

REPORT OF THE LEADER OF THE COUNCIL**FRIENDSHIP AGREEMENT BETWEEN NOTTINGHAMSHIRE COUNTY COUNCIL AND THE PROVINCIAL GOVERNMENT OF ZHEJIANG****Purpose of the Report**

1. To update Members on the work undertaken to date to further economic, policy and cultural relations with the Province of Zhejiang;
2. To seek approval for the County Council's participation in the University of Nottingham's "on location" visit to Ningbo in September 2017; and for the Council delegation to then visit Hangzhou to negotiate further actions from the Friendship Agreement.

Background

3. Since the 2015 visit to the UK of President Xi Jinping, bilateral relations between the People's Republic of China and the UK have been facilitated by a so called "golden era" of relations. The Chinese economy – the second largest in the world- offers huge trading opportunities for many countries as it is also the world's second largest importer of goods and services.
4. The Chinese Government has 2 key policy initiatives that underpin its aspirations to further increase the country's global trading reach – and accordingly these present key economic opportunities for UK companies. These are:
 - a. One Belt, One Road and
 - b. Made in China 2025.
5. One Belt One Road is an ambitious international trade policy launched by the President in 2013. It is also a geopolitical initiative that is key to sustainable growth in China. The focus is on the revival of the ancient Silk Road trading routes between China and Europe. Today's embodiment of the Silk Road reaches 60 countries across Asia, Europe, Middle East and Africa. In short the policy supports economic globalisation and regional integration through co-operation and improved connectivity. The UK is a key beneficiary of the initiative – one example being the January 2017 arrival of the first ever direct freight service travelling between Yiwu, Eastern China and Barking Euro Hub. The service covered 7,500 miles in 15 days – which is 2 weeks quicker than sea freight and 50% cheaper than air cargo costs.

6. Made in China 2025 meanwhile focuses on upgrading Chinese industry (advanced, traditional and services) via innovation and intelligent IT-led manufacturing, putting quality before quantity and embodying green production – and again offers opportunities for international collaboration and trade.
7. On the 18th January 2017, Policy Committee noted the Council's successful participation in a Midlands Engine Trade Mission to Eastern China, authorised officers to develop a Memorandum of Understanding (MoU) between the County Council and the Provincial Government of Zhejiang and approved a budget allocation of up to £40,000 from the 2017/18 Economic Development budget to support follow up activities.
8. The MoU was intended to focus on three strands of mutual benefit to both areas:
 - a. Increased trade and investment opportunities;
 - b. Business to business trading (B2B), and;
 - c. Opportunities for knowledge, people and policy exchanges
9. Since the last report to the Policy Committee the County Council has hosted 2 visits from China:
 - a. 7th – 8th April 2017 - the Vice Governor of the Provincial Government of Zhejiang led a delegation of senior colleagues to visit Nottinghamshire to sign a Friendship Agreement (as a pre-cursor to an MoU based Action Plan) and
 - b. 12th and 13th April 2017 - the China Council for the Promotion of International Trade - Zhejiang (CCPIT) also visited the county to develop proposals for a UK (Nottinghamshire)/China (Zhejiang) Business Symposium in June 2017.

The Friendship Agreement

10. A short but varied programme was organised for the Provincial Government delegation which was focused around the signing of the [Friendship Agreement](#) between the 2 areas. The visit showcased the economic, cultural and civic aspects of the county.
11. The geographic and economic scale of Zhejiang is vast – the province has 56 million permanent residents, covers some 102,000 square kilometres and has an economy roughly the value of Austria's. Therefore the Friendship Agreement is intended to sit within a suite of documents that maximise opportunities for the county's economy:
 - a. Locally the Friendship Agreement builds on the work of the University of Nottingham and Nottingham City Council both of whom already have long standing connections with Zhejiang's second city – Ningbo. The County Council led Friendship Agreement develops a wider collaborative offer incorporating the University of Nottingham, Nottingham Trent University, City Council, Marketing Nottingham and Nottinghamshire and the East Midlands Chamber of Commerce – supported by the Midlands Engine. The Friendship Agreement sits as an umbrella agreement under which

future local collaborations can take place and enables partners to propose and deliver scalable economic and partnership opportunities with Zhejiang (an economy which is 90% privately owned).

- b. More widely, the Friendship Agreement has been developed within the context of the wider sub-nationally focused Midlands Engine and will form an important part of the Midlands Engine's 3 year China Strategy (currently in development).
12. The support of Midlands Engine is critical to the success and sustainability of the County Council led initiative with the Province. During the Provincial Government's visit, Sir John Peace, in his capacity as Chair of Midlands Engine hosted a business dinner that drew from all key sectors in the Midlands. This was well received by the delegation and successfully demonstrated the potential for a successful economic partnership – with the County Council seen as a key influencer.
13. Furthermore, the strength of the local offer within the ME was demonstrated during the visit through presentations by partners on our key economic strengths and investment opportunities, policy best practice and emerging work with national significance (e.g. the National Institute for Health Biomedical Research Centre). Further, introductions to our key businesses and partners, civic events and a half day spent at the Welbeck Estate showcased the county's culture, history and response to post-industrialisation economic diversification – something the delegation had expressed a particular interest in.

Progress since the Visit

14. Since the visit of the Provincial Government, various follow ups have taken place including discussions with the Deputy Director of Foreign Affairs for Zhejiang on how the Friendship Agreement can be taken forward with tangible actions. The first outcome of the Friendship Agreement is the Business Symposium on the 26th June at the Nottingham Conference Centre. This is being organised by CCPIT (Zhejiang) who helped host the Council's delegation during the visit to Hangzhou in 2016.
15. Over 60 Zhejiang based businesses will attend the event. Work is currently underway with partners to match the businesses with as many local and Midlands Engine based enterprises as possible to facilitate trade and investment opportunities.
16. This business to business event (B2B) will be preceded by a plenary session showcasing the economies of both Zhejiang and Nottinghamshire and the event will be opened by Sir John Peace, with the Leader of the Council speaking and the East Midlands Chamber of Commerce signing a Co-operation Agreement with CCPIT Zhejiang (this will be within the framework of the Friendship Agreement and will further cement the cohesive local offer.)
17. As noted, the Council is working closely with partners to try and drive business interest in the event. To this end, the Council is also working with the China Britain Business Council to assist and has recently hosted a Master Class event

in Newark for local businesses looking at Chinese business etiquette. A comprehensive programme of business engagement has also been undertaken – the event is live on at least 6 major websites and mailing lists accessing upwards of 5,000 businesses with an interest in trading in China have been used to promote the event.

18. Other work that has been conducted or is underway includes:

- a. Participation in an Midlands Engine meeting with Dame Barbara Woodward, HM Ambassador to China, to brief her on our work and ambitions
- b. Work on educational exchanges through the Confucius Institute
- c. Work with the Nottingham based China Forum and
- d. Exploration of a variety of cultural links with the potential inclusion of local partners.

Going Forward

19. The University of Nottingham has invited the County Council to take part in its annual “on location” trip to its Ningbo and Malaysian campuses. This is planned to take place between 17th and 24th September 2017.

20. Initial discussions have taken place to consider if the Council could take part in the Ningbo leg of the visit only. The University is agreeable to this which would then allow a small party (the Chief Executive and the Leader of the Council) to then travel to Hangzhou – the capital of Zhejiang and the seat of the Provincial Government – to undertake the following:

- a. To meet high ranking officials and discuss progress on the Friendship Agreement to date
- b. To negotiate the content of the first annual Action Plan to deliver specific economic outcomes (the first of 5 annual plans) and
- c. To agree how the plans will be developed – through a high level partnership meeting virtually with annual visits (alternating between the 2 countries)

21. The Council’s provisional programme would then be:

- a. Day 1 (Saturday 16th September) travel from Heathrow
- b. Days 2-4 (Sunday 17th September – Tuesday 19th September) – participation in University led programme in Ningbo
 - i. Tuesday 19th September – travel and overnight in Shanghai
 - ii. Day 5 (Wednesday 20th September) train to Hangzhou
- c. Days 5-7 (Wednesday 20th-Friday 22nd September) programme of work with the Provincial Government of Zhejiang and local partners to take forward the Friendship Agreement and
- d. Days 8-9 (23rd-24th September) travel and arrival back in UK

22. There may also be opportunity to take a number of Nottinghamshire businesses as part of the delegation supported by CCPIT and the East Midlands Chamber.

This will be informed by the success of the June Symposium and the level of B2B trade generated.

Other options considered

23. The County Council could arrange these visits independently but this would reduce the opportunities to share and reduce costs offered by the recommended approach.

Reason for Recommendation

24. Work to develop trading links with China is likely to be important for the East Midlands' economy and Nottinghamshire in particular post- Brexit. Further the contribution that this work has towards the ambitions of the Midlands Engine and the Department of International Trade in developing international markets could be significant.

Statutory and Policy Implications

25. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described within the body of the report.

Finance implications

26. There are no additional financial implications arising from this report. The proposed visit can be met from existing 17/18 resource allocations based on the following budget estimate of costs. These have been duly informed by previous visits (Table 1 refers):

Table 1. Estimated Costs of Proposed visit – September 2017 based on 2-party delegation	
Expenditure Item	Budget £
Travel/parking Heathrow	250
Flights/Transfers	2,500
Visas/Insurances etc.	900
Accommodation/transfers	1,500
Other costs (translation, gifts, hospitality etc)	750
Total	5,900

RECOMMENDATIONS

It is recommended that Policy Committee:

1. Notes the progress on developing links to China since the last report to Committee and
2. Authorises the Chief Executive and Leader of the Council to take part in the Ningbo leg of the University of Nottingham's "on location" visit to China (16th-19th September 2017) with a Council-led follow on programme (19th-24th September 2017) in Hangzhou to further negotiate the terms of the Friendship Agreement.

Cllr Mrs Kay Cutts, MBE
Leader of the Council

For any enquiries about this report please contact:
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Constitutional Comments (SLB 06/06/17)

Policy Committee is the appropriate body to consider the content of this report.

Financial Comments (SES 06/06/17)

The financial implications are set out in the report.

Background Papers

Midlands Engine Prospectus for Growth

Midlands Engine Strategy 2017

Policy Reports (17th June 15, 21st September 16 and 18th January 17)

N2 Economic Prosperity Committee Report (25th November 2017)

Nottinghamshire Pitch Book (2016 Mandarin/English)

Nottinghamshire Programme of Activity in China (28th October-4th November 2016)

Electoral Division(s) and Member(s) Affected

All