COMHAIRLE CONTAE FHINE GALL
FINGAL COUNTY COUNCIL

MONDAY 13TH APRIL 2015

ITEM No.16 (e)

Report of Corporate Policy Group Meeting held 08th April 2015

The following report was considered by the Corporate Policy Group:

"Signing of Sister City Agreement

Between Fingal and Chengdu, China

Report to the Economic Development and Enterprise Strategic Policy Committee, March 2015

1. BACKGROUND/CONTEXT

Chengdu is the provincial capital of the Sichuan province in Southwest China, as well as a major city in Western China. With a population that has surpassed 15 million people in May 2012, Chengdu is the fourth largest city in China. Chengdu is designated by the State Council as the very centre of commerce, logistics, finance and science and technology, and the hub for transportation and communication in Western China.

The fertile Chengdu Plain, on which Chengdu is located, is also known as the "The Land of Abundance" which reflects Sichuan's prosperous agricultural sector. Sichuan is one of the major agricultural production bases in China, particularly for citrus fruits, peaches, sugar cane, and sweet potatoes. The socialist market economy of China is the world's second largest economy by nominal GDP and by purchasing power parity after the United States. It is the world's fastest-growing major economy, with growth rates averaging 10% over the past 30 years and China is poised to overtake the U.S. as the world's biggest economy possibly before the end of 2015.

Key Economic Facts About Chengdu

- From January to April 2012, Sichuan foreign trade totalled €12 billion - rising 35.4% year-on-year. The corresponding national average growth rate was only 6%.
- Sichuan gross export value reached €7.6 billion - up 62.8%. This gross export value was much higher than the national average of 6.9% in the same period.
- Foreign direct investment in Sichuan reached €2 billion - a 28.5% year-on-year increase.
- In 2012, Sichuan province focused on promoting 500 major projects, which involve a total investment of €310 billion. The stimulus plan is one of the largest of any provincial plan in the country.

Key Economic Facts about Trade between Ireland and China

- Two-way trade increased by 13.2% in 2013 to €4.95bn.
- For seven consecutive years China has been Ireland's largest trading partner in Asia.
- In the past five years, Ireland has run a surplus in its trade with China.
- The Chinese Government is striving for sustainable economic growth and more balanced development.
- Ireland now hosts over 10,000 Chinese students.
- Both governments have recently reached an agreement on Ireland's plan to set up an Irish Consulate General in Hong Kong later this year – a testament to the strength and vitality of China-Ireland relations.

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- It is of particular importance to tap the co-operation potential in high technology, food and agriculture, education, tourism and increase two-way trade and investment.

2. RELATIONSHIP BETWEEN CHENGDU AND FINGAL

In 2011 the inaugural delegation from Chengdu visited Fingal and a delegation from Fingal visited Chengdu to participate in the 2011 Chengdu International Sister Cities Week. This visit provided the opportunity for the Fingal delegation to engage at first hand with the Municipal Authorities and to gain an appreciation of the business and Government cultures. The Chinese Government place very particular emphasis on establishing and building up relationships and it is particularly important to gain access to key decision makers. This was an important outcome of the visit. In 2012 a delegation from Fingal attended the First Convention of International Sister Cities Tourism Alliance in Chengdu. The visit included a formal dinner with the Mayor of Chengdu and the Fingal delegation.

A Chengdu City delegation, led by the Vice Mayor, Dr. Fu Yonglin visited Fingal in August 2013. The Vice-Mayor emphasised that Chengdu wished to extend and develop the relationship with Fingal in practical and tangible ways. Resulting from this visit there was a commitment on both sides to develop the partnership between Fingal and Chengdu towards full Sister City status. The following areas of priority have been identified:-

1. **Local Government** – significant opportunities for exchange of expertise and experience across a wide range of local government functions, including exchange of internships.
2. **Business** – Fingal Dublin Chamber of Commerce to establish direct liaison with the Chamber of Commerce in Chengdu.
3. **Horticulture** – Fingal is the main centre for horticulture and food production in Ireland. The area around Chengdu is also a very important area for food production in China and the group see great synergies between the municipalities here.
4. **Cleantech** – It is intended to promote job creation and green economic growth through the stimulation of the Cleantech sector in Dublin City Region to take advantage of this emerging market. We consider that there are great opportunities due to the existence of clustered technology companies in Fingal to engage with partners in Chengdu for mutual benefit.
5. **Education** – DIT is already linked with the University of Electronic Science and Technology of China and PhD and undergraduate students from Chengdu come to DIT to study computing and communications.
6. **Tourism** – We group welcomes the opportunity to develop co-operation between Tourism Ireland and Chengdu to encourage two-way tourist flow between our countries.
7. **Cultural Exchange** – Fingal County Council holds a number of cultural events throughout the year and there are opportunities for cultural exchanges between Chengdu and Fingal.

The seven opportunities listed above were issued to the Chengdu Municipal Foreign Affairs Office (CMFAO) who has indicated that they are very excited at the proposal and a draft Sister City Agreement was issued (copy attached in Appendix 1). The Sister City Agreement (SCA) is a five year agreement, after which time the effectiveness of the agreement and the future relationship with Chengdu would be re-evaluated. A delegation from Chengdu visited Fingal in November 2014 and it was agreed that the aapproval of the Council would be sought to signing a formal SCA with Chengdu. A decision to sign this agreement was made by the authorities in Chengdu in April 2014 and it must be signed within a year.

3. ECONOMIC BENEFITS OF SISTER CITY RELATIONSHIP

The economic benefits of sister city relationships is difficult to quantify. It is difficult to identify and attribute specific economic benefits to any sister city relationship. Rather than attempting to quantify the total economic benefits of a sister city relationship in Fingal it may be more appropriate to consider how the sister city relationship could generate economic gains. There is substantial potential for extracting economic benefits from sister city relationships but if Councils and businesses wish to experience greater economic gains from their sister city relationship they need to better take advantage of the opportunities that such links provide.

Local Government in China

In China, local government offices exert a significant amount of influence on foreign companies' operations in China. The influence can stretch beyond expected areas—such as product and investment approvals, customs clearance, and taxation—to touch on matters such as land use, human resources, and marketing. Fingal's relationship with Chengdu at a local government level can smooth the way for Fingal companies to develop trade links with Chengdu.

Tourism

In March 2014 the Irish Times reported that Ireland has been named "best potential destination" for 2014 at an awards ceremony in Shanghai, organised by Ctrip - the country's largest online travel agent and offering services to more than 90 million members. Ireland fended off competition from Turkey, Sweden, South Africa, Dubai, Kenya and Queensland. China is becoming one of the most important travel markets in the world, and outbound travel from China has grown at an exceptionally high rate over recent years, with the number of international trips growing significantly and forecasts for the next decade suggesting an even greater rise.

Access to Chengdu

Etihad Airways operates from Beijing, Shanghai and Chengdu to Dublin – via Abu Dhabi, and Etihad doubled its daily service to Dublin, from July 2014. Emirates also connect Dublin with four Chinese cities – Beijing, Shanghai, Guangzhou and Hong Kong – transferring via Dubai. Emirates also doubled its daily flights to Dublin, from 1st September 2014.

Education

Education links with China have grown significantly. There are more than 200 formal bilateral agreements in place between Irish & Chinese institutions for student/staff exchanges and the development of joint programmes and research activities. There are currently over 10,000 Chinese students studying in Irish Higher Education Institutions.

Exchange Learning Programme

CMFAO has offered Fingal two student exchange programmes, one for third level at undergraduate and PhD levels and one for Local Government. Both Dublin and Cork City Councils have availed of this initiative under their SCAs on the inward leg only to date.

English Language

English is increasingly becoming a language of the young in China and its influence is transitioning beyond basic communication. English is also influencing Chinese culture, and even the way the young think and act. Today, there are more people studying English in China than there are people living in the US. The government decided that having its citizenry speak the English language would allow it to better communicate with the international community, especially in matters of business,

trade and technology. China feels that English is the international language of business and that by speaking English, China will be more effective in its business dealings with the West. As the only English-speaking member of the Eurozone, Ireland and Fingal is ideally positioned to market itself to the Chinese SME and larger sectors as a gateway to Europe and the ideal place to locate a European Headquarters.

4. PROPOSAL

A two-year programme should be considered to bring the relationship between Fingal and Chengdu to a trade level and give indications of value to the Fingal economy from this relationship.

2015

In 2015 a small Fingal delegation consisting of two elected members (the Mayor, Cllr Mags Murray and the Chairperson of the Economic Development and Enterprise Strategic Policy Committee, Cllr Kieran Dennison) and two officials, should visit Chengdu by the end of April, 2015 and the Mayor (or her representative) should sign the Sister City Agreement and agree headings for co-operation with the Chengdu municipality. The Chief Executive/Director of Economic Development will meet with the organisation in Chengdu that advises Chinese companies who want to develop a European Headquarters and they can promote Fingal as an investment destination for SMEs or larger companies seeking a home for their European base.

In addition, the 2015 ITLG Silicon Valley Global Technology Summit will be hosted by the Dublin Fingal Region in partnership with Fingal County Council, Dublin City University, Institute of Technology Blanchardstown and Fingal Dublin Chamber. The summit will take place on 26th May 2015. The ITLG delegation will bring thought leadership on the latest innovations coming out of Silicon Valley, and will have a clear focus on investment in the next disruptive technologies and will include investor pitch sessions, technology conference, and Gala Awards Dinner. This would a good opportunity to invite a delegation from Chengdu and we could use this occasion to share some of our expertise regarding Cleantech industry and also share our experience of managing planning and development of the Fingal area over the strong growth period of the last 10 years.

2016

2016 would require a return trip to Chengdu and could be considered as a larger trade delegation subject to the identification of funding, and possibly include some local businesses with the potential to trade with China, the Fingal Dublin Chamber of Commerce as well as some State Agencies such as IDA Ireland, Enterprise Ireland, ESBI, DAA, etc.

5. COST

In total, a budget of €6,500 will be required for the visit including flights, accommodation and expenses and this funding is included in the Economic Development Services budget in 2015.

6. NEXT STEPS

The approval of the Economic Development & Enterprise SPC is sought for the visit to Chengdu of the Mayor, Mags Murray and the Chairperson of the Economic Development and Enterprise SPC, Cllr. Kieran Dennison and the signing of the Sister City Agreement. Two officials will accompany the delegation.

APPENDIX 1 – DRAFT SISTER CITY AGREEMENT BETWEEN FINGAL AND CHENGDU

AGREEMENT ON THE ESTABLISHMENT OF SISTER CITY RELATIONSHIP BETWEEN FINGAL AND CHENGDU

In accordance with the principles of the Joint Communiqué on the Establishment of Diplomatic Relations between the Public of Ireland and the People's Republic of China, through friendly negotiation, Fingal and Chengdu have reached an agreement on establishing sister-city relationship to enhance mutual understanding and friendship between the Irish and Chinese peoples, and to consolidate and develop friendly co-operation between the two cities.

The two cities agree to make concerted efforts on the basis of equality and mutual benefit. Particular focus will be on cooperation in the following areas.

- Information – to exchange information on key events and commit to participating in the international events held in the other city.
- Government – to strengthen contacts and exchanges between municipal governments and encourage contact, exchanges and cooperation among local politicians and officials.
- Education – to encourage cooperation and exchanges between schools, colleges and universities in both cities in the way of joint programs and exchange visits by teachers and students.
- Business – to carry out events and activities beneficial to the economic growth of both cities and promote business-to-business contacts and cooperation.
- Culture and Tourism – to explore cooperation opportunities in culture and tourism for mutual learning and jointly-organized events and activities.

This agreement shall come into force from the date of signature and will be valid for an initial period of five years. After five years both Fingal and Chengdu will evaluate the effectiveness of the agreement and decide about the future relationship. The agreement will remain in place until terminated by either side.

The Environment Business & Enterprise Department of Fingal County Council and Chengdu Municipal Foreign Affairs Office are the co-ordination units responsible for facilitating dialogue, exchange and co-operation on issues of common concern.

This agreement, signed in Chengdu on**of **, 2013, is done in duplicate in the English and Chinese, both texts being equally authentic.

****** (signed)
Mayor of Fingal
Republic of Ireland

****** (signed)
Mayor of Chengdu
People's Republic of China

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The Chief Executive summarised the report. He outlined that the executive recommend that we should proceed as outlined and that a full evaluation of the potential for future collaboration should be considered, following the planned visit.

The Members of the CPG asked for clarification on some points and following a request from Councillor O'Callaghan it was agreed that a Legal Opinion would be sought on whether signing any agreement at this stage should be a Reserved Function.

Councillor O'Callaghan also requested that the figure quoted of 10,000 Chinese students studying in Irish Higher Education Institutes be verified.

Subject to these clarifications the Members of the CPG **agreed** to recommend the Report of the SPC to the Council.

AREA COMMITTEE MEETINGS IN JULY

Following a discussion it was **agreed** by the Members of the CPG that no Area Committee Meetings would be held in July and that this would be reviewed at the time of the next Local Elections as happened in 2014.

COMMERCIAL RATES – VACANCY REFUND RATE

The Chief Executive and Mr D. Bruton updated the Members of the CPG on proposals to commission an independent review and following a discussion the Members of the CPG **agreed** the following Report.

"The Corporate policy Group agreed at their meeting on the 9th March 2015, the Terms of Reference relating the commissioning of an independent review of the impact of any change to the proportion of refund of rates to be applied in respect of vacant commercial property in the Fingal area having regard to the reserved function of the Elected members under Section 31 of the Local Government Reform Act 2014.

Following the meeting, discussions were had with representatives from Dublin City University and Mr. Toney Foley, Senior Lecturer in Economics and Head of Economics, Finance and Entrepreneurship in DCU has been engaged to undertake work on this project. The proposal submitted by Mr. Foley is as follows:

Proposal for **Research Analysis of Fingal County Council Strategy on "Commercial Rates-Vacancy Refund"**

1. Objectives: The objectives of the research project are to independently examine the current strategy of Fingal County Council on the provision of refunds of commercial rates on vacant premises and to make recommendations on the future operation of the scheme. Specifically the project will:

1. undertake an empirical analysis of the vacant commercial property in Fingal County with the assistance and data of the Council's commercial rates collection staff on both a longitudinal and current basis
2. undertake a range of interviews with property owners and/or leaseholders, and other property stakeholders including Fingal officials, councillors and other property specialists and consider the possibility of issuing a more extensive internet survey

3. assess the short and medium term economic prospects at both national, regional and Fingal levels
4. assess the arguments for and against vacancy rates refunds, notably the resource tax incentive argument and **any** ~~the additional negative~~ impact on the commercial sector and apply these to Fingal
5. review what other local authorities are implementing on commercial rates refunds
6. assess the financing implications of the refund measure(s)
7. make recommendations on the level of refund and possible differentiation between areas within Fingal
8. **Make recommendations in relation to the timing for phasing of changes to the refund process if appropriate**

(Changes agreed by the members of the CPG are highlighted)

2. Project Leader: The project leader is Mr Anthony Foley, senior lecturer in economics and head of economics, finance and entrepreneurship at Dublin City University Business School. He is currently chairperson of the DCU Discipline Committee. Prior to joining DCU, Mr Foley was employed in Dublin Corporation, the Economic and Social Research Institute, Department of Finance, National Economic and Social Council (regional economist) and Industrial Development Authority (economic planning). Mr Foley has undertaken economics research, advisory and consultancy projects for the World Bank, EU Commission, Government departments, Forfas, IDA, Enterprise Ireland, Failte Ireland, Irish Hotel Federations, Licensed Vintners Association, Vintners Federation of Ireland, Restaurants Association of Ireland and Drinks Industry Group of Ireland. Mr Foley is an associate economics lecturer at the Institute of Public Administration lecturing on public and local finances and industrial development. He has been an extensive contributor on the post 2007 economic crisis in the print and electronic media.

3. Background to project: Local authorities are legislatively allowed to refund commercial rates paid on certain vacant properties under conditions. The 2014 Local Government Reform Act increased the relevant powers of local authorities and allowed them to grant less than 100% refunds and to distinguish between different electoral areas in terms of the rate of refund. Hitherto, Fingal had given a 100% refund with no distinction between different areas as required by legislation. For the 2015 financial year Fingal continued with the 100% refund with no distinction between different areas. The Corporate Policy Group of the Council wishes to examine the appropriate form of the refund scheme for the 2016 financial year.

4. Methodology: As noted above, the methodology includes analysis of the commercial rates database, interviews with relevant stakeholders, examination of the basis for the programme and evaluation of the coming economic situation.

5. Reporting and Schedule: The project will be completed in time for consideration at the September meeting of the Corporate Policy Group. Mr Foley will attend the June meeting of the Corporate Policy Group to discuss the project and the rates refund programme with members. On approval of the proposal a data request will be made to the Council rates staff for empirical data. It is envisaged that in addition to tasks related contacts the project leader and a designated Council official (possibly Mr Martin Allidine) would meet/contact at least every two weeks to monitor progress. Interim reports will be presented as agreed.

6. Cost: the cost of the project including all expenses, personal interviews, materials (excluding the data and interviews supplied by the Council), communications, research assistance and professional

fees is €5500.00. Should it be felt desirable to undertake an extensive representative survey of the properties there would be an additional cost of €900.00. VAT is not payable. Income tax number is XX

The proposal is in line with the Terms of Reference as agreed and it is proposed to proceed on this basis. "

A.O.B

It was agreed that a Special meeting of the Council would be held in May (date to be confirmed) to deal with outstanding business prior to the June Council Meeting.

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MAYOR **DATE**