

## ADVICE TO MINISTER

<p><b>CONFIDENTIAL ISSUES NOTE</b></p> <p>Ministry of Jobs, Trade and Technology Updated: Aug. 21, 2017</p> <p>Minister Responsible: Hon. Bruce Ralston</p>	<p><b>Beijing TIR and BC's Special Representative in Asia</b></p>
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### ADVICE AND RECOMMENDED RESPONSE:

- **British Columbia's international network connects B.C. businesses with new markets and trade opportunities and promotes British Columbia as a stable and attractive destination for investment, tourists and international students.**
- **In 2016/17, B.C.'s trade and investment representatives facilitated and supported more than 440 inbound and outbound trips involving B.C. companies and organizations.**
- **The total value of foreign direct investment influenced by ministry programs during 2016/17 was over \$2 billion, well exceeding set targets.**
- **The total number of international business agreements facilitated by ministry programs reached 219, exceeding the target of 125.**
- **The total investment from China into B.C. facilitated by B.C.'s four TIR offices in fiscal year 2016/17 is approximately \$937.2 million, representing 47% of all**

**investment secured by B.C.'s network of Trade and Investment offices.**

- **B.C.'s four China offices have also supported numerous trade deals during the 2016/17 fiscal year (109 trade deals with the value of approximately \$162.2 million), representing once more 47% of all trade deals facilitated by our overseas offices.**

### **BC's Special Representative in Asia**

- **Ben Stewart, was appointed British Columbia's Special Representative in Asia by former Premier Christy Clark on October 28, 2013. He resigned from this position on December 30, 2016.**
- **Operating costs associated with the BCSRA were covered through the Ministry of International Trade**
- **The Special Representative's primary role was to build and strengthen high-level government and business relationships between Asia and B.C., working closely with B.C.'s Trade and Investment Representative (TIR) network.**
- **The Special Representative was based in Beijing, co-located within the B.C. Trade and Investment Office. The Special Representative worked closely with existing in-market trade and investment representatives in East Asia**

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to provide net economic benefit to B.C.**

- **Between April 2015 and December 2016, the Special Representative:**
  - **Held over 400 executive meetings with senior government leaders and corporate executives,**
  - **Participated in 20 missions and major trade events, and**
  - **Delivered 30 speeches and presentations to East Asian audiences on the advantages and opportunities of doing business with B.C.**

**If asked about the BCSRA's Compensation:**

- **Ministry staff and the BC Public Service Agency reviewed compensation packages offered to staff working overseas for federal government agencies and provincial Crown Corporations.**
- **Terms and conditions were selected that were very comparable to those arrangements, which we felt were quite reasonable.**
- **For example, the BCSRA's base salary was \$150,000 with allowances for living overseas that include transportation (up to \$3,000 per month) and living expenses (up to \$7,500 per month for accommodation and services).**

## **Beijing TIR Office:**

- **The Beijing Trade and Investment Office exceeded all outcomes and inputs targets for this fiscal year.**
- **In particular, the Beijing office attracted \$398 million in foreign direct investment, more than twice as much as the annual target of \$150 million.**
- **This office participated in 28 trade deals – all of which were valued at \$100K or more.**
- **For example,**
  - **Haiyan Environmental Technology Engineering Co., Ltd, an industrial water treatment company in Qingdao, signed an agreement to invest in Vancouver-based David Bromley Engineering Ltd, developer of the Nanoflotation Technology.**
  - **Beijing-based gaming company, Match-light Interactive sets up its R&D Centre in BC as its North American headquarters and the company has invested in a new BC-based operation.**
  - **Hebei CA-CN Agriculture Investment Ltd., an agrifood company headquartered in Shijiazhuang, Hebei focusing on agricultural investment opportunities in Canada, invested in BC-based abattoir KML Meat Processors.**

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- **Beijing is the busiest market for British Columbia with respect to senior Premier- and Minister-led trade missions, corporate executive visits and requested in-market due diligence.**
- **Over the years the office has been tasked to either deliver or support on all levels of government missions in addition to business programming and matchmaking for hundreds of B.C. companies.**

### **If asked about the increase in the Ho Hing contract:**

- **The Ho Hing contract amount for 2009-2010 included only salary and program costs for the Beijing TIR office. At that time, there was as separate contract for the Beijing business office space.**
- **Since 2015-16, the Ho Hing contract encompasses both the Beijing and Shanghai Trade and Investment Representative offices including the costs for office space in both cities as well as salary and program costs for 14 staff.**
  - **Managing director Kevin Tsui is based in Beijing with 7 staff and 6 more staff are in Shanghai.**
- **\$2,316,985 represents the total 2015-16 Ho Hing contract amount for Beijing and Shanghai TIR offices as outlined above. The figure of \$456,820 is an advance for the 2016-17 Ho Hing contract.**

## **KEY FACTS:**

In April, 2017, The National Observer published a story entitled, “BC poured millions into an office in China. Why?” <http://www.nationalobserver.com/2017/04/27/news/bc-poured-millions-office-china-why>

The article contained a statement which was misleading:

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The addition is incorrect as it includes amounts for two fiscal years.

### **China trade and investment numbers:**

- Total China investment in BC facilitated by B.C.’s four TIR offices in China in FY2016/17: approx. \$938 million
- Value of total China trade deals facilitated by B.C.’s four TIR offices in FY2016/17: approx. \$157.6million
- Total number of trade deals facilitated by China TIR offices in FY2016/17: 109
- Total value of closed/won investment to BC facilitated by Beijing TIR in FY2016/17: approx. \$391.45 million

### **Examples of Beijing investment successes:**

1. Qingdao Haiyan Environment Invest in David Bromley Engineering
2. Dayang Group Invest in Indochino
3. CNPC Invest in LNG Canada - FEED and Site Preparation in 2016/17
4. Match-Light interactive Invests in BC and set up North American Headquarters
5. Hebei CA-CN Agricultural Investment Ltd. invests in BC KML Meat Processors

### **BCSRA Terms of Reference/Employment Agreement:**

- Base salary - \$150,000 per annum
- Employer pension contributions – 8% of base salary in lieu
- Vacation – 5 weeks per year
- Health & Welfare Benefits – employer paid through Pacific Blue Cross
- Long Term Disability- employer paid through private coverage
- Transportation in Beijing – up to \$3,000 per month
- Language lessons – up to \$2,400 per year

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- Personal travel for employee and/or spouse – up to \$15,000 per year
- Living expenses – up to \$7,500 per month for accommodation and services
- One exploratory trip to secure accommodation
- If OIC is rescinded, one way airline travel home and \$5,000 lump sum to ship personal effects
- No severance provisions offered or implied

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