

## **COMMITTEE OF THE WHOLE – MARCH 22, 2011**

### **TRAVEL – INTERNATIONAL BUSINESS DEVELOPMENT, YIWU, CHINA – APRIL 17-23, 2011**

#### **Recommendation**

The Director of Economic Development in consultation with the Mayor, and City Manager, recommends that:

1. This report be received and
2. That Council approve a delegation from Vaughan to attend the Cultural Products Trade Fair in Yiwu, China in representation of Vaughan's contribution to the opening of a Canadian Import Centre, furthering municipal relationships and opening markets for local businesses.
3. That the following Members of Council and staff participate:  
The Mayor;  
Ward 4 Councillor, Sandra Yeung Racco;  
The City Manager; and  
The Director of Economic Development

#### **Contribution to Sustainability**

Green Directions Vaughan embraces a *Sustainability First* principle and states that sustainability means we make decisions and take actions that ensure a healthy environment, vibrant communities and economic vitality for current and future generations. Under this definition, activities related to attracting and retaining business investments contributes to the economic vitality of the City.

#### **Economic Impact**

The associated costs with this report are budgeted within the Economic Development Department's 2011 Operating Budget. The estimated cost per person is \$3,500. This includes round trip economy airfare, hotel, meals and ground transportation for seven days. Some incidental costs for services such as interpretation services, may also be incurred.

#### **Communications Plan**

Should Council approve participation, notification will be given to the Vaughan Chamber of Commerce, the Vaughan Chinese Business Association, the Confederation of Greater Toronto Chinese Business Association and the Chinese Consulate General in Toronto. In addition, staff will work with the Yiwu Foreign Affairs Office to deliver messaging and introductions to various levels of the Yiwu government and business community.

#### **Purpose**

Through the staff report to the Economic Development Committee dated June 21, 2010 – Item 3, Economic Report No. 5 entitled China Trade Mission 2010, Council approved recommendation 2a

THAT Economic Development staff be directed to continue to investigate/develop the following business initiatives that were a direct result of the Mission: Establishment of Vaughan products in a Canadian Import Centre located at the International Commodities Trade Centre in Yiwu.

The office of the Mayor received an official letter of invitation to lead a delegation from the City of Vaughan to Yiwu, China to attend the 2011 Cultural Products Fair, April 20-23 which will give the City the opportunity to preview the newly established Canadian Import Centre and create a stronger business alliance with the municipal officials of Yiwu. Therefore, this report is to seek Council approval as per Council Member Expense Policy - Policy 01.37.

### **Background – Analysis and Options**

The recently adopted 10-Year Economic Development Strategy entitled “Building A Gateway To Tomorrow’s Economy” clearly articulates that Vaughan’s international business development (IBD) must bring economic benefits to Vaughan’s businesses and residents.

The key objectives for Vaughan’s international business development strategy are:

1. To support local economic development by providing local businesses with an additional tool to access new markets, achieve growth, and retain their competitive edge
2. To support local economic development by pursuing foreign investment attraction
3. To create or leverage opportunities arising from multicultural or ethnic partnerships
4. To enhance Vaughan’s global image

In addition, the strategy identifies six communities that the City should pursue as international economic partners, one of which is Yiwu, China.

### **Vaughan Takes A Lead Role With Establishing The Canadian Import Centre**

In preparation of the opening of the Canadian Import Centre during the Cultural Products Fair, Staff in the Economic Development Department have been working with officials from Yiwu, Ms. Helen Dong and Mr. Edison Luo for the past eight months to source potential products from Vaughan companies wanting to export into the Chinese market. Economic Development Staff hosted Ms. Dong and Mr. Luo in November 2010 to source Vaughan products for the Centre. Through these efforts a Vaughan company has begun exporting product to China and their first shipment of products arrived in January, 2011 with a second more substantial order now set to arrive in April. These products will be showcased through the Canadian Import Centre in the Commodities Mall in Yiwu. In addition, Ms. Dong has confirmed that she is in discussions with other Vaughan companies to export their products through the Canadian Import Centre in Yiwu.

### **Objectives of this Initiative**

Should Council concur, a delegation comprised of Members of Council and Economic Development Staff will undertake a business development initiative centred around the Cultural Products Trade Fair. During this visit to Yiwu, the Economic Development Staff have the following objectives which work in concert with the goals of the 10-Year Strategy:

- Strengthen relations with Yiwu Municipal officials
- Create an in-depth analysis of the City of Yiwu with an emphasis on understanding the distribution and warehousing services, transportation logistics and customs clearance in relation to importing Canadian products
- Begin assessing Foreign Direct Investment opportunities through the City’s economic ties to Shanghai, Changning District.

In addition, Yiwu has expressed an interest in establishing a partnership relationship with Vaughan and this visit provides an opportunity to establish our economic and business interests, prior to any potential formal arrangements. Yiwu officials will be facilitating business visits and introductions on the City’s behalf. As well, the City will be utilizing its relationships with the Shanghai Changning government for that portion of the program. There will also be opportunities to do in-country visits with Trade Consul of the Canadian Trade Commissioners Service in Shanghai.

### Yiwu, China

An Edge City within the richest province in China, Zhejiang - Yiwu has a population of about 1.2 million people. The city is famous for its small commodity trade and vibrant free markets and is a regional tourist destination. Yiwu is a major trade centre in China's coastal zone and provides another entry for Vaughan to the BRIC nations, while building on the asset of Vaughan's growing Chinese population. An important local and regional transportation hub, Yiwu relies on international trade connections to service its rapidly growing economy. It has been highlighted by investment firms including Morgan Stanley as a significant growth centre in the Chinese economy.

Yiwu is unique in that the City has succeeded in attracting companies from Eastern China (from Beijing to Guangzhou, including Shanghai and the neighbouring regions, which are the most active from an economic point of view making it the largest small commodities export centre in China and the world.

### Commodities Market

Yiwu is famous in China as a commodities center. Developed and managed by Zhejiang China Commodities City Group Co., Ltd. (Public, SHA:600415)[1]. Yiwu's China Small-Commodity Market has for six consecutive years topped China's Top 100 open markets. The International Commodities Trade Centre now encompasses more than 43-million square feet of commercial space dedicated to exported small goods and commodities; and attracts more than 200,000 incoming business people daily, in addition to the 13,000 overseas or expatriates living there.

In addition to the wholesale trade, Yiwu is fully integrated to provide distribution and warehousing services, transportation logistics and customs clearance. The scale of Yiwu's commodities markets may be better understood in this way: If one spends three minutes per booth/showroom, eight hours per day, it would take more than a year to complete a tour of the entire commodities trade space. As a result, more than 1,000 shipping containers leave Yiwu everyday for destinations around the world.

Yiwu is also developing an Imported Goods Centre. The Imported Goods Centre, covers an area of more than 530,000-square feet, and is expected to attract 27,000 kinds of commodities from 52 countries. A number of countries currently have booth space developed in the Imported Goods Centre, however, the Canadian exhibits are in the final stages of development and are expected to officially open during the Cultural Goods Trade Fair.

### Yiwu and Vaughan

The City of Vaughan most recently participated in a Business Mission to China in May 2010 which was organized by The Confederation of Greater Toronto Chinese Business Association (CGTCBA) . The Mission had more than 40 delegates drawn from the private and municipal sectors. The goal of the mission was to promote greater economic, business and cultural ties.

The delegation had planned events in Shanghai, Beijing and Hong Kong; however there were opportunities for municipal delegates to visit their sister or partnership cities or pursue other business opportunities. At each city, business events were planned and included:

- Pre-arranged business appointments
- Visits to key industrial zones
- Meetings with local economic development agencies and business associations
- Briefings on business opportunities and sectoral information
- Attendance at the featured Economic and Business Development Forum in Beijing
- Opportunities to showcase the local municipality, its products, services or expertise were available.

The Economic Development Department has previously worked with L&D Investment (Ms. Helen Dong), whose core business is to assist Chinese companies expand outside China. In July 2009, Ms. Dong led a 30+ member delegation from Shanghai/Zhejiang to the Toronto-area, including

Vaughan. The City took an opportunity during the 2010 Mission to further its relationship with L&D Investment.

Ms. Dong introduced the City to Mr. Edison Luo of Zhejiang Regional Economic Cooperation Promotion Association, based in the city of Yiwu. It is was their goal to create a Canadian import centre at the Commodities Market thus creating greater access for international manufacturers to the Chinese market

The delegation was also able to meet with Yiwu municipal representatives and toured Yiwu's export commodities trading markets as well as the Imported Goods Centre during this visit.

In addition, the City of Vaughan hosted a delegation from Yiwu in December 2010. During the delegation's visit, Vice Secretary, Madame Chen Xiuxian had referred to an opportunity for the City of Vaughan to attend the 2011 Yiwu Cultural Products Trade Fair and continue to explore opportunities to launch the Canadian Import Centre through the work of Ms. Dong and Mr. Luo.

#### Doing Business In China and Municipal Engagement

Chinese companies respect "face-to-face" meetings, which demonstrates a commitment to working in China. It is necessary to take measures to build and maintain "Guangxi" (relationships) through continuity of contact. A special feature of doing business in China, "Guangxi" includes relationships with the government bodies, investors and partners that are nurtured over a longer period of time than what is commonly anticipated in the North American approach to relationship building.

Throughout the course of the 2010 mission it became clear that having representation by our municipal officials and members of the Chinese Business Association provided the industry delegates a greater amount of respect, credibility and access into the Chinese marketplace than they would have received if trying to "do business" on their own.

This is a key point as to why it is important that the Municipality remain active in international business development and maintain a level of continuity as long-term relationships are key to creating a solid business plan in China. To maximize a local company's contacts, Economic Development staff can aim at forming a network of relationships with people at various levels across a broad range of government and non-government organizations locally and abroad. Thus giving Vaughan companies a distinct advantage in doing business in China.

#### Relationship to Vaughan Vision 2020

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved. Specifically, this report fulfills Vaughan Vision 2020 Goal: Plan and Manage Growth and Economic Vitality.

#### Regional Implications

Not applicable

#### Conclusion

Establishing a gateway to export Vaughan products to China, builds on the "Edge City" and gateway concepts articulated in the Economic Development Strategy. Goal One recognizes that geo-political borders are inconsequential to business and flows, especially in a globalized economy, and establishing connections to international trade flows position Vaughan as an excellent gateway to the Greater Toronto Area and the economic region.

Since the City's Business Mission to China in 2008 and more recently in 2010, there has been ongoing business and government delegation activities from China. As Vaughan is the only Canadian municipality that has received an invitation from the Foreign Affairs office in Yiwu, accepting the invitation to attend the Cultural Products Trade Fair in April will demonstrate goodwill and further facilitate access to Chinese markets for our local firms while working to fulfill an important goal of the Economic Development Strategy.

As the individual purchasing power of the Chinese population continues to increase, products from around the world are now more affordable and being sought by a greater percentage of the population. Yiwu, through the work of Ms. Dong and Mr. Edison Luo, has been actively working to create the same success it has had with the export markets by creating a dedicated import centre for Canadian products. Our presence fosters these important Guangxi relationships and opens doors for local businesses.

The Economic Development Department will continue to work with Ms. Dong and Mr. Luo in the coming months following this Business Development initiative to coordinate a multi-day business event in Vaughan that will give representatives from Yiwu an opportunity to make a formal presentation about the Canadian Import Centre. Staff will also coordinate dedicated meetings for individual businesses located in Vaughan and York region wanting to export into the Chinese Market.

**Attachment**

1. Official Invitation from Vice Secretary Chen Xiuxian, Yiwu Municipal People's Government

Report prepared by:

Tim Simmonds, Director of Economic Development

Respectfully submitted,

Tim Simmonds  
Director of Economic Development

# 中共义乌市委员会

## 邀请函

尊敬的蒂里奇奥·贝维拉加市长：

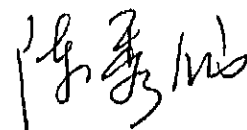
首先，向您致以最诚挚的问候和谢意！

2011 中国义乌文化产品交易博览会（简称文博会）将于 4 月 20 日至 23 日在我市召开。义乌文博会由国家文化部、浙江省人民政府主办，是中国文体行业唯一的外贸主导型国家级展会。本届文博会设国际标准展位 3000 个，涵盖文体用品、工艺品、印刷包装、创意动漫及玩具等，另设 100 个展位的国际文化产品展销区，集中展示来自国外的文化产品。位于国际商贸城的进口商品馆也将于文博会期间正式开业，来自贵市的产品将在其中的加拿大馆进行展销。

我诚挚邀请您率团前来参加 2011 中国义乌文化产品交易博览会，出席相关活动，进一步增进两市之间的了解和友谊，加强在经贸、文化等领域的交流合作。

期待与您在义乌会面。

中共义乌市委副书记



二〇一一年二月十五日

## Letter of Invitation

Hon. Mayor Maurizio Bevilacqua,

Firstly, please let me extend sincerest greetings to you!

2011 China Yiwu Cultural Products Trade Fair, Yiwu Cultural Fair in short, will be held in Yiwu from April 20 to 23. The Yiwu Cultural Fair, which is sponsored by Ministry of Culture and Zhejiang Provincial People's Government, is the only national fair of cultural industry that is foreign trade oriented. 3,000 standard booths will be set up, covering stationery & sports products, handicraft & arts, printing & packing, creative animation & toys, etc. In addition, an international section with 100 booths will display cultural products from foreign countries. The Imported Commodities Mall in the International Trade Mart will also be opened during the Cultural Fair, whose Canadian Hall will exhibit products from the City of Vaughan.

It is my pleasure to invite you to lead a delegation to visit Yiwu and attend 2011 China Yiwu Cultural Products Trade Fair, so as to increase understanding and friendship between our two cities and promote cooperation in the areas of business, economy and culture.

I look forward to meeting you in Yiwu.

Chen Xiuxian (Signed)

Vice Secretary of CPC Yiwu Municipal Committee

February 15, 2011