



STAFF REPORT ACTION REQUIRED

Asia Mission Report 2016

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| Date: | June 20, 2016 |
| To: | Economic Development Committee |
| From: | General Manager, Economic Development and Culture |
| Wards: | All |
| Reference Number: | AFS: 23249 |

SUMMARY

From April 7 to 16, 2016 Mayor John Tory led a delegation of business and academic leaders to China and Japan to promote Toronto-produced goods and services in the Asian market and to promote the benefits of doing business in Toronto. The goal of the mission was to create more jobs and investment opportunities in Toronto and to reaffirm our relationships with key cities in China and Japan. The main focus of the mission was to sell Toronto's strengths as Canada's financial and business capital, a hub for higher education and research, and to encourage investment in multiple sectors including urban infrastructure and clean technology.

This report provides a summary of the Mayor's Asia Mission to China and Japan, with special highlights on some of the key activities, outcomes and follow-up requirements of the mission.

RECOMMENDATIONS

The General Manager, Economic Development and Culture recommends that:

1. City Council receive this report for information.

Financial Impact

There are no financial implications resulting from this report. Net costs of the trade mission to the City of \$113,620 are included in EDC's 2016 Approved Operating Budget.

There are no costs to the City for agreements signed during the mission and future investments realized will result in benefits to the City.

The Deputy City Manager & Chief Financial Officer has reviewed this report and agree with the financial impact information.

DECISION HISTORY

In 2008, City Council established Invest Toronto to focus more resources on attracting investment to the City of Toronto.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2008.EX24.1>

Invest Toronto is currently in the process of becoming part of Toronto Global, a regional foreign direct investment agency. This process is the subject of a report going to Executive Committee in June 2016.

The Economic Development Strategy *Collaborating for Competitiveness*, adopted by City Council in February 2013 presents specific recommendations and actions to advance four key strategies to accelerate economic growth and job creation in Toronto. A key pillar to the strategy is to “Boost Business Growth” which focuses on leveraging the City's relationship with our international alliance partner and friendship cities as well as with bi-lateral business associations to establish cross border business oriented partnerships, develop new markets and trade alliances, and act as a catalyst for new investment, as well as business, educational and cultural exchanges.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.ED19.4>

ISSUE BACKGROUND

Through the City of Toronto's International Alliance Program (IAP), Toronto fosters formal and informal relationships with international cities to strengthen economic, cultural, and multicultural links and to share best practices. Partner and friendship city relationships are selected based on demographics, GDP, and the potential for export and trade development.

The goal of the IAP is to build economic links, expand Toronto's business contact base, relationships and communications by creating and executing programs; increase Toronto's profile on the world stage; assist Toronto businesses to increase the exposure of products and services; and generate export development leads and build market intelligence.

Toronto's city-to-city relationships are also used to promote Toronto as a creative city and to facilitate interaction and collaboration amongst cultural institutions in Toronto and their counterparts in partner and friendship cities.

Outbound missions to partnership and friendship cities and other countries and cities are an essential and integral part of the IAP and Invest Toronto's mandates. The goal of outbound missions is to further economic development, cultural, tourism, cross-cultural activities, municipal learning, trade and investment promotion. Mission priorities include relationship-building with government, community, and business partners. The core of any outbound mission typically includes a courtesy call with a representative of the local government, one-on-one business and institutional meetings and speaking engagements for the Mayor.

COMMENTS

The City of Toronto has had a long history of developing and promoting economic, business and cultural exchanges with cities in China and Japan. Established in 1986, the relationship with Chongqing was initiated by the former City of Toronto and was originally termed a “Sister City.” Over the years there have been a number of good will visits, trade missions, and business exchange programs, primarily in the cultural, professional training and educational fields. Invest Toronto has made 11 sales trips to China since 2008.

In Japan, the City of Toronto has maintained a Friendship City relationship with the City of Sagamihara since 1991, when a friendship city relationship was signed between the former City of Scarborough and the City of Sagamihara. Numerous exchanges have taken place since the inception of this relationship. In June 2013, Toronto renewed its Friendship City Agreement with Sagamihara for an additional five years. Sagamihara serves as the City's gateway to Tokyo and the rest of Japan.

It has been eight years since a City of Toronto Mayor visited China. Several Chinese and Japanese Mayors have visited Toronto since 2008, and in order to ensure that Toronto remain a leader in fostering the relationships established, a reciprocal visit was necessary.

China and Japan are two of Toronto's top trading partners, with trade between Canada and those countries exceeding \$109 billion in 2015.

Why China?

- China is Canada's second largest export market and the world's second largest economy
- Over 100 cities in China have a population in excess of one million
- According to the Economist Intelligence Unit, China's economy will grow at rates of about eight per cent per annum for the next decade
- Ongoing and significant expansion of transportation infrastructure in the region creates opportunities for Canadian engineers, manufacturers, suppliers, service providers and investors

Why Japan?

- Japan is the third largest national economy (in terms of GDP) in the world, after the United States and China

- A leading nation in scientific research, robotics, technology, machinery and biomedical research
- World-class transportation infrastructure
- Host city for the 2020 Tokyo Summer Olympics
- Extensive infrastructure development for land, sea and air network

Tapping the investment potential of our Sister City relationships to generate new contacts, conduits, and leads to facilitate direct investment in Toronto, market local products abroad, and keep Toronto 'top of mind' on the investment list is also important. Joint marketing also allows stakeholders to broadcast to common target audiences more effectively. The City of Toronto and Invest Toronto maximize global investment targeting by utilizing and expanding upon formal and informal partnerships and networking opportunities with public and private sector stakeholders abroad.

Mission Objectives

- Promote Toronto's competitive advantages for business, help companies to compete globally and create opportunities for new partnerships leading to more jobs and investment
- Attract bilateral trade and investment and promote export of Toronto-based goods and services
- Promote Toronto's expertise in urban infrastructure and clean technology
- Promote Toronto's financial and education sectors
- Advance Toronto's international reputation for innovative technologies, services and products
- Strengthen existing partner and friendship city relationships and economic, political and cultural ties

A strong relationship with China and Japan will mean greater opportunities for Toronto companies to serve the Asian market. Private sector companies with particular interests, potential deals or project bid proposals were encouraged to attend the mission as part of the business delegation.

China locations included Shanghai, Hong Kong and Chongqing where the delegation honoured the 30th anniversary of Toronto's Partner City relationship with the City of Chongqing.

Japan mission locations included Tokyo and Sagami-hara, where the delegation honoured the 25th anniversary of Toronto's Friendship City agreement with the City of Sagami-hara. Mayor Tory's visit was the first time a City of Toronto Mayor had visited Sagami-hara.

Please see Attachment A for a listing of delegates that participated in the mission and Attachment B for budget information.

Business/Delegate Recruitment

Marketing Toronto's investment potential is best accomplished through collaborative partnerships with public and private sector stakeholders. The Toronto Financial Services Alliance (TFSA), the Toronto Region Board of Trade (TRBOT) and the Canada China Business Council (CCBC) partnered with the City of Toronto on the Mayor's Asia Mission.

The City of Toronto created a promotional web page to invite Toronto companies to join the business mission. The delegates included representatives from Toronto companies and institutions who were interested in entering, or enhancing their presence, in the Asian market. Twenty-two business representatives were chosen to participate in the Mayor's Business Mission to Asia based upon their market interests and their compatibility with the target sectors and mission objectives.

Mission Highlights

Shanghai, China
April 7 – 9, 2016

Mayor Tory's Business Luncheon at the Fairmont Peace Hotel in Shanghai organized by Canada China Business Council (CCBC) – Sponsored by Manulife Financial

- This event provided the opportunity to highlight Toronto's key investment attributes, increasing the chances of Toronto being short-listed as a viable location for business investment.
- Luncheon VIPs included a table of 10 senior travel executives considering Toronto as a location for incentive-based travel hosted by Tourism Toronto. As the luncheon sponsor, Manulife Financial hosted a table of top business executives in the Shanghai market.

There were 116 attendees at the business luncheon, including senior level executives, business people and government officials

Meeting with the Greenland Group

- Greenland Group is a \$130 billion global enterprise with interests in real estate development, consumer goods and tourism and recently opened a chain of G-Super stores to serve China's growing middle-class with food and consumer products from around the globe in a grocery store format.
- Greenland Group is already a player in Toronto's residential building market with its King Blue condominium project, which broke ground in 2015 and includes plans for a hotel and theatre museum, in addition to 44 and 48 story residential high-rise towers.
- An MOU outlining a partnership between the Greenland Group and Toronto Region Board of Trade will improve economic and commercial trade opportunities between Canada and China through the establishment of a purchasing centre in Toronto that will source locally-made products for export to

- the Chinese market. The purchasing centre will create jobs and growth in Toronto's food and beverage sector - the 2nd largest in North America - and in the Canadian agri-food business, in general.
- Next steps are to activate the Greenland Group/Toronto Region Board of Trade Canadian Purchase Centre announced in the MOU and employ a multi-prong strategy to foster more food & beverage sector exports to China. The City of Toronto's Food and Beverage Sector specialist will work with the TRBOT and Toronto Global along with Food & Consumer Products Canada and the Retail Council of Canada.

Meeting with Mr. Yang Xiong, Mayor of Shanghai

- Mayor Tory met with Mayor Yang to promote the City of Toronto as a place to do business and identify opportunities for key Shanghai firms and to benchmark Shanghai's initiative on international trade and investment.
- With China being Canada's second largest trading partner, and with Toronto being North America's Renminbi (RMB) trading hub, a discussion took place on how Toronto and Shanghai can mutually leverage and boost international trade between the cities, and more broadly, between Canada and China. Mr. Shang Yu Ying, Chairman of Shanghai Municipal Commission of Commerce and Mr. Jin Liang, Vice Chairman of Shanghai Federation of Industry and Commerce, expressed interest in formalizing a "Trade Partnership Agreement" with the Toronto Region Board of Trade. This would create an "official" status for Shanghai and Toronto and would enable easier collaboration with, and travel to, Toronto under current Chinese protocols.

Meeting with Huawei

- Huawei is a leading global information and communications technology (ICT) solutions provider.
- The delegation toured Huawei's R&D facility and received a presentation on Huawei's expansion plans in the Toronto Region.
- During the visit, Huawei and the University of Toronto announced they have reached an agreement on a strategic research partnership that will serve as a framework for existing and future investment, while making the university a key partner in Huawei's global academic research network.
- The new agreement will establish a framework for how the relationship between the University of Toronto and Huawei is intended to grow, while also building a pipeline of talented young engineers who will contribute to the Canadian ICT ecosystem and tackle global technology challenges. This partnership will see Huawei invest as much as \$3 million in research projects with the University of Toronto over the next three years.

Chongqing, China
April 9 – 12, 2016

Meeting with CISDI (Hatch partner)

- CISDI Engineering Company Ltd. is Chongqing's largest engineering company and is forming a joint partnership with Hatch. Currently CISDI has no operations in Canada, but is working to establish an office in Toronto. Toronto Global will provide assistance and encourage the partnership with Hatch to be undertaken.

Mayor Tory's Business Luncheon at the Intercontinental Hotel in Chongqing organized by CCBC – Sponsored by AsiaCan Investments Inc. and Mr. Ping Tam (a delegation member)

- This luncheon event provided the opportunity to highlight Toronto's key investment attributes, increasing the chances of Toronto being short-listed as a viable location for business investment.
- Mr. Tan participated in the inaugural mission to Chongqing in 1986 where the partnership agreement was signed between Toronto and Chongqing. Mr. Tan is the President of the Toronto-Chongqing Friendship Association and an exporter of icewine to China.
- There were 120 attendees at the business luncheon, including senior level executives, business people and government officials

Meeting with Osell (E-Commerce)

- Mayor Tory and mission delegates received a tour of Osell's headquarters in Chongqing. Osell is China's largest cross-border O2O (online to offline) e-commerce platform, which helps international industrial retailers buy products directly from Chinese manufacturers. Osell plans to establish an overseas store in Toronto in an effort to build a barrier-free trade passageway between international trading centers which is expected to generate 30 new jobs. Osell is currently assessing 2 sites for their first project. Toronto Global and Toronto EDC staff will help identify new sites.

Meeting with Mr. Huang Qifan, Mayor of Chongqing

- Mayor Tory and the delegation celebrated the 30th anniversary of the partnership between Toronto and Chongqing with the signing of a Reaffirmation Agreement.
- EDC and the Chongqing Foreign Affairs Office will develop a framework for future collaboration on:
 - Increasing tourism between the two cities;
 - Increasing awareness in Chongqing's business community of Toronto's RBM designation;
 - High tech start-up space;
 - Pursuing academic and educational exchanges; and
 - Exchanging best practices on building and operating mass transit.
- Mayor Tory presented Mayor Huang of Chongqing a print of panda-paws from the offspring of the pandas currently on loan from the Chongqing and Chengdu zoos at the Toronto Zoo.

Hong Kong, China

April 13 – 14, 2016

Mayor Tory's Business Luncheon at the Grand Hyatt Hotel in Hong Kong organized by the Canadian Chamber of Commerce in Hong Kong – Sponsored by BMO

- During the luncheon, the City of Toronto signed an agreement with the Hong Kong Trade Development Council (HKTDC) on expanding trade and investment promotions between the two cities. The agreement will further promote trade and business opportunities in both markets and work together to boost investment and economic development. Hong Kong is the gateway to Asia and can provide Toronto businesses and institutions with a landing pad as they look to enter China and other markets across the Pacific Rim.
- There were 96 attendees at the event.

Meeting with Mr. David Chung, Under Secretary of Innovation of Hong Kong and Mr. Herman Lam, CEO, Cyberport, Site Visit to Cyberport

- Cyberport is active in building a collaborative platform with overseas partners to facilitate talent exchange and help Hong Kong start-ups go global. Cyberport signed an MOU with MaRS Discovery District in 2015, and brought a delegation to Toronto in mid-May to explore further collaborations with the local community. Other topics discussed were healthcare, robotics and smart city collaboration.

Mayor Tory's Business Reception organized by the Canadian Consulate in Hong Kong at the Official Residence – Sponsored by CIBC

- This event provided a networking opportunity for mission delegates to meet 70 high level Hong Kong business executives and federal government trade representatives

Sagamihara, Japan

April 14 – 16, 2016

Courtesy Call visit between Mayor Toshio Kayama, Deputy Mayor Toshiyuki Koboshi, Deputy Mayor Michio Umezawa, Deputy Mayor Hiroshi Koga, Director of Education, Mr. Minoru Okamoto

- A Reaffirmation Agreement was signed by Mayor Toshio Kayama and Mayor John Tory commemorating the 25th Friendship Anniversary.
- A delegation led by the Deputy Mayor of Sagamihara will be visiting Toronto in July and October, 2016. EDC will coordinate the programs for both the July and October visits.

Introduction of Toronto Delegation at Sagamihara City Council

- Press members were invited to this program to hear speeches by Mayor Toshio Kayama, Chair Yoshihiro Abe and Mayor John Tory.

Aoyama Gakuin University (AGU), Sagamihara Campus

- An MOU that was signed with York University was witnessed by Mayor John Tory promoting an exchange of students between the two universities and to support continued collaboration.
- EDC will support York University as needed with the signed MOU.
- York University will be sending students to study at the AGU for fall 2016 enrollment.

25th Anniversary Business Luncheon hosted by the City of Sagamihara in partnership with the Sagamihara Chamber of Commerce

- This event celebrated the 25th anniversary of the Toronto-Sagamihara Friendship city relationship in a networking lunch sponsored by the City of Sagamihara and the Sagamihara Chamber of Commerce.
- More than 200 guests attended the business luncheon, including senior level executives, business people and government officials

Tokyo, Japan

April 14 – 16, 2016

Meeting with Vice Governor, Mr. Nobuhiro Maeda of the Tokyo Metropolitan Government

- A possible formal relationship between Tokyo and Toronto was discussed.
- Tokyo invited Senior Toronto City Staff to participate in their upcoming global cooperation conference - City Collaboration Conference being hosted by the City of Tokyo later in 2016.
- A discussion on collaborating with MaRS Discovery District and other incubators in Toronto took place.
- EDC will also provide information on the City's Partnership to Advance Youth Employment Program.

Mayor Tory's Business Reception in Tokyo organized by the Canadian Embassy and Canadian Chamber of Commerce in Japan – Sponsored by Manulife

- This event provided an opportunity to highlight Toronto's key investment attributes, increasing the chances of Toronto being short-listed as a viable location for business investment.
- There were 60 attendees at the event.

Meeting with Toyoko Inn Economy Hotel Planning & Development Co. Ltd.

- The Mayor met with executives from Toyoko Inn regarding their interests in investing in the Toronto Area. The firm has organized meetings with the City's Building Division and returned to Toronto in May 2016 to view additional sites.

Meeting with UNIQLO retail store Senior Executives

- EDC will assist with the permitting process and announcement of UNIQLO's opening of 2 stores in Toronto (Yorkdale Shopping Centre and Toronto Eaton Centre) 25,000 sq. ft. each with 250 employees. Openings are scheduled for September and October 2016.

Please see Attachment D for a breakdown of contacts made by event.

Signed Agreements

The following agreements were signed during this mission:

- MOU between the Toronto Region Board of Trade and Greenland Group to improve economic and commercial trade opportunities between Canada and China by promoting the participation of Toronto companies in their purchasing centre.
- MOU between the City of Toronto and the Hong Kong Development Trade Council to expand trade and investment opportunities for companies in Toronto and Hong Kong.
- MOU between York University and the Aoyama Gakuin University to promote an exchange of students between the two universities.
- Reaffirmation Agreement between the City of Toronto and the City of Chongqing to continue to strengthen ties, support and encourage opportunities for mutually beneficial practical exchanges particularly in the fields of education, healthcare, tourism technology, economic development, transportation, environment and urban development and culture.
- Reaffirmation Agreement between the City of Toronto and the City of Sagami-hara to continue to strengthen ties, support and encourage opportunities for mutually beneficial practical exchanges particularly in the fields of education, technology, economic development, and culture.

Mission Feedback Survey Summary

A confidential survey was undertaken at the conclusion of the mission to query delegate's thoughts about the mission. Eleven of twenty-one business delegates completed the survey and results are listed in Attachment C.

In brief, 82% of the business delegates rated the overall organization of the mission and communication related to the mission as excellent or good. 73% of the respondents indicated that they received excellent or good value for money by attending the mission. 88% rated the welcome receptions as excellent or good, and 94% rated the business luncheons as excellent or good.

In terms of marketing initiatives, 73% of respondents rated the mission delegate booklet and Toronto's lure brochure as excellent or good, and 50% rated the delegate recruitment website as being excellent or good.

The respondents rated the host hotels highly with the exception of the Harbour Grand in Hong Kong, where some delegates thought that it was located too far from the Central Business District.

Three respondents indicated that they concluded agreements during the mission, and all 11 respondents indicated that agreements might occur in the future due to the mission. Finally, 67% of the respondents indicated that import / export opportunities and joint ventures were made possible by the mission.

Attachment E provides examples of delegate testimonials.

Mission Outcomes

The Mayor and the business delegation met with a number of large Chinese and Japanese companies with interests in expanding in Canada and North America. The Mayor spoke at prominent business luncheons and multiple receptions in each city. Overall the Mayor and the business delegation made over 750 connections with Asian business executives and senior officials.

Blue Rhino Design is negotiating an agreement with a Chongqing firm. Greenland Group is currently seeking property for the group's first food and beverage purchase centre in the Toronto region. UNIQLO retail operation is set to open its first two Toronto stores this fall at Yorkdale Shopping Centre and at the Toronto Eaton Centre. Chinese e-commerce company Osell is opening two Toronto area warehouses in the first phase of its \$3.5 million investment, generating 30 jobs. Huawei's Shanghai research facility signed a research partnership with the University of Toronto that will see Huawei invest up to \$3 million in research projects with the University over the next three years. York University is sending students to study in Tokyo as a result of the agreement signed with the Aoyama Gakuin University.

Mission Budget and Financials

The detailed mission budget and financials are attached as Attachment B. In brief, the total cost of the mission was \$165,962 with generous event sponsorships by Manulife Financial, AsiaCan Investments Inc., Bank of Montreal (BMO), Air Canada and Canadian Imperial Bank of Commerce (CIBC) decreasing the City of Toronto mission expenditures to \$113,620. A list of sponsors is provided in Attachment F.

Conclusion

Overall, the mission was successful with many positive outcomes. As a result of the agreements signed, business exchanges are already underway. The goal of the mission

was to solidify our existing relationships, convey the message that Toronto is open for business, generate investment and create jobs in Toronto. It will take some time for investment opportunities to be realized fully but the groundwork has been established for future investment and trade opportunities to be created as a result of the contacts made on the mission. The Mayor-led delegation of business and academic leaders to China and Japan helped to promote Toronto-produced goods and services in the Asian market and the benefits of doing business in Toronto, enhancing Toronto's trade opportunities and international presence in the global marketplace.

It is important to note that follow up is necessary and crucial to the success of a business mission. The City of Toronto will work closely with Toronto Global and various partners in conducting an appropriate level of follow up with the corporate calls made by the Mayor.

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SIGNATURE

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Economic Development and Culture

ATTACHMENTS

Attachment A: List of Delegates
Attachment B: Asia Mission 2016 Budget and Financials
Attachment C: Business Delegates Survey Summary
Attachment D: Number of Contacts Made in Asia
Attachment E: Collaboration and Testimonials
Attachment F: Mission Partners, Sponsors and Supporters