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**REPORT 1**  
*(1215/11/1M)*

## **MAYORAL VISIT – CHINA AND JAPAN JULY 2011**

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### **1. Purpose of Report**

To seek Council approval for Mayor Wade-Brown and Councillor Coughlan (Economy Portfolio) to lead a business delegation to Wellington's sister cities Sakai, Beijing and Xiamen, to our partner city Tianjin, and also to Guangzhou and Hong Kong in July 2011.

### **2. Executive Summary**

An important focus for Council's international relations activity is the economic development opportunities arising from our Wellington associations, supported by New Zealand's trade relationship with China and Japan. Economic development compliments, and builds on, our existing cultural and people-people exchanges and activities.

In June 2010 the previous Mayor led a successful business delegation to Shanghai Expo and our sister cities in China. Ninety five percent of delegates reported that they were satisfied or very satisfied with the outcomes of the delegation.

By accompanying the Mayor, delegates were able to develop business and political relationships. The delegation was successful in supporting the establishment of business opportunities from delegate businesses to China, with multi-million dollar contract negotiations resulting from the meetings and introductions. Relationships are critical to successfully trading with China and a Mayoral delegation this year is an opportunity for strengthening existing and developing new business connections.

Wellington City has elected a new Mayor since the 2010 delegation. The position of the Mayor is held in extremely high regard in China and a visit to China in the first year of the new Mayoral triennium will confirm to our sister and partner cities in China that Wellington places high value on the relationships.

Our city-to-city relationships with China grow in importance as China continues to grow in importance for New Zealand. In February 2011, China overtook the European Union to become New Zealand's second largest export market after Australia. China had already become New Zealand's second largest source of imports. In addition, 2011 is the 5<sup>th</sup> anniversary of our sister city relationship with Beijing, while next year is the 25<sup>th</sup> anniversary of our Xiamen agreement.

A visit to our sister city Sakai, in Japan, will also provide an opportunity to maintain the existing strong relationship between our two cities and two countries. Japan remains an extremely important partner to New Zealand. Japan is New Zealand's third largest export market and is a major source of students (4th) and tourists (5th).

The support our two countries have provided each other following our respective natural disasters is testament to the close relationship built up over many years.

We have confirmed interest from 18 business delegates, subject to Council approval of the delegation. A further 20 organisations have been identified to approach.

### **3. Recommendations**

It is recommended that Council:

- 1. Receive the information.*
- 2. Note that invitations have been extended to the Mayor from the Mayor of Beijing, from the Mayor of Xaimen and also from China Southern Airlines Group inviting her to visit Guangzhou.*
- 3. Note that the 2010 Mayoral business delegation successfully established business relationships for Wellington businesses with China.*
- 4. Note that there is strong support for a 2011 Mayoral business delegation, in particular from the health, technology and screen sectors.*
- 5. Agree to the Mayor representing Wellington City, leading a business delegation to Beijing, Xiamen, Sakai, Tianjin, Guangzhou and Hong Kong from Monday 18 July to Wednesday 27 July.*
- 6. Note that the Mayor's costs would be met by the International Relations budget.*
- 7. Agree that Councillor Coughlan in her capacity as Economy Portfolio Leader accompany the Mayor and the business delegation and that costs be met by the International Relations budget.*
- 8. Note that a detailed itinerary is currently being developed in association with relevant parties (see Appendix A)*
- 9. Note that carbon offsets would be purchased for the Mayor, Councillor and officers' travel, and these have been included in the estimated costs.*
- 10. Note that a report-back will be presented to the appropriate Committee meeting in accordance with Council Policy.*

## **4. Background**

### ***4.1. Wellington City Council's approach to international relations***

Wellington City Council carries out international relations activities that support strong and valued relationships with sister and partner cities, international linkages in specific priority areas (e.g. earthquake technologies), and cultural and economic links between businesses and organisations.

The Council's international relations activities contribute to priority outcomes for Wellington City that have been identified as part of the Council's work on the *Wellington 2040 City Strategy*. In particular, the acknowledged strength and maturity of Wellington's city-to-city relationships can support a greater focus on economic development opportunities and business-to-business linkages than previously.

### ***4.2. Supporting economic development opportunities***

The position of the Mayor is held in high regard in China and Japan, and the Mayor of the capital city of New Zealand carries significant influence, providing access to high-level officials and business people that would otherwise not be obtained. Businesses that travelled to China with the former Mayor in 2010 acknowledged the importance of the role of Mayor and the assistance the role provided to their relationships.

Central government recognises and supports the role that our city relationships play in realising New Zealand's wider economic development goals. Sister city relationships and the status accorded to the role of Mayor are seen as important resources alongside central government's own diplomatic and trade activities.

Wellington City's relationships in China and Japan are closely aligned with central government's stated priorities for developing New Zealand's trading relationships.

The signing of a Free Trade Agreement (FTA) between New Zealand and China in 2008 is being followed up by the Government with a comprehensive China strategy, focused on doubling our trade with China by 2015 and Japan continues to be one of New Zealand's most important trading partners. The Council will continue to work closely with the central government to ensure a coordinated and aligned approach to international relations activities, including the current proposed Mayoral business delegation to China and Japan.

### ***4.3. Developing and maintaining strong connections***

Wellington City has worked hard to develop strong relationships with its sister and partner cities. The 2010 Mayoral business delegation to Shanghai, Beijing, Xiamen and Tianjin was successful in lifting the level of engagement between Wellington and those cities. Subsequent high-level delegations to Wellington from Beijing and Tianjin have reinforced these relationships.

Wellington City has elected a new Mayor since the 2010 Wellington Mayoral business delegation. The continuity of the relationships with our key sister and partner cities would be supported by the Mayor leading a business delegation in 2011.

Wellington's sister cities have extended invitations to Mayor Wade-Brown to visit and, to indicate the importance of these current relationships to Wellington. It would be appropriate for the Mayor to accept these invitations. Further high-level engagement between Wellington and these cities is needed to ensure that emerging economic opportunities are leveraged and current business momentum and relationships are grown and changed.

#### **4.4. *The Wellington Mayoral business delegation 2011***

To ensure the most value from the proposed 2011 Mayoral business delegation, it is intended that Wellington businesses are targeted for inclusion on the delegation on the following broad criteria:

- their fit with Wellington's strategic goals (as described in the draft *Wellington 2040 City Strategy*), specifically, developing strong connections internationally to gain access to global markets and resources, including ideas and knowledge;
- their existing business relationships with China and Japan and/or their capability to respond to opportunities that arise from being part of the delegation; and
- the value-add to the business that would result by travelling as part of an official Mayoral delegation.

We have confirmed interest from 18 business delegates including representatives of HealthCare NZ Ltd, ANZ Bank, DLA Phillips Fox, Gibson Group, Cervadon, Forme, Ground Zero, Phoenix International, Tang Ming Group, Weltec Connect and Wellington Xaimen Association.

We have identified a further 20 organisations that may be interested in attending, primarily in the technology and screen sectors.

## **5. Discussion**

### **5.1. *Beijing***

In 2011 Wellington and Beijing celebrate five years as sister cities. Throughout its short history the relationship has been actively supported by both sides through high-level political exchanges.

Beijing is looking to maximise the economic benefits of its sister city relationships. This idea was most recently expressed in December 2010 by Beijing Vice Mayor Cheng Hong in a seminar to the Wellington business community. During the visit Vice Mayor Cheng, on behalf of Beijing Mayor Guo Jinlong, officially invited Wellington's new Mayor to visit Beijing.

Proposed activities include:

- A Wellington business seminar
- A meeting with the Mayor of Beijing Mr Guo Jinlong
- Business meeting with Beijing Deputy Mayor Ms Cheng Hong, who is in charge of economic development
- A visit to the National Museum of China to support Te Papa furthering a recent Memorandum of Understanding signed in Wellington
- A visit to the Beijing Urban Planning Museum
- Business meetings on television and film cooperation
- A meeting with the Chinese people's Association for Friendship with Foreign Countries

## **5.2. *Tianjin***

A successful 2010 Mayoral visit to Tianjin resulted in significant strengthening of the Wellington-Tianjin relationship. One week after the Wellington delegation visited Tianjin, the Mayor of Tianjin led a large delegation to Wellington. At this time Mayor Prendergast signed, on behalf of Wellington, a Memorandum of Understanding with Tianjin to continue cooperation into research and mitigation of risk of earthquakes.

In addition, Massey University and Healthcare New Zealand both made progress on business agreements with their Tianjin counterparts.

Proposed activities include:

- A Wellington–Tianjin business seminar
- A meeting with the Mayor of Tianjin Mr Huang Xingguo
- A Wellington – Tianjin healthcare workshop

## **5.3. *Xiamen***

Wellington and Xiamen will celebrate 25 years as sister cities in 2012. The relationship has been maintained through numerous education, business and arts exchanges.

A large civic and media delegation from Xiamen recently visited Wellington to strengthen the sister city relationship and launch Xiamen Star Television in New Zealand.

During the visit Mayor Wade-Brown was invited to visit Xiamen and was asked to be interviewed by Xiamen Television. The interview would provide the Mayor a great opportunity to promote Wellington to an audience of millions.

Proposed activities include:

- A visit to Xiamen Television, where the Mayor will be interviewed
- A meeting with the Mayor of Xiamen Mr Liu Keqing
- A Wellington-Xiamen business seminar
- A visit to Xiamen University, Victoria University of Wellington's partner university for the Confucius Institute in Wellington

#### **5.4. Guangzhou**

Guangzhou is the largest city in southern China and is the capital of Guangdong Province, the home of nearly 100 million people. Guangdong is China's manufacturing powerhouse.

The President and senior executives from China Southern Airlines Group, based in Guangzhou, visited New Zealand in April when the airline commenced direct flights between Guangzhou and Auckland. In the near future new airplane technology will allow for direct flights between China and Wellington.

The Mayor, and Councillors McKinnon and Coughlan hosted a dinner for the delegation and raised the possibility of the airline connecting Wellington with China directly.

Proposed activities include:

- A visit China Southern Airlines
- A meeting with senior officials of the Guangzhou Government

#### **5.5. Hong Kong**

The Wellington-Hong Kong relationship is based on digital technology and education cooperation, two areas of key strategic interest to Wellington.

In March 2009 Mayor Prendergast addressed the Digital Entertainment Leadership Forum in Hong Kong and a Memorandum of Understanding on Digital Entertainment Creative and Business Collaboration was signed by Hong Kong Cyberport Management Company; Wellington City Council; the NZ Institute of Screen Innovation and the Internet Professional Association.

More recently Hong Kong Cyberport and the Wellington Institute of Technology (WelTec) signed a Memorandum of Understanding to collaborate in the field of creative technologies. The first step in collaboration will be delivery of short courses in Hong Kong by WelTec's School of Creative Technologies, scheduled for mid-2011.

Wellington has established strong links with senior Hong Kong leaders. In 2009 Hong Kong Secretary for Development Carrie Lam visited Wellington as a guest of the government and met Mayor Prendergast to discuss urban development issues.

Proposed activities include:

- A meeting with senior officials from the Hong Kong Special Administrative Region
- Business meetings on urban transport
- Visit to Cyberport, a creative digital community with a cluster of technology and digital content tenants

- Visit CreateHK, the agency set up to drive the development of the creative economy in Hong Kong
- Visit InvestHK, the department responsible for attracting and facilitating foreign direct investment into the city

### **5.6. Sakai**

Wellington and Sakai have an active programme of exchanges in education, the arts, sport and culture.

Recently Sakai donated approximately \$16,000 to support Christchurch relief efforts. The Council is working with Wellington community groups to raise money for Japan earthquake and tsunami relief efforts.

The Mayor of Sakai was planning to visit Wellington in March 2011, but the trip was postponed, initially because of the Christchurch earthquake and later because of the Japan earthquake and tsunami.

Fundraising in Wellington is underway with the intention that the Mayor presents a donation from Wellington to the Mayor of Sakai on this delegation.

Proposed activities include:

- A meeting with the Mayor of Sakai Mr Osami Takeyama
- Business meetings with:
  - Sakai Chamber of Commerce
  - Sakai Women's Association
  - A local high school, regarding education exchanges
- A goodwill function hosted by Sakai Wellington Association

### **5.7. Officers**

It is proposed that three officers accompany the Mayor and business delegation to provide executive support, logistical and meeting management and language services. At times, the business delegation and Mayor will be at separate meetings/events, so the level of officer support will be necessary.

### **5.8. Timing of visit**

The Mayor would be away from New Zealand for ten days from Monday 18 July to Wednesday 27 July.

There are no Council meetings in July 2011.

### **5.9. Consultation and engagement**

In planning the trip, Council officers consulted with key national, regional and local stakeholders including: New Zealand Trade and Enterprise (NZTE), the Ministry of Foreign Affairs and Trade, Export New Zealand, Wellington

Employers' Chamber of Commerce, Grow Wellington, Education Wellington, Victoria University of Wellington, and the Asia New Zealand Foundation.

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

The estimated per person cost for the Mayor and Councillor to travel to China and Japan is \$9,500. The cost includes airfares, accommodation, land transport and a daily allowance in accordance with Council policy.

Wellington's sister cities in China would cover all of the Mayor and Councillor's costs while they are in Beijing and Xiamen. Wellington's sister city in Japan would contribute to the Mayor and Councillor's transportation and meal costs while they are in Sakai.

#### ***5.11. Climate change impacts and considerations***

The Mayor's travel would result in approximately 7.5 tonnes of CO<sub>2</sub> emissions. The cost of offsetting these emissions is approximately \$85. This amount has been included in the estimated travel costs above.

#### ***5.12. 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**

New Zealand's future trade growth will be largely influenced by the growth in Asia. Through Wellington's strong connections in China and Japan, the two largest economies in Asia, the Mayor has the opportunity to open doors for Wellington businesses and contribute to the economic growth of the city.

Contact Officer: *Teena Pennington, Director Strategy, Planning and Urban Design.*

## **Supporting Information**

### **1) Strategic Fit / Strategic Outcome**

*The recommendations in the paper support the Council's overall vision of Creative Wellington – Innovation Capital and the travel supports the Council's international relations 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 extensively with 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, the Wellington Regional Chamber of Commerce, Victoria University, and the Asian New Zealand Foundation.*

#### **b) Consultation with Maori**

*Council's Treaty Relations Manager has been consulted in relation to cultural representation on the trip.*

### **6) Legal Implications**

*No legal implications.*

### **7) Consistency with existing policy**

*The recommendations in the report are consistent with existing policy.*

## **Appendix A: Draft itinerary for Mayoral Business Delegation**

**Monday 18 July – Wednesday 27 July**

### **Day 1: Monday 18 July (Wellington, New Zealand – Sakai, Japan)**

#### *Morning*

- Depart from Wellington to Auckland at 6:30am
- Depart from Auckland to Osaka at 8:45am (11 hr 35 min flight)

#### *Evening*

- Arrive in Osaka (Kansai Airport) at 5:20pm
- Overnight in Sakai paid by the Wellington City Council

### **Day 2: Tuesday 19 July (Sakai, Japan)**

#### *Morning*

- Business meeting with Sakai Mayor Mr Osami Takeyama

#### *Afternoon*

- Business meetings with:
  - o Sakai Chamber of Commerce
  - o Sakai Women's Association
  - o A local high school, regarding education exchanges

#### *Evening*

- Goodwill function hosted by Sakai Wellington Association
- Overnight in Sakai paid by the Wellington City Council

### **Day 3: Wednesday 20 July (Sakai, Japan – Beijing, China)**

#### *Morning*

- Depart from Sakai (Kansai Airport) to Beijing, China (3 hours)

#### *Afternoon*

- Meet Beijing Mayor Mr Guo Jinlong
- Courtesy call on NZ Ambassador to China Mr Carl Worker
- Visit Beijing Urban Planning Museum
- Visit the National Museum of China

#### *Evening*

- Overnight in Beijing hosted by the Beijing Government

### **Day 4: Thursday 21 July (Beijing, China)**

#### *Morning*

- Business meetings
  - o on television and film cooperation

- healthcare cooperation
- cultural events in Wellington
- Meet Madam Li Xiaolin, the Vice President of the Chinese People's Association for Friendship with Foreign Countries (CPAFFC)

*Afternoon*

- Wellington – Beijing business seminar
- Business meeting with Beijing Deputy Mayor Ms Cheng Hong

*Evening*

- Overnight in Beijing hosted by the Beijing Government

**Day 5: Friday 22 July (Beijing – Tianjin, China)**

*Morning*

- Travel from Beijing to Tianjin by bullet train at (30 minutes)
- Meet Mayor of Tianjin Mr Huang Xingguo

*Afternoon*

- Wellington – Tianjin business seminar
- Wellington – Tianjin healthcare workshop

*Evening*

- Overnight in Tianjin hosted by the Tianjin Government (TBC)

**Day 6: Saturday 23 July (Tianjin – Xiamen, China)**

*Morning*

- Depart from Tianjin to Xiamen at 8:10 am (2.5 hour flight)

*Afternoon*

- Meet Mayor of Xiamen Mr Liu Keqing
- Wellington Business Seminar

*Evening*

- Overnight in Xiamen hosted by Xiamen Government

**Day 7: Sunday 24 July (Xiamen – Guangzhou, China)**

*Morning*

- Visit Xiamen University, Victoria University' of Wellington's partner university for the Confucius Institute in Wellington
- Visit Xiamen Television to be interviewed on Wellington

*Afternoon*

- Depart from Xiamen to Guangzhou (1.5 hour flight)

- Visit China Southern Airlines
- Meet senior officials of the Guangzhou Government

*Evening*

- Overnight in Guangzhou paid by Wellington City Council

**Day 8: Monday 25 July (Guangzhou – Hong Kong, China)**

*Morning*

- Depart Guangzhou for Shenzhen by minibus (arranged by NZTE)
- Visit Huawei factory (Shenzhen)

*Afternoon*

- Depart Shenzhen for Hong Kong by minibus

*Evening*

- Visit Cyberport
- Overnight in Hong Kong paid by Wellington City Council

**Day 9: Tuesday 26 July (Hong Kong, China – Auckland, New Zealand)**

*Morning*

- Wellington Business Breakfast
- Meet senior officials from the Hong Kong Special Administrative Region
- Business meeting on urban transport
- Courtesy call on NZ Consul-General to Hong Kong Ms Adele Bryant

*Afternoon*

- Visit Create HK
- Visit Invest HK
- Depart from Hong Kong to New Zealand at 6:10 pm

**Day 10: Wednesday 27 July (Auckland – Wellington, New Zealand)**

*Morning*

- Arrive in Auckland
- Depart from Auckland to Wellington