

**To:** Business, Economy and Enterprise Scrutiny Board (3)

**Date:** 2 December 2020

**Subject:** Report Back on MIPIM Asia/Mainland China Investment Mission - November 2019

### 1 Purpose of the Note

To provide a detailed report following the Investment Mission Coventry City Council delivered and attended alongside West Midlands Growth Company, Birmingham City Council and City of Wolverhampton Council.

### 2 Recommendations

The Business, Economy and Enterprise Scrutiny Board (3) is recommended to endorse this report and confirm its continued support of the work being undertaken by the Economic Development Service to enhance Coventry's international profile, secure Foreign Direct Investment (FDI) and support local companies to access new markets.

### 3 Information/Background

#### Introduction

The Council has played and will continue to play a significant role in attracting Foreign Direct Investment (FDI) to Coventry and its surrounding economy. Working with other key stakeholders and local businesses we are able to offer a coherent and attractive investment proposition to potential investors.

It has been accepted that FDI often comes as a result of existing trade links and the investment in relationships, particularly with Chinese companies, and is why one of the focuses of this visit was to promote not only the investment opportunities but also the key capabilities of local companies and support organisations to start the dialogue for investment success.

Coventry City Council, alongside its partners across the West Midlands have been developing a new approach to engaging foreign markets with a view to increasing trade links and capital investment in to the area. The basis of this is through a joined-up approach between Coventry City Council, Birmingham City Council, City of Wolverhampton Council, West Midlands Growth Company and West Midlands Combined Authority.

The purpose of this approach is to present a united front when engaging international investors, allowing us to enhance our investment "offer" through collaborate working.

This was the first visit of its kind led by West Midlands Mayor, Andy Street with representatives from all three WM cities. The visit was to three cities over a working week; Hong Kong (2 days), Hangzhou (1 day) and Shanghai (2 days).

#### Visit Objectives

The visit crosses over a number of sectors and interests but the core focus was to secure outcomes across the following areas;

- Capital attraction – engage with one of the world’s most active financial markets through high profile investor lunch, speaking slot and a 1:1 meeting programme. Highlight investable options to a funder base that is now moving away from London to the West Midlands and the North East.
- Existing investor relationship engagement - Progress ongoing conversations with specific investors who are already familiar with the region. Set up speculative meetings with local authorities where there is mutual interest.
- Direct flight opportunities – qualify and progress two specific direct flight conversations direct with airlines and senior Hong Kong and Chinese based business leaders.
- Higher education partnerships and recruitment – a chance for interested West Midlands Universities to undertake student recruitment activity in either Hong Kong and/or Shanghai. Build on the extensive existing HE China connections using civic and political leadership as a positive and influential lever.
- Profiling the strength and attractiveness of the West Midlands – increase the awareness of the West Midlands as the key engine for UK growth in an important Asian financial market. Direct engagement with active and credible investors in Hong Kong and Guangdong area. Showcase non-property sector strengths such as regional demographics, Local Industrial Strategy priorities, labour and skills base and current large employers and occupier pipeline.

### Delegation

- Andy Williams, Director of Business, Investment & Culture – Coventry City Council
- Ben Yorke, Business Development Advisor – Coventry City Council
- Andy Street, Mayor of the West Midlands
- Neil Rami, Chief Executive – West Midlands Growth Company
- Andrew Dunbar, Head of Investor Relations – West Midlands Growth Company
- Cllr Ian Ward, Leader – Birmingham City Council
- Lloyd Broad, Head of European & International Affairs – Birmingham City Council
- Richard Lawrence, Director of Regeneration – City of Wolverhampton Council
- Tom Screen, Aviation Director – Birmingham Airport

### Itinerary

Date	Activity
Sunday 24 <sup>th</sup> November	Travel to Hong Kong from UK
Monday 25 <sup>th</sup> November	Arrival in Hong Kong
	Welcome and briefing at the British Consulate-General with Consul General Andrew Heyn, Consul General to Hong Kong & Macao, Director General Trade & Investment, DIT and Karin Rancuret, Head of Inward Investment, DIT
	Lai Sun Group, Meeting with Peter Lam, Chairman
	MIPIIM Asia British Consulate Welcome
	Meeting with Far East Consortium Chairman, Tan Siri Dato David Chi
Tuesday 26 <sup>th</sup> November	West Midlands Mayor MIPIIM Asia keynote address
	West Midlands MIPIIM Asia Investors' Lunch
	Meeting with Cathay Pacific meeting with Alex Shum, General Manager Planning and Jenna Yu, Head of Passenger Network
	Meeting and site visit Dr George Lam, Chairman and CEO, Peter Yan, Hong Kong Cyber Port
	Roundtable with Eversheds Sutherland Senior Clients
	Hong Kong Science and Technology Parks (HKSTP).

Wednesday 27 <sup>th</sup> November	Travel to Guangzhou
	Meeting with Shanghai Deputy Consul General Tony Clemson
Thursday 28 <sup>th</sup> November	Meeting with President of Geely Commercial Vehicle Group, Chairman of LEVC Mr Zhou Jianqun
	Meeting with Wangxian to discuss EV Gigafactory plans
	Travel to Shanghai
	Meeting with Fuyou Group
Friday 29 <sup>th</sup> November	Meeting with China Eastern Airlines, LI Yangmin, Vice Chairman, President & GM
	Meeting with Confidential Battery Manufacturer
	Meeting with MD of Greentown Real Estate, Dr Sean Huang
Saturday 30 <sup>th</sup> November	Travel to UK

#### 4 Cost of Attending

	Costs Approved by Cabinet/Cabinet Member	Total of Actual Costs
<b>Total</b>	<b><u>£20,000.00</u></b>	<b><u>£22,140.10</u></b>

West Midlands Growth Company project managed this visit with a total contribution of £10,000 per delegate paid by each local authority to deliver in full. This covered travel, accommodation, transfers, trade show entry fees and subsistence for each delegate as well as management of individual investor meetings and events to promote the West Midlands.

The increase against the initial budget approved by Cabinet reflects a charge incurred when required to change the delegate name for a CCC officer at short notice. The Director of Project Management & Property Services was originally due to participate, but had to withdraw due to essential urgent matters and meetings in the UK relating to major development projects.

#### 5 Key Outcomes

The purpose of this report is to not only detail the direct outcomes of attendance on this outward mission but also the indirect outcomes, alongside key successes and developments across Coventry & Warwickshire which can be attributed to the increased promotion and presence within the international arena. Included below is a list of high-level outcomes during the mission and since returning to the UK:

##### **Market Feedback**

The Hong Kong real estate market has always been keen on investing in to the UK due to legacy connections and their understanding of the UK regulatory systems and advisory capacity. The UK regions are becoming better understood through increased in-market activity and this is especially true of Manchester and Birmingham. The WMGC have been assisting several Hong Kong based financiers and developers in accessing sizeable sites in the region and this is continuing on a positive trajectory.

Meetings were held with three Chinese mainland companies in the battery and EV sector and this has been identified as a priority FDI area for the UK and the WM region in particular with our region being overly reliant on the Auto sector at a time of power supply transformation from combustion to battery/EV tech. Though the WM case for increased manufacturing and

partnership capacity is a credible and convincing one, questions still remain as to the UK Government's scale of support that is needed to secure capital heavy investment of this type. This is critical given that the balance of tech IP knowledge between the UK and China is reversed from the typical UK led IP relationship in this sector with China owning a more sophisticated product.

Coventry led a visit to Geely HQ in Hangzhou to discuss future plans for their UK automotive brands and their continued commitment to Coventry & Warwickshire, maintaining and enhancing the existing relationship we have to position the area correctly for future investment across all Geely brands, including; LEVC, Lotus, Polestar and Geely Design who are already growing their operations.

### **Subsequent**

Discussions continue to take place with the main investors met during this mission and subsequent visits to the UK to explore investment opportunities in more depth have already taken place or are in the pipeline.

We have had the opportunity to provide further detailed propositions for a UK based Gigafactory to those key players engaged throughout the visit and new companies identified thereafter. It has also allowed us to refine our approach based on feedback received, this is a key area of opportunity for us and work continues to secure a major investment in a UK based Gigafactory located in Coventry or the West Midlands.

We continue to engage with our existing investors who repeatedly enforce their commitment to Coventry and the surrounding area through further investment. Most notably through the work of Geely and their UK automotive brands with the launch of the new LEVC Electric Van in March 2020 and a major announcement by Lotus to establish an advanced technology centre at the University of Warwick's Wellesbourne Campus, initially creating a further 130 jobs.

In addition, a new emphasis has been put on developing new sector-based opportunities, particularly around e-sports/competitive gaming, a sector which has grown exponentially in the far east in recent years and is fast becoming a major force across Europe. Coventry is well positioned to take advantage of this, utilising existing knowledge around the digital and creative space, the large gaming cluster based in Leamington Spa, local universities and major event venues. Workshops are being convened with local stakeholders to drive this work forward.

## **6 Future Activity**

The visit was undertaken to build on existing relationships and make new contacts within these key markets while trialling the joined up West Midlands FDi approach. These types of visits are part of our continuously developing inward investment strategy along with other key markets/sectors.

Coventry City Council will continue to work with key stakeholders across Coventry and the West Midlands to actively promote the region as a key investment destination.

List of background papers

**Proper Officer:**

Andy Williams

Director of Business, Investment & Culture

**Author:**

Ben Yorke

Business Development Advisor, Economic Development Service

Tel Number: 024 7697 2419

(Any enquiries should be directed to the above)

**Other contributors:**

John Norton

Business Development Manager, Place

Tel Number: 024 7697 1063

**Papers open to public inspection**

Description of paper:

Attendance approval at Conference/Seminar

Approved by Cabinet 19 November 2019

Location: CH59