

The 10 TRAITS of GLOBALLY FLUENT METRO AREAS

GLOBAL CITIES INITIATIVE
A JOINT PROJECT OF BROOKINGS AND JPMORGAN CHASE

HELSINKI

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
\$75,515,069,928 (1)	37.75%	\$47,705	1,582,964 (1)	29.26%	101	11	2.18%

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

Located in the far south of Finland on the Baltic Sea, 200 miles west of St. Petersburg, Helsinki is one of the largest and most globalized cities in Scandinavia. With a population of 1.4 million, the Finnish capital is by far the country’s largest metro area in and has been its focus for trade and investment for more than two centuries. As a result, it is an established financial services specialist, rated 42nd in the world and above Beijing in the most recent edition of the Global Financial Centres Index.⁹ The city has more established links with its hinterland than ever, but the capital lacks international scope.

While in absolute terms Helsinki has grown its global business links over the past decade, it has been doing so more slowly than many other cities. In 2000, it was rated the 70th most embedded city in global business networks, but by 2010 it had fallen to 101st, overtaken by cities such as Sofia, Cape Town, and Abu Dhabi. While nearby St. Petersburg is among the top 50 most-visited cities worldwide, Helsinki is well outside the top 100.¹⁰ The city has also fallen out of the top 25 European cities for foreign direct investment (FDI) since 2010. Despite strong quantitative infrastructure assessments, it has comparatively weak external transport links as viewed by European executives.¹¹

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?

Helsinki's history has both supported and inhibited its capacity for global engagement at different times. Unable to express itself as an independent capital until 1917, the city nevertheless emerged roughly evenly bilingual, with Swedish-speaking residents afforded a central role in civic life. The institutional commitment to both Swedish and Finnish remains, and the city is a bilingual municipality, although Swedish speakers have fallen to just 6 percent of the population.¹² Multilingualism continues to be embraced as a competitive edge to Helsinki's economic credentials. The third major language of the city is Russian, the only other language to exceed 5,000 first-language speakers.

Since 1945 Helsinki has had to look beyond its domestic market in order to meet industrialization goals. The city developed healthy business and political relations with the Soviet Union that continue to be felt today. During the 1960s and 1970s local education reforms guaranteed a high level of primary and secondary education that provided the base for the city to become largely self-sufficient in terms of skills. The number of city residents born outside Finland remained well under 10,000 during those decades. Toward the end of this period Helsinki developed strong public and private cooperation, especially between its universities and technology firms, and its "triple-helix" model of university–industry–government innovation remains intact to this day.

Helsinki became a city of immigration only in the 1990s, but growth in leisure and business tourism has been slow in comparison to nearby centers. The origins of visitors through the early 2000s were not very broad, limited mostly to tourists from Sweden, the United Kingdom, the United States, and Germany. The big trend more recently has been the sharp influx of Russian visitors, including by train, thanks to improved high-speed connections to St. Petersburg. Nevertheless the number of rotating international congresses and participants in Helsinki has fallen by over a third since 2000, indicative of rising competition.¹³

Today, Helsinki has demonstrated that at a certain level of international competitiveness can be achieved through high-technology and innovation uptake, strong governance and educational regimes, and a stable business environment. The city has also shown how research and development links can fuel a quality art and design sensibility. It has not achieved genuine global *fluency* as such, due to an insular labor market, parochial professional networks, and a comparatively unreceptive approach to diverse social norms and practices. Nevertheless Helsinki has shown strong global *capability* because of its investment in talent and training.

Some efforts are being made to position the capital with a new geography of Euro-Asian trade flows. The 2009 city–region strategy is committed to developing Helsinki as a quintessentially European city of expertise by focusing on a fast-track agenda of public transport projects and serious investment in spatial development to support the Helsinki–St. Petersburg–Tallinn triangle.¹⁴ But in 2012, in a risk-averse move, Helsinki rejected the opportunity to build a Guggenheim museum in the city.¹⁵ The opposition to the Guggenheim reflects the city's propensity for caution when it comes to international engagement.

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?

Helsinki's population diversity is beginning to grow from a low base. The foreign-born population across the Helsinki region has doubled since 2000, surpassing 100,000 for the first time in 2009. This growth is mainly due to a rise in immigration from Russia and Estonia, with a notable additional influx of Somalis and South Asians. The city's foreign-born population is set to reach 200,000, or 13 percent of total population, by the mid-2020s as the city government seeks to solve workforce shortages.¹⁶ International student numbers are on a slow but steady increase at the University of Helsinki (currently under 2,000), thanks to English-language postgraduate degree programs.¹⁷

Helsinki's success as a technology exporter has run ahead of its destination attraction. Hotel bed nights from international visitors rose by only 15 percent between 2000 and 2011, and domestic visitors to the capital

have come to almost outnumber their international counterparts.¹⁸ After years of modest foreign investment figures, only in 2011 did Helsinki overtake the other Scandinavian capitals for FDI projects, rising to 54 cases annually.¹⁹

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

Helsinki's international role is largely inherited from its geographic position as one of the only advanced developed cities in the zone that links Europe and Asia. The capital's record in achieving high tax revenues and thereby resident satisfaction in health, transport, and cultural services has slowed its desire to enter the global marketplace except on its own highly advantageous export terms. Its inhospitable climate has also proved an unavoidable deterrent in terms of attracting the kinds of knowledge workers that could improve the city's talent base.

Knowledge and talent systems are a major driver of competitiveness in external business networks. World-class grade 1-9 education provides a platform for excellence, which is maintained by high-quality universities led by the University of Helsinki, ranked 78th globally.²⁰ The city has an engrained culture of lifelong learning and adult education that is key to facilitating retraining in new sectors, such as in clean technology, life sciences, and convergence technologies such as neuro-gaming. Regular and positive relationships with educational institutions have also helped recast the entrepreneur as a positive, popular, and accepted figure in Helsinki's economy.

Pro-entrepreneurial sentiments reflect a new era of less risk-averse intentional internationalization at the level of leadership and society. Long-standing Mayor Jussi Pajunen and key economic development figures Marja-Leena Rinkineva and Matti Ollinkari have been effective advocates for a more Helsinki-focused national economy and have helped foster an international vision based on intensified links to Russia and the Baltics.²¹ Since the early 2000s a much better understanding has emerged at the national level that redistribution of resources to other regions is less effective than leveraging Helsinki's agglomerative strengths.²²

A transformative urban development agenda is now being pursued based on the reallocation of industrial land and investment in high-quality living environments financed jointly with private partners. This has been showcased as Helsinki became the World Design Capital, an event that has boosted tourist numbers, notably from Japan and Russia. Tourism policies have, during this phase, become more refined to attract smaller, more personalized groups. The city now acknowledges the potential of twinning with St. Petersburg for cruise and business tourism, and benefits from improved links to a range of Asian cities. Meanwhile education policies are committed not only to multiculturalism but to original language retention, through city-financed extracurricular schooling of around 5,000 immigrant children.

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 Global Financial Centres Index: 12," Z/Yen, 2012.

¹⁰ "Euromonitor International's Top 100 City Destinations Ranking," Euromonitor International, 2013.

¹¹ "Global Liveability Report," Economist Intelligence Unit, 2012; "European Cities Monitor 2011," Cushman & Wakefield, 2011; Rachel Craig, "European Cities and Regions of the Future 2012/13," fDi Intelligence, February 13, 2012, available at www.fdiintelligence.com/Rankings/European-Cities-and-Regions-of-the-Future-2012-13.

¹² Peter Kraus, "The Multilingual City," *Nordic Journal of Migration Research*, Vol. 1, No. 1, 2011, pp. 25–36.

¹³ "Tourism in Twin-Capital," available at

http://twincapital.weebly.com/uploads/8/3/6/1/8361075/statistics_report_helsinki_and_tallinn.pdf.

¹⁴ "From City to City-Region," City of Helsinki Planning Department, 2009, available at www.hel2.fi/ksv/julkaisut/julk_2009-8.pdf.

¹⁵ Saska Saarikoski, "How Did the Guggenheim Helsinki Dream Go Sour?" *Guardian*, May 4, 2012, available at www.guardian.co.uk/commentisfree/2012/may/04/guggenheim-helsinki-dream-go-sour; Michael Stothard, "Helsinki: Centre of Good Design Says No to Guggenheim," *Financial Times*, May 29, 2012, available at www.ft.com/cms/s/0/7d67873e-a33d-11e1-ab98-00144feabdc0.html#axzz1zMKbCgby.

¹⁶ "Helsinki's Foreign-Born Population Forecast to Double in Two Decades," City of Helsinki, April 1, 2010.

¹⁷ "University of Helsinki Takes Position Among the World's Top 100," European Union Office, October 13, 2011, available at <http://euoffice.it.helsinki.fi/index.php?id=1703>; "22nd Helsinki Summer Seminar on International Law," University of Helsinki Faculty of Law, August 17, 2009, available at www.helsinki.fi/eci/Events/summerseminar09_info.pdf.

¹⁸ "Tourism in Twin-Capital."

¹⁹ "Foreign Investment in Greater Helsinki Grew Significantly in 2011," *Helsinki Business Hub*, June 20, 2012, available at www.helsinkibusinesshub.fi/article/foreign-investment-in-greater-helsinki-grew-significantly-in-2011.

²⁰ "University of Helsinki Rankings," QS, 2012, available at www.topuniversities.com/node/2554/ranking-details/world-university-rankings/2012.

²¹ Michael Stothard, "Helsinki: Centre of Good Design Says No to Guggenheim."

²² "Towards City 2.0," Greater Helsinki Region, 2007, available at www.greaterhelsinkivision.fi/files/GHV_j2p_Towards_City_6_boards.pdf.

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