



Coventry City Council

**Public report**

## **REPORT BACK ON CONFERENCE/SEMINAR**

**REPORT TO:** Scrutiny Co-ordination Committee

22<sup>nd</sup> January 2014

**REPORT OF:** Lord Mayor and the Executive Director, Place

**TITLE:** Fact-finding and civic visit to Jinan, China

**DATE:** 21<sup>st</sup> – 28<sup>th</sup> October 2013

**VENUE:** Jinan and Beijing, China

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### **1. Recommendation**

The Scrutiny Co-ordination Committee is recommended to:

- 1.1.1 endorse the report of the fact-finding and civic visit to Jinan and Beijing and the positive outcomes achieved.
- 1.1.2 agree that the Leadership's initiative to more closely engage the Lord Mayor Office in economic development matters is beneficial
- 1.1.3 support the development of a detailed action plan to facilitate further trade and investment opportunities with selected overseas destinations.

### **1.2 Development of a detailed Action Plan**

As recommended in section 1.1.3, the Business Investment Team is developing a detailed Action Plan to facilitate further trade and investment opportunities with selected overseas destinations. The ultimate objective of such a plan will be to stimulate trade, increase business investment and create new jobs.

The plan which will be completed by end of January 2014, will cover:

- **Resources:** Officer time and skills, revenue and marketing costs
- **Organisation:** Internal structures and relationships with key bodies (incl UKTI, Overseas embassies, local partners and other interested bodies)
- **Engagement:** Optimising impact of the Lord Mayor's Office, Senior Officers, Elected Members and Council Leadership
- **Potential destinations:** Review of destinations in addition to Shandong Province, China
- **Detailed pathways:** Actions to achieve the objectives
- **Timescales**

## 2 Background

This is the 30<sup>th</sup> year anniversary of the twin city relationship between Coventry and Jinan, capital of Shandong Province – China's third largest province.

The City Council's International Trade and Investment Group (ITIG) identified that Jinan and Shandong Province represented a good starting point for establishing a strategic international trade and investment link with China.

John Norton and Parmy Singh, Business Development Advisors from the Business Investment Team, undertook a fact finding mission in conjunction with the Lord Mayor Cllr. Gary Crookes and Lady Mayoress Shirley Crookes civic visit. This ensured that the appropriate cultural groundwork and economic assessment was in place for possible future activity in China.

The visit was facilitated by the China Britain Business Council (CBBC), a membership organisation which specialises in UK China trade activity, effectively acting as the arm of UK Trade and Investment (UKTI) in China.

The itinerary included both high level civic events and business meetings in Jinan and Beijing. This provided an excellent insight into future trade and investment opportunities with China and emphasised the importance of retaining and building on relationships with key decision makers from both the Chinese Government and the Chinese business community.

## 3 Specific Events

The delegation arrived in Jinan on the evening of Tuesday 22<sup>nd</sup> October 2013 and was met by representatives from the **Jinan Foreign Affairs Office (JFAO)** which included the Deputy Director Ms Liu Yanqiu.

In the morning of Wednesday 23<sup>rd</sup> October 2013, the delegation met with Mr Jiantao Lv (Executive Deputy Director) and Mr Bill Liu (Manager) of **China International ICT Innovation Cluster (CIIC)** based at Qilu Software Park. CIIC is the only combined international and innovative park at state level for the ICT sector in China. The visit by the delegation to Jinan's High Tech Development Zone was filmed and aired on Jinan's state television channel, helping to raise the profile of Coventry to a potential audience of nearly seven million people.

A meeting then followed with the senior management team from **Jinan Haishui Science and Technology Co. Ltd.** Opportunities were explored for potential future collaboration, particularly with Coventry's Serious Games Institute.

In the afternoon the delegation visited the manufacturing plant of **Geely**, who recently purchased the Coventry based **London Taxi Company (LTC)**. This provided an opportunity to meet with Mr Li Xiaohu, General Manager within the Geely Group. Mr Li was involved in the acquisition of Manganese Bronze Holdings plc, this enabled discussion around the company's UK expansion plans.

Following the visit to Geely's manufacturing facility the delegation made its way to the headquarters of **Jinan Municipal People's Government**. A meeting took place with representatives from JFAO led by Mr Zhao Ning (Deputy Chief), CIIC and **the local Chamber of Commerce**. Discussions took place at the workshop around improving economic ties and cooperation between Coventry and Jinan.

In the evening a meeting took place with a number of dignitaries, with discussions led by Coventry's Lord Mayor Councillor Gary Crookes and **Mr Yang Luyu, Mayor of Jinan**. A formal banquet followed to mark Coventry's 30<sup>th</sup> year twinning relationship with Jinan, the event was hosted by Mayor Yang.

On Thursday 24<sup>th</sup> October the delegation were accompanied by Jinan's Deputy Chief Mr Zhao Ning visiting Baotu Spring. In the afternoon the delegation met with representatives from **Shandong Foreign Affairs Office (SFAO)**, headed by their Deputy Director-General Mr Jigang Zhang. At this meeting it was agreed that Jinan would act as the gateway to Shandong Province, hence firming up our working relationship with both Jinan Foreign Affairs Office and SFAO.

On Friday 25<sup>th</sup> October high level meetings took place at the **British Embassy Beijing**. This provided an opportunity to meet with **UKTI's Head of Investment (Beijing)** Peter Wyithe and **Deputy Director (Inward Investment) for China** Chad Woodward. A number of discussions took place around future economic cooperation between UKTI China and Coventry, including the recent purchase of Coventry's largest manufacturer Covpress by Shandong Yongtai, a company based in Shandong Province.

Photographs taken at key events are included in Appendix A

#### 4 Cost of attending

	Costs Approved by Cabinet/Cabinet Member	Total of Actual Costs
Flights	£3,894	£3,459
Accommodation	£1,560	£1,350
Subsistence	£600	£381
Insurance	£120	£119
Visas	£609	£470
Visit support costs inc. transfers, Beijing, CBBC representative	£4,847	£3,888
<b>Total</b>	<b>£11,630</b>	<b>£9,667</b>

The expenditure limit stated on the Travel Approval form was £11,630, actual costs were therefore £1,963 under this limit. This saving was primarily made as an opportunity arose to utilise the services of a representative from Jinan Foreign Affairs Office, therefore the delegation did not have to hire a full-time interpreter whilst in China - an approach taken which was more cost effective.

The Lady Mayoress paid her own costs.

#### 5 Benefits

The fact-finding visit in conjunction with the biennial civic visit enabled the delegation to investigate and identify potential trade and investment opportunities between companies in Coventry and Jinan / Shandong Province. For example, the initial meetings with the China International ICT Innovation Cluster and Jinan Foreign Affairs Office highlighted the huge potential for trade and investment activity between Coventry and China.

The visit built on the existing twinning link between Coventry and Jinan with the aim of developing and capitalising on the relationship to ensure Coventry is favourably positioned to maximise the opportunity for two way trade with this extremely ambitious and rapidly developing region of China. Strategically Coventry is well placed to focus on this particular geographic area due to the well-developed relationship with Jinan which is based on 30-years of communication between these two cities.

Furthermore, the intelligence gathered indicates the sector specialisms of Jinan closely reflect the priority areas of the Coventry and Warwickshire Local Economic Partnership (CWLEP) – notably advanced manufacturing, digital technologies and automotive - it is therefore apparent that close ties with the region could be very beneficial for both economies going forward. In addition we should not underestimate the significance of how our civic and officer level relationships with Jinan may be utilised to open doors for local businesses to trade with China through dedicated sector specific trade delegations. Indeed a key feature which continually emerged from the visit was that relationships, also termed 'guanxi', are an integral component of the business culture in China.

The Lord Mayor Cllr. Gary Crookes noted that, *'The presence of the Lord Mayor, to reinforce the relationship with our twin city of Jinan, was seen as a positive step, much appreciated by our Chinese hosts and probably helped to gain access to higher and wider levels of local government and therefore increased opportunities. Mayor Yang Luyu, an elected official with executive powers, expressed his surprise that our Lord Mayors were civic heads elected annually and therefore did not give the continuity which the Chinese would appreciate. However, we have the opportunity to benefit by providing this much desired continuity from within our officer base. This is my firm recommendation.'*

## **6 Future opportunities resulting from the visit include:**

- Trade delegations (both inward and outward) for suitable companies (primarily advanced manufacturing and automotive) to be held in 2014 (proposed March (Jinan / Shandong Province) and September (Coventry and Warwickshire)).
- As a direct result of a workshop between Coventry and Jinan, the Jinan Municipal Bureau of Commerce (BCJM) has expressed an interest to visit Coventry in the first quarter of 2014 with a delegation of manufacturing companies.
- Use the intelligence / data gathered regarding sectors and specialisms in the Jinan area to identify and match-make relationships between companies in the two areas that have real opportunities for developing successful trade relationships. This information can then be used to plan, and ensure the success of, any future trade delegations.
- Training exchange courses to be provided by the Serious Games Institute (SGI) in Coventry and the Jinan High Tech Development Park for company executives to facilitate expertise development and knowledge transfer between the two areas.
- An extension of the Business Support offer in Coventry to include increasing awareness and understanding of potential Chinese investment, for example, addressing cultural nuances that need to be adhered to when dealing with Chinese businesses; how investment can potentially be secured and which support agencies are best placed to facilitate e.g. JFAO, UKTI, CBBC
- For the respective business representative organisations in each area to raise awareness and actively promote the sector specialisms and trade/investment opportunities within the business communities they represent. For example along with Geely's pledge to invest £150m in the London Taxi Company's Coventry factory and expand production to develop a new TX5 model over 5-years; the company is exploring the possibility manufacturing automotive components in the UK – placing Coventry in strong position for future manufacturing plants
- Following the meeting at the British Embassy with UKTI China, the Head of Investment met with Mr You, the owner of Shandong Yongtai, and his feedback stated *"...the Chairman was very grateful for all of the support he had received from Coventry local government around the purchase and since... the Chairman was very positive about his Coventry acquisition and his plans to get into the global supply chain of major auto manufacturers."* Such testimonials serve well to attract further inward investment into Coventry and increase trade opportunities for local companies.
- As a result of our engagement with the British Embassy the Head of Investment (Beijing) will be visiting Coventry in December 2013
- The feedback supports the delegation's own observations that maintaining and building on relationships with key representatives and organisations is crucial to benefit from future trade and investment opportunities with China.
- In particular Coventry City Council's relationship with China Britain Business Council is key for economic success and influence within China, as we aim to progressively develop our business networks in the region. Dedicated resource would be required to support future activity, as this would enable the best prospect of maximising long-term economic prosperity between Coventry and China through trade and investment.

List of background papers

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Papers open to public inspection: Nil

Description of paper: Report Back on Conference/Seminar

Location: CH60

Approved by Cabinet Member on: 30<sup>th</sup> September 2013

### Appendix A – Map of China



## Appendix B – Delegation Photos

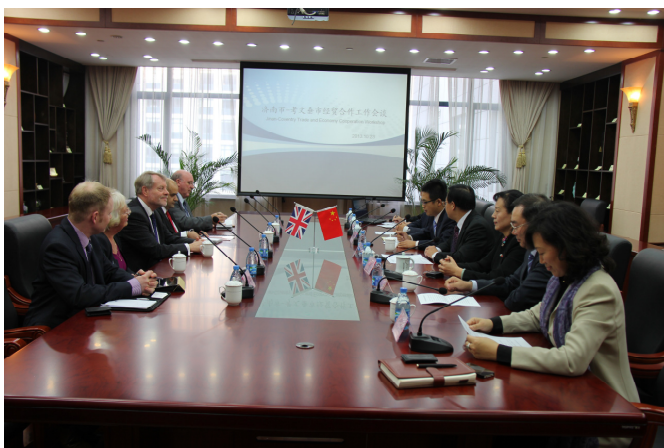
### I. Delegation visit Geely manufacturing plant in Jinan



### II. Lord Mayor and Lady Mayoress with General Manager Mr Li Xiaohu in front of London Taxi at Geely



### III. Meeting with representatives from Jinan Foreign Affairs Office, local Chamber of Commerce and China International ICT Innovation Cluster



IV. Visit to Qilu Software Park, Jinan Hi-Tech Development Zone



V. Lord Mayor Cllr. Gary Crookes with Mr Yang Luyu, Mayor of Jinan



VI. Meeting with Jinan Haishui Science and Technology Co. Ltd

