

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 16, 2015

Item 22, Report No. 31, of the Committee of the Whole which was adopted, as amended, by the Council of the City of Vaughan on September 16, 2015, as follows:

By approving the following in accordance with Communication C12 from the Director of Economic Development, dated September 16, 2015:

That the City participate in the Province's Mission to China; and

By approving that Councillor Yeung Racco participate in the mission and that the City Manager be requested to designate a staff person to participate in the mission.

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2015 BUSINESS MISSION TO CHINA UPDATE

The Committee of the Whole recommends approval of the recommendation contained in the following report of the Director of Economic Development, dated September 9, 2015:

Recommendation

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

1. THAT Staff report back to Council with a revised plan that identifies travel dates and costs for a future Business Mission to China.

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

There has been an economic impact with respect to preparing for the Business Mission to China that was approved by Council (Report No. 20 of the Committee of the Whole, *Business Mission to China 2015*, Item 1, May 19, 2015). To date, Economic Development has incurred \$6,689 in market research and outreach expenses.

Communications Plan

There is no communication plan at this time.

Purpose

The purpose of this Report is to update Council on the previously approved City-led 2015 Business Mission to China which was scheduled to take place October 2015, specifically the challenges encountered in participant recruitment, and difficulty developing a robust mission due to other competing China led opportunities.

Background – Analysis and Options

The City'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:

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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.

On May 19, 2015, Council adopted Item 1, Report No. 20 of the Committee of the Whole, entitled *Business Mission to China 2015* providing direction to Staff to proceed with a small mission that would include two to three businesses, a post-secondary educational institution, three members of Council and three staff. Economic Development established a small working group to lead the development of the mission, business matchmaking activities and recruit participants. On June 22, 2015, a China Business Mission Launch was held at City Hall to introduce the mission, generate business interest and call for participation. With representation from the Consul General of China in Toronto, the Launch showcased the experiences of Ionada Incorporated, a Vaughan-based company, and the Justin Poy Agency in the Chinese markets, and provided resources to assist with evaluating export readiness and mission-fit. Attendance at the Launch topped 60 people, representing sectors such as: green building technologies, information technology, education services, electronic signage equipment and construction.

Marketing & Communications Efforts

In preparation for the Business Mission, Economic Development undertook the following marketing activities:

1. Marketing collateral including a business postcard and poster distributed to selected businesses. A call for participation was made in the City's Business Link newsletter, Summer 2015 edition.
2. Electronic media channels including City Hall TV, e-blasts (subscribership: 10,000) and website postings.
3. Social media strategy involving postings made to Facebook, Twitter, and LinkedIn.
4. Earned media including news of the Mission which was picked up by mainstream and ethnic media outlets. The Justin Poy Agency estimates media coverage in the order of two million impressions.
5. Direct marketing including business recruitment during corporate visits and strategic partner activities.
6. Business Mission Breakfast Workshop held on July 24, 2015.

The costs incurred to date for market research and outreach is approximately \$6,689. Expenses were incurred for creative concept development of targeted marketing materials, printing costs, hosting Chinese delegations to further discussions on bilateral trade opportunities and hosting seminars and workshops in June and July 2015 to inform the community and attract business participation on the China Business Mission.

Recruitment Challenges Encountered

Recruitment for this particular business mission has proven to be challenging. Throughout June and July, Staff undertook to meet one-on-one with potential mission participants and also called on strategic partners to assist in recruitment. Staff assisted local businesses to assess export, market and organizational readiness for entry into the challenging Chinese market. In some cases, the team crafted customized information packages for prospective participants in an effort to instill them with the confidence to enter the Chinese market. Seventeen businesses expressed a strong initial interest to participate in the mission. However, only one business owner has made a firm commitment.

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The challenges to recruitment include market entry readiness, timing of the Mission, and competing business missions. Many of the prospective participants expressed apprehension at entering the Chinese market. Whether this Mission represented an exploratory first visit, a market assessment opportunity or strategic partnership development, many firms expressed that more time and research was required to develop a solid business strategy before they could enter the market. Participants also expressed concerns about instability in the Chinese economy, the potential recession in Canada, and currency fluctuations.

The short pre-mission preparation time, combined with timing of the Mission itself (in October 2015) also placed significant pressure on business operations, contributing to low participation numbers. With small operations, many business owners were concerned with being out of country during a busy period in the year.

Within the next four months, multiple missions are being planned with similar geographies, timespans and business development goals. It is worth noting that the Vaughan Chamber of Commerce (VCC) had planned a cultural tour of China during the first week of November, 2015 for 11 days, but has just cancelled due to low registration numbers. They are considering the possibility of joining another mission. Local companies are experiencing calls for participation with the following missions:

- Premier Wynne's Business Mission to China and Hong Kong is taking place from November 4-14, 2015 visiting Beijing, Shanghai, Nanjing and Hong Kong.
- The Confederation of Greater Toronto Business Association is leading a Business and Investment Mission to China in partnership with Markham, Brampton, Mississauga, Scarborough and Richmond Hill from November 21 to December 4.
- Canada China Investment Association (CCIA) co-organized by China Council for the Promotion of International Trade (CCPIT) is planning a mission from September 19 to September 29, 2015. Currently, there are five mayors in Ontario that have confirmed their participation.
- The Ontario Ministry of Citizenship, Immigration and International Trade, in cooperation with the Canadian Trade Commissioner Service, Automotive Manufacturer's Association of Canada is organizing an Auto Parts Mission to China from September 14 to 24.

In order to develop a successful business mission, and more importantly an ongoing foreign investment attraction program, more time and resources must be applied to relationship development, in-market intelligence gathering, mission planning and business matchmaking for bilateral trade. Despite significant efforts made to secure mission participants, including the creation of customized proposals for potential participants and multiple meetings with City Staff; the confirmed participation level is too low to proceed with the planned program as previously approved by Council.

Options and Next Steps

Staff undertook a review of opportunities to proceed with the Business Mission and deliver on the international business development objectives without private sector involvement. There is still tremendous value with continuing the Mission with Economic Development Staff and Council. The relationships that have been cultivated with Zibo and Yangzhou have resulted in interest in the Vaughan International Commercialization Centre (VICC) as well as bilateral trade and investment interests. In addition, although the private sector was unable to make commitments to attend in person, there are trade enquiries and business and government connections that can be pursued on their behalf.

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Staff are currently exploring opportunities to join one of the four business missions that were previously identified. Economic Development has received a letter of invitation to apply to participate in Premier Wynne's Business Mission to China and Hong Kong (see Attachment 1). However, each mission will be assessed on the merits of the mission's goals and objectives, travel logistics and sector/market agreement with Vaughan. In addition, if no suitable opportunity can be achieved a postponement of this mission may be advised.

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

A copy of this Report will be forwarded to 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 City of Vaughan remains steadfast in its desire to build and grow its international business development programs. Although a strong business presence is the desired condition for missions, there remains significant work that could be completed by Staff and Council on behalf of business constituents. As part of our commitment to the international business development program and Vaughan businesses, Economic Development will explore alternative business mission opportunities to sustain the momentum and progress that the City has made in China

Attachments

1. Letter of invitation from Ministry of Citizenship, Immigration, and International Trade to apply to participate

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(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.)