

The 10 TRAITS of GLOBALLY FLUENT METRO AREAS

GLOBAL CITIES INITIATIVE
A JOINT PROJECT OF BROOKINGS AND JPMORGAN CHASE

BILBAO

GDP (country rank), 2012 ¹	Share National GDP, 2012 ²	GDP/Capita, 2012 ³	Population, 2012 (country rank) ⁴	Share National Pop., 2012 ⁵	GaWC Global City Ranking, 2010 ⁶	# Global 2000 HQs, 2012 ⁷	GDP/c Growth 1993-2012 ⁸
\$41,788,306,257 (4)	2.95%	\$43,059	970,496 (5)	2.10%	189	14	2

1) Benchmarks — what is the city’s recent ranking performance in terms of global firms, connectivity, diversity, range of cultural assets, immigrants, visitors?

Despite being only the fifth-largest metro area in Spain, Bilbao retains a strong international presence. A historic commercial port within the Basque region of Northern Spain, the city is Spain’s fourth most embedded in global business networks, with links roughly as broad as Las Vegas and Salt Lake City.⁹

Bilbao’s coastal location and cultural rejuvenation has seen it attract growing numbers of overseas visitors over the past decade, but the city is well outside the top 100 most visited cities worldwide.¹⁰ The Guggenheim was just outside the top 50 most frequented art museums in the world in 2011 (it was in the top 10 among smaller cities) with 960,000 annual visitors.¹¹ The city is the 60th most popular European city for annual international conventions and meetings,¹² and its productive economy has been assessed as innovative as Houston’s.¹³ Despite signs of promise, however, Bilbao has struggled to attract international investment in real estate in the troubled post-recession national macroeconomic climate.

2) Narrative – the city’s journey into and through globalization. What kind of economic and development trajectory has it taken? What has changed over time?

A commercial and maritime city since 1300, Bilbao’s international outlook has for centuries combined with a distinct sense of autonomy. Links with North Atlantic markets were enabled by special trading rights

negotiated with Spain between 1450 and 1840, and these facilitated nodal status in the export of Castilian wool and Basque iron internationally, especially to the Low Countries and America.

Bilbao's industrial phase of trade, shipping, and mining growth during the 19th and 20th centuries occurred much more steadily than other European port cities, despite record high exports of iron to the United Kingdom and the emergence of the Bilbao Stock Exchange as an international transaction center. It was not until the 1960s that a second peak of manufacturing activity was accompanied by a surge of immigration from Andalucía and elsewhere in Spain. But Bilbao's global image and appeal to international investors was damaged by the city's association with violent separatism, exacerbated by an outdated Fordist production structure, high congestion, and physical decay up to the late 1980s. This marked the low point in Bilbao's openness to international ideas, people, and investment.¹⁴

But since this nadir, Bilbao has pursued one of the most ambitious programs of transformation and modernization of any medium-sized city in Europe. Bilbao became an "entrepreneurial" city, using the Abandoibarra regeneration megaproject to raise overall global visibility and re-attach local economic development to the world market. The Guggenheim Museum ultimately became the pivotal architectural creation that catapulted the Basque city to international attention. The museum represented a symbolic re-assertion of Bilbao's new global outlook and status as an avant-garde tourist city, and it was accompanied by considerable transcontinental immigration, as well as a large wave of international investment.

New service sectors in international banking, knowledge, and cultural services have emerged and flourished. Bilbao's international positioning is an especially important challenge today, given the relocation of important functions to Barcelona and Madrid and the drain of much of its most highly skilled domestic workforce. At an institutional level, though, Banco Bilbao Vizcaya Argentaria (BBVA) and energy firm Iberdrola remain the key levers of Bilbao's global finance and resource connections.

3) Elements of international and global orientation - In what ways is the city globally connected and relevant? What sort of trade patterns does it exhibit?

Bilbao's international population and visitor figures have spiked in recent years. In the decade up to 2010, Bilbao's migrants rose from 1 percent to over 8 percent of the population. Much of the growth has come from Latin America – Colombia, Ecuador, and Bolivia – supplemented by Romanians, Chinese, and North and sub-Saharan Africans.¹⁵ Over a similar time frame, Bilbao has received over two million international visitors, primarily to experience the city's new artistic and architectural masterpiece. Well over 60 percent of visitors arrive from Western Europe, with growing numbers from Latin America and North America (8-9 percent each).¹⁶ Visitor figures have more than trebled since the early 1990s.¹⁷ Long-distance accessibility and connectivity for these visitors has been enhanced through airport expansion. Despite this rise in population flows, Bilbao's own identity remains strong, and immigrants are widely seen as contributing to well-being and innovation.

By contrast, the city's foreign investment record is fairly mixed to date, despite the successful coordination of public to private land switches in the course of large-scale regeneration. The financial globalization of Bilbao's BBVA bank reached new levels in the 1990s, succeeding in Latin American markets for the first time and expanding into Mexico in 2012.¹⁸ The city has provided significant support to local companies to internationalize, even as inward investment performance has been modest, confined mostly to industrial sectors such as car components.¹⁹

4) To what extent is the city's international dimension inherited or intentional?

Bilbao's maritime history has meant it has always been internationally oriented, with a distinctive entrepreneurial endowment yet simultaneously fiercely proud of its distinctive Basqueness. The city's new international flavor may be considered highly intentional, the result of an agile regional political culture that has consistently shown itself capable of adjusting to new economic terrain and negotiating advantageous

relationships with, and freedoms from, central government. It has repeatedly reacted to its varied circumstances through history to find a way of exploiting its coastal location, mountain proximity, and natural resources. Shifting political and economic equilibria have required that Bilbao hone its reliability, robustness, and attention to detail.

Bilbao has long sought to conserve and recast the foreign commercial relations developed since the 13th century. It has inherited a legacy of defending commercial franchises and mercantile freedoms in negotiation with the Spanish state. The achievement of greater political and fiscal autonomy from Madrid after the Franco era significantly facilitated the internationalization process. Greater fiscal freedom, including the financing ongoing operating deficits in a commitment to long-term brand development, has allowed the county and regional government to offer large public subsidies to new cultural projects. The attraction of the Guggenheim to Bilbao was achieved through the region's own competitive financial offer, whose motivations were at least partly linked to a desire to express greater cultural autonomy from the nation-state.

The unlikely reversal of Bilbao's difficulties in the 1980s was largely attributable to strategic foresight and action. This involved implementing a range of well-orchestrated initiatives, some of which challenged vested interests, as the region moved from an older industrial economy to a more innovation-driven model oriented around urban attractiveness. An unusual set of civic and business alliances combined to agree on the central issues and development agendas. This collaboration provided the required depth of vision, policy and planning skills, and delivery capability.

As a region, Bilbao's global strengths lie in its long-term preparation. City and provincial leaders are known for a paced and purposeful approach in developing policy mechanisms that can deliver the regulatory and incentives regime to modify the economic mix, as well as the hardware infrastructure. A decisive and compelling regeneration plan emerged in the 1990s, involving the creation of nimble special purpose delivery agencies, most notably Bilbao Metropoli-30, which focused on international promotion for the first time, and Bilbao Ria 2000. More than €4 billion of public investment was channeled into cultural projects.²⁰ The Guggenheim museum was the jewel in the crown of Bilbao's adaptation to new demands of global competitiveness. It was the culmination of a series of prior initiatives, and reflected an advanced "strategic opportunism" – the ability to strike and seize opportunities when it really matters.

Resolute public-sector leadership continues to characterize Bilbao's internationalization. Since 2006 the city has been proactive in addressing issues of integration among its immigrant population. Developments include multilingual online resources, investment in a Gentes del Mundo (People of the World) Festival, and participation in European projects such as Open Cities (to measure openness) and Realise (to tackle the mismatch between qualification and employments for immigrants). Bilbao's municipality has urgently sought strategies to improve foreigner participation in city life and to better represent the interests of immigrants through migrant and professional associations.²¹ The launch of the Local Council of Immigration is the most prominent initiative in this area.

¹ Brookings analysis of Moody's Analytics and Oxford Economics data.

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ "The World According to GaWC; Classification of Cities 2010," September, 14, 2011.

⁷ The data were produced by G. Csomós and constitute Data Set 26 of the Globalization and World Cities (GaWC) Research Network (<http://www.lboro.ac.uk/gawc/>) publication of inter-city data.

⁸ Brookings analysis of Moody's Analytics and Oxford Economics data.

⁹ "The World According to GaWC," Globalisation and World Cities Network, 2010, available at www.lboro.ac.uk/gawc/world2010t.html.

¹⁰ "Statistics: Visitors," Bilbao Turismo, 2012, available at

<http://www2.bilbao.net/bilbaoturismo/ingles/bprofesional/estadisticas2.htm>; "Euromonitor International's Top 100 City

Destinations Ranking," Euromonitor International, 2013.

¹¹ "No. 234," *The Art Newspaper*, April 2012.

¹² "The Association Meetings Market 2011," International Congress and Convention Association, 2012, p. 31.

¹³ "Innovation Cities Top 100 Index," 2thinknow Consulting, 2011, available at www.innovation-cities.com/innovation-cities-index-top-cities-for-innovation-2011/1649.

¹⁴ Gerardo del Cerro Santamaria, "Bilbao: Basque Pathways to Globalization" (Oxford: Elsevier, 2007).

¹⁵ "Putting Women's Health in Women's Hands," Cities of Migration, 2012, available at http://citiesofmigration.ca/good_idea/womens-health-in-women%E2%80%99s-hands/.

¹⁶ Gerardo del Cerro Santamaria, "Bilbao: Basque Pathways to Globalization"; "Statistics: International Visitors," Bilbao Turismo, 2012, available at <http://www2.bilbao.net/bilbaoturismo/ingles/bprofesional/estadisticas4.html>.

¹⁷ "The Bilbao Effect," *Museum News*, 2007, available at http://www.scholars-on-bilbao.info/fichas/MUSEUM_NEWS_The_Bilbao_Effect.pdf.

¹⁸ "Banco Bilbao Bids \$4.1 Billion for Rest of Bancomer," *Bloomberg*, 2012, available at www.bloomberg.com/apps/news?pid=newsarchive&sid=all9vJ3tHDZY&refer=latin_america.

¹⁹ Gerardo del Cerro Santamaria, "Bilbao: Basque Pathways to Globalization."

²⁰ "Accrediting the Success of Bilbao's Urban Regeneration to the Guggenheim Museum Is Misguided," European Urban Knowledge Network, 2011, available at www.eukn.org/Interviews/2011/Accrediting_the_success_of_Bilbao%E2%80%99s_urban_regeneration_to_the_Guggenheim_Museum_is_misguided.

²¹ "Zoom on Bilbao," URBACT, 2011, available at <http://urbact.eu/fr/results/zoom-on/?zoomid=9>; Jörg Plöger, "Bilbao City Report," CASE Report 43, 2008, available at [http://eprints.lse.ac.uk/3624/1/Bilbao_city_report_\(final\).pdf](http://eprints.lse.ac.uk/3624/1/Bilbao_city_report_(final).pdf).

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