

## ABERDEEN CITY COUNCIL

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COMMITTEE	Enterprise, Planning and Infrastructure
DATE	31 January 2012
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	Draft International Trade Plan 2012/2013
REPORT NUMBER:	EPI/12/053

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### 1. PURPOSE OF REPORT

The report seeks approval for the Council's planned international trade development activities for 2012/2013, and in particular the attendance at overseas trade events, in order to help deliver the economic development priorities of the Single Outcome Agreement; Vibrant, Dynamic and Forward-looking; and the ACSEF vision.

### 2. RECOMMENDATION(S)

It is recommended that Committee:

1. Approve the report and the activities described herein, subject to their approval by the Scottish Government in the normal manner
2. Receive a bulletin report on each event undertaken in the plan

### 3. FINANCIAL IMPLICATIONS

The delivery of the proposed programme of international trade development activities is dependent upon a 2012/2013 international trade service budget allocation, covering staffing costs and operational programmes. This will be determined in February 2012 as part of the Council's corporate budget setting process.

In 2011/2012, the allocated budget was £63,000. The 2012/2013 international trade plan is based on a budget at approximately the same level as 2011/2012, and is therefore subject to change, depending on the Council's 2012/2013 budget allocations. If there are significant changes as a result of budget decisions, a revised plan will be submitted to the next Committee in May 2012.

### 4. OTHER IMPLICATIONS

**Health and Safety:** The health and safety implications of all overseas journeys are taken into account during planning, with any exceptional implications to be

addressed at the time. Officers regularly review the travel advice provided by the Foreign and Commonwealth Office and are in contact with counterparts in-country to ensure information is accurate and up-to-date. When participating in overseas journeys, Council officers and Elected Members are covered by the Council's insurance policy. A risk assessment is carried out for each overseas journey.

**Risk Management:** The risks associated with **not** undertaking this international trade development work are:

- City companies would have significantly reduced opportunities to enter new export markets and exploit export opportunities;
- Aberdeen's position as a global energy capital would be compromised if there was no local support, for example, to host high-level visiting business delegations; likewise, there would be a serious risk of loss of visibility on the world energy industry stage if profile was not maintained at key overseas trade events
- The Council would not be fulfilling its obligations in the Single Outcome Agreement, VDFL or the role set out in the Scottish Economic Recovery Plan, which places internationalisation as "one of the central priorities for the acceleration of the Scottish recovery".
- Loss of targeted local support to local businesses could contribute to their failure, or their decision to relocate from Aberdeen.

**Staffing:** The international trade team is currently staffed by one full-time Senior Officer International Trade and Investment and supporting this role are two full-time International Trade Officer posts, both of which are currently vacant. The successful delivery of the plan is dependent on a fully-staffed team. These staffing numbers do not take account of City Promotion team personnel who lead on exhibitions such as OTC and ONS. Market prioritisation has been considered carefully to ensure staffing resources are targeted where they can deliver most value and benefit to local companies.

## 5. BACKGROUND/MAIN ISSUES

### Regional, National and International Context

The vision of Aberdeen City and Shire Economic Future (ACSEF) is for Aberdeen City and Shire "to be recognised by 2025 as one of the most robust and resilient economies in Europe with a reputation for opportunity, enterprise and inventiveness that will attract and retain world-class talent of all ages." Aligned to this is the need to maintain an excellent quality of life, for which the region is already renowned.

To achieve this vision, and ensure sustainable growth and prosperity for the region, Aberdeen City and Shire's public and private sector organisations need to work in partnership to deliver on the 7 strategic priorities (below) in the 4 key industry sectors of **energy, life sciences, tourism** and **food and drink**.

#### 1. Deliver a fully integrated transport network

2. Maximise our intellectual capital – people and expertise
3. Anchor the oil and gas industry
4. Deliver city centre redevelopment
5. Attract and develop skilled people
6. Improve the efficiency of planning decision-making
7. Location of choice for company headquarters

This report outlines how the Council's international trade team will contribute to the delivery of these priorities, particularly items 2, 3, 5 and 7.

The international trade team helps to create the conditions for sustainable economic growth in the City by providing strategic support to City businesses to enhance their internationalisation (eg increase export of products and services).

The team does this by working effectively in partnership with key local, national and international partners to enhance the City's strategic profile and position as a global energy capital, and as an even better place in which to live, work, invest, visit and grow up.

In practical terms, this means supporting trade missions, hosting inward business delegations, facilitating contacts between local and international companies, holding business seminars, attending key industry conferences and exhibitions and providing market intelligence.

In many of these activities, the team works in partnership with Scottish Development International, UK Trade and Investment and other local and national organisations to ensure the focus of the work is demand-led and there is a coordinated approach to international trade activity. The team seeks to leverage the combined benefit of partner activities to maintain profile and will support partners' activities at select events where the team is not represented in person.

### Sector prioritisation

It is proposed that the City Council's international trade team should continue its clear focus on the **energy** industry for the following reasons:

- The energy industry, both oil and gas and renewables, remains the key driver for the regional economy
- The energy industry is where the team can add most value for SMEs through supporting trade missions, hosting inward delegations, holding seminars etc
- There is significant industry-led demand for support to increase internationalisation and support further exports
- Support for high-value jobs in the city
- Future potential of subsectors such as subsea, decommissioning, unconventional oil and gas etc
- Activity complements national support from SDI and UKTI

- Existing knowledge, expertise and experience within the team is focused on the energy industry
- Other sectors benefit from existing support (eg support for life sciences from SDI; support for tourism from the Council's City Promotions team and Visit Scotland; support for food and drink from Aberdeenshire Council)

Assuming a clear focus on the energy industry by the international trade team, the team must then narrow its focus further to certain key geographic target markets, in order to direct its limited staffing and budget resources towards optimal outcomes for local companies.

The priorities below are determined by taking into account the following:

- Industry opinion, for example, through the Export Survey and ad-hoc questionnaires
- Current knowledge, experience and expertise within the team
- Forecasting of future market developments
- Views of Council officers and Elected Members
- Views of local and national partner organisations via the Aberdeen City and Shire Export Partnership
- Opportunity for best return on investment (eg of staff time, project budget)
- Cities/regions where good working relationships are already in place
- Accessibility of the market (eg regulations, business culture, language etc)

### **Summary of target markets and priority levels**

In order to focus activity where it can deliver most benefit to local companies, it is necessary to prioritise certain markets, to determine the type and amount of activity to be undertaken in that market.

Activity in Tier One – the top priority markets – will include proactive outward and inward business support, for example trade missions, exhibitions, conferences, inward visits, local seminars, sponsored events etc.

Activity in Tier Two – medium priority markets – will include continued business support with some outward but mainly local or inward events, such as seminars.

However, given the speed with which markets and the oil and gas industry change and develop, this framework is intended as a guide only. The team will endeavour to maintain enough operational and financial flexibility to enable it to respond to any unexpected opportunities that may arise which have the potential to provide an immediate return for Aberdeen companies.

#### **Tier One (top priority)**

US (Gulf of Mexico)

Brazil

Norway

## **Tier Two (medium priority)**

Australia  
Iraq  
WECP partners

### **Additional Priorities**

#### **Unconventional Oil and Gas Conference November 2012**

The international trade team, in partnership with the private sector, is organising a second conference in Aberdeen in November 2012 focusing on the fast-emerging global sub-sector of unconventional oil and gas.

#### **2012 Aberdeen City and Shire Export Survey**

The biennial Export Survey is a vital ingredient in determining how to tailor international trade services according to company demand.

#### **World Energy Cities Partnership (WECP)**

Aberdeen City Council is a founding member of the World Energy Cities Partnership – an 18-strong network of global energy cities that encourages the exchange of energy industry knowledge and economic and infrastructure development strategies.

Representatives of the City Council attend two WECP meetings per year: the Annual General Meeting each October, and a working meeting during the Offshore Technology Conference in Houston each May.

The focus of activity in 2012/2013 will be on academic collaboration and maximising business development opportunities.

#### **Renewable Energy**

An emerging component of the international trade team's work will be its support for the renewable energy sector and, once the appropriate vacancy has been filled, officers will report on planned activity in this sector.

#### **Memoranda of Understanding (MOU)**

Please see separate report to this Committee on a review of MOU.

#### **Type of activity**

Having identified the priority sector (energy) and the priority markets as above, the next step is to identify what type of international trade support activity will deliver the best results for Aberdeen companies.

The type of activity undertaken will depend on the nature of each market, the level of industry interest/demand, resource capacity (both budget and staffing), and ability to maximise output through working in partnership in order to ensure the Council obtains maximum value for every pound it spends.

In general, the type of activity will include:

- Attending industry conferences and exhibitions – taking a stand at some, simply having a mobile presence at others
- Where appropriate, accompanying trade missions to target markets
- Hosting (both through proactively attracting and responding to requests from partners) key inward business delegations from main target markets
- Hosting business seminars for local companies
- Making better use of existing networks such as WECP, MOU etc

## 6. IMPACT

**Corporate:** The contents of the report relate directly to delivering the economic development aspects of the Single Outcome Agreement:

National Outcome 1 – We live in a Scotland that is the most attractive place for doing business in Europe

National Outcome 2 - We realise our full economic potential with more and better employment opportunities for our people

Local Outcome – Anchor the Oil and Gas Industry

Local Outcome – Diversification of the Economy

The contents of the report also relate directly to delivering the economic development aspects of the Administration's Policy Statement Vibrant, Dynamic and Forward-looking:

“The future prosperity of our city depends on ensuring that Aberdeen becomes an even more attractive place in which to do business and so ensure that high quality employment opportunities exist for citizens. The partnership will continue to promote Aberdeen as the Energy capital of Europe and seek to lead in the field of renewable energy.”

An Equality and Human Rights Impact Assessment is not required for this report.

## 7. BACKGROUND PAPERS

Aberdeen City and Shire Export Survey

Scottish Government Economic Strategy

Scottish Government International Framework

The Economic Action Plan (2008) for Aberdeen City and Shire – ACSEF

Aberdeen City Council Single Outcome Agreement

Vibrant, Dynamic and Forward-Looking

Aberdeen and Grampian Chamber of Commerce Oil and Gas Survey

## 8. REPORT AUTHOR DETAILS

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### DRAFT INTERNATIONAL TRADE PLAN 2012 – 2013

MARKET	TRADE EVENT	TIME AND PLACE	JUSTIFICATION	OFFICER INVOLVEMENT	COMPANY INVOLVEMENT	MEMBER INVOLVEMENT	BUDGET* *Estimates pending 2012/2013 allocations
USA	Offshore Technology Conference (OTC)	Houston, USA 30 April – 3 May 2012	OTC is the major global oil industry show. USA is the no.2 current market for current exporters. Also includes WECP meetings.	Two Officers	Yes – but not directly with ACC	No – due to proximity to 2012 Local Government Elections	£6,000 includes costs for 2 officers and attendance at WECP.
Partnerships (WECP, MOU etc)	Global Petroleum Show	Calgary, Canada 14-16 June 2012	To promote World Heavy Oil Congress 2012 in Aberdeen in September 2012. The City of Calgary has offered free exhibition space.	One Officer (City Promotions)	Yes – but not directly with ACC	Not required.	£1,000 (International Trade) £2,000 (City Promotions)
Norway	Offshore Northern Seas (ONS)	Stavanger, Norway 28-31 August 2012	Norway is the no.1 current market for current exporters and no.3 target market for current exporters.	Four Officers (Two City Promotions; Two Business Growth)	Yes – numbers TBC	Yes – Lord Provost	£6,000 (International Trade) £25,000 (City Promotions)
Brazil	Rio Oil and Gas; UKTI Energy Showcase; Trade Mission	Rio de Janeiro, Brazil Mid-Late September 2012	UKTI Energy Showcase. Brazil is a top priority market due to scale of opportunity. MOU partner.	Up to two Officers	Yes – numbers TBC	Not required.	£6,000
Partnerships (WECP, MOU etc)	WECP AGM	St John's, Canada October 2012	WECP Annual General Meeting; development of WECP network; outward trade mission	Two Officers	Yes – numbers TBC	Yes - Lord Provost	£6,000; plus £6,000 annual membership fee
Inward visits to Aberdeen from various markets	Inward Visits 2012/13	Aberdeen Various dates TBC/on request eg Rio Grande do Sul in June (TBC)	Inward visits from overseas delegations anticipated from key target markets during 2012/13, eg especially for <ul style="list-style-type: none"> <li>• Subsea 2012, All Energy 2012, World Heavy Oil Congress 2012, Unconventional Gas Aberdeen 2012.</li> </ul> Number of requests for assistance with visits likely to be high.	To be determined as required.	Yes	Yes – requests likely for civic receptions, civic welcomes etc	
Local seminars and workshops in Aberdeen on various markets	Local seminars and workshops	Aberdeen Various dates TBC	Programme of local seminars and workshops to focus on key target markets.	To be determined as required	Yes	Not required.	



