

**TRADE MISSION TO CHINA AND VIETNAM 2017: SUPPORTING ECONOMIC DEVELOPMENT OPPORTUNITIES****Recommendation**

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

1. THAT authority be granted to the Mayor on behalf of Council to enter into Cooperation Agreement(s) or Memorandum of Understanding(s) as generally required by a foreign government with travel visa requirements for the continued support of the City's Economic Development Services, in a form satisfactory to the Chief Corporate Initiatives and Intergovernmental Relations and the City Solicitor; and
2. THAT Council approve travel for the Mayor and/or Members of Council with appropriate staff as may be required to realize the potential opportunities developed through this trade 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**

Financial obligations related to undertake a Cooperation Agreement(s) and/or a Memorandum of Understanding(s) are part of the normal course of business for the Economic Development and Cultural Services Department and are included in the department's annual operating budget. However, as site location selection and processes advance, future travel to China may be required by the Mayor and/or Members of Council and staff to effectively compete for the final site location. If future travel is required, it is anticipated that the costs associated will be allocated to the department's 2017/2018 operating budget.

**Communications Plan**

A communications plan is not required.

**Purpose**

The purpose of this addendum report is to obtain Council authority to enter into any necessary Cooperation Agreement(s) or Memorandum of Understanding(s) as generally required by a foreign government with travel visa requirements for the continued support of the City's Economic Development Services.

## **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.

**Staff have been working with a Chinese business entity and a Canadian/Chinese Investor to establish the business' North American 'site' in Vaughan. Vaughan has been "short-listed" as a preferred location.**

It is anticipated that a cooperation agreement will require the City to:

1. Provide Economic Development Services with respect to location assistance.
2. Make introductions to key sector stakeholders and provide assistance in forging agreements with the key stakeholders.
3. Prepare a formal invitation for key executives of the Chinese business entity to travel to Vaughan as required by Chinese Visa requirements.
4. Acknowledge that additional travel to the Headquarters of the Chinese business entity may be required.

### ***Business Travel between China and Canada requires a Chinese travel Visa***

To continue to compete for the North American location of Chinese businesses, Chinese business leaders are required to apply for a travel visa from the Chinese government. The travel visa process is very prescriptive and requires that each person travelling identify what city(s) in which they will be conducting business and the duration of the travel in each city. The visa process is only initiated when a formal invitation from the City's highest ranking official where travel will occur has been submitted.

### ***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 according to the 2016 Census. The number

of people identifying Mandarin as their mother tongue jumped from 18<sup>th</sup> place in 2011 to the 4<sup>th</sup> spot in 2016 – a 254 percent increase over the five-year period.

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

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 which included attendance by the Consulate General of the People's Republic of China in Toronto and the Canada China Chamber of Commerce.

#### **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.
- Support and promote arts, culture, heritage and sports in the community
- Facilitate the development of the VMC

#### **Regional Implications**

If Vaughan became the preferred location for a Chinese business, there would be a positive economic impact to the Region and the Greater Toronto Area.

#### **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 foster international business development opportunities.

Entering into cooperation agreement(s) will allow the City to capitalize on its international development efforts in China during the trade mission.

#### **Attachments**

None

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

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Respectfully submitted,

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