

Better Together: Driving Regional Economic Cooperation and Development



TORONTO
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CONTENTS

BACKGROUND	3
A REGIONAL ECONOMY: How Business Operates	4
TOWARD A TORONTO REGION PERSPECTIVE	5
REGIONAL ECONOMIC COOPERATION IN OTHER JURISDICTIONS	6
Kitchener-Waterloo: Driving Long-Term Sustainability Through Regional Innovation	6
Chicago: Informal Cooperation Creates Positive Change	8
Northeast Ohio: Creation of a “Super Region”	8
Verband Region Stuttgart: Joining Forces for Global Economic Success	9
Part 2 / The Example of Regional Investment Promotion Agencies (IPAs)	11
Regional IPAs in other Jurisdictions	12
Paris Region Economic Development Agency: Success Through a Cluster Focus	13
Think London: A Successful Pioneer	14
Invest in Catalonia (Barcelona): Regionalism Yields Results	15
Montreal International: A Canadian Example of Success	16
Conclusion: Encouraging Candidates to Embrace Regionalism	17

BACKGROUND

In November 2009, the Toronto Board of Trade (the Board) launched its VoteToronto2010.com campaign with the release of the discussion paper *VoteToronto2010: Framework for a Better City*. The purpose of the Board's VoteToronto2010.com campaign is to frame the debate and develop solutions to the major issues in the upcoming 2010 municipal election.

The VoteToronto2010.com campaign is the latest component of the Board's focus on the global competitiveness and economic development of the entire Toronto region, building on previous work by the Board, such as *From World Class to World Leader: An Action Plan for the Toronto Region* (October 2009) and *Toronto as a Global City: Scorecard on Prosperity* (inaugural report in April 2009 and second edition in March 2010).

Four key themes were outlined in *VoteToronto2010: Framework for a Better City*:

1. Fixing the City's Finances
2. Growing the City and Regional Economy
3. Promoting Social Cohesion and Economic Inclusion
4. Improving Civic Democracy

This discussion paper, which is part of the second theme, "Growing the City and Regional Economy," takes a global view of regional cooperation in economic development in order to stimulate ideas and dialogue for how the Toronto region can better take advantage of the opportunities that spur economic development to benefit the region as a whole, rather than individual areas within it. The Board's final recommendations on regional economic policies to be championed by mayoral candidates will be unveiled in a future document.

In this two-part discussion paper, the Board outlines that business operates on a regional basis; a well-known city centre and its surrounding municipalities are seen as a single economic unit. This business reality, though, often runs up against the political reality of legally separate municipalities. This fragmented governance structure can make it difficult for businesses to operate efficiently, which has a detrimental impact on the region realizing its full economic potential, ultimately impacting economic growth and job creation. To overcome this difficulty, many of Toronto's global competitors are pursuing greater regional economic coordination and development.

In the first part of this paper, the Board highlights the global trend toward considering economic development in the context of the broader region. As outlined below, regional coordination can be pursued across a broad array of local and international economic development categories, such as furthering innovation-intensive activity or integrating the transportation system within the region. In the second part of this paper, the Board examines one specific, internationally-focused

component of regional economic development – the creation of a regional investment promotion agency (IPA) – being pursued in many urban centres, yielding very strong results for these regions.

In both parts of the paper, a number of examples from other jurisdictions are provided. For both regional economic coordination and regional IPAs, the approaches vary between jurisdictions. These different arrangements reflect that cooperation does not necessarily require a new governance structure; what it does require is political will, as well as positive, progressive and collaborative interaction among the regional partners. With respect to investment attraction, the increase in the level of investment that regional IPAs have been able to attract speaks to the benefits of taking a regional approach.

How formal or informal regional economic cooperation in the Toronto region should be is a matter of debate. That greater regional coordination should take place, though, should not be. The positive economic benefits of regional economic coordination are many and include stronger investment attraction, an easier business operating environment, linked infrastructure systems and well-planned communities.

A REGIONAL ECONOMY: HOW BUSINESS OPERATES

As the world becomes increasingly flat, there is a greater awareness of global economic opportunities as businesses determine where they want to locate. From a business perspective, urban centres, a well-known city centre and its surrounding municipalities, are seen as a cohesive whole; municipal boundaries are a small consideration, if at all. These urban centres are inextricably regionally linked through employment, transportation, planning and business development synergies. Public policy measures can ultimately affect a company's decision on location. Absent such factors, though, businesses seek to locate where is most appropriate for them within that economic region in order to serve the entire economic region (and in many instances, beyond).

However, from a local government perspective, each of the municipalities is a separate legal entity seeking to maximize employment and revenue generation within their borders. Each municipality is structured to attract businesses to locate within their borders, rather than in a different jurisdiction within the same urban centre.

As a result, the perspectives of the businesses operating within an urban centre tend to be regional, while governance structures tend to be local. This disconnect between the realities of the marketplace and of government can be an impediment to a region realizing its full economic potential. Fragmented governance structures can make it difficult for businesses to operate efficiently, which has a detrimental impact on economic growth and job creation.

Recognizing this challenge and attempting to overcome it, there is a growing global trend toward considering economic development in the context of the broader region, rather than just at the city level. The methods through which municipalities and regions work together to accomplish this vary

across jurisdictions, ranging from the creation of more prescribed communications mechanisms to foster regional dialogue at all levels, to the establishment of a formal regional government structure to send a clear message to the world that the region is a unified whole.

There are a number of institutional mechanisms through which regional economic development can be achieved. Metropolitan areas who embrace regional economic cooperation are stronger at attracting investment, creating linked infrastructure and transit systems, organizing governance structures, and growing vibrant, well-planned communities. Metrolinx, for instance, is an example of regional cooperation on transportation planning and infrastructure in the Greater Toronto and Hamilton Area.

TOWARD A TORONTO REGION PERSPECTIVE

There is an opportunity for the Toronto region to operate in an integrated and holistic way. In the increasingly global marketplace, municipalities in the Toronto region are competing not with each other, but with other Canadian and well-known international jurisdictions. With the North American trade corridor being promoted through NAFTA and the explosion of interest in emerging jurisdictions such as the BRIC countries, the Toronto region will be challenged to continue attracting investment and talent. An attractive business environment, including ease of operating throughout the region, is more important than ever before.

The need for regional economic collaboration has already been recognized by senior leaders and business organizations in the Toronto region. The 2009 Greater Toronto Region Economic Summit noted that “instead of competing as a unit in the global economy, [the Greater Toronto Region] appears to the world as a disorganized group of entities. We must communicate our strengths with one voice.”¹ The region’s response to the current economic situation suggests that this common sense of a regional identity and the need for a regional response is gradually emerging. This recognition of the region was expressed clearly at the Greater Toronto Region Economic Summit and echoed in the Board’s *From World-Class to World Leader: An Action Plan for the Toronto Region*. Gradually, encouraged by such clear endorsements of this approach, others are also starting to take up the regional banner, creating further momentum.

In the context of a municipal election campaign, this growing regional awareness is all the more important. It is critical that municipal candidates across the region understand the need for regional cooperation and embrace this goal within their economic platforms. This paper offers examples of jurisdictions here in Canada and around the world where city-regions have strengthened their global attractiveness through regional economic cooperation. The second part of the paper focuses on the creation of a regional IPA, which is one specific component of regional economic coordination.

¹ Greater Toronto Region Economic Summit (July 15, 2009). “Choosing Our Future: An Action Plan for Economic Recovery.” p. 3 Retrieved April 18, 2010 from <www.gtreconomicsummit.com/pdf/GTR_Summit_20090709_web.pdf>

REGIONAL ECONOMIC COOPERATION IN OTHER JURISDICTIONS

Regional economic cooperation is a concept that is being increasingly embraced by metropolitan areas around the world who are seeking a competitive edge in the race to retain and attract business. Working together drives economic growth. Companies don't choose to invest or establish themselves in a particular city; rather, they come to a region.

Through regional economic cooperation, the region becomes a unit of global competitiveness, important as businesses and area visitors are often not even aware of the distinctions between urban cores and the surrounding municipalities, considering the region as homogeneous and connected. In thinking and acting as a region, economic development can be better organized, combining both local and regional feedback and implementation. Regional coordination also makes it easier to address other issues of regional significance, such as social issues or advocacy with senior levels of government.

The successful introduction and adoption of a regional approach to economic development is predicated on three components. The first is a strategy that identifies and creates a plan to address key economic weaknesses and barriers, better takes advantage of existing strengths and generates new opportunities. Second, it involves open and honest collaboration with all municipal partners, the broader public sector and the private sector. Finally, it must be rooted in a common objective of all partners, namely the long-term economic success of the region.

There is no single model for how regional economic cooperation can take place. Below are four examples of jurisdictions where regions have moved toward greater regional economic cooperation to increase their global competitiveness. These examples range from informal meetings of regional mayors to the creation of formal regional governance structures. They reflect that cooperation does not necessarily require a new governance structure; what it does require is political will, as well as positive, progressive and collaborative interaction among the regional partners. How formal or informal regional economic cooperation in the Toronto region should be is a matter of debate. That greater regional coordination should take place, though, should not be.

Kitchener-Waterloo: Driving Long-Term Sustainability Through Regional Innovation

According to a 2009 Conference Board of Canada Scholar-in-Residence Lecture, Kitchener-Waterloo has become “the poster child for the kind of “big tent” mixture of government and governance...we

“The embrace of regional competitiveness strategies is changing the face of economic development around the United States and maximizing scarce financial and leadership resources.”

David A. Sampson

Assistant Undersecretary for Commerce

must develop to create successful 21st century cities.”² While the region of Kitchener-Waterloo has become a cluster of high-technology innovation anchored by Research In Motion, the emphasis in many of the other medium-sized and small firms is on solutions-focused, incremental innovations rather than research-intensive, first-generation products. This area has recognized that innovation and creativity fundamentally contribute to the economic dynamism of regions and provide a sustainable competitive advantage for the entire area.

The Kitchener-Waterloo region has realized that the clustering of high-tech industries must be built in tandem with other government, community and academic partners and projects. Kitchener-Waterloo has been uniquely successful in Canada in capitalizing on the presence of strong post-secondary institutions including the University of Waterloo, Wilfrid Laurier University and Conestoga College to build a talent-based strategy, successfully transforming the region into one of the strongest knowledge-based economies in Canada. There is international competition to attract the best graduates from these schools, a validation of the depth and quality of the local talent pool. Supported by the success of the high-tech industry, world-leading research institutes, including the Perimeter Center for Theoretical Physics and the Institute for Quantum Computing, have been created to synergistically work with industry to further drive research and innovation.

The Kitchener-Waterloo region has become a research-intensive knowledge hub, organized with the appropriate infrastructure, support services and labour pool. Although the region is only about half the size of Ottawa, its more diversified industrial base is successfully making the transition from older industrial technologies to newer digital ones. As noted by the Conference Board of Canada, “a hallmark of the innovation process in the region has been the application of digital technology to advanced manufacturing processes, evidence of a relatively uncommon, but critical, dimension of knowledge transfer across two of the core areas of specialization within the regional economy.”³ The shared region-wide resources serve to generate innovations, new products, new businesses, and new industries, all the while fostering complementary creative and cultural industries.

The economic cooperation evidenced in the Waterloo region did not happen by accident. The private sector has taken a leadership role in driving the economic development of the region through the establishment of Canada’s Technology Triangle Inc (CTT), Communitech and the Prosperity Council of Waterloo Region. CTT is the regional marketing association for the region, while Communitech works to facilitate the exchange of ideas between technology companies, service firms, academic institutions, business support organizations, and governments. Communitech also serves as a visible spokes organization for successful economic development in the Waterloo region.

The Prosperity Council of Waterloo Region is a relatively new venture in regional governance. It is a private sector-led, but broadly inclusive, association geared toward regional public policy. It was

² Wolfe, David. (2009) “21st Century cities in Canada: The geography of innovation.” Ottawa: The Conference Board of Canada. Retrieved May 1, 2010. <<http://www.conferenceboard.ca/documents.aspx?did=3311>>

³ *Ibid*, p. 84.

initiated as a joint undertaking of the Greater Kitchener-Waterloo Chamber of Commerce, the Cambridge Chamber of Commerce, CTT, and Communitech. The council's goals are: to build a collaborative regional vision, brand and market the region as a successful area for business, arts, and lifestyle; enhance regional health institutions; strengthen local post-secondary institutions; and create and fund a regional arts and culture development and promotion body. This activity is indicative of the willingness of the private sector and local governments to work together at a regional level to create an integrated vision for a knowledge-driven economy for the entire region for now and the future.

Chicago: Informal Cooperation Creates Positive Change

The Chicago region is made up of six counties, comprising a population of over eight million people and 273 municipalities and villages. Chicago's mayor, Richard Daley, recognized the need to push "beyond the boundaries of local interests" to better promote the interests of the entire region.⁴ As a result, in 1997, he invited mayors from nine suburban municipal associations to discuss the possibilities of collaboration and cooperation, with the caucus forming from this discussion. Today, 273 mayors and village presidents continue to use this forum to address regional issues.

Recognizing that they have much in common and that "metropolitan areas that work together will be the ones that succeed in the global economy of the 21st century,"⁵ the regional leaders now meet regularly to discuss regional issues. The caucus bills itself as a forum for discussion and a force for cooperation, consensus and change. On many issues, the caucus is able to reach consensus and then speak with one voice, be it to woo potential investors or to advocate on the region's behalf to state and federal governments.

The caucus has achieved a number of notable successes during its tenure. Areas that have been tackled include: regional economic development; electricity service reliability; air quality; investment in transportation and other public infrastructure; the creation of a regional transportation plan; critical infrastructure; housing; diversity and immigrant integration; education funding; and emergency preparedness.

The mayors' caucus model of collaboration has been adopted successfully in other jurisdictions. For example, the Denver metropolis has moved to an informal caucus of this sort. This grouping was instrumental in advancing support for FasTracks, Denver's regional light rail transit plan.⁶

Northeast Ohio: Creation of a "Super Region"

Political and community leaders in the 16 counties of Northeast Ohio (which includes Cleveland) realized that competition between local governments for real estate, income and other tax revenues hindered their capacity as a region to attract and retain business, encouraged inappropriate and wasteful development patterns and created inefficiencies in government operations. After scrutinizing other collaborative efforts from across the United States, they determined that region-

⁴ Metropolitan Mayors' Caucus, <www.mayorscaucus.org>.

⁵ *Ibid.*

⁶ Bruce Katz, "The Metro Moment," Brookings Institution (April 2010), <www.brookings.edu/opinions/2010/0416_state_governance_katz.aspx?p=1>.

wide land use planning, accompanied by sharing of new growth in the tax base, has proven to be an effective solution for reducing intra-regional competition and creating an environment for economic prosperity.

Northeast Ohio decided to work together and created the Regional Prosperity Initiative to provide the structure for region-wide land use planning and new growth tax base sharing. This effort – to benefit through collaboration – is an unprecedented step toward government reform at the municipal, county and regional levels, with comprehensive results that can create a better environment for economic prosperity. It has only been possible through the cooperation of area mayors and city managers who began to think of the area holistically, rather than as individual jurisdictions.

The Regional Prosperity Initiative has been specifically designed as a regional approach to regional issues; it has neither the mandate, nor the goal, of changing current governance structures; rather, it provides incentives for communities across the region to willingly collaborate with a foundation of shared benefits from enhanced, smart economic growth. When fully implemented, the Regional Prosperity Initiative will be governed by a voluntary Steering Committee of three mayors and three additional representatives, including a council member, township trustee, school official or a county commissioner. The Steering Committee will be supported by an Advisory Council and will oversee six “drill down teams” of additional elected officials, community leaders, subject matter experts and staff/consultants. Each drill down team is administratively responsible for leading the development of policy and guidelines in areas including land use planning, new growth revenue sharing, communications and engagement mobilization.

In essence, this municipal collaboration will create a super region that offers the resources of a small country: 4.1 million people, an approximately C\$190 billion economy and a diversely trained workforce. In collaboration with Northeast Ohio’s chambers of commerce and area philanthropic organizations, resources were pooled to promote the region’s business opportunities. “The Fund for Our Economic Future” was created to support regional economic development efforts, including projects such as JumpStart (a nationally recognized non-profit that provides resources to entrepreneurs leading high potential, early-stage companies), Team NEO (Northeast Ohio) and BioEnterprise. The fund has already generated more than C\$1 billion in venture-capital investments in the 16-county region since 2004, attracting 29 companies to the area since 2006.

Verband Region Stuttgart: Joining Forces for Global Economic Success

The Greater Stuttgart Region is 3,654 square kilometres in the very heart of Europe, between the Black Forest and the Swabian Alb. It encompasses the City of Stuttgart and the five surrounding rural districts. In total, the region numbers 179 towns and municipalities – ranging from the federal state capital through medium-sized towns to small villages – which house its 2.7 million residents.

The region is one of the world’s leading locations for the automotive industry, including companies such as Daimler, Bosch and Porsche. To take advantage of this reputation, the Stuttgart region decided to join its forces to achieve success in the worldwide competition between locations. In

1994, the Verband Region Stuttgart, a regional political institution with a Regional Assembly directly elected by the citizens, was created. The Verband Region Stuttgart is responsible for regional transportation and infrastructure planning, culture and sport, elements of waste management and, perhaps most importantly, promoting business and tourism. The region's focus on remaining globally competitive is a direct result of their recognition of the possible consequences of structural change and globalisation in the shape of job losses and corporate relocations. The area boasts 15 regional centres of excellence and innovation and the Verband Region Stuttgart pooled resources to attract business from the mobile technology and biotechnology sectors as well as the media, film and music industries. Business start-ups are supported through PUSH, a partnership network that assists business start-ups originating in universities and scientific institutes in the Stuttgart region.

Politically speaking, the Stuttgart region is an integrated whole. Regional awareness is embedded in the populace's consciousness through social and local authority initiatives. Active collaboration is encouraged, promoted and recognized through social activities and innovative forces in the region.

PART 2 / THE EXAMPLE OF REGIONAL INVESTMENT PROMOTION AGENCIES (IPAS)

As outlined in the first part of this discussion paper, companies come to a region, not simply to a city. As a result, their perspective is regional in scope. Attracting investment, both foreign and domestic, is increasingly being recognized as a key pillar of economic development. One of the mechanisms being used to aid in this task is an IPA: organizations established to provide a single-point of contact for businesses looking to gather information about opportunities available in an area. To be successful in attracting investment, these IPAs need to have the same perspective as the investors they are wooing. In other words, a regional perspective. Not surprisingly, the most successful jurisdictions in attracting investment are ones with a regional IPA. A regional IPA is one example of successful economic cooperation within regions.



Figure 1: Investment Promotion Agency Model

At present, investment promotion within the Toronto region is fragmented and under-funded, with activities often being duplicated by multiple municipalities or organizations. This lack of centralization creates disjointed information for investors who are looking for invisible municipal boundaries and local governments who work together seamlessly. The absence of a unified Toronto region IPA is hurting our ability to compete globally. To underscore this important point, one need only look to the foreign direct investment (FDI) attraction success of city-regions such as

Barcelona, Paris, London, and Montréal who, with the assistance of regional IPAs as outlined below, have been able to significantly increase their ability to retain and attract business and advance the development of industry clusters.

REGIONAL IPAS IN OTHER JURISDICTIONS

IPAs are an emerging tool being used by coalitions of local, regional and national governments and private and public sector partners, allowing them to better focus their economic development efforts. Successful IPAs provide one-stop shopping for companies looking to invest in an economic area. Geographic units (e.g. municipalities, counties, regions) come together and pool information and business development services making them available through a single contact point to interested investors. By combining resources and strategically focusing on joint promotion, investors see the advantages of the entire region. There is little chance of investors missing information or not recognizing the opportunities for potential synergies, a possible risk if the investor was left to try to piece together the information on each individual area themselves.

The partnership aspect of IPAs creates a sustained competitive advantage for city-regions who have created such bodies. IPAs are usually a collaboration of the public, private, non-government organizations (NGOs) and the community sectors. They often involve municipal, regional, provincial, and national governments, either through governance participation or funding mechanisms. Where regional, singular IPAs have been created, they have yielded significant results for their urban areas. According to a recent IBM report on global location trends, three cities with strong IPAs for their region – London, Singapore and Paris – are the top three cities in the world for attracting investment dollars.⁷ These three cities all follow regional, singular investment models in order to attract foreign direct investment (FDI). According to the same report, Toronto, unfortunately, does not make the list of the top 20 cities in the world in attracting FDI.

There are many ways to structure such an organization. Below are four examples of jurisdictions that have experienced success in attracting investment through a regional IPA. Catalonia, the region in Spain that includes Barcelona, is a good example of how shifting to a single, more focused regional investment agency can propel a boom in investment. The Paris Region Economic Development Agency has adopted a disciplined focus on innovation clusters resulting in the Paris Region becoming the leading R&D centre in Europe. Think London, the IPA for London, England has focussed on providing detailed business intelligence and networking assistance across its region, assisting foreign companies in navigating the complex legislative and regulatory requirements of establishing a new business. Finally, Montreal serves as a template for how an IPA could be structured and operationalized in the Toronto region. These examples show that regional cooperation on investment attraction can be a boon for economic development, spurring growth and job creation.

⁷ IBM (October 2009). *Global Location Trends – Annual Report, October 2009*. p. 7. Accessed April 19, 2010. <<http://www-935.ibm.com/services/us/gbs/bus/html/glt-landing-2009.html>>

Paris Region Economic Development Agency: Success Through a Cluster Focus

In 2005, the French government launched its competitiveness cluster strategy with the aim of bringing together businesses, research centres and training bodies to unlock synergies and stimulate the emergence of collaborative, innovative projects in the face of increased global competition. The development and focus on these competitiveness clusters (specifically in: finance; healthcare; software; cosmetics; transportation (automotive and aerospace); and telecommunications) are a key tenet of the Paris region's strategy to compete on the world stage through encouraging research and innovation investment.

The Paris Region Economic Development Agency (PREDA) was established as an IPA to assist individual businesses in the competitiveness clusters being promoted nationally and internationally. Structurally, PREDA is a not-for-profit organization and is managed by a Supervisory Board and a Board of Directors. These bodies consist of representatives from government, business organizations, labour and employer groups, academic institutions and research organizations. The Conseil Régional d'Ile-de-France, which created PREDA, is still its main source of funding. The Paris region is made up of eight départements (including the city of Paris) and 1,281 communes or districts. PREDA reports to the Conseil's development unit within the framework of a contract setting out the shared objectives and resources of the two organizations. In addition, as founding members of PREDA, the six Paris Chambers of Commerce are closely involved in its governance as members of PREDA's Board of Directors.

PREDA's focus on the development of industry clusters has resulted in the development of nine, mature competitive clusters. This disciplined cluster focus and coordinated investment strategy has resulted in the Paris region's R&D capacity being the strongest in Europe, with over 120 public research centres and public and private R&D expenditure totalling about C\$23 billion and 137,272 people working in research, including 75,846 researchers. Part of PREDA's success also rests in its collaborative partnerships with local organizations, including the Paris-Ile-de-France Regional Chamber of Commerce and Industry and the Paris Region Urban Planning & Development Agency. These organizations work on a regional basis in tandem with PREDA to provide a seamless experience for existing businesses looking to expand and businesses who are considering investing in new enterprises. To facilitate these activities, PREDA has opened two international offices, one in Shanghai and one in San Francisco, focused on growing the key cluster industries.

The cluster investment promotion strategy advanced by PREDA is working. In 2007, the Paris region was the number one region in terms of the number of people employed in cluster businesses and organizations, with 221,437 employees.

PROMOTION OF INNOVATION CLUSTERS

In France, the System@TIC cluster is strategically focused on three key technologies - optics, electronics and software - applied to identified growth markets including free or "open source" software.

This disciplined technology focus has resulted in the Paris Region becoming one of the world's leading centres for research and development related to open source software, with 3,500 jobs, more than 250 companies and annual business growth in excess of 40 per cent since 2003.

Think London: A Successful Pioneer

Established in 1994, Think London, the official investment promotion agency for London, is a successful not-for profit partnership between the private sector and local and central governments. It receives the majority of its funding support from the London Development Agency (the Mayor of London's agency for sustainable economic development) and private sector commercial partners. While Think London operates largely as an arm's-length agency of the City of London, Think London works directly with the Mayor of London, who is involved in setting the organization's strategic direction and establishing its overall budget. Think London, therefore, works in close partnership with the Office of the Mayor of London and UK Trade & Investment. It is governed by a business-led board of directors representing a cross-section of UK and international business and central and local government. The board also includes 'observers' who attend the board meetings to ensure proper corporate governance and best practice.

"Think London proved that London has just the right mix of talent, creativity, innovation and competition that we were looking for."

*Dr. N. K Madan
Indian Infrastructure Finance Company
Limited*

Think London exemplifies successful business-government collaboration in action. It has approximately 50 commercial partners spanning banking, law, accounting, recruitment, real estate, public relations, insurance and IT consultancies. These partners work with Think London to help new clients set up and expand in London. While headquartered in London, Think London has opened offices in New York, Beijing, San Francisco and Mumbai. They also offer representation in Korea, Japan and France.

As a contrast to the innovation cluster approach adopted by Catalonia and Paris, Think London focuses its attention on creating public-private networks that provide expertise and advice to international businesses considering where to invest. This includes helping companies create business cases, linking them to regional business networks and professional associations and assisting in staffing. By making it easier for organizations to navigate the operational aspects of establishing new businesses, Think London attempts to make the process seamless across the entire region.

Think London's results speak to its success. In 2008 alone, Think London assisted 178 foreign-owned companies from 26 countries set up businesses in London, creating almost 6,200 new jobs. Based on the London Development Agency's job creation measure, Think London generates a return on investment of 80 to 1, contributing about C\$1 billion of Gross Value Added to the London economy annually.

Invest in Catalonia (Barcelona): Regionalism Yields Results

Catalonia was a pioneer in Spain in FDI attraction policies. With a population of 7.2 million, the Catalan region includes 41 counties including the Barcelona Metropolitan Area. In 1985, the Catalan Government created the first regional economic development agency of its kind in Spain; a number of years later, this regional economic development was furthered through Invest in Catalonia, a regional IPA. The regional focus and its efforts to attract investment to the entire region, rather than one particular location within the region, have played a key role in increasing the level of FDI in the Catalan region. This regional approach to new business attraction and retention promotes business investment according to geographic competitiveness and regional development strategies, rather than the prior, fragmented city-centred approach. At its core, Invest in Catalonia serves as a one-stop-shop for dealing with the government for investment projects.

“The aim of Invest in Catalonia is to promote and attract solid business investments to Catalonia, especially those in economically and technologically strong industries that are expected to generate wealth and stable, quality employment.”

Invest in Catalonia Website

Invest in Catalonia is the investment promotion agency of ACCIÓ, the Catalan agency that promotes foreign trade, inward investment and innovation. ACCIÓ is part of the regional Ministry of Innovation, Universities and Enterprise of the Catalan Government. Headquartered in Barcelona with additional offices in Madrid, Tokyo and New York, Invest in Catalonia works in collaboration with ACCIÓ's 35 Business Promotion Centres, providing advisory services and assistance adapted to the needs of

companies interested in setting up or expanding their operations in Catalonia. The services offered are confidential, free of charge and tailor-made to the individual company.

The aim of Invest in Catalonia is to promote and attract solid business investments to the Catalan region, especially those in economically and technologically strong industries that are expected to generate wealth and stable, quality employment. To achieve this goal, Catalonia's IPA has developed 10 competitive geographic hubs that have land available for business and are equipped with supportive infrastructures such as universities, technology and research centres, top-level connections and support services and facilities for the sectors Catalonia is interested in attracting investment (e.g. optics, agro-food, advanced technologies).

The success of Invest in Catalonia has been impressive. Their competitive hubs have attracted multinational companies such as BASF, Boehringer Ingelheim, Honda, Dow Chemical, and Procter & Gamble. Currently, there are 3,000 multinational companies in Catalonia, 800 of which are industrial firms. The regional focus has allowed for both additional investment promotion resources and the reduction of the prior overlap in economic development activities across individual cities. As a result, in the last few years (2004 – 2008) Invest in Catalonia has worked annually on an average of 150 projects, is managing more than C\$2.7 billion in investment and has contributed to the establishment of 140 new investment projects, with the creation and maintenance of 11,600 jobs and investments totalling approximately C\$1.8 billion.

Montreal International: A Canadian Example of Success

Montreal International (MI) was created as a non-profit organization in 1996 and includes partners from the private and institutional sectors as well as national, provincial, regional, and city governments. MI is supported through financing from some 100 members from the private and institutional sectors, as well as the Governments of Canada and Quebec, the Communauté métropolitaine de Montréal and the City of Montreal.

“Our Mission: Contribute to the economic development of Greater Montréal and enhance its international status.”

*Montréal International
2009 Annual Report*

With a mission to contribute to the economic development of Greater Montreal and enhance its international status, MI supports the development of innovation and aggressively works to attract FDI to the Montreal region. MI has focused its efforts on identifying specific industries of interest and working to create innovation clusters for the region. MI has played a major role in creating the TechnoMontréal and Montreal InVivo clusters, supporting innovation and promoting the advantages of metropolitan Montreal on the international stage. This focus on high-tech innovation clusters, particularly in life sciences, aerospace, and information and communications technologies is done in collaboration with the Government of Quebec, which is working to position regions of Quebec as internationally-recognized hubs.

MI is governed by a voluntary board of directors made up of representatives from the public and private sectors, as well as academic organizations and industry associations. MI’s board also includes observer members.

Since 2000, MI has been involved in 450 FDI projects totalling close to \$7 billion. These investments have allowed the creation or preservation of over 40,000 jobs. In 2009 alone, MI successfully attracted 28 companies to the Montreal region, generating over \$630 million in FDI and creating or maintaining almost 3,000 jobs. Investment in 2009 came from diverse sources: 56 per cent from North America, 32 per cent from Europe and 12 per cent from Asia.

CONCLUSION: ENCOURAGING CANDIDATES TO EMBRACE REGIONALISM

The Toronto region is a vibrant, diverse metropolitan area that offers an educated, culturally diverse workforce, a high quality of living and a stable, safe community to potential businesses and their employees. The Board's Scorecard on Prosperity shows that the Toronto region is globally competitive, ranking fourth overall out of 24 global city-regions. The challenge comes from how this result was achieved: in 2010, Toronto placed second globally on quality of life indicators, but middle of the pack (11th place) on economic performance.

It is clear that, for Toronto to maintain global competitiveness, it needs to improve its economic performance. Businesses throughout the Toronto region note that, because there is no regional cooperation, it is more difficult to operate in the Toronto region than it is in other national and international locations. Almost all of the 29 municipalities within the GTA have their own economic development agencies or departments. Each of these agencies or departments is structured to promote the economic growth of their respective municipality, not the region as a whole. Would greater regional economic cooperation help to improve the Toronto region's economic performance, resulting in greater economic prosperity and job growth?

With respect to investment promotion, these activities are fragmented, underfunded and, in many instances, duplicated within the Toronto region. Many of the economic development departments and/or agencies in the GTA municipalities undertake investment promotion activities. The most prominent example is Invest Toronto, the new IPA for the City of Toronto. While the economic enhancement goals of Invest Toronto are certainly laudable and necessary as Toronto seeks to recover from the global economic crisis, its structure (in that it is only structured to attract investment into the city of Toronto) does not recognize the role of Toronto as a key player within a regional system, or the realities of the marketplace for the investors it is seeking to attract.

There are also a number of non-governmental organizations that engage in investment promotion activities, including the Greater Toronto Marketing Alliance, the Toronto Region Research Alliance and the Toronto Financial Services Alliance. None of these organizations have sufficient resources to promote the entire Toronto region in a way that matches our international competitors. Further, the fact that, even in

"Instead of competing as a unit in the global economy, we appear to the world as a disorganized group of entities. We must communicate our strengths to the world with one voice."

*Greater Toronto Region Economic Summit
July 15, 2009*

"Cities and city-regions, which have increasingly positioned themselves as the focal point of economic activity must therefore think more broadly about how they can maintain a competitive position, secure job creation and prosperity in an environment characterized by change."

*IBM 2009 Global Location Trends
Annual Report*

the non-governmental sector, there is more than one organization looking to attract investment to the Toronto region is another indication that multiple actors are speaking for the Toronto region on the international stage.

As Toronto recovers from the global recession, the Board believes the 2010 municipal election should be about the economy; without strong economic development, we cannot create the jobs and support the programs or infrastructure we want in a great city. Residents and businesses should consider which measures will serve to make the Toronto region's economy the most globally competitive. Municipal candidates should be embracing regionalism as a means of driving greater economic growth and job creation. Is there a way for Toronto region municipalities to collaborate in order to present a more cohesive experience for established businesses and interested investors? Would we benefit from having an organization, such as a regional IPA, that could promote the Toronto region's advantages to the world with one voice? With a municipal election upon us, now is the time for those seeking municipal public office to be clear on their point of view when it comes to economic development. With this paper, the Board seeks to spur candidates, residents and businesses to consider these issues and how they need to be addressed.