Abstract: This report brings forward specific recommendations for the proposed trade mission to China to be held in March 2008

1 RECOMMENDATION

1.1 It is recommended that the Committee:

a) note the proposals for staging the employer-led trade mission to China from 8 – 19 March 2008 as outlined in this report; and

b) nominate up to two Elected Members to participate on the proposed trade mission to be accompanied by two staff members.

2 INTRODUCTION

2.1 With reference to Article 23 of the Minute of the Meeting of the Infrastructure Services Committee on 25 January 2007, there was submitted Report No. 96/07 by the Director of Infrastructure Services, seeking approval for the Overseas Trade Promotion Schedule for 2007/2008 including a trade mission to China in March 2008.

2.2 The Report concluded that the proposed Schedule of Overseas Trade Promotion for 2007/2008 would contribute significantly to the realisation of the Council’s Economic Development Strategy in terms of helping existing firms and promoting inward investment.

2.3 The Committee will recall that in 1999, the Council signed a Sister Area Agreement between the Government of Yantai and Angus Council which provides for reciprocal visits by representatives from each area on a biannual basis in order to foster, among other matters, economic development links.

2.4 Since then there have been five successful employer-led trade missions to China and other events associated with trade and golf promotion.

2.5 The Infrastructure Services Committee of 25 January 2007 gave approval for the Council’s Overseas Trade Promotion Schedule including the outward trade mission to China in March 2008 with a budget cost of £7,000. It was agreed that, dependent on demand from local companies, the mission would be accompanied by two elected members and two officers.
3 BACKGROUND

3.1 There is now a greater interest in China as a target market than ever before with business, tourism and education appearing high on the agenda. The Angus in China Initiative has already developed links on all three fronts.

3.2 In May 2006 a survey was undertaken to investigate the extent and the importance of the Chinese market to local companies. The survey showed that 26 Angus companies are trading with China – 15 reported they are currently selling into China, while 4 reported they are in the early stages of developing the market. £5.3 million of exports were reported with projections that there will be further sales of £13.1 million. Imports from China were reported as £5.9 million with projections that there will be further purchases of £9.8 million. 3 of the companies reported that they have established subsidiary companies in China and 2 others reported that they are in discussions about joint ventures in China. Overall, Chinese business links are clearly important to local companies and significant achievements made by local companies on previous trade missions have been reported in previous reports.

3.3 On the educational front, following the agreement in 2006 between the education departments of Angus and Yantai, links have been established between two primary and two secondary schools. Educational exchanges are now being planned and the teaching of Mandarin in Angus schools is being developed.

3.4 Since the last ‘Angus in China V’ trade mission in 2006, the Scottish Executive has recognised China’s rapid economic development and how it is reshaping the global economy with significant implications for Scotland and other advanced economies. To address these important issues in 2006 the Scottish Executive published its China Strategy which seeks to strengthen Scotland’s engagement with China, for the mutual benefit of both countries. China’s growing economic, cultural and political importance makes more effective bilateral engagement imperative. The China Strategy brings an overarching, strategic framework to shape relations between Scotland and China. It is a straightforward, 10-point plan, setting out where Scotland should be in 2010, in terms of our engagement with China. The document also describes the extensive Sino-Scottish links already in existence and surveys Scottish public-sector activity relating to China. This strategic framework will guide the deployment of Scottish public resources over the next 5 years, to enable all stakeholders – individuals, businesses, schools, colleges, universities, local authorities, ethnic Chinese community, etc. – to achieve the strategy’s objectives. The China Strategy complements the broader agenda being advanced by the United Kingdom Government to strengthen relations with China.

3.5 The Scottish Executive has acknowledged Angus’ 10 year involvement with Yantai, which is cited as a Case Study within their China Strategy. The Scottish Executive has also highlighted the Shandong region as an area for further development in future dealings with China.

3.6 Many of the 10 strategic objectives which are featured in the China Strategy are being implemented at present by Angus, viz:

- Raising the profile and understanding of Scotland in China
- Increased trade between Scotland and China
- Attracting increased Chinese tourism to Scotland
Increasing student flows between Scotland and China

3.7 A further objective of ‘raising the profile and understanding of Scotland in China’ was undertaken by the wide attendance of public authority bodies throughout Scotland at a two-day ‘Scotland in China’ conference which was held on 1 and 2 March 2007. This successful conference, held in Angus, enabled the Scottish Executive to promote the wider aspects of engaging with China.

3.8 The Scottish Government is currently refreshing the China Strategy and the Head of Economic Development is currently involved as a member of a Ministerial Group tasked with the job of reviewing the China Strategy and agreeing a fresh set of actions and targets at national level.

3.9 The Head of Economic Development is now a member of the Steering Group for the China Britain Business Council in Scotland which provides the bulk of specific business support to Scottish companies on behalf of UKTI and SDI.

4 TOURISM

4.1 The importance of tourism was heightened by the signing in 2006 of a bilateral agreement between the UK and China granting “Approved Destination Status” to allow Chinese nationals to visit the UK.

4.2 The Angus & Dundee Tourism Partnership has identified China as one of six main themes that capitalise on Angus and Dundee’s competitive strengths. This theme is summarised in Appendix 1 attached. An action plan has been devised focussing on the key priorities (see Appendix 1) which, amongst other things, include:

- working with regional educational organisations, schools and industry to deliver culture, etiquette and language training;
- targeting a Chinese inward investment hotel development;
- encouraging the use of Mandarin and web-based promotions and packages;
- promoting golf and business tourism opportunities to approve Chinese tour operators;
- promoting golf related incentive travel to key business networks;
- hosting Chinese tourism and journalists to promote Angus and Dundee as the destination of first choice for Chinese travellers;
- developing sister links between attractions and tourism venues;
- developing formal links between the Angus & Dundee Tourism Partnership and the Yantai Tourism Bureau.

4.3 Considerable progress has been made already. For example, the production of the Chinese Scottish Tartan by Strathmore Woollens which, as well as providing a business opportunity, is significant from a touristic viewpoint in developing friendly relations and co-operation. Also, the links between Glamis Castle and Penglai Pavilion and the Great Wall will be developed. Progress has also been made by the provision of Mandarin content on the www.angusahead.com and several golf and other promotions have been produced in Mandarin for use in golf promotion e.g. at the Volvo China Open at Shanghai Silport in April 2007.

4.4 Following the Open at Carnoustie in July this year, several visits have already been made by Chinese journalists as well as by Shandong Television and Phoenix TV
which will generally promote the Angus and Dundee area directly to the Chinese audience. Every opportunity is therefore being taken now to drive up awareness of the Angus tourism product, especially golf tourism and other venues such as Glamis Castle, Arbroath Abbey etc.

5 PROPOSED TRADE MISSION TO CHINA IN MARCH 2008

5.1 It is proposed that Angus Council will lead a trade mission by Business Gateway International – Tayside and Scottish Enterprise national (Scottish Development International), which will depart on 8 March and return to the UK on 19 March 2008. It is anticipated that companies participating in the Angus Council trade mission will meet in Shanghai on 17 March to ‘link’ with companies participating a complementary trade mission organised by the Scottish Council for Development and Industry (SCDI).

5.2 The intention is to depart from Edinburgh on 8 March 2008, arriving in Beijing on 9 March 2008. Meetings will be arranged with the British Embassy, SDI and China Britain Business Council (CBBC) plus specific visits and contact meetings arranged for companies on a tailored basis. The delegation will arrive in Yantai on 12 March 2008 for a series of tourism and business meetings arranged by Yantai Municipal Government. The idea of holding a business to business golf tournament at Tiger Beach (sister course of Carnoustie) is being investigated. The delegation will then travel to Shanghai (date to be decided) for a series of meeting with Shanghai Silport Golf Group and appropriate government officers. Contact meetings will be tailored to the needs of company requirements. The delegation will also meet up with the trade mission being organised by the Scottish Council for Development & Industry (SCDI). A business conference on “Doing Business in Scotland” will be held on 17 March 2008 in Shanghai and the delegation will depart for the UK on 19 March 2008. A number of companies will progress their own agenda before and at the end of the trade mission to fit with their own priorities and contacts elsewhere in China.

6 FINANCIAL IMPLICATIONS

6.1 The earmarking of £7,000 within the Economic Development 2007/08 Revenue budget for this initiative was approved in Report 96/07. This provision is considered sufficient to meet the costs of the participation of two elected members and two council officers in the proposed trade mission.

7 HUMAN RIGHTS IMPLICATIONS

7.1 There are no Human Rights implications arising from this report.

8 CONSULTATION

8.1 The Chief Executive, Director of Corporate Services, Head of Law & Administration and Head of Finance have been consulted in the preparation of this report.

9 CONCLUSION

9.1 The rise of China is changing the world. The fact that China has contributed more to world economic growth since 2001 than the G7 countries put together confirms the importance to Scotland’s economy of engaging with China. The ‘Angus in China Initiative’ is a major economic programme which allows the business community to
engage with this burgeoning overseas market and offers a broad range of commercial, educational and cultural opportunities. The ‘Angus in China Initiative’ is also in line with the Scottish Executive’s China Strategy, which is focusing on the area of Shandong, where Yantai is situated.

9.2 The proposed trade mission will build on the existing links between Angus and Yantai, as well as providing an opportunity for local companies to visit these key markets and receive business support while on the mission. Benefits arising from previous trade missions are having tangible results for companies and other participants involved.

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NOTE

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

ECDEV/DV/JC/MM
11 October 2007
ANGUS and DUNDEE TOURISM PARTNERSHIP

Theme Three: CHINA

Projections for the numbers of Chinese tourists over the coming years are staggering. It is predicted by the World Tourism Organisation that there will be 100 million Chinese tourists per annum by 2020. With the United Kingdom being given Approved Destination Status (ADS) list, Scotland has the ability to tap into significant tourism growth opportunities, with particular potential to benefit rural communities.

For the past decade, Angus Council has led the region in the development of relationships with key contacts within Chinese government circles and tourism as well as with captains of industry – working towards the aspiration of making the Angus & Dundee the ‘region of first choice’ for Chinese visitors. Angus Council has a Sister link with Yantai Municipality in Shandong Province which is twinned with Scotland. This strategic focus is closely aligned with the national Scotland’s Strategy for Stronger Engagement with China’ which targets increased tourism as a component of broader economic & cultural opportunities.

Developing and implementing a successful strategy for the Chinese market requires an accurate and pragmatic understanding of not only the commercial opportunities but the differences in cultural behaviour and visitor expectations. Chinese culture relies on the development of long-standing relationships that deliver win-win opportunities for both parties. Investment in developing and maintaining relationships must therefore be seen as a long-term strategic regional priority.

In 2003 the former Angus & Dundee Tourist Board signed a Sister link with Yantai Tourism Bureau. One aim is to develop specific tourism links between venues, three of which already exist within Angus - Carnoustie Golf Links with Tiger Beach Golf Links\(^1\) (Yantai) and Glamis Castle with Penglai Pavillion\(^2\) (Yantai) and the Great Wall of China. Such links provide general awareness, product development and tourism packaging opportunities with cross regional benefits. They also closely link with other regional strategic themes including golf, food & drink and business tourism. By working closely with tour operators, local attractions and the broader tourism industry, the region can better provide visitors, typically high yield, the experience they seek – one based on authentic and iconic Scottish and regional culture.

These experiences cannot be delivered without a greater cultural understanding of the needs and expectations of Chinese visitors. The long-term nature of this strategy provides an opportunity to deliver activities that will meet the strategy’s key priorities.

**Priorities**

- Upskill staff in key tourism touchpoints in Chinese culture, etiquette and language
- Encourage investment in accommodation that meets visitors expectations
- Extend seasonal spread through business tourism activities and golfing parties
- Host Chinese tour operators and travel journalists to raise profile of Angus & Dundee as a travel destination.
- Increase number of sister-links between Angus & Dundee and key Chinese regions.

\(^1\) China’s premier 18-hole Scottish Links style course.

\(^2\) One of four Ancient Pavilions and one of China’s most famous coastal tourist sites attracting over 2 million visitors p.a