

ABERDEEN CITY COUNCIL

COMMITTEE	Enterprise, Strategic Planning and Infrastructure
DATE	21 January 2014
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	Proposal for the Signing of a Memorandum of Understanding between Aberdeen and Mokpo, South Korea
REPORT NUMBER:	EPI/13/260

1. PURPOSE OF REPORT

The purpose of this report is to outline a proposal for the signing of a Memorandum of Understanding between Aberdeen and Mokpo, South Korea

2. RECOMMENDATION(S)

It is recommended that Committee:

- a) Approve in principle the signing of a three-year Memorandum of Understanding between the cities of Aberdeen and Mokpo, including an annual action plan, annual review and one annual meeting alternating between the cities (eg 2014 in Aberdeen; 2015 in Mokpo etc)
- b) Request officers to report annually to Committee on outcomes achieved as a result of the Memorandum of Understanding

3. FINANCIAL IMPLICATIONS

There is no additional budget available to support a new Memorandum of Understanding. Therefore all activities will have to be resourced from within the existing operational and staffing budgets for Business Growth, and from interested partner organisations. This may have a detrimental impact on other activities in other priority export markets if some funding or staff time has to be diverted towards supporting the MOU and this will be risk assessed as part of the team's action planning process. Opportunities to generate income will be explored as part of the action plan.

4. OTHER IMPLICATIONS

This new initiative will be managed and delivered by the International Trade team (3 FTE, though at the time of writing the team is currently at 2 FTE and is in the process of filling the vacancy of 1 FTE) within Business Growth. Given the limited resources, and the range of existing commitments to other

export markets, it is essential that a clearly defined action plan be agreed and adhered to.

5. BACKGROUND/MAIN ISSUES

South Korea is the 12th largest economy in the world, and the 4th largest in Asia. In spite of the prevailing global economic conditions, its economy grew by 3.6% in 2011, the fastest in the OECD (Organisation for Economic Cooperation and Development), and further growth of 2-3% is forecast for 2013.

An EU-Korea Free Trade Agreement was signed in October 2010 and came into force in July 2011, providing for the removal of duties on 97% of all duties within three years. It is the second biggest free trade deal ever and is expected to deliver up to 32 billion euros in increased trade between the two parties. Since the agreement was signed, the UK has become Korea's 2nd largest trading partner among EU countries. UK goods exports to Korea increased 82% year-on-year in 2012, making South Korea the single largest growth market for UK exports.

There are already a number of cooperation agreements in place between the UK and South Korea, many of which were signed in November 2013 during a State Visit to the UK by President Park Geun-hye. These include:

- UK Trade and Investment signed a Memorandum of Understanding with the Korea Trade Investment Promotion Agency
- Newcastle and Strathclyde Universities signed separate Memoranda of Understanding with the Korea Institute for Advancement of Technology and the Korea Offshore and Shipbuilding Association to commit to three intakes of postgraduate students, with £5m per year to be shared between the two universities.
- Imperial College and Postech signed an MOU to stimulate further collaborations between the UK and Korea in the area of Hydrogen and Fuel Cells, leveraging funding from both the Engineering and Physical Sciences Research Council and the Korean Government.

During the State Visit, the UK and South Korean Governments committed to doubling trade and Foreign Direct Investment by 2020.

The British Embassy in Seoul has indicated an early positive interest in and desire to support the Aberdeen-Mokpo links.

Moving to a more local/regional perspective, Aberdeen Business School has student and staff exchange relationships with Hanyang University and University of Seoul, both in Seoul, and with Keimyung University in Daegu.

Furthermore, the University of Aberdeen is also exploring collaboration opportunities with the province of Gyeongnam and will welcome a 17-strong senior Government and academic delegation to Aberdeen in early 2014. The City Council and University of Aberdeen are already working in partnership to

ensure the success of this visit and, in due course it may be possible, if all parties agree, to extend the scope of the MOU to include the wider interests of Aberdeen's academic community.

In spring 2013, representatives from the city of Mokpo in southwest South Korea contacted Aberdeen City Council about the possibility of establishing links with Aberdeen, particularly in the areas of renewable energy, marine engineering and higher education. The international trade team and Aberdeen Renewable Energy Group jointly welcomed a delegation from Mokpo to All Energy in May.

Following discussions between officers, Elected Members and Lord Green of Hurstpierpoint, Minister of State for Trade and Investment, during Offshore Europe in September, the Corporate Director for Enterprise, Planning and Infrastructure briefly visited Mokpo in November and agreed in principle to put forward for the Council's consideration a proposal to establish a three-year Memorandum of Understanding between Aberdeen and Mokpo.

The intention is to establish a three-year Memorandum of Understanding focusing on renewable energy (especially offshore wind and wave/tidal), marine engineering and higher education, with the Lord Provost of Aberdeen and the Mayor of Mokpo signing the MOU at All Energy 2014 in Aberdeen in May. The MOU will be backed up by an action plan and annual review.

The next steps would be for officers from Aberdeen and Mokpo to develop mutually acceptable text for an MOU and prepare for an inward visit to All Energy 2014 in May in Aberdeen.

6. IMPACT

The impact of the MOU will be determined by the implementation of the action plan, the content of which will include appropriate performance measures. Officers will report annually to Committee on the impact of the work.

7. MANAGEMENT OF RISK

A risk assessment on the MOU and corresponding action plan will be carried out by officers.

8. BACKGROUND PAPERS

Foreign and Commonwealth Office website www.gov.uk/fco
UK Trade and Investment website www.ukti.gov.uk

9. REPORT AUTHOR DETAILS

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