

Barcelona Metropolitan Economic Strategy

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1 Overview

The Barcelona Metropolitan Region (BMR) is located in the Catalunya region of Spain. The BMR is one of the largest metropolitan regions in Europe after London, Paris, Randstadt, Ruhr and Madrid. Among all the European cities, Barcelona has one of the highest living standards and is considered as one of the most prosperous cities in Europe. As of 2003, the BMR has an area of 3,237 sq km with a total population of 4,618,257 [9]. The municipality of Barcelona itself has 1,582,738 people living in an area of 97.6 sq km [9]. In 2001, the annual GDP per capita in the region was 19,309 Euro [6]. The BMR now generates about 14% of the total Spanish GDP, with its population making up 11% of the total Spanish population [6].

Map 1: Catalunya in the North East of Spain



<http://www.map-of-spain.co.uk/> (retrieved July 4, 2004)

Barcelona was founded by the Romans, and used to be an agricultural settlement. After being ruled by the Visigoths and then the Moorish Caliphate of Cordoba, Barcelona grew to be the central port for extensive Mediterranean trades and commerce during the rule of the Christians around 9th Century [10]. Since then, it has continued to maintain the prosperity of its maritime trade.

Barcelona grew to be a dense medieval city but was unable to expand beyond its medieval walls because of military restrictions that were imposed in 1714 after the war of Spanish Succession. It was not until the Industrial Revolution that Barcelona grew to be an important location for industries in Spain. Many textile and heavy engineering industries were set up in the region [10]. Then in 1854, the city first expansion came about after the restrictions from the war were removed.

The 1929 Barcelona world exhibition led to a new burst of urban growth in the city [10]. Immigrants fled to Barcelona and many new shanty developments came about. During

the Spanish civil war (1936-1939) and during early 1940s, the city saw very limited urban growth. Industrialization picked up after 1945 and in the late 1940s and 1950s, Barcelona grew to be an important automobile manufacturer.

It was only after the Franco years that Barcelona as a part of Catalunya could start its autonomous governing, and the city grew at a much faster rate. From the 1950s to the end of Franco's rule in 1975, Barcelona did not have any autonomous governing body and any economic plan that existed from the 1950s to 1975 was limited to the management of immediate and short term problems [5]. As a result, Barcelona economy saw very limited economic growth during Franco's rule.

The idea of the "festivalization" as a method of growth was first introduced in Barcelona through the 1976 General Metropolitan Plan [10]. It was in this plan that Barcelona aimed to host several international festival and functions to generate the much-needed investments in infrastructure to enable Barcelona's economy to grow. The 1992 Olympics was arguably the major event which changed the physical and non-physical infrastructures of Barcelona as it prepares to continue its economic growth in the 21st century [5]. The Games had not only brought in many investments into the region, but more importantly, its success had brought significant positive impacts in the tourism sector of Barcelona mainly through the numerous publicity gained by holding the Olympic Games.

In recent years, Barcelona has followed the trends of other metropolitan regions in the world by developing its services sector especially in financial, commerce and tourism sectors [3]. This is seen as the new direction that the economy has to go facing the challenges of the new economy, while at the same time relocating and maintaining its crucial secondary industries into the suburban regions in the BMR.

2 Geographic Characteristics and Administrative Structures

The municipality of Barcelona is the capital of Catalunya, an autonomous community in the north-east corner of Spain, bordering France and the Mediterranean Sea. The *Generalitat de Catalunya* is the autonomous governing body of Catalunya. It consists of the Parliament, the Executive Council and the President of the Generalitat. The Generalitat was in charge of establishing the political system and independent jurisdiction of the autonomous region of Catalunya, which have to follow along the Statute of Autonomy agreed by Catalunya and the state of Spain. The BMR encompasses 7 of the 41 counties in Catalunya with a total of 164 townships [9]. These seven counties are located in the eastern side of Catalunya, bordering the Mediterranean Sea. Map 2 shows the 41 counties in Catalunya while Map 3 shows the territories of the BMR. The seven counties are Alt Penedes, Baix Llobregat, Barcelones, Garraf, Maresme, Valles Occidental and Valles Oriental [9]. It spans a surface area of 3,237.1 sq. km. In 2003, the population of the whole BMR was 4,618,257 [16].

Map 2: The 41 Counties of Catalunya



<http://www10.gencat.net/gencat/AppJava/en/generalitat/generalitat/organitzacio/comarques/comarcal.jsp>
(retrieved July 3, 2004)

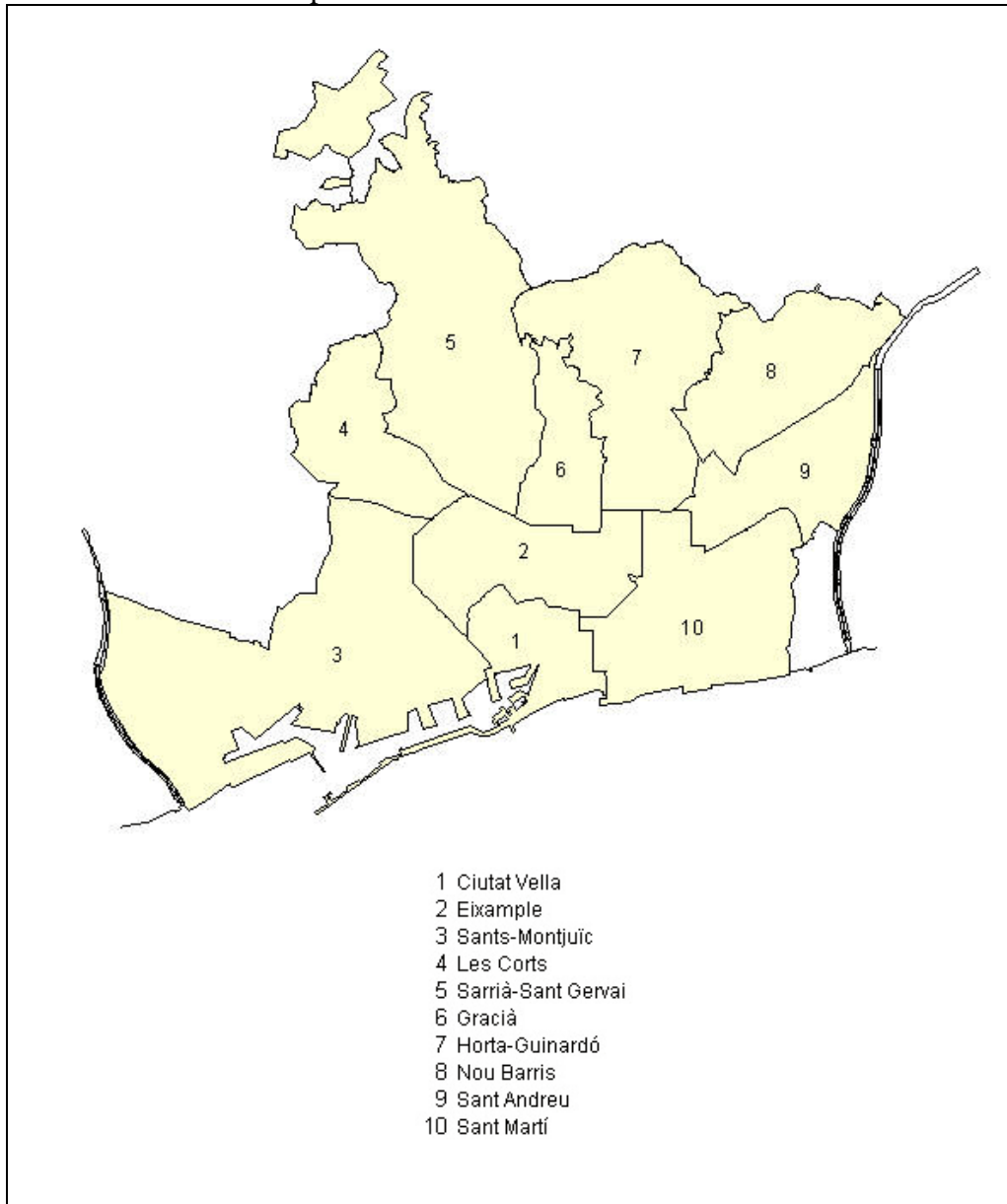
Map 3: The Seven Counties in the BMR



[Http://www.emta.com/barcelona_identification.htm](http://www.emta.com/barcelona_identification.htm) (retrieved June 29, 2004)

The municipality of Barcelona is governed by the City Council of Barcelona. The Barcelona municipality is made up of 10 main districts, which are named and shown in Map 4. The city council of Barcelona is in charge of overseeing the smooth running of the city public administration, as well as in planning the future direction of growth of Barcelona.

Map 4: The Ten Districts of Barcelona



<http://www.bcn.es/estadistica/angles/terri/mbcn/dte/index.htm> (retrieved July 3, 2004)

While the population of the whole of Spain and Catalunya has been generally increasing from 1970 to 2003, there has been a gradual and significant decrease in the population of the city of Barcelona. Due to suburbanization and the expansion of economic activities to the broader region, during the same period there has been an expansion in the population

of the whole BMR. Table 1 gives the changes in population in the period 1970-2003. In 2003, the population of BMR made up 68.9 % of the total population in Catalunya [16].

Table 1: Changes in Population 1970-2003¹

	City of Barcelona	BMR	Catalunya	Spain
1970	1,745,142 (34.2%)	3,579,758 (70.1%)	5,107,606	33,956,047
1981	1,752,627 (29.4%)	4,238,876 (71.2%)	5,956,414	37,746,260
1986	1,701,812 (28.5%)	4,229,527 (70.7%)	5,978,638	38,473,418
1991	1,643,542 (27.1%)	4,264,422 (70.4%)	6,059,494	38,872,268
1996	1,508,805 (24.8%)	4,228,048 (69.4%)	6,090,040	39,669,394
1998	1,505,581 (24.5%)	4,264,039 (69.4%)	6,147,610	39,852,651
1999	1,503,451 (24.2%)	4,301,947 (69.3%)	6,207,533	40,202,160
2000	1,496,266 (23.9%)	4,328,447 (69.1%)	6,261,999	40,499,791
2001	1,505,325 (23.7%)	4,390,413 (69.0%)	6,361,365	41,116,842
2002	1,527,190 (23.5%)	4,482,623 (69.9%)	6,506,440	41,837,894
2003	1,582,738 (23.6%)	4,618,257 (69.9%)	6,704,146	42,717,064

Source: Departament d'Estadística, Ajuntament de Barcelona and Instituto Nacional de Estadística
<http://www.bcn.es/estadistica/angles/dades/tpob/evo/evopob/evo05.htm> (retrieved July 7, 2004)

Table 1a: 2003 Population Figures of Barcelona Metropolitan Region (by counties).

Area	Population
Alt Penedes	86,306
Baix Llobregat	730,111
Barcelones	2,192,450
Garraf	117,436
Maresme	377,608
Valles Occidental	773,800
Valles Oriental	340,546

Source: Instituto Nacional de Estadística, INE
<http://www.bcn.es/estadistica/angles/dades/tpob/ine/regio.htm> (retrieved June 29, 2004)
<http://www.bcn.es/estadistica/angles/dades/tpob/evo/evopob/evo05.htm> (retrieved July 7, 2004)

3 What Drives the Metropolitan Economy?

How is the Metropolitan Economy evolving?

From the 1950s to the 1970s, the method of growth for the region has been mostly dominated by the process of industrialization in the area, mostly in the city of Barcelona [5]. During this first phase of substantial economic growth in the region, there was a large number of migrations into the industrial region of Barcelona, and there were efforts to plan the metropolitan area as to enable a more efficient use of the land. These efforts include the 1953 District Plan and the 1966 Master Plan. These plans were directed for immediate adaptation of the changing land use and the need for more human resources. Essentially, none of these plans were directed for the future direction of the economy.

¹ Percentage numbers for the city of Barcelona and the BMR represent their corresponding shares of population of the whole Catalunya.

Ever since the Spanish transition to democracy started in 1975, Barcelona experienced a great amount of economic difficulties. With the autonomous statute granted in 1975, the region of Catalunya could start relying on its own and implementing the necessary steps to achieve better growth. The poor economic condition in the 1970s sparked the local autonomous authority to plan for the 1992 Olympics as a way to revive the city [4]. The Olympics was desired because it would bring about a great deal of investments in infrastructures, which would last long even after the Olympics finished. In 1976, a General Metropolitan Plan was proposed by the local government. One of the key methods of growth that was seen as necessary by the 1976 General Metropolitan Plan was the idea of hosting festivals as a way to attract investments [5]. The 1992 Olympics was definitely one key achievement of the 1976 idea.

October 1986 saw the nomination of Barcelona for the 1992 Olympics. Barcelona did not wait to implement detailed planning and organization of the Olympics. The organization of the 1992 Olympic Games was done mainly in three ways [1]. The first and most important was a clear agreement and corporation among the City of Barcelona, the Spanish Government, the Autonomous government of Catalunya (Generalitat), the Spanish Olympic Committee and the International Olympic Committee. There was also a need to have a joint work among the private and public initiatives to ensure a well-managed flow of investments. Lastly, there was also the creation of a special administrative body with two main branches, which serve each of the organization and investment functions.

Between 1986 and 1993, total direct investments associated to the 1992 Olympics reached more than US\$ 8,000,000,000 in overall construction [1]. The major areas being developed are: (a) road and transportation infrastructure; (b) housing, offices and commercial places; (c) telecommunication services; (d) hotel establishment; (e) sports facilities and (f) environmental infrastructures.

All in all, only 38.5% of the total investments were made in Barcelona, giving the rest of the Metropolitan Region a share of about 30% of the investments while the non-physical infrastructure, such as telecommunications, received a boost of 16% of the investment [1]. About 1/3 of the total investment made in preparation of the Olympic Games was made by private organizations [1]. And out of this, foreign investors contributed 1/3 of the whole private initiatives. Most projects being developed by the private initiatives were mostly concentrated in the building of houses and hotels, as well as new development of toll motorways and entrepreneurial centers.

Of the total investments for the Olympics, only 9.1% were made in developing projects related to sports infrastructure and facilities [1]. This was according to the plan of reviving the metropolitan region, in which most investments were to be directed to sectors in which Barcelona would continue to benefit from even after the last day of the games. It was no surprise that the 1992 Olympics had greatly influenced the physical transformation of the city [1]. In relation to the physical infrastructure that was already in place as of 1989, the Olympic Games were to increase road networks by 15 %, the

sewerage system by 17 %, new green zones and beaches by 78 %, and an increase of 268 % in the new ponds and fountains [1].

The main projects in the preparation for the 1992 Olympics were the construction of the Olympic Village, the Olympic zones of the Montjuic, Diagonal, and Vall d'Hebron, as well as the creation of the ring roads of Barcelona [1].

The Olympic Village was developed at Parc de Mar, a 130 ha site that was occupied by declining industries before the Games [2]. It was originally separated from the city and the coastal area by two railway lines. The redevelopment of the area included the building of a coastal ring road, the restructuring of the railway lines and the sewerage lines, and the regeneration of the coastal lines [2]. It continued the extension of the Eixample district of the city, and opened up a new 5.2 km coastline to the people of the city [2]. This was one major transformation of the landscape of Barcelona because it brought new opportunities in tourism with the new beaches and waterfronts [2].

The ring roads were the key roads to move around the circumference of Barcelona. This city road network of 43 km long was completed by 1992 for the Games [11]. There were basically two parts of the ring roads; the north bound that crosses the upper part of the city towards the *El Tibidabo* hills and the south bound that runs parallel to the Mediterranean shore [11]. The ring roads form the urban freeway that connects the main accesses/exits to and from the city [11]. They function to spread the traffic around the city and direct the main traffic streams between the two main industrial areas in both vertical ends of the city [11].

The 1992 Olympics was instrumental in re-shaping Barcelona's economy as a preparation into the 21st Century [4]. From 1987 to 1992, the direct economic impacts from the 1992 Olympics was estimated to be about 10 billion US\$ while the accumulated indirect impact was estimated to be about 16.6 billion US\$ [1]. Out of the most significant private investment, from 1990 to 1992, hotel space grew 38% [1]. Together with the Olympic family, non-resident visitors were estimate to spend somewhere about 0.4 US\$ million in local consumption during the 1992 Olympics.

Certainly, the construction sector grew significantly during this same period. Population employed in the construction sector grew 72% from 1985 to 1992 [1]. Main construction projects were done in various areas. Of the total construction projects, about 34 % were done in developing new parking lots; 23 % in public and private housing; 13 % in commercial venues; 12 % in offices and about 5% in building new hotels [1]. The 92 Olympic did not bring economic growth that was limited only to the city of Barcelona or the region, but also to the rest of Catalunya. In 1991, the proportion of Barcelona's GDP was about 36.5 % of the whole Catalunya, a higher amount than its 33.25 % share in 1996 [13]. Similarly, in 1996, the BMR contributed to about 69 % of Catalunya's GDP, down from about 71 % in 1991 [13].

The Olympic Games also brought benefits to the labor market in the region. Starting from December 1986, unemployment fell. Labor market in Barcelona improved substantially

during the preparation for the Olympics 92. The number of unemployed fell from a historical high of 127,774 people in November 1986 to 60,885 in July 1992 [1]. This represented a fall from unemployment rate of 18.4% to 9.6% between 1986 and 1992 (while at the same time that the number of employable people increased by 1.1%).

The city cultural infrastructure was also revamped in preparation for the 1992 Olympics. There were renovation projects for the National Museum of Art of Catalunya, Municipal Auditorium, National Theatre of Catalonia, Centre of Contemporary Culture, Museum of Contemporary Art, and a new Botanical Garden [2].

The overall impact of the Olympic Games was not only limited to economic effects but to a certain degree a social and psychological change among the people in the region [1]. The people of Barcelona had very good evaluations of the organization of the Olympics and became more optimistic in the economic outlook of their region [1]. During public surveys after the 1992 Olympics, the people of Barcelona indicated that the 1992 Olympics had brought positive changes in the urban infrastructure. At the same time that the world was impressed by how Barcelona handled the organization of the Olympics, public satisfaction of life in Barcelona was also high [1]. The pride of hosting the Olympic Games was complemented by the urge to further promote the culture and living styles of the people of Barcelona [1].

Barcelona understood the need to carry on the momentum of its growing economy sparked by the 1992 Olympics. Barcelona had to use the infrastructure left after the Games in the strategic sectors on the rise. There was a need to gear the economy towards providing more high-skilled services because of competitions from the emerging markets in Central and Eastern Europe [4]. Barcelona could not compete due to its high-cost in manufacturing industries, and as such, going into the services sector would be the new direction of the economy. From 1991 to 1996, Barcelona had already seen a shift in the focus of its economy. Its relevance as an industrial base in Spain has gradually decreased by 1996 [7], and it was beginning to contribute mostly through its services industry (refer to Table 2).

Table 2: Share of Value-Added to Market Prices 1991 and 1996

	Barcelona 1991	Metropolitan Region 1991
Agriculture	0.2	0.7
Industries	22.6	33
Construction	7.4	7.8
Services	69.8	58.6

	Barcelona 1996	Metropolitan Region 1996
Agriculture	0.2	0.5
Industries	20.6	30.7
Construction	4.9	6
Services	74.2	62.8

Source: Web de l'Institut d'Estadística de Catalunya
<http://www.bcn.es/estadistica/angles/dades/renda/pib/vabt1.htm> (retrieved June 29, 2004)

The 1992 Olympics have brought many investments that changed the infrastructure of the city. Barcelona saw the need to make use of these infrastructures to ease its shift into an economy that concentrates more on the services sector, as well as to further develop its tourism industry that has received major boosts from the 1992 Olympics.

Barcelona's move into the services sector has been intensified in recent years. In 2002, services-related industries have the highest share of employment in the city of Barcelona. Among the sub-sectors, real estate and business services has the highest proportion of employment. Table 3 provides the number of employment for the city of Barcelona in greater details.

Table 3: Wage-Earners by Economic Sub-Sector 2002

Sector	Number	Percentage
Agriculture, Farming and Fishing	1,202	0.1
Extracting Industries	233	0.0
Manufacturing Industries	112,049	13.3
Energy and Water	5,555	0.7
Construction	47,127	5.6
Commerce and Repairs	136,185	16.2
Hotel	44,960	5.3
Transport and Communications	50,946	6.1
Finance	44,094	5.2
Real Estate and Business Services	168,835	20.1
Public Administration	65,480	7.8
Education	43,428	5.2
Health and Social Services	60,450	7.2
Other Personal Services	60,759	7.2

Source: Departament de Treball. Generalitat de Catalunya

<http://www.bcn.es/estadistica/angles/dades/anuari/cap10/C1003020.htm> (retrieved July 7, 2004)

In addition, the move to the direction of the new economy has been further supported by the creation of the BCN@22 project², involving the transformation of 115 city blocks in the old industrial area of Poble Nou, into a high-tech industrial estate, specifically in networks related to the information and communication technologies [8]. Many Multinational Companies have also started to build their R&D bases in the metropolitan region. These companies include corporations like Sony, Volkswagen and Volvo. The region is transforming into a high-tech area. 50 % of projects carried out in 2000 were in high-tech related industries as compared to only 20 % a year earlier [3].

What are the Key Industry Networks of the Region?

Business Activities

The Business Sector is the main industry network in the region. These are separated into further sub-sectors such as agriculture, manufacturing and other industries, commerce, construction and other business services. Over the recent times, the region has

² The BCN@22 project (or sometimes called the 22@ project), as part of the strategic economic plan by the local authority, will be discussed further in Part 4 of this report.

experienced a movement towards the services industries, and accordingly, there have been decreases of business activities in the agriculture and farming, as well as the manufacturing sectors of the economy. From 1998 to 2002, there has been an increase in the number of business activities by about 9.25 %, while the services industry alone grows at a higher 15 % during the same period [15]. Table 4 shows the changes in each kind of business activities in the period of 1998-2002.

Table 4: Offerings of Business Activities 1998-2002

	1998	1999	2000	2001	2002
Business Activities	146,036	149,151	152,951	156,109	159,023
Primary Sector	9	6	7	6	11
Manufactures	14,602	14,339	14,133	13,962	13,679
Construction	10,058	10,598	11,428	12,370	13,240
Commerce	53,917	53,849	54,134	54,588	54,822
Services	67,450	70,359	73,249	75,183	77,271

Source: Impost d'activitats econòmiques

<http://www.bcn.es/estadistica/angles/dades/anuari/cap11/C1103010.htm> (retrieved June 29, 2004)

Manufactures

The main sectors in the manufactures are energy and water; chemicals and pure metal works; heavy metal works; textiles and clothing, food products and furniture. Overall during the period of 1998-2002, these manufacturing industries have seen slight decreases in related economic activities. Table 5 shows the breakdown in each sector.

Table 5: Manufactures' Activities 1998-2002³

	1998	1999	2000	2001	2002
Energy and Water	55	54	46	44	47
Chemicals and Pure Metals	635	593	577	550	532
Secondary and Other Metal Works	3,798	3,764	3,711	3,635	3,561
Food Products	578	574	546	533	504
Textiles and Clothing	2,498	2,461	2,358	2,271	2,167
Furniture	5,576	5,501	5,525	5,578	5,536
Others	1,462	1,392	1,370	1,351	1,332

Source: Impost d'activitats econòmiques

<http://www.bcn.es/estadistica/angles/dades/iae/iaevo/inevo.htm> (retrieved July 8, 2004)

Services

The services sector contributes significantly to the economic growth of the region. Since 1996, there has been significant growth in the establishments of new hotels, provision of financial and business services as well as increases in public and private investments in health and education sub-sector. Overall, from 1996-2002, there was a positive growth in the establishment of service related industries by about 20 % with all sub-sectors having a

³ There was no further detail that can be provided by the Ajuntament de Barcelona of specific examples of products in each of the sectors.

positive growth, except for a slight slowdown in transport and communications [18]. Table 6 shows the changes in economic activities for the services sector.

Table 6: Changes in Economic Activities for the Services Sector 1996-2002

	1996	1997	1998	1999	2000	2001	2002
Hotel Establishments	12,028	12,140	12,181	12,105	12,199	12,360	12,506
Transport and Communications	14,476	14,272	14,130	13,919	13,578	13,480	13,235
Financial	3,484	3,485	3,612	3,598	3,697	3,624	3,568
Business	15,191	16,248	17,799	20,377	22,509	24,017	25,730
Health and Education	4,575	4,858	5,161	5,584	5,955	6,069	6,213
Other Services	14,080	14,342	14,567	14,776	15,311	15,633	16,019
Total	63,834	65,345	67,450	70,359	73,249	75,183	77,271

Source: Impost d'activitats econòmiques

<http://www.bcn.es/estadistica/angles/dades/iae/iaeevo/srevo.htm> (retrieved June 29, 2004)

Professional Activities

From 1996 to 2002, the professional sector has experienced a growth of about 10% in its overall activities [17]. All major sectors had seen positive growth in its activities during the same period. The most significant growths have been in the sub-field of education and arts and exhibitions as the region continues to upgrade its education standard and enrich its culture to attract more worldwide attention. This increase in the number of professional activities in the region signals the direction that the region takes in trying to showcase the ability of the region to have a diverse set of skilled labor. Table 7 shows the changes in the professional activities from 1996-2002.

Table 7: Changes in Economic Activities for the Professional Sector 1996-2002

	1996	1997	1998	1999	2000	2001	2002
Agriculture and Farming	334	349	359	365	339	347	344
Industries and Construction	6,298	6,356	6,395	6,548	6,794	7,024	7,241
Commerce and Tourism	5,525	5,500	5,414	5,420	5,331	5,616	5,570
Transport and Communications	595	559	547	552	592	599	596
Legal and Finance	10,140	10,261	10,369	10,629	10,776	10,850	10,922
Real Estate and Business	3,192	3,163	3,147	3,153	3,160	3,162	3,193
Health	7,692	7,978	8,088	8,136	8,178	8,235	8,259
Education	2,580	2,773	2,967	3,012	2,902	2,989	3,052
Arts and Exhibition	855	938	1,060	1,219	1,331	1,569	1,667
Total	41,332	42,137	42,756	43,611	44,050	45,182	45,739

Source: Impost d'activitats econòmiques

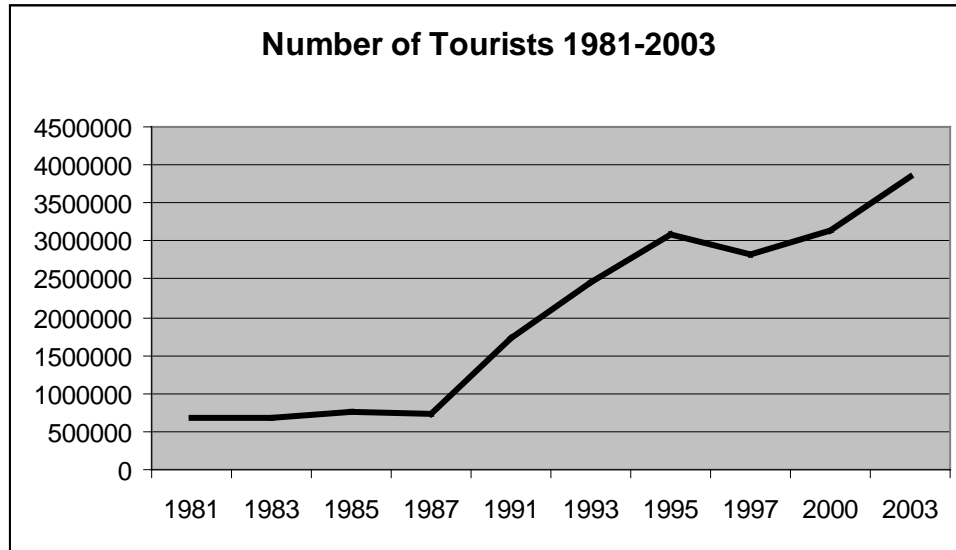
<http://www.bcn.es/estadistica/angles/dades/iae/iaeevo/prevo.htm> (retrieved July 6, 2004)

Tourism

The tourism sector in Barcelona has seen very positive changes over the past 10 years or so. The success of the 1992 Olympics have created Barcelona's prominence as a great tourist destination in the world. The number of tourists in 1981 was only 694,987 [22]. In

1991, there were 1,727,610 tourists and a year after the 92 Olympics, the number of tourists to Barcelona has reached close to 2.5 millions [19]. From 1991 to 2003, the number of tourists who arrived in Barcelona has more than doubled [19]. Graph 1 shows the increase in the number of tourist from 1981-2003. There was also an increase of about 4.1 % in the number of hotel establishments from 1996 to 2003 [18]. The rich culture and the numerous events happening in Barcelona have been the major factors in contributing to the success of the tourism industry.

Graph 1: Increase in the Number of Tourists 1981-2003⁴



Source: Turisme de Barcelona

<http://www.bcn.es/estadistica/angles/dades/turisme/annual/pnev01.htm> (retrieved June 29, 2004)

Barcelona's location facing the Mediterranean Sea has also been a major factor in attracting tourists from many countries. From 1980-1990, the average number of passengers arriving on cruises to Barcelona was about 77,000 people [22]. The cruise boom in the late 1990s had brought significant increases in the number of travelers on cruises to Barcelona. From 1998 to 2002 alone, there was an increase of more than 40 % in the number of cruises to the port of Barcelona. And the number of passengers in cruises had almost doubled during the same period. Table 8 shows the changes in the number of cruises and passengers to Barcelona from 1998 to 2002.

Table 8: Changes in the Number of Cruises and Passengers to Barcelona 1998-2002

	Cruises	Passengers
1998	447	466,268
1999	486	546,023
2000	495	572,571
2001	544	654,806
2002	633	843,686

Source: Autoritat Portuaria de Barcelona

<http://www.bcn.es/estadistica/angles/dades/anuari/cap13/C1303050.htm>

⁴ Data from 1981 to 1987 are supplied by mail correspondence from Ajuntament de Barcelona

In the tourism industry, there has also been a significant increase in the number of conventions and congresses held in the city of Barcelona from 1998-2002. These events are held in smaller scales than large international “festivals” like the 1992 Olympics or the 2004 Forum. Yet, these events played crucial roles in the idea of “festivalization” of Barcelona. Table 9 shows the changes in the number of conventions and congresses from 1998-2002.

Table 9: Congresses and Conventions 1998-2002

	Congresses	Conventions	Total
1998	117,600	146,235	263,835
1999	143,608	128,486	272,094
2000	133,957	135,551	269,508
2001	113,378	140,470	253,848
2002	123,675	177,638	301,313

Source: Turisme de Barcelona

<http://www.bcn.es/estadistica/angles/dades/anuari/cap11/C1107030.htm> (retrieved July 6, 2004)

Port and Airport Activities

Barcelona has always maintained its port’s position as one of the most central trading ports in the Mediterranean. Both the sea port and airport are not only important in allowing the flows of goods and other merchandises but they are also instrumental in prohibiting the large movements of tourists and visitors to Barcelona and the region. Over the years, the port and airport of Barcelona have seen significant increases in the number of passengers and merchandises. In the late 1980s, the average number of passengers in the airport was in the range of 7 million people while that of the port was about 370,000 people [22]. These numbers are small compared to the approximately 20 million annual passengers in the airport and 1.5 million port passengers for the past 5 years. Table 10 and 11 show the changes in Barcelona port and airport activities for 1999-2003.

Table 8: Changes in Port Activities 1999-2003

	1999	2000	2001	2002	2003
Number of Passengers	1,378,252	1,424,621	1,443,060	1,690,524	1,869,967
Tons of Merchandise	27,876,726	29,804,892	31,469,230	32,608,195	34,774,689

Table 9: Changes in Airport Activities 1999-2003

	1999	2000	2001	2002	2003
Number of Passengers	17,128,668	19,375,338	20,545,680	21,168,997	22,541,624
Tons of Merchandise	86,173	87,309	76,962	75,214	70,111

Sources: Port de Barcelona and Aeroport de Barcelona

<http://www.bcn.es/estadistica/angles/dades/sintesi/econot.htm> (retrieved July 5, 2004)

4 What is the Metropolitan Region’s Economic Strategy?

The growth of Barcelona did not stop at the 1992 Olympics. The Strategic Metropolitan Plan of Barcelona Association was formed in 1988 to plan for Barcelona's future, specifically to devise strategies for growth by making use of investments for the Olympics [5]. This strategic plan association was originally formed to take advantage of

the 1992 Olympic Games. Later it worked to channel the energy derived from the games into future success in Barcelona and works to integrate the metropolitan area in a common project.

The process of suburbanization in Barcelona had started in the 1980s. Through the many different regional government agencies (such as the *Institut Catala del Sol* and *Consorti de la Zona Franca*), the promotion and creation of industrial and residential areas outside the municipality of Barcelona was carried out [4]. Barcelona could offer itself as an administrative base for the multinational companies, and the creation of industrial and technological parks in the BMR would serve well to complement Barcelona's administrative function. The 1980s Barcelona had started to attract many enterprises, emphasizing its unique administrative function combined with the industrial use of the regional land [4]. One of the current challenges for the BMR is to strengthen the production and administrative networks in the region by improving the infrastructures of the region.

The first strategic plan of the city was formed by consensus in 1990. A second revised plan was completed in 1994 and they are now on their third plan approved in 1999. Where the first plan concentrated on using the Olympics as a platform to promote the region, the second plan's goal focused on integrating Barcelona into the international economy, assuring economic and social progress for the region, as well as seeking advances in the quality of life of Barcelona and Catalunya. The third plan's goal was to further those goals and move forward even more.

In 2002, the Strategic Metropolitan Plan of Barcelona was initiated, extending the efforts made in the three previous strategic plans for the city to the whole metropolitan region with the desire to promote economic growth and sustainability to the entire BMR. The plan is still mainly based on 5 basic philosophies, which include that of (a) cooperation among private and public authorities; (b) public participation; (c) good leadership; (d) flexibility; and (e) consensus. The holding of the 2004 Forum Barcelona (planned in the late 1990s) was another achievement of the Strategic Metropolitan Plan of Barcelona in seeking worldwide attention to the cultural life of the region [5].

The organization being responsible for the Strategic Metropolitan Plan of Barcelona is the Strategic Metropolitan Plan of Barcelona Association. This association was founded in 1988 from a joint effort by various organizations such as the Barcelona City Council, the official Barcelona Chamber of Commerce and the Joint Municipalities of Barcelona Metropolitan Area. The initial purpose of establishing the Strategic Metropolitan Plan was to carry on the momentum of economic growth spurred by the 1992 Olympics as well as to prepare Barcelona economically for the integration within the European Union. Apart from that, this plan was initiated to serve as a planning body to integrate the whole BMR and its people. 2002 saw the initiation of the Strategic Metropolitan Plan of Barcelona, based on its three vectors of action in the economic, social, and territorial sectors.

Within the plan for the economy, the Strategic Plan aims to enable the transformation of the regional economy to that of a more advanced model based on scientific and entrepreneurial activities as well as ensuring sustainability. The new image of Barcelona is supposed to be the city of knowledge in Europe. It wants to direct the region into one that is defined with a high level of industrial activities in high knowledge sectors, to maintain the attractiveness of Barcelona to foreign investors, as compared to other metropolitan regions in the European Union. The plan indicated certain important problems and proposed ways to solve these major issues.

What Economic Development Opportunities and Challenges are the Region Facing?

One of the most critical issues faced by the metropolitan region of Barcelona is the lack of human capital necessary for innovation and research. In 2001, only about 38 % of young people take Vocational Training as compared to more than 50% in the other European Union countries [5]. Only 3.1 % of the population aged 25-64 years enrolled in continuing education, relatively small as compared to about 4.7 % in Spain and about 8.4% in the whole of Europe [5]. There is also an increasing demand for more international openness with a more extensive use of English language as the region needs to attract the foreign talents from all over the world.

Another economic challenge faced by the region is that of inadequate infrastructure necessary for further growth. In this context, there is a pressing need for more public investments and coordination in areas where there is a lack of private initiatives. Coordination within the many public institutions can only be done with better bureaucracy and efficient decision-making strategies.

The BMR does not only aim to achieve a good economic progress but rather a balanced growth, which requires development in the quality of life among its citizens. The immediate problem that the people of the region face with the growing economy is that of inadequate good quality housing together with inefficient public housing policies. Due to the immigration from other countries and the increasing needs of houses by the young, housing in the region has become expensive and insufficient to meet the demand. Urban reform projects allocated about 25 % to housing development, an imbalanced figure considering the huge number of employment that would be created by the new development of commercial and office spaces [5]. There was certainly a need for Barcelona to create more good quality housing for the extra amount of employment that will be created by the increasing public and private projects in the region.

There is also a problem with traffic flows within the main municipalities, as well as metropolitan public transport systems across the different areas within the BMR. The public transport system needs to be upgraded and expanded to encourage more people to make use of the public transport especially in compact cities with weak public transport system.

Changes in the demographic structure also bring about a threat to the future growth of the region. Between 1990 and 2000, life expectancy has increased by two years [5]. In the

period of 1975-1995, birth rate fell by 2.3 times, and only after 1995, birth rate started to increase again to about 10.5 per thousand currently [5]. This brings about a future threat especially in terms of the dependency ratio. The changing family pattern also increases the workload for the people of BMR, especially that of the women. And at the same time there is not so much improvement in the welfare system; Spain having one of the lowest welfare spending among all members of the European Union.

What are the Main Goals of the Metropolitan Economic Strategy?

Observing the challenges being faced by the region, the strategy aims to further develop the region by tackling the problems in the economic, infrastructural and social sectors. In the economy, there are needs to generate, attract and maintain the creative talents as well as to develop more entrepreneurial activities and ideas among the people in the region. The region would need to further educate the public on the areas at which there are potentials for further fast economic growth, such as that in life science and tourism industries, to enable public awareness of the matter.

In improving the living standards of the people, the region sees the need to further upgrade the current infrastructures in the many cities. Public housing projects would need to be improved at the same time that government housing subsidies should be expanded to enable enough good quality housing for the people, especially the young who are attracted to settle in the region. Public transport link-ups would need to be extended to areas which are further away from the central district towns.

Bringing together the diverse culture of the people in the region is another goal that is being prioritized in the Metropolitan Economic Strategy. Welfare and education system have to be remodeled to enable the people in the region to adapt to the changes in the new direction of the economy.

What Can the Government do to Support the Metropolitan Economic Strategy?

The first initiative to be carried out is to substantially increase and sustain the amount of government spending in R&D. The desired amount of public spending is about 3% of GDP as proposed in the European Union European Council summit of 2002. And yet, in 2000, the region only spent about 0.9 % in R&D, signaling the need to increase spending on this specific sector [5]. This increase in spending can induce better training programs and exchanges of research works among the different public and private organizations. The government of Catalonia also has to continue building new centers of vocational training, which are now closely linked to the private enterprises.

One specific economic project, which is currently in progress, is the BCN@22 Project. Under this project, the authority is trying to build a center of fresh and inventive economic district in the city of Barcelona, in the area of Poble Nou, which used to be the base for the industrialization of Barcelona. It is estimated that more than 100,000 new jobs would be created with the completion of the BCN@22 Project [8]. The project aims to create up to 3,200,000 sq meters of industrious space, about 4000 homes, and more

than 200,000 sq meters of green and open spaces [8]. This project does not only serve as a renewal project but also a town-planning project by the government since Poble Nou has the potential to be the new centre of research and other high-skilled industries in the new economy. The new city of Poble Nou will turn into one of dynamic life and economic sustainability.

One advantage of this new district is its good accessibility from the important districts in the region. It is part of the ring roads of the city and very close to the financial heart of the city of Barcelona. Most activities being networked in this region will be those related to the information technology.

On outward-looking, the regional authority also looks for ways to expand the bilateral relations between the regional businesses with those of its partner countries. To create an outward looking educational experience, the education authority is generalizing and promoting the use of English as a preferential third language. And not forgetting that it is still important to maintain the existing good working relationships with the Maghrib and Latin America countries (the region of North Africa bordering the Mediterranean countries).

The huge success of the 1992 Olympics in spurring fast economic growth in the metropolitan area starts the idea of the carrying out numerous festivals in Barcelona at certain years. The local authority has been instrumental in planning festivals such as the Universal Forum 2004, to bring about more tourism and investment into the region. All these festivals serve to increase the people awareness of the rich culture in Catalunya and specifically in the BMR.

The Strategic Metropolitan Plan desires to change the proportion of efforts in developing new jobs and the building of new houses. Reformation of the current housing policies was already under way in 2002. A new set of infrastructures and public transport services would have to be defined, including the expansion of the high-speed AVE train rail lines to the areas such as Valencia, Zaragoza and Tolosa [5].

In many social aspects, the local authority of the region is trying to establish better social relations among the different immigrants who came to settle in the region. The metropolitan plan aims to encourage more public participation on the metropolitan area level. Equal opportunities in public education would be granted to all people in the region, while the authority also works in making working hours more adaptable for the employees.

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