

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth and Resources
DATE	11 th May 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	International Trade Plan 2021 - 2022
REPORT NUMBER	COM/21/100
CHIEF OFFICER	Richard Sweetnam
REPORT AUTHOR	Morag McCorkindale
TERMS OF REFERENCE	2.1.1 and 3.3

1. PURPOSE OF REPORT

- 1.1 To seek approval for international trade priorities for 2021-22 and for associated travel expenditure.

2. RECOMMENDATION(S)

That Committee:-

- 2.1 Approves the international trade and investment key priority markets for 2021-2022;
- 2.2 Approve the travel expenditure to fulfil the agreed travel plan based on identified key priority markets and as detailed below;
- (a) one elected member plus one officer to visit Barranquilla, Columbia for the purposes of MOU fulfilment;
 - (b) one elected member plus one officer to visit Villahermosa and Ciudad del Carmen for the purposes of MOU fulfilment;
 - (c) one elected member plus one officer to visit Macae, Brazil for the purposes of MOU fulfilment;
 - (d) the Lord Provost plus one officer to visit newest WECP partner city Ulsan, South Korea;
 - (e) the Lord Provost plus two officers to attend the WECP Annual General Meeting in Dammam, Saudi Arabia;
 - (f) the Lord Provost plus one officer to attend CERAWEEK in Houston USA;
 - (g) the Lord Provost and one officer to visit Ufa, Russia, 19th-24th October (Media-Cultural Forum) and a potential related visit to St Petersburg, Russia, for the purposes of engaging with a potential new WECP member;
 - (h) potential visits by one elected member and one officer to the emerging new markets of Nigeria, Angola, Vietnam and Singapore;
 - (i) an elected member and one officer to attend the Council of Peripheral Maritime Regions (CPMR) Political Bureau and General Assembly;

(j) an elected member and one officer to attend three meetings of the North Sea Commission (NSC) Executive Committee and three meetings of the Transport Group, locations to be confirmed; and

2.3 Delegate authority to the Chief Officer - City Growth to authorise necessary and appropriate travel and associated expenditure, provided the cost of such travel does not exceed the budgets set out in section 4 of this report and provided that any guidance and advice related to international travel and Covid-19 is adhered to and travel is in line with current Council travel policies.

3. BACKGROUND

3.1 The Council has an active role in international trade and inward investment. In May 2020, the Council approved the Net Zero Vision and the Strategic Infrastructure Plan. Both position Aberdeen as a climate positive city while helping to lead the world on the rapid shift to a net zero future, support the global energy transition and retention of the existing skills, expertise and investment in the wider supply chain.

3.2 A key intervention is the work by the Council to date in developing 'Hydrogen Aberdeen' and its leading role, nationally and internationally, developing hydrogen as an alternative for transport fuels. The focus in the year ahead will be to develop a hydrogen hub in the city and, longer-term, deliver a commercial scale, green hydrogen production, storage, and distribution hub. Creating new supply chain activity will also be critical and international exports and investment will be a paramount component in this.

3.3 International partnerships have a role in supporting this wider agenda. Internationalisation is also a key theme of the Regional Economic Strategy (RES) – in energy, food, drink, agriculture and fishing; tourism and life sciences.

3.4 Officers work closely with Department for International Trade (DIT) and Scottish Development International (SDI), the international arms of the UK Government and Scottish Government respectively. Both are focussing on energy transition and low carbon technology development and are no longer focussing on oil and gas projects. The Scottish Government's 'Vision for Trade' was published in January 2021. It states that the five trade principles which will underpin trading and investment relationships for Scotland are: Inclusive Growth; Wellbeing; Sustainability; Net Zero; and Good Governance.

3.5 Aberdeen is also a founding member of the World Energy Cities Partnership (WECP), which connects 19 global energy capitals. Historically, WECP has been focussed on oil and gas activities and membership has been from 'traditional' oil and gas capitals. However, recently, there has been a strategic shift in the organisation with all cities committing to fostering the transition to a more sustainable energy future.

3.6 In summary, the Plan for the year ahead will reflect

- The global shift towards energy transition;
- The Council's focus on delivering the Net Zero Vision;

- Shift away from intervention directly in international oil and gas support, corroborated by partner strategies and the wider focus by WECP;
- Progress made by the Council in the development of hydrogen infrastructure and projects;
- An overall need to retain Aberdeen's status as a global energy capital as other city regions progress with their decarbonisation plans.

International Trade Priorities

- 3.7 It should be recognised that whilst the energy transition markets identified offer significant new growth markets, diversification and new business opportunities for Aberdeen's companies and organisations, oil and gas is going to continue to be very important for our economy for decades to come. Therefore it is recommended that the Trade and Investment team continue to fulfil all current, active, MoUs with an oil and gas focus whilst actively developing new international relationships. Markets where there is sufficient communication for MOUs to be classed as active are: Barranquilla, Colombia; Kobe, Japan; Pemba, Mozambique; Villahermosa and Ciudad Del Carmen, Mexico; and Macaé, Brazil.
- 3.8 The Lord Provost currently holds the Presidency of World Energy Cities Partnership. Recent planned activities have been restricted on account of Covid-19, and WECP will be considering the implications of Covid-19 on the current and next presidency. For this plan, Aberdeen will continue to play an active role in the partnership, recruiting new member cities, and engaging with WECP partner cities.
- 3.9 The Council's intention to enter into an MoU with Tamaulipas, Mexico was approved at this committee in February 2020 (PLA/20/025). It is the intention for this MoU to be signed in 2021. The Council has also been developing a relationship with Muroran City, Japan with a focus on hydrogen. It is the intention that the Council will sign virtually a new MoU with Muroran City in 2021. Aberdeen City Council signed virtually a new MoU with Macaé, Brazil in October 2020.

2021/2022 PLAN

- 3.10 This Committee has previously approved travel for the Lord Provost and two officers to the two set-piece WECP meetings per year until April 2022. These are the Working Group meeting (Houston, alongside OTC each May) and the Annual General Meeting (a partner city hosts each autumn following a bidding process). It has been confirmed that the 2021 Working Group Meeting will take place virtually and that the 2021 WECP AGM is intended to take place in Dammam, Saudi Arabia in November, subject to travel risk being deemed acceptable.
- 3.11 WECP is again partnering with CERAWeek, the world's leading energy forum. CERAWeek 2020 was postponed, and CERAWeek 2021 took place virtually. The next physical CERAWeek event is planned to take place in Houston in March 2022. It is recommended that Aberdeen City Council participate in CERAWeek in 2022. A specific programme for WECP Mayors and civic leaders

will be arranged to give the opportunity to have a direct dialogue with some of the global energy executives and senior members of the policy, financial, industrial and technological communities who attend the event. In the period to date, the Council has secured participation of the Oil and Gas Technology Centre (OGTC) at CERAWeek events, and also high tech start-ups that have participated in OGTC incubator activity.

- 3.12 An annual service update will be circulated to Committee members on all travel outlining the benefits to the city.
- 3.13 Government advice and guidelines regarding this pandemic are currently that no international travel is authorised to take place. Officers will continue to monitor government advice and recommend that no international travel can take place until it has been declared safe and advisable to do so from the UK, including destination, and any connecting locations. Until then, activity will continue to be done virtually.

4. FINANCIAL IMPLICATIONS

- 4.2 There is an approved City Growth travel budget of £67,200 which is available to support international trade activity and the WECP in 2021–2022.
- 4.3 It was agreed at the WECP AGM in 2020 that the 2020 unspent President Travel budget (\$10,000) could be rolled over for use in 2021. As a result, additional WECP activity or changes to its presidency can be supported from an available budget of \$20,000 (c£16,000) in 2021/22. £14,000 of this has been committed to visits to Ulsan and Dammam.

5. LEGAL IMPLICATIONS

- 5.1 The Local Government (Scotland) Act 1973 stipulates that Elected Members' travel can only be funded if it is classed as an 'approved duty'. Approved duties include *the carrying out of any other duty approved by the local authority, or anything of a class so approved for the purposes of, or in connection with, the discharge of functions of the local authority or any of its committees or sub-committees.*
- 5.2 Local authorities have a statutory duty to secure best value as per section 1 of the Local Government in Scotland Act 2003. The Council has Travel Policies for both members and officers. All travel should be booked in accordance with the arrangements set out in these policies to ensure the most cost – effective travel arrangements are utilised.

6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Strategic Risk	Failure to adapt to the changing priorities in international energy markets with a consequent negative impact on local economic activity.	H	Widening the international trade priorities and emerging markets. Alignment with Council's objectives and ambitions in energy transition.
Compliance	Spend not in line with approved duties. Inherent risk involved in travel to certain markets eg security.	L	All travel will be booked and managed in accordance with Council's Travel Policies for Members and Officers. FCO travel advice will be followed.
Operational	As a result of Covid-19, international travel has been deemed high risk for over a year and is likely to continue to be so for a considerable period.	H	A detailed risk assessment will be required and careful consideration given to infection rates, data on vaccine efficiency, the emergence of new variants, the availability of insurance, the possibility of quarantine requirements and any psychological factors arising from long-term self-isolation by individuals. As it is extremely uncertain when any international travel will be able to take place safely, all relationship development will initially take place virtually.
Financial	There is a risk that actual costs exceed those anticipated in this report	L	The approved plan and costs will ensure that no travel will be booked if it exceeds the approved amount. Early booking will also ensure the best price is secured
Reputational	There are reputational risks for the city if it does not	H	Fulfilling the Council's obligations in terms of WECP membership, with

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
	<p>actively participate in international partnerships (WECP) and in developing market relationships. These are vital to ensuring that the city's global profile is maintained.</p> <p>Conversely there is also reputational risk from the perception about international travel at a time when it is still considered high risk.</p>		<p>particular reference to the Lord Provost's Presidency, will ensure continued international profile. Working with the UK Government (DIT) on emerging geographical and energy transition markets will also ensure that Aberdeen remains at the forefront of international trade activity.</p> <p>A full risk assessment will be carried out in line with government guidance and regulation and the travel policies of other public sector bodies.</p>
Environment / Climate	Carbon footprint of air travel.	M	There is still a benefit of face-to-face meetings in certain circumstances but consideration will be given to what can reasonably be done virtually.

7. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
	Impact of Report
Aberdeen City Council Policy Statement	International Trade supports the delivery of the economy objectives of the Policy Statement in addition to the delivery of the Regional Economic Strategy. This is particularly aligned to unleashing the non-oil and gas economic potential of the city.
Aberdeen City Local Outcome Improvement Plan	
Prosperous Economy Stretch Outcomes	New economic activity is important for the economy of Aberdeen and promotional activities and the formation of relationships in international markets assists Aberdeen companies to increase their export turnover in these regions.

<p>Regional and City Strategies</p>	<p>The report seeks approval for continued work across international partnerships and proposes priority markets for the development of further activity and possibly Memoranda of Understanding.</p> <p>In addition, the collaborative approach with Scottish Enterprise, Scottish Development International and the Department for International Trade should deliver efficiency benefits.</p> <p>The report conforms with the objectives of Council's Strategic Infrastructure Plan and Net Zero Vision', the Regional Economic Strategy (RES), H2 Aberdeen Strategy and WECP Strategic Plan.</p>
<p>UK and Scottish Legislative and Policy Programmes</p>	<p>The report conforms with the objectives of the Scottish Government's 'Vision for Trade' and recent policy announcements.</p>

8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	Not required
Data Protection Impact Assessment	Not required

9. BACKGROUND PAPERS

PLA/19/178 – World Energy Cities Partnership AGM, Presidency and Travel, report to City Growth and Resources Committee, 7 February 2019 – approved;

PLA/19/230 - Trade and European Partnerships Travel Plan 2019/20, 25 April 2019 – approved; and

PLA/20/024 - Trade and European Partnerships Travel Plan 2019/20 Update, 6 February 2020 – approved

10. APPENDICES (if applicable)

None

11. REPORT AUTHOR CONTACT DETAILS

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