



France, Turkey, Netherlands Mission 2018

Date: May 25, 2018

To: Economic Development Committee

From: General Manager, Economic Development and Culture

Wards: All

SUMMARY

From March 10 to March 19, 2018 Councillor Michael Thompson, Chair of the Economic Development Committee, led a mission to Europe accompanied on portions of the trip by Councillor Michelle Holland and two staff from the Economic Development and Culture Division (EDC). The mission visited the cities of Nice (France), Paris (France), Istanbul (Turkey) and Amsterdam (Netherlands).

The purpose of the mission was to promote the City of Toronto through an exhibition booth at *Le marché international des professionnels de l'immobilier*, the international market for real estate professionals (MIPIM), the world's largest real estate development trade show, in partnership with the Province of Ontario and a number of other Ontario cities. Leveraging this overseas trip, visits were also made to explore trade opportunities in Istanbul, Turkey and learn about best practices regarding smart city initiatives being undertaken in Paris and Amsterdam's Night Mayor concept.

The mission supported City Council's objectives as stated in the adopted International Trade Funding Report designed to enhance Toronto's international engagements.

This report provides a high-level summary of the mission providing highlights of the key activities that occurred during the mission and next steps.

RECOMMENDATIONS

The General Manager, Economic Development and Culture recommends that:

1. The Economic Development Committee receive this report for information.

FINANCIAL IMPACT

Net costs of the mission to the City of \$78,000, including costs for the trade show booth and pre-arranged business meetings, are included in EDC's 2018 Approved Operating Budget under the division's Business Growth Services' International Alliances activity.

The Interim Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

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>

The international trade funding report adopted by City Council in February 2017 directs the General Manager, Economic Development and Culture to report to Economic Development Committee on the results of all outbound trade missions within three months of the mission and to report to Economic Development Committee annually on all international economic and cultural development activities.

<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-100375.pdf>

COMMENTS

The objectives of the mission to France, Turkey and Netherlands were to:

- Attend the MIPIM real estate trade show as part of the Toronto, Ontario, Canada contingent.
- Promote the City of Toronto as a global economic centre with many real estate investment opportunities.
- Explore opportunities for trade and export development in Istanbul.
- Establish relationships with local channel partners that can assist Toronto based SMEs in developing trade and export opportunities in Istanbul.
- Study and gain knowledge of the various smart city initiatives and the long-term sustainability plan being implemented by the City of Paris.
- Collect first-hand information and experience on Amsterdam's Night Mayor concept.

The mission was comprised of four legs. In the first leg the City of Toronto sent a delegation to participate, as part of the Toronto, Ontario, Canada booth, in conjunction

with the Economic Development Council of Ontario (EDCO) Investment Alliance, at the MIPIM real estate trade show. MIPIM is the world's largest real estate development trade show held annually in France. It brings together the most influential international property owners/developers/investors, from more than 100 countries, involved in the office, industrial, residential, retail, healthcare, sports and logistics sectors.

In 2015, several municipalities from across Ontario took part in a presentation to the EDCO Board of Directors requesting EDCO establish the EDCO Investment Alliance. Upon receiving the Board's approval the Investment Alliance was formed to allow Ontario municipalities to participate, in a collaborative manner, in marquee international trade shows, at a reduced cost. In particular, the requesting municipalities were interested in participating in the MIPIM trade show. At MIPIM EDCO's role was to collaborate with the organization's partners showcasing Toronto, Ontario, Canada at the event.

The City of Toronto has had a modest presence at the trade show in the past, in comparison to other global cities. In 2018 the EDCO Investment Alliance's focus was to maintain an enhanced presence at the MIPIM trade show with a premier booth location. However the total investment and presentation was still significantly less than other global economic centres. Several Ontario municipalities sent delegations to participate as part of the Ontario contingent at MIPIM. This year the Alliance's major contributors included: the City of Toronto (\$60,000); Ministry of Tourism, Culture and Sport (\$50,000); and the Ontario Investment Office (\$25,000 plus in-kind contributions).

A lead generation company was contracted to identify and organize meetings with investors and companies interested in meeting with Ontario municipalities. In all, the lead generation consultant arranged 23 meetings with prospects for the municipalities participating in the Toronto, Ontario, Canada booth to meet with over four days. The Alliance's partners that participated in the Toronto, Ontario, Canada booth included: City of Toronto, City of Hamilton, Southwestern Ontario Marketing Alliance, City of Welland and Simcoe County, City of Chatham-Kent, City of Thunder Bay, Niagara Region and Waterfront Toronto. Toronto Global chose not to participate in the 2018 MIPIM trade show as it was focused on real estate, which is not a target investment area for Toronto Global.

Leveraging this overseas trip, the City of Toronto also accepted an invitation from the Turkish Consul General to undertake a two-day tour of Istanbul. In January 2018, the Turkish Consul General based in Toronto invited Councillor Thompson to visit Istanbul to gain a better understanding of the municipality.

According to Global Affairs Canada, Turkey has strong economic fundamentals including a young entrepreneurial population. Turkey has a diversified economy with a stable financial system. It is rich in agricultural and mineral resources and enjoys robust manufacturing and thriving service sectors. Turkey is an emerging market which the Government of Canada has identified as a priority market for international education and infrastructure related opportunities. According to Statistics Canada, 2016 trade between Turkey and Canada was valued at \$2.5 billion. Global Affairs Canada has also indicated that Turkey provides many opportunities for Canadian companies to access

other markets in the region by either partnering with Turkish companies that are established in those other markets or through Turkey's position as a regional hub.

According to the World Bank, Turkey's economy has experienced strong growth since 2000. This has resulted in increased employment, income and a significant reduction in poverty, establishing Turkey as an upper-middle income country. The World Bank reports that in 2017 Turkey achieved a 7.4% economic growth rate stimulated by fiscal measures which included a new Credit Guarantee Fund for small and medium size enterprises (SMEs). Turkey's economy generated 1.5 million jobs reducing the national unemployment rate by almost 2% between November 2016 and November 2017. In February 2018 the Turkish government proposed new fiscal stimulus measure intended to accelerate investment and employment. The World Bank projects Turkey's economic growth rate for 2018 will be between 4.5% and 5%.

Global Affairs Canada has identified niche opportunities for Canadian companies and investors in the energy, information and telecommunication, mining, education and infrastructure sectors. Analysis done by Global Affairs Canada indicate that trade opportunities in Turkey match well with Canadian supply capabilities.

Istanbul is the economic and cultural capital of Turkey and is its largest metropolitan area. Istanbul has a population of approximately 15 million and is considered the bridge between east and west i.e. Europe and Asia. The World Bank indicates that Istanbul produces approximately 27.5% of Turkey's GDP and collects approximately 40% of the country's taxes. According to Turkish government data. Istanbul accounts for 38% of Turkey's total industrial output, approximately 57% of its national export and 60% of national import is made from the city. Also, 30% of all Turkish commercial firms are located in Istanbul. Research from the Brookings Institute shows that Istanbul has developed a diversified economy with strong financial and business services, trade, tourism and manufacturing sectors. Istanbul attracts many multi-national companies, international banks, offices and brand names. The City has three major shipping ports, four Free Trade Zones, two International Airports with a third airport under construction.

After attending the MIPIM trade show, Councillor Holland, the advocate for the City of Toronto's innovation economy, visited Paris to get a better understanding of the smart city plan and initiatives being undertaken by the City of Paris.

In 2015, the city council in Paris validated a strategic plan called "Smart and Sustainable – Prospects for 2020 and beyond". The overall intention of the plan is to make Paris smart, transparent and inclusive to realize the potential offered by new digital technologies to improve a city's sustainability, connectivity and quality of life for its resident. The premise behind the plan is that the advances in digitization can be used to meet the new challenges municipalities face around energy, greening, water supply networks, mobility, logistics and waste management.

Smart and Sustainable Paris, outlines how the city plans to use digitization advances to find solutions to tomorrow's environmental challenges. The city plans to reduce the energy consumption by its residents by 25% by 2020 and increase the use of renewable energy; add 30 ha of agricultural land in the city to be used for urban farming; develop large scale non-polluting transport modes such as increased use of electric powered

transport and encourage more walking and cycling commuting by its residents. The plan discusses how digital technology can be used to improve urban processes such as modernize zoning and developing digital networks across the city. The plan states the importance of giving responses to social demands. The city will use ICT to improve community inclusion, involvement and outreach.

The final leg of the mission was comprised of a one day stopover in Amsterdam, Netherlands. The purpose of this leg of the mission was to examine Amsterdam's Night Mayor Program, which is considered an international best practice concept on how to manage and enhance a city's night time economy. In order to foster the growth of Amsterdam's night time economy, in 2002 the city developed a new initiative and appointed a night mayor to boost the Amsterdam night time economy. The Night Mayor's office is an independent non-profit organization.

The Night Mayor is an institutionalized function that is connected to the chairmanship of Foundation N8BM A'DAM. This independent foundation actively realizes new initiatives and developments that are directly and indirectly connected to the nightlife of the capital city of the Netherlands. The Night Mayor offers continuous support to those who are in need of nightlife related event advice such as government, local politicians, media institutions, education establishments or small businesses including club owners and promoters.

Amsterdam's Night Mayor's office organized the first Night Mayor Summit in 2016. Night Mayors from Paris, Toulouse and Zurich and speakers from Berlin, London, Tokyo, Stockholm, Mumbai and San Francisco were present at the conference. Based on the Amsterdam example Paris (2013), Toulouse (2013), Zurich (2015), London (2016) and New York (2017) have appointed a Night Mayor. The Night Mayor of Amsterdam is also often invited abroad to speak and advise about nightlife and innovation and has become an ambassador of Amsterdam to the rest of the world.

Mission Highlights

MIPIM Trade Show

- The MIPIM Trade Show featured more than 26,000 participants from over a 100 countries attending show over four days, including:
 - 5,000 investors from all over world.
 - 3,100 exhibiting companies / governments
 - 360 speakers
- 183 contacts were established through business leads, investors and developers from Brazil, Denmark, France, India, Italy, Japan, Switzerland, Turkey, United Arab Emirates and United Kingdom
- Councillor Thompson spoke at the Canadian Conference – Growing the Canadian Real Estate Economy: the U.S. Effect with an audience of 85 attendees
- MIPIM publishes several magazines which are distributed to all participants: one of which is a daily MIPIM News, circulated to 22,000 participants. Published on Day 3 was an article profiling Toronto, Ontario's presence at MIPIM including a one on one interview with Councillor Michael Thompson

- Met with 23 prospects, over two days, arranged by the lead generator hired by EDCO.
- Hosted a Turkish investor, contact made at MIPIM, who is interested in exploring opportunities in the City of Toronto.
- Referred 11 prospects interested in receiving information on the Toronto Region and potential FDI opportunities to Toronto Global for follow-up.

Istanbul, Turkey

Meeting with the Mayor of Pendik – suburb of Istanbul

- Population of 625,000
- Rapid rail station connecting Istanbul and Ankara (Capital of Turkey).

Meeting with Foreign Economic Relations Board of Turkey – DEIK

- Presentation on Turkish and Istanbul economy
- National GDP growth rate has ranged from 5% - 7% since 2000
- Average age of population is 35
- Banking and finance strong industry sectors along with energy and renewable energy.
- Renewable energy suppliers encouraged to produce solar panels in Turkey.
- Incentive programs are available for foreign companies. FDI operated by central government through ISPAT (investment attraction agency) and directly reports to Prime Minister – agency does not have a Toronto representative.
- DEIK is promoting health tourism with health needs and vacation.
- Large number of doctors and engineers, as well as, many professors from Europe and Israel settled in Turkey after the Second World War.
- Challenge: styles of doing business between Canada and Turkey are significantly different.

Meeting with City of Istanbul

- Municipality owns 28 companies with a total budget of \$CDN 16 billion and has 50,000 employees.

Meeting with Turkish Exporters Assembly

- Undertook a trade mission to Toronto in December 2017.
- Interested in leading another business mission to Toronto
- Agreed to facilitate business-to-business meetings for SMEs participating in a future City of Toronto trade mission to Turkey.

Paris, France

- Attended various presentations and discussions with City officials to gather intelligence on the smart city initiatives being implemented under the Paris Smart City and Sustainability Plan.

Amsterdam, Netherlands

- Met with, a Member of the Board of Directors, Night Mayor Foundation who was able to share insight on the Night Mayor Concept and answer any questions.
- Night Mayor is elected and acts as a respected member of the Night ecosystem to facilitate meetings between City staff and stakeholders participating in the night economy to help mitigate and resolve issues facing the Night ecosystem.
- Agreed to send information on program and foundation.

Mission Outcomes

The intentions of the mission were to promote the City of Toronto as an excellent investment and trade opportunity and a great international business centre; to fulfill an invitation from Turkish Consul General in Toronto to visit Istanbul to explore potential for increased trade and cultural activities between the two cities; gather intelligence on Paris' Smart and Sustainable plan; and explore best practices in enhancing the night-time economy through the study of the Amsterdam Night Mayor program. The following is a high level summary of the mission's outcomes

- To date, staff from the City, Waterfront Toronto and Toronto Global have been investigating several leads generated at the MIPIM trade show, including a follow-up meeting with one of those leads in Toronto.
- The Turkish cities of Istanbul and Pendik have proposed developing memorandum of understanding (MOU) with the City of Toronto collaborating on tourism, finance, business services and culture.
- Identified opportunities for future trade in the agriculture, infrastructure, energy, defence and aerospace, education and ICT sectors.
- Opportunities also exist for Toronto and Istanbul based organizations to collaborate on R&D projects including projects related to solar and wind power, green technologies, smart cities and energy conservation.
- Gathered intelligence on Paris' smart city initiatives.
- Gathered intelligence on various smart city initiatives being undertaken in Paris.
- Received practical knowledge in Amsterdam from experiencing their Night Mayor concept.

Next Steps

- Ongoing discussions with private sector partners to evaluate Toronto's presence going forward and maximizing its exposure at the MIPIM trade show
- Support Waterfront Toronto follow-up with their own leads generated at MIPIM.
- Evaluate the potential benefits of an MOU with Istanbul based on the similar size of the city and potential synergies between sectors.
- Continue to consult with City of Paris officials regarding their smart city initiatives and objectives.
- Consult with the City of Amsterdam's Night Mayor's office to explore the potential of establishing a program in the City of Toronto to enhance the night time economic ecosystem. The first Night Mayor of Amsterdam was part of a presentation to the Economic Development Committee at its May 10 meeting.

- Explore having a representative from the Amsterdam Night Mayor office present at a future Economic Development Committee meeting.

Mission Budget

The mission had a total cost of \$78,000 to the City. This included expenses as follows:

Travel	\$ 4,156
Accommodation	\$ 7,111
Ground transportation	\$ 1,400
Per Diem	\$ 3,738
Sponsorship (Mipim booth)	\$60,000
Other	\$ 1,261

Conclusion

The City achieved its mission objectives of promoting Toronto as a global business centre, explored export opportunities in the City of Istanbul and gathered intelligence on various smart city initiatives and approaches to improve Toronto's night-time economy.

Marque international trade shows such as MIPIM present an opportunity for cities to promote themselves to a global audience. However, in order to maximize the benefits, a municipality must devote a significant investment of time and money. Currently the City of Toronto's presence at MIPIM has been quite modest in relation to other competitor global cities. Moving forward the city must evaluate the scale and scope of its future presence at the MIPIM trade show. If the city's objective is to promote itself as a global economic centre and gateway to North America, then Toronto should assess expanding its presence at MIPIM and other global marque trade shows. This will require an increased fiscal investment and commitment from City Council.

It is important to keep in mind that it will take time and lots of follow-up for investment opportunities to be realized and promoting Toronto at the MIPIM trade show is essential for generating investment leads that can in time be converted to actual projects.

Time of day is one of the new competitive edges for global cities. Amsterdam, Berlin, London, New York City and Paris are all introducing measures to develop the night-time economy.

In the past few years the City of Toronto has also begun several initiatives related to the night-time economy such as: supporting the music sector, protecting live music venues, advancing safety at entertainment events that attract large crowds, addressing the health impacts of environmental noise, enforcing noise regulations, and reviewing current rules for nightclub licences. The City of Toronto can learn from the experiences Amsterdam has worked through these challenges to develop its night-time economic eco-system.

More and more cities today are using ICT to enhance the quality, performance and interactivity of urban services. Smart city applications are being developed to manage the flow of city services and infrastructure in order to reduce cost and resource consumption, increase contact between residents and city hall and to react in real-time

to unforeseen shocks and challenges. Smart cities learn from best practices being undertaken in other cities. Intelligence gathering is essential for the future well-being of the 21st century municipality.

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