

ANNEX 3. SPEECHES FROM THE OECD SECRETARY GENERAL AT THE OPENING AND THE CLOSING CEREMONIES

Opening remarks by Angel Gurría, OECD Secretary-General, Madrid, 29 March 2007

Ministers, Mayors, Experts on Cities, welcome.

It was less than a year ago, at the OECD Forum on Balancing Globalisation in May, that Mayor Alberto Ruiz Gallardón, President Ricardo Lagos and I launched the proposal to hold a conference on “rethinking the urban policy agenda”.

I am confident that this conference, bringing together Ministers and officials from national governments, Mayors, and a number of the world’s top experts on cities, will be an important step in redefining the urban policy agenda so that it can respond to the dynamic and increasingly global world in which we live.

Your attendance, from about 30 different countries around the world - from Russia to Singapore, Denmark to Mozambique, Brazil to Egypt - attests to the importance that is now attached to cities around the world.

At the OECD we have recognised the need for increased attention on cities and urban policy for some time. We have conducted more than 15 analytical surveys of the issues facing different cities and their policy responses, from Stockholm and Montreal to Milan, Seoul and Mexico City. New surveys are underway, including for Madrid and Istanbul, but also Toronto, Sao Paulo and Copenhagen.

Last year we published a major report, *Competitive Cities in the Global Economy*, which brings together much of what we have learned so far on how cities can thrive in the new global economy. It contains many valuable policy ideas and I recommend it to you.

Why have cities become so important in the work of the OECD?

Cities play a central role, for they are clearly engines of growth for national economies.

Cities are drivers of innovation and entrepreneurship, where new ideas are developed and turned into commercial opportunities, leading to new products and services and creating jobs. Cities have been leaders in innovation: such as high-speed broadband and information technologies.

Cities typically account for a disproportionately strong share of a country’s GDP per capita, thanks largely to higher productivity. For example, our host city, Madrid boasts a per capita GDP more than 20% higher than the national average.

Cities create wealth to finance the health, education, pensions and other social dimensions of high-value society. The more advanced cities embody the knowledge economy, and act as a magnet for the talented people who generate new ideas.

But cities also fall victim to what is sometimes called the “urban paradox”-- alongside high concentrations of wealth and employment, they also tend to concentrate a high number of unemployed and marginalised people. Cities have to deal with the challenges of economic adjustment, poverty and social cohesion, and in many cases with higher criminality.

What can cities do to meet these challenges? A key role for public policy is to provide the soft and hard infrastructures and services that help to make the city a competitive environment for firms and an attractive place to live for their employees.

To help firms, cities must play to their strengths. The clustering of large companies alongside competitors, dynamic smaller companies and research institutions represents a tangible advantage when innovating and competing in global markets. This is the comparative advantage that large cities have over other regions. Executives in Helsinki, Montreal and Stockholm, for example, underlined to us that the international competitiveness of their companies was strongly helped by the dense and specialised research environment present in their regions. The success of Nokia and other Finnish companies has helped to transform a natural resource-based economy into one of the most innovative and dynamic high-technology economies in the world. Initiatives to better link regional research institutions with industry are one example of how governments can use “soft” instruments to reinforce the competitiveness of a regional economy.

But hard infrastructure is also important. Careful planning of transport infrastructure makes the difference between managing growth and being the victim of growth. Many cities have road and commuter rail systems that have been poorly maintained. Reversing this underinvestment and dealing with congestion and pollution represent expensive challenges. More coherence between urban land use and transport infrastructure development can make a crucial difference to the daily lives of citizens. But decisions are often still taken from a narrow sectoral perspective that misses the essential linkages between the provision of infrastructure and economic strategies.

That is why in the last 5 years OECD has been focused on the links between urban competitiveness and governance.

These different policy issues still need to be addressed in order to strengthen the competitiveness of cities and contribute to their development. And the OECD will continue to improve the indicators of socio-economic performance of cities and produce specific case studies.

But I would like to stress now the need to go further. Globalisation is raising a number of important new issues for cities that need to be addressed as well:

First of all, climate change. Cities generate almost 70% of total gas emission. There is no doubt that improvements in urban design, housing stock, traffic congestion and accessibility, disaster prevention and waste management, are crucial component of a strategy to combat global warming. If cities fail to deal effectively with environmental challenges, our planet is in serious trouble. I am happy to see that this dimension is recognised and taken on board by this conference. I am particularly happy that we have the participation of the Clinton Foundation who launched the Climate Change Initiative for Cities last August where the 22 mayors of the largest metropolitan areas signed a commitment against gas emissions.

The second global issue we need to consider is migration. As markets become more integrated, it becomes clear that the movement of people is one of the most difficult aspects to manage globally. OECD metropolitan regions show that the contribution of foreign migration to population growth in large cities can be significant and positive. Madrid is perhaps one of the best examples. I saw that the

immigrant population pass from 4 to 16% of the total metropolitan area in just over 5 years. Like many other cities, Madrid would like to attract foreign skills, but needs as well to make better use of the existing migrants' skills. How can policy become more opportunity oriented, better integrating immigrants and valuing multiculturalism and diversity?

The third aspect linked with globalisation is international attractiveness of cities. Major sporting events such as the Olympic Games or cultural events like Expo can transform both the structure and image of cities, giving a strong boost to the local and even national economy. How can policy makers ensure that the benefits of staging major events continue to act as a driver of growth in the city and its country after the event? In many cases, cities have struggled to capitalize on the impact of the events, leaving the city with long-term debt, underused infrastructures and a disillusioned population.

Let me stress here the crucial point: the necessary condition to deal with the different challenges and opportunities faced by our cities is to mobilize different stakeholders. Cities and regions have become key actors in delivering policies. National governments need to better align their respective policies and actions with that of cities and regions.

We should pursue this goal: Bringing together Mayors, Ministers and other key actors in an open dialogue to discuss how to redefine the urban policy agenda in a context of globalisation is a worthy and meaningful initiative. My hope is that this event will serve as a cornerstone for building a comprehensive set of tools to assess and improve cities' competitiveness.

The challenges which our cities face are not easy, and I look forward to our discussions as we have much to learn from one another.

Thank you.

Summary and conclusion by Angel Gurría, OECD Secretary-General, Madrid, 30 March 2007

Ministers, Mayors, and Experts on Cities.

At the start of this Conference, I invited you to debate on a new urban policy agenda, one better adapted to a globalised environment.

This was no small task. Over the past two days, we have had stimulating discussions which I believe have allowed us to make important progress in identifying urban policy priorities.

We have heard about many changes in the urban landscape in recent years. We listened with great interest to ideas from around the globe on how to make cities more competitive and ensure that they generate growth for our societies, whether we live in the advanced economies of the West or the emerging economies of the developing world.

In our cities, citizens, industries and institutions must respond to the challenges of technological change and globalisation. In our cities, as elsewhere, we must deal with the social implications of change. We also heard that urban areas could play a central role in successfully addressing global environmental challenges such as climate change.

If we are able to create innovative, dynamic and sustainable cities, we will be a big step closer to having successful and prosperous societies.

We have recognised the need to redefine this agenda so that cities can adapt and thrive in a globalised world, rather than simply survive. What I heard over the past two days is very promising. It indicates a willingness to take a broad and genuinely integrated, partnership-based approach to urban policy. Only with such an approach can we achieve a much-needed “renaissance” in the urban policy agenda.

A key message emerging from our meeting is that there must be closer consultation – and closer cooperation - between national, regional and municipal governments and other actors, in designing and implementing policies that foster urban development. National governments have a key role to play in the success of cities, for the development of dynamic cities depends as much on national framework conditions as on an effective urban policy agenda.

Strengthening the partnership between national authorities and mayors is a key condition to achieving this common goal. This is perhaps one of the most important accomplishments of this conference. Mayor Ruiz Gallardón, many thanks for giving us this opportunity by hosting this successful conference.

Your proposal to create a joint Roundtable for Urban Strategy involving mayors, ministers and key players is very useful and concrete. As the hub of globalisation, the OECD would be pleased to take on this task and work in such distinguished company to improve the governance of cities. What will emerge from this “meeting of the minds” is a clear package of good practice policies for urban development, drawing on experiences from cities around the world, and on the insights provided by new tools to measure the competitiveness of our cities. I am convinced that together, we will elaborate a new and innovative urban agenda and make it happen.

Let’s already plan to meet again next year.

By building strong, dynamic and equitable cities, we can lay the foundations for a more prosperous world.

Thank you.