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"The role of European regional policy in the building process of regional branding"

Keynote speech
Conference on Regional Branding in EU2020

Santander (Spain)
23 July 2010

The world and Europe are dramatically different from ten or even five years ago. Emerging economies grow and restructure with a speed that cannot be compared to any European or American industrial revolution. They already now play a growing role in the global context and are increasingly assertive. Industries and enterprises that had been leading or doing well before the crisis hit, are often in troubles nowadays. It is reasonable to expect that new jobs, if created, will be created in new sectors. There are new expectations of consumers. There are new markets emerging. Society is ageing with all the consequences for public finance, labor market policy, migration policy but also for emergence of new markets for services. Moving toward low carbon economy implies huge structural transformation. All these changes have dramatic impacts on our societies. And, obviously, the crisis has made all challenges even more difficult to cope with.

There is, therefore, a lot of work for all of us to do in Europe. But this is not just more of what we have been doing so far. Change is needed. For any change to be successful, having a strategy of change helps. It has to be recalled that Europe needs a long term strategy not only to respond to global change but to, indeed, lead the global change. But this is only half of the story. We need a long term vision and a common progress of action also to cope with our own intra-EU problems and opportunities and to better organize ourselves for those common goals. We need a strategy to better link crisis exit policies – monetary, fiscal, structural – with goals of long term growth and structural change. But also to orchestrate efforts and actions among all levels of European governance.

To be successful, the EU 2020 strategy must be based on active role of European Union citizen and an involved society. It must not exclude anybody from the pursuit of common European objectives. Multilevel governance and partnership, so well known from European regional policy experience, should be, therefore, the core of governance and delivery of the strategy. Regional and local levels of European governance are important co-owners of European objectives, capable to harness policy tools they have at their disposal, as well as the enthusiasm of all partners: business, academia and civil society. And they have the capacity to translate European general strategic goals into their own territorial specificities. Of course, if so many of us must be involved, more cooperation and networking is needed to get us out of the crisis and put our economies on a long term growth track. If Europe wants to compete successfully in the global world, it needs to restructure its

economy on knowledge intensive lines, in a sustainable way. And it needs to do it not just in a few high tech hubs, in a hope that the growth effect eventually trickles down to other regions. It needs to do it everywhere, building on regional diversity, from Lapland to Azores. To achieve this, we need creativity, innovation and entrepreneurship in abundance, throughout the territory. And we must finally understand that we can be innovative before we reach the famous 3 % of R&D in our GDP. The buzzline for the next 20 years must be competitiveness based on innovation. We should aim at making “Made in Europe” mean exactly this – competitive due to innovation. But it will take some time before this will become the brand of Europe. In the meantime we should truly exploit European diversity and go boldly for regional branding.

Branding can be seen as a specific policy tool that can help to exploit, to harness regional specificities in a smart way to enhance development. Actually this is what European regional policy is doing – building up a branding strategy at a regional level. Branding as a policy tool faces a double challenge. First, the challenge of identifying strengths of the region. And second, the one of facilitating its mobilization. One can also say that the first challenge is to achieve regional brand and the second to exploit its potential. Clearly, regional branding is not easy – it takes time, flexibility, cooperation, capital and trust of all actors involved in their own values and capacities. There are many ways to build a regional brand and many stories to be told. I share the views of those who believe that a region that wants to build its image should make the quality of place a central feature of its regional development strategy with a view to attract talent and investment. I would also say that it is generally easier to build a regional brand in a territory with university. The real challenge in this case is to integrate in a comprehensive way all aspects of university - its district, its activities, demands and potential contributions to the regional and urban development – into the development strategy of the region. Establishing more user friendly transport connections between university district, downtown, technology center, including bike lanes for commuting – all this can generate interactions. It is also useful to create mechanisms for harnessing knowledge and ideas of the entire community at the neighbourhood, local and regional levels with a view to improve the quality of place. Involving young people in life style agenda as well as in the broader development agenda. Quality of place strategy can be in reality rather inexpensive and involve marshalling resources that are already in place. Quality of place agenda is by definition strongly place based and as such confers direct benefits on broad segments of the local population and industry.

In building regional brand it is always useful to look around and find everything to be proud of. Many elements of the branding can be already in place, a lot of investment in the brand could have been already done and the critical mass of social capital, of identification with the future of the region could have been already achieved. A small additional effort can start producing benefits from branding.

We are in Santander, less than two hours by car from Bilbao. I hope it is not politically incorrect to praise Bilbao in this beautiful region and city that has its strong image across Europe. But Bilbao is an excellent example of how to achieve a brand and how to make it work for the city and region. Actually, Bilbao with its Guggenheim effect is the place that epitomizes creativity and innovation in Europe. Of course, the Museum is magnificent. But it has come to stand for much more than a spectacular building, a magnet for art lovers. The city, blighted by the decline of heavy industry, chose an emblematic project thought impossible by the faint hearted at the time.

Bilbao has achieved not just impressive regeneration, but a rebranding of its image that is an inspiration worldwide. The Guggenheim effect could be replicated in other cities and regions. There are many lessons that can be learnt from Bilbao. But each region and city has its own agenda, its own advantages and disadvantages. Branding is not at all about following others but knowing how others have made it can help.

To compete successfully in the age of talent, regions must make quality-of-place a central element of their development strategy and development efforts. Richard Florida says in his book that “quality of place – particularly natural, recreational and life style amenities – is absolutely vital in attracting knowledge workers and in supporting leading-edge high technology firms and industries”. These key findings can be applied universally and confirm that amenities and environmental quality matter in attracting talents and development of high technology regional economies.

I have seen during my years of work as European Commissioner responsible for regional policy that successful regions are those with an identified image. What seems to me interesting is that they prioritize their policies with a view to strengthen their attributes. This generates success. Some industries, like for example tourism, can make the branding easier because hospitality industries as well as communication infrastructure are usually well developed. Some regions benefit from their historical perception, even if its value has been reduced. It can be skillfully used while building a new image.

I have also seen that connectivity to world market, economic openness, economic attraction, capacity to retain work force both help in branding and result from it. I have also seen that labor mobility and a new generation of people more attuned to job tourism generate both a challenge and an opportunity for a region. Image of a region, living conditions or the quality of life offered to citizens and investors in particular can facilitate branding but all of them are also a precondition for it.

Of course it is easier for a region to identify its brand if it is already successful, can draw on its comparative advantages to attract people, investors, businesses. In such a case it is relatively easy to nurture a brand or to identify it because the region can choose some of its existing assets to brand itself and promote the brand in a well orchestrated action, involving all actors, both economic and political ones. Regions can also build on the existing image of its cities and benefit from it.

But branding can be a painful process in case of an existing negative or just unfavorable brand. With such an starting position and additionally with limited resources, to identify and build a brand can be a struggle. Nevertheless, there are numerous examples of turning around failing brands and reviving from decline. Many projects of renewal of rundown city districts, industrial sites, ports demonstrate the potential for a successful change. A carrier of a region or a city can be re-launched. What seems essential in such cases is social cohesion, shared vision, also access to funding, good policies, ability to communicate with the public. Global brands which are spread across the world also can be used to raise the value of the local. Fortunately, it becomes less common today that when you land somewhere in a downtown of a city you are not able to tell where you are. We all used to fear of the erosion of national, regional and local neighborhood distinctiveness coming with the expansion of multinationals and globalization. Indeed, there are still many main streets in European cities and towns which look very much identical. This used to be underpinned by global brands policies which delivered the same products and aimed at the same interior and exterior design everywhere. This has changed dramatically and global brands benefit from raising the value of the local. This approach facilitates

efforts of local and regional authorities and their partners to maintain the enduring value of particular places and to generate their specific brand.

I believe that succeeding in generating local or regional brand can reduce the fears of globalization. With growing complexity of the global world, citizens more and more care about the neighborhood they live and work. Globalization has truly generated the demand for local. This tendency will most likely stay with us for a while. The global will need to look local. This increases the chances of regions and cities to build their brands.

Building a brand pays. I would say that a region's image as a place to live, work and invest creates a virtuous circle which makes it desirable to live and make business there. Although regions with branding problems face an uphill battle changing the perceptions others have of them, experience shows that this is possible to do and a reward for doing this is usually high.