Theme 3: Deindustrialization and Urban regeneration
- The case of Bilbao -

Prof. Filipe Moura
The case of Bilbao

- Some facts about the city of Bilbao
- Cycles of economic growth, decline and regrowth
- The factors underlying the recent regrowth of Bilbao
  - the Bilbao Ria 2000 project
Bilbao, Basque Country, Spain
Bilbao, Basque Country, Spain

General facts
- Capital of Viscaya, 1 of 3 provinces of the Basque Country
- Navigable river: Nervión
- Population: 350,000 inhab. (Greater Bilbao has nearly 1 million)
- Economy: GDP p.c. = 26,225€ (> 22,152€ Spain) in 2005
  Unemployment rate = 14% (< 18% Spain) in 2009
  - Basque Country's main economic area and one of Spain's most important
  - Today's key industrial sectors: steel, energy production, machine tool, aeronautics industry, electronics and IT (moved away from city centre)
  - City has centered its activities in the services sector which accounts for the 75% of the city's added value

Important cultural aspect: very strong nationalist aspiration
- Demonstration of capacity for autonomy to Central Government
# Timetable of important events influencing Bilbao’s development

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>&lt;1200</td>
<td>Early trading and fishing village</td>
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<tr>
<td>1200</td>
<td>Previously independent Basque province incorporated into Kingdom of Castile</td>
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<tr>
<td>1300</td>
<td>Foundation of Bilbao</td>
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<tr>
<td>1512</td>
<td>Creation of the Consulate of Bilbao (a body regulating trade and shipping)</td>
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<tr>
<td>1452-1841</td>
<td>Enjoying special trading rights</td>
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<tr>
<td>1838</td>
<td>1st iron industry</td>
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<tr>
<td>1857</td>
<td>Creation of Tudela-Bilbao Railway Company and Banco de Bilbao</td>
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<tr>
<td>2nd half 19th c.</td>
<td>1st major phase of industrialisation</td>
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<td>1876</td>
<td>Beginning urbanisation of the Ensanche outside the medieval city</td>
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<td>1890</td>
<td>Opening of stock exchange</td>
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<td>1936-1939</td>
<td>Spanish Civil War – Basque fought on Republican side; bombing of Guernica (1937)</td>
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<tr>
<td>1939-1975</td>
<td>Spain under Franco’s dictatorship; Basque Country stripped of autonomy</td>
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<tr>
<td>1959</td>
<td>Formation of ETA terrorist group</td>
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<tr>
<td>1950s/1960s</td>
<td>2nd major phase of industrialisation; high immigration from poorer Spanish regions</td>
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<tr>
<td>1970s</td>
<td>Beginning of economic recession</td>
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<tr>
<td>1978</td>
<td>Spain returns to democracy; new Spanish constitution institutes 17 autonomous regions</td>
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<td>1979</td>
<td>Statute of Autonomy for Basque Country under new democratic central government</td>
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<td>1980</td>
<td>Democratic elections for Basque government and parliament</td>
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<td>1981</td>
<td>Economic agreement between central and Basque governments</td>
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<td>1983</td>
<td>Flood causes great damage in the old city</td>
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<tr>
<td>1986</td>
<td>Peak of unemployment; accelerating population losses</td>
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<td>1986</td>
<td>Spain becomes member of the European Community</td>
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<td>1989</td>
<td>Territorial Plan identifies ‘opportunity areas’</td>
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<td>1991/1992</td>
<td>Creation of regeneration agencies <em>Bilbao Metrópoli-30 and Bilbao Ría 2000</em></td>
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<tr>
<td>1995</td>
<td>Inauguration of new metro system</td>
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<td>1997</td>
<td>Inauguration of Guggenheim Museum</td>
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<tr>
<td>2006</td>
<td>ETA agreed on cease-fire</td>
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</table>
Bilbao, Basque Country, Spain - the ascents and declines of Bilbao (I)

- First industrialization of the city (2nd half of 19th century)
  - Mining, metallurgy, shipbuilding closely related to the British iron ore demand (Industrial Revolution)
  - Richness of resources, ease of extraction and proximity to the river
    - Attractiveness for investment and accumulation of capital (period of prosperity)
  - By the turn of the 19th century, Vizcaya became the most dynamic region of Spain
    - Greatest population growth
    - Population was packing up in city center and sprawled into the suburbs, sometimes chaotically (towns around Bilbao were merged)
    - Largest railway system and largest number of ships registered
    - All induced by the vast exports of iron ore (high specialization of the region)
Left Bank of the Nervión by the late 1970s
Bilbao, Basque Country, Spain - the ascents and declines of Bilbao (II)

- Historical perturbation: Spanish Civil War (1936-1939) followed by Franco’s dictatorship
  - Severe casualties and losses (~500,000 deaths)
  - Although it showed great resistance ("Cinturón de Hierro"), Bilbao eventually succumbed by 1937

- Historical perturbation: Spanish Civil War (1936-1939) followed by Franco’s dictatorship

- 2nd major phase of industrialisation
  - The city's heavy industries fuelled Franco's protectionist and stagnant economic policies
    - Thousands of immigrants from central and southern Spain moved to Bilbao
    - The city and surrounding towns expanded greatly and sometimes chaotically.
  - Economic development pursued until the late 1970’s, after which decline came with general economic crisis of the 1980’s
Bilbao, Basque Country, Spain - the ascents and declines of Bilbao (III)

- Population variation (1900-2006) (Source: Spanish INE)

Towns surrounding Bilbao that were merged into the city during the 1940s and 1960s regained independence.

Population movement into the suburban towns into the right bank (High real-estate prices; industrialized areas have been left in favor of the coast).

Fuente: INE (1900-2007)
Bilbao, Basque Country, Spain - the ascents and declines of Bilbao (IV)


(Source: Eustat, 2006, Gómez, 1998)
Decline of the 1980’s

- Economic recession of western countries
  - Economic recession due to oil crisis (1973) caused by oil embargoes by Arab countries in the Middle East
  - ‘Stagflation’ which began a political and economic trend of the replacement of Keynesian economic theory with neoliberalism (Margaret Thatcher, UK)
  - In economics, stagflation is a situation in which the inflation rate is high and the economic growth rate slows down and unemployment remains steadily high.

- Spain lagged behind in the response to the impeding economic crisis
  - With lower demand for European steel (new emergent markets in Asia were strong competitors to European steel production), Spain began its downturn of economic growth of the 1980’s
  - Industrial dismantling affected principally the heavy industrialized regions, including Vizcaya and Bilbao).
Decline of the 1980’s (continuation) and apparent regrowth

- Bilbao was highly specialized
  - It relied almost exclusively on metallurgy and basic manufacture, furnace, and steel production, metallic transformation, mechanical engineering, and shipbuilding.
  - All auxiliary industry and the services network were well-structured around the heavy industry.
  - Deindustrialization was the main reason for economic devastation of the Basque country (the most severe in Spain, by that time) – economic collapse

- Between 1979 and 1985: 24% of job losses (42% in shipbuilding; 24% in mechanical engineering; 23% in iron and steel industry)

- After the worst period (up to 1985-86)
  - The economy recovered until the early 1990s with the same industry structure
  - The same problems re-emerged and the service sector did not grow sufficiently to match up the decrease of the secondary sector
Outbursts of violent labour conflict in the early 1980s
Environmental decay

- Serious environmental degradation as a result of the industrial activities in the area
- Air, water and soil were seriously polluted
- Industrial waste and household sewage drained into the river without being treated until the late 1980s
  - The Nervión was therefore ecologically dead
- Deindustrialisation also left a total of 340 hectares of obsolete industrial brownfields in metropolitan Bilbao
Environmental burden and derelict sites (late 80’s)
Bilbao, Basque Country, Spain - the successful response to decline

- Developed western economies are moving away from the secondary ‘Manufacturing motor’ of economic growth to the tertiary ‘services economy’

- Underlying ideas
  - Local governments are ‘selling places’
    - Fierce competition for attracting very mobile investments – e.g., multinational companies locating or relocating business branches.
  - Strategies to regenerating and increasing the attractiveness of urban areas
    - Image is important: shift from the negative connotation ‘industrial’ city into ‘post-industrial’, fashionable era.
    - Actions: unique events (e.g., Olympic games), cultural policies, promotion of tourism, etc.
Think-tank, lobby organisation and catalyst for investment

- It was based on a partnership model with public and private sector shareholders.
- One of its objectives is to strengthen the interaction between public sector plans and interventions and private sector interests.
- Other tasks include the local and international promotion of Bilbao’s new image as a post-industrial city and the funding of research into the metropolitan area.

4 fields of action:

- Formation of a knowledge-based high-tech sector
- Inner-city urban renewal; especially revitalization of the Old Quarter
- Environmental intervention: river cleaning, industrial land recycling, implementation of Agenda 21
- Strengthening of cultural identity through culture-led regeneration

Undertaking a campaign to market the qualities and assets offered by the city-regions population that were identified as key to future progress: innovation, professionalism, identity, community and openness
Bilbao, Basque Country, Spain
- Bilbao Ria 2000 (I)

- Bilbao regeneration started in 1992 with the creation of the Bilbao Ria 2000 to implement the strategic planning
  - It acts like a private firm (‘Sociedad Anonima’) but using public resources.

- Resources: mainly urban terrain
  - ‘Brownfields’ and other terrains were owned by public companies
  - Heavy industries were strategically located on very attractive areas by the river banks
  - €560 million between 1997 and 2006 (major share of EU funds-FEDER)

- Shareholder composition

<table>
<thead>
<tr>
<th>Ministry of Housing</th>
<th>Bilbao port authority</th>
<th>RENFE</th>
<th>FEVE</th>
<th>Barakaldo city council</th>
<th>Bilbao city council</th>
<th>Regional council of Viscaya</th>
<th>Basque government</th>
</tr>
</thead>
<tbody>
<tr>
<td>25%</td>
<td>10%</td>
<td>10%</td>
<td>5%</td>
<td>5%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
</tr>
</tbody>
</table>
Areas of urban regeneration:

- **Abandoibarra**: Extension of the city over old industrial and port areas.
  - *Hiru rada, antzeko industria eta hai eraberdiko lurzailen gainean.*

- **Bilbao La Vieja**: Actions of urban reconstruction within the framework of an integral rehabilitation plan.
  - *Hiri bereraikuntza ekintzak Ezabera bereraikuntza planintzaren testuingurunean.*

- **Basauri**: Reorganization of railway stations, acquisition of new urban areas.
  - *Treenbide geltokiek berrantolaketa. Hiri zol berrien lorpena.*

- **Barakaldo**: Reurbanization of old land along the river.
  - *Ibai ondoko industria zol batzuen erreaktatzea.*

- **Basurto–San Mamés–Olabeaga**: Metro expansion, railway and urban remodeling.
  - *Sazhidun hobekuntza, trenbideen berrantolaketa eta irigintza eraberrikuntza.*

- **Ametzola**: Elimination of barriers and construction of green and residential areas.
  - *Hiri ostapoa berdeku eta gune berdeak eta etxebizitza aldeak erabaki.*

Bilbao, Basque Country, Spain - Bilbao Ria 2000 (II)
The structural organization of Bilbao Ria 2000 and its statutory foundation allow for:

- Independent management avoiding cumbersome procedures of the public administration
- Ease of action and quick-response interventions in urban planning
- All shareholders support the strategic planning implemented by the ‘firm’ that is subject to periodical evaluation
Better communication through improved transport infrastructures:
- Modernization of the railway system
- Increased interoperability of the network and better facilities.

Urban regeneration:
- New projects for the river-side brownfields where emblematic facilities were built
- Positioned at the heart of the urban centre, the old industrial area of Abandobarran was replaced by the new port facilities
Now a new residential area, Ametzola was home to three freight railways stations.
The cutting through which the freight railway line ran has now been covered and is one of the Bilbao's new urban arteries.
Bilbao, Basque Country, Spain
- Strategic goals (VIII)

- Operation Galindo is being developed on land that was previously home to steel manufacturers (area of Barakaldo)
Bilbao, Basque Country, Spain
- Strategic goals (IX)

- Two emblematic projects

Guggenheim Museum

Bilbao Exhibition Centre
Bilbao, Basque Country, Spain - Signs of recovery

- Employment in manufacturing and services
Unemployment in Bilbao Metropolitan
Timeline of important events in Bilbao since the late 1970s

- **Regional autonomy reinstalled**
  - Statute of Autonomy (1979)
  - Regional elections (1980)
  - Economic agreement (1981)

- **Old city devastated by flood**
  - Peak of crisis (e.g. high unemployment peak, strong population decline)

- **Land-use plan for Bilbao**
  - Met area 1994

- **Spain joins European Community**

- **Debate about recovery**
  - "Master Plan"

- **Creation of Bilbao Metrópoli-30**
  - Turning point

- **Spanish cities hosting major events**
  - Barcelona (Olympics), Sevilla (Expo), Madrid (Cultural Capital)

- **Since 1992: Redevelopment of "Opportunity Areas"**
  - (e.g. Abandoibarra)

- **Creation of Bilbao Ría 2000**

- **Metro system inaugurated**

- **Guggenheim inaugurated**

- **System for socio-economic monitoring started**

- **New sanitation system completed**
  - (work since 1984)

- **ETA agreed cease-fire**

- **Legend**
  - Key moments
  - Negative events
  - Physical key moments
  - Foundation of new agencies, partnerships
Bilbao, Basque Country, Spain
- Some important features today

- The city is the corporate seat of the BBVA bank and Iberdrola electric company.

- The International Trade Fair, now Bilbao Exhibition Centre (BEC) hosts many international level exhibitions (it has won international prizes several times).

- The port of Bilbao is the most important one in the north of Spain and one of the most important in the Bay of Biscay.
  - In 2005, the port moved 36.8 million tones, being the fourth port of Spain after Algeciras, Barcelona and Valencia.

- Cultural venues and events
  - Guggenheim Museum Bilbao of contemporary art and the Bilbao Fine Arts Museum (800’000 visitors – it was 100’000)
  - Semana Grande (Spanish for Big Week, Aste Nagusia in Basque) is Bilbao’s main festival attracting over 100,000 people and takes place each year, lasting 9 days.
  - The Bilbao Live Festival, initiated in 2006, is another measure of new interest.