
POLICY ON INTERNATIONAL RELATIONS POLICY

1. Purpose of report

This report seeks agreement to an updated International Relations Policy to reflect the council's current strategic direction.

2. Executive summary

The paper seeks to refresh the International Relations Policy in-line with the council's practices and strategic direction. The policy was last updated in 2004.

Lifestyle, employment and economic stability are important factors in both individual and business location decisions. The offerings of cities, the openness of communities to new ideas and new cultures, access to skilled workforces and potential market and economic growth provide points of difference between locations. The extent to which Wellington can leverage off its strengths across these factors, guide the city's international relations.

The city has established programmes to this end including:

- attract tourism and spending (Positively Wellington Tourism and attractions)
- attract talent and secure direct foreign investment (through newly created Destination Wellington)
- promote and celebrate diversity
- city-to-city relationships.

The focus of this policy refresh is on these relationships: to facilitate connections and open doors for local businesses overseas. The key questions that have been explored include:

- How do we leverage off established relationships?
- When is a formal relationships required and when are informal relationships likely to be effective?
- Why might we grow our presence in new markets and how are those steps developed and over what timeframe to ensure a sustainable return on any commitments?

What has emerged is that the policy remains broadly consistent with the council's strategic direction. Changes are recommended in terms of the context – noting the wide range of interventions that the council makes to promote the city – and opportunities that should be explored in terms of city-to-city relationships.

These focus on sustaining existing relationships and exploring San Francisco and New Delhi longer term.

3. Recommendations

Officers recommend that the Strategy and Policy Committee:

1. *Receive the information.*
2. *a. Note the policy has been refreshed to ensure its consistency with the Wellington Towards 2040: Smart Capital vision and current activities that includes the introduction of the following objectives:*
 - (i) Contributing to Wellington's tourism, education and business sectors and attracting skilled migrants and new investment.*
 - (ii) Focusing resources where Council has a distinct role and can make a difference (i.e. city to city relationships where the Office of the Mayor can provide connections).*
 - (iii) Encouraging and supporting local, regional, national and international stakeholder collaboration (individual, business and institutional) to achieve common objectives.*
 - (iv) Leveraging the Council's relationships and agreements with institutions (e.g. WOW and Te Papa) to promote Wellington internationally.*
 - (v) Maintaining and building on the Council's investment in existing high-value international relationships.*
- b. Note that formal relations with San Francisco are being progressed and that formal relations with New Delhi will be explored longer term.*
- c. Note that stakeholder engagement is a feature of the refreshed policy.*
3. *Recommend to Council that it approves the Updated International Relations Policy (attached as Appendix 1).*

4. Background

4.1 Why refresh the policy

The International Relations Policy was last reviewed in 2004. Since then, the council has developed a clear and integrated vision for Wellington's future, and supporting strategies, based on extensive community consultation. The policy requires a refresh to reflect and support these actions.

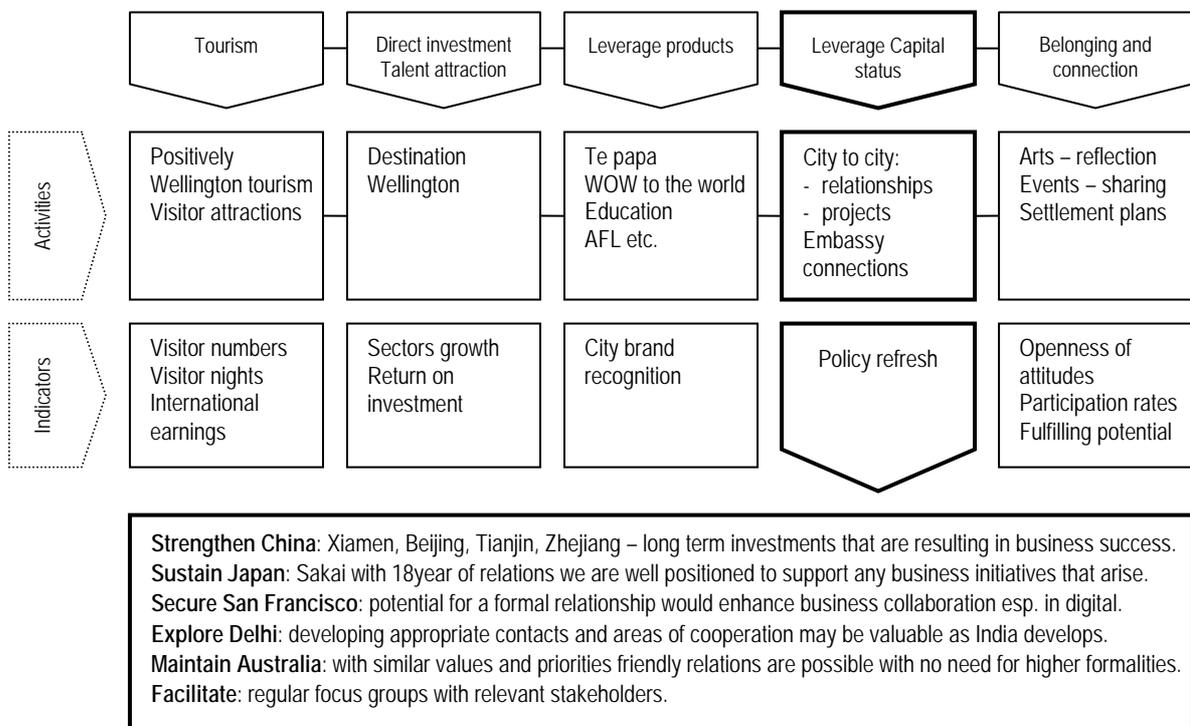
Other drivers for refreshing the policy include:

- The need for an increased focus on economic development opportunities that enhance Wellington as the smart capital.
- Existing Sister City relationships have reached a level of maturity that may provide opportunities to take these relationships to new levels.
- New opportunities have been identified for potentially productive city to city relationships (e.g. San Francisco and Delhi). A clear framework for council decisions on whether to enter new relationships, and on the nature of those relationships, will help ensure any new relationships support the city’s vision, and deliver best value for the medium to long term commitment of council’s resources and effort.

4.2 The activities: a broad international relations framework

The council’s international relations activities are extensive. The recent creation of Destination Wellington and branding high profile activities with the city will add to the international profile. These build on tourism promotion, and local events and programmes aimed at celebrating the city’s diversity.

The policy review provides the opportunity to place city-to-city relationships in this wider context, as outlined in the following diagram.



4.3 The benefits of city to city relations

City to city relationships are an important component of council's International Relations Policy. These range from sister and friendly city relationships to project partnerships. The range of relationships allows the council to form different types of connections with other cities based on the purpose of the relationship.

Facilitating relationships for economic development opportunities has emerged as a role for the council. Mayoral delegations in particular have resulted in connections for local business. The value of this is reflected in return participation (at their own expense) and in the potential to secure contracts and market presence. Feedback from delegates over the past three years has shown that council's presence is an important factor in gaining access, particularly in China. The following responses are indicative of the level of support from delegates.

Delegates feedback

Members of the 2010 delegation reported:

"Accompanying the Mayoral visit in China is of huge importance to Chinese, more so than any other country I have done business in. This aspect definitely helped my business relationships in China."

"Yes – made new contacts, strengthened existing contacts and confirmed 3 important deals."

"The trip was successful for the long term development of the business."

"Success emanating from this trip was first rate. The Mayors contribution in every way possible was immense, invaluable and really quite remarkable."

"Definitely, certainly going with a group who have similar ambition speeds the navigation of unfamiliar cultural business practice."

"The delegation was a vehicle to get into various forums that would not have been possible being an independent business person. The Council provided an excellent introductory front."

Feedback from the 2011 delegations was also reflective of the benefits for business.

"Attending with the profile of the Mayor was pivotal to meeting high level government people, and it facilitated meeting people or visiting places that we might not otherwise be exposed to."

"By joining the delegation, I have learnt more about the Wellington businesses and identified those who are keen to get into the Chinese market"

"Very valuable. Especially for the official patronage we receive as part of the mayoral delegation - which we wouldn't get (at least not that easily) without the Mayor's presence."

"It was most valuable in enhancing understanding of the market / business in China."

The 2012 delegations expressed overall satisfaction with the visit to China with 100% of respondents seeing the trip as satisfactory or very satisfactory.

5. Discussion

The refresh of the policy has been undertaken in the context of the council's *Towards 2040: Smart Capital* vision and associated strategies. These recognise an internationalised world and the need for Wellington to be able to respond to the opportunities this presents.

The recommended changes to the policy reflect this need. They aim to:

- increase emphasis on economic development
- place city-to-city relationships in the context of other activities of the council
- build on well established relationships
- prioritise new city-to-city relationships with San Francisco being a current priority and New Delhi a longer term focus.

The following section discusses these and the overall objectives of the policy that guides assessment of future opportunities.

5.1 *International relations as a driver for economic growth*

Based on the status of the Office of the Mayor, the city is the traditional key actor in developing and maintaining international relationships with other cities globally.

Research on sister city relationships identifies the role that these relationships play in realising economic development opportunities, beyond what can be achieved at a business to business level. This is a result of the unique aspects of city-to-city relationships that most business-level relationships lack (eg signing partnerships and agreements is almost always by Mayors).

This suggests a role for the city in contributing to economic development outcomes through other city-to-city international relationships that can complement other economic development activities regionally (e.g. Destination Wellington – currently being primarily delivered through Positively Wellington Tourism and Grow Wellington) and nationally (e.g. the work of New Zealand Trade and Enterprise (NZTE)). The International Relations Policy must be structured to take advantage of the relationship between international relations and economic development.

5.2 *International relations and links with the Smart Capital vision*

Attracting global talent to the city contributes positively to both economic and social outcomes. Not only does it broaden the knowledge and skill base of the

city's economy - and hence, quality of jobs - increased cultural diversity is viewed as an important component of quality of life factors in Wellington.

Almost 75 percent of Wellingtonians believe that increased cultural diversity makes Wellington a better place to live (compared to a national average of just over 50 percent).

Strong international city-to-city relationships can overcome cultural, geographical and economic distances experienced by countries like New Zealand. These relationships must be based on a good understanding of the distinctive strengths we have at the city level and the new opportunities emerging.

In the past our international relationships have been largely organised around the traditional sister city or 'partner' city type arrangements. These types of relationships will continue to be a key strength for local government. Increasingly, however, we are developing more narrowly focused, international connections that might be based on a particular industry, or an issue of importance to Wellington (e.g. film or earthquake technology). These relationships support knowledge exchange and transfer and the development of economic opportunities.

5.3 Strong relationships to support economic outcomes

Responding to opportunities does not mean being opportunistic. Large markets like China and India can provide benefits for New Zealand's national and regional economies in the short term.

Developing sustainability in these markets will be crucial. Forming long-term relationships that foster loyalty, trust and familiarity is a key to building a more sustainable foundation for markets.¹

The nature of relationships being developed must reflect the context. For example, there are strong arguments supporting the current exploration of a close economic relationship with San Francisco – the two most obvious areas of common interest are earthquake preparedness and digital technology - but there may be less value in promoting cultural exchange, or even very close political links, because the societies have sufficient in common to enable cities to more easily develop pragmatic and open working relationships.

5.4 Proposed policy approach

The refreshed policy provides the framework for developing a “smart” approach that identifies and seizes high value opportunities. These include, but are not limited to, two focus areas:

¹ The Ministry of Foreign Affairs and Trade publication, *Opening Doors to China*, illustrates the value of establishing close local government relationships: “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.”

1. City-to-city relationships: development and enhancement of existing and future sister city and friendly city relationships. These are enduring broad based relationships that focus on enhancing social, cultural, and economic understanding and connections.
2. City-to-city economic development partnerships and projects: development and enhancement of partnerships and projects that have a clear economic development focus (for example, through establishing business-to-business connectedness, removing barriers and facilitating knowledge and technical exchanges)

The refreshed policy includes the following objectives:

- Building on Wellington's *Towards 2040: Smart Capital* vision (e.g. does the opportunity contribute to Wellington's tourism, talent, business and investment?)
- Focusing Council activity and resources (including decisions on the establishment of new city to city relationships) where Council adds most value (e.g. is this an area where the Council has a distinct role and can make a difference?)
- Recognising, maintaining and building upon the Council's investment in existing high-value international relationships (e.g. is the initiative necessary to maintain or effectively build on an existing highly valued relationship to which Council has already committed?)
- Encouraging and supporting local, regional, national and international stakeholder collaboration (individual, business and institutional) to achieve common objectives (e.g. does it fit with national trade priorities? Will local business get behind the initiative and commit resources and energy? Is there a strong local community interest and commitment?)
- Specifically leveraging the Council's relationships and agreements with institutions (e.g. WOW and Te Papa) to promote Wellington internationally (eg does it capitalise effectively on initiatives that provide opportunities to promote Wellington?)
- Building on the strengths of Wellington's own diversity to enhance Wellington's connectedness (e.g. does Wellington have the understanding, knowledge, skills and community connections necessary to make the arrangement work well?)

The overall objective is to ensure the long term international relations programme that is:

- High value: Focuses the Council's limited resources effectively, and leverages expertise, effort and resources of stakeholders to achieve common objectives
- Sustainable: Valued by government, international partners, citizens and businesses; Valued by local businesses, citizens, residents and visitors; based on relationships built and fostered with a long term view
- Flexible: Able to respond quickly and effectively to events and opportunities, within a consistent underlying framework to advance Wellington's economic, educational and social aims, and
- Cohesive: Leverages Wellington's point of difference and effectively utilises Wellington's 'diversity advantage'.

- **Leadership:** Regular stakeholder engagement is a critical input. Stakeholders' perspectives can inform planning by helping to: identify and prioritise opportunities, and establish the level of stakeholder commitment to supporting International Relations activities.

5.5 Applying the policy – a city to city priority programme

A city-to-city priority emerges from applying the refreshed policy and the drivers for the review. This results in the following:

Strengthen China	25 years of sister city relations with Xiamen, 6 years with Beijing, and recent agreements with Tianjin and Zhejiang are long-term investments that are resulting in business successes and opportunities for Wellington firms. A delegation in April 2013 aims to build on this with emphasis being placed on design and architectural firms and them gaining contacts in China's major construction industry. Sustained contact is important as this demonstrates a commitment to the relationship. Regular (ie annual visits) would be a way of demonstrating this.
Sustain Japan	The city has 18 year of relations with Sakai. This means the city is well positioned to support any business initiatives that arise either during the current economic down turn or more importantly as they emerge through this.
Maintain Australia	Given proximity, similar values, culture and priorities, friendly relations are possible with no need for higher formalities. Business and civic connections are and can be readily made. Australia remains a key tourism market.
Secure San Francisco	<p>The creation of a formal relationship has the potential to enhance business collaboration. This is particularly the case for digital and earthquake technologies. The primary focus for this relationship, at least in the first five years, would be economic development. Both cities have good strong start up eco-systems, especially in the technology area.</p> <p>The cities have significant business, cultural and geographic similarities that can provide the basis for a mutually beneficial programme of projects.</p> <p>In particular we have an ability to leverage a relationship for economic benefit in technology and food & beverage sectors. We already have strong links between the San Francisco Neighborhood Empowerment Network and the Wellington Regional Emergency Management Office, who are both keen to continue to work together on community resilience.</p>
Explore India	India is an emerging world power. There may be merits in

	the council leveraging our capital city status to partner with Delhi in the long term. This could act as a platform for economic and social developments. While there are no immediate plans to enter in to formal relations with Delhi it is considered appropriate to engage in conversations in the future to identify areas of cooperation.
Facilitate	Regular focus groups with relevant stakeholders will allow potential opportunities to be identified and assessments made for what role the council can play.

6. Conclusion

A refresh of the International Relations Policy is recommended. This aims to ensure the policy is aligned with the council's current strategy and range of activities that it currently undertakes while providing clear priority for city to city relationships.

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SUPPORTING INFORMATION

1) Strategic fit / Strategic outcome

International connection is an integral part of the Wellington Towards 2040: Smart Capital vision. The policy aims to support this by providing guidance around interventions.

2) LTP/Annual Plan reference and long term financial impact

The policy is consistent with current commitments.

3) Treaty of Waitangi considerations

The report seeks to refresh an existing policy only.

4) Decision-making

This is not a significant decision. The report seeks to refresh a policy inline with the current strategy.

5) Consultation

The policy aims to fulfil the council's vision and associated economic development strategy. Both of these were extensively consulted on. The report draws on feedback from past international delegations and engagement will occur with key stakeholders on a regular basis.

6) Legal implications

Not applicable.

7) Consistency with existing policy

The report seeks to refresh an existing policy and bring it into line with the current strategy.