the national government is turning away from new taxes. It has embarked on a "Say 'Oui' to France" international campaign to secure more foreign investment. Lyon is anxious to win a fair share of the spoils.

Historic centre capitalises on talent for reinvention

Financial services

Future lies in aid for smaller groups, writes *Scheherazade Daneshkhu*

Lyon can trace its rich banking and commercial history back to the 15th century and an epoch when the city was wealthier and more densely-populated than Paris.

The Medici installed a branch of their Italian banking empire in Lyon and it was the city in which Henri IV married Marie de Medici in 1600 – the subject

of a series of paintings by Rubens. This was where France's first stock exchange opened in the 16th century, in a building whose name, the Temple du Change, close to the bank of the Saône river, indicates the reverence accorded to the activity. The city gave its name to Crédit Lyonnais – reputedly the world's biggest bank in 1900 – and Lyonnaise de Banque, since engulfed by, respectively, Crédit Agricole and CIC, the French mutual banks.

Jean-Paul Trichet, the former governor of the Bank of France and of the European Central Bank, was one of a large number of leading financiers born

in Lyon. However, the development of electronic trading and growing centralisation led to the migration of listings from the provinces to Paris. Despite a fight, the stock exchange, which moved across the river to the ornate Palais de la Bourse, finally closed its doors in the late 1980s.

Loathe to give up its heritage, the city has channelled its expertise into financing and services for small and mid-cap companies. "There is no longer a financial marketplace in Lyon but there is a co-operative structure that brings together all the actors involved in financing small and medium-size compa-

nies," says Marcel Deruy, chairman of the Lyon Place Financière et Tertiaire, the main financing association for companies based in the Rhône-Alpes region and which is headquartered in the Palais de la Bourse, now renamed the Palais du Commerce.

Mr Deruy says after the closure of the stock exchange, the priority for Lyon was to ensure that it did not lose its financing expertise and ancillary services to the capital as well: "The real question today is whether companies are able to find financing solutions for their needs. And it's certainly the case that the lawyers, bankers,

accountants and others necessary to the growth of companies, have a big and active enough regional market to keep them here."

An indicator of that demand is the EMLyon business school, third in FT rankings to the Paris region's Insead and HEC business schools. Last year, the Bank of China opened a regional branch in Lyon, testifying to the growing importance of China to French regional companies.

The association, along with other regional partners and the Caisse des Dépôts, the sovereign wealth fund, has more recently been developing a financing mechanism for

smaller companies, which is to be launched in June. Philippe Valentin, deputy chairman of the Lyon Chamber of Commerce, says: "For the past seven years we have been working on a tool to help small and medium-size companies obtain financing. It will soon be in place and it's a first of its kind in France."

Under the scheme – named *Lyon, Place d'échanges*, a nod to the former stock exchange – the local authorities will introduce regional investors to companies seeking finance. The minimum investment is around €200,000 for groups with sales on average of €2.5m. Mr Valentin

says the financial crisis has taken its toll on privately-owned small and medium-size enterprises. Their number has fallen from 79 per cent of the total in 2007 to 47 per cent.

"Private companies are more willing to open up their capital – before the financial crisis they did not want to do this," he says. "We wanted something simple that allowed company owners to keep control. The system is based on proximity – the big advantage of being a regional centre is that everyone knows everyone, which is reassuring for both investors and the companies opening up their capital."

Doing Business in Lyon

Emphasis on regeneration attracts interest from abroad

Urban development Four areas stand out from a commercial and environmental point of view, writes *Scheherazade Daneshkhu*

From the “Skyroom”, atop the 115m Oxygen Tower in the Part-Dieu business district, visitors get a panoramic view of the lie of the Lyon land, including its Unesco-protected heritage centre 2km away to the west, the Confluence peninsula between the Saône and the Rhône towards the south and the cars parked on the roof of the commercial centre 28 floors down.

There are not many cars on the roof – one reason why is that it is earmarked to be redeveloped into a green area, helping to breathe some beauty into the decidedly 1970s office-block architecture around the Part-Dieu railway station.

Part-Dieu is one of four main areas in Lyon being regenerated to fulfil the city’s ambition of consolidating its position as France’s second-largest economic region outside Ile-de-France.

On average, €650m is being spent each year on commercial development, mainly by private investors – developers and the corporate sector – while the public authorities’ contribution is mainly confined to planning the regeneration development and funding public spaces.

“We are on the phone all the time asking people to come,” said one city official. So far the calls have paid off.

Last year, 71 companies made Lyon their regional or national hub, up from 60 in 2011, including two Chinese companies – Haier, the consumer electronics group, and Bank of China.

Price, quality of life and good transport links are important pitches. A

business employing 100 people in 2,000 sq m of office space would save €1.3m a year compared with the equivalent space in Paris, according to city officials.

The countryside and small villages are just a short drive away, says Gérard Collomb, Lyon’s mayor. He highlights the start in December of direct flights to Dubai with Emirates airline: “This is very important because many of our companies are developing business in Asia and it’s easy to get there via Dubai.”

The amount of Lyon office space has grown by 21 per cent over the past 10 years to 5.2m sq m in 2012 but the rate of growth has slowed sharply during the economic crisis of the past three years. In fact, commercial rental demand fell by more than a quarter last year compared with 2011, though city officials say this was partly because some key projects were delayed by a few months, pushing the signing of rental take-up of those buildings into this year.

Mr Collomb says the city is careful to control the pace of development to prevent an oversupply. By way of proof, officials say that only 3 per cent of commercial property is empty, from a peak of 6.5 per cent.

Each of the four regions is being regenerated with specific business sectors in mind to prevent them from competing with each other. Part-Dieu is the biggest, with 230,000 sq m so far redeveloped out of 1m sq m planned. It is resolutely a business district, anchored by insurance and financial companies. Carré de Soie in the north-



High ideals: the Oxygen Tower in Lyon’s Part-Dieu business district Dreamstime

west, targets technology, environmental and energy companies, while the more recent Gerland southern district is home to a cluster of biotechnology groups, including Sanofi Pasteur, Merial and Genzyme.

Perhaps the most exciting area is the smallest. Confluence was an industrial peninsula with gasworks and a powder factory, cut off from the city by the railway into Perrache station, around which thrived a red light district. Now it is taking advantage of its double riverfronts to build offices, which will account for 60 per cent of the buildings, and trendy residential apartments for the rest. The London-based Academy of Urbanism think-tank calls it “an outstanding example of how to create a new sustainable mixed-use neighbourhood on a city centre brownfield site”.

More than half the peninsula has been regenerated – its landmark building being a large orange cube, designed by architects Jakob and MacFarlane, which is the headquarters of

Cardinal Group, the property developers. There are media and cultural organisations as well as the Banque de France which has moved its base into Confluence from the historic centre.

Challenges to the commercial development of Lyon include a traffic problem, pollution and for some, a controversial commitment to a number of skyscrapers in the Part-Dieu area. The Oxygen Tower was inaugurated only three years ago and a new 160m tower is planned nearby for 2017, one of “a new generation of towers”, according to Mr Collomb. Francois Decoster, one of the architects working on the regeneration project says: “There’s not much room, so the development has to be vertical. We want a new skyline but it won’t be brutal, not like Shanghai.”

“The city has completely changed in the past 10 years,” says Mr Collomb. It sounds like the view from the Skyroom will be very different again in the next 10.

City living Paris match is over

Frequently listed among the most attractive cities in Europe, Lyon, with 1.2m residents in the greater city area, claims it has few reasons to envy its big sister, Paris, writes **Elvire Camus**. It “has all the advantages of a big city, without the drawbacks of Paris”, says Pauline Renard, a 27-year-old social worker. Mrs Renard, who has lived in Lyon for five years, appreciates the quality of life of the city.

The Lyon property market remains low compared with London or Paris, because the city still retains a *ville de province* status. For an unfurnished two-bedroom apartment, rent varies significantly from Lyon (€1,160 a month), to Paris (€3,300) and London (€4,480), according to a 2011 Mercer Human Resource Consulting study. But the prices are rising steadily, despite a decline in the number of transactions – by 24 per cent in 2012 according to French real estate agent Laforêt. The most expensive arrondissements remain the 6th and 2nd, traditionally Catholic neighbourhoods similar to the beaux quartiers of Paris.

Lyon is listed 39th in the 2012 world quality of living ranking by Mercer, just after London (38th) and Paris (29th).

Like any big city, it is equipped with a public transport network of buses, trams and metro lines.

Environmentally-friendly transport has been a goal under socialist mayor Gérard Collomb: the Vélo’v network of public hire bicycles, forerunner of the Parisian Velib, was introduced in 2005. Two years later, a 5km strip of urban expressway on the Rhône river-bank was returned to pedestrian and bicycle traffic. Playgrounds, footpaths and bike paths skim the river’s edge, for the Lyonnais’ pleasure.

With its well-renovated historical centre listed as a Unesco world heritage site, its Gallo-Roman ruins to the east and its 117 hectare Parc de la Tête d’Or to the north, Lyon offers a varied landscape. The historically bourgeois city, straddling the confluence of the Saône and Rhône rivers, is particularly attractive and each of its nine arrondissements have their

own identities: from the former anarchist Croix Rousse neighbourhood to the Part-Dieu business district.

Owing to its central geographical position (two hours from Paris by TGV and less than two hours from Marseille) the city is well connected to continental Europe and its climate is notably agreeable.

Lyon is a young city; 28.9 per cent of its population was under 30 in 2009, according to a study by Insee, the national statistics agency. It is France’s second student city, home to the EMLyon, ranked as Europe’s 15th best business school by the Financial Times. Out of the 170,000 students enrolled in 2012, 12 per cent were from abroad.

The chemicals, digital and biotech sectors are particularly well represented in the region.

In an over-centralised nation and with Paris historically so dominant, Lyon is working hard to throw off its provincial tradition.

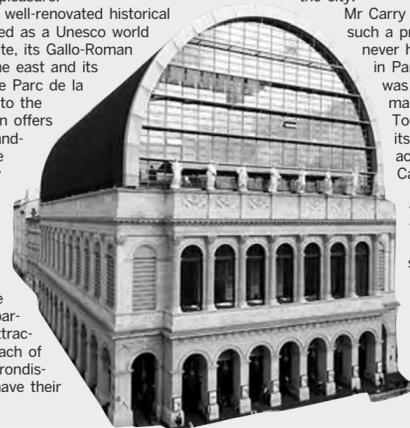
The city is gradually managing to impose itself on a national and European level.

Culturally, Lyon welcomes many international events and festivals among which the Biennale d’Artcontemporain and the Fête des Lumières. Lyon counts 17 museums and boasts an opera house partly designed by the French architect Jean Nouvel.

“There is a considerable amount of culture on offer in Lyon but it is still a little too institutional if you ask me,” says Vincent Carry, head of Arty Farty, a non-profit organisation that promotes emerging artists and innovative trends in Lyon. Arty Farty created les NuitsSonnore, a one-week electronic festival scattered in dozens of venues all over the city.

Mr Carry argues that such a project could never have existed in Paris because it was “custom-made” for Lyon.

Today, Lyon has its own identity according to Mr Carry. “We’re over the competition with Paris,” he says.



Perfect pitch: Lyon’s opera house

Little Hollywood lies at heart of area’s fertile imagination

Movies and games

Image industry’s varied parts combine to prosper, says *Elvire Camus*

Lyon is France’s second city after Paris in the movie and videogame industry, a position the Rhône-Alpes region and the greater Lyon area want to improve by investing heavily in the sector. Regional authorities invest almost €8 million per year in the imaging industry.

“There’s a will from the region and greater Lyon to develop these sectors,” says Grégory Faes, director of Rhône AlpesCinéma, a co-production fund supported by the region and the state to attract filmmaking to the Rhône-Alpes region. Since its creation in 1991 the fund has co-produced 200 mostly French movies, including Oscar-nominated animation feature *Une vie de Chat*.

Rhône Alpes Cinéma has created the Pôle Pixel, one of the four “territorial poles of excellence” set up in the region’s territory, which gathers all the components of the image industry (videogame, cinema, animation and multimedia) in a single physical area.

Pixel, located in the city of Villeurbanne, a 15-minute tram-ride from the centre of Lyon, was inaugurated in 2002 with the construction of a 900 sq m studio.

Today, Lyon’s little Holly-



Straight shooting: city and region invest heavily

wood comprises 16,000 sq m of shooting space, equipment, offices, a school and 450 workers.

“The starting point was cinema and we gradually drifted towards a larger territory,” said Mr Faes, who acknowledges that bridges between different sectors of the image industry have multiplied over the years. Pixel’s objective is to facilitate the synergy between these sectors.

“These actors will have to work together in the future,” said Tangui Selo, director of Imaginov’, a cluster of 200 image companies based at the Pixel complex.

Labelled as a “pole of

competitiveness”, Imaginov’ is funded by the state and the region to assist the development of companies with R&D, commercial support and training. These are missions complementary to Pixel Entreprises, a “company hotel”, which rents ready-to-use offices on the Pixel complex.

Upper Byte Studio, a videogame start-up, thinks there are many advantages to being part of both those structures. “There’s a dynamic created by the presence of other companies,” said Camille Masson, co-director and technical director of Upper Byte. “Because we all are small structures, when a project

is too big for our shoulders, rather than hire someone, which is risky for us, we ask next door if they can or need to work temporarily,” he went on. Cédric Cadiergues, the other co-director of Upper Byte, is artistic director for a videogame company with offices in the same building.

Being one of the 22 videogame start-ups to have blossomed in Lyon since 2008, Upper Byte is representative of the recovering videogame industry here. When the financial crisis hit and forced six big studios (including Eden Games, an Atari studio) out of business, Lyon lost its position as national leader of the industry. Today, structures like Imaginov’ work with the new faces of the industry – start-ups – to pick up the torch of the big studios.

Lyon is looking to impose itself on the international side of the image industry, still largely dominated by the United States, Japan and Canada. Julie Berliet, in charge of the image industry at Aderly, Lyon’s inward investment agency, says the French have a good reputation overseas: “French savoir faire is still very much appreciated internationally.”

Asked if Lyon has an upper hand over Paris, Mrs Berliet says that, ever since the invention of the cinematograph by the Lumière brothers in Lyon in 1895, the industry has always found fertile in the region. “The difference is that here, it’s historic,” she says.

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Philippe Hassel, Director of Communication.

Contributors >>

Hugh Carnegie
Paris Bureau Chief

James Boxell
Paris Correspondent

Scheherazade Daneshkhu
Paris Correspondent

Yann Morell y Alcover
FT Contributor

Paul Betts
FT Contributor

Elvire Camus
FT Contributor

Andy Mears
Picture Editor

Steven Bird
Design

Ian Moss
Commissioning Editor

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Doing Business in Lyon

Pharmaceutical hub builds on groundbreaking heritage

Health and biotech

Life sciences are seen as a contributor to growth, writes *Yann Morell y Alcover*

About 15km west of Lyon's centre, in the small town of Marcy l'Étoile, is one of the most emblematic sites for the region's pharmaceutical industry. The atmosphere is peaceful and the views of the Saône valley and the Fourvière hill, with its 85m iron tower, are amazing.

But visitors are soon reminded that they are at the heart of the biggest vaccine production plants in the world. The Sanofi Pasteur Marcy l'Étoile facility comprises no less than 90 buildings and exports about 97 per cent of the hundreds of millions of vaccine doses

produced every year. The story of Sanofi Pasteur, part of Sanofi group, in Lyon is illustrative of the city's long history in the life sciences industry. It dates back to the foundation of the Mérieux Institute in 1897 by Marcel Mérieux, a former assistant to Louis Pasteur, creator of the first vaccine for rabies. The Mérieux Institute was eventually taken over in the 1970s by chemical group Rhône-Poulenc, which in turn, after a series of mergers and acquisitions, became Sanofi.

The group employs more than 6,700 in the Rhône-Alpes region, almost a quarter of the firm's workforce in France (28,000) and this figure is expected to remain stable over the next three years, despite plans to cut 900 jobs elsewhere in France.

Sanofi is Greater Lyon's

biggest private-sector employer, thanks to two other divisions of the group, Genzyme and Merial. "Being here, in a region with a strong heritage in biology, is very important," says Olivier Charmeil, Sanofi Pasteur's CEO.

Many other pharmaceutical and life sciences companies have come to the same conclusion.

Some, such as Boiron, the world's leading homeopathic drugs maker, in-vitro diagnostics specialist BioMérieux and laboratory mice-breeder Genoway were established in Lyon. Others, such as Bayer and Merck, have been in Lyon for many years.

While the region's industrial production has been hard hit over the past 20 years, the pharmaceutical sector has been one of the few that has escaped.

Job cuts have not been

avoided, especially in bigger groups but job creation, especially in the biology and the biotechnology sectors, seem to have outweighed them.

According to figures released in December by the French statistics institute (Insee), the pharmaceutical industry added 3,700 jobs (35 per cent) in the Rhône-Alpes region, between 1990 and 2010. The overall number of industrial jobs in the region shrank by 24.3 per cent.

According to figures from the Greater Lyon council, the city concentrates about 9 per cent of total jobs in the pharmaceutical industry in France.

Most of these are located within the Lyon's so-called Chemical Valley and the Gerland business district, home to many national and international groups such as Sanofi Pasteur, BASF

Beauty Care Solutions or L'Oréal's Episkin centre, a unique facility that produces reconstructed epidermis used for cosmetic testing.

Despite tough competition from other leading French cities such as Paris, Toulouse and Strasbourg, Lyon has an edge in several areas of the life sciences industry.

"Lyon really is a global leader in the infectious diseases area and in medical devices," comments Philippe Grand of Ernst & Young.

City officials seem to have realised the industry's potential as a driver for economic growth and employment.

They have been pushing hard to foster further investment. Part of this work has resulted in the "competitiveness cluster" styled Lyon Biopôle, a body

in charge of promoting collaboration between local companies and scientific research and training institutions, both public and private, working in the field of infectious diseases.

"Two things make our project different from most clusters – our strong industrial leadership and the fact we manage our own infrastructure," says Isabelle Scarabine, economic and international affairs director at Lyon Biopôle.

From six founding members (among them four industrial partners: Becton Dickinson, BioMérieux, Merial, Sanofi Pasteur) in 2005, the cluster has grown to 130, mostly small and medium businesses.

It has enabled the creation of at least 11 start-ups and has led to almost 200 scientific publications and the registration of dozens of patents.

Call-out service feels at home

Profile Homeserve

A UK-based business is thriving after overcoming a cultural hurdle, says *Hugh Carnegie*

It is noon on a Thursday in February and all is calm in the emergency call centre at the headquarters of Homeserve's French operations in the centre of Lyon. A screen mounted on the wall shows that 295 calls have come in since midnight from the UK-based company's French clients seeking assistance for a household emergency.

But apparently that is nothing compared with when customers have returned from a weekend away to the horror of burst pipes, blown electrics or another calamity. "It's a quiet day today," says one of the call-centre managers. "We take more than 1,000 calls on Mondays."

Operating under the local brand name of Domeo, Homeserve has been working in France since 2001 when it became the first company to bring to the country its round-the-clock service. It is unusual in being a foreign company operating in consumer services in a city better known for its industrial and scientific emphasis.

Rachael Hughes, the British business woman who launched the French operation – originally a joint venture with Veolia, the French utility – says it took nine months to crack a market unused to the service Homeserve was offering. But then business took off. "Customer reaction is similar in most places if you get home late

'Customer reaction is similar in most places if you get home late and the pipes are leaking'

and the pipes are leaking," she says.

It was harder to build the network of contractors willing to sign up to be available at all hours in a society where working hours tend to be strictly observed. "The typical reaction of the local plumber was to say, 'I'm eating my lunch between 1pm and 2pm so how can I answer a call,'" laughs Pierre Loustric, Domeo's general manager.

Domeo employs 500 in its two sites in Lyon including both emergency and sales call centres. The company now has 900,000 households holding 2.3m policies and 1,000 contractors nationwide to serve them. Revenues in the first half of the current financial year reached £26.6m, with an operating profit of £5.6m.

Mr Loustric, who will take the French reins from Ms Hughes as she leads Homeserve's move into more European markets, is targeting 1.5m households over the coming years. This campaign will continue to be based in Lyon. Ms Hughes says her original intention was to set up in Paris. But Veolia, which Homeserve has since bought out, had ready-made offices available in Lyon. "I thought very much that we should launch in Paris," she recalls. "But I looked at Lyon and realised it was ideal. If I was to do it again, I wouldn't go to Paris or anywhere else."

Both she and Mr Loustric cite a ready availability of good managerial and white-collar talent in the area. But Ms Hughes still has her gripes – notably about the limitation of links from Lyon's airport. A direct flight to Birmingham, where Homeserve is based, was recently stopped, to her consternation. "The air links are a real issue for international businesses."



Light touch: a chef in the final of Lyon's world pastry cup

Enduring centre of gastronomy has little to fear from rivals

Food Despite a snub by an awards judging panel, the city's biennial exhibition had a strong answer for the critics, writes *Paul Betts*

Back in 1935, Maurice Edmond Sailland, the French food writer dubbed the "prince of gastronomes" and better known by his pen-name Curnosky, declared Lyon the "world capital of gastronomy". The city and its region with its long and distinguished culinary tradition ticked all the boxes in his book on gastronomic excellence. "Good cooking is when things taste of what they are and above all when it is kept simple," he said.

For Lyon, food – and all its related industries – is much more than good and pleasurable eating. It has a significant impact on the city's economy accounting for around €1bn of local GDP. It is a big employer, and the presence of chefs who have accumulated a total of 64 Michelin stars make the region all the more attractive for visiting businessmen and women as well as tourists. The region accounts for 11 per cent of all French appellation d'origine contrôlée designated products such as cheeses, butter, sausages and wines.

So it was not surprising that the city, its mayor Gerard Collomb, its chefs and restaurateurs were all dismayed and angered when Lyon was not chosen in January by the French heritage food mission as the country's "city of gastronomy". Instead, the mission – set up in 2008 as part of the French government's campaign to persuade Unesco to declare the Gallic meal an intangible heritage of humanity – opted to award the title to a trio of cities: Dijon, Tours and the Paris wholesale market suburb of Rungis. Adding insult to injury, it said Lyon could eventually join this network of gastronomic cities.

Lyon is already part of a network of

likeminded international cities engaged in promoting culinary excellence and good food.

With its own culinary heritage – its typical small bistros known as *bouchons*, its abundance of markets, its array of regional produce, its schools and culinary research institutes, its Michelin-starred restaurants clustered around one of the world's most famous chefs Paul Bocuse (see article on this page) – the mayor could not understand why Lyon had not been chosen.

Others underline the point: "It is all politics once again," said the chef of a popular Lyon watering hole near the town hall. "They probably wanted to spread the goodies around rather than give it to Lyon."

The city does not intend to let the setback undermine its gastronomic industry and culture that are so important to its social and economic life.

In January, people flocked to Sirha, Lyon's biennial international food restaurant and hotel exhibition. The week-long event attracted 185,000 visitors and 18,715 chefs from 86 countries. Of the 2,980 exhibitors, 21 per cent came from abroad.

Several international competitions were held, including the world pastry cup and the Bocuse d'Or, a public contest for one of the most coveted prizes between selected chefs from around the world that is more akin to a sporting match than a traditional cooking competition.

Jerome Bocuse, son of Paul Bocuse and president of Sirha, said afterwards the exhibition had "really become the world rendezvous for the food, catering and hotel industries".

As for Mr Collomb, he is pressing ahead with the project to turn the

Living legend Veteran chef is biggest champion of region's culinary traditions

Lyon is sometimes described as the city near Paul Bocuse's restaurant, writes **Paul Betts**. This is not entirely an exaggeration. The 87-year-old chef is a living legend. He has probably done more than anybody to promote the culinary traditions of his region and his country. He has been named "chef of the century" and the "pope of French gastronomy". When he turned up in New York in February for the opening of the Bocuse restaurant at the Culinary Institute of America he was treated like a pop star. He is probably the best known Frenchman in Japan.

He is larger than life, and has always remained close to his family roots in the village of Collonges on the banks of the river Saône outside Lyon, he likes doing things in threes. He has had three bypasses, he still has three women in his life and he has had three Michelin stars since 1965. In a couple of years' time, God willing, he will become the first chef to have held the top gastronomic accolade for half a century.

Standing in his splendid white toque and white apron in his eccentric, stylish yet somewhat kitsch red and green auberge, he acknowledges he is getting "a little tired". Since his last heart operation, he has developed Parkinson's disease. That has not stopped him running his small empire, watching over his kitchen, travelling around the world, albeit less than before, and defending what he calls "real food". After all, he was the first famous chef to emerge out of his kitchen

to meet his customers and the wider public, although he suggests this trend may have gone a little too far and chefs should start going back to their kitchens.

"You cannot have good food without good products. That is lesson number one," he says. Lesson number two is that it is not the chef who decides but it is the customer for "no customer, no restaurant". Lesson number three: "You need good seats, round tables and smiles all around because our job is to give pleasure." At the bottom of his menu he has a quote from Van Gogh as his motto: "How difficult it is to be simple."

His food is certainly not simple and is executed with military precision in his spotless kitchen and served by an elegant brigade with the harmonious professionalism of a symphony orchestra. Although at one time credited as the founder of "nou-

elle cuisine", the dishes he has been serving for decades are the antithesis of this concept, which he has described as "an approach to cooking for those who have lost their appetites and leads to anorexia". In his traditional style of cooking, cream and butter are omnipresent. In any case, he adds, "what is new today will be old tomorrow." For him, the greatest change of all is not to change anything.

"Here in Lyon and its region we are blessed. We have one of the world's greatest larders for produce. Chickens from Bresse, wonderful meats, vegetables and fruits, we have fantastic cheeses and incredible cream, the great Beaujolais vineyards north of the city and great Rhône wines to the south, we have rivers and lakes full of fish. Lyon and France are a paradise for food," he says, as a waiter serves his famous truffle soup he invented for former

President Valéry Giscard d'Estaing. If Paul Bocuse has been good for Lyon and its international resonance, he readily admits that Lyon has also been good for him.

Like other celebrity chefs, Bocuse has restaurants in Japan and the US as well as brasseries in Lyon. The city's covered market has been named after him and the Institut Paul Bocuse trains 450 students a year from 47 countries. At the same time, he has not expanded around the globe as much as others and says, in his cryptic way, "we don't really like going out to the suburbs." He still sleeps in the same room he did as a child on top of the restaurant. He talks fondly of his kitchen gardens where his team pick fresh salads and vegetables for the restaurant that never closes except on two nights a year – Christmas and New Year. He has kept a straightforward professional approach.

Above all he clearly loves what he does. His life started in the kitchen of his father. He apprenticed with La Mère Brazier, the late Eugénie Brazier, the first woman to receive three Michelin stars. With her, he cooked, fed the pigs, washed the linen and looked after the kitchen garden. After subsequently training under the genial Fernand Point at La Pyramide in Vienne, south of Lyon, he set about putting his own mark on the Lyon tradition of great, simple cuisine transforming his auberge at Collonges into a welcoming temple of gastronomy. He will undoubtedly end in the kitchen just like Molière did on the stage.



Simple ideas: Paul Bocuse says Lyon is 'blessed'

'[Lyon has] really become the world rendezvous for the food, catering and hotel industries'

'Lyon really is a global leader in the infectious diseases area and in medical devices'

Getty