City of Bucharest: standing by for takeoff – globally or locally?

Ceapraz Lucian – PhD student
University of Burgundy, France
Lucian.Ceapraz@u-bourgogne.fr

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Outline of the presentation

- Introduction
- evolution of employment in the most important city of Romania, Bucharest – a status of post-industrial city
- focus on the productive structure of the region of Bucharest-Ilfov
- the city has acquire a strong status of « national metropolis» and a less dynamic position within the European metropolises.
Context

1. Notion of metropolization
2. Eastern Europe’s cities or metropolises?
3. The city of Bucharest: the impact of « internal and external forces »
4. The local context of the city: a productive structure with a high « country effect »
   - measures of industrial concentration: Gini location quotient
5. The global context of the city: a productive structure with a « poor integration » in the European network of metropolizes
Conclusion

Is the city of Bucharest a local or global metropolis?
1. Globalization at urban level: the notion of metropolization

- Metropolis, global city, world city, megalopolis, megacity, international city, ecumenopolis, etc.

- Our case is related to the theory of agglomeration and the economic dimension.

- The word metropolis is more « European »
  - For example in the United States the term is mostly unknown (Bailly, 1999) and covers all levels of urban development (local, regional or global level) (Gaussier, 1999).
Some definitions: A METROPOLIS

• is a big city
• very diversified production structure related to the global economy
• becomes influential when spatial range of coordination extends beyond the local scale (Bourdeau-Lepage, Huriot, 2003)
• is the epicenter of the globalization process
• concentrates high-order activities and functions of global coordination at local, regional or global level
• Is a vital node in a global network of cities
2. Aspirations of Eastern Europe’s cities to become metropolises

- What do we know about Eastern Europe’s cities?
- Capitals’ cities of Eastern Europe are on the way of metropolization
- play a relay role at national level and still a minor role on the international stage
- different production structures and sizes of service sector
- metropolitan development: a strong service sector (Prague, Warsaw, Budapest); a less dynamic service sector (Bucharest, Sofia)
Continued: what we know about Eastern Europe’s metropolises

• systems of production: more flexible and consists of services
  – metropolization is an answer to the changes of a post-industrial economy

• the urban production: more complex with global structure

• the production: more personalized, intangible and slightly related to spatial distance ("tyranny of distance"-Duranton, 1999)

• the metropolization process at the spatial level: increase of the polarization and of the spatial influence of the metropolis
3. The city of Bucarest: the impact of « internal and external forces »

- The city of Bucharest is still a city in transition.
  Its aspirations to acquire an European and global status depends on:
  - diversification of the service sector
  - the potential of attractiveness of the FDI
  - decision-making factors such as the government economic policy
Internal forces (Tosics, 2005):

• a changing regulatory and institutional background
• market processes: domestic investors, private businessmen
• dynamics of urban land market
• a decentralized urban planning
• real estate investments
External forces (Hamilton, 2005):

- structural adjustment
- international integration through trade flows
- FDI
- joint ventures
- transport connections
- tourism and cultural links
- increasing multiculturalism of the city generates intercity private and business travel
Combination of internal and external forces

• combination of internal and external factors: translated by a unique answer of the city confronted with globalization

• evidence of the development of metropolitan functions with regard to the internal and external space

• we analyze the structure of employment of the city of Bucharest: metropolis or just a big city?
4. The local context of the city: a productive structure with a high « country effect »

- **Location Quotients:** we compare the productive structures of the region of Bucharest-Ilfov with that of the other regions of Romania.

- focus on the concentration of services which determine the process of metropolization (TABLES 2 and 3)

- a measure of industrial concentration/specialisation of regions (cities):

  - **Ginni’s Location Quotient** (LQir) = \( \frac{E_{ir}}{E_{r}} / \frac{E_{in}}{E_{n}} \)
Gini’s location quotient

• For a given sector, the LQ is the ratio of the share of that sector in the city employment to the share of that sector in the whole country employment in the same sector.

• If $LQ_{ir} > 1 \rightarrow$ the employment in industry $i$ is more concentrated in region (city) $r$ than in the whole country.
Table 1: Romanian development regions: 8 regions (NUTS 2)

Region of Bucharest-Ilfov: a division of NUTS 2
## Table 2: LQ Romanian regions 1992-2003

<table>
<thead>
<tr>
<th>Regions</th>
<th>Manufacturing</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>N-E</td>
<td>0.93</td>
<td>0.89</td>
</tr>
<tr>
<td>S-E</td>
<td>0.84</td>
<td>0.87</td>
</tr>
<tr>
<td>S</td>
<td>1.04</td>
<td>1.05</td>
</tr>
<tr>
<td>S-V</td>
<td>0.70</td>
<td>0.68</td>
</tr>
<tr>
<td>V</td>
<td>0.92</td>
<td>0.89</td>
</tr>
<tr>
<td>N-V</td>
<td>0.95</td>
<td>0.96</td>
</tr>
<tr>
<td>C</td>
<td>1.36</td>
<td>1.38</td>
</tr>
<tr>
<td><strong>Bucharest-Ilfov</strong></td>
<td><strong>1.20</strong></td>
<td><strong>1.24</strong></td>
</tr>
<tr>
<td>NACE 1-digit industry</td>
<td>LQ</td>
<td>% of B-I jobs</td>
</tr>
<tr>
<td>-----------------------</td>
<td>-----</td>
<td>---------------</td>
</tr>
<tr>
<td>1.J</td>
<td>2.92</td>
<td>2.5</td>
</tr>
<tr>
<td>2.K</td>
<td>2.86</td>
<td>12.3</td>
</tr>
<tr>
<td>3.I</td>
<td>1.79</td>
<td>8.8</td>
</tr>
<tr>
<td>4.L</td>
<td>1.71</td>
<td>3.2</td>
</tr>
<tr>
<td>5.F</td>
<td>1.68</td>
<td>8.1</td>
</tr>
<tr>
<td>6.H</td>
<td>1.51</td>
<td>1.9</td>
</tr>
<tr>
<td>7.G</td>
<td>1.49</td>
<td>16.4</td>
</tr>
<tr>
<td>11.D</td>
<td>1.05</td>
<td>22.9</td>
</tr>
</tbody>
</table>
Interpretation of « country effect » for the region of Bucharest-Ilfov

• This « country effect » (*term used by Bourdeau-Lepage, 2003*) represents:
  • the «internal forces» and the economic processes specific to the country which act upon the productive structure
  • a productive structure strongly related and influenced by the national economic system
  • a productive structure which minimize the effect of « external forces »
Local specialisation

The region of Bucharest-Ilfov is strongly specialized in the service sector:

– because the other regions lag in the development of services
– because the analysed services are more connected with national development than with the global development
5. The global context of the city: a productive structure with a « poor integration » in the European network of metropolizes

Comparison with other Eastern Europe Capitals cities:

• studies made by Bourdeau-Lepage (2003) on five capital cities show for Bucharest high domestic LQ in sector J and K and the lowest intercity quotient of the five cities
• less developed than Prague, Warsaw or Budapest (which already present signs of metropolization)
• more developed than Sofia, Zagreb or Ljubljana
• an analysis and comparison of the productive structures of these cities give us important clues about the rank of metropolization in Eastern Europe
Conclusion

✔ Despite a strong specialisation in services reported to the national territory and a strong local or national influence, the city of Bucharest is less metropolized when compared with other Eastern Europe’s Capitals cities

✔ Its major chance is a more dynamic integration of its productive structure within the global economy

✔ So, we can speak of an original take-off which combines both the local and global influence
Thank you for listening