

## 2016 City of Melbourne Business Mission to Japan and China

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**Purpose and background**

1. The purpose of this report is to seek endorsement for the Lord Mayor to lead a proposed business mission to Japan (Osaka), China (Tianjin and Beijing) from 24 February to 2 March 2016.
2. Council's *Melbourne: Doing Business Globally (MDBG)* recommends the Lord Mayor lead an international business mission to key markets (Japan and China) every two years.
3. Council's early endorsement of the mission will assist with the recruitment of benchmark Melbourne companies and organisations in the life sciences, cleantech and urban design sectors and secure the support required from the Osaka and Tianjin, Australian and Victorian governments (and their agencies) to ensure the program's quality.
4. The mission will focus on creating trade connections and collaborations for participating companies within the nominated sectors by promoting Melbourne as a global city that creates and harnesses world class solutions. The proposed mission itinerary is included as Attachment 2.

**Key issues**

5. The proposed mission will build on the City of Melbourne 2014 Japan and China business mission and the Lord Mayor's attendance to Medical Japan (2015) which successfully identified collaborative opportunities for life science sectors and research institutions. A memorandum of understanding (MoU) between Osaka University and Biomedical Research Victoria was signed in February 2015 with a further MoU expected to be signed between Melbourne University and Osaka City University in July. Medical Japan (24 to 26 February 2016) will provide a platform to showcase Melbourne's excellence in vital medical areas as well as potentially providing new sources of medical procurement.
6. China outlined ambitious environmental targets in the 12<sup>th</sup> Five Year Plan. While the next five year plan will be released in 2016, it is anticipated this strong focus will continue as environmental concerns remain critical for the Chinese government. Similarly, the '*Beautiful Tianjin*' project, with goals to improve air and water conditions and waste improvements as well as greening and beautifying, is also consistent with this overall direction. Tianjin is seeking to improve environment conditions expected of a modern city. *Beautiful Tianjin* brings opportunities for Melbourne businesses. Attachment 3 outlines business cases for the three sectors nominated.
7. It is anticipated the 2016 Mission will have up to fifteen companies represented from three nominated sectors and consist of businesses that are export ready and best in class with innovative, world class capabilities and solutions. Feedback from 2014 mission participants strongly indicated that the position of Lord Mayor can be highly influential in facilitating projects in Asia and that this role is highly valued by participants.
8. It is proposed that the financial and service model used in previous Council missions be applied to the 2016 mission and further details are included in Attachment 1.

**Recommendation from management**

9. That the Future Melbourne Committee:
  - 9.1. endorses the Lord Mayor to lead a targeted business mission to Osaka, Japan and Tianjin and Beijing, China in February 2016
  - 9.2. notes the mission will focus on proven industry sectors of interest to the Japan and China markets of clean energy, life sciences and urban design
  - 9.3. notes that a further report will be made to the Future Melbourne Committee nominating further Council representatives to participate in the mission.

**Attachments:**

1. Supporting Attachment
2. 2016 Business Mission to Japan and China – Draft Visit Program
3. Business Case Rationale

## Supporting attachment

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### Legal

1. No direct legal implications arise from the recommendations made in this report.

### Finance

2. City of Melbourne missions (2010, 2011 and 2014) operated on a fee for service basis for program development, accommodation and on-ground costs (transport and interpreting). Feedback obtained from participants indicates this fee for service model is value for money. The intention is to apply this model for the proposed 2016 mission with costs having been included within the approved 2015–16 Council budget.

A budget of \$87,500 for the development, marketing and delivery of the business mission program (including pre-departure briefings and in-country networking events and business development activities) is included within the 2015-16 International and Civic Services budget. It is envisaged that costs of \$3000 per mission participant will be recovered for costs like accommodation, facilitation fees and on-ground expenses such as interpreting and local transport.

### Conflict of interest

3. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

### Stakeholder consultation

4. Consultation is ongoing with representatives of the Victorian and Australian Governments and the governments of Osaka and Tianjin who are supportive of the proposed mission and sector selection. Consultation has also occurred with peak body associations such as the Australian Industry Group, Biomedical Research Victoria, Australia China Business Council and the Japanese Chamber of Commerce to ensure appropriateness of the sectors chosen. The recent follow up survey with 2014 business mission participants also provided insights from the private sector.

### Relation to Council policy

5. The business mission aligns with Council Plan 2013–17, Goal 3: a prosperous city and the four year plan outcomes of a sustainable and resilient municipal economy that is globally connected. The business mission also responds to future growth focus outlined in the *Building Prosperity Together*, particularly within the knowledge economy and life sciences areas.
6. The mission also aligns strongly with *Melbourne: Doing Business Globally* endorsed by FMC in November 2014, which seeks to increase opportunities for businesses from Council's international activities.

### Environmental sustainability

7. The mission will showcase the capabilities of Melbourne companies in the urban design, and clean technology sectors. Council's sustainability initiatives and commitment to the environment will also be profiled during the mission.

**2016 Business Mission to Japan and China****Draft Visit Program**

Day	City	Activities	
		Civic	Business
23 Feb	Melbourne	Depart for Osaka (evening flight)	Depart for Osaka (evening flight)
24 Feb	Osaka	Arrive in Osaka and check into hotel	Arrive in Osaka and check into hotel
25 Feb	Osaka	Visit to Medical Japan Osaka Pharmaceutical Manufacturing Association Lunch Site Visit Business networking function	Medical Japan Business matching series Osaka Pharmaceutical Manufacturing Association Lunch Medical Japan Business matching series Business networking function
26 Feb	Osaka	Mayor of Osaka Courtesy Call Melbourne Life Sciences Seminar Corpus Medicorum Orchestra performance	Business matching meetings Melbourne Life Sciences Seminar Corpus Medicorum Orchestra performance
27 Feb	Kyoto/Nara	Cultural program to Kyoto/Nara	N/A
28 Feb	Tianjin	Travel to Tianjin Official opening of BlackBOX exhibition	Arrive in Tianjin Official opening of BlackBOX exhibition
29 Feb	Tianjin	Business roundtable with Tianjin industry leaders Courtesy call with Mayor of Tianjin Business networking function	Industry Briefing on Tianjin Free Trade Zone Business roundtable with Tianjin industry leaders Business networking function
1 Mar	Tianjin	Site visit to key <i>Beautiful Tianjin</i> environmental remediation project	One on one business meetings Site visit to key <i>Beautiful Tianjin</i> environmental remediation project
2 Mar	Beijing	Business Roundtable with Beijing Industry Leaders (organised by Invest Beijing) Networking lunch with Invest Beijing and Business Leaders Courtesy call with Mayor or Vice Mayor of Beijing Business meetings /site visits Business networking event	Business Roundtable with Beijing Industry Leaders (organised by Invest Beijing) Networking lunch with Invest Beijing and Business Leaders Courtesy call with Mayor or Vice Mayor of Beijing Business meetings /site visits Business networking event
2 Mar	Beijing	Return to Melbourne (evening)	

## BUSINESS CASE RATIONALE

### Market opportunities in Japan and China

#### JAPAN

##### Life sciences opportunities

1. The sectors associated with Life Sciences arguably represent the most valuable return on investment for City of Melbourne to focus its resources on in the Japan market. At projected 2015 levels of US\$127.4bn (Source: Epsicom) Japan remains the second largest pharmaceutical market in the world and is larger than the rest of Asia combined including China.
2. The Medical devices industry is also an area that represents major opportunities for Melbourne business. With projected expenditure of US\$27.8bn per annum, Japan imports around \$11 billion worth of medical technology (medtech) products annually and its ever-ageing society provides the catalyst for strong growth to continue in this sector. The Victorian med-tech industry involves more than 1000 companies that inject around \$600 million in revenue per annum to our economy and directly employ more than 4000 people. The current export market from Victoria is worth around \$2 billion.
3. Medical Japan 2015 was Japan's first trade show covering all products, services and technologies for health and aged care, clinical testing, diagnostics and medicine, with the International Medical Expo and Conference running alongside the trade show. Attended by more than 27,600 delegates from 20 countries and 150 media outlets Medical Japan 2015 consisted of the Conference, as well as seven exhibitions and 211 technical conference sessions.
4. On the invitation of the Victorian Government, Lord Mayor Robert Doyle led a 30 person delegation from public and private sector to Medical Japan 2015. Besides engagement with his counterpart Mayor Hashimoto on city to city collaboration, the Lord Mayor delivered key note speeches on Melbourne's key capabilities at the Conference and an invitation only networking function.
5. The Lord Mayor's visit to Medical Japan has directly resulted in an MOU between Biomedical Research Victoria (BRV) and the University of Osaka being formalised. The agreement provides the 23 BRV member organisations with the vehicle to link with Japan. A further MoU between the University of Melbourne and Osaka City University is expected to be signed in July 2015.
6. Medical Japan 2016 will again be held in Osaka from 24-26 February. In only its second year of operation, the trade show and Conference is only expected to grow. A Lord Mayor led City of Melbourne business mission to Osaka is expected to provide:
  - continuity and follow up from the previous year's attendance, confirming Melbourne's commitment to collaboration with Osaka government and industry
  - an opportunity to again showcase Melbourne's global expertise in health care services, education and facilitate introductions for participating business.
  - opportunities to further build on this year's MoU's between research institutions
  - the potential to explore Japan as a key medical devices procurement source for Melbourne
  - further opportunities for Council to deepen its relationship with the Osaka Pharmaceutical Manufacturers Association – the peak industry body in the Kansai region.
7. Comprised of doctors, medical students and other health professionals, orchestra Corpus Medicorum is also planning a tour in 2016 to Osaka, to coincide with the Medical Japan conference with the objectives of building goodwill between the two cities through music and establishing hospital to hospital links via joint research and future exchanges.

8. Corpus Medicorum also is seeking to facilitate connections with relevant partners including the Osaka City Government, hospitals and research institutes.
9. The timing of the orchestral visit to Osaka will also provide Council with an opportunity to solidify its relationships with the City of Osaka and its Universities by facilitating meetings for health care experts and students with Osaka counterparts.

## CHINA

### Cleantech opportunities

1. China is under immense pressure to solve its existing pollution problems. The new environmental protection law (EPL) took effect in China in 2014. The EPL is perceived as the most progressive and stringent law in the history of environmental protection in China. It details higher standards and harsher penalties for offences. This presents great potential for businesses holding innovative solutions in improvement processes such as sewerage treatment processes, soil and water remediation, and industrial waste recycling.
2. As the political and economic centre, Beijing and its neighbouring city Tianjin and Hebei Province are jointly delivering a number of pilot projects to solve these urgent pollution problems. Tianjin Environment Protection Bureau (EPB) intends to initiate a joint research program between Tianjin and Melbourne in areas of air pollution control, water management and soil remediation by inviting Melbourne professionals to participate in the program.
3. Businesses that can help to address China's current environmental challenges stand to be presented with the most lucrative opportunities. Melbourne cleantech businesses may find great opportunities in the following key focus projects of Tianjin in the next few years:
  - An air pollution early-warning system and contingency procedures for Beijing-Hebei-Tianjin region. Special funds are available for such systems for cities in the region.
  - Energy-saving & Environmental Protection Technology Supermarket in the Binhai New Area to showcase achievements in environmental protection technologies. City of Melbourne has been offered presentation space for clean tech companies to showcase their capabilities.
  - Implement the "Beautiful Tianjin, No. 1 Project" to promote energy-saving and emission reduction and to increase the proportion of clean energy use. An action plan to upgrade 10,000 enterprises in Tianjin has begun.
  - Build up water environment compensation and control systems and further improve the current water quality monitoring and alert system.
  - Research on soil quality control on headstream of soil pollution and set up soil quality environment monitoring network
  - Set up an ecological environment supervision system and enhance the control on solid waste and chemicals
  - To promote clean recycling, scale utilization and industrial development of renewable resource recycling, clean scale utilization and industrial development and achieve the goal of more than 3,400,000 tonnes of renewable resource utilization;
  - Seawater desalination industry base construction - this year the city seawater desalination capacity will reach 48 million tons / day;
  - Promotion of new energy vehicles - at least 30% of buses in Tianjin will adopt clean energy technology.
  - Chinese investors are motivated to invest into international cleantech companies where they are now one of the top global investors in renewable energy. This could provide opportunities for Melbourne/Victorian cleantech companies with proven technological solutions. The re-introduction of Significant Investment Visas will drive further investment in proven cleantech companies.

### **Sustainable urban design**

1. The 12th Five-Year Plan (2011-15) set targets for improved energy and water efficiency, low carbon production and uptake of 'green' or more sustainable development practices. Demand for the integration of new or more advanced technologies, building practices and materials into the building and construction sector and the need for improved energy and water efficiency will deliver significant opportunity.
2. In most first tier cities, energy saving guidelines is in place for all new buildings at the design stage and many local governments have set-up green building regulations in line with national policies. Tianjin Municipal Government announced the Tianjin Green Building Action Program in June 2014. It is required that at least 20% of the new constructions in Tianjin will need to adopt the green building standard including small towns, affordable housing, government investment buildings and large public buildings.
3. Opportunities exist for companies offering a range of services and products including:
  - design theory and green building practices
  - operation and supervision of energy conservation in large public buildings and energy conservation service market
  - architecture and design
  - interior design
  - urban and regional planning
  - landscape design
  - engineering consultancy
  - energy efficient consultancy and smart grid management