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CITY OF KELOWNA

MEMORANDUM

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**Date:** July 7, 2009  
**File No.:** 0450-30  
**To:** City Manager  
**From:** Grants Manager  
**Subject:** Sister City Relationships and BC/Asia Pacific Initiative

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**RECOMMENDATION:**

THAT Council authorize expenditure up to a maximum of \$7,500.00, or \$2,500.00 per organization, from the \$15,000.00 budgeted in 2009, as one time matching funds for each of Kelowna's current Sister City organizations, Kasugai Sister City, Veendam Sister City and the Kelowna/Zambia partnership to support their administrative functions and projects.

AND THAT Council keep the remaining \$7,500.00 in reserve to support expenditures of Council to host or to make exchange visits to our Sister Cities.

AND THAT Council request that the Economic Development Commission (EDC) of the Central Okanagan Regional District develop an economic strategy that builds business relationships between the City of Kelowna and our Kasugai Sister City and the region of Nagoya in Japan.

AND THAT Council direct staff to prepare a Memorandum of Understanding between the City of Kelowna and the Economic Development Commission (EDC) of the Central Okanagan Regional District to complete the economic strategy.

AND THAT Council fund the project with the EDC through the financial support received from the 2008 BC/Asia Provincial Twinning grant.

AND FURTHER THAT the 2009 Financial Plan be amended to provide for the \$7,500 from the Sister City Reserve and the \$48,000.00 from the Provincial Twinning Grant for Sister City and twinning expenditure requirements.

**BACKGROUND:**

In 2008 the City of Kelowna applied for and received \$50,000 under the BC/Asia Provincial Twinning initiative. This funding delivered through the Ministry of Community Development is for local governments interested in establishing either new international twinning arrangements, or to enhance existing ones. Funding support is to cultivate relationships that have the potential to provide substantial economic and cultural benefits. Final reports on use of the funding are due March 31<sup>st</sup>, 2010.

QV

City Council instructed staff to engage a consultant to examine the City's existing sister-city relationships; explore the potential for expanding or enhancing these existing relationships, and look at any options for other types of relationships.

In July 2008, Millier Dickinson Blais Inc., were retained as consultants and on November 3<sup>rd</sup>, 2008 City Council received the final report, *Going Global A Review of Kelowna's International Municipal Partnership Opportunities* and asked staff to bring the report back to the new Council prior to the 2009 budget deliberations.

At the December 15<sup>th</sup> meeting City Council were advised that there would be a \$15,000 supplemental request coming forward during the 2009 budget deliberations. In early January 2009 this supplemental request was approved and in late January the Sister City report and file were transferred to the staff within the Strategic Initiatives division to review and bring back further recommendations to City Council.

### **Report Recommendations**

The Going Global report provided recommendations in three areas:

#### Governance

- Focus on the existing relationships
- Create collaborative relationships
- Adopt a "best cities" model whereby project leadership and travel hosting rotates amongst the four cities.

#### Administration

- Increase resources including the allocation of staff time to build and support the new model
- Increase funding support to Sister City associations and seek other funding partners.

#### Economic Development

- Bring the groups under one umbrella with the major focus being economic development in order to attract external support.
- Encourage involvement of Invest Kelowna and the Kelowna Chamber of Commerce.

Over the course of the last six months, meetings have been held individually with each Sister City and through those discussions it is apparent that the needs of each organization vary. They all agree however that Council should focus on the existing relationships before exploring new ones.

While the research conducted for the Going Global Report was thorough, staff believe that some of the consultant's recommendations are not achievable at this time. The provision of city staff support to create collaborative relationships, bringing the groups under one umbrella to focus on economic development and organizing project leadership and hosting is challenging for a city of our size and budget.

Further discussions with our Sister Cities have helped to clarify some of their needs. Each relationship is unique and has cultural, educational, historical, economic or philanthropic elements within them. The following briefly describes the current situation and future plans.

### **Veendam Sister City**

The current leadership of the Sister City Association sees the relationship as a primarily cultural and historical opportunity. Recently discussions with the Executive have resulted in the desire to host a workshop in the Fall 2009 to review and possibly recommend a new direction in the areas of hosting, exchanges, education and community fundraising. There is a strong desire to engage more youth, both on the committee, as well as through educational programs that will explain the historical ties between Kelowna and Veendam. In recognition of the aging demographic of veteran's, new ideas need to be generated in order to respect Veendam's regular invitation to their Liberation events.

### **Kelowna Zambia Partnership (KaZ)**

In 2006, the Local Government Managers Association (LGMA) in B.C. responded to a challenge from Stephen Lewis, United Nations special envoy for HIV/AIDS in Africa, asking municipalities to become more engaged and directly involved with the serious issues in Africa. LGMA have indicated a desire to nurture relationships in Tanzania and are endeavouring to work with the Federation of Canadian Municipalities to achieve this goal. Also in 2006, around the same time, members from the local Kelowna/Zambia Partnership approached the City about the possibility of forming a new Sister City relationship to engage our local municipal politicians and staff more directly with the people in Senanga.

In February 2008, Council endorsed the following recommendations:

THAT Council express support for the work of the Local Government Management Association in establishing the Africa Project;

AND THAT Council endorse the Kelowna/Zambia Partnership;

AND FURTHER THAT Council approve a municipal sister-city relationship between the City of Kelowna and the District of Senanga, Zambia, with the scope and extent of the relationship to be determined through the research currently underway into the City's present and future sister-city/twinning relationships and opportunities.

The development of a Sister City with the District in Senanga is very new and at this stage has only involved an exchange of official letters between the District in Senanga and the City of Kelowna in July 2007 and October 2008 with each expressing a desire to explore and form a Sister City relationship.

Senanga is a Zambezi River community of approximately 100,000 people located in the Western Province of Zambia. The partnership is anchored by two non-governmental organizations – the Victoria International Development Education Association (VIDEA) in British Columbia, and Women for Change in Zambia. Senanga's local economy is largely based on subsistence agriculture and fishing, limited tourism and some light manufacturing focused largely on traditional textiles and handicrafts.

A workshop was held in April, facilitated by City staff, to assist this new organization in reviewing their mandate and governance as well as to discuss their role as a Sister City and the development of the relationship with the District of Senanga. Staff has also recommended that the Kelowna/Zambia

Partnership take a leadership role in hosting annual or semi-annual networking events that would bring all local organizations doing work in Africa together for the sharing of knowledge and expertise.

In the Fall, the next steps for KaZ include the following:

- Staff to development of a Memorandum of Understanding between the City and KaZ as to their role as a Sister City.
- Work with the City, VIDEA, Women for Change and the District of Senanga in building our Sister City relationship.

#### Kasugai Sister City

The sister city relationship between Kelowna and Kasugai was created in 1981, initially as a cultural exchange between the two communities. On a two-to-three year basis, each community sends a group of representatives to visit the other community. These exchanges provide each delegation with the opportunity to stay in the homes of local residents and learn of the culture of the host members of the sister city association.

Today, the two sister cities enjoy a strong relationship which has been built over the past 27 years. No longer is the association just a cultural exchange; the relationship has been expanded to create additional opportunities for civic engagement, environmental co-operation, educational exchanges, sports exchanges and commerce/trade exchanges. There are currently about 30 active members in the group in Kelowna,

The Kasugai government has been very supportive of the sister city relationship. They have a dedicated staff member that organizes and administers many of the exchanges. Alternatively, in Kelowna the sister city association is run by a group of volunteers, who must regularly fundraise to ensure that the group will have enough money to continue supporting the range of partnership programs in place. In considering the future of the relationship, volunteer group members in Kelowna note that the cultural and education exchange should continue to be strengthened and grown. They have also expressed some interest in working with the other sister city associations (Veendam and Senanga) in the future to co-ordinate fundraising for the groups, and have suggested the possibility of organizing a “sister city cultural evening” in Kelowna.

#### BC/Asia Provincial Twinning Initiative

In April 2007, the Province of British Columbia released a long-term strategy to diversify B.C.’s economic ties with the Asia Pacific. The Province’s objective is to be recognized internationally by 2020 as: *“North America’s capital for Asia Pacific commerce and culture.”*

The Initiative signals the Province’s recognition of the economic importance of the Asia-Pacific region, which is home to four of the world’s largest and most dynamic national economies. The four priority countries under the Initiative are China, Japan, India and South Korea.

The Initiative identifies five strategic areas through which it aims to achieve the Province’s objective:

- advance B.C.’s global identity as Canada’s Pacific Gateway;
- continue to build a world-class infrastructure and supply chain;

- strengthen and maximize B.C.'s trade and investment relationships with Asia;
- become the Asia-Pacific education, tourism and cultural destination of choice; and
- ensure the Province's labour force is equipped with the skills to thrive in the Pacific Century economy.

The B.C.-Asia Twinning website supports the Initiative through promoting the creation of economically-robust twinning or sister-city arrangements between B.C. local governments and local governments in Asia Pacific.

Staff has met with members of the Kasugai Sister City Association and with the Economic Development Commission regarding the BC/Asia Pacific Initiative and we are recommending that the EDC be engaged to explore economic development opportunities and the building of business relationships between the City of Kelowna and our Kasugai Sister City and the region of Nagoya in Japan. Subject to more detailed planning, staff believes that this would be an appropriate use of the funds awarded to Kelowna from the Province of B.C.

**INTERNAL CIRCULATION TO:** Stephen Fleming, City Clerk

**FINANCIAL/BUDGETARY CONSIDERATIONS:** that the 2009 Financial Plan be amended to provide for the \$7,500 from the Sister City Reserve and the \$48,000.00 from the Provincial Twinning Grant for Sister City and twinning expenditure requirements.

**EXTERNAL AGENCY/PUBLIC COMMENTS:** Economic Development PowerPoint Presentation Attached.

**COMMUNICATIONS CONSIDERATIONS:** Each of the three Sister City organizations has been consulted.

Considerations that was not applicable to this report:

LEGAL/STATUTORY AUTHORITY:

LEGAL/STATUTORY PROCEDURAL REQUIREMENTS:

EXISTING POLICY:

PERSONNEL IMPLICATIONS:

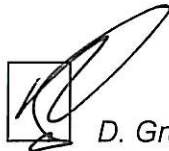
TECHNICAL REQUIREMENTS:

ALTERNATE RECOMMENDATION:

Submitted by:



L. Gunn, Grants Manager



Approved for Inclusion:

D. Graham, Director, Strategic Initiatives

Cc: David Graham  
Keith Grayston



# Trade Development with Japan

Presentation to Kelowna City Council

July 13, 2009



# Why Japan?

World's second largest single-country economy

2008 GDP (Source: IMF)

1. USA:	US\$14.265 trillion
2. <b>Japan:</b>	<b>US\$4.924 trillion</b>
3. China:	US\$4.402 trillion
11. Canada:	US\$1.511 trillion
12. India:	US\$1.210 trillion

## Increasing Imports

Between 1994 and 2004, the value of imports by Japan increased 57% from \$376 billion to \$591 billion.

BUT!

BC's exports to Japan dropped from \$5.7 billion to \$3.8 billion. (BC's market share went from 1.5% in 1994 to 0.6% in 2004.)



# Sophisticated Knowledge-based Economy

Japan is an attractive market for firms producing leading edge, value-added products:

- Environmental technologies
- Advanced housing and healthy housing technologies
- Information and communication technologies
- Products for an aging society
- High-end agri-food (e.g., organic foods, wine)

## Established International Trade Experience

- Local companies can transact business with confidence with respect to commercial and legal processes
- Fewer concerns regarding intellectual property issues

## Kelowna-Kasugai Sister City Relationship

- Strong relationship spanning over 28 years
- Historically focused on cultural and civic exchanges
- Mayor Ito and the Kasugai Chamber of Commerce have expressed interest in building on the strength of the relationship to expand economic ties
- Explore opportunities to collaborate with Chubu University (alternative energy, nanotechnology)

# Nagoya Metropolitan Area

- Kasugai is located in the Nagoya Metropolitan area which is the third largest commercial region in Japan
- Population of over 9 million, with a GDP of over \$437 billion (2004 figure)
- Home to Japan's largest industrial base with companies such as Toyota, Honda, Mitsubishi Heavy Industries, Fuji Heavy Industries

## Kasugai as a Gateway to Japan and Asia

- Using the strength of the ties with Kasugai to establish an economic relationship will assist in expanding into other regions of Japan
- Strong support from the Canadian Consulate in Nagoya to develop the regional market
- Doing business with Japan can act as a gateway to other Asian economies

# Opportunities for Japanese Trade and Investment in Kelowna

- Opens the door to Japanese trade and investment relationships in Kelowna
- Technology transfer opportunities to support the region's growth in advanced tech and clean tech industries

## Conclusion

“Japan is our most important trade and investment partner in Asia by a significant margin ... [and] is British Columbia’s litmus test for how the Province will fare economically in the rest of Asia. If BC cannot do well in Japan, then the chances for success in the rest of Asia are slim. Japan also offers untapped potential to partner in seeking new export destinations.”

- Excerpt from the Japan Market Advisory Group Report to the Asia Pacific Trade Council