

ABERDEEN CITY COUNCIL

COMMITTEE	Finance Policy and Resources
DATE	09 March 2017
DIRECTOR	Bernadette Marjoram
TITLE OF REPORT	Aberdeen-Japan Strategy update
REPORT NUMBER	CHI/17/023
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

The report provides Elected Members with an update on economic development activity that has taken place as part of the Aberdeen-Japan Strategy (approved at Finance Policy and Resources Committee in February 2015) and sets out future proposals for this work.

2. RECOMMENDATION(S)

It is recommended that Committee:

- a) Note the update on economic development activity delivered as part of the Aberdeen-Japan Strategy during 2016 and early 2017;
- b) Agree that going forward, economic development activities in support of encouraging and increasing trade between Aberdeen companies and Japan will be considered as part of the annual report on the Council's international trade and inward investment priorities.

3. FINANCIAL IMPLICATIONS

There is no discrete budget allocation to support the delivery of the Aberdeen-Japan Strategy. The costs of hosting inbound delegations and the recent outbound visit by the Lord Provost to Nagasaki and Kobe were met from existing international trade budgets. Any future financial implications will be set out in the proposed report on investment and trade to Council in March 2017.

4. OTHER IMPLICATIONS

This report considers the recommendations in the Aberdeen-Japan Strategy that are specific to the remit of the Council's Economic Development Service. Other recommendations have been taken forward by third parties and are not covered by this report.

5. BACKGROUND/MAIN ISSUES

Finance Policy and Resources Committee approved the Aberdeen-Japan Strategy at its meeting in February 2015 and received an annual update report in February and September 2016. This report is proposed to be the last discrete report on activity with Japan, which will be incorporated into the Council's wider international trade planning going forward.

During 2016 and early 2017, the following activities have been delivered in support of the Aberdeen-Japan Strategy:

- An Economic Development officer attended the 12th International Hydrogen and Fuel Cell Expo in Tokyo in March 2016 to further develop Aberdeen's hydrogen sector. This resulted in an agreement with Toyota to supply 10 hydrogen cars to Aberdeen and the leveraging of a grant from the Office of Low Emission Vehicles for 75% of the costs with a value of £400,000. The vehicles will be deployed to the NHS, SEPA, Aberdeen City Council and the car club. Toyota are also sending a mission to Aberdeen from the bus company HINO to study the Aberdeen Bus project to assist with the development of infrastructure and planning for the Olympic Games in 2020.
- The Robert Gordon University (RGU) is hosting a group of fifteen Japanese students as part of the Nippon Marine Pioneers of the Future sponsorship programme in a bid to enhance capacity building in Japan. RGU are also working with Japan on environmental monitoring and health.
- One officer hosted a tour of Thomas Blake Glover House for representatives from Tokyo Sangyo Co and the University of Tokyo's Institute of Industrial Science
- In August 2016, the City Council hosted a delegation from Nagasaki City Council. The visit focussed on opportunities in the hydrogen sector and Aberdeen City Council's work on hydrogen transportation systems was showcased
- In September 2016, officers from Kobe City Council and Mitsubishi spent four days in Aberdeen and participated in a programme that highlighted economic strengths and opportunities in Aberdeen, with a particular focus on strengthening business-to-business networks
- Following this successful visit a second, more senior, delegation visited Aberdeen in February 2017 to assist the Lord Provost with his planned visit and to discuss how Aberdeen could work with Kobe in the development of hydrogen production facilities at the port of Kobe
- Also in February a delegation from Yokohama visited Aberdeen to learn how Aberdeen was successfully diversifying into marine renewables and to discuss possible industrial co-operation opportunities
- In February 2017, the Lord Provost and one officer travelled to Nagasaki, Nagoya, Tokyo and Kobe to further explore economic opportunities between those cities and Aberdeen. Meetings took place with various companies, Universities and the Scottish Development International office in Tokyo. These meetings have resulted in

companies expressing interest in inward visits to Aberdeen to look at potential investment in hydrogen projects. One such company is Asahi Kasei. They intend to visit Aberdeen in the next six months to look at opportunities for deploying their equipment to support projects in the city.

- Kobe City Council has also indicated that they will be bringing a delegation of politicians, university staff and businesses including Kawasaki Heavy Industries to talk to businesses in Aberdeen later this year.

Following a recent officer review of the Aberdeen-Japan Strategy, it is proposed that going forward the economic objectives it recommended be incorporated into the Council's core activity on international trade. A report on trade and investment priorities is scheduled to be considered by Full Council at its meeting on 15th March 2017.

The objectives from the Aberdeen-Japan Strategy that will be considered as part of the annual review of trade and investment priorities are:

- Promote Japan as a market to Aberdeen businesses
- Identify business opportunities in Japan and promote to relevant businesses
- Ensure Economic Development staff are knowledgeable about Japan to support Aberdeen businesses who wish to trade there
- Encourage attendance at sector-specific trade events in Japan

These are considered to be core activities for the Council's International Trade and Investment team and as such, opportunities in Japan will be considered alongside existing and emerging priority markets.

6. IMPACT

Corporate

Internationalisation is a key theme in the Regional Economic Strategy and Aberdeen City Region Deal and the implementation of the activities outlined in this report is expected to have a direct positive impact on Aberdeen companies' export success. The Council has a significant leadership role to play in terms of building civic and economic relationships that will deliver long-term economic benefits for the city and region. The contents of the report also relate directly to delivering the economic development aspects of the Administration's **Smarter Aberdeen** vision.

Public

No impact assessments are required for this report.

Improving Customer Experience

Delivering the activities outlined is expected to improve the experience of customers (Aberdeen's business community) by:

- Raising awareness among Aberdeen companies of business opportunities and how to access them in new, existing and target export markets in the energy sector
- Better positioning Aberdeen companies to win new export business by facilitating direct business to business links and maximising existing strategic partnerships
- Maintaining and building on the profile of Aberdeen as a global energy capital and world centre of excellence for subsea technology

Improving Staff Experience

Delivering the activities outlined provides the staff involved with valuable experience of dealing with a wide range of internal (Elected Members, senior officers) and external (businesses, Government personnel, diplomats etc) customers from a range of countries, cultures and backgrounds.

Improving our use of Resources

By working in partnership with North East Scotland Trade Group partners on the delivery of coordinated trade development activities the Council is able to share the workload and take lead or supporting roles where appropriate, without compromising the level of service delivered to the customer.

7. MANAGEMENT OF RISK

There are no particular risks that result from the proposals in this report. If the recommendations are approved, risk assessment related to future activity (including international travel) will be covered by the report to Full Council on 15 March 2017.

8. BACKGROUND PAPERS

- Scottish Government Economic Strategy
- Regional Economic Strategy
- *Aberdeen Japan Strategy Annual Report* [CHI/16/005] to FP&R, 16 Feb 2016 and subsequent minutes
- *Aberdeen Japan Strategy Update Report* [CHI/16/198] to FP&R, 20 September 2016 and subsequent minutes
- *Aberdeen Japan Strategy – Glover Club* [CHI/16/051] to FP&R, 19 April 2016

9. REPORT AUTHOR DETAILS

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