



REPORT TO THE EXECUTIVE MAYOR

1. ITEM NUMBER

2. SUBJECT:

FEEDBACK ON THE INTERNATIONAL TRIP UNDERTAKEN FROM 11 TO 20 SEPTEMBER 2015 TO THE PEOPLE'S REPUBLIC OF CHINA (PRC), INCLUDING THE SPECIAL ADMINISTRATIVE REGIONS (SARs) OF MACAU AND HONG KONG, WITH THE VIEW TO FOSTER FORMAL RELATIONS AND PROMOTE INVESTMENT COOPERATION

ONDERWERP:

TERUGVOERING OOR DIE INTERNASIONALE REIS VAN 11 TOT 20 SEPTEMBER 2015 NA DIE VOLKSREPUBLIEK VAN CHINA, INSLUITEND DIE SPESIALE ADMINISTRATIEWE STREKE VAN MACAU EN HONG KONG, MET DIE OOG OP DIE KWEK VAN FORMELE BETREKKINGE EN DIE BEVORDERING VAN INVESTERINGSAMEWERKING

ISIHLOKO:

INGXELO EMALUNGA NEHAMBO KUMAZWE APHESHEYA KOLWANDLE EQHUTYWE UKUSUSELA KOWE-11 UKUYA KOWAMA-20 SEPTEMBER 2015 OLWALUJOLISWE KWELASETSHAYINA (PRC), KUQUKA IINGINGQI ZOLAWULO OLULODWA (SARs) ZASE-MACAU NASE-HONG KONG, OLUNGENJONGO YOKUMISELA UBUDLELWANE OBUSESIKWENI KWAYE KUKHUTHAZWE INTSEBENZISWANO YOTYALO-MALI

LSU G1776

3. EVENT SUMMARY

EVENT DETAILS	
CONFERENCE/SEMINAR	N/A
OTHER	<ol style="list-style-type: none">1. Signing of a Cooperation Protocol with the City of Shenzhen, PRC.2. Signing of a Memorandum of Understanding with the City of Hangzhou, PRC.3. Various engagements with stakeholders with the view to promote investment cooperation.
DATES	11-20 September 2015
VENUE	Various
CITY	Macau, Hong Kong, Shenzhen, Hangzhou, and Shanghai
COUNTRY	PRC

ATTENDEE DETAILS	
NAME AND SURNAME	DESIGNATION
Patricia de Lille	EXECUTIVE MAYOR
Ian Neilson	EXECUTIVE DEPUTY MAYOR
Craig Kesson	DIRECTOR: STRATEGY AND OPERATIONS
Lance Greyling	DIRECTOR: TRADE AND INVESTMENT
Denver van Schalkwyk	MANAGER: INTERNATIONAL RELATIONS
Michelle Shen	ASIA INVESTMENT ADVISOR (WESGRO)
Kai Zhu	ASIA INVESTMENT ADVISOR (BARCLAYS AFRICA)
PROVIDE SUMMARY OF HOST CITIES	
<ol style="list-style-type: none"> Macau: Based on the “one country, two systems” principle, Macau is one of the two Special Administrative Regions (SARs) of the People's Republic of China, the other being Hong Kong. With an estimated population of around 636,200 living in an area of just 30.3 km², it is the most densely populated region in the world. In 2014, Macau had a Gross Domestic Product (GDP) OF USD53.9-billion and a GDP per capita of USD91, 376. Hong Kong: Home to around 7.2-million people of various nationalities, Hong Kong is one of the world's most densely populated areas. Since 1997, Hong Kong is a Special Administrative Region of the People's Republic of China. Experiencing a real Gross Domestic Product (GDP) growth of almost four per cent in 2014, the city currently has a GDP of USD416-billion and a GDP per capita of HKD310, 113. Shenzhen: One of China's gateways to the world, Shenzhen is one of the country's most developed cities and one of the fastest-growing cities in the world. It is home to almost 18-million people. In 2014, the city had a Gross Domestic Product (GDP) OF USD363.2-billion and a GDP per capita of USD24 300. Hangzhou: Hangzhou City is home to almost nine million people, with unemployment rate of just under two per cent. According to the Brookings Institute, Hangzhou's Gross Domestic Product (GDP) was USD219.5-billion in 2014, while the GDP per capita was 88, 985 Renminbi (RMB). Shanghai: Shanghai is home to more than 24 million people, making it the largest Chinese city by population. According to the Brookings Institute, Shanghai's Gross Domestic Product (GDP) was USD594-billion in 2014, while the GDP per capita was reaching USD12, 784 back in 2011. PricewaterhouseCoopers projects that Shanghai will be one of the world's nine richest cities by GDP in 2025. 	

4. OBJECTIVE

The objective of this international visit was threefold, namely the:

- Signing of a Cooperation Protocol with the City of Shenzhen, PRC;

- Signing of a Memorandum of Understanding with the City of Hangzhou, PRC, and;
- Various engagements with stakeholders with the view to promote investment cooperation.

5. OUTCOMES

- ☒ - **Partnership Agreement**
- ☐ - Membership Agreement
- ☐ - Grants Agreement
- ☒ - **Memorandum of Understanding**
- ☐ - Statement of Intent
- ☒ - **Other:** Apart from signing the Cooperation Protocol and Memorandum of Understanding with the cities of Shenzhen and Hangzhou, respectively, the outcomes of this international visit also include, but are not limited to, showcasing Cape Town as a so-called 'pocket' of excellence and innovation in South Africa. Moreover, it highlighted Cape Town as an attractive investment destination to potential investors.

6. ACTIONS REQUIRED (Note: Also see elaborate comments provided under section 10 below)

- 6.1 The Trade and Investment Directorate, together with Wesgro, to work closely with IPIM in Macau regarding collaboration in the service/ hospitality and tourism sectors.
- 6.2 The Trade and Investment Directorate, together with Wesgro, to work closely with IPIM in Macau regarding exchanging best practices in terms of the One Stop Service Shop.
- 6.3 The Trade and Investment Directorate, together with Wesgro, to evaluate, and advise Executive Mayor de Lille regarding the proposal to send a representative from Cape Town to attend the Annual Macau International Trade and Investment Fair in October 2015.
- 6.4 Councillor Gareth Bloor's Department, together with Wesgro and Cape Town Tourism to follow up on Executive Mayor de Lille's invitation to the Macau Chamber of Commerce, Macau Tourism Agencies and Media representatives to visit Cape Town to experience the city and what it has to offer and vice versa.
- 6.5 The International Relations Unit to ensure the implementation of the Shenzhen – Cape Town Cooperation Protocol.
- 6.6 The International Relations Unit to prepare for the proposed visit in 2016 by the Mayor of Shenzhen.
- 6.7 Councillor Gareth Bloor's Department, together with Wesgro and Cape Town Tourism to follow up on Executive Mayor de Lille's invitation to the Shenzhen Tourism Agencies and Media representatives to visit Cape Town to experience the city and what it has to offer and vice versa.
- 6.8 The City's Information Systems and Technology (IST) Directorate to explore how ICT companies such as Huawei could collaborate with the City in its endeavours to become a Smart City.

- 6.9 The Trade and Investment Directorate, together with Wesgro, to work closely with the HKTDC to identify ways to collaborate regarding trade and investment opportunities.
- 6.10 Cllr Bloor's Department, together with Wesgro, to encourage relevant industries in Cape Town to consider participating in the Hong Kong Fashion Week and Hong Kong Food Expo.
- 6.11 The Trade and Investment Directorate, together with Wesgro, to follow up with Mr Charles Ng from InvestHK in the Office of the Secretary of Commerce and Economic Development to identify ways to encourage closer trade and investment relations between Cape Town and Hong Kong.
- 6.12 Wesgro to consider exploring the idea of, in the future, opening an Asian office.
- 6.13 The Trade and Investment Directorate, together with Wesgro, to continuously provide potential investors on their databases with updates regarding South Africa's ever-changing visa regulations, and especially how these will impact on them doing business in South Africa.
- 6.14 The Trade and Investment Directorate, together with Wesgro, to follow up to establish whether the Shangri-La Group would be interested to invest in Cape Town's hotel industry and if yes, to assist them with the identification and unblocking of appropriate sites.
- 6.15 The Trade and Investment Directorate, together with Wesgro, to assist Wahaha with its attempts to ultimately open a manufacturing factory in Cape Town.
- 6.16 The Trade and Investment Directorate to work together with Hangzhou to implement the provisions of the Investment Platform MOU.
- 6.17 The International Relations Unit to prepare for the proposed visit in 2016 by the Mayor of Hangzhou.
- 6.18 The Trade and Investment Directorate, together with Wesgro to assist Alibaba if they should expand their business to Cape Town.
- 6.19 Cape Town Tourism to follow up with Alibaba on the proposal to promote Cape Town as a world class tourist destination on its AliTrip platform.
- 6.20 The Trade and Investment Directorate, together with Wesgro, to contact the Chairman of Alibaba and invite him to visit Cape Town.
- 6.21 The Trade and Investment Directorate, together with Wesgro, to assist Mr Jin from the Anji Pinyuan Design Company who expressed their interest to invest, initially in a clothing manufacturing factory, and at a later stage in a furniture manufacturing factory in Cape Town.
- 6.22 The Trade and Investment Directorate, together with Wesgro, to follow up with Fosun International on how the company could ideally invest in Cape Town. More specifically, they need more information regarding the policies and legislation applicable to pharmaceutical companies in South Africa.

7. IMPLICATIONS

7.1	<u>Constitutional and Policy Implications</u>	No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>
7.2	<u>Environmental implications</u>	No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>
7.3	<u>Financial Implications</u>	No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>
7.4	<u>Legal Implications</u>	No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>
7.5	<u>Staff Implications</u>	No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>
7.6	<u>Risk Implications</u>	No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>

8. OTHER SERVICES CONSULTED

Patricia de Lille:	EXECUTIVE MAYOR
Ian Neilson:	EXECUTIVE DEPUTY MAYOR
Craig Kesson:	DIRECTOR: STRATEGY AND OPERATIONS
Lance Greyling:	DIRECTOR: TRADE AND INVESTMENT
Denver van Schalkwyk:	MANAGER: INTERNATIONAL RELATIONS
Michelle Shen:	ASIA INVESTMENT ADVISOR (WESGRO)
Kai Zhu:	ASIA INVESTMENT ADVISOR (BARCLAYS AFRICA)

9. RECOMMENDATIONS

RECOMMENDED that:

- a) This report and its content are noted.

AANBEVELINGS

AANBEVEEL dat:

- a) Daar van hierdie verslag en die inhoud daarvan kennis geneem word.

IZINDULULO

KUNDULULWE ukuba:

- a) Makuqwalaselwe le ngxelo nokuqulathwe yiyo.

10. GENERAL DISCUSSION

10.1 MACAU, 14 SEPTEMBER 2015:

The visit to Macau included an engagement with the Macau Trade and Investment Promotion Institute (IPIM) with the aim to encourage trade and investment cooperation between the cities of Macau and Cape Town. IPIM is similar to Cape Town's Wesgro with its overarching aim being to introduce potential investors to the local investment environment and opportunities in Macau. Also, it provides a "One-Stop Service" and promotes Macau as an attractive investment destination. Following the screening of a promotional video of Macau and an Investment Promotion Presentation by Cape Town, the attendees discussed ways to improve relations by emphasising that collaboration is important for the development of cities. For its part, Macau endeavours to be a world class tourism leisure destination, coupled with serving as an investment platform for Portuguese speaking countries. The latter is based on Macau being a former Portuguese colony. Macau's economy is literally 99% service sector driven with no manufacturing taking place, and for this reason the city is importing everything. Thus, Macau and Cape Town could collaborate in terms of their service sectors.

Executive Deputy Mayor Ian Neilson highlighted further potential collaboration in the hospitality sector, and IPIM concurred, noting that tourism could definitely be another specific sector for the two cities to work together in the future. In addition, as in the case with Executive Mayor de Lille's Office providing a so-called One Stop Service for potential investors to Cape Town, IPIM does the same in the case of Macau. Therefore, it was proposed that IPIM and the City of Cape Town, together with Wesgro, share best practices in this regard. Finally, IPIM encouraged Cape Town to consider sending a representative to attend the Annual Macau International Trade and Investment Fair in October 2015.

The visit to Macau concluded with the Cape Town delegation meeting with the Macau Chamber of Commerce. The aim was to encourage Chamber members to consider investing in Cape Town's hospitality and related sectors. The Chamber's Vice President of Board of Directors, Mr Vong noted that there exists immense opportunities, specifically with respect to hotel establishments, that Macau investors should consider in Cape Town. He also suggested that Cape Town and Macau counterparts in the hotel industry should share best practices with each other. In response, Executive Mayor de Lille invited members of the Chamber, Macau Tourism Agencies and Media representatives to visit Cape Town to experience the city and what it has to offer, and to provide media exposure based on the proposed visit. In response, Cape Town will then also send representatives to Macau to do the same. Executive Mayor de Lille also stressed the City's One Stop Service, and concluded that Cape Town could also gain insights from Macau regarding its hosting of a Formula One (F1) Race since the private sector is considering bringing the F1 to Cape Town in the near future.

10.2 SHENZHEN, 15 SEPTEMBER 2015:

The visit to Shenzhen included visits to the Shenzhen Museum highlighting Shenzhen's remarkable (economic) development over the last 30 years and also Lotus Hill Park to showcase Shenzhen's utilisation of urban spaces. However, the main reason for the visit to Shenzhen was the signing of a Cooperation Protocol between the cities of Shenzhen and Cape Town. This Protocol encourages

collaboration in various fields, most notably trade and investment, information communications technology (ICT), tourism, and so forth. The actual signing was preceded by a discussion between the two mayors present. Issues discussed focused on the similarities between the two cities, which ultimately formed the basis for the decision to forge formal relations. The two Mayors expressed their willingness to develop the relationship between the two cities into a meaningful one with regular interactions, visits and exchanges as well as sharing of expertise and assistance as required. The Mayor of Shenzhen also mentioned the possibility of him or one of his Deputy Mayors visiting Cape Town in 2016. Executive Mayor de Lille welcomed the proposed visit to Cape Town, and also extended the invitation to Shenzhen's business community, tourism agencies and media representatives.

The visit to Shenzhen was concluded with an educational tour of the Huawei Campus as well as a meeting with a high level delegation from Huawei. The purpose of this meeting was to gain insights from Huawei on how it and other ICT companies could share knowledge with cities such as Cape Town in order for Cape Town to be a Smart City. Mr So, Huawei's Chief Officer for Industry Enterprise Solutions, observed that every city, in their attempts to become a Smart City, has unique opportunities and requirements, and Huawei focus on these unique characteristics to assist each city in accordance. He added that Cape Town should ideally collaborate with ICT companies such as Huawei to find synergies in order to become a complete Smart City. Craig Kesson mentioned that the City plans to find solutions to link silos of information for complex decision making as the next evolution of information in the City. Executive Mayor de Lille added to this, noting that a safe and modern medium is required to capture old information to make it accessible in modern formats.

10.3 HONG KONG, 16 SEPTEMBER 2015:

The first engagement was with the Hong Kong Trade Development Council (HKTDC), an agency similar to Wesgro. Following Cape Town's Investment Promotion Presentation, Mr Chau, the HKTDC's Deputy Executive Director mentioned that he is quite impress with the idea of an One Stop Service Shop in Executive Mayor's de Lille's Office. He added that people often prefers to invests in places they know and feel comfortable with. Mr Chau stressed Cape Town's booming film industry and suggested that Cape Town should do even more to promote itself as an ideal location for film shooting. Additionally, Mr Chau invited Cape Town designers and wine producers to participate in the Hong Kong Fashion Week and Hong Kong Food Expo, respectively. In response, Executive Deputy Mayor Neilson emphasised Cape Town's comparative advantages in terms of being a world class film location, and being safe with sound financial services, while Michelle noted that Cape Town is also ideal for potential investors in the field of agro-processing.

The delegation was then hosted for a working luncheon by Mr Gregory So, the Hong Kong Secretary of Commerce and Economic Development where it was reiterated that Cape Town and Hong Kong share a number of commonalities that could serve as an ideal platform for meaningful collaboration between the two cities in a number of sectors.

Following the working luncheon with the above-mentioned Secretary, the delegation met with representatives of the Hong Kong Office of the Chinese General Chamber of Commerce. The aim, amongst others, of the engagement was to encourage

members of the Chamber to consider exploring opportunities in the services sector in Cape Town. Mr Richard Wong, the Chamber's Vice Chairman observed that Cape Town has a sound financial sector. Ms Leung proposed that Wesgro should consider opening an office in Asia, and more particularly in Hong Kong in an attempt to promote Cape Town and the Western Cape Province as a whole as an ideal location for investment. She also referred to the visa regulations of South Africa as a concern for potential investors who might want to travel to South Africa. The discussions highlighted that in addition to the already mentioned services sector, members of the Chamber should also consider investing in Cape Town's clean technology/ energy; electronics; tourism, and agro-processing sectors.

The visit to Hong Kong was concluded with a meeting with the Shangri-La Hotels and Resorts Group. With Cape Town's tourist numbers increasing annually, there exist a growing demand for four and five star hotels, and for this reason the purpose of this engagement with Shangri-La was to promote Cape Town as an ideal location for Shangri-La to invest in the city's hotel and leisure industry.

10.4 HANGZHOU, 17 SEPTEMBER 2015:

During the visit to Hangzhou, the delegation visited the Wahaha Company. After a tour highlighting the production process of Wahaha's beverages, the delegation met with representatives of the company. Wahaha is considering expanding its operations to Africa, and it is definitely keeping Cape Town in mind as a possible location for its Africa operations since the company views Cape Town as a well-run city experiencing fast growth. In response, Executive Mayor de Lille extended an invitation to Wahaha to visit Cape Town to gain insights regarding what Cape Town has to offer in terms of investment opportunities. Wahaha cautioned that it is unsure whether there would be a market for its products in Cape Town, and South Africa as a whole. For this reason, the ideal is to first export a few of its products to test the response in the South African market. If the response is satisfactory, the possibility exists of Wahaha opening a factory in Cape Town. It was agreed that the way forward would be threefold, namely that Wahaha will promote its products in South Africa; consider a joint venture with local traders such as Shoprite to manufacture and distribute Wahaha's products locally in Cape Town, and that the City will assist, where possible and permissible, with the above-mentioned processes.

Following the visit to Wahaha, the Executive Mayor met with the Deputy Mayor of Hangzhou on the occasion of the signing of a Memorandum of Understanding (MOU) between the cities of Hangzhou and Cape Town. This MOU is an extension of the Sister City Agreement signed between the two cities in 2005, and has a specific focus, i.e. the creation of an investment platform where businesses in the two cities will invest equally to encourage reciprocal investment relations and activities. Executive Mayor de Lille also delivered short remarks to officially open the Cape Town Photo Exhibition at the Hangzhou Library as part of the Hangzhou Sister City Cultural Month. These pictures depicting Cape Town's people, infrastructure, natural beauty and landscapes, will form part of an exhibition until the end of September.

The visit to Hangzhou was concluded with a meeting with the Alibaba group. The discussions centred on the possibility of Alibaba expanding its operations and presence to Africa, and more specifically Cape Town. Alibaba noted that there is definitely potential for collaboration and future investment in Cape Town for the

company. It was also stressed that Alibaba could promote Cape Town as a world class tourist destination on its AliTrip platform.

10.5 SHANGHAI, 18 SEPTEMBER 2015:

A Courtesy Call with the South African Consul-General to Shanghai, Mr Thage focused on how the Consulate could assist Cape Town in its efforts to attract Chinese investment in its local economy. The delegation then met with Mr Jin and other representatives from the Anji Pinyuan Design Company who expressed their interest to invest, initially in a clothing manufacturing factory, and at a later stage in a furniture manufacturing factory in Cape Town.

This was followed by a Courtesy Call with the Deputy Mayor of Shanghai where closer collaboration between the two cities was emphasised. Also, Executive Mayor de Lille invited members the Shanghai Municipal Government, Shanghai Tourism Agencies and Media representatives to visit Cape Town to experience the city and what it has to offer, and to provide media exposure of the visit. Finally, the visit was concluded with a meeting with Fosun International, where the discussion focused on Fosun potentially investing in Cape Town's real estate and pharmaceutical sectors.

11. ANNEXURES

Annexure A: Media coverage of Macao Chamber of Commerce Meeting

Annexure B: Shenzhen – Cape Town Cooperation Protocol

Annexure C: Hangzhou – Cape Town MOU

FOR FURTHER DETAILS CONTACT:

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DIRECTORATE	City Manager
FILE REF NO	
SIGNATURE	

Comment:

DIRECTOR: STRATEGY AND OPERATIONS

NAME

DATE

MANAGER INTERNATIONAL RELATIONS
Dr. Denver van Schalkwyk

Comment:

DATE _____

CITY MANAGER

ACHMAT EBRAHIM

☐ SUPPORTED FOR ONWARD SUBMISSION TO
MAYOR ☐ / MAYCO ☐ / COUNCIL ☐

☐ NOT SUPPORTED

DATE _____

☐ REFERRED BACK

COMMENT:

☐ REPORT COMPLIANT WITH THE PROVISIONS OF
COUNCIL'S DELEGATIONS, POLICIES, BY-LAWS
AND ALL LEGISLATION RELATING TO THE MATTER
UNDER CONSIDERATION.

LEGAL COMPLIANCE

☐ NON-COMPLIANT

Comment:

NAME _____

TEL _____

DATE _____

COMMENT:

MAYORAL COMMITTEE MEMBER: ALD. IAN NEILSON (EDM)

NAME _____

DATE _____

EXECUTIVE DIRECTOR: CORPORATE SERVICE & COMPLIANCE

GERHARD RAS

DATE _____

☐ SUPPORTED FOR ONWARD SUBMISSION

☐ NOT SUPPORTED

☐ REFERRED BACK

COMMENT:

EXECUTIVE MAYOR

PATRICIA DE LILLE

DATE _____

☐ SUPPORTED FOR ONWARD SUBMISSION TO MAYCO ☐ / COUNCIL ☐:

☐ PC RECOMMENDATION

☐ RECOMMENDATION AS CONTAINED IN ORIGINAL REPORT

☐ ALTERNATIVE RECOMMENDATION TO BE REFLECTED BELOW

☐ APPROVED I.T.O. DELEGATED AUTHORITY

☐ NOTED

☐ REFUSED

☐ REFERRED BACK