

## **CITY OF VAUGHAN**

### **EXTRACT FROM COUNCIL MEETING MINUTES OF NOVEMBER 20, 2012**

Item 14, Report No. 43, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on November 20, 2012.

#### **14                      INTERNATIONAL BUSINESS DEVELOPMENT MISSION TO ITALY –                                  POST MISSION UPDATE**

**The Committee of the Whole recommends approval of the recommendation contained in the following report of the Executive Director, dated November 6, 2012:**

##### **Recommendation**

The Executive Director in consultation with the Mayor, Ward 3 Councillor, and the City Manager, recommend that report be received, and:

1.        THAT the Execution of the Economic Agreement with the Province of Milan and the City of Rome be ratified;
2.        THAT staff continue to explore new innovative opportunities to expand the international business development program, and;
3.        THAT staff continue working the business prospects established during the course of the mission to locate in Vaughan, and;
4.        THAT staff begin the work to host an incoming business mission from Milan and Rome in 2013 and work at organizing a future outgoing mission to Italy.

##### **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 attracting and retaining business investments consistent with the Economic Development Strategy contribute to the economic vitality of the City.

##### **Economic Impact**

All costs associated with the 2012 Italian Chamber of Commerce Business Mission to Italy were budgeted in the Economic Development Department's 2012 operating budget.

##### **Communications Plan**

Formal communications and one-on-one meetings will continue with the Province of Milan, City of Rome, and the Chambers of Commerce in Milan, Novara, Turin, Verona, Brescia and Monza, Italian Chamber of Commerce of Ontario, local business leaders and other stakeholders. These communications will continue to emphasize Vaughan's international business development strategy and desire to open new markets for Vaughan companies. Also, the International Business Development Mission to Italy will be highlighted in upcoming Economic Development communications such as the Business Link and the monthly Business E-Link.

## **CITY OF VAUGHAN**

### **EXTRACT FROM COUNCIL MEETING MINUTES OF NOVEMBER 20, 2012**

Item 14, CW Report No. 43 – Page 2

#### **Purpose**

This report provides Council with an overview of the City's participation in the Italian Chamber of Commerce (ICCO) International business development mission to Italy led by the Honourable Mayor Maurizio Bevilacqua, September 21- October 3, 2012.

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

The international business development mission to Italy was organized by the Italian Chamber of Commerce of Ontario and led by the Honourable, Mayor Maurizio Bevilacqua. The City was represented also by; Ward 3 Councillor Rosanna DeFrancesca, City Manager Clayton D. Harris, Executive Director Tim Simmonds and Media Relations/Special Assistant Michelle DeBuono. The mission to Italy and all international business development must be strategically aligned with the City's 10 Year Economic Development Strategy that was adopted by Council in 2010. The strategy emphasizes a multi-phase program of activity, with checks and balances built in at each stage. This will allow staff to identify logical points in the larger process where an assessment of overall effectiveness may be used in order to refocus or fine tune efforts before critical decisions are made.

A recent example of this was the City's exploratory mission to Israel in July 2012 that was led by Ward 2 Councillor Tony Carella and Ward 5 Councillor Alan Shefman. That mission was purposely designed to explore and investigate the business climate in Israel and gain a better understanding of the economic development opportunities associated with the green and cleantech sectors. The City through the exploratory business mission was able to create a solid understanding of the business climate, forge new relationships with government agencies in Israel and begin to build a local stakeholder base. This work encourages the City to place more emphasis on Israel as a point of international business development through the economic development office.

It is also important to note that International business development should not be focused solely on foreign direct investment but should also create export opportunities for local business as well as create learning opportunities for the City's administration. Therefore, having local businesses travel with the City on international business development missions is an important consideration and opportunity for the economic development department in growing the international business development program.

#### **Why Italy**

There are a number of reasons why Italian companies should look at investing in Canada, and more specifically in Vaughan, which includes a mix of savings in tax, energy and labour costs, plus a highly skilled workforce and capacity in advanced sectors. These advantages were discussed at the delegation's meeting with the Canadian Embassy in Rome. The trade consultant, Tyler Wordsworth, Trade Commissioner, Embassy of Canada to Italy, strongly recommended that the City's economic development staff use the Invest in Canada website (<http://investincanada.gc.ca>) as an excellent resource for critical stats, and downloadable publications.

#### **Economic Indicators**

In review of various points of data and research, Italy still leads many of the European Union nations in trading status and manufacturing. With more than 60 million people, Italy is Europe's fourth-most populous country and a founding member of the European Union and the G8 group of nations.

The northern province of Lombardy, where the business development mission was focused, is considered by many as the economic powerhouse of Italy, led by the industrial and financial centres of Milan, Bergamo, Brescia and Monza, and is a common point of entry for offshore companies

**EXTRACT FROM COUNCIL MEETING MINUTES OF NOVEMBER 20, 2012**

Item 14, CW Report No. 43 – Page 3

interested in doing business in Italy. As mentioned, the trade mission to Italy focused its efforts on this region and met with businesses and the Chambers of Commerce in Milan, Novara, Turin, Verona, Brescia and Monza.

Key economic highlights of Italy and Lombardy include:

- Italy – World's seventh largest economy (2008 GDP of US \$2.3 trillion)
- Italy – World's sixth largest exporter of manufactured goods
- Lombardy – Largest regional economy in Europe (GDP of US\$400 billion)
- Lombardy – Per capita GDP higher than the United States or Switzerland
- Member of the European Union single market and the EMU (€ zone)

**A Key Economic Driver: Italy, An Entry Point to the European Union (EU)**

The Comprehensive Economic and Trade Agreement (CETA) with the EU are advanced, the next round of negotiations will be the tenth. Most provisions have been agreed to and those involved in negotiations are now working on outstanding issues, for instance the rules around Geographical Indicators for food and beverage.

Canada and the EU have a long history of economic cooperation. The EU is composed of 27 Member States with a total population of over 500 million and a GDP of nearly \$16.8 trillion in 2010, the EU is the world's largest single common market, foreign investor and trader.

As an integrated block, the EU represents Canada's second largest trading partner in goods and services. In 2010, Canadian goods and services exported to the EU totalled \$49.1 billion, and imports from the EU amounted to \$55.2 billion.

According to Statistics Canada, the EU is also the second largest source of foreign direct investment (FDI) in Canada, with the stock of FDI amounting to \$148.7 billion at the end of 2010. In 2010, the stock of Canada's direct investment in the EU totalled \$145.7 billion, and the EU is the destination of 23.6% of Canadian direct investment abroad. According to Eurostat, the EU identified Canada as its third largest destination and its fourth largest source of FDI in 2009. Bilateral economic relations with the EU are very important to Canada, and this economic relationship is a high priority for the Government of Canada.

**Growing Role of Partnerships in the New Economy**

In the new knowledge economy, the principles of economic development are being transformed as identified in the City's Economic Development Strategy. Instead of a focus on physical assets and economies of scale, the drivers of success reside in connectivity and intangibles. Cities increasingly need to develop and manage strategic partners with whom to collaborate. Strategic alliances enable economic development to gain competitive advantage through access to a partner's resources, including markets, technologies, capital and people.

As global markets open up and competition grows, cities need to be increasingly creative and strategic about how and with whom they align themselves.

**Province of Milan and Rome: Strategic Partners**

The Province of Milan is in the Lombardy Region of Italy and has a population of more than 3 million people, governs the largest metropolitan area in Italy, and is situated in the middle of one of the most highly populated regions of Europe. The Province's largest city is Milan.

The City of Milan is the economic and financial centre of Italy and is home to most international banks and the country's principal stock exchange. It is also a manufacturing centre and is home to a variety

## CITY OF VAUGHAN

### **EXTRACT FROM COUNCIL MEETING MINUTES OF NOVEMBER 20, 2012**

#### Item 14, CW Report No. 43 – Page 4

of industries including telecommunications and health care. The area's economy also has key economic clusters in chemistry and pharmaceuticals (with an emerging cluster in biotechnologies and cleantech), mechanics, and electro-mechanics.

Milan has become a mega city region that reaches beyond the borders of Lombardy, reaching Piedmont, Emilia and right up to the Canton Ticino, focusing on building a system of networks and alliances with other mega city regions in Europe.

Rome is the capital of Italy and is located in the central region of Lazio. It has a population of approximately 2.8 million people. The City's economy is largely driven and has a strong presence in the service industry, high-technology companies, research, construction, retail and tourism

The economic agreement with the Province of Milan (Attachment 1) and the City of Rome (Attachment 2) give the City a strategic presence in Italy. Both agreements are focused on building business, job creation, sharing of ideas, and promoting each other's regions, all of which will help to attract business and development into Vaughan and the converse from Vaughan into Italy.

#### **Leveraging Local Stakeholders**

Goal one in the 10 year economic development strategy is to position Vaughan as the gateway of economic activity to the Greater Toronto Area. The goal is intended to build on the "Edge City" and gateway concepts presented several times in the strategy. The goal recognizes that geo-political borders are inconsequential to business and flows, especially in a globalized economy, and connections to international trade flows position Vaughan as an excellent gateway to the Greater Toronto Area and the economic region.

The business development mission to Italy worked in concert with this goal by including and leveraging our local stakeholders.

The mission was organized and facilitated by the Italian Chamber of Commerce of Ontario. Staff responsible for the mission included; Mr. Corrado Paina, Executive Director of the ICCO, Deputy Director of Development, Ms. Elena Dell'Ossel, and Associate, Claudia Barbiero who works at the ICCO desk in Milan.

Through the work of the ICCO, the City was able to participate in approximately 70 face-to-face meetings with businesses over the course of the 10 day mission. In addition, presentations to larger business audiences were arranged at the various Chambers of Commerce that had more than 200 business people in attendance. At each group presentation, the Mayor was able to present the Vaughan Advantage and then show the Vaughan Metropolitan Centre Video – It'll Move You to the audience. The economic development office had the video translated to Italian.

In addition to the ICCO leading this business development mission to Italy the delegation was accompanied by Mr. Tony Romano, Director, Corporate Affairs, Greater Toronto Marketing Alliance (GTMA). During the mission, Mr. Romano had meetings with 14 companies in the Milan, Novara, Monza, Torino, Verona and Rome regions who have all expressed an interest in internationalizing their operations in Canada. The mission also allowed the GTMA the opportunity to further develop their network of contacts with business intermediaries in various B2B meetings, as well as schedule follow-up meetings with previously identified investment leads.

Mr. Romano focused on positioning the Greater Toronto Area (GTA) as the location of choice for the Italian companies' North American market entry. At the conclusion of the Mission, the GTMA has reported that these meetings resulted in three companies that will be visiting the GTA by the end of 2012 and also set the foundation for a trade show in the Toronto area for 10 to 15 companies.

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF NOVEMBER 20, 2012

Item 14, CW Report No. 43 – Page 5

#### **Opportunities beyond business**

During the 10 day mission it was easy to understand that some of the greatest cities of the world exist in Italy and we were fortunate enough to visit and walk the streets of some of them.

Looking at opportunities to enhance the Vaughan Metropolitan Centre and other areas of the City, Staff took note of the built form that encouraged and promoted a sense of place, beyond the architectural significance that was overwhelmingly abundant. For instance, in visiting with the head of urban planning in Torino staff were able to visit and be given a tour of Torino's newest subway station located minutes from City Hall and gain a better understanding of the development that was being considered around the new station. The visit allowed staff to ask questions about the mix of commercial, residential and office that was being considered and how it would come together into a mixed use area that still retained the essence of Torino but moved the City to the future.

This type of conversation and opportunity to learn goes well beyond a workshop, reviewing information on an internet site or in a professional periodical. The City should consider establishing a professional exchange program for members of the Senior Management Team with the administration of other cities - this could be coordinated through the international business development program. Being an exchange program, it would also entail having staff, like the head of urban design in Torino, come to Vaughan to work and learn in our City. This is another key component of establishing strategic partnerships with other cities around the world and goes well beyond a cultural or friendship partnership.

#### **Business Outcomes- Attracting Investment and Job Creation**

Of the nearly 70 face-to-face meetings that were conducted during the mission and the larger group presentations, the City is actively working with six leads. These leads are companies that have contacted the Economic Development office since the delegations return to Vaughan and are actively pursuing business opportunities here in Vaughan or the Greater Toronto Area.

One company who is engaged in renewable energy that staff met with while in Verona has now set-up a temporary office and is doing their due diligence over the course of the next 12 weeks to further identify opportunities and joint ventures.

Another company that Vaughan met with, Novamont S.p.A, is considered to be one of the leading edge bio/green companies in the world. Novamont's mission is to find solutions to environmental problems by developing products from renewable raw materials of agricultural origin, minimizing post-consumer waste and using low environmental impact processes. Their products meet and exceed environmental standards that have been established. Novamont, has engaged York Region in a pilot project for its compostable bags (Attachment 3). One of the pilot locations for the bags is the Fortino's location on Major Mackenzie Drive and Jane Street in Vaughan. In addition there are four other pilot locations in York Region. Meeting this company at their global headquarters in Novara gave the Vaughan team an unprecedented opportunity to sit face-to-face with Alessandro Ferlito; Commercial Director and Christian Garaffa; Marketing Manager to discuss Vaughan from an economic development perspective. This work, as part of the "sales cycle" puts Vaughan in a much stronger position to potentially have Novamont locate a multi-million dollar manufacturing facility in the City and create much sought after manufacturing jobs in the "green" sector rather than other jurisdictions across the Province. Another important aspect of the site search is the need for production. If the pilot project for the compostable bags does not create the foundation for Ontario retailers to adopt this product, the likelihood of a production facility will not exist.

Staff in the economic development office will continue to follow-up on these leads and work with all of the companies to promote job creation, business investment or find joint venture opportunities for partnerships with established Vaughan companies.

.../6

## **CITY OF VAUGHAN**

### **EXTRACT FROM COUNCIL MEETING MINUTES OF NOVEMBER 20, 2012**

Item 14, CW Report No. 43 – Page 6

#### **Relationship to Vaughan Vision 2020**

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved. Specifically, this report fulfills Vaughan Vision 20|20 Goal: Plan and Manage Growth and Economic Vitality.

#### **Regional Implications**

N/A

#### **Conclusion**

The international business development program in the City's economic development department has taken great strides in the past three years and continues to build on success. The work directly and indirectly related to the first China Trade mission in 2009 and subsequent mission to Yiwu in China in 2010 has resulted in Vaughan building its image as the Gateway into the GTA and North American markets. This work has had a positive influence on two Chinese companies locating to Vaughan- both involved in manufacturing. Furthermore, Vaughan was able to assist and attend the successful opening of CanadaMart, an import centre of Canadian consumer goods located in Yiwu. Also, the exploratory mission to Israel has already led to one Vaughan company working with economic development staff to engage in conversation with the Israeli Trade consulate to export product to Israel.

Since returning to Vaughan, the economic development office has been actively working with six companies that the City met while in Italy– all six of the companies initiated further discussion about the City and are inquiring about manufacturing opportunities, professional services and construction services.

Staff have also begun working with the Italian Chamber of Commerce of Ontario to host a post mission event in December with the objective of increasing awareness about doing business in Italy and enhancing future incoming and outgoing missions.

Signing the economic partnerships with the Province of Milan and the City of Rome during this trade mission are two outstanding achievements. Both the Province of Milan and the City of Rome boast populations that are 10x that of Vaughan – one is the economic capital of Italy, while the other is the capital of the country. However, the work associated with the partnerships will require a level of continuity and constant involvement by staff. The relationships that the City is creating today can produce significant economic results in the future with a dedicated focus on initiatives and will continue to allow our City to remain competitive in today's fast-paced global economy.

#### **Attachments**

Attachment 1 – Agreement with Province of Milan  
Attachment 2 – Agreement with City of Rome  
Attachment 3 – Novamont and York Region  
Attachment 4 – Photo Gallery  
Attachment 5 – News Clippings

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF NOVEMBER 20, 2012**

Item 14, CW Report No. 43 – Page 7

**Report prepared by:**

Tim Simmonds, Executive Director

(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.)