

ECONOMIC PARTNERSHIP AGREEMENT WITH NANJING

To: **Economy and Environment**

Meeting Date: **16 September 2014**

From: **Executive Director: Economy, Transport and Environment**

Electoral division(s): **All**

Forward Plan ref: **Not applicable** *Key decision:* **No**

Purpose: **To report on the discussions with business organisations and the universities on their involvement in an economic partnership agreement with Nanjing**

Recommendation: **To note the progress made in exploring an economic partnership agreement with Nanjing and agree that further progress be reported to a future meeting.**

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1. BACKGROUND

- 1.1 On 26 March 2014 Minister Counsellor Zhou Ziaoming from Nanjing visited Cambridge and met Councillors Curtis (the then Leader of the Council) and Shuter (the then Cabinet Portfolio Holder for Enterprise and Skills) to propose an economic partnership agreement between Nanjing and Cambridgeshire/Greater Cambridge. The County Council at its meeting on 13th May 2014 agreed to ask the Economy & Environment Committee to draw up an economic partnership agreement with the City of Nanjing. The Committee at its first meeting on 27th May 2014, agreed to consult with local businesses, trade associations and appropriate institutions to determine what elements such an agreement should contain, in order to maximise the benefit to them and the broader economy. It was further agreed that the results of this consultation would be presented back to the Committee, together with a proposed response to the City of Nanjing, in September 2014.
- 1.2 On 9th June the Vice Mayor of Nanjing visited Cambridge with a delegation, to explore opportunities for areas of collaboration and co-operation to be covered by the economic partnership agreement. The Chinese delegation identified cleantech, life sciences and telecommunications as sectors of particular interest. They indicated that they would like access to our technology and expertise in return for access to their markets and investors. It was suggested that areas for collaboration and co-operation could include academic and commercial Research and Development (R&D) projects, trade relations, joint ventures and investment activities.
- 1.3 A meeting was subsequently held in July with representatives of a number of Cambridge business agencies – including Cambridge Ahead, Cambridge Network, Cambridge Cleantech and One Nucleus, and the two Universities. This meeting identified the following key elements and requirements of any economic partnership agreement with Nanjing:
- Non-exclusive – allowing agreements with other areas in China to be developed over time
 - The main trade opportunities were likely to be limited to a few, larger companies although there could be licensing/joint venture opportunities for some smaller ones
 - Nanjing's interest is likely to be in accessing Cambridge's innovation to improve their technology and address environmental issues
 - Developing business opportunities will take time and are likely to require the building of relationships first.

Follow-up discussions have also been held with some members of the group and other businesses and organisations.

- 1.4 Council officers have also met with the International Trade team (3 staff) of Essex County Council who have a long standing Memorandum of Understanding with Jiangsu province, for which Nanjing is the capital. This has developed from an education and cultural emphasis to one which is now focused more on business, inward investment and trade opportunities. The International Trade team is run as a commercial consultancy and currently has a Service Level Agreement with both Norfolk and Suffolk CCs, focused around attracting enquiries from Jiangsu in key common sectors such as wind energy, telecoms and food, for which they pay £25k each pa.

2. MAIN ISSUES

2.1 From the discussions with business organisations, businesses and the Essex International Trade team, the following need to be recognised:

- the timescale necessary for relationships to develop with Chinese partners before results are achieved can be lengthy;
- the relationship with Nanjing and the leads and enquiries stemming from it, require overall co-ordination. As a minimum, some sort of 'clearing house' for enquiries, contacts, visits etc will need to be established with one organisation taking the lead.
- intellectual property protection for new uses of technology can be an issue and robust measures need to be adopted to protect them. Even then, resort may need to be made to legal proceedings which can be lengthy, expensive and not always successful.

2.2 When this issue was considered by Full Council, it was agreed that any partnership agreement would need to be led by the private sector. At present, the County Council's Enterprise and Economy team has only 2 staff and therefore does not have the long term capacity to deal with significant requirements from a potential Nanjing tie up. Also, as the principal benefits would fall to the private sector, it is more appropriate for the lead to come from that sector.

2.3 The discussions with businesses and business organisations have produced mixed results, with some interest in exploring an agreement further (providing it does not exclude agreements with other areas in China), but a limited willingness to lead on co-ordinating the resulting activities. The meeting with business agencies in July agreed some specific actions to help shape an agreement which are listed below, together with a summary of the results so far (in italics):

- establish what business and academic links exist with China and particularly Nanjing
Information has been received from the international offices of the two universities – Cambridge University has a range of academic, research and collaboration links particularly in the field of engineering, with both Nanjing University and Southeast University in Nanjing; Anglia Ruskin University has a joint undergraduate programme in Digital Media Art with Nanjing University of Information Science & Technology. No information on existing business links specifically with Nanjing has so far been supplied; the business organisations' links seem to be either China wide or with other cities for a specific purpose.
- identify companies through the business support agencies for whom an agreement with Nanjing might be of interest
Two potential companies have been identified so far by the agencies; both consider an agreement with Nanjing would be helpful but not critical to developing their business strategy in China.
- share any lessons from other areas in the UK which have business focused agreements with cities in China
Contact has been made with a number of other UK cities who have formal active links with Chinese cities including Bristol, Leicester, Leeds and Nottingham. All have stressed the need for a dedicated resource, a strategy to guide and coordinate activities and to allow time for the

relationship to develop. A couple of agreements appear to be nominal and are not currently being exercised.

- draft the core business elements of an agreement.
Development of a draft agreement is pending further clarity from the business and academic communities as to the strength of support for it and how they would take it forward.

2.4 In addition to this mixed response from the business community, a draft of a 'co-operation plan' from the Nanjing Foreign Affairs Office is still awaited. This was intended to clarify what Nanjing was seeking from such an agreement. When this is received, it will be assessed to see how well it meets the requirement for a business and academia focused document.

2.4 If received, further information from both sides of the potential agreement will lead to a conclusion on how the relationship could work. As originally suggested by the Council motion, any agreement from the Council's perspective will need to be private sector led and so the final outcome will depend on the further development of the benefits of this arrangement with the private sector.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

If an economic agreement is enacted there is the potential for some Cambridgeshire businesses, particularly those in sectors being suggested for inclusion in the agreement, to benefit from a range of opportunities with counterparts in Nanjing including:

- Academic and commercial R&D projects
- Trade and exporting opportunities
- Joint ventures of various types
- Investment in infrastructure projects

However there is still uncertainty amongst the business support organisations around what can be secured from the proposed cooperation.

3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

If an economic agreement with Nanjing is taken forward and led by the private sector there are unlikely to be significant resource implications for the Council.

4.2 Statutory, Risk and Legal Implications

To be determined depending on what the agreement contains and which organisation is signatory to it. Intellectual property protection is an issue.

4.3 Equality and Diversity Implications

There are no equality or diversity implications.

4.4 Engagement and Consultation Implications

As part of this process the Council has engaged with the business community and universities with the intention that any agreement should be private sector led.

4.5 Localism and Local Member Involvement

There are no localism and local member involvement implications.

4.6 Public Health Implications

There are no public health implications for the Council.

Source Documents	Location
Summary and Actions of the meeting of the Cambridge-Nanjing Steering Group – 15 July 2014	A Wing, 2 nd Floor, Castle Court, Shire Hall, Cambridge