

**ANGUS COUNCIL**

**INFRASTRUCTURE SERVICES COMMITTEE 13 OCTOBER 2009**

**SUBJECT: ANGUS IN CHINA INITIATIVE – PROPOSED TRADE MISSION TO CHINA IN  
SPRING 2010**

**REPORT BY THE DIRECTOR OF INFRASTRUCTURE SERVICES**

**Abstract: This report updates the progress of the Angus in China Initiative and seeks approval for a trade mission to China during Spring 2010.**

**1 RECOMMENDATION**

- (i) Note the recent successful activities associated with the Angus in China Initiative in the fields of business and tourism;
- (ii) Authorise the Head of Economic Development and Environmental & Consumer Protection to organise an employer-led trade mission to China in Spring 2010; and
- (iii) Nominate up to two elected members to participate on the trade mission to be accompanied by up to three officers dependent on the itinerary and number of companies involved.

**2 INTRODUCTION**

- 2.1 The Council has been active and successful in promoting trade with China for a number of years to the benefit of local businesses and the general economy of Angus. Indeed, the Council is recognised by the Scottish Government and others as the leader amongst Scottish local authorities in this field and the deliverer of best practice.
- 2.2 A key ingredient to the success of the Angus in China Initiative has been the Sister Area Agreement between the Government of Yantai and Angus Council. This provides for reciprocal visits by representatives from each area on a biannual basis in order to foster, among other matters, business and economic development links. There have been six previous Angus trade missions to Yantai and China and a similar number of visits to Angus from Yantai. It should be noted that 2009 is the tenth anniversary of the Sister Area Agreement.
- 2.3 The last trade mission to China visited Beijing, Yantai and Shanghai in March 2008. It was approved at the Infrastructure Services Committee of 25 January 2007 (reference Article 23 of the Minute of the Meeting) and specific recommendations were agreed at the Infrastructure Services Committee of 16 October 2007 (reference Article 16 of the Minute of the Meeting).
- 2.4 The Infrastructure Services Committee at the meeting of 3 March 2009 (reference Article 21 of the Minute of the Meeting) was asked to note:
  - the successful promotion of the 'Carnoustie Country' golf brand in China in March 2009 and the steps taken to protect the registered title and logo;

- the agreements being negotiated with Berrytex Garment Co (Shanghai) and The Golf Mat Company Ltd (Scotland) which authorises them to use the registered 'Carnoustie Country' brand for a specified period in return for the marketing and promotion opportunities, as detailed in the Report.

### 3 BACKGROUND

3.1 Regardless of the current world economic challenges, China continues to play a key role in international trade. Economic commentators all agree that its influence will continue to grow and it is only a matter of time before the focus of the global economy moves from the US and Europe to China.

3.2 The Scottish Government recognises the importance of establishing and maintaining links with China. It published a refreshed 'China Plan' in May 2008. This document, in line with both the International Framework and the Government Economic Strategy, sets out the Government's aims and aspirations for its engagement with China with a view to maximising trade, increasing tourism and boosting inward investment. The First Minister, Alex Salmond, and the Cabinet Secretary for Education and Lifelong Learning, Fiona Hyslop, visited China in April 2009 as part of an on-going programme of engagement undertaken by this and previous administrations. On her return, Fiona Hyslop reported:

*'The indications are that China will lead the global economy out of recession and expanding trade with such a major market can be an important contributing factor in the Scottish Government's own Economic Recovery Plan. The visit was therefore a vital part of realising this potential with real benefits for jobs and businesses in Scotland.'*

3.3 It is against this background and in line with the Angus Economic Development Strategy that the Angus in China Initiative is set.

### 4 ANGUS IN CHINA UPDATE

4.1 The last trade mission to China in March 2008 directly helped six local companies to further their business interests with China and identified a number of business opportunities for other Angus companies and organisations. The opportunity was also taken to visit the Chinese business partners of two Angus companies in order to endorse the relationships with government support, something that is important in China.

4.2 At the time of writing this report discussions are taking place with Yantai government officials about a delegation from Yantai who will visit Angus towards the end of October 2009. This is particularly significant as it will provide an opportunity to celebrate the 10<sup>th</sup> anniversary of the Sister City Agreement.

4.3 Of course there is more to the Angus in China Initiative than just the reciprocal trade missions. Activities to support local companies and promote Angus continue is ongoing:

4.4 At the beginning of 2009 a three minute taster film on golfing in Angus was produced for the hugely popular China Golf Channel (12 million viewers). The film is part of the extensive promotion of a new ten day golf package, six days of which will be in Angus.

4.5 In April 2009 the premium label 'Carnoustie Country' range of golf clothing, manufactured and marketed by Berrytex Garment Co, for the Chinese market was launched at the Silport Golf and Country Club in Shanghai. The event was launched by Jim Murphy MP, Secretary of State for Scotland and generated considerable interest from the Chinese golf media and considerable exposure for 'Carnoustie

Country'. Berrytex have continued to market the brand extensively through a number of exhibitions and promotions including the production of a "Carnoustie Country" brochure publicising Angus based venues e.g. Montrose Golf Links.

- 4.6 Television programmes – Phoenix TV have produced 4 short 8 minute films on a variety of subjects e.g Tourism, Tartan Day, Glamis Castle, Carnoustie Country.
- 4.7 Tartan Day Golf 2009 – The event was once again well supported by Chinese golfers. A total of 25 attended and as usual, many of them hold key senior positions in the business world.
- 4.8 In 2004 the Angus in China Initiative encouraged a local company to look at selling its products into China and introduced it to the market. The company has since developed business in China, with the continued support of the Council, and it recently confirmed it has secured orders in excess of £10 million. The company does not wish to be identified as it does not want competitors to be alerted to its success.
- 4.9 In August 2009 the Council received a high level visiting delegation from Yibin, Sichuan. The opportunity was taken to learn more about the area, the business opportunities and introductions were made to local contacts.
- 4.10 David Ritchie (Implements) Ltd in Forfar has been associated with China and the Angus in China Initiative for many years. It has purchased materials and components that have allowed it to maintain competitive prices and in the process maintain and develop sales in the UK and Europe. The company, fully aware of the potential in China, is now looking the other way. It has recently confirmed that it has established a joint venture in China with a key supplier. This will support Ritchie's current and future international customers as they develop their own business in China.

## **5 PROPOSED TRADE MISSION**

- 5.1 The Committee is asked to authorise the Head of Economic Development and Environmental & Consumer Protection, in consultation with the Convener, to organise an employer-led trade mission to China in Spring 2010 in order to support the Angus in China Initiative and the benefits it brings to local companies and Angus.
- 5.2 The mission will visit Yantai and it is anticipated that as in the past it will also visit Beijing and Shanghai as part of a 10 day programme. However, the final itinerary will be subject to the interests of the mission participants and any identified business opportunities. Once again it is proposed the Council will work closely with Scottish Development International and the China Britain Business Council as well as the Foreign Affairs Office of the Yantai Municipal Government.
- 5.3 There are two options. There is an opportunity to visit China in early March 2010, and link with the Scottish Council for Development and Industry trade mission while it is in Shanghai. This has been done in the past and has worked well. The second option is to visit China at the very end of April, thus allowing the opportunity to promote 'Carnoustie Country' at the 'Volvo China Open' in Shanghai and also take the opportunity to benefit from 'Expo 2010' that is to be held in Shanghai commencing 1 May 2010. These options will be explored further before deciding on the most appropriate time to visit. It will be necessary for up to three officers to support. The mission is dependent on the choice of dates, the mix of activities required and the number of companies on the mission.
- 5.4 As in the past and as for all formal trade missions leaving Scotland, the Council is required to seek the approval of the First Minister and this is currently being sought.

**6 FINANCIAL IMPLICATIONS**

- 6.1 The estimated costs associated with organising this trade mission, including the travel and accommodation of Council representatives, are up to £6,500. This amount will be met from the Economic Development revenue budget for either 2009/10 or 2010/11, depending on when the mission travels.
- 6.2 It is hoped that funding can be secured to assist mission participants with their travel and accommodation costs, however, if not Angus companies will be able to apply for the Council's own Market Development Grant.

**7 HUMAN RIGHTS IMPLICATIONS**

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

**8 EQUALITIES IMPLICATIONS**

- 8.1 The issues dealt with in this Report have been the subject of consideration from an equalities perspective (as required by legislation). An [equalities impact assessment](#) is not required.

**9 SINGLE OUTCOME AGREEMENT**

- 9.1 This report contributes to the following local outcome contained within the Single Outcome Agreement for Angus:
- We realise our full economic potential with more and better employment opportunities for our people.

**10 CONSULTATION**

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

**11 CONCLUSION**

- 11.1 China is now a global player on the world stage and its influence is forecast to increase in the years to come. It therefore makes sense for the Scottish Government, business support organisations and Angus Council to engage with the market for economic gain. The Angus in China Initiative has provided a large number of Angus companies with support in their efforts to take advantage of business opportunities and the opportunity for the Council to promote Angus as a golfing and holiday destination. The proposed trade mission will strengthen ties with China and assist economic recovery in Angus.

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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/SW/LJP  
08 October 2009