

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF MAY 19, 2015**

Item 21, Report No. 20, of the Committee of the Whole, which was adopted, as amended, by the Council of the City of Vaughan on May 19, 2015, as follows:

***By approving the recommendation in the report of Director of Economic Development, dated May 5, 2015; and***

***By approving that the following Members of Council participate in the business mission to China 2015:***

***Regional Councillor Rosati;  
Councillor DeFrancesca; and  
Councillor Yeung Racco.***

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**BUSINESS MISSION TO CHINA 2015**

**The Committee of the Whole recommends:**

- 1) That consideration of this matter be deferred to the Council meeting of May 19, 2015.**

**Recommendation**

The Director of Economic Development in consultation with the Executive Director, Office of the City Manager recommends:

1. THAT Council approves the development and execution of a Business Mission to China from September 26 to October 4, 2015;
2. THAT Council identifies which members of Council will participate in the business mission;
3. THAT two Economic Development staff members and one representative from the City Manager's Office participate in the mission to ensure that the City is represented at concurrent events and meetings; and
4. THAT Economic Development provides Council with a Post-Mission Report by end of the year.

**Contribution to Sustainability**

Green Directions Vaughan embraces a Sustainability First principle and states that sustainability means we make decisions and take actions that ensure a healthy environment, vibrant communities and economic vitality for current and future generations. Under this definition, activities related to economic development contribute to the sustainability of the City.

**Economic Impact**

All costs associated with the proposed outbound business mission in this Report are budgeted within Economic Development's 2015 Operating Budget. Participating businesses will be required to cover their own costs, which are estimated to be \$4,900 per person, based on double occupancy. This cost estimate includes round trip economy airfare, ground transportation, hotels and meals. Incidental costs such as interpretation services and translation of marketing collateral materials, may be incurred.

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#### **Communications Plan**

Upon approval of this Report, staff will contact potential participants and business associations, as well as the officials in Yangzhou, Changning District in Shanghai, Suzhou in the Jiangsu Province, and Beijing to begin coordinating the business mission. As with previous business missions, the City will undertake the development and roll-out of a targeted marketing and promotion campaign focused on encouraging businesses and qualified institutions to participate in the mission. Information on the business mission will be posted on the City's corporate website, as well as social media sites, and promoted through the City's business communication and marketing materials.

#### **Purpose**

The purpose of this report is to seek Council approval and participation in a business mission to China from **September 26 to October 4, 2015**. The proposed mission is intended to support and facilitate business development opportunities resulting from the Yangzhou delegation visits to the City of Vaughan that took place earlier this year.

#### **Background – Analysis and Options**

The City of Vaughan's 10-year Economic Development Strategy *Building a Gateway to Tomorrow's Economy* identifies international business development as critical to improving the City's economic competitiveness.

The key objectives of Vaughan's international business development strategy are:

1. To support local economic development by providing local businesses with additional tools to access new markets, achieve growth and retain their competitive edge.
2. To support local economic development by pursuing foreign investment attraction.
3. To create and leverage opportunities arising from multicultural and ethnic partnerships.
4. To enhance Vaughan's global image.

Economic Development has undertaken several initiatives to meet these ambitious objectives with respect to its core international markets: China, Israel, Italy, and the United States. Business missions are an additional tool used to encourage international business development. At this time, a business mission to China has been identified as imperative to building the China portfolio.

#### **Opportunities in China**

Within the last three decades, China has grown to become the world's second largest economy with an expected GDP growth rate of seven percent in 2015. Rapid urbanization, and a growing middle class—combined with the opening up of currency trading—present some tremendous opportunities for Canadian businesses. However, entering the Chinese market can be difficult: it has a significantly different regulatory environment, financial and banking practices, social and cultural practices, and expectations and norms. Moreover, there are intellectual property challenges, compounded by a rapidly growing and evolving market economy. These perceived obstacles should not prevent us from considering the myriad opportunities that the Chinese market offers our local businesses with regards to exporting, as well as the attraction of new foreign investments into Vaughan.

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The City has, in fact, been proactive in exploring the Chinese market, and built on its formal relationships. On June 12, 1995, the City of Vaughan entered into a Friendship City agreement with Yangzhou, a city of 4.4 million people located in the prosperous province of Jiangsu. Since that time, Vaughan has also established economic co-operation relationships with other Chinese cities including Yiwu in April 2011, Zibo in November 2012, and Changning in November 2012. From 2008-2012, four missions to China were conducted.

With respect to visiting delegations, Chinese groups comprise the majority of incoming visits in any given year. In 2014, Vaughan received delegations from Zibo and Changchun. Already in 2015, delegations from Yangzhou and Hubei have visited Vaughan and a second business delegation from Yangzhou is expected to visit the City in May (May 14-30, 2015) to build on discussions with one of Vaughan's Information Communications Technology (ICT) companies; a direct result of their previous visit to Vaughan.

Chinese government and business officials value face-to-face visits and consistent contact, perhaps more than Canadians, in their business transactions. The City's previous missions and the City's hosting of delegations have initiated a dialogue that requires further nurturing to create business matchmaking opportunities, technology exchanges, and the investment confidence that will generate real economic impact

#### **China Business Mission 2015**

Economic Development proposes that a small and strategically targeted business mission be undertaken during the period of September 26 to October 4, 2015. The mission will consist of two to three businesses and a post-secondary institution, who will accompany Vaughan officials and staff. Economic Development will establish a working group with representation from Vaughan's business community from sectors overlapping with the selected locations in China.

Given the short timeframe—effectively six business days and two travel days—the proposed mission will cover the cities of Yangzhou, Changning District, Shanghai, Suzhou in Jiangsu Province, and Beijing. Beginning in Shanghai and ending in Beijing, the delegation will participate in municipal festivities, company visits, and meetings with key stakeholders.

On arriving in Yangzhou, Vaughan will participate in the formal 2500th Anniversary of the Founding of Yangzhou, to which the City was invited by Yangzhou's Municipal Foreign Affairs Department (Attachment 1). This year also represents the 20th Anniversary of Vaughan's Friendship City agreement with Yangzhou. A second letter was received from the Yangzhou Municipal Bureau of Science and Technology—an organization similar to the Ontario Centres of Excellence—inviting the City of Vaughan to visit Yangzhou and engage in a formal matchmaking program, with a heightened focus on businesses within the science and technology sectors (Attachment 2). Thereafter, the delegation will visit the companies that are located in the Singapore-Suzhou Industrial Zone and Changning District that are scheduled to join the delegation visiting Vaughan in late May. The trip will conclude with visits to government officials and select companies in Beijing.

#### **Profiles of Selected Destinations in China**

Brief descriptions of each destination included in the proposed China mission are listed below:

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1. **Yangzhou Province** – The main industry sectors in Yangzhou include petrochemicals, electromechanicals, textiles, garments, chemicals, shoes and steel. Yangzhou has a strong science and technology innovation sector with government funding to support their companies. A prominent information technology company in Jiangsu has taken a business interest in a well-established Vaughan-based ICT company. This Vaughan company is expected to be one of the delegates on the City's business mission.
2. **Changning District, Shanghai** – The delegation will visit the Changning District in Shanghai, the location of the Shanghai Multimedia Park, to explore opportunities in the technology sector and innovation hubs. The Shanghai Technology Innovation Centre is located in the Multimedia Park, and was created to support start-up companies. Business to business meetings will be arranged in an effort to identify opportunities for joint ventures, exporting, and best-practices for innovation facilities.
3. **Suzhou in Jiangsu Province** – This city is a major economic centre and focal point of trade and commerce. Suzhou's economy is based primarily on its large manufacturing sector—China's second largest—including iron and steel, IT and electronic equipment, and textile products. Located in the southeast of Jiangsu Province in Eastern China, adjacent to Shanghai Municipality, this province is among the wealthiest in China, with the second highest total GDP after Guangdong Province.

Located in Suzhou, the Singapore Suzhou Industrial Park (SIP) business park has 90 Fortune 500 Companies with offices on the premises. SIP's cooperation with multinational corporations has led to significant growth over the last 20 years. Knowledge sharing between the SIP and Vaughan can help the City better support its businesses. Centennial college, who has taken a strong interest in the proposed China mission, already has significant relationships in the SIP and provides training to industry leaders. Centennial College could play a key role in providing the City with introductions to prospective stakeholders.

4. **Beijing** – is the capital of the People's Republic of China. Beijing is the headquarters of most of country's largest state-owned companies, and is a major hub for the national highway, expressway, railway, and high-speed rail networks. Moreover, Chinese Embassy officials, the Canadian Trade Commissioner for Ontario, the Canada Chinese Business Council, and Centennial College's international office, are all located in Beijing. The Vaughan delegation has an opportunity to meet with key stakeholders and government officials to strengthen government ties and gain a better understanding and appreciation of Chinese business protocol.

#### **Pre-Mission Activities**

Economic Development will lead the following pre-mission activities to ensure the smooth operation of the business mission in China:

- Issue a letter on behalf of the Mayor to a select list of Vaughan businesses inviting them to join the China mission.
- Work with Yangzhou's Economic Development Office to develop a detailed itinerary of business meetings, to include reciprocal visits with the Chinese companies that visit the City of Vaughan in May 2015.

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- Coordinate government agency support and strategic meetings in China through communication and/or working partnerships with the Trade Commissioner Service (Shanghai), the Ministry of Citizenship, Immigration and International Trade, Canada China Business Council (CCBC), Beijing Investment Promotion Bureau, Centennial College, Canada Municipal Business Gateway, the Vaughan Chamber of Commerce (VCC), the Greater Toronto Marketing Alliance (GTMA), the Vaughan Chinese Business Association and the Mon Sheong Foundation.
- Refine Vaughan-Chinese business matchmaking by hiring a Chinese-based Canadian consulting company to arrange meetings, with the support of the Yangzhou Municipal government, the Shanghai government and Jiangsu Municipal government.
- Launch marketing, promotion and public relations activities to raise awareness of the City of Vaughan brand, attract the attention of prospective investors, and encourage Vaughan-based businesses to participate in the mission.

#### **Business Mission (September 27 – October 4, 2015)**

Economic Development will complete the following actions during the course of the China mission:

- Participate in Yangzhou's 2500<sup>th</sup> Anniversary celebration.
- Host an official dinner to reciprocate the Yangzhou Government's hospitality.
- Meet with Chinese businesses and government officials in the building technologies sector, in addition to complementary sectors.
- Gain new knowledge and insights, along with strategic connections necessary to develop the Chinese market.
- Raise awareness of Vaughan as a preferred location for Chinese investment.
- Develop partnerships with stakeholders, including government organizations, and explore co-operative ventures.
- Establish partnerships with commercialization centres in an effort to establish and facilitate linkages between Vaughan and China.

#### **Post-Mission Activities**

Following the China mission, Economic Development will complete the following activities to ensure the full potential of the mission has been explored, but also to develop best practices for subsequent international business missions:

- Follow-up and support potential business partnerships and linkages created during the business mission.
- Use networks developed during the mission to facilitate business and trade opportunities for Vaughan-based businesses that did not have an opportunity to join the delegation.
- Encourage future business-focused delegations to Vaughan, with the City facilitating matchmaking opportunities.
- Conduct a review of the mission, identifying successes and areas for improvement via feedback from City staff and other delegates.
- Maintain relationships with businesses and strategic partners that the City worked with while preparing for the mission and during the mission.

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#### **Relationship to Vaughan Vision 20|20 / Strategic Plan**

This report is consistent with the priorities set by Council. Specifically, this report assists in fulfilling Vaughan Vision 20|20 Goal: Manage Growth and Economic Well-Being.

#### **Regional Implications**

Geo-political borders are inconsequential to business flows, especially in a globalized economy; therefore, staff will be working with the Economic Strategy Branch of the Region of York to ensure that they are aware of the City's international business development initiatives.

#### **Conclusion**

The Business Mission to China in 2015 builds upon the work that has been undertaken by the Economic Development Department to date. Vaughan's participation in cultural events celebrating the 2500th Anniversary of Yangzhou is a gesture of goodwill towards China's business environment and acknowledges the friendship that has been nurtured with Yangzhou over the past 20 years. Furthermore, this visit is an opportunity to advance the business discussions that took place in Vaughan this past March and that will continue into May. The Yangzhou government has already identified 10 companies interested in doing business with Vaughan-based companies, and Economic Development is actively managing these leads. Demonstrations of municipal support for local business interests are vital to opening doors in the Chinese market.

The proposed results-focused business mission—centered on facilitating business introductions, site visits, and government and educational relationships—is critical to sustaining the momentum of the progress the City has made in developing business linkages with China, and its success is imperative to the economic vitality of Vaughan.

#### **Attachments**

1. Letter of Invitation from Yangzhou Municipal Foreign Affairs, China.
2. Letter of invitation from Deputy Director from the Science and Technology Department of Yangzhou Municipal Government.

#### **Report prepared by:**

Nisha Manocha, Economic Development Coordinator  
Elaine Yim Spencer, Economic Development Officer  
Jennifer Ladouceur, Director of Economic Development

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)