

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF OCTOBER 24, 2017

Item 11, Report No. 35, of the Committee of the Whole, which was adopted, as amended, by the Council of the City of Vaughan on October 24, 2017, as follows:

By approving the following in accordance with Communication C6, from the Chief Corporate Initiatives and Intergovernmental Relations, dated October 20, 2017:

- 1. That this Communication be received.**

11 TRADE MISSION TO CHINA AND VIETNAM 2017

The Committee of the Whole recommends:

- 1) That recommendations 1 and 3 contained in the following report of the Chief Corporate Initiatives and Intergovernmental Relations, dated October 3, 2017 be approved;**
- 2) That recommendation 2 be amended to read as follows:**
 - 2. That Councillor Sandra Yeung Racco and Councillor Marilyn lafrate participate in the Trade Mission to China and Vietnam from November 26 to December 6, 2017; and**
- 3) That staff provide a follow-up report to Council on the benefits derived from the last three trade missions.**

Recommendation

The Chief Corporate Initiatives and Intergovernmental Relations in consultation with the Senior Manager of Economic Development and Culture Services recommends:

- 1. THAT Council approve the City's participation in the Ontario Trade Mission to China and Vietnam from November 26 to December 6, 2017; and**
- 2. THAT the Mayor identify a member of Council to participate in the Trade Mission; and**
- 3. THAT one staff member from the Office of the Chief Corporate Initiatives and Intergovernmental Relations participate in the mission.**

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 trade mission in this report are budgeted within Economic Development and Culture Services 2017 operating budget. The cost per participant is approximately \$7,500, and includes round trip economy airfare, mission fees, ground transportation, hotels and meals.

Communications Plan

Upon approval of this report, Staff will confirm with the Ministry of International Trade, the

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF OCTOBER 24, 2017

Item 11, CW Report No. 35 – Page 2

Provincial Ministry responsible for coordinating the Premier's Mission, to finalize Vaughan's expression of interest in participating.

Purpose

The purpose of this report is seek Council approval to participate in a trade mission to China and Vietnam from November 26 to December 6, 2017 as required by Policy No: AD – 018 Employee Reimbursement for Business Related Expenditures and Advances.

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 a critical factor in improving the City's competitiveness. The key objectives of the international business development program are:

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

China and Vietnam are markets that Ontario seeks to diversify in

Over the past two decades, China has made tremendous strides in becoming a strong global economy with opportunities in a multitude of industry sectors. In fact, China is now the second largest economy and Ontario's second largest single-country trade partner. With trade increasing by more than 200 percent in the past decade, China has become the third largest export destination for Ontario-made products.

Similarly, Vietnam is becoming an increasingly valuable trading partner to Ontario in Southeast Asia with trade increasing to \$3.1 billion in 2016. GDP growth per capita in Vietnam is one of the fastest, at 6.7 percent in 2015. A feasibility study was initiated in August 2016 to consider a free trade agreement with ASEAN countries. Vietnam is part of ASEAN – Association of Southeast Asian Nations.

The Ontario Mission to China and Vietnam 2017

From November 27 to December 6, 2017, Premier Kathleen Wynne will lead a delegation of Ontario companies and institutions on a trade mission to China and Vietnam. The 10-day mission will focus on building economic partnerships and seeking new opportunities in key sectors including medical technology, science and technology, agriculture and food sectors. Participants have the opportunity to:

- Identify, build and foster international connections and partnerships
- Meet local importers and distributors
- Connect with potential investors
- Engage with local leading research institutions and technology companies.

The mission's program in China includes stops in Nanjing, Chongqing and Shenzhen. These large centres have strong clusters in targeted industry sectors. Nanjing, located in Jiangsu Province has a metropolitan-area population of 30 million people, and its economic sectors include information technology, energy (smart grid), equipment manufacturing and clean technologies. Located in Sichuan Province, Chongqing is one of China's four direct-controlled

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF OCTOBER 24, 2017

Item 11, CW Report No. 35 – Page 3

municipalities (the others being Beijing, Shanghai and Tianjin). Chongqing has an urban population of 18 million people, and its economic sectors include food processing, cars, chemicals, textiles, machinery and electronics manufacturing. Shenzhen is the final stop in China. Located in Guangdong Province, Shenzhen rose from obscurity 38 years ago to become one of the wealthiest cities in China. Located immediately north of the Hong Kong Special Administrative Region, Shenzhen is a major financial centre, and its industries include high-tech telecommunications equipment, pharmaceuticals, building and construction materials, industrial equipment and vehicle manufacturing.

The program in Vietnam is more generalized in nature and includes stops in Hanoi and Ho Chi Minh, the country's financial centre. The Ho Chi Minh metropolitan area is home to 10 million people. High-tech, mining, food processing, agricultural products, construction and building products, tourism and finance are among Ho Chi Minh's economic sectors and contribute to the country's 2016 GDP of US\$202 billion. Hanoi, located in northern Vietnam is the country's second largest city with a metropolitan population of 7.7 million people. In recent years, finance, banking, trade and tourism industries have dominated Hanoi's economy.

Planning, program development and management will be undertaken by the Province, with the exception of out-of-country travel arrangements. The programs are still being refined, but they will include presentation seminars, market briefings, matchmaking meetings and site visits in all the major cities. The draft itinerary is included as Attachment 1.

Opportunities for Vaughan

Ontario has strong cultural and business connections with China, with a large and active Chinese community of more than 713,000 Ontarians of Chinese-origin and 57,570 Chinese students. These cultural and economic ties are also growing in Vaughan where Mandarin is now the fourth most spoken mother tongue, Cantonese is ranked seventh, and Vietnamese is ranked 13th according to the 2016 Census. The number of people identifying Mandarin as their mother tongue jumped from 18th place in 2011 to the 4th spot in 2016 – a 254 percent increase over the five-year period.

Although Chinese businesses continue to explore in North American markets for investment and trade opportunities, Canadians must also take a more assertive approach to seek new export markets, economic and political ties.

Vaughan's manufacturing sector which represents 23 percent (47,000 jobs) of the city's total employment should continue to look abroad for export opportunities to maintain competitiveness. In addition, its retail and wholesale trade sectors which represent more than 45,000 jobs collectively, grows with new goods and products coming to local consumers.

Staff continues to support local businesses such as Door Components Canada and Ionada to expand in the Chinese market. On the reverse side, Vaughan is drawing attention from Chinese and Vietnamese investors in sectors such as land and commercial development, pharmaceuticals, building products, and cultural and creative industries.

In 2015 and 2016 Vaughan hosted 13 incoming delegations from China. In addition, Staff have successfully partnered with the Jiangsu International Business Association of Canada (JSIBAC) to host an annual Canada-China Free Trade Agreement Forum at Vaughan City Hall. Including attendance by the Consulate General of the People's Republic of China in Toronto and the Canada China Chamber of Commerce.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF OCTOBER 24, 2017

Item 11, CW Report No. 35 – Page 4

It is proposed that the City of Vaughan consider joining the Ontario Mission to foster business and cultural ties with Chinese and Vietnamese businesses, research and technology institutions. Joining this Mission allows the City to leverage the Province's connections in two markets where traditional socio-cultural and business norms require extended relationships be developed with high-level government officials and business executives.

Relationship to Term of Council Service Excellence Strategy Map (2014-2018)

This report is consistent with the Term of Council Service Excellence Strategy Map: Attract investment and create jobs.

Regional Implications

Staff will advise York Region Economic Strategy and Toronto Global about Vaughan's intent to join the Ontario Trade mission to China and Vietnam and seek their support with facilitating business introductions and opportunities.

Conclusion

International business development plays an important role in creating and maintaining a vibrant local economy. A sustained presence in the Chinese market, backed by the provincial government, gives Vaughan additional access to government and business officials that will continue to Vaughan to foster international business development opportunities.

Attachments

1. Ontario Trade Mission to China and Vietnam – Draft Itinerary

Report prepared by:

Shirley Kam, Senior Manager of Economic Development, ext. 8874

Tim Simmonds, Chief Corporate Initiatives and Intergovernmental Relations, ext. 8427

(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.)