

BARCELONA

GLOBAL REPOSITIONING OF AN EMERGING METRO

POPULATION IN 2010: 5,511,680 • EMPLOYMENT IN 2010: 2,455,666
 GROSS VALUE ADDED (GVA) PER PERSON IN 2007: \$25,918

Barcelona has achieved an extraordinary transformation in its economy since the 1980s. The capital of Catalonia, the largest economic region in Spain, Barcelona successfully reinvented itself following nearly 40 years of General Franco's dictatorship, strengthening its position in Europe and attracting foreign investment, international entrepreneurs and tourists. While Barcelona has been hit hard by the recent financial crisis, it offers important insights into the fundamentals of urban economic transformation in a country that is Europe's fifth largest economy and the eleventh largest economy in the world.

The Challenge

Franco's death in 1975 heralded the beginning of democracy in Spain, but left Barcelona with a substantial legacy of economic problems, which were compounded by competitive pressure during the 1980s. By 1986, unemployment reached 21 percent and parts of the city fell derelict. The creation of the European Single Market in 1993 provided Barcelona with a unique opportunity for economic renaissance.

Leadership and Intentionality

Democracy brought a strong political mandate for change, seized by Barcelona Mayor Pasqual Maragall. Maragall initiated the city's first highly-participatory strategic planning process in 1988, creating a vision of Barcelona as the capital of the Mediterranean. The government of Catalonia became increasingly powerful in areas such as economic development, infrastructure, and land development. New agencies were created, combining public and private sectors in agile and effective companies and consortiums. This was especially important given the metro's fragmented governance, and effectively involved the dynamic private sector in Barcelona's transformation.

Interventions

City and regional governments and consortia drove forward a set of interconnected initiatives, mobilized by new governance models and a vision of Barcelona's future. These included:

Making the world take notice: For Barcelona, international promotion has been about much more than tourism. Mayor Serra's successful decision to bid for the 1992 Olympic Games shone a light on Barcelona and attracted the international investment needed to kick-start its transformation. Major urban redevelopments and investment in infrastructure have made the most of the city's coastal location, climate, and high quality of life, which the city now affords.

Stimulating entrepreneurship and moving into new sectors: Barcelona's attractive brand is now effectively leveraged to develop priority growth sectors, such as design, media, logistics and biotechnology, and to attract international entrepreneurs.

Barcelona Activa. In 1986, the city council founded Barcelona Activa, a pioneering local development agency. Its creation marked a step-change in Barcelona's approach to employment and economic development, positioning new entrepreneurship. Barcelona was one of the first cities in Spain to create a business incubator and seed capital funds, and the first city in Europe to develop an online business incubator. Barcelona Activa has been quick to respond to changes in technology and new markets, and is committed to

a client-oriented approach, which combines both virtual and physical spaces for learning, networking, and collaboration.

Planning for new metropolitan growth and governance. The Barcelona brand is also being leveraged internationally across the metropolitan region through the Barcelona Economic Triangle, providing a taste of the benefits to come when Barcelona's forthcoming metropolitan agency kicks into action.

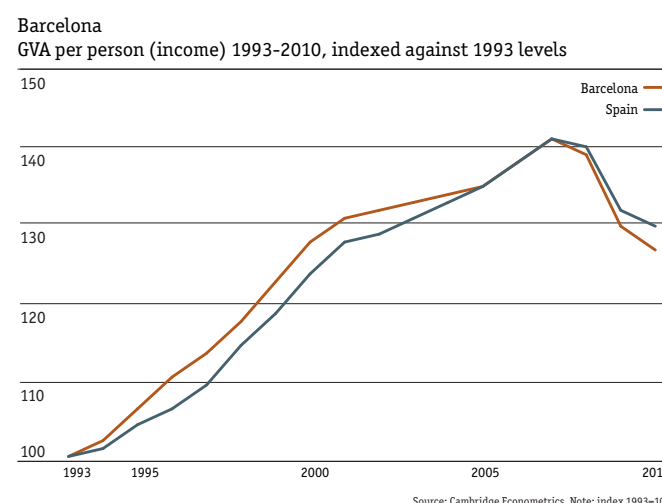
Barcelona Economic Triangle. This important metro-wide initiative is formed of three sets of clusters, each specializing in different aspects of the next economy. It includes BET in the Llobregat area with an aerospace and logistics focus, Valles area with its science and creative industries focus, and the 22@ district, a significant urban transformation project for the new knowledge economy. The combination of the three creates a metropolitan triangle for next metro economy, which brings together the municipalities and regional government with other players, and involves significant public investments.

Results

The results of these actions are impressive. Catalonia has grown faster than Spanish and European averages over the past two decades. By 2007, unemployment in Catalonia had fallen to 6.5 percent, a significant achievement given its starting point in the 1980s. Over 8 percent of the working age population engage in some form of business creation activity each year, compared to the European average of 5.4 percent. Barcelona is now ranked as the fourth best city in Europe to do business.

Catalonia is Spain's leading export region, responsible for 27 percent of total Spanish goods exports. Medium-high tech exports now make up 51 percent of all industrial exports by value. The Port of Barcelona is one of the fastest growing ports in Europe, is well positioned in relation to emerging economies, having captured 38% of traffic between China and Spain, and benefits from the largest logistics cluster in southern Europe. Airport and rail capacity have also increased. The city has an operating high-speed rail link to Madrid and a link to France under development. These new infrastructures have allowed a massive increase in tourism. Tourist arrivals grew from 1.8 million a year in 1992 to over 6.7 million in 2008.

While the current global financial crisis has severely impacted Barcelona, it has a robust framework, a clear vision, and a myriad of actors to help it achieve the next stage in its transformation.



Left
 Barcelona fared slightly better than Spain in the pre-recession period, but it has been affected by the recession more strongly. It is the only metro profiled that is still in recession.