
REPORT 2
(1215/11/IM)

MAYORAL VISIT TO CHINA IN MAY/JUNE AND SINGAPORE IN JULY 2012

1. Purpose of Report

This paper seeks Council approval for Mayor Wade-Brown and the Council Economy Portfolio Leader to lead a business delegation to China in late May/early June and for the Mayor to attend the World Cities Summit Mayors Forum in Singapore in July 2012.

2. Executive Summary

2.1. China

Beijing Mayor Guo Jinlong has invited Mayor Wade-Brown to attend the inaugural China International Fair for Trade in Services (CIFTIS). The event is very important to Beijing and it is looking for support from its sister cities. Beijing has offered to cover the cost of flights, accommodation and other expenses for the Mayor.

Wellington has also been offered an exhibition space at CIFTIS free of charge. The exhibition space can be used to promote Wellington as a destination to visit, work, invest and study. Officers will discuss with Positively Wellington Tourism about how to best use the space.

CIFTIS provides an opportunity for the Mayor to lead delegation of Wellington service sector businesses to China. The visit is strongly welcomed by the Beijing Governments and it would have the support of both the Wellington Employers' Chamber of Commerce and Grow Wellington. A business delegation would also be consistent with our own Economic Development Strategy and the NZ Inc China Strategy.

The delegation could also visit Beijing's neighbouring municipality Tianjin, with which Wellington signed a friendship agreement in 2011; Shanghai, China's financial hub; and Zhejiang Province, with which Wellington is looking to develop an economic connection.

We have confirmed interest from more than twenty business delegates, subject to Council approval of the delegation. A further list of organisations has been identified to approach.

2.2. Singapore

Mayor Wade-Brown has also been invited to participate as a roundtable panellist of the World Cities Summit (WCS) Mayors Forum in Singapore on 1 July 2012. The WCS Mayors Forum is an annual invitation-only platform for mayors to discuss city challenges and best practices. All of the Mayor's costs in Singapore would be covered by the Singaporean Government.

3. Recommendations

It is recommended that Council:

1. *Receive the information.*

China

2. *Note that the Mayor has been invited to visit Beijing to attend the China International Fair for Trade in Services by the Mayor of Beijing, and that Beijing has offered to cover the cost of the Mayor's flights, and transport and accommodation in Beijing.*
3. *Agree to the Mayor representing Wellington City Council on a visit to Beijing, Tianjin, Hangzhou and Shanghai in China from 26 May to 3 June 2012.*
4. *Note that additional costs for the Mayor's China visit will be met from the International Relations budget.*
5. *Agree that the Council Economy Portfolio Leader accompany the Mayor and the business delegation to China. The Councillor costs would be shared between the elected members' international travel and accommodation budget (GVEM01 C534) and the international relations budget (COST01 C145).*
6. *Note that carbon offsets will be purchased for the Mayor and Councillor travel to China and these have been included in the estimated costs.*

Singapore

7. *Agree to the Mayor representing Wellington City Council on a visit to Singapore from 1 to 4 July to participate in the World Mayors' Forum at no cost to Council.*
8. *Note that the 30 May 2012 Council meeting will be re-scheduled to 24 May 2012 accommodate the Mayor's travel arrangements.*
9. *Note that a report-back on both visits will be presented to the appropriate Committee meeting in accordance with Council policy.*

4. Background

It is proposed that Mayor Wade-Brown and the Council Economy Portfolio Leader lead a delegation to Beijing, Tianjin, Zhejiang Province and Shanghai.

4.1. *Beijing and Tianjin*

The main purposes of the visit to Beijing would be to attend CIFTIS and visit the New Zealand Agricultural Park site in Beijing. The visit would also provide an excellent opportunity to renew our close relationships with the Mayors of Beijing and Tianjin.

4.2. *The China International Fair for Trade in Services*

Wellington has also been offered an exhibition space at CIFTIS free of charge. CIFTIS will cover twelve sectors comprising business services, communication, construction and related engineering, financial services, tourism and travel-related services, recreational, cultural and sporting services, transportation, health-related and social services, education, distribution, environmental services and other services.

About 90 per cent of Wellington's regional GDP is generated by services activity and about 57 per cent of our exports are from the services sector. Officers will discuss with Positively Wellington Tourism about how to best use the exhibition space and CIFTIS.

4.3. *New Zealand Agriculture Park in Beijing*

The Daxing District of Beijing is an area focused on development of modern agriculture. Under this initiative the Council and private sector would work together to create a 3.5 to 7 square kilometre, New Zealand-style *modern agricultural technology demonstration park* in Beijing. The theme of the park would be "green future and development". The park would be built in accordance with New Zealand quality control standards, and would be part of the Green Economic Ring of Beijing. At the park there would be preferential tax and investment policies for Wellington and New Zealand agriculture companies.

Although Wellington does not have a large agriculture sector, the park would offer opportunities for companies in the clean technology sector (waste and water management, renewable energy, clean agriculture energy and infrastructure), marketing services, tourism, and scientific research. New Zealand is also world-leading in its work on agricultural emissions reductions.

4.4. *Zhejiang Province*

We have discussed with officers from the Porirua City and Kapiti District Councils and Sister City New Zealand to the idea of establishing an economic connection with Zhejiang Province in China. The main purpose of the visit to Zhejiang would be to further develop this partnership.

4.5. Zhejiang-Wellington Strategic Economic Partnership

With a GDP of over 500 million USD Zhejiang is one of the most prosperous provinces in China, and it is looking to engage with New Zealand through trade and investment. In 2011 a delegation visited Wellington, looking to establish a formal relationship with Wellington.

Wellington City is focused on maximising the benefits of our existing formal relationships with China rather than on establishing new ones. A high level of resourcing is needed to fully benefit from each of the relationship we have in place.

Instead of turning down the opportunity with Zhejiang, officers across the Councils of Wellington City, Porirua and Kapiti have worked together to establish the relationship at a more informal level.

Instead of forming a sister city relationship we envisage a “strategic economic partnership” which is a time-bound and based on a specific projects or initiatives of mutual benefit.

The Wellington councils and the Zhejiang Provincial Government will discuss potential cooperation in education, film and tourism at the Sister Cities New Zealand Conference in mid May 2012.

The Zhejiang Government has invited the Wellington Mayor(s) and Council representatives from the Wellington region to visit Zhejiang. Zhejiang would cover the Mayor’s costs in Zhejiang.

Hangzhou, the capital of Zhejiang is two hours by plane from Beijing, and one hour by train from Shanghai. Following the visit to Zhejiang the Mayor could host a KEA networking event in Shanghai before returning to New Zealand.

4.6. Singapore World Cities Summit 2012

The World Cities Summit 2012 will be held in Singapore 1-4 July. Mayor Wade-Brown has been invited to be a roundtable panellist at the Mayors Forum on 1 July. The Mayor is making a private visit to the United Kingdom in July. This gives her the opportunity to travel to the Singapore World Cities Summit at no cost to Council, and all of the Mayor’s costs while in Singapore will be met by her hosts.

The World Cities Summit is the global platform for government leaders and industry experts to address liveable and sustainable city challenges, share innovative urban projects and forge partnerships. The World Cities Summit 2012 will enable delegates to network with an even wider group of public and private sector players and discover synergies between urban planning, water and environmental solutions.

The Mayor will return from her travel in July via San Francisco and explore what closer connections could be made with Wellington, ensuring that KEA, Central Government’s Launch Pad and Tourism New Zealand are in the loop. Any recommendations will be brought to Council subsequently.

5. Discussion

5.1. Follow-up from previous delegations

The July 2010 (Mayor Prendergast) and July 2011 (Mayor Wade-Brown & Councillor Coughlan) delegations to China were very successful. Following the 2011 delegation the Mayor and Councillor Coughlan were better able to appreciate the potential value and challenges of Chinese markets to Wellington. The 2011 respondents to a post-delegation survey were unanimously positive of their visit to China. Museum exhibits, television productions, sustainable fabric contracts and ongoing contacts for architects are all in progress.

5.2. The Economic Development Strategy

The Council recognised the important contribution of international relations towards achieving economic outcomes when it ratified the Economic Development Strategy in December 2011. Under the heading *Wellington: the connected capital* Wellington is looking to “strengthen international business and trade connections.” Specific action number 18 in the Economic Development Strategy is to:

Undertake a programme of collaborative activities with the Council’s international contacts (such as sister cities and other local and international networks, outbound trade missions, inbound official visits and delegations) to facilitate business and market development opportunities including supporting five business delegations on and offshore by 2015.

Given the relatively fragile state of the domestic economy it is important that Wellington continues to maintain its international connections to the fast growing economies of the world.

5.3. NZ Inc China Strategy

Central government now recognises the important role local government plays in building New Zealand’s relationship with China in its recently launched strategy *Opening doors to China*.

Mayors of Chinese cities have significant political power and influence, so New Zealand mayors can play an important role in opening doors in China. A business delegation led by a high-ranking political figure gets more traction. (NZ Inc China Strategy)

5.4. Wellington Employers’ Chamber of Commerce

The Wellington Employers’ Chamber of Commerce (‘the Chamber’) has publicly supported the two previous Mayoral business delegations to China. The Chamber has said that would support another Mayoral delegation, by promoting it among its members.

Council is working with the Chamber to set up the 'Wellington China Business Network', which will enable Wellington business people to share knowledge and experience on doing business with China.

5.5. *Grow Wellington*

Grow Wellington has also pledged its support for a Mayoral business delegation to China and would work with businesses in order to maximise the potential outcomes. Grow Wellington has arranged meetings between Council officers and potential delegates. Grow Wellington would also follow up with businesses after the delegation.

5.6. *Timing of visits*

For the China visit the Mayor would be away from New Zealand for eight days from Saturday 26 May to Sunday 3 June. The May Council meeting may have to be re-scheduled to accommodate the Mayor's travel arrangements.

There are no Council meetings in July when the Mayor would be in Singapore.

5.7. *Consultation and engagement*

In planning the Mayoral delegation to China, Council officers have consulted with key national, regional and local stakeholders including: New Zealand Trade and Enterprise, the Ministry of Foreign Affairs and Trade, Export New Zealand, Wellington Employers' Chamber of Commerce, Grow Wellington, Education Wellington.

5.8. *Financial considerations - travel costs for the Mayor and Councillor*

The estimated cost to Council for the Mayor to travel to China is \$1020. This would cover the cost of a visa, a daily allowance in accordance with Council policy, and transport and accommodation costs for cities other than Beijing.

The estimated cost to Council for the Councillor travel to China is \$8131. This would cover the cost of flights, a visa, a daily allowance in accordance with Council policy, and transport and accommodation. The Councillor's costs would be shared between the elected members' international travel and accommodation budget (GVEM01 C534) and the international relations budget (COST01 C145).

5.9. *Climate change impacts and considerations*

The Mayor and Councillor's travel to China would result in approximately 7.5 tonnes of CO2 emissions per person. The cost of offsetting these emissions is approximately \$83 per person. This amount has been included in the estimated travel costs above.

5.10. *Long-Term Council Community Plan considerations*

There are no Long-Term Council Community Plan Considerations. The proposed budget for the delegation would be met within existing 2011/12 budgets.

6. Conclusion

Beijing Mayor Guo Jinlong has invited Mayor Wade-Brown to attend the inaugural China International Fair for Trade in Services. It is important to Beijing that the event is a success. Beijing is offering to cover all of the Mayor's costs to visit Beijing. The Mayors of Beijing's other sister cities have also been invited to attend CIFTIS.

The invitation provides the Mayor with a great opportunity to lead a delegation of Wellington businesses to China. A number of businesses have already expressed interest in joining a delegation. The visit is strongly welcomed by the Beijing and Zhejiang Governments and it would have the support of both the Wellington Employers' Chamber of Commerce and Grow Wellington. A business delegation would also be consistent with our own Economic Development Strategy and the NZ Inc China Strategy.

Contact Officer: *Wendy Walker, Director, Citizen Engagement*

Supporting Information

1) Strategic Fit / Strategic Outcome

The recommendations in the paper are consistent with Council Policy – and in particular Council’s Wellington Towards 2040: Smart Capital, and the Economic Development Strategy.

2) LTCCP/Annual Plan reference and long-term financial impact

The travel will be funded out of the International Relations Budget.

3) Treaty of Waitangi considerations

No direct implications for Treaty of Waitangi considerations.

4) Decision-Making

This is not a significant decision.

5) Consultation

a) General Consultation

Council officers have consulted key national, regional and local stakeholders including: New Zealand Trade and Enterprise (NZTE), the Ministry of Foreign Affairs and Trade, Grow Wellington, Education Wellington, Film Wellington, Positively Wellington Tourism, and the Wellington Regional Chamber of Commerce.

b) Consultation with Maori

None required

6) Legal Implications

No legal implications.

7) Consistency with existing policy

The recommendations in the report are consistent with existing policy.

APPENDIX 1

Appendix A: Draft Itinerary for Mayoral Visit to China May/June 2012

26 May – Depart Wellington

27 May–29 May - Beijing

- Attend the China International Fair for Trade in Services
- Meet the Mayor of Beijing
- Hold a Wellington student alumni event
- Visit the site of New Zealand Agriculture Park

30 May – Tianjin

- Support Wellington businesses
- Meet the Mayor of Tianjin

31 May – Hangzhou, Zhejiang

- Meeting with the Governor of Zhejiang (or other senior leader)
- Support Wellington businesses in meetings

1 June – Shanghai

- KEA networking event
- Support Wellington businesses in meetings

2 June – Depart China

3 June – Arrive in Wellington