



Report to: Economic Development Committee

Date Report Authored: July 7, 2015

SUBJECT: INFORMATION REPORT: Markham's Participation in the Confederation of Greater Toronto Chinese Business Association (CGTCBA) 2015 China Trade Mission

PREPARED BY: Sandra Tam, Sr. Business Development Officer, ext.3883

RECOMMENDATION:

- 1) That the Information Report dated July 7, 2015 entitled "Markham's Participation in the Confederation of Greater Toronto Chinese Business Association (CGTCBA) 2015 China Trade Mission" be received;
- 2) That the City of Markham be represented by a four-person delegation composed of the Mayor, Vice Chair of the Economic Development Committee, Director of the Economic Development Department, and one Senior Business Development Officer;
- 3) That the total cost of the mission not exceed \$42,520.00 and be expensed from within the 2015 International Investment Attraction account 610-998-5811.
- 4) And that Staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

Not applicable.

PURPOSE:

The purpose of this report is to obtain approval for a four-person delegation composed of Mayor, the Vice Chair of the Economic Development Committee, the Director of the Economic Development Department, and one Senior Business Development Officer to participate in the 2015 Confederation of Greater Toronto Chinese Business Association (CGTCBA) China Trade Mission from November 21 to December 4.

CGTCBA requires that participants register and prepay their participation by end of July. In order to meet the timelines, Andy Taylor, CAO (delegated approval authority) authorized staff to make the required contractual arrangements. The report is intended to be tabled at DSC (Economic Development Committee) in the Fall for information purposes.

The business mission to China is an integral part of Markham's 10-Year Economic Strategy, "Markham 2020". The Mission focuses on several of Markham's targeted economic sectors, the convergence of ICT and life sciences, green technology, and

financial services. It also addresses the objective of building Global Markham and Branded Markham.

BACKGROUND:

Not applicable.

OPTIONS/ DISCUSSION:

The Confederation of Greater Toronto Chinese Business Association (CGTCBA) has invited Markham to lead a trade and investment mission to China from November 21 to December 4, 2015. Building on the success of past trade missions, this mission aims at further strengthening and promoting economic, business and cultural ties between the Greater Toronto Area and key cities in China, and fostering local economic growth. The GTA delegation will be led by Mayor Frank Scarpitti, and will include sector specific companies and institutions from Markham, and the GTA.

Markham's Economic Development Strategy "Markham 2020" and the Economic Development Marketing Program include a priority focus on China. China has become the world's second largest economy by nominal GDP, and the world's largest economy by purchasing power parity. Over the five past years, two-way bilateral trade between Canada and China has grown 38 percent, reaching \$73.2 billion in 2013, making China Canada's second-largest trading partner. The country's strong economic growth offers a multitude of investment opportunities for Canadian exporters in the market. Chinese firms have also expressed a strong interest in investing in Canada. Foreign direct investment (FDI) into Canada from China grew from C\$12.1 billion in 2010 to C\$25.1 billion at the end of 2014.

Markham has a long history of supporting local business growth by developing long-term trade and investment opportunities in foreign markets. Past trade missions have been successful in building the "Markham" brand in China, and resulted in increased business, investment, and trade between Markham and China. Over the past four years, Markham has experienced high levels of foreign direct investment from China in three strategic economic sectors: targeted business sectors (ICT, finance, digital media), commercial real estate, and education. Highlights include relocation of Bank of China (Canada) headquarters from downtown financial core to Markham, expansion of Huawei Technologies (Canada), as well as recent relocation and expansion of Lenovo headquarters. Since 2011, Markham has derived a total of 700 full-time jobs, \$40.0 million in annual employment plus approximately \$4.5 million annual municipal tax revenue from Chinese FDI.

As well, acquisition of land by Chinese investors for immediate development of commercial and mixed-use developments is valued in excess of \$150.0 million.

New direct foreign investment in Markham will generate more jobs. A Confederation trade mission led by Mayor Scarpitti presents unique opportunities and benefits including access to key economic and government decision-makers, and resources and tools for businesses, especially small and medium-sized enterprises.

Objectives of the Mission

The 2015 Markham Trade Mission will pursue the following objectives:

1. Strengthen business links with key strategic partners in China.
2. Advance Economic Development Programs in Hong Kong, Wuhan, Nanhai District, and key strategic partners.
3. Develop business to business and government to government links to enhance market growth opportunities.
4. Identify opportunities to attract investment and create jobs in Markham.
5. Learn about innovative companies and organizations in China.
6. Promote Markham as the preferred business and investment destination for China.

Findings/Recommendations from Advance Mission in May

In order to ensure that the Trade Mission is effective in achieving the desired results, Council approved an advance mission in May 2015 to make the necessary arrangements. The Advance Mission, led by Councillor Alex Chiu, Chair of Economic Development was successful in strengthening political and business ties and developing programs for the November trade mission. The findings from the Advance Mission report are presented in Appendix A. The highlights include:

1. Local Municipal Governments are committed to hosting the Markham delegation and arranging business meetings.
2. Business sectors identified that match Markham focuses: hi-tech, health and wellness, education, financial services, environmental and advance manufacturing.
3. Markham's Economic Alliance protocols are understood and accepted by these Chinese Cities.
4. Jiangmen is naming a street "Markham Avenue" in its newly developed Central Business District.
5. Chinese translation of "Markham" has to be formalized to avoid confusion.
6. Capacity to effectively visit up to 7 cities.

When developing international relations, the City of Markham and its strategic partners in China follow Markham's Economic Alliance Program (EAP) protocol. The Economic Alliance Program (Appendix B) officially outlines Markham's existing economic alliances and their associated resources, and defines the process and criteria for establishing new relationships.

Recommended Itinerary

Main mission components include investment attraction sessions, business matching meetings, protocol events, and visits to science/business parks. A map with cities to be visited is included in Appendix C.

November 21 – December 4:

Beijing

- Reception and business meetings hosted by local government and business associations.
- Tour of Economic and Industrial Zones and business to business meetings.

- Corporate visit: Lenovo Group, Bank of China

Nanjing, Suzhou, Jiangsu Province

- Tour of science and technology park
- Meetings with potential investors

Wuhan, Hubei Province

- Investment attraction seminar
- Business briefings with potential investors referred by Wuhan Foreign Affairs Office
- Business-matching sessions
- Tour of Wuhan Planning Hall
- Renew sister city relations

Nanhai District, Foshan, Guangdong Province

- Investment attraction seminar
- Business meetings with potential investors
- Business-matching sessions
- Renew MOU on economic, social and cultural collaboration
- Visit "Markham Road" in Shishan, Nanhai

Jiangmen, Guangdong Province

- Business reception and meetings
- Corporate visits
- Visit "Markham Avenue" in Binjiang District
- Tour of Binjiang District

Hong Kong

- Business reception co-hosted by Canadian Chamber of Commerce in Hong Kong and Hong Kong Trade Development Council
- Participate in Hong Kong International Forum
- Exhibit in Hong Kong SME Forum
- Participate in Hong Kong International Intellectual Property Forum
- Corporate visits: Delcan, HSBC, GBE Games

Organizing Partners and Delegate Recruitment

The organizer of the mission is the Confederation of Greater Toronto Chinese Business Association (CGTCBA), which was jointly incorporated in 1998 by four business associations – Mississauga Chinese Business Association (MCBA), Richmond Hill and Markham Chinese Business Association (RHMCBA), Scarborough York Region Chinese Business Association (SYRCBA), and Toronto Chinese Business Association (TCBA). The Confederation (CGTCBA) plays an important role in promoting and bridging business and trade opportunities between the Chinese and Canadian business communities.

Working with the mission organizers, Markham has implemented marketing and promotional programs to invite companies and organizations to join. The targeted mission participants will include representatives from Markham companies and institutions who are interested in enhancing their entrance into or maintaining their presence in the growing Chinese market.

FINANCIAL CONSIDERATIONS AND TEMPLATE: (external link)

The Confederation of Greater Toronto Chinese Business Association (CGTCBA) is managing the planning and logistics for the mission. Their estimated cost for four Markham representatives to participate on the mission including Mayor Frank Scarpitti, Chair of Economic Development, and two staff from the Economic Development Department is \$32,000.00. This includes the costs of international and domestic airfare, accommodations, ground transportation and most meals.

Economic Development staff estimate that an additional \$10,000.00 will be needed for production of marketing materials, meeting arrangements, in-market events and presentations, and post-mission business follow-up. In total, the cost of the mission will not exceed \$42,520.00.

Travel, meals and accommodations:

Mayor Frank Scarpitti, Deputy Chair of Economic Development, Director of Economic Development, Sr. Business Development Officer @ \$8,130.00	\$32,520.00
Design, translation, production of marketing materials, in-market logistics, translation and protocol services, additional meals, in-market events and presentations, post-mission follow-up meetings and presentations	<u>10,000.00</u>
Total:	\$ 42,520.00

To be funded from the following account:

International Investment Attraction 610-9985811

HUMAN RESOURCES CONSIDERATIONS

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

The "2015 Markham-China Trade Mission" is an integral part of Markham's 10-Year Economic Strategy "Markham 2020". The Program addresses the objective of building Global Markham and Branded Markham.

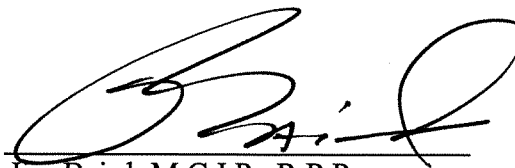
BUSINESS UNITS CONSULTED AND AFFECTED:

Financial Services

RECOMMENDED BY:



Stephen Chait, EcD., CMC
Director, Economic Development



Jim Baird, M.C.I.P., R.P.P.
Commissioner, Development Services

ATTACHMENTS:

- A: Markham Advance Mission to China May 8 -20, 2015, Report on Outcomes and Activities
- B: Memorandum – Markham's Economic Alliance Program
- C: China Map – Cities to be visited



Building Markham's Future Together
Journey to Excellence

“Markham Advance Mission to China May 8 to 20, 2015” Report on Outcomes and Activities

Presentation to

ECONOMIC DEVELOPMENT COMMITTEE

July 7 , 2015

Contents

- Background
- Overview of Itinerary
- Summary of Activities
- Mission Outcomes – Summary
- Findings/Recommendations for November/December 2015 Mission to China
- Follow-on Activities

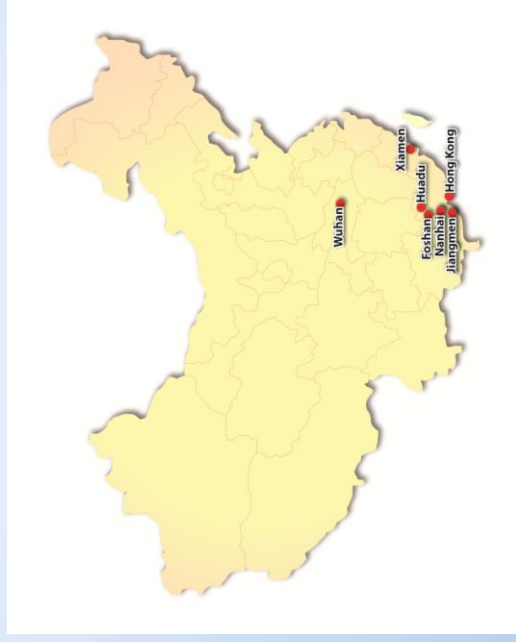
Background

- Markham invited by Confederation of Greater Toronto Chinese Business Association (CGTCBA) to lead the 2015 Trade Mission to China in November, 2015.
- Business mission is an integral part of the City's 10-Year Economic Strategy "Markham 2020" to the building of "Global Markham" and "Branded Markham".
- Developing business to business and government to government links enhance market growth opportunities and increase Markham's attraction of foreign direct investment.

Background Cont'd

- An advance mission was approved by Council in May to make pre-arrangements for a structured program to ensure the November mission be successful by
 - ❑ Confirming hosting of Markham presentations in key markets.
 - ❑ Securing agreements to promote long-term trade and investment opportunities for local businesses, including SMEs, new exporters and investors.
- The advance mission was supported by local Chinese Canadian Business Associations: Xiamen Canada Association and Nanhai (Canada) Association.
- The Markham Advance Mission delegation was led by Councillor Alex Chiu, Chair of Economic Development, and Sr. Business Development Officer Sandra Tam.
- Councillor Alex Chiu participated in the advance mission at his own expense.

Itinerary Overview Cities Visited



Itinerary Overview Cont'd

May 10 -11 Wuhan:

- ❑ Business meetings and visit to Hung Shun Developments Group head office
- ❑ Meetings with WISCO, Wuhan East Lake Development Zone, Wuhan Foreign Affairs Office and Canadian Trade Office in Wuhan
- ❑ Tour of Wuhan Citizens' Home and Wuhan Planning Hall

May 12 -13 Xiamen:

- ❑ Meetings with Xiamen Municipal Government
- ❑ Xiamen Investment Promotion Association

May 14 Nanhai:

- ❑ Meetings with Nanhai Municipal Government
- ❑ Markham Investment Attraction Seminar hosted by Nanhai Government

Itinerary Overview Cont'd

May 15 Jiangmen and Foshan:

- ❑ Meetings with Mayor Deng Wengen and Foreign Affairs Office
- ❑ Roundtable discussion with Binjiang New Development Zone
- ❑ Visited "Markham Avenue"
- ❑ Meetings with Foshan Municipal Government and Foreign Affairs Office

May 16: Nanhai:

- ❑ Business meeting with Nanhai Foreign Affairs Office
- ❑ Visit to Nanhai Commercial Centres

May 17 Huadu:

- ❑ Meetings with Huadu Municipal Government
- ❑ Corporate visits: Huadu Association of Canada members

Itinerary Overview Cont'd

May 18 – 20 Hong Kong:

- ☐ Attend Hong Kong International Medical Devices and Supplies Fair
- ☐ Meeting with Philip Leung, President, Canadian Chamber of Commerce in Hong Kong
- ☐ Attend Hong Kong International Medical Devices and Supplies Fair
- ☐ Meeting with Honorary Advisor of Hong Kong Medical and Healthcare Device Industries Association
- ☐ Tour and Meeting with Hong Kong Science & Technology Park
- ☐ Meeting with Hong Kong Trade Development Council

Summary of Activities

- ❑ Participated in “Hong Kong International Medical Devices and Supplies Fair”.
- ❑ Roundtable discussions with
 - the Canadian Chamber of Commerce in Hong Kong
 - Hong Kong Trade Development Council and
 - Hong Kong Medical and Healthcare Device Industries Association.
- ❑ Meeting with Albert Poon, Advisor to NP Screen in Markham.
- ❑ Tour of Hong Kong Science and Technology Park.



Summary of Activities Cont'd

- ❑ Focused Markham investment attraction seminar in Nanhai – over 100 participants
- ❑ Discussed business opportunities with senior executives of WISCO, Hung Shun Development Group, Xiamen Haicang Investment Group Co., Ltd., Xiamen Kehua Hengsheng Co., Ltd., and Dolsonmuse Electronic Col, Ltd.



Summary of Activities Cont'd

- ❑ Corporate visits to Hung Shun Developments Group (parent company of HS Nouvel Developments Inc.) , Kehua Technology, Haicang Investment Group Co., Ltd., Dell China.
- ❑ Roundtable discussions with Wuhan East Lake High Technology Development Zone, China Council for the Promotion of International Trade in Xiamen, Foshan Investment Promotion Agency, Canadian Trade Offices in Wuhan, Xiamen Torch Hi-Tech Industrial Development Zone.



Summary of Activities Cont'd

- ❑ High level tour and meeting with Binjiang New District (Jiangmen), Xiamen Economic Free Trade Zone, Xiamen Southeast Shipping Headquarters.
- ❑ Tour of Wuhan Citizens' Home and Planning Hall.
- ❑ Trip to "Markham Avenue" in Jiangmen.
- ❑ Visited Markham "Tree of Friendship" in Huadu District.



Summary of Activities Cont'd

☐ Strengthened government to government links:

Mr. Deng Weigen, Mayor, Jiangmen

Mr. Yi Zhongqiang, Deputy Mayor, Jiangmen

Mr. Hung Chengzhong, Xiamen

Madam Xin Fulan, District Chief, Nanhai District

Madam Li Rongyu, Deputy District Chief, Huadu District

Mr. Duan Xiaoming, Deputy Director, Wuhan Foreign Affairs
Office

Mr. Hong Chengzong, Director-General, Wuhan Overseas &
Chinese Affairs Office

Mr. Guo Changyong, Director, Foshan Foreign Affairs Office



Mission Outcomes

1. November Trade Mission programs pre-arranged with local municipal governments, and business groups to create exceptional networking and business opportunities:
 - ❑ Investment attraction seminars in Wuhan, Xiamen, Nanhai/Foshan, Hong Kong
 - ❑ Business-to-business meetings and business matching in all cities
2. Made connections with potential investors:
 - ❑ WISCO, HS Nouvel Developments Group, etc.
3. Strengthened partnership with local business groups:
 - ❑ Canadian Chamber of Commerce in Hong Kong
 - ❑ Hong Kong Trade Development Council
 - ❑ Canadian Trade Offices in Wuhan, Xiamen

Mission Outcomes Cont'd

4. Government to government links strengthened:
 - ❑ Local municipal governments committed to host programs that are tailored to Markham's business needs.
5. Promoted Markham at the Hong Kong International Medical Devices and Supplies Fair, and made connections with a Markham based life-science company.
6. Markham profile raised in China:
 - ❑ Investment attraction seminar in Nanhai District attracted over 100 participants.

Findings/Recommendations for Nov/Dec 2015 Trade Mission

- Local Municipal Governments committed to hosting the Markham delegation and arranging business meetings.
- Business sectors identified that match Markham focuses: hi-tech, health and wellness, education, financial services, environmental and advance manufacturing.
- Markham's Economic Alliance protocols are understood and accepted by these Chinese Cities.
- Jiangmen is naming a street "Markham Avenue" in its newly developed Central Business District.
- Chinese translation of "Markham" has to be formalized to avoid confusion.
- Capacity to effectively visit up to 7 cities.

Follow-On Activities

- Continue to partner with China's Foreign Affairs Offices and Canadian Trade Offices in China to develop an effective program for the November Trade Mission.
- Finalize itinerary for the November Trade Mission.
- Follow up on investment leads generated.
- Develop sister/friendship relations as per Markham's international economic alliance policy.
- Explore opportunities to standardize "Markham" in Chinese.



MEMO

June 5, 2015

TO: Economic Development Committee
FROM: Christina Kakaflikas, Manager Special Projects
SUBJECT: Economic Alliance Program

The purpose of this memo is to provide an overview of Markham's Economic Alliance Program (EAP); outline Markham's existing economic alliances and their associated resources, and review the process and criteria for establishing new relationships.

Markham's Economic Alliance Program

The City of Markham initiated a formal Economic Alliance Program (EAP) in 1990. The EAP seeks to create a global network of business relationships with selected communities and business groups in strategic market locations and to create an international awareness of Markham's business assets and locational benefits.

The importance of Markham's Economic Alliances was reinforced in 2008 when Markham City Council adopted the City's current Economic Strategy, *Markham 2020*. The economic strategy states that "Markham should nurture its existing formal and informal relationships [for mutual economic development]..., adding new partners as time, resources and economics permit". *Markham 2020* also recommends that the City, "use the multicultural and multilingual character of Markham's own population to leverage new international partners and targets for economic development activity".

Recent analysis conducted by the Conference Board of Canada supports the notion of diversity as an economic strength. The analysis of immigrant entrepreneurs concluded "Canada's diverse pool of immigrants is a source of strength for Canadian firms in expanding into global markets—in the U.S. and beyond. We should do more to tap into and build on this strength." Danielle Goldfarb, Associate Director, Global Commerce Centre, Conference Board of Canada, July 2014

Markham's residents, elected officials and business leaders often maintain active business and cultural ties with their country of origin and with members of diaspora organizations. Leveraging such activity helps us to better position the City of Markham for success, as the benefits of international relationships can extend to the broader community through an overall increase in investment and trade flows as well as cultural and civic exchange.

ATTACHMENT B: Markham's Economic Alliance Program

Table 1 illustrates the breadth of Markham's EAP. Since 1991, the City of Markham has signed 23 agreements with international cities and organizations. While some of the earlier agreements targeted cities in developed countries, more recent agreements focus on what are known as emerging markets, namely China and India. Sixty-five percent (65%) of the City's agreements focus on Chinese cities/organizations and 22% percent are focused on India. The shift towards emerging markets is not surprising given the business opportunities associated with these high growth jurisdictions as well as Markham's changing demographics.

Table 1: Markham's Economic Alliance Program Current Agreements				
	City/Organization	Country	Type of Agreement	Date of Agreement Signing
1	Foshan, Guangdong	China	Economic Alliance	2012
2	Ganzhou, Jiangxi	China	Economic Alliance	2013
3	Haidian District, Beijing	China	Economic Alliance	1998
4	Huadu District, Guangdong	China	Economic Alliance	1998, 2013
5	Jiangmen, Guangdong	China	Economic Alliance	2014
6	Meizhou, Guangdong	China	Economic Alliance	2013
7	Nanhai, Guangdong	China	Economic Alliance	2014
8	Qingdao, Shandong	China	Economic Alliance	2013
9	Wuhan, Hubei	China	Sister City	2003
10	Xiamen, Fujian	China	Economic Alliance	2012
11	Yangpu District, Shanghai	China	Economic Alliance	2008
12	Zibo, Shandong	China	Economic Alliance	2012
13	Zhongshan, Guangdong	China	Economic Alliance	2012, 2014
14	Zhongguancun Science Park, Toronto Office	China	Economic Alliance	2002
15	Nördlingen	Germany	Partnership	2001
16	Hong Kong Trade Development Council	Hong Kong, PRC	Economic Alliance	1991, 1998
17	World Trade Centre Mumbai	India	Economic Alliance	2012, 2013
18	All India Association of Industries, Mumbai	India	Economic Alliance	2012
19	Mahratta Chamber of Commerce Industry and Agriculture, Pune	India	Economic Alliance	2012
20	College of Engineering Pune	India	Economic Alliance	2013
21	India Business Group, Mumbai	India	Economic Alliance	2013
22	City of Kisela Voda	Macedonia	Economic Alliance	2006
23	Town of Cary, North Carolina (Research Triangle area)	USA	Sister City	2002

ATTACHMENT B: Markham's Economic Alliance Program

Sister Cities

Markham has only 2 sister cities, Wuhan and Cary. It is generally understood Nordlingen is a partnership city and is a special relationship, similar to a sister city. China regards sister city status as a graduated process starting with a Memorandum of Understanding, followed by a Friendship City which then leads to Sister City status. It has come to our attention as recently as the pre-mission to China in May that Chinese governments have adjusted their perception of the sister city process, treating friendship city status as synonymous with sister city status.

Whereas the City's Economic Alliance program was founded on the basis of trade and investment attraction potential, it has been recognized that there are also advantages for the City in forging ties to municipalities based on cultural, social, and political interests and affinities. For example, in China, the approach to formalizing relationships has been a graduated one whereby the relationship might begin with the signing of an Intention Agreement meant to build cultural and social links. The Intention Agreement could then set the framework for a future Sister City or Friendship City agreement that would incorporate a business focus.

Process for Considering New Relationships

The annual budget of the EAP is \$35,000 in years when there are no outbound missions and \$85,000 in years with scheduled outbound missions. A minimum of 0.5 FTE on is dedicated to managing the EAP with additional time and support required when receiving delegations. At present, the Economic Development Department's EAP budget and staff allotment are fully used to service the 23 existing agreements plus a contingency for other visiting delegations, etc. The City of Markham is particularly well resourced for engaging delegations from China and Chinese economic alliance partners. The City's China program is led by a Senior Business Development Officer who is trilingual (English/Mandarin/Cantonese) who is a Hong Kong native, and has over a decade of work experience representing Markham in China. The approval of any new alliances without the approval of associated budget and staff time, would negatively impact the Department's ability to meet the obligations of existing agreements.

ATTACHMENT B: Markham's Economic Alliance Program

Criteria for Establishing New Economic Alliances (endorsed by Markham Council in 1998)	
General	Similar population and demographics Strategic geographic location Complementary industries Existing linkages (e.g., universities, businesses, etc.) Potential for active community involvement in the relationship
Cultural/Civic/Educational (the presence of the following):	Museums, theatres, symphony/orchestra, libraries Variety of civic organizations Newspapers, television stations, sports teams, hospitals Schools, colleges, universities
Economic	Similar economic conditions Level of government bureaucracy Language/cultural patterns not creating barriers Market analysis of industries Investment climate and present investment levels Branches of banks, factories, airlines present Number of foreign residents locally
Commercial	Trade and investment climate Trade in services (e.g., high-tech, education, business services, etc.) Trade exchange potential, air links Active Board of Trade or Chamber of Commerce Diplomatic presence, Honorary Consuls Number/flow of tourists Presence of foreign businesses locally Local businesses engaged in international activity

ATTACHMENT C:

China Map – Cities to be Visited:

