

Gloucester City Council

Meeting:	Council	Date:	22 January 2015
	Cabinet		28 January 2015
Subject:	Developing Trade Links with China		
Report Of:	Cabinet Member for Regeneration & Culture		
Wards Affected:	All		
Key Decision:	No	Budget/Policy Framework:	No
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Appendices:	None		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 To advise Members of work that is being undertaken to strengthen the City's links with China and provide business opportunities for our local companies, through helping them to gain access to the vast Chinese markets.

2.0 Recommendations

- 2.1 Council is asked to **RESOLVE** that

(1) The report be noted and the principles contained therein be endorsed

- 2.2 Cabinet is asked to **RESOLVE** that

(1) A strategy be prepared identifying how the City can develop its international links with other global locations including India and South Korea, in a manner that brings solid economic benefits to the City's businesses and citizens;

(2) Subject to any comments Council may wish to make, a friendship agreement with Guangzhou Municipality be signed by the Mayor of Gloucester, on such terms as may be agreed by the Cabinet Member for Regeneration and Culture.

3.0 Background and Key Issues

- 3.1 Officers have been working with Join in China to explore ways that the City Council can assist businesses in the City to access the vast Chinese market. This work is being undertaken jointly with Gloucestershire County Council and GFirst. Join in China are a multi-service agency based in Gloucestershire that are dedicated to helping UK businesses establish themselves in China. To date this work has been done at no cost to the City Council, other than Officer time.

- 3.2 Developing links with China is still very much in its early stages. However this work aims to deliver the following clear objectives:
- To provide a portal through which Gloucester Businesses can access the Chinese market
 - Understand existing trade relations and how these can be developed further
 - To promote Gloucester in China
 - To attract Chinese investors
- 3.3 Join in China has successfully been working with GFirst to promote Gloucestershire by bringing Chinese government delegations to the county. The purpose of these visits is for them to meet with our businesses, the local authority and experience the county and City first hand. It is also about establishing contacts and business relationships.
- 3.4 City Council Officers have participated in two recent visits by officials from the Guangzhou Municipality and Shanghai Pudong. Discussion was orientated around government structures and regeneration activity, not least reusing heritage assets for modern uses. Opportunities were discussed about potential Chinese investment within the City, although this was very strategic and process driven.
- 3.5 Guangzhou officials were particularly impressed with the City and proposed that the two Cities enter into a friendship agreement. The principle of this agreement would be to develop a relationship of cooperation to promote objectives of mutual benefit. The agreement would not be legally binding and is intended as an expression of friendship.
- 3.6 Guangzhou is the capital and largest city of Guangdong province in South China. It has a population of nearly 12 million. Guangzhou serves as an important national transportation hub and trading post and is one of five National Central Cities.
- 3.7 Establishing links with Guangzhou is a good opportunity for the City. By signing this agreement does provide a statement of intent and is a first step for establishing greater links. However it is important that this delivers tangible benefits for the City's businesses. As a consequence Officers are working with Join in China, the County and GFirst, to identify a programme of activity, including real outputs and milestones to ensure a structured and manageable programme that is focused on delivery, as we move forward through the business development process.
- 3.8 This is not the first example of such an agreement in the County. Join in China have already facilitated the signing of an agreement between GFirst and the Wuhou District of China. This creates an investment, trade and business cooperation partnership between Gloucestershire and a district in China. As a consequence Officers are working closely with GFirst to avoid duplication and ensure a coordinated approach that achieves real benefits.

4.0 Alternative Options Considered

- 4.1 The do nothing option would retain the status quo and would not support local business to gain access to the vast markets in China. Join in China does present us with the opportunity to consider, uniquely, how the City can provide these

opportunities. The City could allow GFirst and the County to be the primary drivers for this initiative and that would be a wholly acceptable solution. But as the County town and a major economic driver, is its considered important that the City Council actively participates in this opportunity, working closely with the County and GFirst.

5.0 Reasons for Recommendations

5.1 To ensure Members are aware of and agree to establishing greater links with China and to facilitate opportunities for local businesses to exploit. The objective being for the public sector to undertake much of the process issues, freeing up the private sector to exploit opportunities created.

6.0 Future Work and Conclusions

6.1 The proposed Agreement would be drafted to the satisfaction of both parties and in consultation with the Head of Legal and Policy Development. A further strategy would be developed as to how the agreement can be turned into quantifiable benefits. Without the Agreement a strategy would have little chance of success as there would be no relationship to develop. The door has essentially been opened. This strategy would then lead on to work with local companies ensuring they can benefit from opportunities that the City would look to set up with its links to China, most likely through Join in China. Although working with Join in China would be subject to public procurement processes.

7.0 Financial Implications

7.1 There are no financial implications to the report or subsequent Agreement.

(Financial Services have been consulted in the preparation of this report)

8.0 Legal Implications

8.1 Under Section 33 of the Local Government and Housing Act, local authorities are empowered to take such steps as they consider appropriate for promoting the economic development of their area. The final format of the Agreement needs to be carefully drafted to ensure that it does not create any legal or financial obligations for the City Council. The Head of Legal and Policy Development will therefore be consulted and advise on the proposed terms of the agreement.

(Legal Services have been consulted in the preparation of this report)

9.0 Risk & Opportunity Management Implications

9.1 Resources committed to creating and delivering the Agreement must lead to real benefits for the City's businesses and citizens. A defined programme will be developed that will set out how these benefits will be secured. It will also form part of a larger review and strategy, identifying a number of international relationship initiatives the City Council is currently tentatively engaged in including South Korea and India.

9.2 There also needs to be coordination with other bodies looking to promote international investment, not least UKTI.

10.0 People Impact Assessment (PIA):

10.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

11.0 Other Corporate Implications

Community Safety

11.1 None.

Sustainability

11.2 None.

Staffing & Trade Union

11.3 None.

Background Documents: None