Constructing regional advantage in branding the cross-border Euroregion Galicia–northern Portugal

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This paper employs a constructing regional advantage (CRA) approach in respect of examining the potential of joint branding strategies intended to position and give visibility to cross-border regions. The CRA concept is introduced here to improve understanding about the empirical significance of a branding strategy through cross-border relatedness, differentiated knowledge bases and policy platforms. It also aims to contribute to the academic debate on region branding. The case study focuses on the Euroregion composed of Galicia in north-west Spain and northern Portugal (GNP). Findings show that the combination of the key economic domains in which GNP excels will echo the cross-border advantage and strengthen a joint region branding strategy.

Keywords: constructing regional advantage; Euroregion; region branding; Galicia–northern Portugal

Introduction

This paper presents a constructing regional advantage (CRA) approach as an attempt to debate the potential of joint place branding initiatives between cross-border regions. This discussion merits attention at the present time as the European discourse on internal borders has promoted the conceptualization of cross-border cooperation and transnational integration as a means to overcome entrenched economic and social imbalances of several European Union (EU) border regions (Medeiros, 2011). In addition, cross-border geographies were presented as an effective way strategically to lift the economy of border territories (Amante, 2013) and to accelerate the process of reducing the gap between the less and more developed regions of the EU. Moreover, regions, city-regions, Eurocities, cross-border regions and regional identity have become buzzwords in the worldwide geo-economic and geo-political environment (Paasi, 2009). Furthermore, global competition, growing complexity and the challenges posed to transnational geographical entities, such as unemployment growth, scarcity of financial resources and loss of purchasing power, boost the practice of undertaking cross-border cooperation in order to construct regional advantage, strengthen their competitive position and provide territorial visibility (Pasquinelli & Teräs, 2013).

The Euroregion composed of Galicia in north-west Spain and northern Portugal (GNP) is taken as the empirical case in this paper. The regions of the GNP have enjoyed centuries of shared history and culture, although with asymmetrical systems of
regional government. Galicia is governed by an autonomous regional government with legislative and decision-making capacity in areas such as environment, infrastructure and regional planning, and rural development. As in Portugal, there are only two tiers of government: the central and the local/municipal. With absence of regional governments, northern Portugal is devoid of political and legislative powers and it has limited decision-making capacity.

The cross-border relations between Galicia and northern Portugal have been shifting towards improved competitiveness, but also heading for the creation of stronger cooperation. However, it was only with the EU membership of Spain and Portugal (1986) that the foundation for successful cross-border cooperation was built. GNP has legal and institutional support by Regulation 1082 of 2006 of the European Parliament and of the Council of 5 July 2006 amended accordingly to Regulation 1302 of 2013 of the European Parliament and of the Council of 17 December 2013 on a European Grouping of Territorial Cooperation (EGTC). The establishment of an EGTC is a matter to be decided by the EU member states and it can be composed by regional and local authorities as well as entities governed by public law. The overall purpose of an EGTC is further to develop and broaden the common border areas towards improving connectivity, infrastructures, enhancing socio-economic and institutional integration, promoting employment, reinforcing competitiveness and to promote territorial cooperation, thus contributing to meet the objectives of the EU 2020 strategy. In line with the mentioned Regulation 1082/2006, the EGTC Galicia–northern Portugal (GNP-EGTC) was officially established in 2010, thus formalizing years of healthy trade and cultural relationships as well as language similarities between Galicia and northern Portugal. Recently, the EGTCs have started publishing their joint investment programmes. The GNP-EGTC has also published their joint investment programme (GNP-EGTC, 2014).

By employing a qualitative methodology, specifically a content analysis of the Joint Investment Programme GNP-EGTC 2014–20, the purpose of this paper is twofold. First, it discusses the relevance of the concepts of related and unrelated variety and differentiated knowledge bases central to the idea of CRA (Asheim, Boschma, & Cooke, 2011; Cooke, 2007), as an attempt to construct a unique cross-border advantage and give visibility to GNP through a branding strategy. Secondly, it clarifies the role of the EGTCs, specifically the GNP-EGTC, as a policy platform of a joint cross-border branding strategy tailored to the key economic domains in which GNP has potentials and expertise.

Theoretical background: CRA and the role of region branding

According to Boschma (2014), CRA has generated considerable attention from scholars and policy-makers around Europe. It underlines that ‘knowledge and innovation are considered main drivers of regional development’ (Boschma, 2014, p. 2) and regions are key drivers of innovation. However, the CRA concept seems better prepared to tackling socio-economic imbalances, in their essence derived from globalization (Asheim et al., 2011). As the opposite of ‘one-size-fits-all’ solutions or policy models leading to uniformity (Tödtling & Trippl, 2005), CRA suggests that effective policy-making requires tailor-made actions that are context sensitive to the specific needs and available resources of regions (Lambooy & Boschma, 2001). In addition, CRA underlines that innovation processes are strongly shaped by the specific knowledge base of activities and their combination within and between regions (Boschma, 2014), which could sustain cross-border synergies tailored to what makes them unique in the crowd.
The CRA concept brings together three key concepts: (1) related and unrelated variety; (2) differentiated knowledge bases; and (3) policy platforms (Boschma, 2014). Related variety, defined as a diversity of firms and sectors in a region that could complement each other, is principally about the economic importance of bringing together different but complementary pieces of knowledge (Boschma & Frenken, 2011) and unrelated variety which can alleviate unemployment growth (Frenken, Van Oort, & Verburg, 2007).

The second key notion is the issue of differentiated knowledge bases, which accounts for different types of knowledge that predominate in people, firms, sectors and regions. Asheim et al. (2011, p. 898) underline three typologies of knowledge bases: (1) ‘science based/know-why’; (2) ‘engineering based/know-how’; and (3) ‘arts based/know-who’.

The third key notion is the notion of policy platforms, which attaches great importance to relational and collective types of policy arrangements (Asheim et al., 2011) as well as the articulation of multiple regional actors to support regional relatedness.

According to Asheim et al. (2011), the CRA concept is effective in combining regional potentials, as well as in turning the different typologies of knowledge into regional innovation, thus promoting regional competitiveness. However, the literature on CRA has not yet been successful in analysing cross-border relatedness and knowledge exchange across border regions, for instance between regions formally established and governed by regional governments (e.g. Galicia) and regions without regional government and restricted decision-making capacity (e.g. northern Portugal). Moreover, and in spite of their importance in regional economy, ‘the economic geographies of brands and branding have received relatively little attention and lack conceptualization and theorization’ (Pike, 2013, p. 317). In addition, there is an apparent gap in the place-branding literature that overlooks branding across administrative border regions (Pasquinelli, 2013).

Bearing in mind these conceptual gaps, this paper adopts a CRA approach to place branding for cross-border regions in light of globalization. According to Pasquinelli (2013), globalization trends, the simplification of procedures for investment and movement of people and capital across borders, have made a place’s capacity of attraction crucial to its economic development. Branding strategies for cross-border regions may be employed in support of the imagination of visionary realignments, fostering economic restructuring and structural change (Oliveira, 2015), for instance by exploring synergies within sectors (related variety) and between productive sectors (unrelated variety). Social inclusion and cohesion, political and civic engagement (exploring different types of knowledge), the reinforcement of regional identification and the general long-term well-being of citizens (Ashworth, 2011) could also be enhanced through regional branding exercises. To achieve these, a context-sensitive approach to regional assets and strong engagement with key regional actors are fundamental. The links between CRA and cross-border branding have been summarized through a theoretical framework (Figure 1).

Background of the case study: Galicia–northern Portugal
The Euroregion composed of the NUTS-III Alto Minho, Cávado, Ave, Área Metropolitina do Porto (AM Porto), Alto Tâmega, Tâmega e Sousa, Douro and Terras de Trás-os-Montes of northern Portugal and the provinces of A Coruña, Lugo, Ourense and Pontevedra of Galicia in north-west Spain are taken as the empirical case (Figure 2).
Galicia is Spain’s most western autonomous community, and is bordered to the south by Portugal. With approximately 2.8 million inhabitants and a territorial area of around 30,000 km², the region is sparsely populated (with a population density of 95 individuals per km² in 2011); it accounts for 6% of Spain’s population and 5.5% of national gross domestic product (GDP) in 2011. Galicia has its own language (Galician) and it is characterized by 1700 km of coastline as well as rugged terrain. It has an elected regional government: the Xunta de Galicia.

Northern Portugal, without an institutionalized level of government (policy-making is centralized in the national government), is supported in terms of regional development and cohesion by the North Regional Coordination and Development Commission (CCDRN), has a territorial area of around 21,000 km² with approximately 3.7 million inhabitants (with a population density of 176 individuals per km² in 2011); it accounts for 35% of Portugal’s population and 28.3% of national GDP in 2011 (Table 1). CCDRN, a body that has administrative and financial autonomy, but which is appointed by the central Portuguese government, is tasked with coordinating and promoting governmental policies with regard to regional planning and development, environment, land-use management, and inter-regional and cross-border cooperation, mainly with Galicia.

The GNP-EGTC, in operation since March 2010, represents the continuous effort from the EU to enhance cooperation, strengthen ties and develop networks between cross-border regions. The GNP-EGTC aims to support institutional arrangements among its members, the Xunta de Galicia and the CCDRN, and establishing communication bridges and dialogue between business, citizens, universities/research centres and government on both sides of the border. In addition, it also aims to enhance the competitiveness of the economy through knowledge and innovation, strengthen and streamline the cross-border equipment, thus contributing to social cohesion.

Figure 1. Theoretical framework for constructing cross-border and branding strategies across borders. Source: Author’s own construction based on Asheim et al. (2011), Boschma (2014), and Frenken et al. (2007).
The peripherality and trans-frontier geography of GNP have exacerbated the decline of traditional agricultural and industrial activities that face increasing competition within and beyond the EU. Both regions are currently facing economic and social imbalances which have been affecting the citizens directly. For instance, unemployment above 17% (Table 1), lack of job opportunities, and credit to finance new businesses, convert old ones and support locally based entrepreneurship.

**Discussing a cross-border branding strategy for Galicia–northern Portugal**

The analysis of the content of the Joint Investment Programme published by GNP-EGTC in March 2014 supports this discussion. The primary economic domains identified (Table 2) reveal a potential relatedness (see the column GNP relatedness in Table 2) between cross-border industries which seems to respond to the call Boschma (2014) has made to design tailored actions that take region-specific assets as a starting point to create momentum and generate job opportunities.

In line with Table 2, GNP could explore the relatedness of key economic domains, as life sciences, agro-food-oriented activities and tourism, among others. Exploring the
relatedness between and within sectors would demand for joining forces, engagement with regional actors, as well as community involvement in order to construct cross-border

Table 1. Key social and economic figures.

| Indicators                              | Spain (Spain) | Galicia (Spain) | Portugal (Portugal) |
|-----------------------------------------|---------------|-----------------|---------------------|
| **Population**                          |               |                 |                     |
| Resident population (N) (3rd Quarter 2014) | 46 464 001    | 2 748 695 (6% of Spain) | 10 427 301 |
| Population density (N/km²) (2011)       | 93.3          | 94.5            | 115.4               |
| **Labour market**                       |               |                 |                     |
| Unemployment rate (%) (30 September 2014) | 23.7          | 20.2            | 16.2                |
| Youth unemployment (%) (4th Quarter 2013) | 54.9 (16–29 years) | 36.6 (16–29 years) | 38.1 (15–24 years) |
| **Economic indicators**                 |               |                 |                     |
| Gross domestic product (GDP) (€, thousands) (2011) | 1 063 355     | 58 001 (5.5% of Spain) | 171 040 |
| GDP per capita (€, thousands) (2011)    | 23.1          | 21.2            | 16.1                |
| Tourist arrivals (2012)                 | 93 674 522    | 3 216 346 (3.4% of Spain) | 88 295 |
| World Economic Forum *Global Competitiveness Index* (2014–15), where *1–7 (best)* | 35th position | 36th position |
| World Economic Forum *Capacity of companies to innovate* (2014–15), where (*)1 = not at all; 7 = to a great extent | 60th position | 37th position |

Sources: Author’s own construction based on *EUROSTAT (2014), *Xunta de Galicia (2013) and *World Economic Forum (2014).

Table 2. Galicia–northern Portugal cross-border related and unrelated variety.

| Primary economic domains                     | Northern Portugal | Cross-border relatedness |
|----------------------------------------------|-------------------|-------------------------|
| Fishing                                      | Sea economy       | Sea-oriented activities (e.g. energy production) |
| Sea activities                               | Renewable energies| Seafood industry        |
| Life sciences                                | Agro-food activities| Food-oriented research |
| Health-oriented activities                   | Life sciences     | Health-oriented research|
| Cultural and natural heritage                | Cultural tourism  | Cultural and heritage tourism (e.g. pilgrimage; traditions) |
| Environment                                  | Textile and clothing| Technical textiles      |
| Energy                                       | Footwear          | (e.g. sportswear, workwear) |
| Green-biotechnology                          | Information and communication technology (ICT) services | Environmental-oriented ICT |
|                                              | Green industries  | Biotechnology industries|

Source: Author’s own construction based on Joint Investment Programme Galicia–northern Portugal 2014–20.
advantage. Following the GNP-EGTC (2014), synergies between Galician sea-oriented activities could be combined with the sea-economy initiatives of northern Portugal. The traditions of the textile industry and shoemaking could be explored synergistically with the universities and research centres of the Euroregion, for instance with the 3B’s Research Group and CITEVE-Technological Institute for Textiles and Clothing, both located in northern Portugal, which could contribute to job creation and its maintenance. Technical textiles, which require knowledge transfer between universities and industry, could support the retention of an expert labour force. Tourism, particularly cultural tourism and tourism associated with religious sites, which is robust on both sides of the border, and the historical and cultural background are likely to enhance cross-border relatedness and boost regional feelings (of belonging to the GNP).

Inspired by current literature on CRA (e.g. Boschma, 2014), inter-regional place branding (e.g. Zenker & Jacobsen, 2015), regional identification (e.g. Clifton, 2011) and the joint programme (GNP-EGTC, 2014), the theoretical framework (Figure 1) has been tested and applied to the case study (Figure 3).

Analysis suggests that the potential joint branding strategy would be more effective in providing greater visibility to the Euroregion GNP and communicate its regional excellence, if it is sustained with strong cooperative ties between key regional actors and communities, research laboratories, universities and technology transfer agencies. Recent advances in technical textiles, bio- and nanotechnology (know-why), combined with traditional industry (know-how), will echo the cross-border advantage. Furthermore, a

![Diagram](image-url)

Figure 3. Theoretical framework applied to the case study Euroregion Galicia–northern Portugal. Source: Author’s own construction based on Clifton (2011), GNP-EGTC (2014) and Hospers (2004).
branding strategy could support the communication of GNP assets (tangible/intangible), position, and give visibility to the outside and inside region alike (spatial dimension/know-where). The cultural and linguistic background of GNP could play a key role in the success of a potential joint branding strategy (know-who). There are similarities, cognitive and spatial proximity as well as institutional willingness to position the Euroregion as a whole. The abovementioned joint programme developed by the GNP-EGTC (know-who) has proposed the development of a marketing plan for the Euroregion which can be considered as a starting point towards a joint branding strategy.

**Conclusions**

This paper has debated a CRA approach to a joint branding strategy for the GNP. By taking the key domains in which Galicia and northern Portugal have potential, a stronger Euroregion is more likely to emerge. A CRA approach has the potential to help identify key economic, social and cultural domains. A branding strategy would support the communication of cross-border relatedness, would strengthen its visibility and recognition. The historical background of togetherness, the cultural roots and identities are clearly an advantage towards a common brand storyline. However, the different government systems could be seen as a possible barrier. The absence of regional legislative and decision-making capacity in Portugal, the diverse and fragmented regional assets, and the current socio-economic environment of both regions all require regional coordination efforts, territorial reorganization, stronger cooperation bonds as well as rethinking the modes of regional government, particularly in northern Portugal. In this regard, the GNP-EGTC could play a key role as a policy platform facilitating the cooperation between two distinctive territories and rendering them more competitive as a unique geographical entity. The working philosophy of GNP-EGTC could be highlighted as an example for other cross-border regions trying to explore synergies among them. The GNP-EGTC has capabilities, as well as access to financial means, to draw cross-border strategies by exploring the relatedness of industries to further constructing a regional advantage, turning different types of knowledge into innovation and making it known within and beyond borders.

A cross-border branding strategy could give visibility to and build a coherent vision and respected storyline of the Euroregion GNP to Portugal, to Spain and to the world. For this, it is fundamental to engage with citizens, and the public and private sectors. Yet, it is acknowledged that bringing all regional actors together to share the same vision and branding aims will remain a tough task and that there will be difficulties towards mutual agreement for decision-making arrangements.

One possible direction for further studies would be the need to undertake primary research, as in-depth interviewing, to identify the main ‘wants’ of common groups of regional actors and their embeddedness in joint branding strategies.

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