

ABERDEEN CITY COUNCIL

COMMITTEE	Enterprise, Planning and Infrastructure
DATE	22 January 2013
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	Draft International Trade Plan 2013/2014
REPORT NUMBER:	EPI/12/260

1. PURPOSE OF REPORT

The report seeks approval for the Council's planned international trade development activities for 2013/2014, and in particular the attendance at overseas trade events, in order to help deliver the economic development priorities of the Smarter Aberdeen vision. The report is a "Draft" International Trade Plan for 2013/2014 and is being brought forward now to allow adequate lead-in times for activity planning and delivery.

The Plan's finalisation is dependent on two factors: the approval of the 2013/2014 budget, and any significant unanticipated changes arising from the 2012 International Trade Survey, which is being undertaken at present. If there is a significant change from 2012/2013 to 2013/2014 in the operational budgets for international trade activity, or, if the results of the Survey indicate demand for significantly different priorities, a revised report will be brought forward to the next EP&I Committee on 19 March 2013.

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. Approve the relevant travel by officers and Elected Members for the activities as described in the Appendix
3. Receive a bulletin report on each event undertaken in the plan
4. Receive a presentation on the findings of the 2012 International Trade Survey at the next Committee (19 March 2013).

3. FINANCIAL IMPLICATIONS

The delivery of the Draft International Trade Plan 2013/2014 is dependent upon a 2013/2014 international trade budget allocation within the Economic and Business Development budget, covering staffing costs and operational

programmes. This will be determined in February 2013 as part of the Council's corporate budget setting process.

In 2012/2013, the allocated operational budget was £68,000, excluding staff costs. The 2013/2014 Draft International Trade Plan is based on a budget at approximately the same level as 2012/2013, and is therefore subject to change, depending on the Council's 2013/2014 budget allocations. If there are significant changes as a result of budget decisions, a revised Plan will be submitted to the next Committee on 19 March 2013.

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, the vision for Smarter Aberdeen, 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 one full-time International Trade Officer. A third post of International Trade Officer (Energy), shared and co-funded with Aberdeen Renewable Energy Group, is 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 Offshore Europe and Offshore Northern Seas. Market prioritisation is considered very carefully to ensure staffing resources are targeted where they can deliver most value and benefit to local companies. However, any requests to deliver international trade activities over and above those in this Plan will be subject to the availability of suitable staff and budget resources.

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 ACSEF’s 7 strategic priorities (below) in the four 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, and is aligned with the new ACSEF action plan for 2013-2019, Building On Success.

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 primary 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 Aberdeen; support for food and drink from Aberdeenshire Council)

Assuming a primary 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 biennial International Trade 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 North East Scotland Trade Group
- 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)
- Ease or otherwise of market entry (ie how much help companies need to enter the market)

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, and 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.

The 2012 International Trade Survey is being undertaken at present and its findings will help to inform the activities and priorities for the year ahead. The team anticipates a reasonably high degree of consistency in terms of the top priority markets remaining the same or similar. Therefore the following markets are deemed the most appropriate for prioritisation.

Tier One (top priority)

US (Gulf of Mexico)
Canada
Brazil
Norway

Tier Two (medium priority)

Australia
Iraq
World Energy Cities Partnership fellow member cities

Additional Priorities

Offshore Europe September 2013

Aberdeen will host Offshore Europe from 3rd to 6th September 2013. The event, which celebrates its 40th anniversary this year, is expected to attract around 50,000 delegates and 1500 exhibitors from nearly 100 countries. The City Council's exhibition presence is managed by the City Promotions team. The International Trade team will be required to plan and deliver detailed business programmes for a wide range of international and VIP delegations.

Unconventional Oil and Gas Conference November 2013

The International Trade team, in partnership with the private sector, will support a third annual conference in Aberdeen in November 2013 focusing on the fast-emerging global sub-sector of unconventional oil and gas.

2012 Aberdeen City and Shire International Trade Survey

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

North East Scotland Trade Group

This group was formerly constituted as Business Gateway International and was resourced by two Scottish Enterprise staff. Following restructuring at Scottish Enterprise, the group ceased. It was reconvened in 2012 as the North East of Scotland Trade Group, with the partners comprising Aberdeen City Council, Aberdeenshire Council, Aberdeen and Grampian Chamber of Commerce, Scottish Development International, UK Trade and Investment, Subsea UK, and the Scottish Council for Development and Industry.

The group shares international trade plans to avoid duplication and address any gaps in service provision and has developed a shared events calendar for ease of use by the business community.

World Energy Cities Partnership (WECP)

Aberdeen City Council is a founding member of the World Energy Cities Partnership – a 19-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 2013/2014 will be on maximising business development opportunities, addressing infrastructure investment challenges and tackling skills shortages.

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. A particular focus is anticipated in the hydrogen sector, due to the HyTrec and hydrogen bus projects in Aberdeen.

Memoranda of Understanding (MOU)

Aberdeen City Council has six Memoranda of Understanding, established between the mid 1990s and most recently in 2006 :

- Nova Scotia, Canada (jointly with Aberdeenshire Council and Moray Council);
- Newfoundland and Labrador (jointly with Aberdeenshire Council and Moray Council);

- Torshavn, Faroe Islands;
- State of Rio de Janeiro, Brazil;
- Western Kazakhstan (Atyrau);
- Villahermosa and the State of Tabasco, Mexico.

A report on these MOU was submitted to EP&I Committee on 31 January 2012 and work continues in order to ensure best value from these agreements.

In line with the recommendations in this past Committee report, no new further MOU agreements are being considered in the near future. However, it should be noted that we have recently received an approach from Basra, in Iraq, to explore how/whether Aberdeen may be able to help them develop their oil and gas sector and the City administration's capability to deliver effective public services. Economic and Business Development officers are currently in discussions with the Foreign and Commonwealth Office to determine how/whether this might be possible under some kind of "economic development agreement" between Basra and Aberdeen. Given Basra's desired wish to explore ways in which they can learn from Aberdeen in relation to the delivery of public services, any development agreement will likely need to involve other services from within the Council. If discussions reach a point where ACC are asked to enter into any formal economic development agreement, a report will be prepared and submitted to Committee to determine whether/how this should be progressed.

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 outcomes of the 2012 International Trade Survey, 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 an exhibition stand at some, simply having a proactive, mobile presence at others
- Where appropriate, accompanying (and, if resources allow, organising and leading) 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 Smarter Aberdeen vision.

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

7. BACKGROUND PAPERS

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

Scotland's Oil and Gas Strategy 2012-2020

8. REPORT AUTHOR DETAILS

Elaine Robertson

Business Growth Manager

Enterprise, Planning and Infrastructure

Tel 01224 522940

Email elrobertson@aberdeencity.gov.uk

DRAFT INTERNATIONAL TRADE PLAN 2013 – 2014

MARKET	TRADE EVENT	TIME AND PLACE	JUSTIFICATION	OFFICER INVOLVEMENT	COMPANY INVOLVEMENT	MEMBER INVOLVEMENT	BUDGET* *Estimates pending 2013/2014 allocations
Norway	SDI Trade Mission	Norway April/May 2013	Norway is the top market for current exporters, and 3 rd most important target market.	One Officer	Yes	Not required	£2,000
USA	Offshore Technology Conference (OTC) SDI Trade Mission	Houston, USA 6 – 9 May 2013	OTC is the biggest global oil industry show. The City Council is obliged to attend WECP annual working meetings at OTC.	Up to four Officers	Yes	Yes, Lord Provost and Leader	£21,000
Partnerships (WECP, MOU etc)	Gas & Oil Expo	Calgary, Canada 11-13 June 2013	Calgary is a key WECP partner city; Alberta oil sands developments present significant opportunities in an accessible market.	Up to two Officers	TBC	Not required.	£2,000
Hydrogen sector	International Hydrogen and Fuel Cell Conference	Vancouver, Canada 16-19 June 2013	To follow directly from the above Exhibition to minimise costs. This is the leading international trade show for the hydrogen and fuel cell technology sector.	Up to two Officers	TBC	Not required.	£2,000
Brazil	SDI/UKTI Trade Mission	Rio de Janeiro, Brazil Dates TBC	Brazil is a top priority market due to scale of opportunity. MOU partner; WECP member city.	Up to two Officers	Yes	Not required.	£6,000
Partnerships (WECP, MOU etc)	WECP AGM	Dongying, China 16-20 October 2013	WECP Annual General Meeting; development of WECP network; outward trade mission.	Up to two Officers	TBC - Depends if AGM coincides with Dongying Oil Show.	Yes - Lord Provost	£6,000 (Approximately £2,000 per person)
USA	Louisiana Gulf Coast Oil Exposition SDI Trade Mission	Lafayette, Louisiana 22-24 October 2013	USA is the 2 nd top current market for exporters.	One Officer	Yes		£2,000
Inward visits to Aberdeen from various markets	Inward Visits 2012/13	Aberdeen Various dates TBC/on	Inward visits from overseas delegations anticipated from key target markets during 2013/14,	To be determined as required.	Yes	Yes – requests likely for civic receptions, civic welcomes etc	Est. £10,000 in total throughout the year

		request eg Rio Grande do Sul in June (TBC)	especially for <ul style="list-style-type: none"> • Subsea 2013, • All Energy 2013, • Offshore Europe 2013 • Unconventional Gas Aberdeen 2013. Number of requests for assistance with visits likely to be high.				
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.	Est. £5,000 throughout the year
							Est. total for activity: £56,000
							Total est. budget: £68,000
							Balance: £12,000**

****NB:** Please note that the estimated balance of £12,000 will be required to cover WECP annual membership (\$8,000), North East of Scotland Trade Group activities, continued sponsorship of the Unconventional Gas Conference 2013, and publication and launch of the 2012 Aberdeen City and Shire International Trade Survey.