

The 10 TRAITS of GLOBALLY FLUENT METRO AREAS

GLOBAL CITIES INITIATIVE
A JOINT PROJECT OF BROOKINGS AND JPMORGAN CHASE

SYDNEY

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
\$203,101,007,020 (1)	21.14%	\$45,377	4,475,821 (1)	20.36%	10	21	1.98%

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

Sydney is Australia’s largest metro area with a population rapidly approaching five million. Located on the same latitude as Buenos Aires, and one hour ahead of Tokyo, the fast-growing city is one of the most impressive performers on international benchmarks in recent years. It placed 11th in the prestigious Cities of Opportunity study in 2012, with excellent assessments for business environment, airport access, health, and literacy. Sydney has entered the top 10 for foreign direct investment projects according to IBM’s annual assessment, a reflection of the fact it is now the fifth most embedded Asia-Pacific city in global business services networks and the 15th-strongest financial center worldwide. The city is regarded as one of the four most established cities for international students, along with London, New York, and Paris, a ranking that reflects its reputation for livability, culture, and higher education.⁹

Sydney’s success has brought new challenges associated with costs of living, infrastructure, and business growth. The city rates among the bottom five of 27 world cities for consumer prices and rental costs. Its mass transit coverage is relatively scarce, while higher education achievement and information/communications technology development is fairly modest for a city of its ambition.¹⁰ Despite enviable quality-of-life performance, how these new challenges are addressed may define the next phase of growth.

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?

Sydney's story is intertwined with one of immigration. The New South Wales capital city has been Australia's face to the world ever since the iconic Opera House was completed in 1973. Historically Australia's major host of European and later Asian immigrants, Sydney has emerged in the past two decades as a diverse and unique commercial center excelling in arts, fashion, entertainment, and tourism.

Following the first wave of immigration (predominantly from the United Kingdom and Ireland) and later migrations from Southern Europe (particularly from Italy and Greece), by the 1990s Sydney had become a key destination for migrants from Southeast and East Asia.¹¹ Although concerns of social integration and socioeconomic polarization remain a factor, many ethnic groups have higher-than-average proportions of individuals with postsecondary education and workers in senior, knowledge-based positions. Migrants from Japan, Malaysia, Taiwan, and Hong Kong are particularly prevalent in posts within the city's finance sector. These linguistic, cultural, and business links have become more significant as the economic and business center of gravity shifts from West to East.

Sydney's economic diversification and density of cultural and intellectual institutions helped it to emerge ahead of Melbourne as a financial center in the late 1980s, when the Australian Stock Exchange was established.¹² From the mid-1990s, under a more opportunistic and business-oriented policy framework, Sydney became a significant finance-insurance hub whose anchor institutions were the Reserve Bank and the Australian Stock Exchange. The successful bid to host the summer Olympic Games in 2000 provided a key catalyst to the city's recent progress, securing Sydney's status as an Asia-Pacific regional headquarters. It confirmed the city as an international tourism destination,¹³ characterized by liberalism and gay friendliness.¹⁴

Sydney has proven more effective at promoting its cultural vitality and attractive identity than it has at developing a metropolitan economic strategy or coordinated business brand. However, the organic economic shift to the East has created the international economic stimulus the city has traditionally lacked, in particular in the energy and natural resources sectors. Strong state leadership and an innovative model of positioning have directly sought to compete globally against other nodes of globalization. This objective is indicated by the recent Metropolitan Strategies and the Sustainable Sydney 2030 Vision, which seek to tackle infrastructure deficiencies that cause congestion and high commute times.¹⁵

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?

Large-scale postwar immigration from Italy, Greece, and Lebanon has seen city districts such as Leichhardt, Lakemba, and Redfern become synonymous with migration. More recently Sydney has developed links with migrants, residents, and business people from China, Korea, and Japan. Almost 200 languages are thought to be spoken, more than in any other city in the Asia-Pacific region.¹⁶ Shenzhen is the Chinese city with whom Sydney has especially strong trade and investment links.

Sydney's expanded global reach since the 1980s is linked to the rise of 24-hour trading and the rise of finance centers in Singapore, Japan, and China. It is a popular regional headquarters for Anglophonic multinationals. NSW Trade & Investment, a state government agency, is highly active in India and China to draw banks, including the China Construction Bank, the Chinese Bank of Communications, Bank of Baroda, and the People's Bank of China – Australia's first foreign central bank – all of which have recently arrived.¹⁷

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

Sydney's location – distant from American and European markets – and lack of linguistic diversity originally inhibited its participation in globalization. Today however, Sydney's longitudinal location is highly beneficial, as it is the first major financial market in the Asia-Pacific region to open each day. As the largest metro in a commodities-rich economy, geography now plays a factor in its role as a gateway to the Asia-Pacific region, especially in education, financial, and professional services. Furthermore, its historic endowment of two top-

100-ranked universities, the University of Sydney and Macquarie University, attracts a disproportionate amount of academic talent and contributes to making education a key export.¹⁸

Unlike some European cities, Sydney has lacked a clear strong regional authority to advocate and coordinate policy in terms of infrastructure development and initiatives to promote the city as a brand. The metropolitan region is made up of 41 local government authorities in a relatively weak legal and fiscal position, especially given the powerful role of the New South Wales government as legislator. This is currently being addressed through the recent creation of Infrastructure NSW, Destination NSW, and NSW Trade and Investment, designed to improve coordination and prioritization of infrastructure investment, create new investment opportunities, and enhance international awareness of Sydney. Nevertheless, the city's story of internationalism has occurred largely without the kind of national and state-level advocacy that might be expected.

Instead, the recent phase of global orientation is more attributable to strong public–private leadership, which has gradually acquired a consciousness of Sydney's strategic role in a competitive environment of emerging world cities. The New South Wales government has overseen the introduction of a series of special development corporations (including Darling Harbour Authority and South Sydney Development Corporation), bespoke environmental planning policies tailored for specific development areas, and enhanced independent ministerial powers.¹⁹ Ultimately Sydney's adjustment success has been about the development of compelling coalitional *strategies* to catalyze collaboration, drawing on federal and state-level investment and planning powers.²⁰ The most recent 2036 Metropolitan Strategy is an example of how an infrastructure agenda can bring local and regional governments, and business and community groups, into more intense engagement than ever.²¹

Sydney is a testament to the grasp of intrinsic advantages – the DNA of the city – and how they can be put to work in the next cycle of demand in the global economy. Its coalitional mode of governance has celebrated the city's subcultures and demonstrated a clear entrepreneurial streak in the fields of business attraction and global positioning. As such Sydney illustrates how to cultivate a distinctive DNA, based around livability, aesthetic attractiveness, tolerance, and entrepreneurial productivity. The new set of policies to curb outward expansion of the city aims to protect these values.

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, 2010," Globalisation and World Cities Network, available at www.lboro.ac.uk/gawc/world2010t.html; "The World According to GaWC, 2000," available at www.lboro.ac.uk/gawc/world2000t.html; "Global Financial Centres Index: 12," Z/Yen, 2012; "Understanding London University Rankings," Study London, February 2012.

¹⁰ "Cities of Opportunity," Pricewaterhouse Coopers and the Partnership for New York City, 2012; "Global Sydney: Challenges and Opportunities for a Competitive Global City," Committee for Sydney, 2009.

¹¹ I.H. Burnley, "Immigrant City, Global City? Advantage and Disadvantage Among Communities From Asia in Sydney," *Australian Geographer*, Vol. 29, No. 1, 1998, pp. 49–70.

¹² Peter Spearritt, "Sydney's Century," (Sydney: University of New South Wales Press, 2001), pp. 127–28.

¹³ Gordon Waitt, "Social Impacts of the Sydney Olympics," *Annals of Tourism Research*, Vol. 30, No. 1, 2003, pp. 194–215.

¹⁴ Kevin Markwell, "Mardi Gras Tourism and the Construction of Sydney as an International Gay and Lesbian City," *GLQ: A Journal of Lesbian and Gay Studies*, Vol. 8, Nos. 1-2, 2002, pp. 81–99.

¹⁵ "Sydney: Australia's Global City," Pricewaterhouse Coopers and Sydney Business Chamber, June 2010, available at

www.pwc.com.au/industry/government/assets/sydney-emerging-global-city-jun10.pdf.

¹⁶ "Why Sydney and New South Wales," New South Wales Government Business, available at www.sydneyaustralia.com/in/businessenv.asp.

¹⁷ "Barangaroo: In Perspective," Jones Lang LaSalle, November 2010, p.7, available at www.joneslanglasalle.com.au/ResearchLevel1/JLL_Australia_Barangaroo_In_%20Perspective_November_2010.pdf.

¹⁸ "Sydney: Australia's Global City," PricewaterhouseCoopers and Sydney Business Chamber.

¹⁹ Pauline McGuirk, "Producing the Capacity to Govern in Global Sydney: A Multiscaled Account," *Journal of Urban Affairs*, Vol. 25, 2003, pp. 201–23.

²⁰ Gabriela Miranda, Paul Dalziel, Cecilia Estolano, Kris Krasnowski, and Graham Larcombe, "Climate Change, Employment, and Local Development, Sydney, Australia," OECD Local Economic and Employment Development (LEED) Working Papers (OECD Publishing, 2011), available at <http://dx.doi.org/10.1787/5kg20639kgkj-en>.

²¹ Ibid.

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