ABSTRACT: This report updates on the progress of the Angus in China Initiative and seeks approval for a visit to China during July 2011.

1. RECOMMENDATIONS

It is recommended that the Committee

(i) note the recent activities associated with the Angus in China Initiative in the fields of business, culture and tourism;

(ii) authorise the Head of Economic Development and Environmental & Consumer Protection to finalise a visit to China in July 2011 based on the draft programme outlined in this report; and

(iii) authorise the Depute Leader of the Administration to lead the proposed visit accompanied by the Head of Economic Development and Environmental & Consumer Protection from 1 – 13 July 2011.

2. INTRODUCTION AND BACKGROUND

2.1 As outlined in previous reports (more recently reports 734/09 and 463/10), 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.

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 of each area on a bi-annual basis in order for us to foster, among other matters, business and economic development. However, a number of additional visits have been made over the years on a more specific basis. For example, a delegation from Jiaxing, (the City where J D Wilkie have established a manufacturing facility) was received by the Provost and other representatives of Angus Council at the end of April 2011. This was followed by a visit by a delegation from Yantai which focussed on agricultural links in respect of which site visits were made to some Angus based businesses. Another delegation from Yunnan Province to investigate co-operation relative to golf management will be made involving a number of Angus based venues. Similarly additional visits have been made to China by Angus Council for specific reasons such as in October 2010 for the reasons outlined below.

2.3 In October 2010 a visit to Yantai, Shanghai, Suzhou, Tiajin and Beijing was undertaken. This trip was approved by the Strategic Policy Committee at its meeting on 15 June 2010. Reference is made to Article 18 of the Minute of the Meeting where it was agreed

(i) to note the key outcomes of the business development activities undertaken in connection with the trade mission to Beijing, Yantai, Chengdu and Shanghai in April/May 2010;

(ii) to note that the Gordon School of Dancing had been selected to participate in the Eighth China International Folk Art Festival in October 2010;
(iii) to authorise the Head of Economic Development and Environmental and Consumer Protection to organise a further visit to Beijing Chengdu, Yantai and Shanghai in October 2010 to follow up on key projects outlined in this Report and to support the Gordon School of Dancing during the first year of their visit in Yantai and Souzhou; and

(iv) to authorise participation by the Depute Leader of the Council, the Head of Economic Development and Environmental and Consumer Protection and one other officer from the Infrastructure Services Department to visit Beijing Chengdu, Yantai and Shanghai in October 2010, for the purposes outlined in this Report.

2.4 The main purpose of the visit was to develop the momentum from the earlier trade mission held in April/May 2010. The Depute Leader of the Council was unable to participate in the proposed visit. Councillor Salmond led the visit accompanied by the Head of Economic Development and Environmental & Consumer Protection and the Senior Development Officer.

2.5 The council representatives accompanied the Gordon School of Dancing during their visit to Yantai and first day of their visit in Souzhou. The group of performers comprised dancers from the Gordon School of Dancing and other individuals (bagpipes, drums and accordion). Following a successful submission by the council’s Economic Development unit the group participated in the 8th China International Folk Art Festival (CIFAF) which involved indoor and outdoor performances in Yantai, Souzhou and Beijing over a three week period. GSK Montrose contributed £10,000 sponsorship towards the costs with the balance being raised by the performers themselves. All the performances were widely televised by China Central television as well as by local television and radio stations including Yantai and Shandong TV. The Gordon School of Dancing were the only group from the UK. A long term business proposition for the Gordon School of Dancing is now being investigated with a view to introducing more awareness of Scottish dancing in China and in the long term the possibility of introducing the Gordon School of Dancing in China through some form of franchise operation is being investigated.

2.6 Other assignments dealt with on the trip included assisting JD Wilkie with a second round of successful price negotiations for the supply of product from Yantai Spandex. A visit was also made to J D Wilkie’s factory in Jaixing (south west of Shanghai) when the opportunity was taken to strengthen links with Government officials and the Economic and International Bureau. An informal agreement was made to work together for the mutual benefit of Angus and Jiexing as well as for J D Wilkie. This will further open up market opportunities in the Shanghai area of China for Angus based companies. A Jiexing government delegation to Angus was arranged by J D Wilkie at the beginning of May 2011 when formal presentations about each other’s areas was made at a meeting hosted by the Provost and Leader of Angus Council in the Canmore Room, Forfar. This was greatly appreciated by J D Wilkie.

2.7 Support was also given on the visit to two representatives of DJ Laing on their first visit to China, including the arrangement of their visit programme. Their primary objective was to research the China market for specific materials and identify suitable business contacts and opportunities. A number of successful meetings were arranged and there has subsequently been a visit to Angus by a Chinese company that DJ Laing is now assessing as a potential business partner or customer. Similarly, support was given to the owner of the Voigt Partnership on its first visit to China.

2.8 The Senior Development Officer attended the China Wind Exhibition in Beijing as part of the Scottish Development International group stand. He also visited renewables and recycling companies and developed a network of contacts for the future. It was clear that Chinese companies are beginning to look at offshore developments around the UK and supply opportunities as future investment targets.

2.9 Councillor Salmond and The Head of Economic Development and Environmental & Consumer Protection attended the 11th National Golf Club General Managers Conference (GMC) held in Tianjin on 11 October 2010. The main topic of this conference “Golf Culture and Heritage”. The event was sponsored by Berrytex Ltd under their “Pro Simon –
Carnoustie Country” brand. The Head of Economic Development and Environmental & Consumer Protection was the keynote speaker at the plenary session which was attended by around 450 general managers of golf resorts and key media contacts from all over China. The speech focussed on introducing the golfing culture and heritage based on 500+ years of golf in Scotland and the opportunity was taken to promote the Carnoustie Country destination by featuring the successful visits by golfers from China to the annual Tartan Day International Golf Challenge.

2.10 In 2009 the Council agreed to enter into an agreement with Berrytex Ltd (Pro Simon) to allow the Carnoustie Country title logo and website to be promoted directly to a large Chinese audience. The aim was to create a direct marketing link with golfers at grass roots level in an effort to promote the “Carnoustie Country” destination. In effect the agreement which was subsequently entered into with Berrytex Ltd (Pro Simon) was “in-market” direct marketing initiative which from 1 January 2012 will also bring a financial benefit in the form of a Royalties Agreement. The five year agreement is in the process of negotiation and will be the subject of a report to council during the June cycle of meetings. For this reason, the opportunity was taken to visit showrooms belonging to Berrytex Ltd (Pro Simon) who manufacture Carnoustie Country Golfwear in China. The main showrooms located in Shanghai include a sales room devoted to the exhibition of various ranges of Carnoustie Country products.

2.11 An opportunity was also taken to promote Carnoustie Country at a golf invitational organised by Berrytex Ltd (Pro Simon) and Apex Sports International. This was held in Beijing on 9th October 2010. The event was used to help market Carnoustie Country golfwear products in China as well as launch the Apex Sports International Company. The event which included a golf invitational for over 70 influential general managers and golf media experts was arranged by Pro Simon and Apex Sports International who are now working together to promote Carnoustie Country products in China. The owners of Berrytex Ltd/Pro Simon and Apex Sports International were both participants in previous Tartan Day International Golf tournaments which have now been held in Angus for the last six years. A fuller report on the success of the Carnoustie Country branded golfwear will be made to a subsequent meeting of the council. At this event a meeting was held with a Chinese distributor of the Caledonia branded whisky. She followed this meeting up in January 2011 when at a meeting in Edinburgh the Head of Economic Development and Environmental & Consumer Protection discussed the possibility of her creating a “Carnoustie Country” branded whisky as a premium gift item for sale in China using Glencadam whisky. This is now being followed up with Angus Dundee distillers who own the Glencadam distillery in Brechin.

3. PROPOSED VISIT TO CHINA 1 – 12 JULY 2011

3.1 It is proposed that the Depute Leader of the Council and the Head of Economic Development and Environmental & Consumer Protection be authorised to visit China from 1 – 13 July 2011 for the reasons outlined below.

1) Guizhou Province

Dr Wenguang Shao of Phoenix TV (who was the keynote speaker at the Tartan Day Connections Dinner on 6 April 2011) has requested assistance from an Angus based company following a direct approach to him by the Depute Governor and Party Secretary of Guizhou Provincial Government.

Guizhou Province with its capital Guiyang is located in the South West China mainland. It adjoins Sichuan Province to the north, Unan Provence to the West, Guangxi Province to the South and Hunan Province to the East. It covers an area of over 176,000 sq kilometres with a total population of more than 35 million.

The relatively new Depute Governor and Party Secretary has sought assistance for advice on specialist branding and production of a specific product which, if successful, could lead to potential sales and distribution for the Angus based
company. In an e-mail to the Head of Economic Development and Environmental & Consumer Protection, the Managing Director of the company in question has stated "I would much prefer to be part of an Angus delegation as the Government to Government relationship is very important in China". Dr Wenguang Shao has agreed he will make the trip to accompany the delegation during the first week of July which is also the preferable date for the Managing Director of the company in question who has agreed to join Angus Council for the proposed meeting with the Guizhou Provincial Government.

The Head of Economic Development and Environmental & Consumer Protection has been advised that Mr Sun Yong Chun, former Party Secretary and Chairman of Yantai Congress (equivalent to First Minister) has now been promoted to the Assistant Governor position in Guizhou Province which is effectively third most senior Government official. For this reason contact will be made prior to the visit to ascertain if Mr Sun Yong Chun will be available to attend the proposed meeting.

This opportunity came forward from discussion during the Tartan Day celebrations in Angus and is an opportunity that could be lost if not acted upon swiftly.

2) Shanghai

The Head of Economic Development and Environmental & Consumer Protection is currently negotiating a five year royalties agreement with Berrytex Ltd (Pro Simon). It is proposed that the resultant five year agreement will be considered by Council during the current cycle. It is important that this agreement is then signed as swiftly as possible so that the council’s partner in China is able to plan production for commencement in the 2012 season. This company needs to move forward with advance marketing and production planning in order for them to achieve their target sales in 2012 onwards. This is clearly in the interests of the council in order to maximise income from the agreement. It is therefore proposed that the agreement be signed during the visit and, investigations are being made as to whether publicity for this could be given during the Dalian Golf Show which takes place from 9 – 11 July 2011.

In addition the opportunity will be taken, if possible to meet two other companies interested in adopting the Carnoustie Country brand. One of these is a whisky company mentioned in paragraph 2.11 above who is interested in a royalties agreement. The other is a Golf Academy who has 4,000 young golfers already on their programmes and are interested in adopting the title “Carnoustie Country Golf Academy”. This organisation is interested in using the trade name but not a royalties agreement, however, more information will be sought on this company since there may be merit in using such an agreement to promote the Carnoustie Country name to a growing number of young golfers who may consider travelling here in future years.

3) Dalian

A party of 12 members of the Dalian Golf Association participated in the recent Tartan Day International Golf Tournament held in April. The Head of Economic Development and Environmental & Consumer Protection held a two hour meeting with the Chairman and the Secretary General on Friday 8 April. It was explained that the Dalian Golf Association is a government sponsored organisation interested in fostering co-operation with Angus and the “Carnoustie Country” destination. A subsequent communication has been received in respect of a number of points including:

a. The Dalian Golf Association is a sports organisation under the direct leadership of Dalian Municipal government, which is responsible for the development of the golf industry in Dalian City, as well as the Northeast of China;
b. There are about 100,000 golfers in Dalian and 25 registered golf clubs within the Association;

c. Dalian Golf Association is keen to co-operate with Angus Council in different fields, in particular, the fostering of golfing connections including golf tourism;

d. They have invited the Head of Economic Development and Environmental & Consumer Protection to participate at the Golf Exhibition in Dalian in July as a keynote speaker. The theme of the speech will be 'Home of Golf - Scottish golf history, development and future'. This has arisen due to the fact that a similar speech was delivered at the Tianjin Golf managers conference in October 2010;

e. They have requested that Angus Council organise a Scottish bagpiper to perform at the same event, which will allow Dalian people to get a taste of Scotland. This is possible subject to them paying the costs of air travel etc... and a reply is awaited;

f. They have requested that Angus Council exhibit golfing pictures and other memorabilia at the show, which will showcase Scottish golf's development and contribution over the last 500 plus years. If a stand is made available it may be possible for Berrytex Ltd who manufacture Carnoustie Country Golfwear to organise staffing etc;

Participation in the Dalian golf exhibition will generate considerable media promotion of the Carnoustie Country destination within golfing circles in China. Publicity during and following the event will reinforce the position of Carnoustie Country as a key destination for Chinese golfers now and in the future. Participation will in effect significantly extend the network of contacts for future marketing purposes in China.

4) Fujian Province

Fujian Province is a province on the South West coast of China bordering Zhejinanj to the North, Jiangxi to the West and Guangdong to the South.

Discussions are ongoing between a business from Fujian Province and a local Angus business which could lead to a major joint venture or trade agreement. Provided current investigations are validated, it is proposed that an opportunity be considered to visit the Government in this region with a view to reinforcing the connection and investigating the proposition more fully. Detailed information has been requested from the Fujian company in question which if provided timeously will be validated and used to inform the setting up of suitable meetings at Government and company level.

A meeting was held on Tuesday 17 May with the new Chinese Consul General in Edinburgh. During the conversation with the Head of Economic Development and Environmental & Consumer Protection the new Consul General explained that he is originally from Fujian Province and has offered to assist in any preparations for this particular visit. This will be extremely helpful in validating the proposed contacts and also with the due diligence for this particular project.

5) Beijing

It is proposed to end the visit in Beijing and use the opportunity to meet with two or three key contacts including Brian Gallagher, Director of UK Trade and Investment Department in China. Other potential meetings will be established with key contacts e.g. China Britain Business Council.

In addition, one of the guests at the recent Tartan Day celebrations (including the Tartan Day Connection Dinner held on 6 April) would like to introduce Angus Council to Chalco (Aluminium Corporation of China) Real Estate Department Ltd, a sub company of Aluminium Corporation of China. This company is looking for investment opportunities in areas such as energy efficient technologies or energy saving technologies, environmental projects etc. Details of their interest have been requested so that these may be validated prior to the trip. A more specific proposal
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from them is awaited so that an assessment can be made as to the potential to Angus based companies. A meeting with this company will be arranged if there appears to be a viable proposition brought forward.

3.2 If approved, an itinerary for the trip will be finalised based on definite proposals for engagements /meetings in Shanghai, Guizhou and Dalian. As indicated above, the opportunity will be taken, if at all possible, for additional meetings to be established in Fujian Province and Beijing. If time permits it is also proposed to visit Yantai to reinforce the relationship with the sister city.

4. FINANCIAL IMPLICATIONS

5.1 The cost of sending two representatives to China in July 2011 as outlined in this report is estimated at up to £4,000 which can be met from the Economic Development Revenue Budget for 2011/2012.

6. HUMAN RIGHTS IMPLICATIONS

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

7. EQUALITIES IMPLICATIONS

7.1 The issues dealt with in this report have been the subject of consideration from an equalities perspective. An equalities impact assessment is not required.

8. SINGLE OUTCOME AGREEMENT

8.1 This report contributes to the following local outcomes contained within the Single Outcome Agreement for Angus:
   • Sustainable business growth is achieved.
   • Growth in tourism in Angus is achieved.

9. CONSULTATION

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

10. CONCLUSION

10.1 Approval of this report will strengthen the efforts taken to increase the existing and extensive trade and tourism links with China. It will especially assist in increasing the Carnoustie Brand awareness in China golfing circles.

10.2 Ultimately the outcomes of this visit will generate additional tourism expenditures in Angus as well as helping to sustain jobs in Angus based businesses who are either selling into China or manufacturing in China to support businesses manufacturing in China.

ERIC S LOWSON
DIRECTOR OF INFRASTRUCTURE SERVICES

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 a material extent in preparing the above report.

ECDEV/DV/FM
19 May 2011