

OPENCities

Thematic Paper 2

Internationalisation (Full Version)

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Connecting cities
Building successes



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1. Introduction.

This is the second thematic paper for the OPENCities project. The first paper covered leadership of open cities and was produced in summer 2009. This paper deals with internationalisation of opencities and the third paper will address managing diversity and supporting integration and inclusion in open cities.

In this paper we attempt to draw out lessons on the links between the internationalisation of the population of a city and the wider internationalisation processes.

We ask questions such as:

- What do we mean by city internationalisation?
- Why do cities seek to become more international in their orientation?
- What is the role of population internationalisation in the process of becoming an international city?
- What are the promising practices that cities are developing here?
- How do they work?

We have selected 8 cities for initial case studies. In each city we profile their internationalisation process and one or more practical initiatives that they have taken.

City	Internationalisation Case Study.
Madrid	Madrid Global International Office.
Miami	Miami trade promotion.
Singapore	Contact Singapore: Office for International Talent.
Turin	Strategic urban planning for new international roles.
Vienna	Spurring migrant entrepreneurs
Cape Town	Soccer World Cup 2010 as a magnet for international talent.
Amsterdam	A new international brand to build global affinity.
Zurich	Tax/quality of life framework for international workers.

1.1 Why do cities try to internationalise? Which cities do this and why?

Cities in the twenty-first century are encountering a series of trends and challenges that have, with some exceptions, never confronted urban policy leaders in such dimensions before. Faced with intensifying globalisation over the past two decades that has exceeded all previous global interconnection, cities are subject to the potential of dynamic population changes and immigration flows, enabled to a large degree by improved human mobility.

With population growth spilling beyond historic city borders, cities are taking on an increasing metropolitan scale, spurring increased city-regional inter-dependence.

Globalisation.

The technology-driven deepening of global economic linkages, only partly ruptured by the 2008-9 global recession, is demanding city specialisation within global value chains and requires that cities

maintain and create seamless global connectivity, attractive business environments, and an internationally appealing quality of life.

Furthermore, the political impact of continental, and indeed global, political integration means that cities now function within a more dynamic regional and international urban system, one that requires governance capable of responding more coherently and systematically to this international sphere, and the opportunities it offers to cities to position themselves within an open international system.

Within this context of rapidly enmeshed and productive global flows, cities have several clear motives to internationalise. Accompanying the series of global flows, networks and hybridities are opportunities not just for multinational companies to serve international markets from single worldwide locations, but for cities to serve international companies, developing clear niches and decisive international roles in the process.

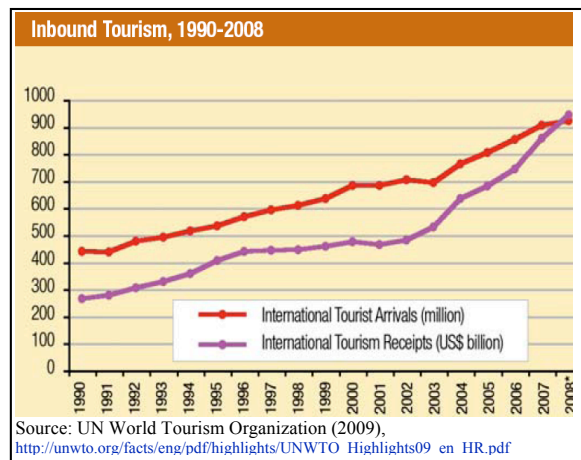
Such cities are recognising that gearing their provision to serve the national market alone is no longer a sustainable or productive enterprise. They acknowledge the need to be part of a progressively more sophisticated international economic value chain. In cases where cities operate within a limited domestic economy, such as Amsterdam, Abu Dhabi, and Zurich the need to position their economic offering internationally has taken on increased urgency. At the same time, more of the content of any individual city economy is contested through international competition, so there is an important requirement for cities to retain and expand the internationally oriented investors that they already have.

International Value Chains and Supply Chains.

Secondly, while many industries have developed an international supply chain alongside domestic sites of consumption, cities have sought to tap in to those modern economic sectors that have become international in their very character.

Tourism.

Most prominent among these is tourism. Since the turn of the twentieth century, when almost all leisure trips were taken domestically, international tourist arrivals have grown exponentially. From 25 million in 1950, the number of transnational tourist arrivals hit 922 million in 2008, with forecasts of a staggering rise to 1.6 billion by 2020.ⁱ The chart opposite demonstrates that the growth over the past two decades that has fuelled cities' recognition that they must now achieve visitor destination status if they are to be capable of hosting and servicing international populations in all capacities.



Advanced Services.

Elsewhere other sectors such as financial and business services, law, advertising and media have all assumed a concrete and indispensable international dimension. Cities with ambitions in these sectors, which is to say a majority of large cities globally, have had to adapt to an imperative of internalisation in order to be competitive.

Inter-governmentalism.

The third spur to city internationalisation is the proliferation of liberal inter-governmentalismⁱⁱ which began in the post-war period (after WW2) but reached new heights with the end of the Cold War, the resolution of several other regional conflicts, and the congregation of ideas around a free-market

oriented consensus in the 1990s. This episode has prompted a dramatic growth in regional trade agreements and organisations promoting economic and/or social integration, including EU Enlargement, NAFTA, ASEAN, Mercosur, FTAA and MEFTA (Middle East Free Trade Area Initiative). This emergence has been accompanied by a range of international oversight bodies and internationally focused NGOs which amount to a significant trend towards regional and global governance. With regard to cities, this has created considerable opportunities to support the international community's co-operative efforts and attract an institutional presence, an ambition which Turin, The Hague, Geneva, and Nairobi for example, have exemplified.

International Talent.

Finally, a number of distinctive world cities have identified the crucial function of international populations in providing the raw manpower necessary to nourish the city with high quality diverse skills that might otherwise be absent. A number of cities, including Zurich, Dubai, Sao Paulo and Singapore, currently have domestic populations that are either too small or insufficiently experienced in the gamut of high-end knowledge occupations to be competitive. In this context, international populations are seen to serve important city functions and policies have been constructed to attract and retain them accordingly.

Cities must internationalise to succeed.....?

The trends of international economic intensification and political integration, combined with the related pressures towards knowledge specialisation and economic scale therefore demand a new and unprecedented city focus on internationalisation. To position themselves most effectively amid these developments and acquire hub status, there *are* a variety of measures cities can ensure. Within the physical location itself, cities need to cement a network of support for global firms, provide the right quality and scale of real estate, construct premium digital infrastructure, hone a balanced cultural provision, and facilitate the emergence of international media and cuisine. Beyond the local, cities must have comprehensive and seamless international connectivity, a confident and well transmitted brand and purpose, diverse and credible communicative relations with international markets, and a sincere pluralist perspective permeating all its international affairs.

Cities' adjustment to the particular global context in which they operate has taken place gradually and unevenly over the past two decades. Many cities have begun to critically re-evaluate their relationships with foreign cities and their positions in new global networks of production and consumption, adapting their strategic efforts accordingly.

How do cities internationalise?

Our research shows that city and city-regional bodies are becoming increasingly active and engaged in the international arena, developing a host of facilities operational at that level. Most typically, cities who have taken these steps tend to be large, capable of hosting a critical mass of activity, such that international-facing orientation has become a natural feature of the policy-making mosaic. Sao Paulo, Mumbai and Istanbul are all prime examples of such cities.

Elsewhere there are strong examples of smaller cities which have a distinctive cultural niche or economic specialisation that has inherent international implications. Zurich, Edinburgh and Boston are examples of cities that have looked to their international provision because of their established reputations in the fields of banking, culture and education respectively.

Thirdly, there are a set of secondary cities which have sought to escape what is perceived as an undesirable or constraining national urban system by looking further afield to attract investment, events and people. In these cases the new opportunities available internationally are contrasted favourably with the sclerosis of the national political structure. Manchester, Barcelona, Cape Town and Toronto all fit this category of ambitious outward-facing city.

Finally, a number of eminent historical cities which played a formative role in earlier phases international economic expansion have sought to re-configure and re-establish their international positioning, based on an indelible legacy of seeking an international role. The rich international histories of Amsterdam, Singapore, Istanbul, Hamburg, Hong Kong, Venice and Lisbon have informed their self-image as international cities of the future.

The range of cities that are eligible to pursue aspects of internationalisation is impressively wide, but what is clear is that not all cities are suitable to undertake such a programme. Alongside questions of cities' organisational and fiscal capabilities, the prerequisites for internationalisation are an identifiable match between a city's economic and social assets and the demands for such attributes internationally. It is only if such a correspondence exists that the process can be carried out to mutual advantage, while the extent of re-configuration is best confined to those areas and sectors where mutual benefits can be assured. Cities that seek to internationalise across weak or historically under-developed fields find that they are unable to generate the critical mass in other milieus (economic, social and cultural) capable of sustaining them over the longer-term.

1.2 How do our eight case study cities illustrate this? Do they show different reasons and methods for internationalisation?

This study aims to consider to what extent cities and metropolitan areas worldwide have transformed their provision and offering to capitalise on international opportunities. What is of interest in this paper is how cities are responding to the aforementioned trends and what range actions are becoming available to stimulate a virtuous cycle of internationalisation. The ten case studies that feature in this paper reveal a rich collection of motives and mechanisms for internationalisation, and show that cities which are at first glance comparable have distinct sets of historical, socio-cultural and governmental trajectories all of which help constitute each city's conceptualisation of globalisation.

Amsterdam has a long and auspicious history as a port hub in the early colonial period, and thus has always been to a large extent outward-facing. This accounts for the city's unique blend of cosmopolitanism and consistent replenishment with diverse people and ideas. Given that Amsterdam's position in the global urban GDP and financial centre rankings has slightly declined over recent years,ⁱⁱⁱ its internationalisation effort aims for a thorough renewal of its international roles in order to re-invigorate its bohemian identity and singular mix of business and recreation. For the Netherlands' leading city, the erosion of international functions would be unsustainable for its critical mass, given the limited size of the Dutch economy.

Building upon its success as a tourism destination, internationalism has also been built in to the very fabric of **Miami**, which over the past fifteen years has sought to modify its international relationships in order to capture the increasingly prominent European and Latin American/Caribbean markets. Strategic internationalisation has been motivated by concern of losing competitiveness given its small population, peripheral location, comparatively undiversified economy and secondary position in the North American urban hierarchy. In response to this predicament, city and county leaders have concentrated on branding measures to create a 'gateway to the Americas' status, accompanied by enhancements to inter-continental connectivity, thorough outreach to emerging markets, and efforts to strengthen the city's internationally-facing creative, media, and life science industries. Miami is now both a business hub and a creative hub, as well as maintaining its position as a visitor destination.

For over a century, **Turin** played a distinctively national function as Italy's leading automotive manufacturer as it became almost entirely dependent on the presence of car giant FIAT. In the 1980s and 1990s, the city experienced a profound loss of identity and confidence amid the dramatic decline of the car industry and subsequent chronic unemployment. The city has therefore sought to look beyond its national potential and find new international roles, due to necessity and the concurrent opportunity of deepened European integration. In this context, it has made sense for Turin to position itself as an international city with inherited strengths in high tech engineering, design and innovation. The city's Alpine surroundings have provided the city with a platform from which to cultivate the city

as a visitor destination, accelerated by its successful bid to host the 2006 Winter Olympics, and the enhanced international infrastructure and urban quality for which it was a catalyst.

Internationalisation in **Madrid** emerged as a concrete policy aim relatively recently amid the recognition of the huge opportunity that accompanies the city's status as the de facto capital of the Spanish-speaking world, and a great emerging world city. In a new twenty-first century context where Spain is heavily integrated into both Europe and Latin America, spurring widespread inter-penetration of regional markets by internationally-oriented Spanish companies, Madrid's city and regional leaders identified the importance of acquiring world city status and connecting with growing markets in Asia and North America. Assuming ever expanding inter-connection and inter-dependence, the world city positioning makes maximum use of the city's long term potential in relation to Latin American markets, namely its platform to become the undisputed preferred gateway for Latin America. Madrid has undertaken a substantial and successful programme of urban and metropolitan investment and now seeks to leverage that investment in its drive to function as a productive world city.

Another great historical and cultural capital, **Vienna** has also arrived at the post-Cold War, enlarged EU, era with profound opportunities to reorient its international direction and become a hub for a Central Europe region that was previously out-of-reach. Having recently been at the periphery of the Western European zone, Vienna's location and strong international connections have now worked to its advantage, heralding the prospect of becoming the principal gateway to Central and Eastern European economies. This opening is being sought through large-scale urban regeneration that is providing capacity for international firms, services, and trade, and providing immigrants with high-quality affordable housing and recreational amenities to accompany the city's pre-established architectural strengths. Vienna's strategic internationalisation also aims for global leadership in areas of sustainability and innovation, while investing heavily to support new telecommunications, biotechnology and media clusters.

Geographical limitations, resource deficiencies and the lack of indigenous high quality human capital have determined that internationalisation be a sine qua non for **Singapore's** long-term urban success and sustainability. The city-state represents one of the exemplars of sustained urban internationalisation, of which its most recent phase has sought to progress from its nascent global services and manufacturing hub status, and become an outright leader in business and financial services. This is being achieved through the consistent upgrading of its business environment, founded on highly competitive investment incentives and the attraction of cosmopolitan knowledge workers with a relaxed immigration policy and an ever-improving quality of life. Moreover, Singapore is an example of a city that pro-actively seeks to gain global attention through a decisive event-led marketing campaign and innovative promotion of oft-overlooked entertainment attributes.

An analogous experience can be observed in **Zurich**, which has developed an exceptionally high value knowledge economy, partly the result of the long-term position of Switzerland as a hub for activities that are internationally transacted – namely banking, finance and business services. As financial markets have proliferated globally over the last 30 years, Zurich's challenge has been to underpin its reputation for stability and proficiency with the creation of an attractive environment for financiers. This task has been made particularly urgent by the inevitable shortfall in the domestic production of talent and skills, given Switzerland's small size. Therefore the city has sought to internationalise its population base by re-asserting the strengths of its tax regime (amid challenges from low-tax havens such as Dubai and Singapore) and enhancing its cultural and recreational amenities.

For centuries a site of international exploration and subsequent settlement, **Cape Town** has emerged from its socio-political transformation in the 1990s to once again prioritise its international economic positioning. Policymakers have sought to internationalise as a means to diversify its shipping and logistics expertise, using openness and diversity to feed new outward-facing service-based clusters, such tourism, MICE, agro-food and finance. Overcoming the city's secondary status vis-à-vis Johannesburg has also motivated the intensified focus on international trade and attracting global firms. In particular, Cape Town is notable for investing in its retail and entertainment provision as a direct pull for tourists from Europe, North America and Australia. The forthcoming 2010 Soccer World

Cup provides Cape Town with the platform both to showcase its exceptional appeal to the world and to achieve progress on its own investment and employment objectives.

Some cities have been historically under-exposed to the international dimension due to political setbacks and location at the periphery of global exchange, but in the contemporary economy their economic scale and ethnic diversity demands a more confident strategic approach to the international sphere. In this paper, **São Paulo** is a prime example of such a city, being the largest metropolis in South America and the southern hemisphere. The city and state governments have worked to consolidate São Paulo’s size advantages over the past decade by asserting the city as Latin America’s reference point in the globally-oriented sectors of finance, fashion and cultural innovation. Internationalisation in this case has to begin at a more organic level, with efforts to introduce young global talent to the city as a bottom-up method of improving the city’s reputation and capacity internationally.

One of the most inimitable cities in this study is **Abu Dhabi**, whose oil and gas reserves have laid the basis for a dramatic late bid to become one of the leading global city economies by 2030. The emirate’s ambitions to internationalise have been spurred by the success of its neighbour Dubai, which it aims to overtake in the long-term by offering a more sustainable proposition to international investors and populations alike. As well as ensuring a transparent and modernised regulatory environment and robust international relationships, Abu Dhabi is looking to attract an international entrepreneurial culture by growing new sectors (semi-conductor, biotechnology) and making keynote investments in cultural infrastructure to set the emirate apart from the culture-lite reputations of Dubai, other Arab emirates, and some Asian tiger economies. Through this mechanism, the emirate’s leaders aim to provide the conditions to retain a stable and substantive knowledge-based economy.

This introduction to the ten cases in this paper indicates that all these cities have adjusted to the new economic and political playing field produced by globalisation, and are looking to redefine their role within globalisation more effectively for the future. The chart below provides an initial overview into motivational factors influencing their internationalisation approaches in recent years.

	Re-establish international functions	Threat to position in global urban hierarchy	Create post-industrial niche/ identity	Develop gateway status due to political/cultural changes	Improve skills base for hub functions	Overcoming domestic economic/geographic limitations	Size and historical diversity
Amsterdam	●	●				●	
Turin			●				
Madrid				●			
Zurich					●		
Miami	●			●			
Singapore					●	●	
Sao Paulo				●			●
Vienna		●		●	●		
Cape Town				●		●	
Abu Dhabi					●	●	

1.3 What does an internationalisation strategy include? How similar are they?

This paper does not simply assume that cities need an internationalisation strategy to respond to globalisation. Nearly all cities are now engaging with the challenges of the various ‘open systems’ that characterise the global age and we present here an argument for cities developing an internationalisation strategy as a result, but it is accepted that this must first be justified. In any case, it is clear that no city’s internationalisation strategy is the same, owing not only to the distinctive motivational factors discussed above, but also to fiscal limitations, technical capabilities, organisational practices and historical vision found in each. The strategies tend to require specific

collaborative and negotiated divisions of labour between city governments, the business community and third sector groups.

The study of ten cities across six global regions featured here, has found a variety of strategies in terms of targets, scope, depth, coherence and complexity. A number of central themes that form the links of the chain of internationalisation can be identified, however.

Connectivity.

As part of any medium-term strategy, cities have to initially develop a competent infrastructural and logistics platform for international trading activity, without which the flows of international people, investment and ideas are dramatically limited. This means that cities must develop their airport connectivity, ensuring that bottlenecks are eased and that the overall air travel system across the city-region meets anticipated demand. Internationalising East Asian and Gulf cities have pursued this task with great success. At the extreme end, Shanghai, Beijing and Dubai have invested billions of dollars on state-of-the-art airport systems, with all three set to become among the five most frequented destinations by international air travellers globally by 2020. Cities such as Singapore, Rotterdam and Hong Kong have also invested in expanding their port provision to manage the exponential increase in traded goods.

At European level in particular, internationalising cities must ensure that inter-regional rail and road connectivity is optimal to ensure heightened mobility, while continuing to invest in logistics facilities with which to receive and distribute primary and secondary goods remains a priority.

Infrastructure and Land Use.

Secondly, internationalisation requires that the physical built environment in central cities and surrounding suburbs and R&D parks is optimised through the upgrading of infrastructure. City strategies therefore place a priority on securing a competitive advantage in their urban area by creating niches in the regional and world markets.

Replacing sub-standard housing blocks with high-quality accommodation is a priority such that cities can sustain hosting large numbers of international knowledge workers, as well as retain domestic talent that may have international ambitions. The latter is an important priority in most cities but is an especially acute consideration in emerging cities in Southern Africa, South America and East Asia.

Alongside housing, comprehensive public transport remains a key deliverable as the reliable commute of international workers and domestic workers employed by global firms is vital to maintaining a value proposition for prospective investment.

Furthermore, many internationalisation strategies explicitly incorporate an international approach to urban development and land use planning to enable the creation of international zones with particular clusters calibrated and oriented towards international sectors. These typically include the creation of international schools, universities and business clusters. This kind of feature of internationalisation can also focus on the task of facilitating efficient business operations, for example in Cape Town, where internationalisation has occurred through the regeneration of waterfronts or city centres into tourist and retail hubs, the provision of convention and exhibition centres, and the attraction of large-scale events.

Such strategies aim to overcome a previously reactive approach to business and capital, replacing it with an active array of international business incentives. In particular, infrastructural improvements help reduce the costs of production, which in turn encourage international investment.

Cultural amenity.

Moving up the chain of international strategies, most cities are beginning to invest heavily to attract and support international-calibre cultural amenities that can genuinely appeal to expatriates and locals. Appropriate cultural facilities are essential to any internationally-facing city, because they serve local and international residents, help attract tourists, and enhance the city's image in general as a quality of life location among firms seeking to invest. Many international cultural strategies will look to ensure that artists and arts and culture organisations gain preferential access to appropriate and affordable facilities by supporting them in the real estate market. While cities emphasise different aspects of the culture-entertainment nexus to concentrate on, typically the aim in this case is to cultivate a tangible international milieu that can be experienced by all that spend time in the city.

Identity, Values, Character (Brand).

Some city regions have an explicit international branding orientation to their internationalisation efforts. The concept of branding as distinct from basic tourism promotion is a fairly new phenomenon that only some cities have caught on to. In these cases, city branding strategies have moved beyond the creation of an attractive logo and a graphic poster with a bold catchphrase.

Now city marketing has evolved into an urban management philosophy that is an indispensable part of the city toolkit to compete culturally, economically and socially. International city marketing seeks to create a set of messages that re-adjust the city image among international target groups to correspond with an emerging on-the-ground reality. Most world cities continue to prioritise investors and tourists as the main audiences of their marketing initiatives, while sometimes more specialised audiences such as professional foreign talent, international students or sector-specific corporations are the key audience.

Many developing cities, which lack a coherent and well-established self-identity, use branding not only to increase visibility to galvanise citizens behind a common vision of building a world class city. Beijing and Johannesburg are strong examples of this case. Alongside this effort to increase global awareness and garner media attention, cities' internationalisation strategies may also include engaging in projects or events that embellish their desired reputation.

Big international events with a heavy media presence are seen as an excellent way for cities such as Shanghai and Singapore to elevate themselves in the global consciousness, especially targeting international professionals and high net-worth populations.

Explicit or implicit strategies?

In terms of the types of overall strategy in different cities, a small number of innovative cities have developed highly explicit strategies to be part of a comprehensive, well-honed and systematic process of internationalisation. These cities have dedicated policies whose sole function is to outline the policy that the city will take in order to become more internationalised. Where this is the case, the strategies are almost always holistic in nature; they encompass most, if not all, of the categories for analysis presented here.

Furthermore, this type of strategy serves as a policy-guidance document – a point of reference – for subsequent, more specific policy. It sets out the city's overall stance and defines the manner in which all city development policy areas will be approached.

Explicit internationalisation strategies are almost always well-publicised, accessible and clear as a result of the specific motive for their creation. Madrid is an example of a city which has undertaken such a thorough regime of international promotion, the result of an elaborate internationalisation or 'global reach' plan produced by Madrid City Council. Other strong internationalisation strategies are found in Turin and Johannesburg. In Turin, efforts over the past fifteen years have sought to re-insert the city into international economic flows and political dialogues, while in Gauteng and Johannesburg internationalisation is the key policy driver towards 'global city-region' status. In all three cases, the

cities emerged in the 1990s from a period of several decades of inward-facing polities and economies, such that internationalisation was conceived as an urgent task to catch up and re-establish the cities in their rightful places.

Internationalisation: a cross cutting theme.

Other cities do incorporate international efforts but such policies appear as a cross-cutting theme across many documents and strategy papers. In these cases, internationalisation is not a tight concept presented in a single document or understood for its spin-off effects. In many cases they tend to articulate international activity more as a means to other more valuable ends, usually as part of broader development strategy of insertion into the global economy. These 'implicit' internationalisation strategies do not necessarily refer to internationalisation directly nor cite it as a particular goal. The variation can often be accounted for by differences in historical trajectory. Miami, New York, Zurich and Amsterdam's internationalisation strategies, for example, are more incremental and less urgent because consistent internationalisation over many decades, even centuries, has afforded them an established position in the global urban hierarchy.

Overall though, internationalisation strategies do attempt to orientate a city's development efforts towards a globalised world, and provides a formal articulation of the city's response to the challenges of globalisation. The more consolidated these strategies within a single unifying document, the more they prevent ad hoc and disorganised policies from proliferating, and the more they ensure a holistic approach is taken so that all inter-related aspects of the city (such as economic development and labour force policy) are working towards the same goals.

1.4 What role does population internationalisation play in the wider internationalisation process: how do they reinforce each other?

The attraction of international populations is quite clearly a critical aspect of any internationalisation process. The motives and ambitions for internationalisation defined above inevitably give rise to different needs to attract certain types of people and skills. Cities seeking competitive advantages have favoured increased inward migration, which while often tolerating the influx of low-wage low-skilled labourers, has tended to concentrate on improving access to talented internationally mobile knowledge workers.

The formation and consolidation of international human capital is both constituted by, and helps to constitute, the location of strong scientific, cultural and quality of life amenities. The opportunities for internationalisation of city populations and culture to feed back positively into the local urban fabric are only just beginning to be apprehended. It is now being recognised that international immigrants transmit their skillsets and knowledge amongst their new colleagues and throughout their new environs. This new expertise has the effect of driving up standards of all organisations working in such sectors in the urban area, enabling local clusterings of high-knowledge activity. While previously it was just the transnational flow of goods and capital that was seen to have knowledge-producing effects, now mobile labour is too. Cities across the world are thus encouraging the immigration, integration and co-existence of diverse international populations as a key shaper of urban competitive advantage, and contemporary urbanisation as a whole.

Recent policy literature has demonstrated not only the significant reliance of knowledge-based cities on a highly qualified labour force in all economic sectors, but of the growing city-to-city competition for this comparatively scarce human capital.^{iv} What the OECD terms the 'mobility of human resources in science and technology' (HRST) is now a global phenomenon that demands new kinds of urban policy innovation. Cities now need to take into account that the decision of high-skilled migrants to move to and remain in a new city will depend not only on labour market perceptions, but also upon the ease of adjustment and integration, the ability to negotiate family and community ties, and the quality of living experience.

The international flow of talent has fundamentally changed from the 1970s, given the emphasis now placed on human capital and university degree attainment. The main factors prompting the intensifying flow of mobile global talent are economic incentives, high quality job infrastructure, opportunities to work in a critical mass of innovation, and freedom and protection to exchange ideas. Other, more established stimuli include family or personal ties that encourage settling in certain locations (eg Miami).

Cities which witness a net outflow of talent, particularly (but not confined to) developing cities, suffer a profound brain drain. The effects of this emigration mean not only the loss of productive labour, but also the slowing of necessary institutional and governance enhancements at the urban and national level. On the other hand, the tendency of many 'permanent' or long-term migrants to return to their country of origin, especially among high-skilled groups demonstrates that among those cities with a high net inflow of talent, labour market and quality of life conditions must remain comparatively strong.

The performance of cities in terms of net flows of highly skilled migrants varies across the developed world. Cities in New Zealand and Ireland have experienced large outflows of their highly skilled population, while in the US, Spain and Japan, on average less than 5% of cities' highly skilled populations go abroad to find work. In some countries - like Australia, Ireland, New Zealand and Switzerland - highly skilled migrants from OECD countries account for more than 15% of the native-born highly skilled population, while in Canada, France, Portugal and the US, cities tend to attract greater numbers of high-skilled migrants from China and India.

There are several key areas where the battle for global talent is being played out:

Competition among **corporate** firms is arguably the primary area where the recruitment and retention of talent is a challenge where cities have to show policy innovation. High-technology niche SMEs – such as those which exist in abundance in Cape Town - also urgently demand skilled employees. The technological nature of new global industries is prompting urgent calls for qualified engineers and tech-savvy professionals, while the increasing technological sophistication of high value-added global manufacturing also requires production workers well drilled in technical and communication skills. The rapid expansion of skilled talent in emerging economies – most notably from India and China – is further fuelling global competition for human capital, especially since the ageing workforce and declining fertility rates in many cities in Japan and Western Europe is necessitating an international replenishment of the corporate labour pool.^v

International **students** no longer just see the US and Western Europe as the only best places to study. There are now 135 million students in tertiary education worldwide, a figure that has doubled over since 2000, with huge increases in Asia and across Europe especially. With it, the number of international students has risen to over 3 million and will continue to grow by all accounts. There is a clear rise in perceived quality and prestige throughout the EU and in Asia, all of which means wider opportunities for cities to gain market share of international students. Leaders in international student attraction – including London, New York, Los Angeles and Paris – require proactive strategies to maintain their pre-eminence, while emerging student hubs – such as Singapore, Shanghai, Sao Paulo and Sydney – need to continue to overcome dominant perceptions about educational standards there.^{vi}

Private R&D and **academic** institutions are also looking for foreign staff for their specific expertise, language skills and familiarity with new markets. The race for international academic staff has also heated up, given increasing evidence universities produce higher-quality intellectual property and attract better students if their staff have international experience.^{vii} The shift towards collaborative R&D, co-invention of patents and institutionalised knowledge sharing across international borders is demanding that cities facilitate these exchanges if they wish to gain from international specialist mobility.

The geographical dispersion and intensity of research and scientific activity suggest that the opportunities associated with academic community mobility will continue to rise. Almost all cities

must now see the retention and attraction of such talent as essential to their internationalisation efforts, whether through economic incentives (grants, fellowships), immigration assistance (service centres), enhanced procedures for recognising foreign qualifications, social and cultural support, and public-private investment in research.^{viii} Some cities so far have sought to focus on just a few policy mechanisms, while others offer a more comprehensive package.

The case studies in this paper illustrate that diversifying one's population is conceptualised differently depending on what specialisation in the global value chain is being sought.

Zurich has sought to attract international expertise in banking and life sciences to boost its overall effort to maintain its competences in those long-term strategic sectors. Amsterdam has sought to attract not only those populations with business and financial services acumen, but also those with rich cultural and recreational backgrounds who will contribute to the continuation of the city's cosmopolitan milieu.

By opening up to a wider population group, Amsterdam hopes that its international functions can be maintained. Meanwhile Sao Paulo's international aims relate to the creation of a reputable business district that can acquire hub status, which requires a bottom-up positioning for Asian and European markets. Unlike Zurich, which has the financial and brand incentives to immediately attract senior knowledge workers from abroad, Sao Paulo can only realistically begin its international ambitions by attracting students and junior creative sectors and afterwards aim to cultivate the inducements for this potential cluster of talent to stay.

Elsewhere, Turin's efforts to become a centre for intergovernmental institutions and exchange demand that it attract sizeable populations of international media and related information networks. The point to be made here is that international positioning cannot be achieved without the population specialisation to accompany it. No cities have historically ever reached the pinnacle of the urban hierarchy without being explicitly and strategically open to international populations, as London and New York's experiences over the past century testify.

Of course the intensified urban competition that globalisation has stimulated means that international populations cannot be sustained and consistently replenished only by the kind of straightforward culture of openness that made London and New York successful in the twentieth century.

The actions of the cities in this paper show that international talent is ever more nourished by the quality of life appropriate to the kind of sectors being courted. More comprehensively internationalised cities such as Amsterdam, Singapore and Miami have sought a generalised infrastructural and quality of life improvement city-wide, as almost types of international skillsets are demanded for the wide range of outward-facing sectors they operate in. Given their need for a lower-skilled base to work in service industries, public services and robust affordable housing are an adjacent priority. Other cities, such as Mumbai, Cape Town and Sao Paulo, have less urgent need to import low-skilled workers, and thus their obligations to serve international populations are limited to providing niche areas – often in the form of private gated communities – for their highly educated foreign talent pool to live in. Over the next decade, it appears that open cities will need to place international talent mobility policy higher up the policy agenda, demonstrating an irrefutable case for policy intervention and establishing unambiguous targets. The primary obstacles to attracting new international populations – legal and administrative barriers, lack of funding, personal tastes, language and quality of life – will need to be addressed in turn with innovative methods.

1.5 Can a city internationalise without population internationalisation?

In the 1980s and 1990s there existed a strong undercurrent of urban opinion that certain cities, especially large cities with large population bases and fiscal capacities, could successfully and sustainably internationalise its economic provision without substantial diversification of its permanent population. Cities such as Tokyo, Moscow, Istanbul, Seoul, Helsinki, and Beijing have to

varying degrees upheld elements of this philosophy into the twenty-first century. The emerging evidence base however seems to dispute the long-term plausibility of this approach.

While it is possible to create certain specialised communities in banking, insurance, IT and natural resource sectors, complemented with highly privatised amenities and certain limited international infrastructure such as bilingual schools, such a scenario risks serious inadequacies. In particular, such a city is exposed by its overdependence on those fragile sectors which do not require internationally-acquired skills. As a result it will miss urgent opportunities to create a range of high value functions, and extend its economic base horizontally.

Furthermore, and perhaps more profoundly, such an approach leads to a highly constrained availability of cultural choices. In such a context, both high qualified local populations and young expatriates find that their lifestyles are not sufficiently dynamic to remain an attractive option over the long-term, when other cities offer supreme cultural and recreational diversity. If a city is to sustain an elite population of knowledge professionals, it has become essential to create a broader offering.

Internationalisation needs to be integrated across all aspects of the urban system, including its working population, as the emerging trend is the pervasive desire among city residents in all global regions for access to the richness of a cosmopolitan society. The importance of this factor cannot be underestimated for the future of city trajectories. Over the longue term, the best cities over the range of measures have been and will continue to be those which have embraced the ingredients of cosmopolitanism and openness.

Ultimately, diversity is invariably an advantage in a global world where places are profoundly and unavoidably interconnected. The task of internationalisation, therefore, must consider as an essential element how to attract, sustain and support an international population base.

1.6 Do all cities with international populations also have wider features of internationalisation?

There are a number of cities which have developed international populations as leading participants in the major historical process of capitalist expansion from the sixteenth century onwards. Port cities in Europe and the East Coast of the Americas came to be at the centre of international trade and accompanying forced immigration, which brought a lasting legacy of racial and cultural diversity to these cities. Later, during the nineteenth and twentieth centuries, imperial encounters in Africa, Australasia and Central America led to large and diverse European populations settling in cities, while the international dimensions of conflict in World War Two spurred further processes of urban ethnic and cultural heterogeneity.

Consequently some cities globally have arrived at the twenty-first century with large international populations but without ever having had strategic internationally-facing economies or polities.

Up until the mid-1990s this category was typically thought to include North American cities such as Miami, Chicago, Toronto, South American centres such as Buenos Aires and Sao Paulo, as well as Melbourne and Perth in Australia. Indeed it is arguable that until recently the majority of cities with high foreign-born populations in the list opposite had not pursued all other features of internationalisation, including such elements as the creation as an attractive investment regime and development of a multi-dimensional cultural provision.

Cities with more than 1 million foreign born population	
Chicago	USA
Dallas	USA
Dubai	UAE
Hong Kong	China
Houston	USA
Jeddah	Saudi Arabia
London	UK
Los Angeles	USA
Melbourne	Australia
Miami	USA
Moscow	Russia
New York	USA
Paris	France
Riyadh	Saudi Arabia
San Francisco	USA
Singapore	Singapore
Sydney	Australia
Toronto	Canada
Washington DC	USA
Source: Migration Policy Institute	

This paper indicates that over the past decade, most world cities of this type have begun to recognise the positive effects that opening up to international populations can bring. In particular these cities have recognised the role diverse populations have in raising global profile, filling skills deficits,

attracting investment, improving relations with new markets, and cultivating an enriched quality of life.

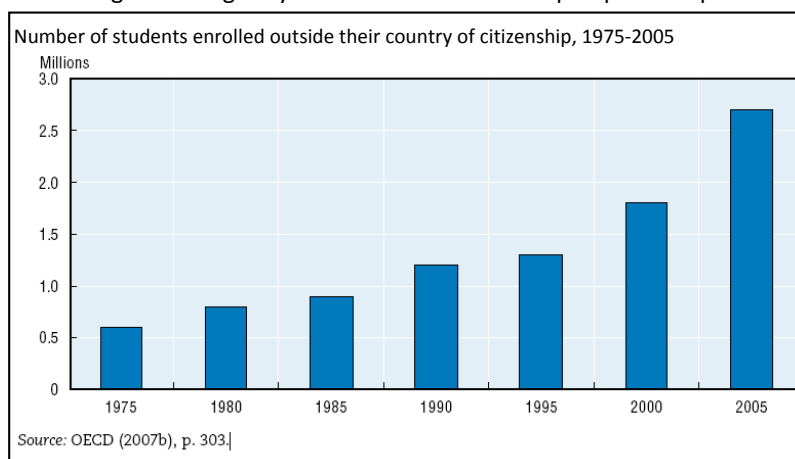
1.7 What initiatives can cities take? How do they help attract international population and internationalise more widely?

Talented worker attraction has been achieved through a variety of local and international means. Locally, zoning has encouraged the construction high quality inner-city housing replete with access to the kind of recreational and cultural amenities expected by selective knowledge workers.

In this respect, Abu Dhabi is a leading instance of a city proactively developing its cultural status as a long-term driver towards attracting international populations. In other cases, providing personal tax incentives is an enduring feature of some smaller cities' attraction regimes, exemplified by Zurich, which hinges its whole offering to high-end workers on low taxes and quality of life. In these cases, public realm improvements are coupled with business benefits to offer a compelling value proposition to high-earning mobile talent.

Promotion and facilitation of an international student community has become a strategic pole of urban development for many open internationalising cities,^{ix} as Sao Paulo and Vienna are currently recognising. Students are part of the foundation of cities which have active politically engaged citizens and talented workers capable of contributing to and even shaping the knowledge economy. International students are typically heavy consumers of a city's cultural, recreational and retail opportunities, and thus can be leveraged strategically to boost the economic prospects of particular

districts or areas. Those cities which have best recognised and allowed for student attraction as part of urban policy have tended to promote higher education as a critical asset and export, and ensure enhanced co-operation and dialogue between higher education institutions and urban policy leaders on international student needs and opportunities.



Cities in Australia, France, Germany, China, South Africa the UK and US have been particularly successful at international student attraction, especially from such destinations as China, India, Morocco and Malaysia.^x

The most forward-thinking cities promote active consideration and innovation among their universities' international relations, operating alongside a well conceived strategic location of student accommodation and provision of suitable infrastructure and facilities, properly integrated with the non-student community. In viewing the reciprocal and networked relationships that can be formed by internationalising a city's student body, progressive cities are seeking to increase universities' cultural exchange and expand their public mission. These cities are building up enrolment and programme capacity that allow for the long-term sustainability of the student-city inter-relationship.^{xi} Specific initiatives can include the recruitment of expert teams of university faculty leaders and department chairs, to assist with the design and of student attraction strategies, the establishment of strong institutional relationships with strategically relevant universities, the creation of strong international alumni networks, and investment in a communications and technology platform that can enable international collaboration in teaching, learning, and research.^{xii}

Elsewhere, cities can undertake a series of initiatives to raise their profile globally, which is often a prerequisite towards pitching cities on international populations' radar. At the most basic level, cities

can create an official presence in strategic partner cities, invest in an outward-facing business support network and enact sister city agreements. In these cases, cities often prefer to convey their attributes face-to-face. Frankfurt is an example of a city which values its participation in trade fairs as a principal marketing instrument, while it also organises specific business seminars and road shows for the business community. More advanced cities have also introduced a team of international branders and networkers. New York's marketing agency has a presence in 18 international locations, many in the emerging Asian cities.

Efforts to enhance global appeal to international populations are increasingly focused on creating an image of a compelling business destination. Cities such as Toronto and Madrid seek to create a premier destination not only for global travel but also for business investment, as part of a wider goal to recreate Toronto as a global business city. This kind of initiative aims to recruit new kinds of people and investment into the city.

Along new lines equities investment firms - are well promoted by Shanghai's investment promotion agencies. Other global marketing campaigns promote cities as dynamic, world-class destinations for business and meetings (MICE). Paris and Miami, for example, have pursued this effort as part of their attempts to attract not just populations looking for a cosmopolitan tourist destination but also those with commercial expertise looking to capitalise on the excellent events, convention and business capacity.

Meanwhile although business and trade marketing is recognised as an increasingly necessary part of a city's toolkit to attract foreign populations over the long-term, attracting foreign visitors remains the overriding purpose of many big cities. Tokyo's initiatives are an example of an almost exclusive pre-occupation with boosting tourism, with the city active in several international destinations raising awareness of its own tourism potential.

Formulating and fine-tuning high-profile events strategies has moved towards the centre of city initiatives to bring international attention and first-hand experience to the city. Event hosting is seen as a spur to tourism and consumer-based development, given that events demand investment in a visitor-friendly urban landscape. Sporting events, such as the 2008 Olympics in Beijing or the 2002 Commonwealth Games in Manchester, focus the spotlight on host cities more intensely than any other medium can achieve, given the role sport now plays in modern global culture. In so doing, future knowledge workers will take an opportunity to work in such cities more seriously thanks to the raised profile and improved quality of the city brand.

In the next ten sections of this report we present our ten case study cities before drawing some conclusions for other cities.

2. Madrid

The Spanish capital in the country's heart, Madrid is an important European hub which the OECD has recently praised for having 'captured the advantages of globalisation.' In 2007, the city-region's population was estimated at 5.6 million, a figure projected to increase slightly to 5.9 million by 2020. In 2005, the city's GDP was estimated at \$188 billion, making it the 23rd wealthiest urban agglomeration in the world (Detroit 22nd and Seattle 24th).

Madrid is not only an important European centre but is also emerging as the key gateway city to rapidly developing (Spanish Speaking) Latin American markets. The city is openly ambitious in its bid for global city status and is aiming to become the third city in Europe (behind London and Paris). Its outward-looking, international ethos has been reinforced by excellent urban management capacity shown by Madrid's city and regional governments, both of which have raised substantial private investment for redevelopment and regeneration programmes. The improvement of international and regional accessibility through airport, road and high-speed rail connections has done much to boost the city as a hi-tech and financial services hub, with strengths in equities and fixed-income securities.

Building on strong infrastructure investment/provision, and the presence of globally competitive firms, the city has now begun to build a positive identity to the world about its place in the 21st century urban system. Madrid suffers from some sectors of low productivity and innovation, while spiralling costs are rendering housing unaffordable to much of its population.

KEY AREAS OF GLOBAL STRENGTH

Explicit drive towards internationalisation – Madrid has become an assertive continental rival to Paris and Frankfurt, and is set to take a financial services leadership role for emerging Latin American economies

Strong tiers of government – Both Madrid's city and regional governments provide robust governance over their respective jurisdictions in the absence of national level support, although there is a lack of co-ordination between them. Between the two tiers, an almost seamless re-innovation of the city's infrastructure has taken place

Dynamic quality of life – Madrid combines strong economic prospects with an excellent climate, well-preserved recreational areas and a culture of flair, sociability and community.

Well-qualified sector-specific workforce – despite overall inadequate regional productivity, higher education provision is well matched to sector specialisation (e.g. life sciences, IT). Internationally established business schools successfully retain foreign talent

KEY CHALLENGES TO GLOBAL COMPETITIVENESS

No unifying strategy for regional growth – a lack of co-operation between city and regional governments has deterred the creation of a coherent macro-regional strategy, or economic development agency. Unclear how adaptable current frameworks are for future demands

Development of creative sectors – film, fashion and design industries are under-developed compared to Mediterranean counterparts, an anticipated hub has not materialised

Image and identity development – the city has been too complacent about the attraction of its cultural history and linguistic connections, and has not decisively projected its infrastructural transformation and economic/R&D potential

Housing affordability - the young and the vulnerable are unable to enter the housing market, districts have become increasingly identified according to socio-economic tier

Internationalisation

Madrid is an emerging world city with excellent and growing connectivity, with an internationalizing HQ firm base, and a deep long term role as the primary established inter-continental hub between Europe and Latin America. Recognising the evolution of a new world order, Madrid's City Council became concerned about Madrid's competitiveness and place on the global stage, and desire to position Madrid not just as a hub between Europe and Latin America, but one with global reach and relevance. It identified 'a new world order' whereby increased global economic interdependence has demanded city-regions transform into centres of dense networks for the exchange of investment, information, goods, and knowledge.^{xiii}

Following a decade of outstanding investment to modernise infrastructure and productive capacity in the city, Madrid is now embarking on a programme of international positioning. The city is shifting from a phase of intensive building and modernisation to a phase of positioning and building international rapport in order to grow its economy and further its position within the global hierarchy of cities, and be a force in global decision making and investment. Bonifacio Vega, Director General, International Strategy and Development, has stressed the importance of city positioning, pointing to 'a gap between perception and reality' which is demanding Madrid 'improve its international image in order to be placed where it should be among the greatest global cities.'^{xiv} Mayor Ruiz Gallardon has articulated the need to position Madrid as a leader in 'tolerance, accessibility, connectivity, sustainable management, talent attraction, science, innovation, technology, culture, and arts.'^{xv}

Current Degree of 'Internationalism'

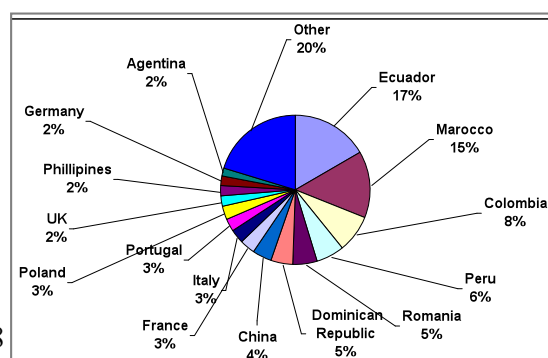
In a measure of world city networks by Taylor et al. (2008), Madrid is ranked 9th in the world for gross global connectivity, up from 11th in 2000. This rank places the city 3rd in Europe, ahead of Frankfurt (10th) and Milan (11th).^{xvi} By developing an excellent infrastructural system the city has utilised its increased level of connectivity to build foreign relationships.

Figures from the city's investment agency suggest that in 2007, Italy was overwhelmingly the main foreign investor accounting for 81.2%, ahead of the Netherlands (6.0%), Sweden (2.5%), Luxembourg (2.1%) and the United Kingdom (2%). From the point of view of wide geographical areas, the European Union—25 is by far the main source of inflow accounting for 80.3% of total investment. Latin America accounts for 7.9% of the overall inward investment flow while Asia and the rest of Europe accounted for 4.9% and 4.6% respectively. North America was responsible for 1.9% of the inflow.^{xvii}

Madrid plays a particularly important role as a gateway to Latin American cities. For example, Jones Day, one of the world's leading international law firms, has shifted the management of its Latin America practice from New York to Madrid. Increased investment in Latin American infrastructure from European companies has forced law firms to change their focus to pick up work from big Spanish clients as they invest in the region.^{xviii} FDI has flooded into the Madrid region from R&D firms in recent years, with suppliers seeking to service Spain's fledgling multinational firms. Motorola, Ericsson and Alcatel have all set up R&D centres in Madrid, along with Dell and Microsoft which have founded software development centres. Because of the presence of these high tech industries, almost two-thirds of Spain's IT professionals work in Madrid as well as 30% of all professionals employed in R&D.

In 2006, Madrid's city population rose past 3.2 million for the first time, with 5 million inhabitants in the metropolitan area. According to Madrid City Council migrants now make up 16.2% of the total population (around 537,000), compared to 2.8% just seven years ago. More than 50,000 foreign nationals choose Madrid as their new home each year.

Currently in Madrid, while more than 83.8% of the city's inhabitants are Spaniards, there are many recent immigrants who come from Latin America, Europe, Asia, North Africa and West Africa. The ten largest immigrant groups include: Ecuadorian



(104,000), Romanian (53,000), Bolivian (44,000), Colombian, Peruvian, Chinese, Moroccan, Dominican, Brazilian, and Paraguayan. There are also important communities of Filipinos, Equatorial Guineans, Bulgarians, Indians, Italians, Argentines, French, Senegalese and Polish.^{xix}

Internationalisation Strategy

Madrid has one of the most comprehensive internationalisation strategies of any world city. The City of Madrid has taken a more pro-active role in economic development, implementing policies to support science and technology and entrepreneurship, and internationalisation promotion. The municipal government recognises that Madrid needs a global vision, international in both its scope and in its strategy and management. The city is distinctive for orienting its entire economic development strategy around global forces.

For some time Madrid has been pursuing a 'global reach strategy' to position itself as a truly international hub city. Though this strategy is facilitated by Madrid's natural advantages as a national capital city and strategic geographical situation, the city has also done much to foster an outward looking and international ethos.

The city articulated its globalisation strategy in its 'Plan for the Internationalisation of the City of Madrid 2005-2007' produced by Madrid City Council. This identified a number of strategic lines along which internationalisation work should proceed. The operational objectives which emerged from this plan included:

1. The creation of a suitable image framework to help Madrid's businesses to promote themselves abroad
2. Promotion of foreign investor confidence in Madrid investment
3. Initiation of institutional and commercial relationships with countries and strategic economic sectors
4. Diversification of the business fabric, with a commitment towards locating investment linked to new technologies



Madrid Internationalisation Plan 2008-2011

Madrid's updated strategy ambitiously aims to reclassify Madrid as one of the great global cities, the leading city of the Spanish speaking world, the link between the Americas and Europe, and a leading partner with emerging Asian Cities

The strategy aims to:

- Identify Madrid's competitive advantages
- Build internationalization vectors –key messages
- Focus on specific geographical areas and cities

The vision is of a Madrid that is:

- (1) Competitive and Connected
- (2) Open and cohesive
- (3) Cultural and creative
- (4) Efficient and sustainable



Madrid's competitive advantages have been identified in the internationally competitive industrial sectors of aerospace, engineering and construction, and renewable energies. Among service sectors,

strategic internationalisation is envisaged in advanced business services, healthcare, finance, scientific research, urban utilities and services, and culture and entertainment.

Attracting International Investment

In order to maintain the region's attractiveness to global firms, the Madrid Region created **PromoMadrid** in 2004, to assist foreign entrepreneurs with everything from work permits to corporate taxes to commercial real estate. Meanwhile Madrid's Economic Development Agency 'Madrid Emprende' supports the development of European projects, the internationalisation of Madrid's economy and the restoration of the city's social-economic balance.^{xx} Particularly pertinent to global firm attraction is Madrid Emprende's Servicio de Internacionalización (Internationalisation Service), which aims to promote Madrid's economy abroad in order to attract foreign capital, especially through direct investment, mainly in Japan, the US and Europe. It also aims to improve Madrid's international business projection and its competitive position abroad. Consequently, the Agency offers an Oficina de Atención al Inversor (Foreign Investor Advice Service) on its website, providing relevant information for potential investors interested in increasing corporate activity in the capital.

One of the most visible and straightforward mechanisms to encourage global investment in Madrid is the way the city markets itself. One single and easily accessible web-portal 'www.esmadrid.com,' acts as a platform for the entire city to project its brand internationally. More specific to investment, the business section of the portal dedicates sizeable web-space to the question 'why invest in Madrid.' This simple but effective means of engaging with potential investors provides succinct, factual and business-like details of the city's strengths along the key themes from 'a solid economy' to 'workforce' and 'infrastructure.' A fully furnished directory, which is divided into 'Business Associations,' 'Embassies and Consulates,' and 'International Headquarters,' provides a clear path towards investing in the city.

Attracting International Institutions

Madrid does not seem to be a hub of international institutions, although it is home to the Club de Madrid, an independent organisation created for the purpose of promoting democracy and change in the global community.

Attracting International Populations

Madrid has traditionally been open to migration, placing a high value on human capital. The city's comparatively low cost of living and high quality of life among European capitals has made Madrid highly attractive to people from Europe, Latin America, and North Africa.¹ Ruiz Gallardon, Mayor of Madrid, has suggested that,

'...the strength of Madrid has always been directly linked with the capacity of its people. Madrid's open spirit has been moulded by a continual influx of people... Given the much increased importance of mobility in our time, the city is centring its efforts on learning how best to use this significant human energy not only to ensure a cohesive future for all but also how diversity can have a positive impact on the city's economic base.'^{xxi}

OECD figures indicate that the economic boom has made the Madrid metro-region a magnet for foreign workers, mainly from Latin American countries but also from Eastern Europe and North Africa. With an influx of 495,000 migrants between 2001 and 2006, immigration has been a driving force in Madrid's economic success, transforming the city into a vibrant, multicultural metropolis.

Madrid is also an example of a city which is extremely successful in managing its immigration. The successful integration of so many newcomers in such a short space of time has become a big concern for city planners and politicians. In order to manage and co-ordinate this immigration, the General Direction for Immigration and Co-operation provides information, guidance, advice and different services to immigrants. In March 2005 the 'Madrid Plan for Social and Cross Cultural Coexistence' was

launched in order to develop a model for coexistence. The Plan constitutes the practical outcome of a debate on migration matters between governmental and non-governmental participants convened within the *Foro Social*, a social forum established in October 2003. The overall objectives are defined as a fostering of the institutional progress of immigrant reception at the municipal level, to provide better access to civil rights and resources for immigrants, as well as to improve coexistence between Spaniards and foreigners in order to create dynamic and harmonious neighbourhoods^{xxii}.

Since *Plan Madrid* was adopted, the city has established the Local Office for Information and Guidance to Immigrants which provides information about public-private resources, services and benefits; translation and interpretation in 7 languages for local procedures; Spanish lessons; intercultural mediation and practical training, workshops and seminars. In addition, the Observatory for Migration and Intercultural Coexistence has become a powerful tool to provide knowledge and analysis of the reality of migration in Madrid.^{xxiii}

The **Centre for Migration and Intercultural Coexistence** is the primary institution established under the Madrid Plan for Social and Cross Cultural Coexistence that aims to increase understanding of migration phenomena and multicultural coexistence through research, policy evaluation and publications. The Centre has two principle objectives. Firstly it monitors and analyses the changing demographic and social climate in Madrid in order to foster open-minded coexistence and diversity through community participation. Secondly it aims to increase dialogue between all neighbours in Madrid via organised forums and district discussions on coexistence, as outlined in the Madrid Plan. The Centre presents results to corresponding municipal organisations.^{xxiv}

IMMIGRAMADRID is a web portal aimed at helping immigrants integration into the City, was launched by the Immigration Department (Consejería de Inmigración). The website provides information on the most concerned subjects: employment, housing, health, education. Furthermore, the Community of Madrid has published an information booklet in Spanish, French, English, Arabic, Rumanian and Chinese to answer foreigners' most frequently asked questions when they arrive in Madrid called "First steps guide for immigrants".

Attracting International Students

Madrid's traditional universities are not especially internationalised. Fifteen universities (7 public and 8 private), with strong engineering, telecoms and IT departments, has kept the Madrid region very well supplied with highly-qualified graduates. The number of students from Madrid proportionately exceeds the Spanish average by 20%.

Madrid is home to outstanding business schools with international reputations. The **Instituto de Empresa (IE) Business School** is the keynote school, ranked the 8th best MBA school in the world by the *Financial Times*.^{xxv} It attracts approximately 1,500 students from 70 countries each year. In 2008, 75% of its intake was of non-Spanish origin, as was 47% of its faculty. IE has MBA student exchange programmes with 53 international universities. The School is one of the founding members of SUMAQ, a network of business schools in Spain and Latin America. IE has an agreement with the University of Chicago Graduate School of Business to run the Global Senior Management Program (GSMP). It also runs the Global Consultancy Programme in collaboration with the Wharton School, and has a dual degree option with the Massachusetts Institute of Technology (MIT). In April 2008, the IE acquired private Spanish university SEK in Segovia, as part of a move to capture the global post-graduate and professional market. All degrees now require a course on management, and all courses will be taught in English.^{xxvi}



Attracting International Visitors

The city has long held a reputation for hosting international trade fairs and exhibitions. Indeed, Madrid is today amongst the top ten cities in the world for hosting international events. The city's modern and varied conference facilities played host to almost 4,000 national and international events

in 2003 and 640,000 participants, which generated over €90 million, and inflated the city's reputation as an international hub city.^{xxvii} In 2009 the city will host cityfutures2009, a joint conference between the European Urban Research Association (EURA) and the Urban Affairs Association (UAA).

However, over the last decade, Madrid has shown a growing enthusiasm for the hosting of cultural events due to its recognition of cultural diversity as a vital resource for the city prosperity and a potential catalyst for socio-economic development and internationalization. The VivaAmérica festival is one of the most popular festive and commercial events that acknowledge the potential of cultural diversity and the emerging connections that point to immigrants as potential generators of urban socio-economic development.

Practical Case Study – Madrid Global: a dedicated organisation for Internationalisation Activities.



Madrid has established a Strategy and International Action Office 'Madrid Global' to take forwards its international relationships and positioning through municipal diplomacy,

co-ordination of international projects and initiatives, and leverage of international activities by leading Madrid based institutions and companies, including global firms, universities and research centres, and inter-governmental and non-governmental bodies.

Madrid Global is primarily an 'internationalisation bureau' rather than a development agency. It was created as a response to Madrid's global aspirations and the City Council's recognition of the globalised nature of the world in the 21st century. It was created in June 2007 as a dependency of the External Relations and Research Coordination Division. It had the express aim of responding to the need of improving the international position of the Spanish capital by raising awareness of its competitive advantage and reality.

The municipal government believed that Madrid must have a global and international outlook, both in its management and its strategy, and so the new body was born. Madrid Global collaborates with key public and private bodies to carry out strategic projects to improve international perception of the city based on its real strengths. It is dependent on the External Relations and Research Coordination Division, within the Deputy Mayor's Office. Madrid Global has opted to extend its own 'traditional' International Relations measures and projects, and has decided to complement them with new approaches, strategies, programmes and tools to ensure a solid international position for the city of Madrid in the coming decades.^{xxviii}

According to Madrid's Strategy for International Positioning, Madrid Global has the task of:

"improving the international position of the Spanish capital by raising awareness of its competitive advantage and reality."^{xxix}

If Madrid's Strategy for International Positioning is taken as the key guiding document for Madrid Global, then Madrid Global has four strategic objectives:

- Madrid, the third European Metropolis.
- Madrid, focal point of the Spanish speaking world.
- Madrid, a nexus between cultures and continents.
- Madrid, an urban reference point for highly dynamic emerging cities.^{xxx}

The organisation's broader objectives are to join together all stakeholders around an international common project for the City; attract global events and international mass media exposure; active participation in international city networks and big international events e.g. universal expos; attract headquarters of international institutions; and support the Olympic bid as an engine of international projection and urban development.^{xxxi}

Madrid Global's vision is to position Madrid in the scene of the great global cities as the third largest European Capital; the leading city of the Spanish speaking world; the bridge between the Americas, Europe and the Mediterranean; and a leading partner for Asian cities.^{xxxii}

What does Madrid Global do?

One of Madrid Global's primary objectives is to establish and deliver upon a strategy for international positioning. As such, Madrid Global's core business and its specific projects predominantly fall in line with the city's 2008 Strategy for International Positioning (2008-11). Madrid Global therefore employs a number of basic types of action to set this strategy in motion:

- International affairs and city diplomacy e.g. participation with international bodies, liaising with other cities and international networks, strategic alliances involving international companies, and projects with the aim of strengthening the city's position and prestige at the international level.
- The management and execution of the international projection of the City e.g. through commissioning major studies of the city, and the formation of catalytic projects such as the urban services cluster of leading firms headquartered in Madrid.
- The planning and development of international positioning plans and strategies e.g. support of the 2016 Olympic Games bid.
- The fostering of public-private partnerships for internationalisation throughout Madrid, with a goal to leverage resources and know-how between partners in order to optimise the value of all international activities.

Madrid Global is not a typical city marketing agency. It undertakes key stakeholders liaison handling. Its core role is to foster strategic alliances, effective strategies and collaboration amongst companies and institutions already in Madrid with key organisations elsewhere in the world. Through this core activity, Madrid Global will raise interest in Madrid in the rest of the world, and position it effectively to contribute to global discourse and action.

Budget and funding mechanisms

As the Office for International Strategy and Action of Madrid City Council, Madrid Global was granted a budget of approximately EUR 8.48 million for 2009 by City Hall. It is likely that this budget will remain stable. Approximately EUR 3.1 million will be committed to human resources, EUR 3.9 million to existing projects, and EUR 1.4 million to operational costs.

These figures show that around 50% of this budget is already committed to existing projects. In effect this will involve a capital transfer to existing organisations. Examples of such projects with longer-term partner networks and bodies include:

- Supporting 'Houses' such as Asian House, Arab House and Israel House. These Houses promote and support cultural and international relations between the areas they represent and Madrid.
- Collaboration with the UCCI network, the Iberoamerican City Capitals Network and the Eurocities network.

The remaining 50% of the budget, the majority in fact, is reserved for Madrid Global. This is a high proportion for such an agency to spend on its own costs. It shows that the City Government is behind the venture and that attempts to internationalise Madrid are serious.

Madrid Global has also created the Madrid Global City 2010 Foundation to prepare and manage the city's participation in the 2010 Shanghai Expo. The Foundation is financed by Madrid Global, the City Council and private partners.

3. Miami

The city of Miami, located in Southeast Florida, is the largest city in Miami-Dade County. Miami itself is the smallest city in this study, at just 400,000 people, but lies at the heart of the three-county South Florida metropolitan region. Running 180 kilometres north to south along the state's Gold Coast, the region has an estimated population of 5.6 million (2007), making it the 7th largest in the U.S.

Over the past two decades, Miami has successfully transformed itself from a tourism-dependent economy, and from a reputation as an old people's home known as 'God's waiting room', into a dynamic self-sufficient business hub serving the pan-American market. The region now justifiably markets itself as the 'gateway to the Americas', but has also arguably progressed beyond fulfilling a simple gateway role to become an important global city-region in its own right. It could be said that the city-region has the distinctive niche of being Latin America's first global city-region, despite being located outside the continent.

The South Florida region successfully combines strength in business services, trade and health, with an enduring reputation as an arts and entertainment centre. Miami's outstanding connectivity with Europe and emerging Latin American economies gives the region a platform to develop as an indispensable trade route of the 21st century. Its nurturing of key value-added sectors such as life sciences, aviation and financial services have created the seeds of a genuinely diversified city-regional economy, capable of adapting to trends in tourism, trade and inward investment.

Miami's major challenge moving forward is to combat the threat of destructive climate-change fuelled weather patterns, which put infrastructure and foreign investment at risk. As global interconnections intensify, the region will need to carefully market the relevance of its peripheral location, and demonstrate the capacity to lead rather than follow in the global economy. Despite attempts at widespread urban regeneration, the South Florida region is threatened by high levels of urban poverty and the absence of a sizeable politically active middle class.

KEY AREAS OF GLOBAL STRENGTH

Relationships with emerging markets – Miami's geographical and cultural interconnection with Latin America, and especially the emerging economies of Brazil and Chile - renders the city-region ideally positioned to develop as the U.S.- based hub for the continent

Increasingly diversified world-class economy – South Florida continues to be a worldwide centre for creative industries - television, film and fashion - but the region is also investing to harness its outstanding potential in life sciences, IT and aviation.

Branding – Miami's dynamic global reputation ensures a strong and stable tourist base, backed up by the reality of a tropical climate and high quality of life.

Emerging regional collaboration – South Florida's Regional Planning Council is responsible for increasingly authoritative advisory plans that are helping to integrate transport and economic development.

KEY CHALLENGES TO GLOBAL COMPETITIVENESS

Climate change risks – South Florida is highly sensitive to the destructive effects of climate change, a critical long-term problem that demands careful stewardship

Small size and subordinate national status – South Florida's development may be limited by Miami's small population and peripheral location. Its position in the national urban hierarchy threatens to undermine its international ambitions

Inadequate access to healthcare and education – large sections of the regional population lack affordable access to quality healthcare, while skills-training lags behind the proliferation of high value-added sectors.

Poverty of immigrant populations - the central city is home to some of the poorest neighbourhoods in the US, and districts remain defined by race and socio-economic class, acting as a barrier to educational achievement and a potential deterrent to investment

Internationalisation

Miami's internationalisation story is one of the most unique among world cities, given its distinctive connections with Latin American populations. Immigrants to most cities in the US and elsewhere since the 1960s have tended to have fairly local and immediate employment priorities, with the majority lacking direct international commerce connections. In Miami, however, immigration since the early 1960s, beginning with the Cubans, has been characterised by the influx of a business-entrepreneurial class with diverse trade connections with Central and South America. As globalisation has deepened, and the flows of finance and commerce have intensified, Miami's entrepreneurial base has come to play a key facilitator role feeding international economic interdependence.

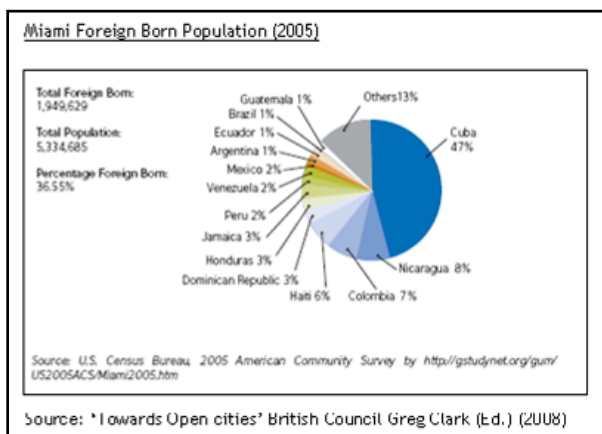
The lesson of international openness in Miami is the importance of attracting internationally-focused and creative populations with 'cultural connections'.^{xxxiii} Miami's Latin American populations, which arrived mostly as a result of political turmoil in their home countries, have been outward-looking from the very outset; aided by local business elites, and more recently development agencies and trade corporations, these new populations formed firm commercial links with their country of origin, deriving innovative means to benefit from the potential of relocating finance and trade functions.

Miami has subsequently positioned itself partly as a gateway city for businesses to exploit the huge market potential of the Americas, but also as 'The Sun and Fun Capital of the World.' This positioning illustrates its attempts to appeal to both the business and consumer markets and is an explicit attempt to gain a market advantage in the **emerging economies** of the Americas. It is also stimulated by the increased competition for gateway status, notably from Atlanta, Houston and Sao Paulo, improvements in all of which are demanding that Miami innovate.

Current Degree of 'Internationalism'

Miami is an extremely well connected region in global terms. The city-region's intimate relationship with and close proximity to Latin America and the Caribbean make it an indispensable hub of international trade. Miami International Airport is the top airport in the US for international freight and is ranked a healthy 29th globally for passengers. 60% of all US trade with Central America flows through Miami, 46% of the Caribbean trade and 27% of its trade with South America.^{xxxiv} The South Florida region continues to benefit from the historical political and economic volatility of Latin America and the Caribbean which has helped cultivate a powerful hemispheric business community.

Miami-Dade County has described itself as the 'Business Centre of the Americas,' and attracts businesses worldwide seeking to open their Latin American headquarters in South Florida. Across the city-region, over the next decade the largest employment growth sectors are expected to be in

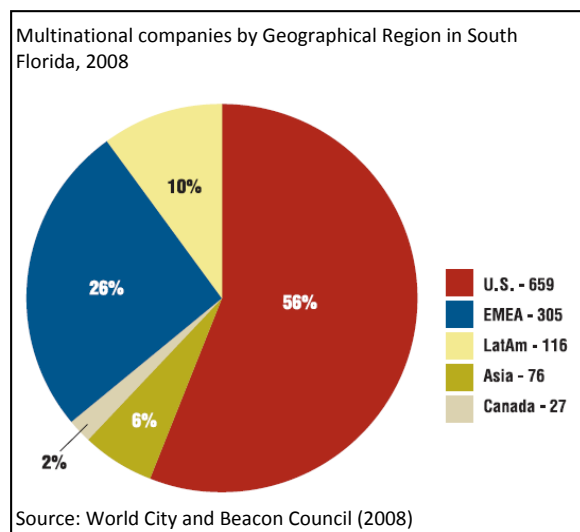


professional and business services, education, health services (including health tourism), fashion, aviation and life sciences.^{xxxv} Tourism also remains a primary – although less significant – economic generator, with the Florida Keys a key regional attraction and driver of economic development. Miami's economic resilience is often attributed to its diversified economy coupled with its multi-dimensional global orientation. Miami has become a multicultural global city – the most foreign of any major metropolitan area in the United States (see left).

In several Miami districts, a majority of the population does not speak English as a first language. Miami's economy depends to a considerable extent on the political and economic turmoil of Latin American countries, and the subsequent re-location of many of the continent's political elites to South Florida. Colombians, Peruvians, Bolivians, Argentines and Venezuelans are among the major sources of people currently buying property in Miami after unfavourable political changes in their own countries. Many US companies record superior growth in Miami because of the influx of wealthy Latin Americans.^{xxxvi}

Global firms

Miami and the wider region plays host to a very active and dynamic multinational firm community. A 2009 Beacon Council study found that the combined revenue of almost 1,200 multinationals active in South Florida was to be conservatively estimated at \$221 billion, a sum larger than many medium-sized South American countries.^{xxxvii} Almost half (\$108 billion) of this revenue is accounted for by firms with their global headquarters in South Florida, including Office Depot (\$15.5 billion turnover), Carnival Corporation (\$13.0 billion), World Fuel Services (\$13.7 billion) and Ryder System (\$6.6 billion).^{xxxviii}



Significantly, the region is home to an abundance of regional Latin American headquarters of global corporations in Miami, such that it performs key gateway functions to Latin America. Such multinational corporations include AIG, American Airlines, Cisco, Disney, Exxon, FedEx, Kraft Foods, MasterCard, Microsoft, Nortel, Nokia, Oracle, Sony, and Visa. Foreign banks in Miami have even taken the steps of buying Miami-based US banks and their subsidiaries. Spanish banks Banco de Sabadell bought TransAtlantic Bank in 2006 and Banco Popular bought TotalBank in July 2007.

Elsewhere South Florida is also home to large numbers of multinationals from Spain (59), the UK (59), France (46), Japan (39) and Germany (30).^{xxxix} The chart above indicates the sheer geographical diversity of South Florida's firms, with Europe, the Middle East and Africa best represented. The range of firms is an indication of the region's enduring multi-dimensional attraction and likely capacity to adapt to and overcome short-term trend shifts. Furthermore, the varied location of global firms within the region is also notable, with concentrations in downtown Miami, Blue Lagoon, Coral Gables and Doral.

Internationalisation Strategy

Miami's internationalisation efforts are achieved more through the efforts of Chambers of Commerce and inward investment attraction agencies rather than any explicit internationalisation strategy. Miami has become a key global city – the 'Gateway to the Americas' – primarily through geographical advantages, but business elites in Miami have developed international policies and growth strategies of their own accord since the 1960s and have proven highly innovative in the process. There is now a strong public-private consensus that Miami's internationalisation is a question of image, and the leveraging of Miami's tourist attraction to improve the city's trade attraction.

At the governmental policy level, one explicit step which has been taken however in order to ensure that Miami is internationally attractive is the Mayor's International Council which was formed in 2003 by the Office of the Mayor and the City Commission. It plans and implements Miami's International initiatives at city level, including the promotion of international trade and economic development, as

well as cultural programmes related to Sister Cities. The Council's main responsibility is to plan, develop and execute international trade and business development initiatives with foreign countries with the goal of bringing business and other economic interests to the City of Miami. The Mayor's International Council is effectively striving to position the City of Miami as:

- (i) a global city providing a great investment opportunity and the highest levels of quality of life in the hemisphere
- (ii) The centre of the Western hemisphere for conducting business and international trade, enabled by a diverse pools of highly qualified professionals
- (iii) A growing hemispheric centre for the performing and visual arts with a commitment to enhancing cultural ties with other international cities
- (iv) A dynamic, exciting city offering numerous family, tourist and entertainment attractions

In terms of the positive action that has been taken to create a more international city, **connectivity** and **aid to industry** have been important factors. Miami's most important trade infrastructure is found in its inter-modal transportation facilities, which have transformed the city into a **major trade hub** and port of entry over the last three decades. The main seaport, The Port of Miami, is the largest cruise ship port in the world, serving over 18 million passengers per year. Another key asset in Miami's trade infrastructure is its **Free Trade Zone**, the largest privately owned and operated zone in the United States. The Free Trade Zone functions as a duty-free hub, enabling clients to move goods into and out of the city's port without duties. Over 70% of the zone's \$11 billion in trade is with Latin America.

Miami's internationalisation has also flourished thanks to the **development of financial institutions** to facilitate trade. The city has invested heavily in the campaign to attract the various institutions of pan-American economic development, while simultaneously committing to internationalising its cultural and creative industries including film, music, fashion, TV, and food.

Attracting International Investment

In 2007, Miami was selected as the number one best city to do business in the southern hemisphere by *AméricaEconomía* magazine. The city provides private fund management for hundreds of thousands of Latin American businesspeople. Miami's significance derives not only because of its southerly proximity but also because of its longitudinal position, which enables a synchronisation of financial opening hours. The city is in the same time zone as Colombia, Ecuador and Peru, and only one hour behind Chile, Venezuela, western Brazil, Bolivia and Paraguay. Miami has a time-advantage over other cities competing for the Latin-American market such as Houston and Los Angeles.^{xl} The significance of time and speed in financial markets means its location in the US is uniquely advantageous. Miami's key challenge now is to retrain Spanish 2nd and 3rd generation immigrants to speak Spanish to standards expected in business circles. The city's universities and business schools are significant to maintaining the advantageous language capabilities that keep investment flows ticking over.

International investment attraction is primarily carried out at the Miami-Dade County level, where approximately 75% of all multinationals in the region are based.^{xli} Measures at County level aim to promote economic development and investment. Miami Free Zone is one of the largest privately owned and operated zones in the world, while the Enterprise Zone is a designated area offering financial incentives to businesses that locate or expand in three key areas. Specific incentives include a five year local property tax abatement of up to 100% for companies creating five or more new jobs. Others include a 15-20% Enterprise Zone jobs tax credit against corporate income tax, and a 97% refund of sales tax in business property and on purchased building materials. Miami's hosting of the University of Miami's inaugural Global Business Forum in 2009 has further indicated the city's new ambition to perform as an international centre.

There also exist a number of other schemes including, the **Targeted Job Incentive Fund**, whereby Miami-Dade County refunds up to 100% of the incremental taxes generated by company expansion, based upon the capital investment/number of new jobs created, extended for up to 6 years. The

County may provide up to \$9,000 per new job, with additional incentives for companies in Solar Thermal and Photovoltaic industries

The main portal for information on foreign direct investment in Miami is 'The Beacon Council', a public-private partnership constituting the Miami-Dade County's Official Economic Development Partnership. The Beacon Council is effectively Miami-Dade's economic development agency, charged with attracting and retaining companies and jobs in the county so as to confirm the metropolitan area as a high quality business location. The Beacon Council is an example of a proactive nonprofit organisation separate from the city or metropolitan government. Since 1986 it has attracted more than \$2.7 billion in new capital investment to the metropolitan community.



The Council receives money from licenses Miami-Dade County issues to businesses. These fees paid about 70% of the group's \$6.4 million budget in 2007, while corporate donations made up the remainder.

The Beacon Council works in a number of key economic development areas, often relating to marketing and international promotion. In October 2008 it announced a \$2 million global marketing campaign to promote Miami-Dade County through a 'Miami: Where Worlds Meet' initiative. This campaign is an example of the Council leveraging off the resources of other actors in the region, with the initiative created in tandem with American Airlines and The Greater Miami Convention & Visitors Bureau (GMCVB). Elsewhere, the Council conducts international economic development missions to locations in Europe and South America to promote the location of foreign firms in the region.

The Beacon Council's impressive array of services are a vital way of ensuring that firms are not put off by the daunting task of setting up an office in a new country, but they go hand-in-hand with reasons that draw firms to Miami in the first place, many of which are outlined below. Two further key assets of the city heavily emphasised are firstly the role Miami plays as a focus for many firms' operations in Latin America, due to the combination of its proximity – giving unparalleled market access - and high quality professional services.

Attracting International Institutions

Despite Miami's subordinate position in the national urban hierarchy, the city's geography is ideal for Pan-American focused institutions, and there is a strong ambition to build a diplomatic presence in the city. Miami has advocated hosting the headquarters of the Free Trade Area of the Americas (FTAA), although talks regarding this have stalled. Miami has at some periods been the home of the FTAA's interim secretariat, and if a final agreement is ever signed, Miami is expected to be a leading contender for the permanent headquarters. Elsewhere, Miami is the headquarters of the United States Southern Command, responsible for military operations in Central and South America. Together these contribute to policymakers' efforts to internationalise through other means than just trade and tourism.

Miami's World Trade Center may be seen as Florida's oldest international organisation, and assists member companies to introduce and expand their international presence. Miami is also home to more than 64 foreign consulates, 25 international trade offices, and 32 bi-national chambers of commerce. Linked to the city's trade hub functions is the presence of arbitration offices to settle international trade disputes.

Attracting International Populations

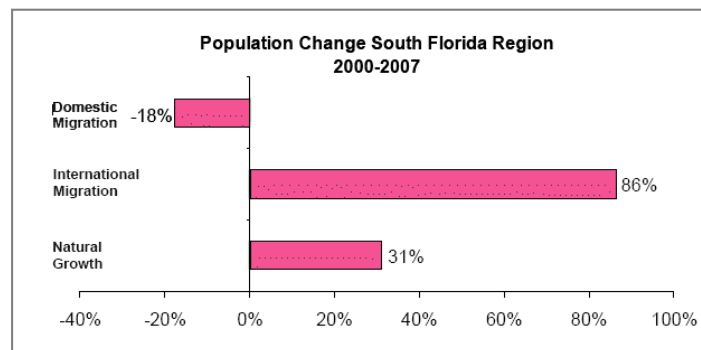
Miami is one of the most diverse of all global city-regions, and is an example of how openness to populations can provide a definitive advantage in terms of human and entrepreneurial resources in the era of globalisation. Prior to the waves of immigration in the 1960s and 1970s, Miami was already established as a connecting point and a vacation destination, given its geography and climate. Pan-

American Airways began as early as the late 1920s as a means to connect Havana and Miami and Eastern US connections to the Caribbean more generally. Thus Miami was already open to international exchange by the 1950s, after which it benefited from the United States' stable macro-economic and political climate, which stood in stark contrast to the socio-political conflicts in Central and Latin America.

Of the 20 largest metropolitan regions in the US, Miami had the highest percentage of foreign-born residents in 2008, at 37%, ahead of Los Angeles (34.9%).^{xliii} At the county level the international presence is even greater, with some 60% of Miami-Dade County's population being foreign-born. In several districts, a majority of the population does not speak English as a first language. South Florida has the second highest proportion of residents – after Los Angeles – who speak a language other than English at home (49.1%).

International migration is the most significant source of population growth in the region, accounting for more than seven of every ten new residents since the mid-1990s. Latin America and the Caribbean continue to be the primary sources of international migration into South Florida, but there is growing diversity as new immigrants are attracted to the region from Europe and Asia.^{xliii} In particular at the city level however, officials are concerned with attracting the middle class back to the city in order to reduce poverty and income inequalities within Miami.

Miami's economy depends to a considerable extent on the political and economic turmoil of Latin American countries, and the subsequent re-location of many of the continent's political elites to South Florida. As Lawrence Shaw, an American Express financial adviser stated in 2007, 'someone is always keeping Miami afloat.' Colombians, Peruvians, Bolivians, Argentines and Venezuelans are among the major sources of people currently buying property in Miami after unfavourable political changes in their own countries. Many US companies record superior growth in Miami because of the influx of wealthy Latin Americans. The city-region has witnessed considerable reallocation of investment towards real estate.^{xliv} The central city and surrounding Miami-Dade County will continue to depend upon high influxes of foreign populations^{xlv} to renew its population base and service economies (see chart).^{xlvi}



Miami's forward-thinking in this area is its recognition that population diversity is linked to success in attracting both tourists and talented workers to the city-region. From the very beginning of Miami's population diversification, immigrants who arrived wanted to trade and build trade promotion capabilities. Policymakers in the city-region contend that a profound inter-connection exists between a metropolitan area's ethnic tolerance and diversity, and its success in attracting high-technology workers. Unlike other cities, Miami's immigrant population arrived with very strong links to their home countries, and with the capacity to exploit those links profitably. Miami therefore has populations with specific language and cultural capabilities which enable a proper relationship and interaction with Latin American markets. The combination of diversity, skills and cultural familiarity is hugely important to Miami's international business prospects. Miami has shown that high-end knowledge firms tend to gravitate to places acknowledged for diversity of thought and inclusiveness, thus helping to nurture creativity and innovation.^{xlvii}

Attracting International Visitors

The development of Miami's trade infrastructure has not eclipsed but has rather enhanced Miami's character as a tourist mecca, which clearly benefits from the city's capacity as a major transportation hub. In 2007 domestic visitors made up only 54.1% of visitors, whilst foreigners constituted 45.9%. More than 3.5 million people from Latin America, and 1.3 million from Europe visited. Miami has the

highest percentage of foreign visitors in the US, according to recent figures. A 2007 survey revealed tourists are most attracted to Miami because of the weather, (47.8%), then the beaches (35.8%), the international ambiance (25.4%) nightlife (24.3%) and the shopping (17.1%).^{xlviii}

Moving forward, there are promising signs of Miami's capacity to attract tourists beyond the recession. Miami-linked South America was one of only two global regions whose visitor figures grew in the first half of 2009.^{xlix}

In October 2008 a new \$2 million global marketing campaign was announced by Turkel to promote Miami-Dade County as a dynamic, world-class destination for business, vacation and meetings. The initiative - *'Miami: Where Worlds Meet'* – is a collaboration of The Beacon Council, American Airlines and the CVB, with additional support from Miami-Dade County, the Port of Miami and Miami International Airport. This collaboration aims to leverage resources, using the marketing capacities of each actor. The campaign showcases Miami as an ultimate tropical, cosmopolitan tourist destination alongside its events, convention and business capacity. Thus it looks, for the first time to combine tourism and business to capture new global trends.



The initiative focuses on six key sectors - life sciences/biomedical, fashion design and architecture, aviation and aerospace, financial services, technology and tourism – and has been introduced in key markets such as New York, Canada, Brazil, Argentina, Spain, France and Italy. It mixes an online viral campaign encompassing a new website (www.MiamiWhereWorldsMeet.com) and targeted e-marketing, with more traditional print media advertising and direct marketing approaches. Adverts are running in three American Airlines' in-flight publications to serve the Pan American market, while CNN is the major television advertisement target.ⁱ

International Events

Although Miami is yet to host an event of truly global prestige, the city does hold a number of high-profile international events, both annually and as one-offs. These include:

- The Miami International Film Festival (MIFF) in March every year.
- The ACTE Global Education Conference, May 2007
- The First Miami Fishing Tournament, 2007
- The First Mayors Hemispheric Forum, for City Mayors from all over the Americas, in September 2006

These events both demonstrate a keenness to host international events and serve as a potential platform for bidding for bigger, and even more beneficial, events in the future. Miami tourism officials aim to bring the USTA's International Pow Wow, hosted there in May 2009, back to the city by 2015, boosting tourism by around \$500 million. The last International Pow Wow attracted 5,000 attendees including journalists and travel industry delegates, at a cost of only \$2.4 million to put on. Miami's showcasing in 2009 of its array of cultural offerings, shopping venues and outdoor activities were highly praised by international buyers and media.ⁱⁱ Elsewhere, Miami is also proactively seeking to be listed as one of the host cities for the US 2018 and 2022 World Cup bids, with a local attraction committee formed especially for the task.ⁱⁱⁱ

International Students

Miami is not yet a world-class international student hub, but there are signs the city-region has ambitions to improve its position. Less than 10% of the region's student body is comprised of international students, indicating the lack of a large internationalised strategy. The two main universities in Miami - the University of Miami (private) and the University of Florida (public), are developing new recruitment campaigns for Latin America in particular.

Case Study Initiative – Promoting International Trade

In 2002, an International Trade Consortium was created, and the body has become indispensable to the international competitiveness of the Miami city-region. Whereas the Beacon Council is charged with encouraging foreign direct investment as an alternative mechanism for job creation, the government-financed ITC is in charge of increasing exports and hence jobs and wages. While many cities have these two activities headed by the same body, these two local strategies are carried out separately in Miami to maximise international business activities, and combine to make Miami one of the strongest international business promoters in the world.



Structure and finance

The ITC is a county-level government agency. Its Executive Director works with between 10-15 full time staff. The Department is divided into four sections—Finance and Administration, Marketing and Outreach, Sister Cities Program, and the Trade Development Board. The 34-member Board of Directors is chaired by the Miami-Dade County Commissioner and is comprised of representatives of key trade-based economic development bodies in the region.

For fiscal year 2007-2008, the Board of County Commissioners authorised a budget of \$1.551 million to support ITC operations. Of this amount, 60% was allocated from the General Fund, a further 15% from Seaport revenues, and other contributions including £100,000 from the Greater Miami Convention and Visitors Bureau.

The ITC's mission statement is:

“The Jay Malina International Trade Consortium of Miami-Dade, as Miami-Dade County's official public/private partnership, advocates, promotes and supports the development of this County as the premier hemispheric platform for two-way trade with the rest of the world.”

The primary services/programmes of the ITC, which runs off less than a \$2 million budget a year, are:

1. **Organising and leading trade missions**, while also developing and executing agendas for incoming missions, and accompanying Aviation Department staff on airline route development presentations. Cities are chosen for outbound trade missions based on clear selection criteria, such as them being top trading partners, strong constituent demand, and consideration by ad hoc committees. The ITC is seen as one of the most thorough bodies in preparing for trade missions, as it initially undertakes an advanced planning mission to targeted cities.
2. **Liaising with trade offices**, chambers of commerce and other organisations
3. **Providing technical expertise** and support for SMEs that show potential for growth (Incubator/Facilitation office)
4. **Developing and recommending trade policy issues**; staffing the ITC and Sister Cities Board of Directors; representing Miami-Dade County at Free Trade Area of the Americas (FTAA)

Strategic Planning

The ITC's Strategic Plan draws directly on county level strategy and business plans such as Miami Dade County's 2003 – 2007 Strategic Plan. In 2006, the ITC implemented a formal strategic planning process, held by the ITC and Sister Cities Boards during joint annual assemblies. Ad hoc committees recommend to the ITC what countries or cities should be targeted in the upcoming year. Priorities are set internally and tied to funding support. The existing ITC ad hoc committees are:

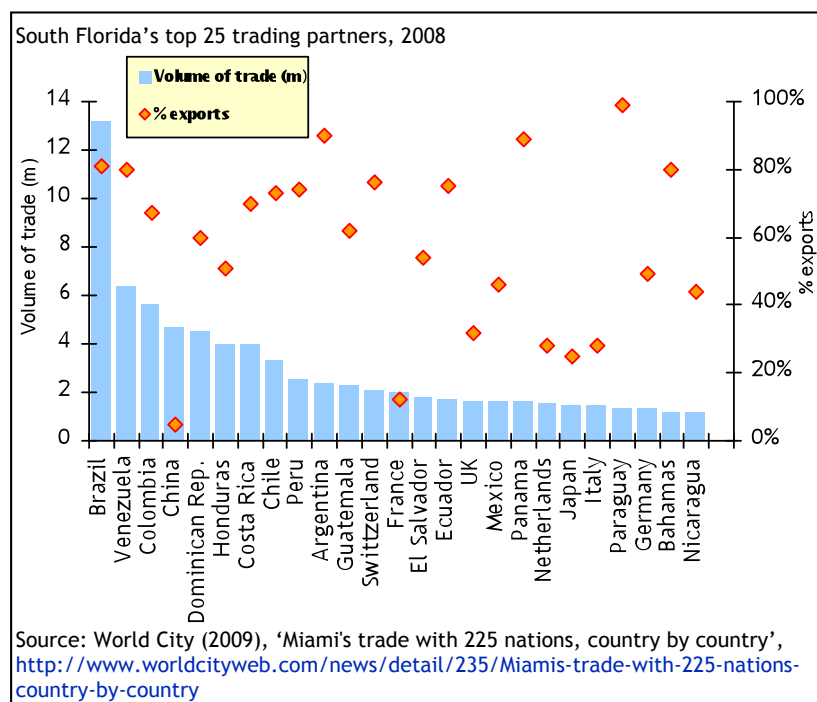
- African Trade Initiatives
- Asian Trade Initiatives
- European & Middle Eastern Trade Initiatives
- Western Hemisphere Trade Initiatives

The ITC performs outreach to brand Miami as a global gateway and inform the local community about trade related activities in the region. Efforts include providing sponsorship of international trade and culture events, staff support and participation at internationally related conferences, and events held by partner organisations. The exclusive focus of the ITC is trade promotion (imports as well as exports), with liaison-facilitation playing a vital role in the mission of the single-purpose agency. Miami-Dade County is thought to possess the best developed trade promotion authority as a single-focused entity in the US. Miami's experience has demonstrated that public-private cooperation and coordination is essential, and shows the benefits of having a trade agency that is narrowly focused and avoids overlap and duplication with other bodies.^{liii}

The ITC forms part of Miami's trade promotion environment that is heavily decentralised and diffused with informal mechanisms among public and private groups and agencies dedicated to trade promotion. The ITC shows a successful alternative to cities that have created cooperative and heavily coordinated trade promotion capability and presence. Overall, the ITC's delivery of a wide range of trade promotion programmes raises the profile city-region in global markets and successfully complements existing international business and economic development activities.

In 2009, ITC has organised inaugural business development missions to Sao Paulo and Belo Horizonte, Brazil, acknowledging its largest trading partner. Another mission is being made to Dakar, Cape Town and Johannesburg, in October 2009, as part of the first group of cities from Africa to become Sister Cities.^{liv}

Such initiatives are responsible for Miami/South Florida's city-regional trade topping \$90 billion for the first time in 2008, thanks to trade with 225 nations around the world. Brazil is the region's biggest trading partner with \$13.2 billion, of which more than 75% was exports. Nine of the city's top ten



trading partners are in Latin America, with only China (4th) outside the region making the top 10.

The region is in a strong position given that these Latin American economies are all expanding considerably, fuelling the demand for exports of both goods and services. Indeed in 2008 Miami exported more than it imported to thirteen of its fifteen biggest trading partners, and almost all its Latin American partners. South Florida's role as a hub for Latin America and

the Caribbean has meant it has long had a trade surplus, a rare phenomenon among American Customs districts. The South Florida trade surplus rose from \$3.96 billion to \$5.31 billion in 2008, four times larger than any other Customs district in the US.^{lv}

4. Singapore

One of the most recent and inspiring candidates to enter the top tier of world cities, Singapore is an island country located at the southern tip of the Malay Peninsula. A city-state less than half the size of Greater London, Singapore has not been deterred by its geographical limitations, successfully attaining global services and manufacturing hub status since independence in 1965. The population of Singapore – mostly ethnic Chinese - was 4.8 million in 2008 with authorities adopting a population scenario of 6.5 million over the next 40-50 years to guide land-use and infrastructure planning.

Singapore is not satisfied with its remarkable achievements over the past four decades, and plans to double the size of its business and financial district to maintain Singapore's position as a regional financial centre and allow it to compete with Hong Kong as Asia's pre-eminent financial services location. The city-state provides a highly attractive business environment, founded on highly competitive investment incentives, a highly-skilled and cosmopolitan labour force, and a comfortable quality of living with low crime rates. It is also extremely well connected, facilitated by one of the best airports in the world, and occupies a strategic location in a high growth region. These attributes have helped to overcome resource deficiencies and ensure high quality human capital. Indeed, Singapore is aiming to become the 'talent capital' of the global economy based on a relaxed immigration policy, event-led marketing, and promotion of its overlooked cultural and entertainment qualities.

Despite consistent defiance of its physical constraints, Singapore's place in the world urban hierarchy in the 21st century is set to be defined by its capacity to develop sustainably on a limited land mass. Restrictions on expansion are already the cause of rapidly rising costs of living and housing. Furthermore, while its major rival Hong Kong has formed institutional connections with the mainland Pearl River Delta, Singapore has not been able to call on an obvious manufacturing hinterland to drive its hub status, although the SIJORI growth triangle shows signs of promise.

KEY AREAS OF GLOBAL STRENGTH

Efficient model of governance – Singapore's island country status, unique among major city economies, allows for unencumbered consolidated governance, comprehensive development plans, with integration at all tiers of government

Internationalisation strategy – Singapore is arguably the most globally-oriented city in the world, with robust investment, trade and strategic agreements with developed and emerging markets, alongside innovative population attraction mechanisms

Outstanding soft business infrastructure – Singapore has a highly transparent financial sector, low taxation, a very strong Western legal model, and mature markets

Large, stable revenue-generation capacity – the city's credit rating is among the world's best. Singapore is able to intervene decisively in its own development, and has the fiscal capacity to guide the city's infrastructure through the next phase of reclamation and redevelopment

KEY CHALLENGES TO GLOBAL COMPETITIVENESS

Population and resource limitations – Singapore has physical limitations, although the city is confident it has enough land to meet growth needs. There are limits on the availability of domestically-produced world-class talent, while the small size of the domestic consumer market demands a volatile export-dependent economy

Rise of Chinese finance and R&D hubs – while Hong Kong remains the region's most attractive finance centre for young people, Shanghai is challenging Singapore's research and high-technology status, and is anticipated to overtake Singapore in the next decade

Maintenance of a stable and permanent world-class workforce – despite new initiatives to increase cultural presence, Singapore's history limits the range of cultural provision available compared to world-leaders London, Paris and New York. The lack of depth to its cultural infrastructure means international workers stay for only short periods, causing constant labour volatility

Internationalisation

Singapore's entire ethos, economy and culture is based upon internationalism. The city-state aims to retain its position as a key node in the global economy through the attraction of international businesses, population, international FDI and by becoming regional and global hubs for the light manufacturing and service sectors.

The presence of highly-skilled foreign professional and managerial talent in Singapore contributes significantly in its aspiration to develop into a truly cosmopolitan city of global stature. The foreign population, including professionals, workers, students and their family members was just 300,000 in 1990, but had risen to 1,005,500 by June 2007, exceeding the 1 million mark for the first time. This represented a rise of 14.9% from 2006 and marked the largest increase in at least seven years, according to the Singapore Department of Statistics.^{lvi} By 2009, the number of foreign residents had reached 1.25 million.^{lvii} The government's conspicuous promotion of the inward flow of foreign talent into the city's high-end economy is part of an overall strategy to raise its external competitiveness on a Pan-Asian and world stage.^{lviii}

World's Top 10 Most Globalised Nations	
1	Singapore
2	Switzerland
3	U.S.
4	Ireland
5	Denmark
6	Canada
7	Netherlands
8	Australia
9	Austria
10	Sweden

Source: AT Kearney /Foreign Policy Magazine Globalisation Index 2006

Current Degree of Internationalism

In a measure of world city networks by Taylor et al. (2008), Singapore ranks 6th in the world for gross global connectivity, and 3rd in Asia behind Hong Kong and Tokyo.^{lix} Foreign Policy Magazine's Globalisation Index places Singapore as the most globalised country in the world (see chart). Today, with one of the best-established capital markets in Asia-Pacific, the Singapore Exchange (SGX) is the preferred listing location for more than 200 global companies. Of the 770 listed companies, 39% were foreign listings in 2008, reflecting the growing status of Singapore as the Asian Gateway, offering global investors access to the dynamic and fast growing Asian markets.^{lx} With a population approaching 5 million people, the majority of Singapore's residents remain from Malay and Chinese backgrounds, but around a quarter of the population are now international economic migrants.^{lxi}

Internationalisation Strategy

In essence, Singapore has set out to establish itself as a **global 'hub of hubs'**; a key node in the international economy. The city-state has ambitions to develop Singapore as a global city, the prime regional centre for business and finance, logistics and distribution, communications and information. This has been driven by investment in its governance delivery, education and international infrastructure. Singapore's philosophy of openness, based upon ideas of a 'world without borders', 'weightless economies' and 'friction free capitalism,' has driven a continuous process of reform and opening-up of the city.

Today, whilst Singapore's future plans clearly remain international in scope, its aims are not presented in a single document concerning internationalisation. Whilst this may initially seem surprising, deeper consideration would suggest this is not so. Singapore has long been recognised as a major world city and its comprehensive approach to internationalisation is instilled throughout the governance process, thus not demanding a single strategic document to re-shape attitudes.

Singapore's future internationalisation strategy is set to be adjusted as a new long-term economic strategy is currently being reformulated in light of the financial crisis. As part of this structural re-think, Singapore has recently formed the Economic Strategies Committee (ESC), which is a high-level national committee that seeks to grow Singapore's future as a leading global city in the heart of Asia. Singapore's internationalisation strategy will be refined in the process and the final report is expected around May 2010. New strategies of internationalisation set to include:

- New and distinctive efforts to capitalise on future areas of growth in both developed and developing markets, leveraging on Singapore's strengths

- rooting foreign companies in Singapore and supporting the growth of globally-competitive local companies.
- making Singapore a vibrant global city, with a diverse and deep pool of talent (avoiding over-reliance on foreign workers) and strong links between R&D and enterprise.

The industries of petrochemicals, biomedical manufacturing and precision engineering are all to be specifically internationalised through the pursuit of major infrastructure projects with global firms, and the enabling of suppliers to develop access to new markets. The city-state also plans to grow Singapore into a global clean technology centre, given expanding market share available to access.

Branding

Singapore has sought to enhance its international profile through the brand 'Uniquely Singapore', developed in 2004, created with international branding consultant FutureBrand. Programmes have been launched to generate a sense of brand ownership in the local tourism industry and community.

To showcase the depth, breadth and blend of experiences that reflect what Singapore offers its visitors, Beyond Words aims to capture unparalleled moments that can be experienced in Singapore. The suite of eight new print advertisements and two new TV commercials use captivating images and lyrical language that capture the nuances of some of Singapore's unique offerings. The pictures used highlight the very best sights of Singapore, including popular images of the Merlion, Orchard Road and Esplanade to the more personal images of Kampong Glam and the Ice Kachang.^{lxii}

Attracting International Investment

In 2007, Singapore's stock exchange announced it aims for 50% of its listed companies to be foreign by 2012, as part of a push to become a more powerful regional financial centre. The SGX sees China as a significant source of potential listings, particularly in sectors such as consumer products, water treatment and the chemicals industry. The SGX is also focused on the neighbouring countries of Vietnam and Indonesia. The SGX acquired a 5% stake in the Bombay Stock Exchange in March 2008, and it also sees Indian companies as a future source of listings.^{lxiii}

Foreign investment is welcomed and given equal treatment, with no tariffs. The city-state prides itself on its capacity to facilitate seamless location and investment options. The World Bank Ease of Business Index judged Singapore the best country in the world to set up a business and hire workers.^{lxiv} Its corporate tax was also the 2nd lowest in the world (after Dubai) in 2008.^{lxv}

Singapore's stability - political, financial, and employment – is a major point of attraction for foreign investors. Alongside consistent financial and administrative policy-making, a transparent legal and regulatory framework ensures minimum bureaucracy and efficient public service delivery. Firms are also able to benefit from no restrictions on foreign ownership and generous tax incentives. Singapore has also improved the availability of hardware facilities, notably in terms of its infrastructure, skilled labour, and supporting clusters.^{lxvi} Inflation is also low, while Singapore's strict protection of private property and the rule of law is thoroughly reassuring to investors.^{lxvii}

Singapore is extremely active in building relationships with other countries, including emerging markets, and in particular India and China. Recently, Singapore finalised a Comprehensive Economic Co-operation Agreement (CECA) with India, paving the way for freer trade. India is leveraging Singapore's cultural expertise to help in building regional relations. In a recent example, India's Tata Consultancy Services located its Asia Pacific headquarters in Singapore to forge a partnership with the Chinese government and Microsoft to offer its IT outsourcing services to the global market. In 2007, Singapore was the biggest recipient of Indian FDI, receiving 37% of FDI approvals of over \$5million.^{lxviii}

Singapore's bridging role into other markets has been steadily growing in recent years, and the city-state is building linkages with countries further afield including the Middle East, capitalising on the growing trade and investment interest. Singapore recently undertook free trade negotiations with the Gulf Cooperation Council, resulting in a key institutional framework to strategically link the Gulf

region and Singapore and facilitate the greater flow of goods, services, investment and people between the two economies.

Singapore is advanced at building good relations with regional countries through political diplomacy, and joint ventures that combine the competitive strengths of Singapore and its partners to attract international investors. This effort has led to government initiatives to establish growth triangles and overseas industrial parks. The SIJORI growth triangle is a partnership arrangement between Singapore, Johore (in Malaysia), and Riau (in Indonesia) that combines the infrastructure, capital, and expertise of Singapore with the natural and labour resources of Johore and Riau to make the sub-region more attractive to regional and international investors. As part of this regionalisation strategy, Singapore has also established industrial parks in Suzhou and Wuxi (China), Bangalore (India), and Vietnam, combining Singapore's capital resources and expertise in industrial-infrastructure development and management with local availability of land and labour resources.

Attracting International Institutions

Singapore is not yet a world leader in playing host to international institutions, but the city-state is making clear progress in providing the platform to host large business and inter-governmental events as a stepping stone to attracting world-famous organisations to locate their Asia office, or even relocate their global office, there. In 2006, the WorldWide Fund for Nature (WWF), one of the world's largest eco-conservation not-for-profit organisations, opened its Asia-Pacific office in Singapore, which oversees and develops all of WWF's conservation projects in this region.^{lxix} This is one of the more high profile NGOs to have settled in Singapore, with the city-state keen to accelerate this trend in non-profit institutions. Singapore now home to 80 International Non-Profit Organisations (INPOs) – more than doubling its 2005 total - across the entire inter-governmental, non-governmental, social-environmental, industry and think tank spectrum. The city-state government has recognised that alongside Asia's rapid wealth rise, a number of challenges will emerge in fields of natural disasters, poverty and environmental degradation that will demand the growth in organisations focused on disaster-relief, CSR, philanthropy and social enterprise. Singapore aims to be the first port of call for those leaders looking to set up organisations in a pro-business environment that has global talent and a pre-established interest in charity and philanthropy. To help facilitate international INPOs in setting up base in Singapore, a dedicated International Organisations Programme Office (IOPO) was established in 2007 as a multi-agency initiative led by Economic Development Board. The office will provide one-stop-shop assistance and information to these organisations, and continue to assist their needs after setting up in Singapore.^{lxx}

In terms of enhancing its reputation as a inter-governmental business location, Singapore hosted the Annual Meetings of the Board of Governors of the International Monetary Fund (IMF) and World Bank Group in 2006, together with the G7 Finance Ministers' Meeting. The choice of Singapore was thought to recognise the city-state's leading role in the modern global financial system.

Singapore has also made great progress in attracting international Higher Education Institutions as we report below.

Attracting International Populations

As mentioned in the introduction, Singapore has a proactive and far-sighted approach to its population management. Its current planning scenario is based on a population of 6.5 million up to 2050. Based on this long-term population scenario, Singapore's Concept Plan forward ensures that adequate land has been safeguarded to cater for future growth, including that of a higher (domestic and international) population.

Singapore has become noticeably more attractive to global talent over the past decade, hosting fast-growing numbers and flows of immigrants. The city-state is even beginning to witness the second-generation phenomenon for the first time as more families settle down for the long-term. The majority of new immigrants are highly talented Asians – predominantly Chinese and Indian – who tend to stay for decades or lifetimes. European and North American immigrants tend to come for

shorter stays (up to 5 years) with longer stayers often having family origins in Asia. The increasing share of the non-resident/non-citizen population at the millennial turn is a consequence of the city-state's policies to attract and rely on 'foreign manpower,' as made clear in the vision and aims of the Ministry of Manpower (MOM). Singapore's seamless transition into a knowledge economy, is based on the regular updating of its talent attraction strategies.^{lxxi}

The city-state's highly-skilled human resource base is now the critical success factor in securing its global future in the medium term, with the city having developed strategies of developing Singapore into the 'Talent Capital' of the global economy.^{lxxii} Foreign skilled professionals mainly originate from the US, UK, France, and Australia, as well as from Japan and South Korea. Various programmes aimed at attracting foreign talent such as company grants schemes to ease the costs of employing skilled labour, recruitment missions by government agencies and permanent residency schemes have been implemented to boost the professional workforce. In October 2003, a new category of entry certificate, the Entrepass, was introduced based on good business plans as opposed to educational qualification and salary as criteria, attracting 'global value-creating entrepreneurs and innovators to come to Singapore to start their business ventures.'^{lxxiii}

Singapore's ambition for a permanent cosmopolitan population is prompting innovative mechanisms to offer world-class lifestyle needs, notably in the areas of art and sport. In 2008, Singapore officials branded the city-state 'Global City for the Arts,' drawing attention to the Singapore Art Museum (which exhibits Southeast Asian modern and contemporary art), as well as by adding a children's wing to the Asian Civilizations Museum. This initiative aims to add to Singapore's cultural presence, and thus to provide the complete package to culturally-inclined international workers. The new Singapore History Museum also opened in 2008.^{lxxiv}

The adjacent Renaissance City Plan (RCP) is Singapore's Arts and Cultural master plan, aims to develop Singapore towards the vision of a Distinctive City for Culture and the Arts by 2015, with the goal of being a vibrant magnet for international talent as well as the best home to an inclusive and cohesive population that all Singaporeans can be proud of. MICA recently launched the third phase of the Renaissance City Plan – Singapore's arts and cultural master plan for 2008 to 2015 and \$115 million will be invested over the next five years, or about \$23 million a year, towards the three key areas of Distinctive Content, Dynamic Ecosystem and Engaged Community.^{lxxv}

Elsewhere Singapore Freeport will be Asia's first premium, high-security storage facility for art and high value collectible items and fully operational by January 2010. In April 2009, leading arts business Christie's announced the establishment of Christie's Fine Art Storage Services within the Freeport facility to provide storage services to its global clientele. Singapore will unveil a new National Art Gallery in 2013 which will focus on Southeast Asian art. The new gallery is expected to position Singapore as a centre for the promotion, research, study and display of Southeast Asian art. A world-class arts infrastructure is also being developed, including a proliferation of performing arts venues and the attraction of international specialists. The increasing demand for sports-related services has also attracted the Manchester United Soccer School (MUSS) to establish its South-East Asian hub in Singapore. Aspiring footballers from as far as South Korea and Japan participate in the football clinics and tournaments organised by MUSS SEA.^{lxxvi}

Singapore's growth has also demanded a pool of low-skilled contract labour to fill positions the domestic population is often unwilling to work in. In terms of the unskilled foreign worker population, the demand for these workers has continued to rise over the last decade, prompted also by the improved socio-economic and educational levels of Singaporeans which deter most from carrying out menial roles.

State policy has remained firmly committed to ensuring that unskilled and low-skilled foreign workers are managed as a temporary and controlled phenomenon through a series of measures, key among which are the work permit system, the dependency ceiling (which regulates the proportion of foreign to local workers), and the foreign worker levy. Together, these measures act to minimise cyclical domestic labour shortages without imposing the long-term social and political costs of a permanent low-skilled population.^{lxxvii}

Attracting Visitors

The number of visitors to Singapore has increased from 7 million in 1998 to 10 million in 2008, but the city-state is still in some quarters more of a stopover or short-term destination. The government has made big efforts in recent years to create an improved international image alongside physical transformation to provide a range of entertainment and recreational options.^{lxxviii} In an effort to combat the 20% decline in tourists since the recession, the Singapore Tourist Board has rolled out a \$90 million BOOST initiative – ‘Building On Opportunities to Strengthen Tourism.’ This includes a targeted marketing campaign – ‘2009 Reasons to Enjoy Singapore’, targeting shorter-haul flights from local region. Bids to attract events to Singapore up to 2011 are being strengthened, leveraging on Singapore’s reputation as a global business centre to target MICE. Particular priority for events aligned to Singapore's economic priorities, such as digital media and environmental technology. New tourism projects up to 2011 are set to diversify what Singapore is known for among tourists - new International Cruise Terminal to grow cruise sector, and Wildlife Reserves Singapore to re-create global river habitats.

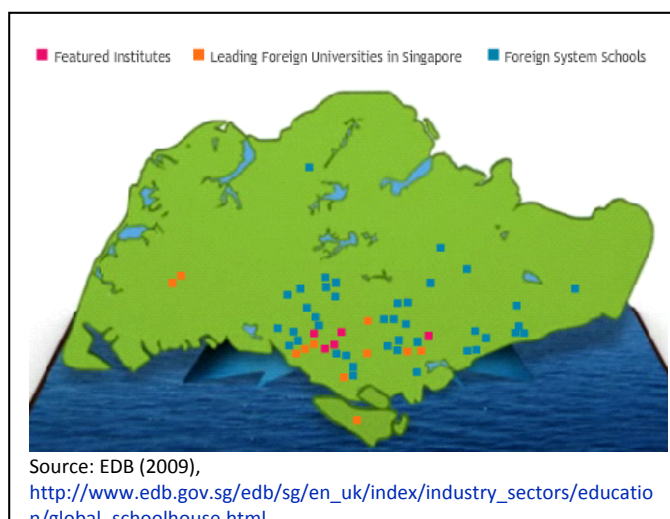
In September 2008 Tourism Malaysia in collaboration with the Singapore Tourism Board and Singapore Airlines together launched the ‘Twin City’ package designed to boost Middle East visitor traffic to Malaysia and Singapore. It enables visitors from the Middle East and the United Arab Emirates to experience the very best of Singapore and Malaysia – combining the city attractions and world-class shopping of Singapore with the tropical rainforests and pristine beaches of Malaysia. The ‘Twin City’ promotion builds on the synergy and on the popularity of the two South-East nations among Arab travellers. Singapore has sought to use Malaysia as a complement to its tourist offering.^{lxxix}

The city-state is highly pro-active in attracting global events to the city, and in 2010 will host the inaugural Youth Olympics, after fending off interest from Moscow.^{lxxx} In order to attract further international populations, in September 2008, Singapore hosted in debut Formula One race, which was also the inaugural night-time grand prix in the history of the global circuit. The event was described by city officials and commentators alike as an opportunity sell Singapore as a financial haven for high net-worth individuals (although this is not official policy), with 50,000 foreign visitors to the event. The government will assume over half of the annual cost to host the race for up until 2013. F1 is considered a potentially key driver of Singapore's tourist industry, which currently accounts for 3-4% of GDP. The government predicts that F1 will raise tourism spending by \$100m a year, partly because of the 150 million worldwide television audience the event attracts.^{lxxxi}

Foreign Students

Singapore has long attracted foreign students from Malaysia and Indonesia but since 1997 the country has made specific efforts to develop itself into an international education hub for primary- to university- level students. Singapore is widening and deepening its educational provision in an attempt to become a world-class education destination that is global both in institutional composition and student mix. An increasing diversity of schools and programmes is offering a wider selection of quality education options that range from finance (business, wealth management), to creative industries (digital animation, arts and fashion, culinary arts) to niche areas such as luxury brand management and hospitality. Singapore’s efforts to develop its ‘Global Schoolhouse’ brand initiative have also strengthened its reputation as a talent hub in attracting and retaining people.

The Global Schoolhouse brand, in operation since 2002, sends a message that Singapore is combining the best of Asian school systems with



Western education styles in an attempt to capture the rapidly accelerating international student market.

Singapore is focusing on its strengths, including its English-speaking environment and high educational standards as well as its reputation for public order and safety. A government economic review panel recommended a target of 150,000 foreign students by 2012 — more than double the 2005 figure of 66,000 — estimating that this would not only create 22,000 jobs but also raise the education sector's contribution to GDP from the current 1.9% (S\$3 billion or US\$1.9 billion) to 5%. By 2007, there were already 86,000 international students from 120 countries studying in the city-state.^{lxxxii}

Many leading foreign universities have now set up their main Asian campuses in Singapore, including top-class names such as INSEAD, Tisch School of the Arts, and University of Nevada Las Vegas. Meanwhile Duke University's School of Medicine has collaborations with local universities offering joint academic programmes, and Raffles Education Corp, the largest private education group in Asia, has established its international headquarters in the city-state. Singapore's leaders recognise that diversity in the local education landscape encourages research and networking opportunities, given increased international interaction and collaboration.^{lxxxiii} The many institutions that have based themselves in Singapore are not only dedicated to serving the local market, but are also using Singapore as a springboard to expand into the rest of Asia. Over the long-term, Singapore aims to develop a vibrant community of tertiary, pre-tertiary and corporate training institutions, attracting a critical mass of students and researchers to make the city-state a genuine global talent generator.^{lxxxiv}

Overseas Singaporeans

Singapore is encouraging overseas Singaporeans with incentives to return home. It is part of its policy to reach out to the Singaporean diaspora — in particular graduate students and scientific-technology specialists — and keep them fully updated on Singapore's prosperity and economic potential. A dedicated platform, called Overseas Singaporean Unit was set up in 2006 to connect Overseas Singaporeans back. This special unit plans and coordinates multi-agency programmes and initiatives, such as a dedicated website (www.overseassingaporean.sg), job fairs and link-ups with Singapore-based companies; tie-up with relevant government agencies to help Overseas Singaporeans who intend to relocate back to Singapore.

Case Study: Contact Singapore

The Singaporean government has a number of strategies to encourage international immigration, in terms of both low-skilled contract labour and skilled professional and managerial workers in the high-end knowledge sector. The government plays a key role in population attraction, and since 2002, has had a three-prong strategy to ensure that the country continues to have a sustainable population to further Singapore's development:

- To promote and support marriage and parenthood in Singapore
- To reach out to overseas-based Singaporeans to help them stay connected
- To attract and retain suitable global talent.

First created in 1997, the agency 'Contact Singapore' been promoting Singapore as a 'globally connected and friendly city' to any international workers who want to live there. Its formation was driven by the realisation across city-state government that Singapore's economic strategy to produce an abundance of high value-added sectors was decisively dependent on attracting global talent. The agency has expanded over the years and now also provides services and a forum for entrepreneurs, innovators, and intellectual property creators to meet and exchange ideas and information and collaborate in value-creating relationships. The agency is one of the most advanced in aiming to attract global talent to work, invest and live in Singapore.



As an agency within the city government, Contact Singapore has three overarching tasks. It firstly highlights what the major employment opportunities in Singapore are so that potential talent can be aware what kind of labour market and earnings potential is available in the city-state. For this effort, Contact Singapore enlists the help of local employers to showcase and present the range of opportunities. Secondly, the agency smoothes the policies and processes of entry and business development, primarily by simplifying procedures and helping entrepreneurs with individual case management. Finally, it promotes Singapore's broader progress in quality of life – namely its livability agenda and lifestyle dynamism. The former highlights the city-state's attributes as a healthy, crime-free destination with excellent infrastructure, public services and housing, while the latter accentuates Singapore's newfound credentials as a cultural, educational, artistic, and even sporting hub. Underpinning all three actions exists the core objective to keep the global population informed so they have an accurate awareness of what Singapore can offer as a home.

Project management and partners

Contact Singapore is jointly run by the city-state's economic development board and its ministry of manpower. In 2008, the scheme was re-launched with a focus on entrepreneurialism, and was described by Won Kang Seng, deputy prime minister for home affairs as 'a critical node in the continuum of government efforts' to attract talent and expand the Singaporean community. The scheme's re-launch is an indicator of the concerns of employee retention, with many international employees capable of moving elsewhere with relative ease.^{lxxxv}

Contact Singapore has offices in Asia Pacific (Chennai and Shanghai), Europe (London), Australia (Sydney) and North America (Boston), providing a one stop shop for people who wish to pursue a career or invest in Singapore. The agency actively links Singapore based employers with "global talent" and provides individuals with updates on career opportunities on the island.

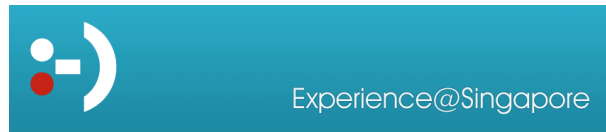
Contact Singapore works closely with the Overseas Singaporean Unit (OSU), which is the lead agency in the Government to plan and coordinate all Overseas Singaporean outreach and engagement efforts, including joint promotions and programmes where appropriate. For example, the new Contact Singapore's dedicated job website (<http://www.contactsingapore.sg/jobs>) is linked to the Overseas Singaporean Portal (<http://www.overseassingaporean.sg/>). This enhances overall outreach and enable the agency to keep Overseas Singaporeans informed of the latest developments in industry, the professions and employment opportunities in Singapore and the region. The agency's website provides information on working and investing in Singapore, including information on visas, banking, schools and accommodation.

Contact Singapore is founded on the acknowledgement that Singapore's success has been achieved through talent identification, attraction and recruitment. As a result, the pursuit of global talent remains a compelling formula, alongside domestic talent generation. The agency systematically monitors trends, examining what successes and failures occur elsewhere, learning from other knowledge hubs in the fields of education, business clusters and livability in order to re-position Singapore appropriately. The agency's more recent emphasis – partly derived from such monitoring - specifies quality of life and homeliness as key features Singapore must enhance to retain talent during both up and down periods. This effort is also about social cohesion, ensuring Singapore has a strong identity and community outlook moving forwards, no matter how heterogeneous its ethnic make-up. The agency partners a wide variety of key employers, particularly in the growth areas of healthcare, R&D, public services, legal services and financial services.

Contact Singapore manages several distinct programmes which reach out to experienced and young professionals, students, investors and overseas Singaporeans. These include:

- **Careers@Singapore.** Held in major cities across the key Asia-Pacific, European and North American regions, Careers@Singapore assembles Singapore-based employers from specific industries with global professionals and graduate students, providing a platform to share knowledge about the experience of working and living in Singapore, and enable networking opportunities.

- **Experience@Singapore.** Gives undergraduate and graduate students from world-leading universities an introduction to Singapore by inviting them to week long tours of the city-state. The tours introduce them to executives of Singapore-based companies and to keynote infrastructural projects in the city-state themselves. Through internships and study trips offered by this programme, participants can obtain career, lifestyle and industry information on Singapore. Past programmes in 2009 include tours by Chinese MBA students, accounting and finance students from Malaysia, and engineering/automation students from the US, while 2010 tours include technology groups from India and IT specialists from the Commonwealth nations.^{lxxxvi}
- **Global Investor Programme.** Allows entrepreneurs and businessmen who are keen to invest or initiate new business activities in Singapore to apply for Singapore Permanent Residence through making investments in Singapore. This reflects the tiered service provided by Contact Singapore; while middle-income foreign employees are provided with public service information and advice, entrepreneurs receive additional bespoke case management.
- **Insights@Singapore.** Industry experts from Singapore share their knowledge and expertise in their respective fields and industries through Insights@Singapore sessions. This programme enhances the reputation of Singaporean specialists and Singapore-based companies as cutting edge and innovative. Dedicated sessions for overseas Singaporeans, Insights@Home, are also organised. This demonstrates how Contact Singapore proactively disseminates information, offering potential for liaison, brokerage, and contact facilitation.
- **Work Holiday Programme.** Allows university students and recent graduates between 17 and 30 years old to live and work in Singapore for up to six months. The programme aims to attract youths keen to travel abroad and experience a foreign culture. It allows participants to discover the spectrum of career opportunities in Singapore experience living in this cosmopolitan city.
- **Work in Singapore** information sessions to engage global talent interested in learning about work-life opportunities in the city-state. Through a job portal managed by Contact Singapore and supported by industry partners, Contact Singapore lists vacancies in Singapore-based companies that span sectors from technology to finance. The portal allows for the submission of resumes.



Contact Singapore success illustrates the ingredients that can spur a successful international talent programme. The initiative profits from the highly integrated governance approach that exists in the city-state, such that all stakeholders across government – including such typically distant departments as housing, health and crime are all highly aware and committed to the same goals. This has meant that Singapore is in a good position to supply the housing and livability that it promises, without stepping too far. Secondly, the agency’s policies are symptomatic of a highly sophisticated understanding of what Singapore really needs economically, and what talent it must therefore target. Given its access to highly integrated overall plans, Contact Singapore can conduct its undertaking with confidently and pro-actively around a future-oriented strategy.

The agency has also testified to the importance of a keen and flexible analysis and assessment of global successes and failures. Given their detailed monitoring bodies, their rival cities’ strengths and weaknesses are appreciated throughout the governance processes, such that talent attraction mechanisms can exploit weaknesses. Finally, there are also clear lessons to be learnt about the talent initiative’s effort to integrate Singaporeans and prevent the emergence of a two-tier society, through widespread commitments to upgrading the skills of locals.

5. Turin

Turin is a major business and cultural city of 900,000 people in north-west Italy, and is capital of the Piedmont region. 2.2 million people live in the wider metropolitan area of 1,100km², making it the fourth most populous region in Italy.

Despite a period of painful de-industrialisation Turin is still a major production centre and remains the automobile and aerospace capital of Italy. Yet the city has sought to assertively reinvent itself as a centre for the new global knowledge economy. Turin is concentrating its innovative powers in penetrating the global networks of advanced services and hi-tech R&D. Biotechnology, agro-food, higher education and ICT are key elements of a strategic plan for the diversification of the city's economy. Turin is notable for following its plan for comprehensive transformation with great conviction.

Infrastructurally, the city is now much more competitive thanks to structural overhaul associated with Turin's successful candidacy and hosting of the 2006 Winter Olympics. The 'La Spina' project has enlarged the central arterial railway line, while the ongoing Metrotorino has revolutionised the city's transport. Cooperative ventures have been agreed with other Central-Southern European cities to integrate rail and air transport systems, culture, and education. In overcoming the reputation as an inflexible, fordist industrialised city, Turin is an example of successful rebranding into a centre of cutting edge industry and social vibrancy. The city also offers lessons in the importance of infrastructure investment as drivers of redevelopment and regeneration.

Turin's efforts to make the next step and become a culturally established European gem rest on improving its reputation among opinion leaders and international knowledge workers, two groups where the city does not find much favour. The insufficiency of quality residential options, lack of cultural depth, and the absence of comfortable cosmopolitanism all detract from its improving investment image.

KEY AREAS OF GLOBAL STRENGTH

Diversified economic strength – Turin's urban economy is now replete with world class ICT, advanced engineering, design, gastronomy, life sciences and bio-technology, nourished by innovative small firms receiving strong public finance support

Visionary city leadership – key leaders have identified and followed through with a visionary strategy, underpinned by thorough planning and goal-alignment. Leadership has not been afraid to reconfigure the city's identity, embracing a future as a small city committed to excellence in niche areas of the global economy.

Internationalisation strategy - an informed understanding of the opportunities presented by different relationships has contributed to a robust strategy based around investment attraction and event-led branding. These have driven Turin's new identity as a unique mix of science and production, of modernity and tradition.

R&D potential – the city has an indelible history for inventiveness and innovation, while expertise abounds in research institutions and medium-sized private sector firms which both have access to very high quality ICT

KEY CHALLENGES TO GLOBAL COMPETITIVENESS

Lack of high-quality housing - a low range of residential choice or quality, despite improvements associated with the Winter Olympics, is preventing Turin from acquiring a reputation for top-end living both domestically or globally.

Indistinct international reputation – while Turin's city centre is now an impressive fusion of culture, heritage and modernity, the lack of internationally recognised attractions or cultural icons mean it is overlooked by tourists, and high-end workers alike. This means the pace of Turin's evolution is currently comparatively slow.

Poor social cohesion – a legacy of ineffective past integration of migrant Italian workers has resulted

in a lack of easy cosmopolitanism that might be expected of an ambitious international city. Non-Italian immigrants suffer problems entering the job market and experience other harsh effects of a city unused to racial assimilation.

Internationalisation

Turin's internationalisation policies over the past decade are highly place-specific, and intend to create a leading role as a regional capital in a European city-regional nexus. Urban leaders (beginning with mayors but also inclusive of city councillors and key economic and cultural figures) have created innovative initiatives, explicitly inspired by European experiences elsewhere gained through an active information exchange.

Turin is experiencing success in the sizeable challenge of industrial restructuring. With the collapse of the industrial and automotive giants, the city has witnessed greater innovation and diversification. International affairs represent now represents a strategic key to improving Turin's standing in the European and worldwide city hierarchy. Turin has identified that the top European cities have a strong public-private capacity to outline and implement projects of international scope, often in networks with other cities. Two city departments are specifically charged with managing international activities, while each Office is assigned with personnel with specific expertise of internationalisation.

In an effort to provide a comprehensive face to Turin's new international activities and thereby promote partnerships with other players committed to internationalisation, the International Affairs Dept. launched an internal coordination program in 2004. International initiatives are usually taken in conjunction with other local institutions (the Region, Province, Chamber of Commerce) or with players focused on specific missions (including, amongst others, Torino Internazionale, Turismo Torino or the Torino Convention Bureau).

Current Degree of Internationalism

There are approximately 700 foreign companies active in the Piedmont region, with over 100,000 employees, and EUR 30 billion turnover, making the Turin region the second most important region in Italy in terms of FDI.^{lxxxvii} The city is relatively ethnically diverse for an Italian city, and becoming more so, but by international standards is comparatively homogeneous. Approximately 10%, or around 100,000, of the population is composed of foreigners, many from South Eastern Europe and North Africa; the largest numbers coming from Romania, Morocco, Albania, Peru, China, and Moldova. Between 1995 and 2005, the Eastern European proportion of the foreign community grew from 13% to over 40%, indicating the eastward dimensions of migration in the region. From the west, foreign entrepreneurs and freelance workers are constantly increasing in number, working in services and advanced R&D.

Internationalisation Strategy

Turin's programme of internationalisation has emerged over the last decade as a response to a specific set of problems faced by the city associated with de-industrialisation, the demise of FIAT, and the subsequent significant re-organisation of the city-regional economy. Turin's internationalisation aims to redefine the city's place in the global hierarchy through re-conceptualising its self-image. More than just a crude marketing operation, internationalisation is properly interpreted as the primary way to represent the city interests at the EU level. It searches for alliances beyond national borders, especially the opportunity to exchange experiences and ideas with comparably deindustrialising cities. This has become a vital tool to city-regional economic development.^{lxxxviii}

There are a number of fundamental interlocking strategies at play in Turin, mobilising resources and driving the efforts of modernisation and change. Either implicitly, or explicitly, most activities are focused upon six themes:

1. Infrastructure

2. Leadership and promotion
3. Economy and employment
4. Internationalisation
5. Restoration and regeneration
6. Quality of life

Internationalisation has been aided by the strengthening of the powers assigned to the Mayor since 1993 national reform. Mayor Castellani had better relations with Brussels than with Rome, and he was in a position to initiate collaboration supported by local public and private, regional, and, where available, EU funding. Active internationalisation is now based on a strong network of local actors operating with a shared vision of development.

Urban Reconfiguration – internationalisation through land use

Urban renewal has been an important vehicle through which Turin has pursued its international agenda. The 'Land-Use and Infrastructure' Plan introduced by Mayor Castellani in 1992 effectively re-shaped the city, by:

- re-organising urban transport into 3 'spines' connected as triangle, in ways which connect the urban centre with the metropolitan satellites towns
- opening up the central areas of the city for people by placing more transport underground and creating major thoroughfares within the city
- joining up old industrial zones with the historic centre and with older and newer suburbs

This Plan overcame the city's rigid spatial divisions of labour, and anticipated the need for Turin to enlarge its higher education base, as well as pre-figuring the subsequent bid for the 2006 winter Olympics, and the roles these could play in support of higher education expansion and building upon Turin's role of an international centre for training and learning.

Turin's economic planning has involved international implications, focusing upon three key areas, namely sector diversification, the development niche city functions, and urban management. In terms niche functions for the city, the goals of Turin are:

- To become a visitor destination in its own right
- To become a gateway north-south and west-east in the enlarged Europe (and in particular a key connector into France and Switzerland, to which Turin is the nearest large Italian city)
- To grow its role as a place where learning occurs
- To increase its activity as a logistics hub, especially in the context of the changing patterns of world trade (e.g. increased use of the Suez Canal).
- To be increasingly a green city, renowned for its environmental excellence.

All Turin's strategic interventions reflect a clear understanding that the city's audience is now fundamentally European and international rather than national (as it was in the era of national unification, and the subsequent era as a national centre of production). However, it also reflects the fact that Turin has important international assets and relationships to build upon.

Attracting International Investment



Turin's investment attraction agency, **Invest in Turin and Piedmont (ITP)**, is a non-profit foundation created by the main public institutions and private business associations. The first Italian regional agency dedicated to attracting inward domestic and foreign investment, ITP is primarily a service agency for foreign companies that are interested in locating in Piedmont, and has proved

successful in reshaping attitudes of Turin as an investment prospect.

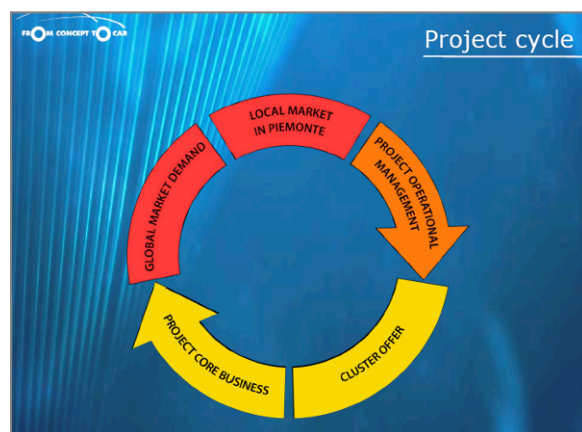
ITP runs marketing and communication operations, ensures assistance to companies that want to locate in Piedmont and, further, offers support for the maintenance and development of foreign companies already in the region.

Turin is also facilitating the connections of academia and enterprise, finishing top of an ‘innovation scoreboard’ report comparing 12 innovative European regions by academia-industry cooperation. Turin has attracted international companies such as Motorola, General Motors Powertrains and Jac Anhui, a Chinese auto manufacturer, to locate their research facilities in the city, all citing the presence of other research centres and universities operating in similar fields. ITP has played an important role in promoting these assets in strategic sectors internationally, despite a fairly restricted budget for these activities.

Elsewhere, the Chamber of Commerce’s ‘From Concept to Car’ (FCTC) internationalisation support programme is helping Turin’s SMEs in the car production to find new clients abroad, with, thereby reducing their dependency on a declining Fiat. The marketing programme effectively has aimed to enhance the international visibility and business opportunities of and for the Piedmont automotive cluster. The €4.8 million project was 80% funded by the Chamber of Commerce, and included organising trade missions abroad with 150 local participating companies, organising business to business meetings between local supplier and international car manufacturers and direct one-on-one assistance to local suppliers for their commercial contracts and negotiations with potential clients.^{lxxxix}



The FCTC is an excellent example of how a chamber of commerce can effectively support city-regional businesses internationally. The 8-man full-time team of private professionals had a 3-year budget autonomy to get the project going, selecting the 150 most suitable companies out of 1,400 eligible in the region. The project effectively acted as a one-stop service outsourcing activities in the city-region, saving over 50 top international firms time and money. The success reached by local firms involved in the project has raised the profile of the region among international players, triggering a virtuous cycle for the promotion and the development of Turin Exports to emerging markets such as Russia and China have risen substantially since 2005, with a total of at least €50 million of revenue generated by 2009.^{xc} In 2009, the FCTC project won the Best International Project award at the World Chambers Congress. This kind of project is replicable in regions with comparable clusters of expertise, in sectors such as aeronautics, ICT and construction.



Turin is working hard in intergovernmental collaboration to establish the hard infrastructure that can secure strong and regular investment flows. Cooperative ventures with other Central-Southern European cities to integrate rail and air transport systems, culture, and education are at the centre of this effort. Economic collaboration between Milan and Turin was launched in 2003 by the cities’ Chambers of Commerce with the publication of the report ‘Torino-Milano 2010. Una ferrovia, due poli, una regione europea’ (‘One railway, two poles, a unique European region’). The cities are developing a high velocity train track linking Milan and Turin which will cut journey time to just 50 minutes. The city of Genoa’s chamber of commerce joined the network in 2005, and Lyon has also been incorporated into the alliance.

In December 2004, the mayors of Barcelona, Turin and Lyon signed a separate three-year economic co-operation agreement with the particular aim of lobbying for the development of further high

speed train connections, and co-operation in aspects of enterprise creation, biotechnology and gastronomy. This represents a major overcoming of parochial mentality in the cause of regional cooperation.

Attracting International Institutions

A number of significant institutions are located in Turin. These include the **EU Vocational Training Institute**, - with an €18 million annual budget - the **UN Staff College** and the **ILO's main Human Capital Activities**. These international operations have been drawn to Turin at rather different periods and for different reasons, but what underpins them is a common recognition that Turin is a city of 'know-how' and of skill. A key aspect of the internationalisation strategy is to try to grow this cluster of international institutions and to weave around them a higher education expansion strategy for the city itself. The city is very keen to develop an 'international diplomatic quarter' and there is no doubt that having these three key institutions locating major human resources departments in the city is an important step forwards (see below – case study).

The EU training institute, established in 1990, is a major boost to the city's international potential. The agency helps transition and developing countries to harness the potential of their human capital through the reform of education, training and labour market systems in the context of the EU's external relations policy. This ensures regular relations with Eastern European states which are of increasing economic significance.

Attracting International Populations

Turin has a certain historic diversity, but does not have an especially strong record for social mixity. Over the past 10 years there have been greater numbers of non-Italian immigrants, with waves of immigration into Turin, from Mediterranean and Eastern Europe and North Africa. Turin's new immigration policy objectives, set out by Torino Internazionale (see case study below) are:

1. Promoting the participation of foreign citizens
2. Transforming experimental initiatives involving immigrants into structured, standard policies

Attracting International Students

Turin is arousing an ever increasing respect as an international training and education centre. This is partly due to the presence of the UN in the city, as well as to the several activities they carry out in association with local authorities. A nationwide initiative entitled "Invest your Talent in Italy" which was launched in 2006 is operating in Turin in the hope of attracting talented postgraduates from around the world to the city. In particular the Politecnico of Turin will offer degrees such as industrial engineering and management to students wishing to benefit from the close links the institution has with local industry.

The Politecnico is an internationally renowned university, particularly due to its links with industry. Special programmes support the attraction of South American students, and a joint University has been operational since Autumn 2006 in Shanghai. The politecnico offers several programmes in English, particularly in the International Masters category of qualifications, including several internationally unique courses. For example, in light of the growth of satellite navigation, the UN office in Turin now support a Masters in the subject.

Meanwhile Turin and Milan Polytechnics, two of the oldest and most important technical universities in Europe, collaborated in 2005 by setting up the Alta Scuola Politecnica (ASP), a higher education school aimed to nurture young talents in the fields of engineering and architecture. In addition, Torino Wireless has set up a special programme called "Education and Enterprise" to attract international students and to encourage them to start up enterprises in the metropolitan area. A European Business School has also been operational in the city since 2006.

Attracting International Visitors

Turin's holistic internationalisation strategy has not neglected to recognise the importance of international events, which have been supported and promoted intensively. Most notably Turin hosted the Winter Olympics 2006, which brought athletes and spectators from around the world to the city.



The Winter Olympics represented an enormous opportunity to build the city brand up – to confirm the change in perception from an industrial city to a vibrant centre of contemporary art, music, cinema, fashion and design. The

aim was to capture both the ancient regal character and the modern twentieth century cutting edge lifestyle within one conception. The 'Luci d'Artista' initiative, which filled the urban landscape with bright works of art from November to January, and the 'Imprevisti sul Passante' - installations of contemporary art displayed in open spaces along the axis of Central Spina –both contributed to an aesthetic re-invigoration, along with the creation of the new pedestrian squares - Castello, San Carlo and Vittorio.

International city-to-city relations

Since 2005, Turin's International Affairs Department have worked on a project to enhancing links with the cities with which relations of cooperation have been forged. A promotional and meeting space was constructed in 2006, celebrating its dialogue with friendly cities (see list - minus Calcutta, which came on board in 2008).^{xci} Turin's motivation for this scheme lies in the exchange of economic ideas and investment, the sharing of best practices in areas such as environmental policy and urban renewal, and the reciprocal promotion of international events.^{xcii}

In 2006 the World Wide Torino (WWT) project was conceived as an opportunity to showcase Turin in light of the Olympics and underline the importance of international dialogue by fostering and strengthening friendly relationships with foreign cities leveraging off important events. WWT is now an open, dynamic network. The project continued when Turin became the 2007 World Book Capital, and consolidated in 2008 when Turin became the World Design Capital.

Case Study Initiative – Torino Internazionale

The most significant and impressive internationalisation strategy is the **Torino Internazionale** process. Begun in 1997 under Mayor Castellani, and taken on by Mayor Sergio Chiamparino in 2000, Torino Internazionale is an overarching strategic visioning process which defines and distils Turin's preferred future character and roles and sets out the key initiatives required to deliver them. It is a plan for the promotion of the City of Turin, both in terms of effective development and in terms of the communication of its strengths and goals. It has an international audience in mind, a 10 to 20 year horizon, and a clear purpose to create a new international identity. It is not a detailed land-use plan or economic development strategy, but it does define clear priorities and goals in both respects. It was produced through a highly participative and informed process utilising many forms of local engagement, and drawing upon extensive international expertise.



The Strategic Plan has been updated and expanded in 2006,^{xciii} in order to coordinate resources, ideas, projects and proposals that aim towards joint economic and cultural internationalisation.



Overall the plan defines 3 key aspects of the vision for the future of Turin:

2. Turin, **European Metropolis**
3. Ingenious Turin, **City of Action and Expertise**
4. Turin that Chooses: the **intelligence of the future** and the quality of life

Torino Internazionale conceived the 2006 Winter Olympics as a key catalyst in creating this vision, a seminal event capable of driving progress throughout all initiatives. The three strands of the future Turin Vision are underpinned by 6 strategic guidelines which the city is following. The Vision aims to:

- Integrate the metropolitan area into the international community - strengthening transportation and communications infrastructures to increase Torino's centrality in Europe, while creating new relations with other cities and regions to gain currency on the world market.
- Build a metropolitan government
- Develop training and research as strategic resources
- Promote entrepreneurship and employment
- Promote Turin as a city of culture, tourism, trade, and sport
- Improve the quality of urban life

An example of an initiative to attract international firms to the city is the project of 'Torino Wireless' run by Torino Internazionale. This project, begun in 2000 aimed to create a new ICT Cluster which by 2012 will have:

- tripled the number of researchers engaged in ICT in the city from 2,000 to 6,000
- attracted international innovative enterprises into the Piedmont area
- increased the impact of ICT on the Piedmont economy from the current level of 5% to 10%.

The objectives and goals associated with the main programme of internationalisation – namely communications infrastructure and city-to-city relations - are:

- (i) **Develop international co-operation networks**, by promoting co-operation toward internationalisation, and preparing a communications plan for international promotion
- (ii) **Facilitate access to Torino** by intensifying the international role of Caselle Airport, strengthening eastward highway connections, and participating in the inter-regional Po Valley and Transalpine high-capacity railway projects
- (iii) **Improve intra-urban mobility** by completing the Crossrail and metro networks, extending the tram network, digitalise control of the transport system, and introduce keynote pedestrianisation (e.g. between trade fair area and Lingotto station)

Organising and hosting international events is one of the main means of increasing the value of local heritage, and attracting wealth through tourists and investors, as part of the Internazionale guidelines. The internationalisation of culture is one of the strategic areas identified in Turin's local government planning guidelines. This commitment is expressed through the following means:^{xciv}

- (i) A city exhibition programme to attract international tourists and media attention. This began through the communication initiatives for the Winter Olympics, which first introduced the idea of overseas presentations abroad at Italian Cultural Institutes worldwide
- (ii) **Literary and scientific showpieces**: Successful nomination of Turin as a World Book Capital, enabling promotion of the International Turin Book Fair and strengthened relations with UNESCO and other literary cities (Paris, Montreal, Bogota, Antwerp). The city's hosting of World Design Capital 2008, the XXIII World Congress of Architecture, and the Euroscience

Open Forum in 2010, are all examples of an attempt to stake a claim as a forward-thinking city. Being the 2008 World Design Capital enabled the creation of a calendar of 250 events showpiecing the city's industrial tradition alongside its innovative present.

- (iii) **Cultural outreach events:** Improving the quality of music, theatre and cinema festivals, and links with other city events – e.g. Torino Settembre Musica, the September Music Festival, has improved its global standing with an international emphasis focusing on individual countries (eg Iran in 2005), also intensifying collaborations with other festivals such as in Lyon. Torino Film Festival is now emphasised as one of the premier European film festivals after Cannes and Berlin.
- (iv) **Straightforward promotional activities.** Promotional activities are focused on initiatives and presentations abroad and on participation in international events. The ten day promotional event CioccolaTO' is a unique chocolate fair, which attracted record crowds of over 700,000 people in 2005.
- (v) **Conventions and seminars** organised directly by the City of Turin, including 'Future Cities', dedicated to those cities with which Turin has strong ties and exchanges (Nagoya, London, Vancouver, Lyon and Manchester) and incorporating knowledge-sharing on key challenges. Turin has also hosted One World – International Cooperation Cities in the same vein as part of its assertive participation in various international networks of cities.
- (vi) **Sports events** are a specific target, even after the Winter Olympics, with the City preparing and renovating a number of large sporting venues of great scale, e.g. Lingotto Oval, the Olympic Stadium, the Ice Stadium, the Palavela and Torino Esposizioni.

Torino Internazionale's Second Strategic Plan also explicitly lays out the city's policy approach to immigration, stating that 'the foreign population is an integral part of society in the western world, but...there is a certain...risk that it could transform itself into a factor of crisis for social cohesion. To keep this...aspect from prevailing, political action must be initiated that can encourage the integration of the new citizens.'

The immigration axis of the Strategic Plan discusses two important themes – how to increase foreign citizens' participation and how to transform various experimental policies involving integration into standard projects – and three specific **actions**, regarding education, employment and health.

Torino Internazionale has been at the centre of the dialogue arguing for the importance of adopting a progressive immigration agenda. It has argued that the city has distinguished itself nationwide for its efforts to encourage the participation of foreigners in the forms and organisations of private society, allowing resident immigrants to vote in referendums, creating Italy's first council for foreigners in 1995 and supporting their right to vote. Thanks to Torino Internazionale's agenda-setting capacity, immigrants' participation is considered an added value in the planning of policies and services regarding the quality of society, above all when it involves second generation immigrants who are fully part of local society.

The many experimental initiatives that have been undertaken to support the integration of foreigners have dealt with specific problems that were often dictated by emergency situations. But over time, initiating special projects has risked suffocating widespread sensitivity to multiculturalism. Thus, the objective is to capitalize special initiatives, ensuring that they lead to an overall increase in social and urban quality, and constructing an open city with resources available for all, foreigners and locals alike.

Education is one of the most delicate processes of integration since the school is a powerful means for reducing – or increasing - social inequalities among the young generations. Regarding immigration, Torino Internazionale has worked towards institutionalising the school system's ability to manage multiculturalism, rather than leaving it to the sensitivity of the individual teacher or institution. Foreigners are to be guaranteed access to health services, and the precarious living and working conditions in which they often find themselves aim to be resolved. To this end, the impact of immigration on the health services system will depend greatly on the capability of local organisers to integrate sanitary, environmental, urbanistic, employment and social policies. This holistic approach is

what Torino Internazionale has brought to the table in a city that has previously been fragmented on these issues, resulting in great success in generating higher education and SME credibility internationally.

6. Vienna

One of the great capitals of the nineteenth century, Vienna is the capital of Austria and home to about 1.7 million people. The wider metropolitan area, with a population of 2.3 million, is by far the largest in Austria and forms its cultural, economic and political centre.

Vienna's rare endowments of cultural, historical and architectural heritage are now only part of what is a thriving city-region with international aspirations. A significant international banking and insurance presence has emerged, and aided by large-scale urban regeneration, finance has been complemented by new clusters in telecommunications, biotechnology and media which all have strong potential to drive medium term growth. Having recently been at the periphery of the Western European zone, Vienna has strong gateway ambitions vis-à-vis the Central and Eastern European economies, given its location and extremely strong international connections. The city port is Europe's largest inland container port^{xv} and railways link it with almost every other major city in Europe. The highly accessible airport already provides a dense network of regional routes, and is set to expand by 2012. Intra-regionally, transport is also excellent, with improved boat links supplementing non-congested roads and well-served public transport.

Vienna's strengths also lie in livability. Residential property is comparatively affordable, while its public realm has appeal to both the reserved and dynamic alike, with waterfront areas having redefined recreational opportunity. Moving forwards, Vienna's strategic planning ambitiously aims for global leadership in areas of sustainability and innovation. Its package of measures and incentives (KliP) for reducing CO₂ emissions, covering transport, fuel and renewable sources, are an example of its future-oriented thinking. Vienna is one of Europe's model environmental cities, with a leadership that also fosters sustainable large-scale investments and funding schemes for R&D in the sector.

Vienna's credentials point towards a favourable future, but the city's capacity to convert potential into reality rests heavily on communicating its qualities regionally and globally, an area it has been weak. New efforts to stimulate finance and R&D development depend on improving business infrastructure and managing the urban challenges associated with rapid growth. Vienna faces heavy competition from Prague, Berlin and Budapest for hub status in the CEE region, and has arguably failed to commit sufficient resources to the agenda of becoming a pre-eminent gateway city. Furthermore the city's ambitions in this area remain subject to investment and governance concerns at the national and surrounding international level.

KEY AREAS OF GLOBAL STRENGTH

Gateway connectivity – Vienna is located at the real heart of the expanded EU, with dense rail and air links to both established and emerging nodes. Its spatial proximity to emerging Eastern European markets will continue to prompt international service-based corporations to locate there.

Well-cultivated cultural heritage – Vienna's central city contains outstanding historical and architectural endowments, which continue to feature prominently in the city-regional identity as leaders seek to re-state the city's educational and scientific prowess. The city remains a respected centre of theatre, opera and fine arts.

Social equality - Viennese citizens of all incomes and ages have access to excellent medical care. The sound free public school system and free day care for children from low-income families, alongside strong language provision for migrants, provide an emerging platform for integration and cohesion.

International ambition – Vienna's newfound centrality in an enlarged economic union is matched by a distinct ambition of its administration to become field leaders in addressing twenty-first century urban challenges, such as sustainability and urban management.

KEY CHALLENGES TO GLOBAL COMPETITIVENESS

Branding as a business centre – the city is better known for its cultural mix and proximity to recreational opportunities than for its finance, as officials have only recently begun to introduce self-conscious image-raising.

Weak legal-business environment – Vienna's capacity for asset management is rated below ideal by European investors because of a less-than-liberal legal environment which is restrictive of innovative instruments.

Weak R&D links - collaboration between research institutes, universities and commercial business is not systematic and comprehensive, and results in an unfulfilled contribution from high-end knowledge industries to regional GDP. Vienna may have fallen irreversibly behind in the race to become a regional innovation hub.

Internationalisation

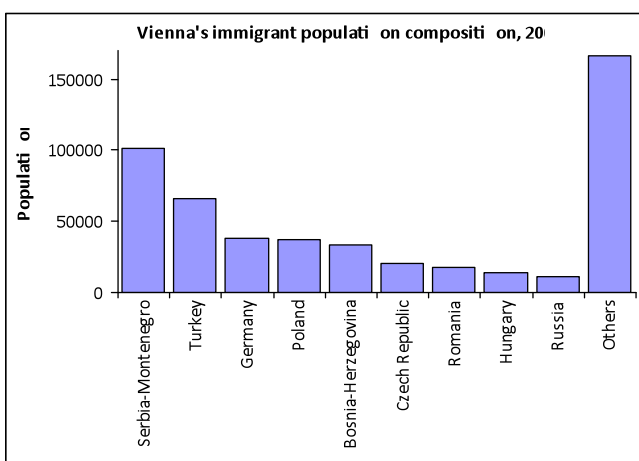
Vienna has a highly distinctive tradition of internationalisation. Historically, Vienna has been one of the most important international cities in Europe. Since the mid-fifteenth century, when Vienna became home to the Habsburg Dynasty, the city has exerted profound cultural influence across the European continent, becoming a leading centre for music, art, science and food. As capital of the Holy Roman Empire and later the Austro-Hungarian Empire, Vienna played a major political role in the development of the European state system, as well as becoming an influential hub for international trade. However, between the end of World War One and the fall of the Berlin Wall, Vienna's status internationally declined considerably as the city became peripheral to wider global conflicts and a thriving post-war Western European economy.

Upon the re-integration of Eastern Europe into the global economy in the 1990s, Vienna has had an excellent opportunity to re-assert itself as a leading international gateway city. The process of EU enlargement over the past decade has provided Vienna with new geo-political and spatio-economic motivations to internationalise its business and population base. Vienna realises that it needs to pursue strategies of internationalisation in order to successfully compete with rival cities not only in Central Europe, such as Prague, Berlin and Bratislava, but also Western European stars such as Barcelona and Paris, which have set a high standard within Europe. Given the small size and resources of Austria, Vienna has had little choice but to look outside of its national borders for workers, visitors and investment to compete successfully within Europe and internationally in the era of globalisation.

Current Degree of Internationalism

Data from 2009 shows that over 500,000 of Vienna's population is foreign-born – almost 30%, compared to 15% nationally. Including second/third generation immigrants, the proportion is estimated at around 35%. Approximately one third of the foreign-born population hails from the EU, with those born in recently-joined EU states more than twice as prevalent in Vienna than those from the original (mostly Western European) pre-enlargement European states. After Germany (38,000), the largest representative groups in the EU are Poland (37,000), Czech Republic (20,000) and Romania (18,000). However by some distance the largest immigrant populations are from beyond the EU –

from Serbia and Montenegro (102,000) and Turkey (65,000), with Bosnia-Herzegovina (33,000) also featuring strongly. While Vienna does not host especially large concentrations of people from Asia, Africa or the Americas, there is still a significant presence of immigrants from China (8,500), Egypt (8,300), India (8,000), America (4,000) and Nigeria (4,000).^{xvii}



Over a third – or around 16,000 – of more than 53,000 single entrepreneurs in Vienna have a migration background. Of these, almost one third are of Polish origin (29%), followed by entrepreneurs from the Czech Republic and Slovakia (7%), Germany (6%), the former Yugoslavia (5%) and Turkey (2%).^{xvii}

Internationalisation Strategy

Vienna's international gateway strategy has been in operation, in various broad guises, for well over a decade, with much political and media commentary devoted to it. Economic networking with Eastern Europe has intensified over recent years as Vienna has built upon its image of a meeting point of East and West. The city works on its international promotion through liaison offices around the world. Indeed, it has more offices than any other city with liaison offices in 11 central European countries, the Vienna House in Brussels and offices in Hong Kong and Tokyo attached to the Austrian Trade Commission.

Some internationalisation projects have been pursued with some success. Most notable among these is the focus on the Danube economic zone (Donauhanse). Twenty-two cities and regions in the Danube region have institutionalised co-operation in a number of areas since Donauhanse was established in 2003 as a network for economic cooperation among Danube cities in Austria, Germany, Hungary, Croatia, Serbia, Bulgaria, Romania and the Ukraine. Vienna has led this initiative, funded by the EU, hosting regular events and pushing the business promotion cluster of the Economic Region Danube Cities. The areas of progress include a joint tourism marketing strategy, culture and infrastructure.^{xviii}

Partly related to this co-operation, Vienna has developed much stronger links with Bratislava as moves towards creating a twin-city mega-region have emerged. There have been externalised several cross-border projects (JORDES+) and initiatives during recent years, focusing mainly on sustainable industrial development, transport infrastructure and regional cooperation. These include the Vienna-Bratislava-Budapest corridor. Those promoting integration of the two capitals argue that together, the region can become a pole of the European significance, based on outstanding human, scientific and research, cultural, technological and institutional potential, alongside strong transport and communication connections with both West and East.

However it is widely argued that Vienna's leadership has not been especially successful in driving this process.^{xix} There are doubts about the extent to which a programme of investment and mobilisation has matched the rhetoric of gateway ambitions. Vienna's city government's strategic commitment to the hub ambition has variable and not always unambiguous. Indeed, more generally, Vienna's positioning as an international gateway has been held back by political and economic constraints. Eastern European states have witnessed considerable political instability over the past decade, with regular and dramatic changes in leadership, accusations of corruption, a lack of consistency in governance processes and tension in inter-state relations. In this environment, it has been difficult for Vienna's city leadership to carry out co-investment programmes in countries such as Hungary, where Slovak-Hungarian relations have been severely damaged. Over the last ten years, it is argued that there has been a lack of collaborative progress in developing cross-border infrastructure and economic development initiatives.

More recently, furthermore, the impact of financial crisis has hit Austrian banks particularly badly, given that they were very badly exposed by their portfolio of lending in Eastern Europe. Demand is therefore quite low and set to remain so for some time. Overall, despite Vienna's transparent ambitions to become the main hub for Eastern European markets, the strength of Berlin, Prague, and Budapest is such that Vienna is not the outstanding candidate to become the preferred gateway city. Some commentators argue that the entire hub agenda may no longer be viable.

Attracting International Investment

In recent years Vienna has become more successful at attracting international companies.^c The largest proportion of new international firms opening in 2007 were of German origin (41%) followed by

Switzerland (13.4%) and the United Kingdom (11.5%). Germany is also the leader in terms of foreign shareholdings in the city's businesses.^{ci} Important examples of firms choosing to locate in the city in recent years included Hyundai Mobile Europe which moved its headquarters to Vienna in 2008 and GDF Suez, one of the world's most important utility companies which set up its CEE headquarters in the city in summer 2008.

The Vienna Business Agency is the city's central body for the execution of economic policy and business promotion, engaging in many initiatives to promote the attractiveness of Vienna as a business location. Since its foundation 25 years ago the VBA has brought more than 1,200 companies to Vienna.^{cii} The VBA has offices in Hong Kong, China and Tokyo to promote the city. One of the latest VBA initiatives has been to expand its Europe-related services for businesses and set up the Enterprise Europe Network (EEN) in mid-April 2008.



VBA works to drive innovation and consistently upgrade the city's status as a state-of-the-art business destination. The agency has assumed a growing role as a catalyst and advisor – a think tank – driving the development of a pro-business economic climate in Vienna. The agency is largely publicly financed by the City of Vienna, but with 3.5 million square metres in holdings, it is among Vienna's largest property owners, which has facilitated increasing self-financing. This has enabled, for example, the VBA and its subsidiaries to invest €45 million in 2007 in allotting monetary grants, as well as in real estate development, competence centres and cluster management, which in turn stimulates investments of more than 500% initial input.^{ciii} In recent years, the competitive advantages of Vienna as a business location were emphasized by VBA at events held in Berlin, Zurich, New York and Odessa with further presentations planned for Cologne, Budapest and Tokyo in 2009.

Other factors related to Vienna's improved investment record include the high availability of well-qualified knowledge workers, excellent infrastructure, outstanding quality of life, and the favourable tax framework. Significantly, the pronounced language competence of employees in Vienna is becoming increasingly important for companies with international networks, particularly in the growth markets of Central and Eastern Europe. Secondly, the provision of international schools is also an advantage. Foreign managers are thought to attach considerable importance to the programmes of study offered by international schools in Vienna when selecting a location for their headquarters or company subsidiaries. Vienna's broad spectrum of bilingual primary schools as well as European and international secondary schools provide the diversity required, while the range of speakers of Eastern European languages is also a key competitive advantage in international comparison.

Vienna's policymakers, in tandem with European policy experts, have recognised that the city needs a distinct international orientation to its urban development in order to build up competences in international sectors and implement innovative planning so as to attract new. While some answers were found in the city's 2005 Urban Development Plan 2005 and 2003 Transport & Traffic Master Plan, the city has yet to outline exactly how it can concentrate resources and optimise the outcomes of its international-facing business activity. With EuropaForum, Vienna has a new project objective to identify a concrete profile of requirements and activities for an internationalisation strategy of urban planning and to formulate cross-departmental recommendations accordingly.^{civ}

Marketing

In order to achieve a consistent image with greater penetration abroad, the city started in 2006 to pursue a policy of international and integrative image marketing. Prior to this, the main actors in business, tourism and the municipal authorities had been conducting their international activities independently. Through closer cooperation between the City of Vienna, its institutions and partners, and private interests, international activities will now be strategically coordinated and scheduled, with the City of Vienna, the Economic Chamber Vienna, the Vienna Tourist Board and the Vienna Business Agency working together.

The combined force of agencies began in 2007 to promote the city abroad through a series of presentations in New York, Berlin, Bucharest and Dubai/Abu Dhabi. These efforts will seek to consolidate gains made in Eastern Europe, where Czech Republic, Hungary and Slovakia have joined Germany and Italy as leading export destinations for Viennese businesses since the late 1990s.

Attracting International Institutions

Vienna is home to numerous UN offices and other international organisations.^{cv} In 1979 the Austrian Government provided a permanent facility for UN organisations, named the Vienna International Centre (VIC), also known as UNO City, where more than 4,000 employees from over 100 countries work for the VIC-based organisations. The presence of UN organizations has a **large positive impact** on the local economy^{cvi} and has always been supported both at local and national level. Free services for employees of UN organizations and their families, especially for newcomers, are provided at **local level** by the Vienna Service Office based at VIC whose mission is creating the best conditions to accommodate international organisations in the city and facilitate the access of family members of international staff to the Austrian labour market. It holds a variety of brochures and pamphlets on Vienna and related topics. It provides prompt and individual help with problems related to their stay in Vienna, such as contact with authorities, free counselling and information services of the city, residence permits, education and schooling.

Today other international organisations including the International Atomic Energy Agency (IAEA), the Organisation of Petroleum Exporting Countries (OPEC) and the United Nations Industrial Development Organisation (UNIDO) are located in the city. The EU Fundamental Rights Agency opened in the city in March 2007, expanding from its original role as an EU monitoring centre on discrimination and xenophobia. These institutions help to attract international attention and, in combination with the federal government bodies that are located in the city, provide high numbers of administrative jobs. The City Council alone employs in excess of 70,000 people.

Attracting International Populations

Vienna's immigrant population patterns have shown an interesting oscillation over the past forty years. There have been three population surge phases, lasting around 6-10 years each time, firstly from 1961-1973, then from 1987-1993, and finally the present phase since 2002, since when 106,000 net immigrants have settled in Vienna.^{cvi} This demonstrates the city's renewed capacity to attract new populations through changing historical circumstances.

Part of the reason that Vienna has been successful in attracting international populations to live and work is that the city offers its inhabitants a high quality of life. The GDP per capita in Vienna is approximately EUR 34,000 – far above most European cities, and this level of income is relatively evenly distributed throughout the population. Vienna has been ranked as high as second worldwide in Mercer Quality of Life rankings, and in a study by the EU Commission the city reached top marks for security local public transport and city administration. In 2006, Vienna was ranked the city with the 3rd best purchasing power in Europe, after Dublin and Zurich.^{cvi}

However aside from the general attraction of a high quality of life, Vienna has also taken active steps to better accommodate new arrivals, focused mainly on new family arrivals and businesspeople.

- Since 2002 the city of Vienna has provided its new citizens with an initial guide to integration in the form of a 'welcome package', which contains a letter on integration (Willkommensmappe), a city map, and basic information on the city and its.
- The City's web portal, www.wien.at, offers information on life and services in Bosnian/Croatian/Serbian and Turkish. A quarterly magazine called "*Welt und Stadt*" (The world and the city) is part of the broad range of municipal print media targeted specifically at South-East European migrants.
- Multilingual education and language courses for non-native speakers: At the provincial level, children with little German are granted (€80/child) "language tickets", entitling them to 120

hours of language classes. At city level, language classes specifically for mothers were developed in Vienna (*Mama is Learning German*), as well as a system of vouchers for language training (€100 per person in 2006, increasing to €300 per person in 2007).

More active encouragement of immigrant population attraction however has mostly been limited in Vienna and Austria due to unfavourable political repercussions. It is hoped the Immigration Commission will try to argue in favour of 'soft' mechanisms to attract and retain skilled and highly qualified immigrants.

The Vienna Immigration Commission. Initiated by Vienna's Executive City Councillor for Integration, three of the city's main political parties made a significant decision in 2008 to launch the Vienna Immigration Commission. The creation of this body was prompted by consensus around three basic themes which are seen by much of Vienna's political establishment to demand new policy initiatives:



(1) The acceptance that immigration is inevitable in Vienna: the Commission's work responds to the reality that Vienna's status and prosperity will unavoidably attract immigration. Given that Vienna attracts immigrants from within Austria, the EU and beyond, there are clear needs for integration measures within the city itself.

(2) Vienna *needs* immigration. The city is thought to benefit from the multilingual and intercultural attributes that international populations bring, and there is an agreement that all successful business cities in the coming decades must actively seek to attract such diversity. The Immigration Commission will therefore be charged with developing policies of how to position Vienna best to sustain future talent and ability.

(3) Vienna *wants* immigration: rather than seeing immigration as an unwanted inevitability, Vienna needs to actively manage the population influx according to its specific demands. A transparent immigration policy is seen as a precondition for Vienna becoming a hub for international companies and organisations.

The Commission began its investigations in May 2009, and aims by December 2009 to make concrete suggestions for policymakers. Europaforum Wien is responsible for content input, operational management of the Commission and the editorial work on its report. The main objectives of the Vienna Immigration Commission are to:

- contribute to a more objective debate on immigration and integration
- reflect on the challenges *and* opportunities resulting from future immigration into Vienna
- define fields of action and requirements for Vienna city council on the basis of expert findings
- formulate well-founded policy recommendations

In launching the bold new initiative, Vienna's Executive City Councillor for Integration Sandra Frauenberger explained that immigration in Vienna henceforth requires a clear, transparent and understandable integration policy. She stated that comprehensive integration and support in finding suitable accommodation are essential, and need to be supplemented by providing new arrivals with better language, children's services, and fewer barriers to jobs. Frauenberger also explained that the city needed to move away from its history of random migration towards a better managed and regulated migration. This is not to say that there will be quotas, rather that more attention needs to be made on what kind of immigrants can best suit the emerging Viennese economy. Recognising that immigration is the best opportunity for Vienna to be 'a thriving centre in the heart of Europe', she stated that the commission must work out mechanisms to attract the highest calibre of immigrants while also creating a rules-based system whereby rights and obligations are enshrined.^{cix}

Other leaders of the Commission initiative have identified that while it is the result of a clear political agreement in the city, the process brings in the input of key figures of academia and business, who

are central to the ongoing functioning of the Commission, so that it doesn't become dominated by political infighting. The Commission meets at three to four weeks intervals. It has the opportunity to call in experts from NGOs, academia, business and interest groups, bringing in a wide circle of experts for discussion. Immigration is being analysed from three perspectives: 'intra-EU', 'family reunification' from Eastern Europe, and skilled workers from the rest of the world.^{cx}

Vienna has pledged commitment to an ambitious integration and diversity policy that combines wide-ranging initiatives across the fields of education, social/health services, housing and culture. Given the aim of increased diversity-related activity across these areas, Vienna has recognised the need for a comprehensive overview and improved capabilities for policy development. A new integration and diversity monitoring system has been developed to assemble the sum of the municipality's efforts and describe the strategic processes of change. In late 2009 the first Viennese Integration and Diversity Monitor presented findings to the public. The system consists of two complementary components:

- continuous and multi-dimensional observation of related social developments across selected indicators, offering an empirical foundation for strategic political and organisational decisions.
- analysis of the implementation of the new diversity approach. Considering political parameters and societal needs for action, the system evaluates what has been achieved and what future development needs exist. This analysis will focus on themes of 'services & customers', 'personnel & competences' and 'organisation & cooperation'.

Attracting International Students

Vienna does not have a hugely impressive record of attracting or retaining their international student base. Its universities have not, until recently, been highly proactive in recruiting from Eastern Europe. Although 130 nations have students studying at Vienna's universities, the vast majority of students are currently Austrian nationals. At the launch of a new attempt to better coordinate and integrate the international activities of the various actors in Vienna, in February 2007, the Mayor Micheal Haupl identified the challenge of renewed competition in Eastern Europe. Arguing that the city needed to do more than just market itself better, Haupl saw the internationalisation of Vienna's schools and universities as the most significant instrument to maintain the city's business acumen. He outlined a target that 50% of Austria's FDI should go to Vienna, which could only be achieved through improved international training standards and the attraction of human capital.^{cx1}

Vienna has stepped up its investment into education in recent years so as to further the economy and to attract high quality international students. This is despite widespread concerns that German students are monopolising university places in the city because of fees advantages compared to German universities. The new "Fachhochschulen" (FHS, advanced technical colleges, or universities of applied sciences) play a key role in this for Vienna. Between 2005 and 2009 an additional €15 million was spent on them. The aim is to further improve and develop the spectrum and the quality of the courses offered by the FHS and to adapt them to the specific needs of Vienna as a business location. Technology will be a major focus.

Attracting International Visitors

Corporate conventions and congresses play an important role in Vienna's economy.^{cxii} With three congress centres, excellent infrastructure, experienced congress and travel agencies and interpreters, Vienna is one of the world's premier locations for international political and economic meetings and conferences.^{cxiii} In 2006 the city held more conferences than any other city worldwide after Paris.^{cxiv}

In 2008, Vienna broadened its hosting portfolio from business conventions and conferences to the hosting of UEFA Euro 2008. Vienna was one of several host cities across Austria and Switzerland, and was the focus of international attention when it hosted the Championships final. Overall Vienna welcomed an additional 1.1million visitors to the city in June 2008 for the event,^{cxv} which provided Vienna with the opportunity to present itself as a vibrant and international city.

Case Study Initiative: - Public awareness campaign on the contribution of migrant entrepreneurs: 'Success knows no boundaries – Vienna's economy speaks all languages'

Vienna is making strides to make more use of its diversified international population – especially its abundance of South East European immigrants from Turkey, Romania, Serbia/Montenegro, and Bosnia-Herzegovina. The city is looking to drive a new generation of entrepreneurs that are proactive traders, internationally minded and multi-lingual. Vienna is an incubator of good practical initiatives in this area, better linking its international population to international trade and business development.

For a duration of two months in 2009, a highly visible public awareness campaign has promoted the contribution made by migrant entrepreneurs to the economic success of Vienna. The campaign is the most recent element in a deliberate effort of Vienna to improve the situation of the growing migrant entrepreneur sector, a policy that has been implemented over the past few years.

With the campaign operating under the motto 'Vienna's economy speaks all languages', the Vienna Chamber of Commerce and the Vienna Business Agency aims to emphasise just how important immigrant entrepreneurs are for Vienna. In a city like Vienna, economic success must not be a matter of origin, language, skin colour or religion. What really matters is performance and initiative. And these values are shared by all entrepreneurs of Vienna, regardless of whether they are from an immigrant background or not.



The campaign deliberately avoids showcasing individual migrant entrepreneurs, in order not to reproduce certain clichés. Instead, the diversity of Vienna's business sector is highlighted in the public space by exhibiting in 10 languages the claim 'Success knows no boundary' (and its translation into German as a footnote). The message is conveyed through billboards, projections on buildings alongside major thoroughfares and posters attached to trams and buses. It is complemented by media advertisements of migrant communities, a folder in four languages, a multi-lingual campaign website www.VorteilVielfalt.at ('advantage diversity') and stickers to be attached e.g. on shop entrances or market stalls. In addition, 25 migrant entrepreneurs have the opportunity to portray themselves and their businesses to journalists of mainstream media. The campaign uses 10 different languages, which represent both the countries of origin of Vienna's immigrant population as well as world languages with an eye-catching caption: Arab, Bosnian/Croatian/Serbian, Bulgarian, Chinese, English, German, Polish, Russian, Slovakian and Turkish.

There are two elements to this campaign that are relevant from an 'open cities' perspectives: It highlights the potential for Vienna's economic success brought about by international populations – an internationalisation issue. At the same time it is an attempt to convey to society at large that Vienna has become a city of immigration and citizens with international roots simply are part of the city; and to the immigrants, that they are valued and welcome – a communication leadership issue.

The policy behind the campaign is the continued effort to improve the perspectives of businesses run by migrants. It responds to the fact that one out of three entrepreneurs in the city of Vienna comes from an immigrant background, with the total of migrant businesses numbering ca. 16,000 - many of them of considerable size and internationally active. Throughout all sectors of industry, migrant entrepreneurs have nowadays become an established and important part of the city's business life. However, being small or even one-person enterprises, many of them lack resources or access to means that would allow further expansion, or have difficulties in gaining from traditional business support instruments. Important elements of this policy have been:

- A ground-breaking study on the size and role of businesses with immigrant background in Vienna's economy, and on the problems these entrepreneurs are faced with, in 2007.
- The establishment of a dedicated advice and service point within the Vienna Business Agency, in combination with (EU-funded) startup office space: MINGO Migrant Enterprise (MINGO: 'Move in and grow') – see box
- The establishment of a diversity unit within the Vienna Chamber of Commerce and the set up of low-threshold support and information networks for migrant businesses.

Mingo Migrant Enterprises

As part of the drive to entrepreneurialise its immigrant population, the Mingo Migrant Enterprises information centre offers a comprehensive service run by a team of experts which offers support to small companies, start-up businesses, owner-operated companies and new freelancers. The main focus of the new start-ups is in creative industries. Originally scheduled to run till 2010, the project is expected to be prolonged due to its tremendous success.

The centre provides immigrant entrepreneurs with tailor-made information in their mother-tongue language about the comprehensive support available to companies in Vienna. It provides these start-ups with more direct access to the services and support provided by the city. The programme offers reasonably-priced offices, from 15 m², with modern office infrastructure at six sites across Vienna (with 2 more on the way). Under the motto 'move in and grow', SMEs can move into low-price rental units for a maximum of five years. Kitchen, reception and meeting rooms are shared, and Mingo offices feature a wide mix of professions, as demanded by the entrepreneurs themselves

It also incorporates a Mingo Academy, which offers free workshops on entrepreneurial issues as well as basic training on business ideas, management, and innovation consultation. In this context, newly independent foreign business people can acquire a basic knowledge of finance, accounting and marketing free of charge, or investigate together the advantages and disadvantages of their start-up operation. Customers are received no matter how advanced their progress has been, with each entrepreneur able to visit up to 15 workshops a year (given the sheer popularity).

Free support and a personal initial consultation for SMEs and support is guaranteed for implementing operational steps to aid growth and innovation. It also provides key help for dealing with local agencies and authorities, in case of any misinterpretation or difficulties, and also enables a link up with financial institutions in Vienna. The director of the initiative Gabrielle Tatzberger has argued that 'In the case of this target [immigrant] group, it is usually a matter of breaking down people's inhibitions about accepting help. Often they do not know about promotion opportunities, which is precisely why we have special programmes for self-employed individuals with a migration background.' Applicants are advised in Russian, Turkish, Bulgarian, German or English, so they can be fully aware of Vienna's bureaucratic complexity and grants opportunities.

In December 2009 the Mingo finance advice is to be launched, which will provide one-person businesses and young groups of entrepreneurs free coaching support around financing. Topics covered include, creating a business plan, financial planning, and access to financing institutions and instruments.

Source: Mingo (2009), Wien International (2009)

Campaign impact

As the campaign has just started, its impact on the general perception of immigrants and of migrant businesses remains to be seen and at any case will be hard to establish. One must not forget that it takes place in a city where a majority of the population is sceptical of immigration, xenophobic feelings are rampant in considerable parts of society and public campaigns like this were conspicuously absent in the last 15 or 20 years.

Project management and key partners

The campaign runs from mid-September to mid-November 2009, and is co-funded by the Vienna Business Agency and the Vienna Chamber of Commerce at a cost of €280,000. The Vienna Business Agency VBA (Wiener Wirtschaftsförderungsfonds WWFF) is the City of Vienna's primary business promotion vehicle. Its mission is to boost the competitiveness of the Vienna business community by helping drive innovation and continually upgrading the city's status as a state-of-the-art business destination. Its range of consulting services for entrepreneurs, start-ups and investors includes support in obtaining targeted financial assistance; help in the selection, development and acquisition of appropriate sites; the construction and operation of technology and start-up centres, and global marketing of Vienna as a business location.

The Vienna Chamber of Commerce (WKW) represents the interest of all Viennese businesses, from one-person enterprises and small handicraft businesses to full-scale industries and the banking sector. All in all, the chamber has more than 110,000 members. To improve the economic frame conditions for Vienna's business sector, the chamber pursues active interest representation, provides for expert advice, service, information and training activities for entrepreneurs and maintains a presence in the Austrian Trade Commissions abroad.

The campaign is carried through by a consortium consisting of a PR agency, a graphic design studio and the youth magazine 'biber' run by young people of migrant background. It was devised in consultation with various immigrant community groups.

Challenges

The main challenge in terms of 'internationalisation' in this context is that the actual link between the support for migrant entrepreneurs on the one hand and the various internationalisation initiatives of the city has yet to be established. That such businesses are relevant in this context is obvious: entrepreneurs with an immigrant background bring in their international roots and intercultural experience. They provide an invaluable contribution to the good networking of the city within an increasingly global world economy and strengthen the business location with their cross-border contacts.

They make the Vienna location even more attractive, among others for the approximately 120 international corporations, which have established their headquarters for Eastern Europe in Vienna. It must be noted that Vienna does not follow a single, explicit internationalisation strategy, but rather a loosely defined, generally shared and accepted vision of strengthening Vienna's role as a central European hub with a high livability. Initiatives and strategies of various policy actors that seek to enhance the internationalisation of the city converge around this vision, but remain weakly connected. Policies that include a strong element of 'internationalisation' and which have been pursued over the last decade include, among others:

- support for small and medium-sized enterprises which form the backbone of Vienna's economy and are often hard pressed in terms of innovation and internationalisation capacities;
- a sustained effort to further strengthen key research and innovation capacities in fields like medicine, biotechnology or IT
- the development of business districts with a particular appeal to transnational corporations operating in the CEEC area;

- the creation of favourable frame conditions for a highly competitive international congress and convention sector;
- international image and location marketing with the help of liaison offices in the CEEC area and representations in Brussels, Hong Kong and Tokyo;
- the ongoing effort to establish a cross-border European Region CENTROPE with partner regions and cities in the Czech Republic, Slovakia, Hungary and Austria itself.

Next to this patchwork, there is nothing like 'the' internationalisation strategy of Vienna. The city (that is also a federal state) has oversight of so many policy fields, instruments and institutional actors, and delivers quality public services and a high quality of life in an environment that is marked by prosperity and low unemployment, that sectoral internationalisation challenges can easily be met within the existing frames. As a consequence of this rather segmented policy and leadership style, Vienna has had mixed experiences with attempts for integrated, cross-policy strategies that would commit multiple players to sustained implementation efforts. The aforementioned developments in entrepreneurialism show that the Vienna Chamber of Commerce and Vienna Business Agency can show more dynamism and focus in this internationalisation agenda, given their bureaucratic efficiency and freedom from intergovernmental complexities.

7. Cape Town

With one of the most spectacular settings of any city in the world, Cape Town is South Africa's second largest city and an emerging node in the Southern Hemisphere. Located at the far south-west tip of South Africa, it is the provincial capital of the Western Cape, as well as the national legislative capital. The wider 4 million city-region, while in the shadow of Johannesburg Gauteng, is one of the most economically productive in Africa.

Cape Town emerged from a period of modest economic performance after the socio-political adjustments of the 1990s to record excellent growth figures in the years prior to the 2008 recession. Developing into a specialised service-based economy, city-regional GDP of over \$15000 per capita is now comparable to more established cities such as Naples and Mexico City. The city-region remains a key hub for shipping and port logistics while also harnessing the growing potential of tourism and conferences (10% of GDP), agro-food processing (such as wine-making), finance, life sciences and creative industries of film and publishing. Cape Town records among the highest standards of health, education and housing in Africa.

City leaders' efforts to create a world-class service economy in Cape Town are hampered by the low skills base, which ultimately threatens competitiveness in most key sectors. Furthermore, Cape Town potential to deliver consistent high growth is hampered by low-density urban sprawl which is highly fragmented and infrastructurally unsuitable towards urban agglomeration. Jobs and housing locations are especially poorly matched, while transport networks remain limited amid high public infrastructure costs. The city-region has chronic unemployment and poverty among lower-skilled workers, exacerbated by immigration from surrounding provinces. Informal slums and HIV/AIDS are part of daily life for around 20% of the population. Poverty, income inequality and spatial division have weakened Cape Town's social cohesion, resulting in high crime rates.

Cape Town's unified metropolitan authority has consolidated and standardised previously fragmented local governance, and the city-region is a strong example of the regional delivery of health services, education and inter-municipal coordination. However multi-level collaboration between provincial and municipal tiers in the city-region remains fragmented, delaying efforts to improve infrastructure, land-use and the environment. Air pollution, water contamination, flooding and forest fires are frequent outcomes of poor environmental management, which in turn impact negatively on new economic sectors.

KEY AREAS OF GLOBAL STRENGTH

Diverse and open economy – Cape Town has emerged as one of Africa's strongest outward-facing service-based metropolitan economies, concentrated in clusters, while also maintaining export strength in niche primary and manufacturing industries.

Strategic location – the city-region has an excellent position as Southern Africa's leading coastal city and trading hub, confirming privileged long-term access to global markets. This gateway function provides a stable future for its logistics cluster and offers potential to be the region's key entry point

Urban attractiveness and livability – Cape Town has a worldwide reputation for its climate, scenic beauty, and lower crime rates than Johannesburg, all of which are helping to build the city's brand among Western corporations and knowledge workers.

Strong R&D infrastructure – internationally respected universities and research centres with specialisms in health care, biotechnology and environmental science offer excellent, but currently unfulfilled, potential for becoming Africa's R&D and innovation headquarters.

KEY CHALLENGES TO GLOBAL COMPETITIVENESS

Limited skills base – Cape Town's future as a knowledge economy hinges on investing in suitable skills and innovation capacities of the city's disempowered. Sustainable economic development is threatened without a dramatic improvement in educational and skills inclusiveness.

Socio-spatial segregation – entrenched social exclusion inherited from the city's past has not been resolved. Policymakers are yet to create enabling conditions or land use frameworks for integration and densification of city-regional economic linkages. Unaffordable housing, high crime rates and an unusually high ecological footprint all stem from this condition, with no comprehensive route to resource sustainability identified.

Inaccessible public transportation - inefficiencies in the road and rail networks have undermined competitiveness, although bus/rail improvements have been made in the lead up to World Cup 2010. Road-based congestion has escalated, inhibiting connectivity between different city-regional nodes.

Limited and volatile fiscal capacity – availability of public spending is limited throughout the city-region, due to a low tax base, only partial innovation to incentivise the private sector, and a volatile national political environment.

Current Degree of Internationalism

Cape Town has an exceptionally rich history of international connection of exchange. Cape Town has been a colonial settlement, a centre of the global slave trade, a modern port city, and a visitor destination, with injustice and glory in mixed measures, and legacy of very diverse human settlement. As a port city driving trade in the early modern period, Cape Town has played a significant role as a historical venue for broad socio-political and demographic trends over the centuries. The city's highly unusual setting has entailed unique relationships with the outside world. What has resulted, in a post-apartheid global economic context, is a city that is highly active in the international domain, pluralist in composition and ideas, creative and entrepreneurial regarding the future. The stimulus of the 2010 World Cup is seen by many commentators to be a potential milestone for Cape Town's business brand and infrastructural capacity. The city is looking to come out the other side much more productive and better connected to global flows of people and markets.

Cape Town is now an open and internationalised economy subject to the pressures of the global market, and has experienced dramatic growth in imports and exports over the past decade. Its internationalisation has been driven by its logistics sector, which has established the city-region as one of Africa's key transportation hub and shipping points for agro-food, refined oil and steel. The two commercial ports at Cape Town and Saldanha, along with the airport, Cape Town International, freight rail and pipelines, handled 23.3% of South Africa's total cargo in 2006. In 2005, over 30% of the exports of crude oil from West Africa and nearly 25% of crude exports from the Middle East passed the Western Cape.^{cxvi} As a result, the city's trade-to-GDP ration is higher than the OECD average.

Cape Town has a highly distinctive population history owing to its status as an international trading post and base for the Dutch East India Company since the mid seventeenth century. The city has an intrinsic population diversity that is continuing to inspire internationalisation today. Cape Town's diversity has enabled the city to reach out to prominent Muslim and Jewish populations, which live in harmony within the city-region, while trade is continually nourished by the influx of an educated class of African traders, from Somalia, the DRC, and French-speaking African nations. Between 2001 and 2007, almost 200,000 people moved to Cape Town from outside the Western Cape, of whom approximately a fifth (37,000) came from outside of South Africa altogether.^{cxvii}

In terms of international air access to Cape Town, there are bottlenecks and restrictions which are considered critical concerns to the growth of inbound tourism. Cape Town is located so far away from major global centres that air access is the primary mode of transport for most international transactions. The lack of direct flights and the requirement to change terminals in Johannesburg is a negative to Cape Town achieving desired international connectivity. The city requires a dramatic expansion of routes in order to become a top-level international destination. Efforts are being made to improve international direct flights to other countries' second cities, such as a Cape Town-Rio connection. Of the tourists who do arrive, the Western Cape attracts a larger proportion of tourists from Europe, especially from the United Kingdom (32%), Germany (15%) and the United States, than other provinces. The region also enjoys the highest average expenditure per domestic tourist.

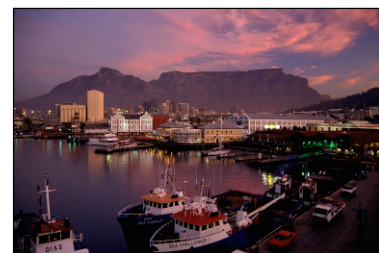
Increased openness to international trade has also helped attract FDI to the Cape Town city-region, although this trend has been something of a decline over the past 5 years. FDI remains quite low compared to many comparable OECD regions. The lack of skills, exchange-rate volatility and the high crime rate have all deterred greater FDI, although the city has performed better than most in South Africa proportional to its size.^{cxviii} Furthermore, Cape Town's regulatory environment has in recent years been more of an inhibitor than a promoter of internationalisation. The export and protection of intellectual property has been a particular challenge, the former due to restrictions associated with the South African reserve bank, and this problem has blocked the global linkages of hi-technology start-ups. Although changes to the regulatory environment have been introduced in late 2009, the regulatory balance still creates incentives for Cape Town's top entrepreneurs to emigrate, not to stay in the city-region.

Cape Town's international business culture is primarily associated with dynamic entrepreneur-led SMEs, and comparatively few multinational corporations are present in the city. Many of the South African firms with international operations, like De Beers, are headquartered in Johannesburg. A growing number of international firms nevertheless have branches in the city, with the following large-scale global industries present:

- **Agro-food.** Food processing is one of the city-region's biggest exporting sectors, with large output recorded by large and established international firms such as Clover Danone, Parmalat, Delmonte. The related food and beverages market is also highly internationalised, worth over \$400 million annually.
- **Oil and Gas.** The Cape Town central city serves as the headquarters of the major oil companies in South Africa including Caltex, Shell and BP. A R-7 billion project to construct a number of offshore structures began in 2006 and is expected to attract more firms.
- **IT.** Cape Town's ICT sector of 1,200 companies has 50% exporting to international markets. International companies such as Microsoft and Novell have offices in Cape Town
- **Finance.** Amongst the international firms with operations in Cape Town are Citibank, HSBC, Barclays, and Lloyds TSB.
- **Boats and Yachts.** As one of the leading port cities in the world, Cape Town has developed a strong tradition and culture of leisure boat building - a South African yacht won the Boat of the Year Award in 2004. About 85% of South Africa's boat building companies are located in Cape Town, and about 80% of all produce is exported to the United States and Europe.
- **Creative industries.** The film industry is viewed as one of the top five growth industries and currently generates over R2-billion (or \$33-million) per annum. Foreign production companies are lured by Cape Town's value for money, national incentives and rebates, and some of the world's best film industry infrastructure. Elsewhere the Creative Cape Town initiative, established in 2006, has strengthened public-private partnerships aimed at putting Cape Town's creative sectors on the map globally.

Internationalisation Strategy

Cape Town's international strategies over the past decade have been developed amid a polarising context of strong economic growth and serious socio-economic concerns. Internationalising efforts have also needed to consider the endemic problems of poverty, under-employment, housing, drug related crime, HIV, social fragmentation, and difficulties associated with public service delivery. Development strategies therefore have taken on a holistic approach to address the global competitiveness and socio-economic agendas as mutually integrated. Most recently the **OECD Territorial Review (2008)** has provided a key policy framework moving forward.



Initial global competitiveness strategies have focused on the need to combine business-friendliness with social quality of life improvements. **Cape Town's 2007-2012 Integrated Development Plan (IDP)** is the principal strategic plan, outlining prospects for Cape Town as a global city identifying

'intellectual capital, transportation assets, business costs, technology IQ, innovation, and ease of doing business' as the essential criteria for long-term growth.^{cxix} The IDP's partnerships feature a tourist vision, which is that Cape Town is, by 2020, 'one of the top ten iconic year-round tourism destinations in the world', accompanied by a suitably skilled pool of tourist professionals.

Other aspects of the IDP strategy include a focus on higher education as a key driver of growth. The city aims to utilise the Cape Higher Education Consortium (CHEC) to establish Cape Town as a global R&D hub, and supports the international Students in Free Enterprise (SIFE) to prepare students to be entrepreneurs in the global market.

Over the longer-term, Cape Town is soon to complete its long-awaited City Development Strategy (CDS) which will guide the city's sustainable development and place in the global economy over the long-term. The IDP will function as a subsidiary of the longer plan. Key targets in the broader strategy are set to include improving public access to land, housing, water, energy, sanitation, transport and credit, as well as education and healthcare, such that Cape Town has a larger domestic pool of workers able to operate in international-facing sectors.^{cxx}

Attracting International Investment



Improving Cape Town's Central Business District (CBD) has been considered a major priority to stimulate investment, the presence of global firms, and the relocation of talented professionals. Up until recently, capital flight had resulted in the increasing commercial decentralisation to new office developments in the city's suburbs, a loss in value of buildings and rising crime all acting as disincentives to investors and damaging tourist confidence. The Cape Town Partnership, established in, 1999, is a collaboration between the public and private sectors working together to develop, promote and manage Cape Town Central City. It is a strong example of a public-private partnership involving all influential actors that addresses issues of disinvestment effectively. The Partnership has generated an impressive rate of return on the City's investment of R6million a year. Projected forward to 2010, for a total investment of R28.2 million of ratepayer's money, the City will leverage R202.5 million of private sector contributions in the form of City Improvement District (CCID) levies.

At the city-regional level, **the Western Cape Trade and Promotion Agency (Wesgro)** is the official Trade and Investment Promotion Agency for the Western Cape, located in Cape Town. It is partly funded by the Cape Town Municipal Government, which contributes R7-million to Wesgro's R19-million annual budget, with the rest provided by the provincial government of the Western Cape. This agency is the first point of contact for foreign importers, local exporters and investors wishing to take advantage of the unlimited business potential in Cape Town and the Western Cape.



Wesgro works closely with key players including the South African Government, business, labour, the City of Cape Town, District Municipalities and rural local authorities. Wesgro's strategy is well aligned to the City's Economic and Human Development Strategy, as well as the province's Micro-Economic Development Strategy, and is an example of a harmonised multi-tiered city-regional strategy.

Wesgro's vision is to make Cape Town & the Western Cape the most competitive business destination in the world by 2014 and, as such, its core mandate is:

- Attracting and facilitating direct investment into the Western Cape region of South Africa
- Growing exports of products and services of the Western Cape through development of export capability, demand and market access
- Marketing the Western Cape as a competitive South African business location within the national and international arenas

The role of city marketing and branding has taken on an increased significance in recent years in Cape Town, but there remain several challenges in this area associated with attracting international

investment and business attention. While much of the tourist promotion branding has succeeded in creating an image of Cape Town as scenic, sunny spectacular destination with a high quality of life and fantastic wildlife opportunities, this recreational focus is thought to somewhat undermine the city's evolving business brand. Cape Town's associations with technology, R&D, or creative industries have been restricted by the prevalence of the city's leisure qualities. The city's next stage of internationalisation aims to move away from an image as a leisure and party capital towards a more balanced image as a city of lifestyle *plus* commercial opportunities.

Cape Town's high levels of entrepreneurship, strong infrastructure and outstanding natural assets are the building blocks for new efforts to internationalise its start-up community. The city's business and policy leaders have recognised that alongside these ingredients is the need to attract seasoned venture capitalists to help new ideas grow and globalise. Cape Town Activa is a major new tool developed to encourage entrepreneurship and business growth. Created in October 2009, it is explicitly based on the Barcelona Activa model, which has been a great success, and aims to match its entrepreneurship ecosystem and position Cape Town as the entrepreneurship hub of Africa.^{cxxi}



Cape Town has made big strides recently in harnessing the region's tech-entrepreneurial energy to boost international business, especially in the ICT sector. Silicon Cape was unveiled in Cape Town in



October 2009, a concept driven by entrepreneurs and to create a provincial ecosystem conducive to growing ICT businesses in the city-region. It aims to attract local and foreign venture capitalists, angel funders, the best technical talent and most promising entrepreneurs, to turn the region into an environment that can compete with the world's best high technology hubs. With over

1000 members already, Silicon Cape appears to differentiate itself from other initiatives by being a concrete platform for awareness-raising and brand enhancement, uniting what has been a disparate community. The project is being driven by a Silicon Cape Foundation, based on nominations from the regional business community, and is heavily supported by provincial and city governments. As an independent entity that organically resides in the technology community, Silicon Cape is an innovative mechanism to enhance perceptions of Cape Town as a world-class location for technology FDI.

These initiatives show excellent potential for Cape Town's technology sector, and are an example of a city working to deepen a culture of entrepreneurship in targeted areas of initial strength. Its increasingly entrepreneur-led economic development is offering an alternative to municipal-led strategies, which often are not as responsive. The Cape Town city government's main task in this context is to offer an enabling platform, saving it from most of the more difficult challenges that the public sector are not always best placed to tackle. The city has also recognised that success can only be achieved holistically, as an ecosystem that includes multinational firms, top-class universities, incubator support structures and international funding sources.

Attracting International Institutions

International institutions situated in Cape Town include the African branch of the International Centre for Transnational Justice as well as the University of Cape Town and Stellenbosch University, which are internationally competitive institutions. These are continentally significant institutions, but there is no evidence of the Cape Town authorities looking to attract internationally significant institutions from the rest of the world at this time.

Attracting International Populations

Cape Town itself does not appear to have a dedicated immigration policy or strategy and the issue is taken up more centrally within South Africa. Beholden to national government guidelines, pressure is being applied for the country to adopt a more positive attitude to immigration and make more

institutionalised commitments to encourage skilled foreigners to settle in Cape Town. Mostly, however, the city has had to make innovative steps by itself to overcome problems at the national level of governance.

Attracting International Visitors

Cape Town has pledged to support the development of internationally known tourism icons attracting increased visitor numbers, which in turn can result in job creation and other economic spin-offs. Since 2000, Cape Town has improved as a business and tourist proposition, although the lack of convenient public transport pales in comparison with other world class destination cities, such as Melbourne, Sydney, London or Barcelona.



Cape Town in the past had Olympic aspirations which were unrealised after an unsuccessful bid for the 2004 Games. At the time, the city wanted to host the games to spur economic development facilitated by a raised international profile, and the benefits associated with the accelerated capital expenditure. This bidding experience has spurred a vigorous events strategy over the past decade, primarily in non-sporting domains, and Cape Town’s policymakers are working hard to win the bid for world design capital 2014.

Marketing Cape Town more effectively as a unique, vibrant, all year round destination is a priority of the city administration since 2005.^{cxxii} Cape Town has identified niche areas where it can improve its tourist performance. These have heralded Strategic Action Plans in three markets:

- Culture and Heritage Tourism
- Youth and Backpacking Tourism
- Tourism Niche Markets Study



Cape Town Routes Unlimited is a new regional organisation set up in 2004, which aims to be Africa’s, and indeed the world’s best practice agency for developing a city-region as an experience destination for business, event and leisure tourism. The body has, until recently, been approximately 50% funded by the city of Cape Town, but primarily markets the region’s tourist strengths. The

CTRU is acknowledged for its creative and innovative marketing techniques – including Google Adwords - that have been developed to grow the destination’s global market share. CTRU actively brands the Cape Town city-region, according to the ‘It’s time to live again’ philosophy, inviting visitors to visit hidden tourism gems across the region. It has established a Regional Tourism Marketing Forum which meets quarterly to articulate strategies for international tradeshows. In 2008, the CTRU agreed and implemented 15 international joint marketing agreements. The agency is also an active member of key international industry alliances, all of which add to the organisation and city’s international positioning and image.^{cxxiii}

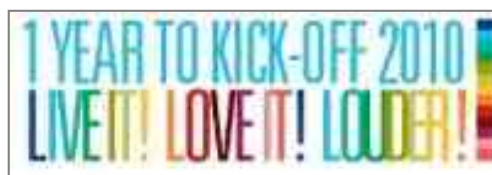
In addition to its coastal and scenic attractions, Cape Town has developed its array of assets and competencies that draw on its racial and cultural history impressively. New recreational amenities and cultural assets have boosted the MICE sector, as illustrated by the recent success of the Cape

Town International Convention Centre (CTICC), which hosted 35 international and 40 national conferences in 2006 and contributed R1.2 billion. Cape Town is now in the top 30 cities worldwide for meetings, according to the International Congress and Convention Association (ICCA),^{cxv} and in 2008 it was voted the top convention destination in Africa as well as the 2008 World Travel Award as Africa's leading destination.^{cxv}

Cape Town is using its newfound retail status as a tourism and foreign investment driver. The central city is now home some of the most developed shopping centres in Africa. The Victoria and Albert Waterfront, a mixed-use property development located around the original harbour has become a leading regional retail attraction, with around 6 million international tourists annually. The newly established Century City is a 250-hectare enclosed city-within-a-city that combines office, residential, retail and leisure opportunities on a huge scale, driving intense commercial activity and retail growth. For many in the US and Western Europe, Cape Town now combines the ideal set of tourist attractions, thanks to this infrastructure push.

Internationalisation Case Study: Leveraging 2010 World Cup to increase cultural pride and attract international populations

Cape Town has a strong tradition of hosting large events (cycle tours, marathons, international cricket and rugby) and will be one of 9 host cities in the 2010 FIFA World Cup. The city is also hosting the World Cup finals draw in December 2009 at the Cape Town International Convention Centre (CTICC), broadcast live to an estimated 700 million people. The city's public and public-private institutions aim to use the World Cup and its build-up to showcase Cape Town and its multi-cultural population to the world, while meanwhile achieving a number of related goals. These include new/upgraded infrastructure and facilities; minimising the effects of the global recession on the city; and promoting the city as a desirable destination for travellers, new residents and investors. Although Cape Town does not suffer from the same negative image as Johannesburg in terms of perceptions of crime and safety, nonetheless it hopes to utilise the World Cup to show off the city and reassure international populations that an African city can be a true global city. The City authorities hope that 2010 can help to establish Cape Town as the top international destination in Africa.



Infrastructure

Using the World Cup to accelerate international-standard infrastructure is a key element of the process of long-term legacy. The infrastructural improvements include a R2 billion upgrade to Cape Town International Airport – which will handle an expected spike in air traffic as tourism numbers increase in the lead-up to the World Cup, and will also be more prepared for a general increased in visitors over the next decade. The renovations include several large new parking garages, a revamped domestic departure terminal and a new international terminal. The airport's cargo facilities are also being expanded and several large empty lots are being developed into office space and hotels.

Elsewhere there will be a R1.3 billion upgrade to public transport, over R1 billion worth of upgrades to major roads, around R1 billion in upgrades to electricity infrastructure, a R440 million upgrade to the central Cape Town station and R1.2 billion for new trains. The first phase of a new Integrated Rapid Transit (IRT) system now includes a connection to the Cape Town International Airport. Over R3 billion is being spent on a new 70,000 seat world-class stadium in Greenpoint, and the upgrade of public spaces and facilities, like the Phillippi Stadium, the Athlone Stadium, Green Point Common and the Grand Parade in the CBD. The new stadium itself is part of a huge sports infrastructure legacy on the Green Point Common, lying within a total area of 85ha to be known as the Green Point Urban Park, and which will include improved sports facilities including sports fields and clubs, an expanded golf course and the new 12.5ha Green Point Park.

Key interchanges on the highways connecting the Central City are also being upgraded. Significant investment has also been made by the City of Cape Town into improved pedestrian environments, better public spaces and dedicated bicycle routes.



A major aim of the hosting preparations is the upgrade of the Central City, not only as a strategic location between the new Cape Town Stadium and the main event transport centre, but also as a hub for improving Cape Town's image as a cosmopolitan destination. The proper organisation and management of the Central City is being directed under the auspices of the Central City Improvement District (CCID), which is supervising and strengthening new security, cleansing and urban management partnerships.

Cape Town is also focusing on providing an optimum visitor experience for the hundreds of thousands of fans set to arrive in the city in June-July 2010. Affordable accommodation, a welcoming spectator atmosphere and scenic public spaces are all focuses, made within realistic and not over-ambitious frameworks. Official FIFA sponsors and the media are also seen as key target markets, as these groups have particular potential to generate positive images of the city during the tournament.

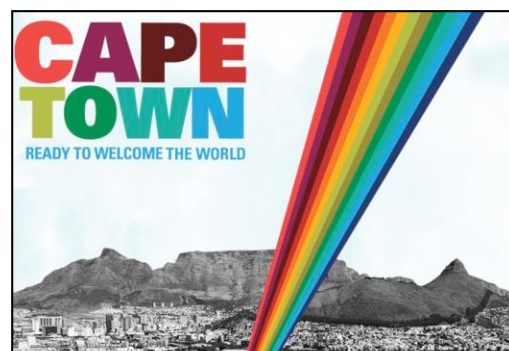
Social cohesion

The Cape Town Partnership has a key role in leveraging the 2010 World Cup to promote social cohesion and urban regeneration in the city. The Partnership has noted that support for different sports in the city typically divides along race and class lines, with the city's black population mostly favouring football, while white and more affluent populations identify closely with rugby and cricket. As a result, it has sought ways to encourage citizens to support the national football team and South African football culture in 2010 as a driver of a more inclusive society.

Under mandate from the City of Cape Town, the Partnership has established a 2010 Central City Partners Forum to communicate with all Central City stakeholders. The Partners Forum provides a platform for retailers, suppliers, event organisers, cultural performers and advertisers to discuss preparations for 2010 and issues such as accommodation, food, travel, tours, entertainment and gifts. The Forum thus offers a key arena for the work of the city's public officials, planning committees and professional consultants to become known to the public, increasing legitimacy and confidence in the local political process.

More recently, the City of Cape Town has embarked on a communications and marketing campaign entitled 'Ready to welcome the world' in order to increase citizen participation in ways visitors can be welcomed. Cape Town Tourism has based a campaign aimed at citizen activation around their slogan 'Live, it, love it, louder,' including a bill-board campaign and 'topless' bus tours through various parts of the city.

Another planned way of promoting citizen participation is to imbue traditional events in the



Central City with a football flavour. Events such as the annual Twilight Run, Switching on Festival Lights, Design Indaba, the International Jazz Festival, Infecting the City and the Cape Town Carnival will all feature football-related performances in public spaces in the build-up to mid-2010. The Finals draw will also be used to enhance local citizen participation, with the hosting of a public street party in Upper Long Street in the Central City.

Much emphasis is being placed upon creating a unique and authentic Cape Town experience for visitors. Organisations such as the Cape Town Partnership are creating initiatives which will instil a sense of the real Cape Town in visitors. These include the Fan Walk which will follow the traditional route of the annual Cape Minstrels Carnival, an event stretching back to the era just after the emancipation of slaves in 1834. Fan activation zones, where fans can meet before a match and where up to 35,000 fans can watch matches on big screens, will also be set up across traditional public squares in the Central City, including the Fan Park in Grand Parade, South Africa's oldest public square, historically associated with Nelson Mandela's post-release speech. The infrastructure required for these initiatives aims to cultivate a walking culture around key sites in the city, thus improving the tangible ambience, while improving all visitors' sense of Cape Town's special cultural-historical attributes.

Business links and economic legacy

The World Cup is being seized upon as an opportunity to strengthen business connections in the city. The legacy of the World Cup aims to expand beyond just 'hard' infrastructure to 'softer' legacies such as improved networks of public/ private cooperation in the city. The establishment of Accelerate Cape Town is a key example here. Accelerate Cape Town is the business leader-led initiative aimed at creating a 'gateway to business' brand. Driven by a sense of urgency over Cape Town's business future, it is assembling regionwide stakeholders to develop and implement a business-friendly long-term vision for sustainable, inclusive economic growth. The initiative is finding new mechanisms to promote the city and region as a prime location for investment and institutionalise the role of business in the strategising for Cape Town's international future.



The activities of Accelerate Cape Town demonstrate the role that business groups can play in mobilising stakeholders across a city for an internationally-focused outlook. It has proactively sought knowledge-sharing on city and regional development from secondary cities around the world, facilitated by vigorous networking at global conferences.^{cxxvi}

Cape Town has also identified opportunities to upgrade and improve the city's ICT strengths, satellite and fibre-optic facilities, visitor visa-processing services, and security plan, all associated with World Cup requirements. In addition to the substantial infrastructure legacy, the city will benefit from additional (temporary and permanent) jobs, training and skills development, and greater capacity in future to bid for and organise major sporting and cultural events.

In 2009 the Cape Town Partnership organised a 'Life beyond 2010' conference, showcasing over 40 public and private developments and projects in the Central City, all to show that Cape Town is all set up to be a highly dynamic business hub after the 2010 World Cup. The sum total of investments are expected to change the face of Cape Town into a genuinely diverse business community, promoting economic growth and job creation over the next decade.^{cxxvii} The infrastructure and service gains, particularly in terms of public transport, are huge legacy gains, and provide momentum for future public-private mechanisms to enhance the city's capacity to host international workers and business on a larger scale.^{cxxviii}

8. Amsterdam

Amsterdam is the largest city in the Netherlands, and the country's financial and cultural capital, with a population of around 1.4 million people. It also forms the Northern part of the polycentric metropolitan region of Randstad, the 6th largest metropolitan area in Europe, and home to around 7 million people. While Amsterdam is just inside the top 100 cities globally by GDP, the wider Randstad region is among the top five in Europe by economic output.

Amsterdam remains a competitive world city and a key interconnecting hub among the primary networks of the post-recession world economy. The city has long been a regional centre for knowledge industries such as business services, insurance, advertising, law and management consultancy, with over half its workforce employed in office positions. Its nodal position in 21st century globalisation is strengthened by its comparative dominance over local competitors, including Brussels, and indeed Amsterdam is now one of Europe's main headquarter cities, as well as one of its cultural hubs. The city has a strong recent record of attracting FDI, enabled by its trade and logistics capacity, while it has maintained growth in real estate and construction during the economic downturn.

Long-term projections, however, indicate that Amsterdam may have its eminent position in the global city hierarchy challenged in the next two decades. Amsterdam lacks the privileges of political and informational predominance in the Netherlands, while deliberate economic and spatial planning have oriented manufacturing and service strength elsewhere nationally. There is a lack of quality housing to match the earnings and expectations of the city-region's residents, and the city has a large challenge to improve the housing stock for its high income population. The city has not invested as heavily in its tourist base as other European destinations. Meanwhile congestion and limited space for growth are also leading causes of the city's low productivity.

KEY AREAS OF GLOBAL STRENGTH

Access to markets – Amsterdam's position as one of Europe's most dynamic hubs is attributable to its excellent strategic location which, enabled by outstanding external transport links – especially the growth of Schiphol airport - allows access to lucrative Northern European markets.

Wide city-regional specialisations – Amsterdam has the potential to emerge at the head of a multi-faceted Randstad region with excellent specialisms in manufacturing, logistics, education and business services.

Niche quality of life – Amsterdam's easy-going cultural vibrancy, green space, and range of entertainment choices continue to attract international populations from many backgrounds, all seeking the unique balance that the city offers.

KEY CHALLENGES TO GLOBAL COMPETITIVENESS

Attracting creative populations – Amsterdam performs quite poorly in terms of ICT and creative industry employment and research linkages. City-regional dynamism is typically derived in extra-institutional contexts. Doubts exist about the capacity to attract the best mobile creative groups

Congestion and intra-regional mobility – the absence of a unified city-regional transport system alongside insufficient road capacity seriously damages productivity, and presents a long-term concern about infrastructure capabilities

Fragmented and overlapping governance –The decentralisation of many responsibilities to municipal districts has resulted in highly varied outcomes in service delivery. The city's central authority lacks authoritative power in an overcrowded administrative structure, resulting in problems such as poor jobs-transport planning

Social cohesion - The unemployment rate of ethnic minorities is very high by international standards, while segregation in education has knock on effects for social integration and mobility.

Internationalisation

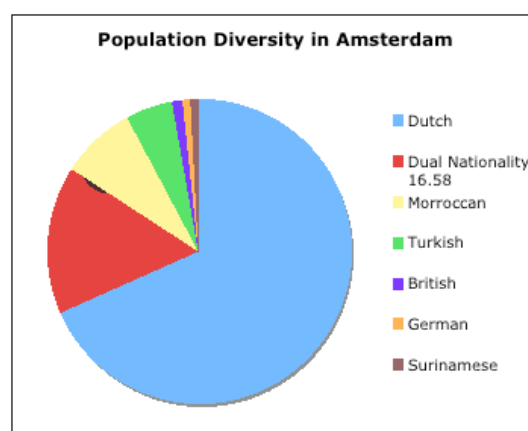
Amsterdam has traditionally been known as a liberal and cosmopolitan city, attractive and open to foreign populations, companies and business. Tolerance and openness have become core values of Dutch identity, and Amsterdam has flourished as a multicultural city – in particular becoming home to one of the largest Muslim populations in Europe. However, in the wake of 9/11 there appeared to be a radical shift away from traditional Dutch tolerance: at the turn of the new millennium social tensions flared in the Netherlands over immigration. Pim Fortuyn, a right wing politician declared that the country was “full”, and was subsequently murdered in 2002. This was followed soon after by the murder of the filmmaker Theo Van Gogh by a Muslim radical in Amsterdam. The murder shocked the city and led to many calling into question the cost of multiculturalism and the appropriate limits of tolerance. Today, the Dutch are anxious to regain their position and reinstate their reputation as one of the world’s most open and international cities. This trend is clearly apparent in Amsterdam.

Amsterdam’s internationalisation is not an attempt to win resources or power, but to regain its former undisputed ‘international’ status, and to ensure that it keeps its place as one of the most open and cosmopolitan cities in the world. The city recognises that its diversity is one of its key advantages, and in order to succeed in the global economy it must actively work to retain its lead. There is a particular focus on utilising the untapped potential of emerging markets, and in particular in attracting Indian and Chinese firms, populations and visitors to the city. Moving forwards internationally, there is a recognition that on an emotional level the Dutch nation has an unavoidable connection to Amsterdam. Nationally a strong underlying sense exists that Amsterdam’s destiny is tied with Holland’s destiny, which is prompting a major re-articulation of Amsterdam’s positioning in the world as a proud beacon of diversity.

Current Degree of Internationalism

Amsterdam is in many ways already a truly international city. It is home to a large number of international firms including 7 of the worlds top 500 companies such as Phillips and ING.^{cxxxix} Amsterdam was ranked fifth best of all European cities in which to locate an international business in the European Cities Monitor 2007. Amsterdam is also already the 5th busiest tourist destination in Europe, receiving more than 4.2 million international visitors annually.^{cxxx}

Perhaps most famously, the city is home to more nationalities than any other city in the world, with 177 nationalities represented.^{cxxxi} The most common foreign nationalities are Moroccan, (64,588 persons), Turkish (37,421), British (10,244), German (6670) and Surinamese (5609). It is accordingly extremely ethnically and culturally diverse:^{cxxxii}



Internationalisation Strategy

Although Amsterdam has already achieved a high degree of internationalisation, Amsterdam’s City Council has defined an ambitious internationalisation plan known as “TopStadt” or “TopCity” for its four-year term in office from 2006 -2010. The plan’s priority is to (re-)place Amsterdam among the top five most popular cities in Europe. The project’s goal is described as

“For years, Amsterdam was one of the top five cities in Europe. Barcelona now has a higher place on the list and other cities such as Madrid, Berlin and Budapest are serious competitors. To get Amsterdam back into the top 5, we need to make maximum use of the city and the region....Amsterdam is in urgent need of renewal if it is to compete on the international stage.”

For full details, see the case study report below.

Amsterdam's city leaders also aim to make the city the EU's first 'smart city.' The Smart City pilot project has attracted IBM and Cisco's investment across four target low-emission areas: working, living, mobility and public space, with the city aiming for a reduction of greenhouse gas emissions of 40% below 1990 levels by 2025. The city hopes Cisco and IBM's involvement will help residents reduce energy costs and greenhouse gas emissions by 15%.^{cxxxiii}

Attracting International Investment

Amsterdam is attracting international firms from both North America and Asia, as well as from other parts of the Netherlands. Examples include Ernst and Young, Akbank and APG which all moved to the city in 2008.^{cxxxiv} Part of the reason why Amsterdam is attractive to international businesses is because of the creative clustering of sectors such as business services, logistics, ICT, new media and tourism. These clusters have been developed significantly over the last ten years. Amsterdam's next step to attract more international businesses, as outlined in the eight priorities of the Top City strategy, is to create cross-overs between the clusters. TopStadt will also seek to improve broadband provision in order to attract more international firms.

AIM (Amsterdam Innovation Motor) is one project which seeks to increase the number of international firms in the city. It aims to help meet the demand which exists for at least 1,000 cubic metres of lab space for life science companies wanting to locate in Europe.^{cxxxv}

Attracting International Institutions

The vast majority of international institutions in the Netherlands choose to locate in the nearby city of the Hague rather than Amsterdam. Indeed the Hague is home to over 150 international organisations. Nonetheless, Amsterdam is home to some smaller international organisations such as the Common Fund for Commodities (CFC). However the city recognises the stronger draw of the Hague and as such attraction of international institutions does not form part of the city's internationalisation strategy.

Attracting International Populations

In recent years Amsterdam has suffered from a skilled labour shortage. This has led the City Council to consider measures to attract greater numbers of international workers to the city. Immigration procedures highly skilled workers have recently undergone serious improvement.

Priority Strategy 1: Optimal Assistance to expats.

Amsterdam recognises that expatriates are a major economic engine for the city, however at present the process for renewing and obtaining residence permits is unduly lengthy and complex. Several improvements have been recommended, with some already implemented: these include the recently opened Expat Center in the World Trade Center in Amsterdam South. The Center is a joint effort of the municipalities of Amsterdam, Amstelveen and the national Immigration and Naturalization Services (IND).



The Expat Center provides a 'one-stop shop' for knowledge migrants arriving in Amsterdam and Amstelveen. An employer starts the registration procedures before the arrival of the foreign staff. A one-stop trip to the Expat Center finalises both the national residence permit and the municipal registration procedures. This centre is unique in the Netherlands and is a pilot project being monitored by other cities such as Rotterdam, Utrecht and The Hague. The City Council is looking into the possibility of extending the project, to include those who work in research and educational institutions.^{cxxxvi} All in all, the centres have greatly improved the times required for new expats to obtain their work permit, residence permit, city registration and tax number.

Other focus areas for improving the climate for expats are the improvement of education, housing and facilities. It is recognised that there is a need for better international education, especially for children of expats from target countries such as China and India. The City Council also aims to

Phase 1 sectors (2008)	Phase 2 sectors (2009)
Insurance	Language courses
Tax	Training & Courses
Immigration law	Employment law
Banking	Housing
Telecom	Health Services
International Schools	Foreign Media
Childcare & Nanny services	

improve housing to better fit the needs of specific expat groups. The sectors with which the programme was introduced were divided over two phases, from 2008 to late 2009 (see table opposite).

Priority Strategy 2: Building an Open and Hospitable City

The Top City Strategy also recognizes that in order to increase the numbers of international visitors and inhabitants, international populations must feel welcome in the city. A project entitled the 'Welcome' project aims to improve and strengthen hospitality in Amsterdam. With the overriding message that hospitality is essential to all outward-facing efforts, the project includes:

- A large-scale launch event that covers the need for a more hospitable Amsterdam
- a 'Welcome' website (www.welcomeamsterdam.nl) and a toolkit with ten golden rules for better hospitality that 'Amsterdammers' can use to improve the hospitality of their company
- tailor-made hospitality and client-friendly training courses for Amsterdam service providers.

Attracting International Students

A key part of the Top City strategy is the project nicknamed 'Harvard on the Amstel'. The Vrije Universiteit, the University of Amsterdam and Amsterdam City Council are joining forces to enhance the city's image as a knowledge hub and to attract more talented international students to the city. Together they are developing the Amsterdam University College which will open its doors in 2009. The three-year Bachelors' degree will have a strict selection procedure and will concentrate on sciences. With 50% foreign students, the language of instruction will be English.

Amsterdam is also stimulating the private sector to help the city attract international populations. For instance, a number of Amsterdam's institutes of research and higher education, three banks, the province of North Holland and the Amsterdam City Council recently signed an agreement to fund a new Life Sciences Centre and Life Sciences Fund in Amsterdam. Elsewhere, the Duisenberg School of Finance (DSF) is an important step in the further development of Amsterdam as a financial center of international calibre. The institute was created in 2008 through a public-private partnership between the finance sector (7 major regional institutions) and the Tinbergen Institute to offer quality, competitive undergraduate programmes. Its appeal lies in its combination of academic theory and professional expertise, offering students exposure to both international experts and network opportunities in the field.^{cxxxvii}



To further the city's attraction to talented learners, Amsterdam recently introduced a unique undergraduate programme for September 2009; Amsterdam University College (AUC). By association with the city's two universities, its founding institutes, AUC brings a rich amalgam of research knowledge to its new curriculum with which it hopes to attract the best international minds. The focus is a full-time, three-year degree in liberal arts and sciences, taught solely in English in small groups, with one-on-one tutorial assessment. With the AUC, the city aims to hothouse and optimise student potential to shape a future generations of leaders.

Attracting International Visitors

Hosting new international events is a key element of Amsterdam's strategy to attract more international visitors to the city. An Amsterdam Topstad fund has been created which will be used to support nine large scale events that will contribute to the international profile of Amsterdam as a creative, innovative trading city. They are:

- Art Amsterdam 2007 – around 125 galleries from the Netherlands and abroad exhibit contemporary art
- Dream Amsterdam – an annual art event
- Holland Festival – a festival of dance, literature, fine arts and theatre
- Picnic 2007
- Amsterdam Underground Festival
- Creative Fashion City Amsterdam
- Amsterdam World Book City 2008-09
- Amsterdam India Festival.

To attract more international tourists the Hermitage Amsterdam opened in June 2009 as a "major new European cultural destination"^{cxxxviii} The museum will exhibit loans from the famous Russian Hermitage Museum in St Petersburg:

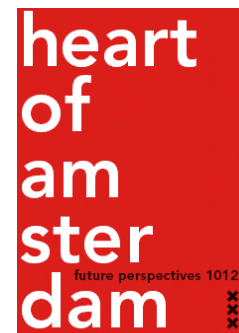
One of Amsterdam's major mechanisms for attracting a new type of international visitor is the improvement of public space to transform Amsterdam's occasional image for having seedy crime-ridden central districts. The ambition, announced in late 2007, is to turn postcode area 1012 into a safer, more beautiful and liveable area over the next decade. Proposals to that end are set out in the Strategy Memorandum Coalition Project 1012; Heart of Amsterdam. The Coalition Project 1012 is an extensive project that will have far-reaching consequences for entrepreneurs, residents and visitors. The overall project has three prongs:

- 9 key alteration and commercial development projects in important locations in postcode area 1012 to contribute to the economic development of the inner city, and create an internationally recognised retail hub.
- Enhanced quality of public space, characterised by vibrant streets, parking spaces, street furniture and public lighting
- Street-oriented strategy - reducing and zoning criminal behaviour to increase manageability

International Events

In May 2009, Amsterdam secured the hosting of the first stage of the prestigious annual Giro d'Italia cycle race. This achievement represented the culmination of a long effort by Amsterdam's senior leaders to bring the race to the city, in line with its Olympic ambitions, with a character, culture and scale ideal for the city.^{cxxxix}

Amsterdam's marketers are also looking to turn annual Queen's Day into a major international party. Hosted on April 30 2009, the party aims to appeal to and attract expatriates and international visitors to Amsterdam on Queen's Day and create a world-renowned party which becomes as synonymous with the city as Munich's Beer Festival.



Case Study Initiative: Amsterdam brand strategy to attract international affiliation

Over recent years Amsterdam has had many brand carriers; 'Amsterdam Has It', Amsterdam Capital of Inspiration', 'Capital of Sports', 'Small City, Big Business' and 'Cool City' are a few examples. However, studies have found that the international observation of Amsterdam does not at present match the opportunities, facilities and resources available in Amsterdam to residents and visitors. As one of the world's most uniquely liberal and tolerant cities, Amsterdam's diversity has often been perceived internationally as a licence for permissiveness and anarchy. Given the clash between the liberalism of Amsterdam and the social conservatism found in many pockets elsewhere, Amsterdam's challenge is to broaden the city's identity so that its appeal can be more wide-ranging.

As such in 2005 Amsterdam launched a decisive brand strategy to increase international affiliation: 'I amsterdam'. The I Amsterdam brand programme has operated in close linkage with the Top City: Top Stadt, which are together central to Amsterdam's effort to build profile, identity and affinity.



I amsterdam is the city's new motto, a new brand for the city and people of Amsterdam. Focusing on openness and international diversity, I amsterdam is designed to show the making of a clear choice for the city of Amsterdam, to show pride, confidence and dedication. It will be one of the instruments used to establish Amsterdam's name in the world, connecting both domestic and international populations with the city's *real* diversity. I amsterdam repositions and redefines the city by explaining that tolerance does not equal a lawless free-for-all, but in fact has distinct urban benefits. Namely tolerance is economically valuable, generating increased tourism, trade, entrepreneurship and innovation. These symptoms of a tolerant society demonstrate, according to I amsterdam's message, that tolerance can be synonymous with, even a precondition for, a very high quality of life. In this



sense I amsterdam is not so much a political slogan to create or give the impression of an unrealised inclusiveness; rather it is an emotional expression, reflecting pride of what the Amsterdam experiment has achieved, clarifying its potential, and demonstrating it represents nothing to fear and in fact may offer a model for urban livability in multicultural times. I amsterdam can be seen as an example of a brand which overcomes aspirations to social cohesion, and expresses confidence in the city's own inclusive agenda which has been operational for several centuries now. The I amsterdam manifesto states:

'the people of Amsterdam are Amsterdam.

The diversity of Amsterdam's business community, the differing backgrounds of its residents and the wide and innovative perspectives of its citizens are the lifeblood of our city. Therefore we the people of Amsterdam, wish to speak for the city of Amsterdam.'

The choice of the specific slogan was based on the assessment that it is clear, short and powerful. 'I amsterdam' is thought to be easy to remember. The goal is for many organisations, institutions, companies and events to be able to benefit from the new brand, however not in an unrestricted manner and not in any form desired.^{cx1} The IAmsterdam brand values which all of Amsterdam's stakeholders can utilise are thought to reflect creativity, spontaneity, commercial spirit, international openness, innovation, productivity and sustainability. These notions are of a much deeper philosophical hue than many branding exercises, reflecting a certain DNA that Amsterdam is thought to possess, one that arguably was planted in New York (formerly New Amsterdam) in the seventeenth century.

The IAmsterdam campaign uses billboards, t-shirts, a 'Whats On' website and a City Card scheme which provides over 30 free and 20 discounted offers on major tourist attractions and restaurants, to increase brand awareness. Although carried out on a modest budget, the I Amsterdam and Creative City marketing campaigns appear to be conceptually advanced and have achieved strong recognition in the public's consciousness.

I Amsterdam operates within the broader Amsterdam Top City Programme, which has eight priority strategies aimed at stimulating the private and public sectors to cooperate in order to reinforce the international position of the city. Amsterdam hopes to have achieved Top City status by 2030.

The priority strategies can be divided into three types of activity: removing obstacles, setting up activities that will make a difference and Amsterdam's marketing qualities:

A. Removing obstacles to Top City

1. Optimal assistance to expats
2. Building an open and hospitable city

B. Making a difference

3. Developing top quality educational courses, 'Harvard on the Amstel' (see below)
4. Assisting (developing) creative talent and cross-overs
5. Optimizing the IT infrastructure, content and applications
6. Stimulating knowledge validation and business orientation in Life Sciences
7. Amsterdam as sustainable city

C. Marketing the city's qualities

8. Profiling the city as a center of city events and applying marketing

Although the Amsterdam Top City plan was conceived by the City Council, a variety of private sector participants, including Schiphol, KLM, MTV, ING, Rabobank, ABN AMRO, Cisco, KPMG and Price Waterhouse Coopers have become involved in various initiatives associated with the strategy. The initiatives of these parties are all aimed at strengthening Amsterdam's competitive position.

A quick start was made with 18 initial projects which were selected from around 170 proposals. These first projects, plus a number of additional initiatives, are now doing very well. Amongst the initiatives currently underway as part of the Top City strategy are:

- Setting up a business model for a Creative Industry Bank.
- A focused strategy for the more efficient acquisition of Indian companies.
- A marketing strategy for Science Park Amsterdam.
- A plan to involve the region more effectively in the Amsterdam Top City program.
- Supporting young creative talent.
- A Strategy for Realizing a 'Harvard on the Amstel' (see below).

All Top City projects are co-financed by partners in the business community, regional government and national government, or by European resources, and they can become self-financing over a period of time. This means that the projects must receive a broad support base, which in turn will help to ensure their continuation over the long term. Financially, approximately half the costs of the I Amsterdam brand campaign have been absorbed by the city's private sector. The brand has received considerable support among city companies and residents, and has successfully brought together lots of creative ideas from the community as the brand evolves along its own course and uses new media to communicate with newly digitally aware populations.

I Amsterdam offers an example of how an international brand can unify and capture the spirit of a city while allowing the city itself to interpret and translate the brand in its own image. All promotional agencies and bodies looking to attract people now use I Amsterdam as their primary tool, as the brand receives much more co-investment. While the city of Amsterdam owns the I Amsterdam strategy, it is

the very essence of the brand that others use it, notably SMEs and larger firms. The combined usage of the private and public sector aims to mean that the brand momentum is irreversible. The brand ethos is that continuity is vital, that city branding needs long-termist ideas with consistent financial support. In this respect the city needs to improve the visitor and corporate experience consistently to match the progressive ambitions of I amsterdam. Furthermore the brand's future and stability is secured by the low political risk it entails, given that it has full bipartisan consensus which is important for brand stability. With around 80% of Top Stadt initiatives already in motion, Amsterdam is an excellent illustration of how a city's internationalisation programme can build the case for its own inimitable brand.

Achievements

In terms of measuring the success of I amsterdam within the broader programme of Top Stadt, such an ambitious branding overhaul may take two decades to produce results of affinity, with the programme itself stressing the significance of the long-term benefits of branding. Initial indications suggest that more companies are beginning to locate European headquarters in the city, while more visitors and international students have arrived in the past two years. The brand has driven a new openness to students, and provides a prominent platform from which the city can be viewed. I amsterdam aims to give all these stakeholders a stronger sense of what the city really stands for. The city government accepts that to keep pace with the brand's ambitions, reforms will have to be made, notably in making universities more open to internationalisation.

There is some evidence to suggest that the re-branding may be continuing to secure Amsterdam's privileged identity in the European city network. In August 2008 a study by Saffron consultants which ranked Europe's largest cities based on a comparison of their assets and attractions against the strength of their brands, placed Amsterdam joint 3rd in terms of brand strength, whilst its asset strength ranked it slightly lower at 5th.^{cxli}

9. Zurich

Zurich is one of the smallest cities vying for world city status, but at 360,000 people is still the largest city in Switzerland and the country's business centre and most significant wealth generator. Its 1.7 million metropolitan population lives in one of central Europe's most densely populated regions across an area slightly larger than Greater London (2,100km²).

As Switzerland's economic metropolis. Zurich's economy rests fundamentally on the long-existing strength of its financial services sector - the city is one of the world's most important financial centres, frequently ranked in the top five by some indexes. The region is also gradually emerging as a high technology hub, hosting extensive clusters in ICT, life sciences and advanced information systems, all of which are enabling a diversification away from finance. The manpower for these industries is cultivated at the Swiss Federal Institute of Technology and the University of Zürich - which are both among Europe's premier knowledge centres. The city's cross-sector strength is responsible for among the highest net average wages in the world. Zurich's attraction for experienced knowledge workers is also linked to its strong recreational and cultural offering, with the wider region acknowledged as one of the world's greenest and cleanest, combined with close proximity to the Alps. Zurich's reputation for finance is matched by its distinction in high-culture. The city's socio-cultural excellence is the result of far-sighted city leadership focused on constant renewal and innovation, a leadership also proactive in launching international collaboration on a number of themes.

Despite Zurich's outstanding performance on so many indicators, the city still faces a number of obstacles to success in the twenty-first century. In particular, its long-term status as a world-leading finance centre is threatened by the eastward shift in financial strength and the growth of sovereign wealth centres in the Middle East. A key task for policymakers is to harness potential as an information and creative city. In terms of infrastructure, demand for housing has dramatically exceeded supply for over a decade, with the aging housing stock not replaced in sufficient quantities, causing a shortage of affordable housing. Elsewhere at the margins, Zurich is still one of the drug capitals of central Europe, with extensive drug trafficking and consumption a recurrent concern.

KEY AREAS OF GLOBAL STRENGTH

Stability as a wealth management hub – Zurich maintains an excellent reputation as a reliable location for banking and insurance institutions which underpin the entire city-regional economy.

Openness and internationalisation – vigorous international networking, an open business environment and deliberate cultivation of cultural diversity are Zurich's leadership hallmarks. Its foreign population is assimilated with great expertise, producing a distinct absence of ethnic tension.

Exceptional urban livability - standards of health, education, safety, and environmental quality are exceptional in Zurich, which along with generally high incomes, offers local residents and international workers almost unparalleled livability.

Comprehensive internal and external connectivity – Zurich's co-ordinated system of rail, bus and tram networks that span throughout the commuting districts is highly impressive. International links are numerous and more efficient and reliable than comparable European finance centres.

KEY CHALLENGES TO GLOBAL COMPETITIVENESS

Overdependence on the financial sector – with around a quarter of the city population typically employed in finance roles, Zurich's employment and tax revenue is especially vulnerable during serious ruptures to the financial system.

Lack of political, economic or ideational influence – Zurich's potential is limited by the small size of the central city and its concomitant inability to produce ideas or images that have global resonance.

Small size of creative industries – the creative and cultural sector is emerging fast but is still quite minor and does not function as a self-conscious and productive cluster, resulting in a lack of suitable infrastructure for a future world-class hub.

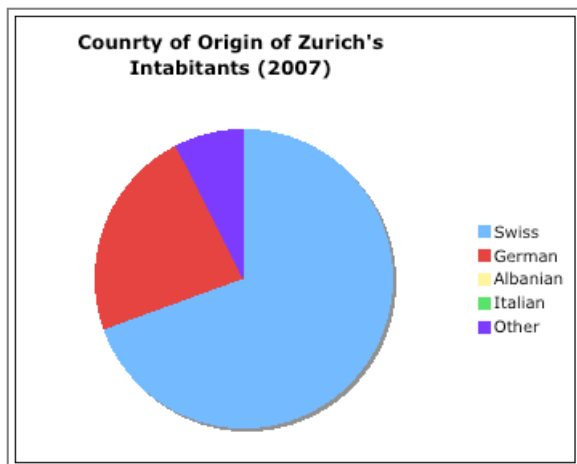
Housing affordability – a chronic under-supply of housing in the city’s central areas is pushing middle and low-income earners towards the city’s periphery, with plans to improve the situation undermined by administration and bureaucracy.

Current Degree of Internationalism

Zurich has an outstanding global reputation, both as a stock exchange and as a location with an all-inclusive range of financial services. Zurich’s geographical location is a decisive factor in the city’s international dimension. The airport and the high-speed railway network connect Zurich to the rest of the world and to Europe’s large cities. Being at the heart of Europe guarantees short distances between a large number of major European hubs. Switzerland’s tiny size makes it, and the cities within it such as Zurich, more international than their larger neighbours. Companies and populations in Zurich find it easier, and more necessary, to look outside national boundaries. Zurich’s international success can also be attributed partly to the highly devolved nature of Swiss government, and therefore the self-reliance and autonomy of the canton to pursue the credentials and environment for international business competitiveness. The devolved structure is responsible for a strong ethic of can-do success among the canton leadership.

Diversity-wise, over 30% of Zurich’s 360,000 inhabitants are non Swiss, the majority being German, followed by migrants from Albania, Italy and Kosovo. The city is also extremely multilingual. It is estimated that of the city’s working inhabitants, 60% speak German 43% English, 30% French and 13% Italian. 26% of the population speak German, English *and* another official Swiss language.

Zurich is home to many international financial institutions and is one of the world’s largest centres for offshore banking. Its stock exchange has an impressive global reputation. Swiss banks manage a third of the world’s cross border invested assets and over a third of Swiss banks have their registered offices in Zurich. UBS, Credit Suisse, Swiss Re and Zurich Financial Services are amongst the international financial institutions which have their headquarters in Zurich. The city is also the third largest insurance market in the world.



Internationalisation Strategy

Zurich does not have an explicit document of strategic internationalisation or a set of targets related to specifically international companies or populations. Instead its internationalisation strategy can be seen as deriving from its clear economic strategy. This strategy aims for Zurich to be a world leader in three areas – advanced financial services (including those services that benefit from Switzerland’s neutral status), science (pharmaceuticals and biotechnology) and, most recently, creative industries. These overarching ambitions inform Zurich’s efforts to attract investment, talent, organisations and visitors.

Attracting International Investment

Many international corporations are attracted to Zurich as a result of its attractive corporation tax rates. In the KPMG Corporate Tax Rate rankings 2009, Zurich was placed sixth worldwide, and third within Europe. In 2007 Zurich was placed 2nd worldwide. Total tax revenue stands at around 30% of GDP, compared to 40% in the 15 original EU countries. Switzerland has the lowest VAT rate of any country in Europe. The normal rate is 7.6%, necessities are taxed at 2.4% and services such as medical care and education are not taxed at all^{cxliii}. This is a significant attraction for both international firms and international workers.

In Zurich there is exceptionally little administrative effort associated with completing tax returns. The city's highly modern and efficient administration co-operates directly with companies. Many international companies are taxed at very low rates, depending on their their company structure; and in special cases, for example when a new company is founded which will bring significant economic benefits, the cantonal tax authorities may grant tax concessions for a ten-year period^{cxliii}. There is also a practice across Swiss cantons of exempting tax on company profits generated outside of Switzerland.

The city also has liberal employment laws. Swiss employment laws are much less regulated than those of the EU states: wages are often negotiated individually. The handling of work permits is uncomplicated - citizens of non EU countries may obtain a work permit depending on the current employment market situation in their particular employment sector. Companies can apply for these permits online.

Zurich is particularly successful in attracting ICT investment. The Financial Times nominated the city as the best ICT location of 89 European cities. Decisive factors included criteria such as broadband operations and speed as well as proportion of mobile phone users in the population.^{cxliv} The IBM Research Laboratory, Google European Research Centre and the Microsoft Development Centre have established themselves in Zurich.

Amongst the international firms which have relocated to Zurich in recent years is US food giant Kraft which moved its European headquarters to the city from London and Vienna.

The **Greater Zurich Area AG** is a non-profit public-private development agency in charge of promoting and marketing the Greater Zurich business region internationally. Set up in 1999, Greater Zurich Area AG promotes awareness of the Greater Zurich Area in



selected markets and lines of business, encouraging foreign companies to settle in the region by providing a bespoke package of project evaluation and ongoing support. Its aim is to improve Zurich's competitiveness as a business location and create jobs in emerging technologies and industrial sectors, by attracting the best quality knowledge workers from abroad and thus importing expertise into the area. It has full links with all local and regional partners, including business promotion agencies and providers in industry, science, education and tourism.



Greater Zurich Area AG helps create the ideal company structure and identify possible tax savings in close collaboration with tax professionals. It has specific expertise in **Life Sciences, ICT, hi-tech and headquarter structures.**^{cxliv}

The Greater Zurich Area AG is funded by the Cantons of Aargau, Glarus, Grisons, Schaffhausen, Schwyz, Solothurn and Zurich, the cities Zurich and Winterthur, as well as 12-15

private firms.

Zurich has benefited from early embrace of the internet technological age, which has given the city-region a headstart in attracting ICT firms. The region's long-standing openness to new technologies and innovation has been a key enabler of the IT boom. Alongside innovative industry leaders such as Google, IBM, and Microsoft, a new generation of SME IT start-ups has emerged that has the potential

to match Silicon Valley for density and innovation. Of the 211 finalists in Red Herring's 2009 100 Europe awards for business technology distinction, 12 were from the Greater Zurich Area. Several key factors explain the recent success of IT start-ups in the region: the high-standard internationally-recognised education, world-class technological infrastructure, a stable political-economic environment, and a cosmopolitan mindset based on acceptance of entrepreneurial risk.^{cxlvi}

Zurich also has ensured strong proximity between and successful cooperation between business and academic institutions in the ICT sector. The region hosts a sizeable number of start-up initiatives, training programmes and technology transfer sites to complement the substantial federal funding of R&D. Financing initiatives for young entrepreneurs such as the Zurich Cantonal Bank's Startup Finance, or venture kick, a financing programme supported by private equity, have also had vital positive impacts. Spin-offs from Zürich's universities continue to underline the region's status as a centre of technological innovation, even during the economic downturn. In 2008 alone, ETH Zürich spawned 23 spin-offs (6 in ICT), setting a new record. The numerous opportunities for support in education, training, business planning or in finance available from the universities will be a key magnet in medium-term given that venture capital firms are now less willing to invest in new projects.

Zurich's Microsoft Development Center is also a powerful magnet for developers, specialised service providers, and independent software companies that create business solutions. This indicates the importance of infrastructure for big business when attracting niche sectors. Big industry players such as Microsoft, Google Zurich, and the IBM research laboratory are powerful drivers for the IT industry in the region, capable of recruiting top graduates from the local universities, which in turn heightens the appeal of the local universities for top international research talent.

Other success factors endemic to the Greater Zurich Area include flexible labour contracts, which help new companies in their embryonic stage of growth. Extremely liberal labour laws considerably reduce risk for start-ups. Secondly, the educational strength in management and strategy in the region guarantees that ICT firms will base their operations out of Zurich while outsourcing less profitable functions elsewhere.^{cxlvii}

Attracting International Institutions

Just as Amsterdam has missed out on becoming home to many international institutions owing to the presence of its close neighbour The Hague, so too has Zurich missed out due to the proximity of both Geneva and Basel. Geneva is a worldwide centre for diplomacy and international cooperation, and as such is home to many international organisations such as the Red Cross, many of the agencies of the UN, CERN (the European Organisation for Nuclear Research) and EFTA (European Free Trade Association). Basel, on the other hand is recognised as an important pharmaceutical and financial centre, and is home to (amongst other institutions) the Bank for International Settlements. As Zurich is not the capital of Switzerland, it also fails to draw international institutions through the prestige associated with a capital city.

Attracting International Populations

Zurich offers its inhabitants an enviably high quality of life – it is repeatedly placed in the top five cities worldwide by the consultancy firm Mercer. As such it performs very well in attracting international populations – particularly to work in the industries of finance, pharmaceutical/life sciences, and high-tech – even in the absence of targeted campaigns (see case study). European executive search firms report the ease with which top managers are convinced to relocate to the region, with foreign companies doing business there confirming that Switzerland is a strong selling point for attracting top managers.^{cxlviii} Executive search firms identify around 50% of the highest-ranked managers are attracted from abroad, mainly from Germany, England and the US, but also from Holland and Australia.^{cxlix} A German study published in 2008 found Switzerland the country with the greatest appeal for foreign executives, with an intra-European 'net talent import rate' of 42%.

The city's excellent infrastructure and transport links are well documented and also add to the city's draw. The diversity of culture has led to the opening of offices and research centres of many

international corporations such as IBM, Google, UBS and Microsoft, which in turn has drawn more international populations to live and work in the city. The number of people working for Google in Zurich has doubled since 2007, to make the base Google's biggest outside of the US.^{ci}

In July 2009 however, voters in the canton of Zurich decided to end tax breaks for rich individuals from the beginning of 2010. The vote is seen as a backlash to the global recession.^{cii} The tax break had allowed wealthy inhabitants to pay tax not based on income or wealth, but rather calculated against the rental value of their homes. It is yet to be seen whether the change in tax law will cause international populations to leave the city; however it will almost certainly have an impact on the further attraction of international populations.

Switzerland's primary disadvantage would seem to be its exclusion from the European Union, which means extra paperwork and human resource headaches for international companies operating there and doing business with Europe. However, new bilateral agreements with the EU will soon make European expatriate hires and transfers easier.

International Students

Zürich is a nucleus for learning and knowledge, and its excellent universities are a draw in themselves to international students. The city is home to two world-class universities: ETH Swiss Federal Institute of Technology Zürich (ranked 5th in Europe) and Zürich University (ranked 13th in Europe) which produced 21 Nobel Prize winners. Newsweek Magazine in 2008 gave the Swiss federal Technical Institute of Zurich a higher classification than all the other colleges in Continental Europe, while the Shanghai Jiao Tong list of world university rankings adjudge it the best university in the German-speaking world. The Institute is currently a place of study, research and work for 18,000 people from 80 nations, and is a key reinforcer of the city's international charisma.^{ciii} The ETH Zürich produces some of the world's top engineering talent, which nourishes the ICT sector.

Across the Zurich metropolitan area, a dense network of science parks, with numerous private and public research facilities, are a key attraction for highly qualified research students. The Pedagogical College, the Zürich University of Applied Sciences (ZHAW) and the Zürich University of the Arts (ZHdK) are another three high quality technical colleges which contribute to Zürich's reputation as a knowledge and research pole by providing applied R&D. In Zurich University, 15% of the 24,000 students come from abroad.

In total 50 research and technology centers are located in the Greater Zürich Area, e.g. Swiss Re Center of Global Dialogue, IBM Zürich Research Laboratory, Google European Engineering Center, Microsoft Developer Center, Gottlieb Duttweiler Institut GDI. Switzerland has the highest proportional expenditure on R&D of any country in the world after Sweden, indicating Zurich's prodigious output.^{ciiii}

New York University's renowned Leonard N. Stern School of Business introduced a new executive MBA degree program to Zurich in collaboration with the Swiss Finance Institute in 2009.

International Visitors

Zurich is already Switzerland's biggest tourist destination, and is seeking to broaden its appeal to new groups of tourists. The city hosted EuroPride in June 2009, Europe's largest gay and lesbian culture event. Zurich was selected over Mannheim and Tel Aviv to be host city in 2009. The celebrations usually only lasts one week, however Zurich decided to extend the 2009 festivities to five weeks. The event attracted travelers from as far as California and Australia^{civ}. Switzerland Tourism produced a 32 page brochure to encourage visitors to attend the event.

The city's biggest challenge in attracting international visitors is to shake off its 'grey image' and traditional associations with banking and business. Hosting international events is seen as one means of doing this – the most notable event held in recent years was the Euro 2008 football tournament. The tournament was held jointly in Austria and Switzerland, with Zurich being one of the key host

cities. Another obstacle to attracting international conference visitors is the lack of a modern congress centre in the city. Such a building is planned, but still seems far from fruition.

Case Study Initiative: tax and quality of life incentives for international talent.

Zurich’s attractive tax and regulatory climate for talented workers is arguably its most distinctive driver to internationalisation. While the city has often been labelled as tax haven, Zurich has always pursued a high quality of life agenda, and its cultivation of a highly distinctive tax regime has occurred within a framework of demanding high quality of life as an initial precondition. The city’s domestic and international populations expect high standards of infrastructure, and the city government has sought to attract high wage-paying high-profit companies. Zurich’s internationalisation efforts occur within the context of trying to achieve a world-class quality of life, high levels of investment, and strong cultural dynamism delivered in a wider regime in which tax rates are comparatively low but sufficient to guarantee the original strengths. It is notable that Zurich’s low *aggregate* taxes have not resulted in low levels of investment which might have undermined the quality of services and infrastructure in the city-region.

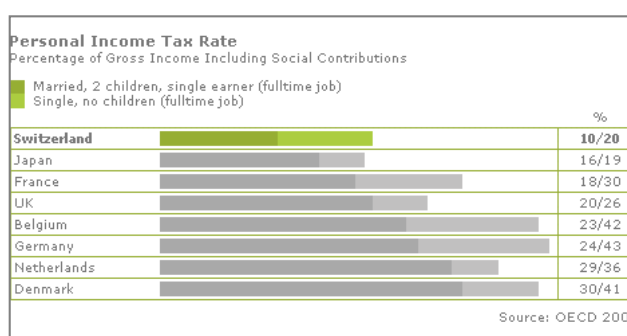
Tax and quality of life factors for talent

Zürich continues to develop and attract top talent; the quality and quantity of the existing workforce and the ability to attract top international talent are prime locational factors. In industries where many engineers are needed, such as R&D, precision mechanics and chemistry, the proportion of foreigners in the Greater Zurich Area is between 35-40%. Because of the availability of a highly skilled workforce, the Zurich city-region competes well with some of the best cities in the world, attracting more and more dynamic and innovative companies, which then enhances the region’s supply of human capital. Aside from a high quality of life, UBS has found that Zurich inhabitants had the greatest purchasing power of any city in the world in 2008.^{clv} International populations are also attracted by the low tax levels in the city. Depending on the canton in which they live, the tax burden upon any individual will not amount to more than 35% of their income. There are also tax exemptions for business expenses, insurance premiums and potential tax deductions. Furthermore, the tax return process is held to be one of the simplest in Europe, involving very little administrative effort.

Zurich’s concentration on what might be called ‘people factors’ has resulted in a wide range of world-class provision for international calibre business and creative classes. There exist an impressive range of amenities amidst strong cultural diversity and a highly multi-lingual population where English is spoken to a very competent level. This latter development is a highly popular spur to internationalisation in the city.

Switzerland has a three-tier tax system with taxes levied nationally, at canton-level and by the municipalities. This has led to a state of competition among the cantons and municipalities and is one significant reason for Zurich’s low taxes. Initially both the direct federal tax and cantonal and municipal taxes are assessed by the Cantonal Tax Administration office in Zurich. Direct municipal taxes are not levied separately, but are derived as a percentage (municipal tax factor) of the so-called basic cantonal tax and included as a surcharge on the same tax invoice. In the international competition for tax advantages Zurich and Geneva lead the field jointly, followed by Amsterdam, London, Stuttgart and Munich.^{clvi}

The rate of cantonal income tax increases progressively in accordance with income. The steepest tax rate for single people peaks at a maximum rate of just 11.5% at a taxable income of CHF 712,500, indicating the highly favourable tax burden on medium and high earners. Married couples jointly pay taxes on their combined income



and enjoy a lower tax rate than non-married couples with similar incomes. Special rates can be applied to citizens from other countries: foreign workers who do not have a permanent residence permit (so-called C permit) are subject to taxation at source as are others who have no domicile or right of abode in Switzerland. The latter category applies to performing artists who live abroad and who come to Switzerland for a concert or public appearance. As a rule taxation at source replaces the regular procedure of taxation by the Federation, the cantons and municipalities. In general however, there is not a two-tier system of incentives which separates local residents and foreigners, which is seen locally as potentially politically volatile. Instead there are reduced tax demands in targeted areas which suit the city-region's economic needs, areas such as science and medical-related research and development. Given that R&D already has a leading position in global value chains, there are very proactive programmes to attract new talent in these areas, including packages for relocation.

Another important factor, sometimes overlooked, is the cosmopolitan composition of the region which ensures cultural and communicative diversity, alongside a general adherence to the Swiss ideals of consensus, teamwork, tolerance and willingness to compromise. In addition, high-quality international schools, the widespread use of English as a lingua franca, safety and the extremely attractive countryside are all pull factors that are well harnessed by a lean and effective city administration. The prevalence of international schools has made Zurich a very easy place to mix and communicate. The city administration has sought to create a critical mass of English-speaking, well educated and culturally-demanding individuals driving high achievement in all areas. Tax is only one (highly effective) aspect of this ambition.

Tax and quality of life factors for multinational firms

Zurich has had a clear agenda to be attractive to companies from abroad, as has Switzerland more generally, but the city does not especially target international talent and targeted campaigns are not part of its *modus operandi*. Rather the city more simply provides a compelling general framework in which international firms can operate. The tax regime is designed to retain as well as attract talent within the city-region, with canton competitiveness appearing to feed back on international competitiveness. More generally, the company attraction factors include a high quality of infrastructure, high rates of investment, the provision of a highly-skilled workforce, and a appealing tax rates. Zurich has identified a clear symbiosis between the aspects that attract people to the city and those that attract companies.

At cantonal level, corporate income tax rates are between 15-25%. Thanks to the liberal Swiss tax laws, the city-region is able to offer custom-tailored tax solutions. The city and canton administrations assists with a thorough selection and design of company structures to reduce the effective tax rate to below 8%, depending on the location, line of business and company or corporate structure.

The most frequently used instruments and models of tax optimisation in the city-region are advance tax rulings, tax relief and tax-privileged corporate structures. Companies can request a binding advance ruling on the effective tax charge from the fiscal authorities, potentially winning tax exemptions. The canton and municipal tax authorities are permitted to grant tax incentives for newly established businesses. The amount of the incentive depends on location, type and amount of investment, value creation and the number of jobs created. Negotiations between companies and business-friendly authorities are usually concluded within two weeks to two months.

Multi-national companies can substantially lower their group-wide tax burden by setting up a regional headquarter or a service centre in the city-region. Headquarters in Switzerland often serve as interface between the parent company and its international business, most of which is generated abroad and taxed in Switzerland.

Zurich also offers excellent benefits on holdings; holdings are only subject to federal taxation; income from dividends, capital gains from non-eligible holdings, interest, licensing fees and similar income are taxed at 7.83%. With the exception of cantonal tax on capital up to 2%, no other taxes are charged at canton or municipal level, which is a considerable gain.

Finally, Zurich provides large incentives to relocate their base to the region. Companies that move their administrations there can apply for the tax privilege of the mixed company. Mixed companies enjoy a strongly reduced tax rate of 8-12% on income generated outside the country. There is also the possibility of reduced federal taxes and exemption from cantonal taxes on the dividends and capital gains from eligible holdings. Managing and operating a mixed company in Switzerland makes it possible for firms to have a presence in the European market with the operative and commercial side of the business, but being taxed entirely according to Swiss law.

Conclusion

Overall, tax incentives on their own cannot account for Zurich's international population story. Zurich has operated in a national system distinctive because of its historical evolution, political neutrality, and use of temporary immigration whereby workers have been absorbed for time-limited stays. Zurich has sought to cultivate business sectors that generate high incomes that can support a high investment environment. While immigration is strict by most EU standards, Zurich's international population attraction seeks to create a clear value proposition economically. By strictly prioritising the influx of high-income, highly skilled immigrants, Zurich's administration has managed to minimise the burden on its social provision and continue to concentrate on quality of life factors. Embedded in Swiss general thinking, Zurich's tax and quality of life proposition is an interesting lesson in remaining comparatively attractive and demonstrates the role of tax policy within a wider strategy of prosperity and internationalisation.

10. Lessons Learned.

10.1 Why and how do some initiatives work? What are the success factors of such initiatives?

The success of initiatives in the pursuit of attracting international populations and internationalisation more generally has been mixed. A major challenge is achieving coordination among the different stakeholders in getting strategies to work. International-facing initiatives may fall under the overall responsibility both of municipal departments concerned with tourism promotion and communication, and economic development and strategic planning agencies.

Often there is no formal structure that coordinates initiatives between departments, with initiatives frequently conceived and implemented individually by narrowly-focused departments. Initiatives to improve international investment in cities such as Frankfurt and Toronto have in the past been blighted by overlapping marketing agencies and local rivalries, but both have subsequently achieved success by finding common ground and resolving fragmentation, gaining the critical backing from the majority of marketing and financial institutions.

In general, a unified approach to attracting new talent and business is better achieved when the office of the city Mayor has an ultimate responsibility in implementation of programmes. Overall, though, very few cities have yet set up agencies specifically tasked with improving the city's openness to international populations.

As part of this co-ordination complex, large cities need to consider the role of the city-region in the long-term capacity of the urban area to host international populations and firms. Often strong initiatives fall down because there are no mechanisms for ensuring the area outside the city boundaries can provide the appropriate R&D, public spaces, quality housing, and commuter facilities that are needed to retain a large knowledge worker base, and the relevant municipalities are not included in the internationalisation efforts.

Furthermore, the city and region may not collaborate properly at making a complete city branding proposition. In cases where this situation is a risk because of unfavourable and sclerotic administrative boundaries, successful cities have created regional private economic development organisations working towards developing shared regional initiatives. Internationalisation as a coherent and co-operative region rather than as competitive counties or areas minimises inefficiencies and unhealthy internal competition.

Initiatives to improve marketing, investment conditions, and internationally-demanded quality of life typically require an integrated approach and a robust engagement with the private sector. Indeed, encouraging business leadership of these efforts has proven highly profitable.

Efforts to form trading and investment promotion offices in international locations are often best carried out by an arm of the city's marketing structure that is led by senior firm executives, as London's experience has shown. Efforts to involve the private sector in collaboration remain few and far between, but are usually found in North America. In North American cities such as Miami, there is often an inventive collaboration between a private-sector run development agency, public tourism bureaus, and stand-alone firms. Together these actors can leverage resources, using the capacities of each other to build up a critical capability. In cities where the business community has been at the centre of defining city strengths and unique attributes to position for globalisation, there has generally been a more direct and assertive response to the threats and opportunities associated with attracting and retaining international populations.

Ensuring that one's profile-raising initiatives tally with the reality of openness is a notable determinant of success. Some cities have achieved success in institutionalising a certain global branding approach, but have so far failed to extend this institutional parsimony to the overall offering aimed at attracting diverse populations.

New York is the prime example of this case; its forward-thinking integrative and financing approach to marketing has not been matched by reducing barriers to entry and retention of international knowledge workers and students. As a result, the city has fallen behind London in terms of openness in recent years.

On the other hand, Singapore's marketing and branding proposition is affirmed and operational throughout the governance structure, resulting in policies that complement its ambitions. Of course, this often raises questions of governance limitations and relationships with national government, but nonetheless there are implications here for the operationalisation of internationalisation objectives.

10.2 What lessons can be learned from them for other cities seeking to internationalise?

Why, fundamentally, should cities consider drawing up an internationalisation strategy of some sort if they have not already? An explicit internationalisation strategy, such as that found in Madrid and Singapore

:

- (i) Creates a single, coherent framework within which all other development policy can be set.
- (ii) Sends a clear message to local, national and international stakeholders about what the underlying philosophy of the city administration is in relation to the mega-trends associated with globalisation.
- (iii) Creates an environment of confidence and stability whereby stakeholders can act according to well-defined long-term goals and pathways.
- (iv) Ensures that all aspects of the city administration are working towards the same long-term targets.
- (v) Helps the city to achieve its full potential and enjoy the maximum benefits from a globalising world.

10.3 The formulation of an internationalisation strategy:

The internationalisation strategy should be explicit. In order to go about formulating an internationalisation strategy in the best possible way, the first point is almost as simple as that; given the choice between an explicit strategy or implicit elements of lots of other strategies, a city should aim to produce a single, dedicated strategy whose sole aim is to establish the city's internationalisation pathway. This will make all of the lessons below significantly more achievable. **Madrid** is the clearest and best example of this, but **Singapore** is also a very good case in point.

An internationalisation strategy should aim to be as holistic as possible. To be fully successful, orientating a city towards the international arena requires focussing on more than just one or two aspects of city life like its economy or value as a tourist destination. Population, international relations, emerging markets, city image, international institutions and global events are all important elements of what is required to be a successful international city. Each city will, of course, emphasise different strengths amongst these categories, but attempting to consider all of them in some shape or form is an important prerequisite for drawing up a very successful internationalisation strategy. **Singapore** is a useful example for showing how many different policy areas can be tackled by the same, broad strategy document.

Clear targets should structure the strategy. With holism being a key aim, there is a lot to consider here. As such, clear targets help to structure and ground what might otherwise be a less-than-constructive, abstract strategy. Targets do not necessarily have to be quantitative to be useful. The **Turin** case study demonstrates this point well.

The city administration should move quickly and significantly beyond rhetoric. 'Internationalisation' is quickly becoming the new, fashionable buzzword for cities and many are therefore using it to describe policy documents or strategies that simply do not compare to true, dedicated

internationalisation strategies. There is also a danger that talking of mega-trends to do with globalisation can lead to the abstract, since concepts can be 'big' and unfamiliar. In light of this, city administrations should aim to achieve tangible results as soon as possible. At the very least, this provides a platform from which a process of 'trial and improvement' (in terms of what is best for the city in question) might be adopted. The leaders of **Abu Dhabi** have learnt quickly from their own and others' mistakes in this area and are now internationalising with distinct and shrewd positioning.

The formulation of the strategy should be based on research and analysis. The most successful strategies work to the city's strengths and weaknesses but these may well not be adequately understood without extensive research being done beforehand. Many cities looking to make the most from an internationalisation strategy carry out SWOT analysis as a means by which to structure their policy and this certainly focuses all involved on pre-defined areas to target. We return to **Madrid** here as the best example of thorough research underpinning an internationalisation strategy.

An underlying theme of an internationalisation strategy should be 'pro-activeness'. There is too much competition in a globalised world for a city to passively internationalise itself and expect the world to respond in the way that it anticipated. The best results are secured through pro-active strategies that seek out stakeholders that are likely to be most beneficial to the city in question. This may mean physically travelling to meet target groups, or designing strategies that specifically appeal to them. Either way, the onus is on the city administration or their private sector representatives to make the first move, as **Singapore** and **Miami** have shown adeptly.

Policy-makers should refrain from over-complicating what could be a clear, simple strategy. Such a significant, holistic document has potential to become burdensome and unwieldy. Even if information is made readily available to stakeholders, if it is not comprehensible and clearly laid-out, it will not serve as a source of inspiration. Despite the complex nature of the project, an internationalisation strategy should retain the qualities of any good policy document: clarity, succinctness and focus. **Zurich** has shown great clarity with its brief, succinct and effective policy strategies.

Internationalisation strategies should be ambitious. One of the key roles of this strategy is to differentiate a city from its competition around the world and make it more competitive in an international context. This is much more likely to be achieved through the construction of a bold strategy that actually makes a difference to city life. Despite the need for clarity, policy-makers should aim to achieve ambitious, yet attainable, goals. **Cape Town** and **Abu Dhabi**, ambitions as business and cultural destinations are highly impressive in this regard.

10.4 The implementation of an internationalisation strategy:

Use an internationalisation strategy to promote the city's unique assets. Internationalisation is not about standardisation, nor should it be. In fact, a city will only be successful amidst the plethora of competitor cities in the world if it is different and offers unique assets in an attractive combination. SWOT analysis will have offered the city's main strengths and these can be used as a basis for establishing a city's niche. **Amsterdam** is very good at this, rearticulating the city's incomparable bohemian culture in new business-friendly terms.

Allay fears that internationalisation means standardisation. Local resistance to internationalisation strategies is often formed on the basis of fears that internationalisation, or opening up to the global economy, will involve becoming like any other successful city in the world – the city is bound to lose its individual characteristics and uniqueness. As outlined above, such fears must be unfounded if the path the city takes is to lead to its successful internationalisation. Communicating this fact to the local community, as **Turin** has done excellently over the past decade, is important if there is any chance that local resistance will be a problem. Having local support is vital to securing success in any development strategy.

Stakeholder partnerships are a key element to success. Whether it be public-private partnerships or public-community based interactions, a city's internationalisation is best achieved through joint action whereby resources can be pooled and a wider support base generated. **Miami** and **Abu Dhabi** are the leaders among the case studies in this paper for bringing business and civic leadership to the fore to improve creativity.

All efforts to internationalise should be well publicised. Research for this study has included some cities that are very good at communicating their policies, actions and successes and others that make it very difficult for anybody to learn about what might be going on, let alone be informed when they were not looking for the information in the first place. In line with creating an explicit strategy, with clear targets that inspire confidence and allays fears of standardisation, it is crucial that information is easily accessible and, better still, made available to the city community and those abroad even if they did not know they needed to know. Having a well publicised internationalisation strategy is a key step in ensuring the very success of the policy and **Madrid** is an excellent example of how this might work.

The need for monitoring and evaluation is paramount. Ongoing assessment, at regular intervals, is necessary to ensure that the city and its internationalisation strategy are performing to the best level possible. For one thing, the characteristics of the globalised world are never the same from one year to another, so it is highly likely that policies will need to be adapted. Once an internationalisation strategy has been formulated and implemented, there is still work to do to ensure its success and monitoring and evaluation forms an essential part of this. **Cape Town** has demonstrated a strong willingness to monitor, assess and learn in its city-regional frameworks in recent years.

City leadership must be strong, dedicated and consolidated. The lesson that could have come at the beginning or the end of the list pertains to leadership. Managing all of the lessons learned here requires a strong leadership team within the city that can see the project through from start to finish with an appropriately high level of commitment. This often requires a dedicated team within a city administration because the demands of the job can be so high. What is also a distinguishing feature is how consolidated this team is – there are often examples of cities where internationalisation policies are emanating from several different sources and there is no clear central node. This can create a confusing environment that lacks full drive and clarity and often does not achieve the same level of success that more easily identifiable city units can. Miami's **Beacon Council** and Turin's **ITP** are both first-class examples here.

10.5 Lessons for City Leaders.

The following are ten broad, basic principles which can be taken from this paper as general lessons learned that are most applicable to city leadership. What are the ten most important things to bear in mind when developing *your* internationalisation strategy to respond to the challenges of globalisation?

- i. **Internationalisation strategies should be based on thorough analysis and evidence. It is essential to be clear about why the city is seeking to internationalise, what internationalisation is for, and who is supposed to benefit.** It is clearly quite an undertaking for a city to develop an explicit internationalisation strategy for the first time. For this reason, research should not only involve looking at what other cities are doing, but should also focus on your own city so as to establish an as-comprehensive-as-possible review of all policy areas. This will allow the strategy to be tailored to the exact needs of the city and will also provide a basis from which future assessments can measure progress.
- ii. **Identify and foster a niche specialisation in your city.** There are too many cities in the world, all vying for international attention, for an internationalisation strategy to be successful if it fails to differentiate its city. Look at what the comparative advantages of your city are and build a strategy that uses these as its key drivers. If a city can become known as being an international city *that is a world leader for something*, it is much more likely to be successful in the long term.

- iii. **Build a strong, stable business environment.** Regardless of the city's niche specialisation, all internationalised cities need a business environment that can accommodate international firms, institutions and events successfully. If a city cannot support these elements of the global age, it does not have a solid base from which to be competitive. This means investing in infrastructure and people, science and business, government structures and private enterprise.
- iv. **Ensure the internationalisation plan is holistic in nature.** The most successful internationalised cities are high achievers in all of the analytical categories that have been presented in this paper and this is no accident. To class amongst the best in the long term, cities must attract international events, firms, institutions and populations, manage strong international relationships and brands and engage with emerging markets. While these do not all need to be achieved at once, a holistic plan that takes them all into account is an ideal first step.
- v. **Engage local stakeholders.** Creating an internationalised city does not have to be just the city administration's burden – in fact, it cannot be, the job is simply too onerous. All interest groups, from businesses to events' organisers, can and should contribute to an international orientation. Public-private partnerships are a good way of formalising such relationships, but public consultations are equally as important. This really is a case where the sum of the parts is greater than the whole.
- vi. **Ensure that interaction with international actors is mutually beneficial.** City administrations can play an active role in the relationships developed between the city and international 'actors' like foreign-owned businesses, institutions and even populations. Use this role to formally ensure that the interaction is mutually beneficial – i.e. that maximum benefits are leveraged *for the city* as well as for the 'actor'. This might take the form of financial incentives to business that come in the form of residents' training grants, immigration policies that target specifically-needed demographic or skill groups and so on.
- vii. **Promote the benefits of all of this work to the city's people.** A city needs the support of its people to undertake all of the changes that are associated with internationalisation and this can only happen if they are well-informed about why the changes that are occurring are of direct benefit to them. Too often, poor communication can allow local residence to develop where more accessible information would have quickly informed people of the expected benefits of a particular scheme. Internationalisation is supposed to benefit the city's people as much as anyone, so to neglect securing their support is to fundamentally misunderstand the project.
- viii. **Coordinate the city administration so that there is a single, clear source of information.** Many, if not all, different city government offices and departments should be involved in a city's internationalisation strategy making and implementation. However, it is nonsensical for all of these different actors to attempt to communicate their activities individually and without interaction to the public, potential investors or other interested parties. All too often, a city's efforts become diluted through poor accessibility to information which comes about because there are simply too many sources. This leads to a confusing and unproductive environment for those seeking information. Construct a central communication node that can serve as the main portal to information. This may simply re-direct enquiries to the relevant department but it nonetheless plays a vital role in presenting a coherent and effective city strategy.
- ix. **Plan for the long term.** The process of internationalisation is clearly one that will take many years and aims for the benefits to be enjoyed for even longer. This will not be achieved unless the internationalisation strategy builds plans over the appropriate time-frame. It may be more practical to work in smaller time-frames of, for example, five years, but this must be undertaken with the understanding that it is a rolling process that will continue for many more years to come.

- x. **Monitor, evaluate and improve the plan at regular intervals.** Just as there is no fixed or set internationalisation strategy for every city, it is highly unlikely that there will not be room for improvement in a city's internationalisation strategy. A regular monitoring and evaluation process should not be seen as identifying failure as such but as striving to achieve the very best outcome possible for the city and its people. Moreover, it can help to convert the effort input to strategy-making into actual achievement during this highly complex process.

11. Conclusions

Given the vast differences among cities' institutional make-up, economic needs and global urban positioning, there can be no 'one-size-fits-all' approach to what city and city-regional governments can take to ensure that internationalisation and openness work together, or that the internationalisation of a city's economy is both supported by internationalisation of population and is reinforced by it.

Some fundamental conclusions include:

- i. **Internationalisation of a city is very long term process** and not a quick fix. It takes at least 25 years to achieve a coherent phase of internationalisation over two business cycles. It therefore requires cross-party support, active support from higher tiers of government, and engagement of businesses and wider institutions, as well as a long term strategy.
- ii. **It is must be clear what purpose internationalisation is intended to serve.** How will internationalisation improve quality of life and progress on other goals such as sustainability and social inclusion. What role will it play?
- iii. **The city needs to see internationalisation as linked to its history and DNA,** the evolution must be congruent with the history of the place and with the values and aspirations of citizens. This takes excellent communication from leaders.
- iv. **Thorough assessment of target markets and international ambitions.** The city needs a deep understanding of other places, other places relative weaknesses and strengths, so that they can be clear on their competitive advantages and comparative position.
- v. **Comprehensive well-planned data collection,** rather than vague and ambiguous targets, has been shown to be significant in enabling a proper ongoing assessment of the effectiveness of an internationalisation strategy and a international population attraction programme.
- vi. **Removing barriers to short-term and circular mobility.** Cities such as Singapore, Zurich, Miami and others have shown that allowing for shorter periods of international population presence can facilitate the kind of knowledge flows required in a global economy.
- vii. **Coherence with need for specific kinds of workers.** Mobility policies need to fit with other government policy priorities in the realms of infrastructure, housing, social cohesion, and economic sector specialisation. If international populations are drawn in too soon without the relevant infrastructure hardware and cultural software in place, this can create a backlash of complaint that can take years to recover from. Increasing the number of international migrants arriving in a city does not inherently improve innovation and productivity – especially if the economic eco-system does not enable this talent to create and re-distribute knowledge.
- viii. **Internationalisation requires a long term economic strategy.** A city must have a detailed vision of future sectors. What will be the city's offer to talented people in those sectors? Clear detailed strategy
- ix. **There must be a commitment to making sure that the city's own established populations succeed and also benefit** from both internationalisation and the support that international

arrivals enjoy. Cities also have to work very hard on making immigration work at social and cultural level, facilitating diversity actively and making the benefits real.

- x. **Agree long term funding levels and programme durations for attraction policies.** | Amsterdam is an example of a city policy which has overcome political dispute and has assured fiscal and political support for the foreseeable future, thus ensuring stability.

Overall, it appears that internationalisation works well in cities where there are leaders who are prepared and able to take charge of their long term destiny and are able to exercise a high degree of self determination and self reliance. Cities might do this through high levels of collaboration with national/regional governments and with internationalised firms and other institutions that they host. Certainly, it would be impossible without active collaboration and support from these. At the same time, city governments do need to take a lead. It is unlikely that there can be successful city internationalisation without substantive city leadership.

Sao Paulo

Located on the São Paulo Plateau one hundred kilometres from the port of Santos, São Paulo is the largest metropolis in South America and the southern hemisphere. Having developed into the financial capital of Brazil in the 1950s, the city as of 2008 has an area of 1,500 km² and a population of 11.15 million. São Paulo is located within the metropolitan region of Grande (Greater) São Paulo, which when typically defined has an area of 8,050 km² (Madrid region = 8,030 km², Greater Toronto Area = 7,125 km²) and a population of 19.7 million, making it the fifth most populous metropolitan area in the world.

A huge metropolis at the periphery of global exchange, São Paulo metropolitan region is leading Brazil's accelerated entry into the international economy thanks to a remarkable transition into tertiary services. Consolidated as Latin America's finance powerhouse, the city has huge potential to become the continent's reference point, its economic credentials supported by a rising reputation as an entertainment and fashion centre. Exceptional diversity and social creative density are also key innovation drivers moving forward.

While São Paulo is no longer witnessing phenomenal demographic growth, its huge population continues to be held back by a range of problems linked to social inequality, a legacy of poorly managed public policy, and the lack of urban sustainability. Its transition from a manufacturing to a service centre in the 1990s has left an enduring imprint of social polarisation, with a large increase of low-end employment. Various levels of administration have failed to advance an urban agenda capable of overcoming fragmentation.

KEY AREAS OF GLOBAL STRENGTH

Capital market potential – São Paulo has emerged as a regional hub of commerce and culture with a platform to become the long-term financial capital of Latin America, with potential positioning as an indispensable node in the global economic fabric.

Demographic and cultural strength – the city-region benefits from a large hinterland usefully located within the larger State of São Paulo. The city population is a source of cosmopolitanism, cultural flair and dynamism.

Robust fiscal future – The state government has a healthy fiscal record and outlook, and the overall investment capacity in the metropolitan region is likely to be less adversely impacted by the economic crisis than in other emerging world cities.

Environmental and political stability – by the standards of most large emerging metropolises, São Paulo is at low risk from natural disaster and the effects of climate change, while benefiting from stable democratic legitimacy and a low threat of terrorism.

KEY CHALLENGES TO GLOBAL COMPETITIVENESS

Profound urban inequality – mobile and talented internationally-oriented sectors of the city are heavily segregated from a large volume of socially disenfranchised urban poor whose lives are heavily impacted by crime, precarious housing

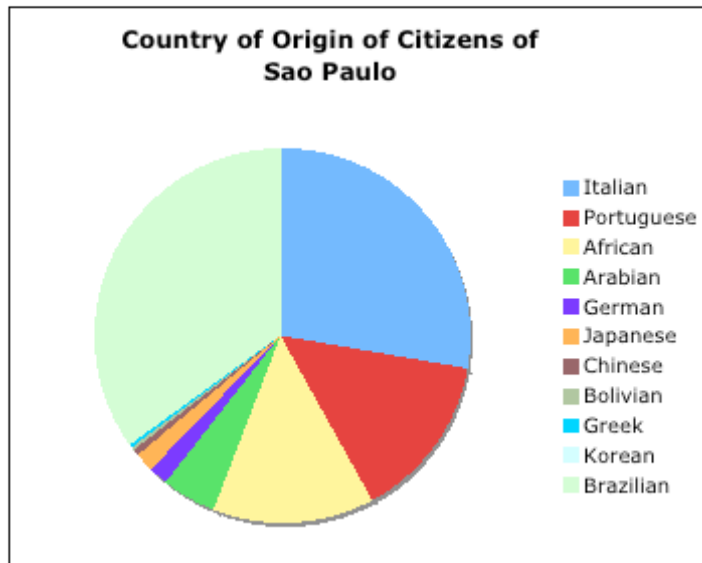
Uncertain future regional function – São Paulo's potential emergence as the major hub in Latin America rests on its capacity to present itself as a more competent service provider than more developed and connected world cities, notably Miami and Madrid.

Poor business environment – an obstinate reputation for corruption and mismanagement - in which successive public administrations have acquiesced - remains a key disincentive for investment, and limits the city's insertion into the knowledge economy.

Congestion and mobility – São Paulo’s road transport is among the poorest of the world’s big cities, impacting considerably on productivity and quality of life. Public transport alleviation has been badly delayed, while a coherent urban vision is lacking.

Current Degree of Internationalism

Sao Paulo has historically been open to migration and is one of the world’s most diverse big cities; a 2008 study found São Paulo to be the joint 4th most diverse city out of 20 world cities – behind only New York, London and Toronto. The city has remained multicultural since the 19th century when the region’s coffee plantations attracted workers from Spain Portugal and Japan. Population growth has since been fed by high levels of migrants from Europe (Italy, Portugal, Poland, Germany, Russia and Ukraine), Asia (Korea and China) and South America (Bolivia and Paraguay). Today there are over 100 different ethnicities represented in Sao Paulo. It is said that Sao Paulo is the largest Japanese city outside Japan, the largest Portuguese city outside Portugal and the largest Lebanese city outside of Lebanon,^{clvii} while Nigerians are also an increasingly numerous minority.^{clviii}



Internationalisation Strategy

Over the past decades, city and state officials in Sao Paulo have been less globally-oriented and pre-occupied with international discourses of competitiveness than comparable urban regions such as Johannesburg and Istanbul. Nevertheless, over the past five years the city government has accentuated its openness to global influences and has aimed to prioritise policies that will attract global investment.

In the last few years, Sao Paulo has begun a concerted push to achieve global city status. Acknowledging cities are increasingly international not only in their composition but also in investment flows, technologies and cultural trends, the city administration aims to attract these flows, as this ‘is what makes a global city’.^{clix} The city is therefore pursuing two objectives:

(1) promotion of city development through international cooperation

- Sao Paulo is seeking to ensure a city presence at international fairs, increase the rate of city-to-city missions, and promote the city as an important international hub in several economic sectors.
- In the multilateral arena, São Paulo is participating in meetings and discussions in networks global cities, aiming to learn from experiences of successful public policies instituted worldwide. The city has been an active participant of the C-40 network on climate, and is a member of the Steering Committee, while it is also prominent in the ICLEI network - Local Governments for Sustainability. The city is taking a renewed role in activities of the UICC (Union of Ibero-American Capital Cities).
- Sao Paulo is also working to strengthen its framework of bilateral relations, increasing

TWIN CITIES OF SÃO PAULO	
Abdjan - Costa do Marfim	Luanda - Angola
Amman - Jordânia	Macao - China
Asunción - Paraguai	Mendoza - Argentina
Bamako - Mali	Miami - EUAZ
Barcelona - Espanha	Milão - Itália
Bucareste - Romênia	Montevideu - Uruguai
Buenos Aires - Argentina	Naha - Japão
Cluj-Napoca - Romênia	Ningbo - China
Coimbra - Portugal	Osaka - Japão
Córdoba - Espanha	Pequim - China
Damasco - Síria	Presidente Franco - Paraguai
Funchal - Portugal	San Cristóbal de La Laguna - Espanha
Góis - Portugal	San José - Costa Rica
Hamburgo - Alemanha	Santiago - Chile
Havana - Cuba	Santiago de Compostela - Espanha
La Paz - Bolívia	Seul - Coreia do Sul
La Plata - Argentina	Shanghai - China
Leiria - Portugal	Tel Aviv - Israel

cordial ties and cooperation with strategic cities at the regional and global level. New efforts since 2007 have sought to deepen relations with the primary nodes of Latin America, such as Buenos Aires and Mexico City. The city has a very large number of twin city agreements with cities in Africa, Central America, Europe and Asia, but it is unclear to what extent this is driving a process of internationalisation.

(2) strengthening Sao Paulo's international insertion

- One of the most significant examples in recent years was the Week of Sao Paulo in Tokyo, to celebrate 100 years of Japanese immigration to Brazil. The programme included cultural and sports activities, and meetings to strengthen cooperation.
- Participation at the Barcelona real estate fair to disseminate opportunities in Sao Paulo for potential investors
- aid to foreign entrepreneurs arriving in the city in order to invest and relocate, advising on main ways to invest in the city (such as public-private partnerships) and on the key areas with tax incentives (such as New Light and the East Zone)
- promote Sao Paulo as an important international centre of the creative economy through the implementation of Design Week.

Attracting International Investment

São Paulo's potential as a world-class economic hub depends to a considerable extent on high volumes of investment on its consumer base. The city has a moderately strong history of foreign investment, its performance let down by high levels of investor caution associated with concerns about transparency and accountability. The city recorded the 35th highest greenfield FDI attraction between 2003 and 2006, the highest in Latin America.^{clx} The metropolitan region receives around 20% of Brazil's FDI, and accounts for over 350 transnational enterprises or joint ventures using foreign capital in the industrial sector.^{clxi}

São Paulo state is home to a major international car industry – and is just outside the top 10 vehicle producers in the world. In July 2008, Toyota approved a \$700 million investment in Sorocaba - in the interior of São Paulo state - to meet surging demand. Meanwhile In September 2008, Hyundai announced a \$600m investment in a new factory (opening in 2011) in Piracicaba City in São Paulo State, about 160 km northwest of São Paulo city. Car-makers see high potential in securing new markets in the region as its consumer habits are less entrenched.^{clxii}

São Paulo has a strong international economic reach based on its very strong pattern of exports and imports growth. It is one of the world's top producers of orange juice, alcohol and sugar cane, and is also a major exporter of medium aircraft. The city is particularly attractive to some nations – for example Sao Paulo is thought to be home to more German company headquarters than any other single city outside Germany.

Entrepreneurs are the main group charged with increasing the presence of bank headquarters and global firms with a view to developing new urban areas with hyper-modern technologies linked in to the global system. Encouraging entrepreneurship therefore is one of the main strategies adopted by the Sao Paulo Chamber of Commerce to attract international investment.

Sao Paulo is making a big push to use the Shanghai Expo 2010 as a means to extend business and investment. Sao Paulo's Clean City project has been invited to be showcased at the Fair, and the city's mayor has identified the opportunity to 'show [Sao Paulo's] achievements, public policies, projects and potential'.^{clxiii} The presence of Sao Paulo should bring international attention to the city's economic potential, cultural and entertainment strengths and openness international investment.

Attracting International Institutions

In terms of political influence, São Paulo's world city credentials are somewhat hampered by the fact it is not the capital of Brazil. Nevertheless, São Paulo is an emerging centre for political intercourse in the developing world. In November 2008, the city played host to a key G20 meeting where finance ministers and central bankers met to formulate the developing world's response to the global financial crisis. Brazil's increasing political leverage, which includes hopes for a permanent seat on the United Nations Security Council in the coming decades, puts São Paulo in a strong position to emerge as the key city in one of the most politically and economically powerful countries in the 21st century.

Attracting International Populations

São Paulo is a base for a large volume of highly qualified professionals whose talent and range of skills is competitive versus other emerging world cities. The city has also witnessed a huge influx of poorly educated but ambitious labourers from less advanced regions of Brazil, which provide a strong employment platform. Brazil's cosmopolitan history lends São Paulo a flavour of openness and tolerance that is a strong competitive advantage over perceived more closed cities such as Tokyo and Beijing.

One of the greatest obstacles to attracting international populations in Sao Paulo is the poor crime rates in the city, which affect quality of living. The UN has found that crime levels have fallen for eight consecutive years in the city to reach acceptable levels, however the city still has a reputation as a dangerous place to live. A particular problem is crimes motivated by racism.

International Visitors

The city administration has pushed an events strategy. Sao Paulo is acclaimed as a city of business tourism, attracting the biggest and most important international events in the economic, scientific, cultural or sporting area. Indeed it holds more than 200 events per day.^{cixiv} Holding on to and adding more events to the city's calendar has become an important part of its efforts to attract more international populations. In 2008 a deal was signed to keep the Brazilian Grand Prix in São Paulo up to 2014, and the city has considered making an Olympic bid. In 2014, the football World Cup will come to Brazil, representing one of the ultimate event opportunities for the city to display its social and economic advances to a wider audience.

Since 2005, the city has been home to Virada Cultural – an annual 24 hour party which promotes the city's entertainment and nightlife culture, inspired by the Nuit Blanche in Paris. In 2008 an estimated 4 million people came to see over 5,000 performers across more than 80 sites across the city, hosting some of Brazil and South America's most sought after artists. The event has been highly successful at attracting visitors from all social classes, and in particular introducing the poorer sectors of the city to the qualities of theatre and art. It has also been praised for re-invigorating São Paulo's CBD.



International Students

São Paulo has a very strong domestic higher education base for a developing world city, and is witnessing increased demand from within Brazil as the national population becomes better educated. However its universities are not especially internationalised and do not form a particularly attractive offering for international students to study. On a global level, it still has a low proportion of its domestic population attending higher education.

São Paulo's research base has been strengthened in science and technology over the past two decades, but despite improvements is some distance behind its major city rivals in South Korea, China, Japan and India. New industrial parks and high-technology centres have been situated on the periphery of the urban centre, in regions such as Campinas, and effectively serve the city-region's services drive. São Paulo accounts for approximately half of all patents granted in Brazil. The state of São Paulo has increased its R&D expenditure over the last decade as it seeks to formulate a coherent

scientific and technological policy for the region. Expenditures were above R\$2.3 billion (US\$1-1.5 billion) annually between 1998-2002, with further increases subsequently.

Nevertheless, São Paulo's research environment remains substantially under-developed, and the city still lacks a clustering presence from world-class transnational companies. High technology products account for around 30% of state of São Paulo's exports, compared to around 50% in the most advanced industrialised nations. Similarly the numbers of people employed in science and technology remain proportionally less than half the figures of cities in Western Europe.^{clxv}

International Events

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Case Study Initiative : Attracting International Students.

The University of Sao Paulo (USP) is the pre-eminent Latin American university, and a major spur to improving Sao Paulo's international knowledge economy and reputation. As the largest institution dedicated to higher education and research in Brazil the USP is a sprawling hub of academic activity with multi-dimensional partnerships with universities globally. The university has well-established links with King's College London

Agreements between other world cities and the University of Sao Paulo's International Cooperation Committee (CCInt) have enabled thousands of foreign students to attend USP courses, with the exchange programme providing a rich living experience for populations from a range of countries.

Abu Dhabi

Abu Dhabi is the capital and political centre of the UAE, and the second most populous emirate after Dubai with around 1.6 million people. Abu Dhabi owns 9% of the world's oil reserves, and nearly 5% of the world's natural gas, resources expected to last at least a century. These have ensured one of the fastest-growing GDPs per capita in the world,^{clxvi} matched by an ambition to become one of the principal global city economies by 2030.

Abu Dhabi's credentials as a leading world city rest on its transparent regulatory environment, oil wealth, political stability, and its robust and diverse international relationships. Moving forwards its leaders look to achieve a safe and secure city alongside renewed dynamism and economic openness in light of the setbacks of 2008-9. Investment and entrepreneurial activity is constantly being invigorated by modernisation of the business environment through new reforms and commitment to growing new sectors. A emerging cluster of wealthy state investment companies are now entering the semi-conductor, biotechnology and life sciences industries, enabling the city to become a globally competitive player. Thus far, the emirate has continued to successfully attract the private sector and integrate it into its own long-term planning and institutional reconfiguration.

Achieving economic sustainability is the key challenge to Abu Dhabi's future as a beacon of urban innovation and infrastructural dynamism. In particular the drive for a more diversified economy needs to be properly managed to reduce the cyclical effects of the emirate's oil dependency. This challenge is rendered more acute by the setbacks to the city's financial services, real estate and air transport sectors attributable to the global recession. The creation and retention of a stable and substantive knowledge-based economy is crucial, and depends on attracting higher-value employment

opportunities, and maximising domestic inclusiveness. The emirate has strong education, healthcare and urban infrastructure but is under pressure to extend these assets more widely.

KEY AREAS OF GLOBAL STRENGTH

Enormous investment capacity – the city has an excellent asset position affording financial flexibility, and retains exceptional prospects for oil revenue over the next two decades. City leaders have therefore maintained almost unmatched ambition to diversify Abu Dhabi's economy and create a world-leading international city.

Infrastructural growth – More than \$300bn of real estate and infrastructure projects were announced in 2009 to indicate Abu Dhabi's superior capacity to withstand economic downturns compared to Dubai. New strategic projects have enhanced the city's touristic and event-hosting potential.

Geopolitical status – comparative political stability and domestic order facilitates the emirate to respond effectively to economic and technological changes, and opens up the potential for attraction of international R&D firms.

Governance and planning – incorporation of an effective public-private governance strategy is a major step forward, and long-term planning is now institutionally tied to benchmarking against other comparable world city-regions such as Singapore.

KEY CHALLENGES TO GLOBAL COMPETITIVENESS

Maintaining high-end employment - Abu Dhabi remains vulnerable to the flight of internationally mobile populations, and is yet to develop its skills base among its domestic population, a major cause of low productivity.

Under-developed legal and regulatory infrastructure - the emirate's legal-regulatory environment has yet to integrate and apply global best practice, particularly in terms of responsiveness to new business models. The growth of innovation, creative industries and niche R&D are being held back as a result.

Branding – Abu Dhabi's profile is rising but remains in Dubai's shadow, not yet considered a top tourist or business location. Allegations of poor treatment of imported labour and disregard for Western rights frameworks are thought to have tarnished the city's progressive image globally.

Inclusiveness – rhetorical commitments to equitable city-regional development have not been matched by reality, with many local and immigrant populations lacking access to a range of services.

Internationalisation

Abu Dhabi's wealth has been built upon oil and gas. In recent years it has attempted to diversify its economic base by developing real estate, tourism and retail sectors. Internationalisation provides one means of bolstering these industries. However, the major impetus behind Abu Dhabi's drive towards internationalisation in recent years has not been to grow its economy, which is already significant, but rather to win influence and build prestige within its geographic region.

As one of the United Arab Emirates, for much of the 1990s and early 2000s, Abu Dhabi was in the shadow of its "flashier" and faster growing neighbour Dubai. It was Dubai which emerged on the world stage as *the* location for business, leisure and retail in the region, claiming the world's tallest buildings, biggest malls and most exclusive property developments. Abu Dhabi's internationalisation strategy seeks to bring the Emirate out of its neighbour's shadow to become the most influential power on the Persian Gulf.

There is evidence that Abu Dhabi has already overtaken Dubai as the region's powerhouse. In February 2009 Dubai was bailed out of financial trouble by Abu Dhabi, which bought \$10 billion worth of Dubai's five year bonds. Chris Davidson of Durham University told the Economist that the bail out

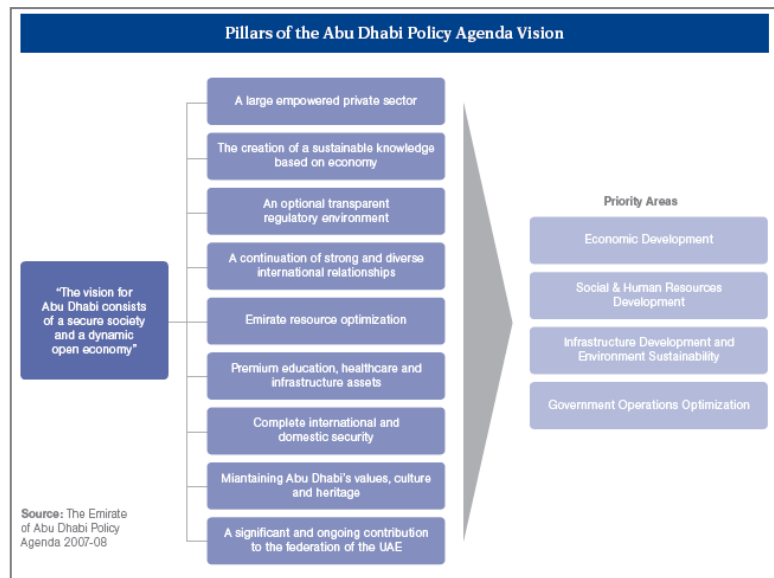
means that “It is the end of the second emirate’s economic autonomy, which it has fiercely protected,” he says.... “Dubai will now have to be more accommodating of its neighbour’s wishes. It will, for example, have to forgo its independent foreign policy, which had seen it become Iran’s outlet to the world, even as Abu Dhabi kept a careful distance.”^{clxvii}

Abu Dhabi is also the capital city of the UAE and as such saw the need to engage in an internationalization strategy so as to take its rightful place among the world’s great capitals.

Current Degree of Internationalism

In some senses the emirate is already highly internationalised. It has almost \$1 trillion invested abroad, and in 2001 approximately 74.4% of Abu Dhabi’s population was

made up of expatriates. Expatriate workers’ nationalities include Asians, Africans, Europeans as well as North and Latin Americans. Of these the relative proportions are: other Arab and Iranian 23%, South Asian (i.e. Indians, Pakistani, Sri Lankan, Bangladeshi) 50%, other expatriates (includes Westerners and East Asians) 8%. However, in terms of foreign investment, and international status and branding the emirate has a low profile, particularly in comparison to its neighbour Dubai.



Internationalisation Strategy

Although there is no single coherent internationalisation strategy readily available, the emirate’s general strategy is based around positioning Abu Dhabi both as the cultural hub of the Middle East, and as one of the world’s most successful sustainable economies, evidenced from the 2030 Economic Strategy, recently announced. This positioning is slightly distinctive from that of Dubai, which has become the region’s business and commercial hub. As the chart opposite indicates, Abu Dhabi’s success hinges on it being a ‘dynamic, open economy’, with internationalisation embodied in the pillar strategies of ‘a large empowered private sector’ and ‘strong and diverse international relationships.’^{clxviii} The plan will work alongside an urban development plan geared towards urban evolution of its central districts to enhance Abu Dhabi’s global reputation.^{clxix}

Abu Dhabi’s aim is for the emirate ‘to take its place among the most successful economies of the world by 2030,’ benchmarked against flourishing ‘transformation economies’, such as Norway, Ireland, New Zealand and Singapore. Internationalisation will take place in the form of constructing an open, efficient, effective and globally integrated business environment, with streamlined governance to facilitate business and investment to the maximum. Ultimately, achievement of the emirate’s ambitious targets aim to ‘confirm and further enhance Abu Dhabi’s status as a globally relevant destination,’ and render the city-region ‘a shining example on the international business stage.’^{clxx} Below, the pillar that pertains directly to internationalisation are examined:

Pillar 1: Build an Open, Efficient, Effective and Globally Integrated Business Environment

Abu Dhabi aims to ensure its business climate is open, efficient and effective to enhance its position as a global economic hub. The emirate aspires to the elevated rankings enjoyed by benchmark economies such as Ireland, Norway, New Zealand and Singapore on the global indices scale for economic freedom and ease of doing business.

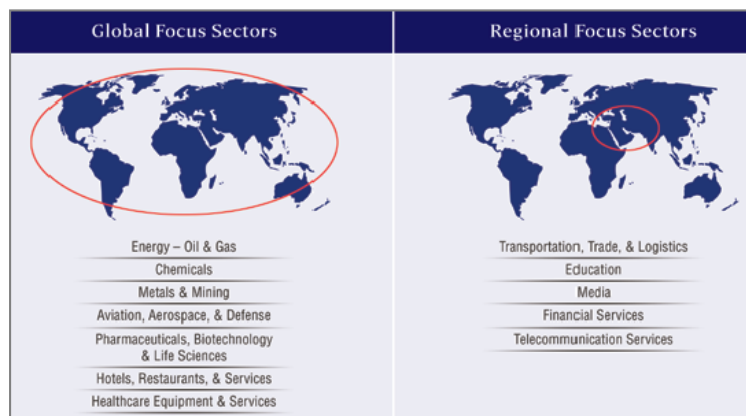
Abu Dhabi is adamant it will take the necessary steps to operate at this elite level, identifying four objectives in this areas.

- (i) **Efficient and Effective Federal-Local Coordination** – the pursuit of effective coordination mechanisms at the federal level to ensure harmonisation of economic policy-making between federal and local levels.
- (ii) **A Transparent Judicial System and Modern Business Legislation** - more competitive in local and foreign investment by updating business-related legislation in areas of tax, ownership, property rights, anti-trust, corporate governance and competition will be assessed and revised. Limits on foreign ownership are set to be revised in the medium term, while the right of foreigners to own real estate has been formalised within specially designated zones. A more contemporary corporate governance is being considered in order to boost investor confidence in Abu Dhabi, alongside legislative improvements to reduce high start up costs and capital requirements.
- (iii) **Streamlined Government Processes** - comprehensive and fastpaced restructuring programme, modernisation of city administration to eliminate unnecessary bureaucracy. A comprehensive business facilitation programme will ease the process of setting-up new businesses.
- (iv) **Efficient and Effective Investment Facilitation Process** - Development of one-stop shops and other facilities to enhance the business experience. A more strategic focus on FDI is envisaged to encourage export-oriented industries and help encourage further economic diversification. This process is intended to expand the opportunities for Abu Dhabi businesses to identify and collaborate with international partners and compete more effectively on a global level.

In terms of sector development, Abu Dhabi is aiming to become a regional and global hub in ambitiously high number of industries. The division of priorities according to what the emirate believes it can achieve by 2030 is seen opposite:^{clxxi}

Attracting Investment

International



Nearly \$2billion has been pumped in to the local economy by foreign investors in the past few years. The Higher Corporation for Specialized Economic Zones, which was established in Abu Dhabi in 2004 to develop a strategy to attract economic investment into the emirate, has played and will continue to play an instrumental role. One of the agency’s major thrusts is the creation of over 30 industrial clusters that will aid the emirate’s economic diversification objectives and create jobs, while promoting the emirate as a “world-class industrial, services and logistics hub.” Free zones, which enjoy exemption and flexibility related to foreign ownership rights, are Abu Dhabi’s primary tools to encourage foreign investment, facilitating the inward flow of foreign expertise and technology. Abu Dhabi has begun creating free zones, such as the Khalifa Port and Industrial Zone (KPIZ).

By 2006 over 120 companies were settled at the Industrial Cities of Abu Dhabi 1 and 2 (ICAD 1 and 2), two major clusters that have been set up at a 25 square kilometre property in and around the Mussafah industrial area. These companies have reportedly committed investments in excess of \$2.5 billion. The ICAD and other planned clusters in Abu Dhabi will cater to a broad range of industries ranging from metal, chemical, petrochemical, food processing, construction and building materials, wood and furniture, oil and gas services and automobiles.

Initiatives to establish the Abu Dhabi Free Zone Authority are also underway, under the supervision of the Abu Dhabi Airports Company. Like most free zones in the country, business entities that choose to register with ADFZA will be exempt from some of the dominant features of the UAE Commercial Agencies law, which mandates, amongst other things, a 51% national equity. Besides 100% foreign ownership, tax holidays and profit repatriation, free zones also benefit from shorter turn-around time in terms of license registration and other relevant government services. Furthermore all business activities, except banking, that do not pose any environmental hazard are allowed to operate at ADFZA.^{clxxii}

Abu Dhabi is headquarters to several multinational corporations including Etisalat, the telecom company and Etihad Airways, the international airline. Amongst the other international institutions which have a strong presence in the city is the Royal Bank of Scotland which chose to centralize its regional operations in Abu Dhabi after doing an extensive study of locations in the region.

Favourable tax laws are among Abu Dhabi's key competitive advantages when it comes to attracting business. The UAE Government levies no corporate or income tax and, at 1.7% of GDP, tax payment rates are among the lowest in the world. Overall, the UAE's tax system is considered to be straightforward and transparent. For many foreign investors, low taxation policies are a major incentive in deciding where to establish a business.

ADCED

The Abu Dhabi Council for Economic Development (ADCED) is a new economic policy advisory council for the city which facilitates economic diversification and growth through public-private engagement, given that the private sector, mostly international, contributes just over 20% to the emirate's economy.^{clxxiii} The ADCED is an example of a city agency helping government and business strike a strategic economic partnership, in an effort to bridge the large gap between development pre-requisites and the private sector agenda.



The ADCED's 19 member council has among its most senior members key figures in the government administration. Six represent the government of Abu Dhabi, five represent the Chamber of Commerce, five represent the private sector and three represent the Business Councils. Recent members have been nominated by foreign business groups based in the city, including from Lebanon, Iraq and France – indicating the international focus. ADCED thus provides the key platform for public and private sectors to work together, and is in an excellent institutional position to achieve this. The council was at the centre of devising Abu Dhabi's future economic strategy.

The ADCED's push to bring public and private leaders together aims to contribute to Abu Dhabi's internationalisation comprised of world-class economic and sustainability qualities. It works to offer policy recommendations and kick-start initiatives that promote these goals, namely through improving city infrastructure and business environment, and enhancing human capital. ADCED is also notable for working towards the social development needed to support Abu Dhabi's economy. The Council aims to coordinate a forum for the private and public sectors that will lead to:

- An objective, creative and open environment for discussing and debating economic issues of strategic importance to the Emirate
- Enhance public-private sector partnership
- Put in place the ideal resources and processes to provide insights and actions on economic issues
- Directing activities towards fostering FDI in the Emirate

ADCED's aim of an Abu Dhabi with a diverse economy and high levels of FDI is to be achieved through the enhancement and empowerment of the private sector, in ways that reduce the public role to that of facilitator and allow the market to flourish with entrepreneurialism. Diversification is targeted through developing tourism, financial services, petrochemical, aluminum and steel industries. ADCED

strategic objectives focus on four areas, and demonstrate that the council is involved from beginning to end of the ideas and innovations process.

- (1) **Public policy recommendations** -advising the government on public policy to ensure sustainable economic development and catalyse the creation of an international economic hub
- (2) **Innovation and excellence in policy development** - using cutting edge research and best-in class modeling techniques.
- (3) **Stakeholder networks** - providing the forum for open debate on economic issues between the leaders of Abu Dhabi government, business, academia and the community, subsequently formulating agreed public policy recommendations
- (4) **Initiative implementation** - making recommended initiatives happen and liaising with stakeholders to ensure proper progress and execution.

ADCED launched its four year strategy plan in May 2008 to adjust to the emirate’s 2030 economic vision. ADCED’s new Priority Areas indicate a desire to strengthen their role as a business leadership facilitator.

- Act as a private sector interface in policy development
- Review economic legislation and regulation to search for improvements. Partner with external consultants to obtain required expertise to review such economic legislation
- Consult with private sector representatives for economic policy development.
- Engage expert third-parties to assist in developing a mechanism to involve the private sector in reviewing policy recommendations.
- Improve the process that integrates feedback from public-private communication forums into policy recommendations.

The ADCED is a key sponsor of important urban events such as Global City, as part of its emphasis on sustainable urban development and diversification as a business and tourism hub.

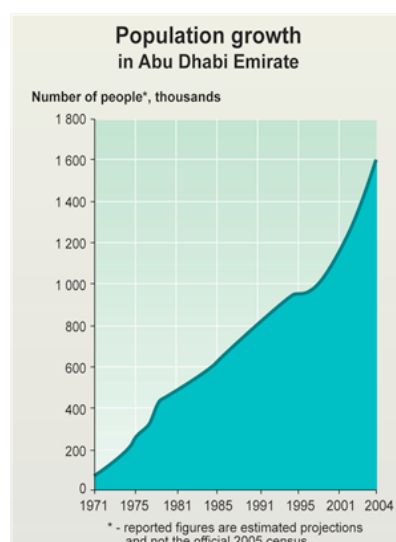
ADCED also strengthens Abu Dhabi's economic ties with different countries, by hosting workshops to highlight economic policies and programmes and to explore ways of deepening cooperation. Workshops in 2007, for example, were held in collaboration with International Development Ireland, Innovation Norway and New Zealand Trade Enterprise. ADCED thus aims to learn from other countries' economic development initiatives and to exchange expert views, especially in the areas of green industries, and SME support and investment. Indeed in March 2009, ADCED stressed that support to SMEs must be a priority of immediate economic planning. It has called for streamlining the re-structuring of SME commitments and direct injection of cash into SME operations.^{clxxiv}

ADCED has enabled the emirate to set up a new statistical bureau capable of compiling and analysing a full complement of economic, social and environmental data. The establishment of a national statistics bureau was seen as a priority and was one of ADCED's first initiatives in 2007. The agreement, made with Statistics Sweden, indicates ADCED’s role is to work with top international consultants to provide key advice and infrastructure.^{clxxv}

Attracting International Institutions

Abu Dhabi does not appear to host significant international institutions at present, although there is evidence this may be changing. The city recently won the right to become the seat of the headquarters of the International Renewable Energy Agency (IRENA). The headquarters will be located in Masdar city, the \$22billion zero-carbon city near Abu Dhabi city centre^{clxxvi}.

Attracting International Populations



Abu Dhabi has had no problem in attracting international populations to live and work in the city in recent years. Expatriates make up more than three quarters of all residents in the city, and have contributed to the rapid population growth experienced over the last three decades:^{clxxvii} However the 2030 Economic Vision is mostly focused on upskilling the domestic population rather than producing specific mechanisms for attracting high-end foreign workers. Compared to Singapore, the focus is much more domestic than international in this area.

The UAE is generally viewed as an attractive place to live, (although the cost of living has risen in recent years), and as such no active strategy to attract further international populations is required. Migrants are expected to increase in number, contributing to population growth – it is thought the population of the city proper will increase from 930,000 in 2007 to 1.3 million in 2013, 2.0 million in 2020 and to 3.1 million in 2030 (Plan Abu Dhabi 2030|).

International Visitors

One of the areas into which Abu Dhabi is seeking to diversify (away from oil), is tourism. According to **the Abu Dhabi** Tourism Authority, **Abu Dhabi** has set a strategy to triple **the** number of visitors to 3 million by 2015.^{clxxviii} The “Stay Different” Strategy is based on the central tenet that Abu Dhabi “stays different” from Dubai – that it complements rather than competes with Dubai and focuses on its own rich culture, heritage and traditions. The strategy also proposes that Abu Dhabi assumes its role as the true capital of the Emirates, with a symbolic ‘Pearl’ – a glass structure out at sea to celebrate this factor.^{clxxix}

However, whilst neighbouring Dubai largely targets Western tourists, Abu Dhabi’s tourist strategy is thought to be aimed predominantly at Arab tourists and investment^{clxxx}. Among the most significant developments to attract more tourists is the creation of the Emirates Palace – the most expensive hotel ever built.

Abu Dhabi is increasingly subscribing to the idea that hosting global events can help to attract international populations. As well as securing a Grand Prix, in 2008 the city won the right to participate in a Global City exhibition in 2009. Abu Dhabi's vision as a global city – requires that it be conceived as a regional cultural hub with cosmopolitan needs and habits. Internato win world-wide recognition for Abu Dhabi as an emerging global city, while enabling participants from around the world to discuss and share experiences and new solutions in urban planning and development.”

Abu Dhabi has, in the last couple of years alone, vastly increased its provision of cultural and leisure facilities. It can now compete with international cultural centres such as Paris, Venice and Bilbao in many areas. Abu Dhabi now holds an annual International Jazz Festival, and in 2008 hosted the second Middle East International Film Festival. Following this festival, the emirate’s leaders signed a \$1bn deal with Warner Bros, promising to equal the amount with funding for films. Nashwa al-Ruwaini the film festival's director stated, "The whole intention is to make Abu Dhabi the hub of culture in the Middle East, and a cultural destination for the world. It's going brilliantly,"^{clxxxi} The emirate will also host a branch of the Louvre and Guggenheim art museums (see below). In leisure, November 2009 will welcome the first Abu Dhabi grand prix. At the end of 2008 plans were announced for a \$40bn racing track, complete with the world’s first trackside hotel.

The internationalisation activity of the statelet is not limited to increasing cultural facilities, but also includes among other things, sponsoring a project to translate 1,000 of the world’s great books into Arabic, and creating what is described as an “ecosystem for media content creation” that offers incentives to publishers, television studios and other packagers of culture. Abu Dhabi is also leading the way in ecological developments in the peninsula – again distinguishing itself from Dubai which has been much criticized for its ecologically dubious developments such as “the Palm and the World” - luxury manmade islands off the coast of Dubai that are thought to be silting up surrounding coastal regions. In contrast, Masdar City in Abu Dhabi is the world’s first zero-carbon- city. It uses new technologies and techniques in energy, recycling, and building. By 2010 Masdar will be able to accommodate 2,000 people but ultimately it will be home to 50,000. Most of the city’s electricity will come through solar power.

Students

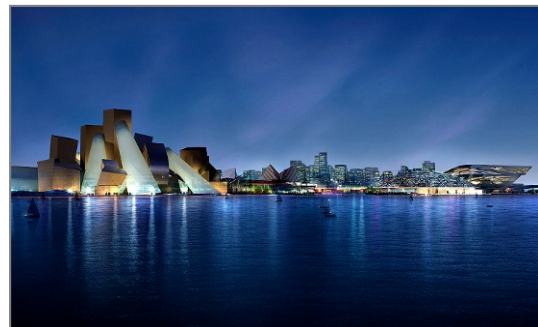
Expanding and improving education opportunities is an important part of Abu Dhabi's efforts to become a cultural hub in the Middle East. The city has already attracted an outpost of the Sorbonne, and the government of Abu Dhabi recently announced plans to fund a campus for New York University, the first of its kind to be established by a major US research university outside of the United States. The university is expected to receive students by 2010. The presence of these two internationally prestigious universities is expected to increase the demand for places from international students at universities in Abu Dhabi. Abu Dhabi also approached Yale University with the suggestion of opening an institute there, however the proposals were turned down on the basis that the University is unable, according to tradition, to grant degrees outside of New Haven, US.

Case Study Initiative – International Cultural Institutions

From an international population perspective, Abu Dhabi's explicit target audience is 'Cultural Seekers', wealthy populations who seek enriching travel experiences and 'crave authenticity, exclusivity, quality.'^{clxxxii} This segment has been isolated through face-to-face workshops in the UK, Germany and France. As a result, Abu Dhabi is making an explicit drive to become 'a global hub of arts and cultures' in its effort to differentiate its offering from Dubai. This is being carried out through infrastructure and high-profile cultural incentives, building an international audience for its cultural provision. An International Patrons Committee has been set up drawing on the talents of renowned figures in the world of modern and contemporary art; an Abu Dhabi Board, made up of government and cultural leaders; and a special group, which will provide guidance to young and beginning collectors.

A new platform for modern and contemporary art is being introduced in Abu Dhabi in November 2009. Abu Dhabi Art is an innovative base for modern and contemporary art organised by the Tourism Development and Investment Company (TDIC) and Abu Dhabi Authority for Culture and Heritage (ADACH). The fair aims to bring together an exclusive selection of high-class art galleries from all global regions within an ancient and modern crossroads of culture and trade. Abu Dhabi Art replaces the famous Art Paris Abu Dhabi fair which brought very positive associations for Abu Dhabi in its effort to enter the same league as the top artistic cities in the world.

The heart of Abu Dhabi's cultural investment programme, which is designed to increase the appeal of the city to an international audience, is Saadiyat Island (pictured). Literally meaning "Island of Happiness", Saadiyat island is a sandflat which is being developed by the Tourism Development and Investment Company (TDIC) into "an upscale cultural district".



The development land is sold as parcels to private investors who will each develop their sites in accordance with the overriding masterplan. The use of many sites has already been announced, including the development of a Guggenheim and Louvre Museums.

The Guggenheim will be the largest of the Guggenheim museums at 30,000 square metres and at an estimated cost of \$400m. The building will again be designed by Frank Gehry and is due for completion in 2014. The Louvre museum will be similarly dramatic, designed by French architect Jean Nouvel who was awarded the 2008 Pritzker Prize for his creative experimentation. It will be completed by 2012, and is expected to cost Abu Dhabi at least \$1bn in costs to France alone.

Among other plans for the Island are the construction of the Sheikh Zayed national museum; an 18-hole Gary Player golf course, and a New York University campus, a giant marina and beach resorts. A

Japanese architect, Tadao Ando, has also designed an ultra-minimalist arch that is to function as a maritime museum, and Zaha Hadid, an Iraqi-born Briton, has conceived a Dalíesque performing arts theatre complex.^{clxxxiii}

Saadiyat Island's cultural district is one of the emirate's planned anchor tourism attractions and is expected to attract 1.5 million visitors a year once fully completed by 2018 and will be home to around 160,000 people. The government funded project is expected to cost \$27bn.

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