

MEETING NOTE

Intergovernmental Relations Secretariat - Office of the Premier

I. ISSUE NOTE:

PREPARED FOR:	Premier Christy Clark
MEETING EVENT:	<p>Meeting with H.E. LUO Zhaohui, Ambassador of China to Canada January 18, 2016 / 1:45 - 2:15pm / Vancouver Premier's Office</p> <p>Ambassador Luo will be accompanied by Consul General LIU Fei, Minister WANG Wentian (Chinese Embassy), Counselor HONG Yingchun (Chinese Embassy), and Mr. HUANG Gang (Secretary to Ambassador Luo).</p>
SIGNIFICANCE:	<p>As of January 12, 2016, the Ministry of Finance anticipates launching the inaugural RMB issue on January 14th (markets permitting) with settlement of proceeds to occur on January 21st. The terms of the bond issue are still to be determined but expect the bond size to be RMB 3.0 billion (about CAD \$600 million) and the term to be three years. The Joint Lead Underwriters (JLU) will be BOC and HSBC. Proceeds from the bond issue will be moved 'offshore' in order to invest in a deposit with United Overseas Bank ('UOB').</p> <p>On December 3rd and 4th, Minister de Jong travelled to Beijing and met with a number of financial institutions (Agricultural Bank of China, HSBC Bank (China), Bank of China and Industrial and Commercial Bank of China (ICBC)) and with the Chinese regulators (NAFMII and PBOC). Meetings also took place with potential Chinese institutional investors in order to help familiarize investors with BC.</p> <p>The Ministry of International Trade plans to sponsor its second annual Pacific Finance Summit in spring 2016, showcasing the opportunities offered by RMB denominated trade and investment. AdvantageBC is also spearheading education initiatives and drawing strong local interest.</p> <p>s.16</p>
ICEBREAKER:	<p>Premier Clark and Ambassador Luo last met in August 2014 on the margins of the COF meeting in PEI.</p> <p>Ambassador Luo will be accompanying the Chinese Delegation to the 24th Asia Pacific Parliamentary Forum in Vancouver. A new component has been added this year: a meeting of Women Parliamentarians.</p>
KEY BC OBJECTIVE:	Highlight accomplishments and successes of the Premier's recent mission to China, and express gratitude for the Chinese consulate's aid in preparation and on the mission.

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Outline BC's priorities in China – increased trade and a Canada-China free trade agreement, LNG exports, clean technology exports, agriculture exports, forestry exports, education, tourism, investment, information and technology (ICT) and new/digital media.

British Columbia's Special Representative in Asia, Ben Stewart, is key to advancing these priorities.

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KEY MESSAGES: **Mission Highlights** - During the most recent mission, Premier Clark signed an MOU on climate change and low carbon development cooperation with Guangdong Governor ZHU Xiaodan.

Premier Clark (accompanied by Minister Wat) also met with Guangdong Party Secretary HU Chunhua (a member of China's Politburo and potential successor to President Xi Jinping in 2023). Party Secretary Hu is planning to visit BC in the spring.

Trade - BC is encouraging the Canadian government to engage China in free trade negotiations. BC supports recently concluded Canada-China agreements on cherries, blueberries, and enhancing air transport, as well as the entry into force of the Canada-China Foreign Investment Promotion and Protection Agreement (FIPA).

BC is pleased with Prime Minister Trudeau's recent pledge to strengthen co-operation with China, and seek a free-trade agreement with China.

LNG - BC has an unprecedented opportunity to create economic growth through the development of a new LNG industry. Several Chinese companies have already invested in proposed LNG facilities in BC:

- **PetroChina** has twenty percent ownership in the LNG Canada project in Kitimat (along with Shell, KOGAS and Mitsubishi).
- **Sinopec** has ten percent ownership, and **Huadian** has a five percent stake in the Pacific NorthWest LNG project in Prince Rupert (along with PETRONAS, JAPEX, Petroleum BRUNEI and Indian Oil Corp).
- **CNOOC** through its wholly owned subsidiary Nexen is in a joint venture with INPEX and JGC in Aurora LNG project in Prince Rupert.

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Olympics Support - As China prepares to host the 2022 Winter Olympics, the Chinese province of Hebei is interested in learning from BC's experience of hosting the 2010 Winter Olympics.

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BC welcomes the opportunity to share our experiences with Hebei. During the mission, Premier Clark and Minister Wat met with Hebei Governor ZHANG Qingwei, Vice Governor XU Ning, and the Mayor of Zhangjiakou, MA Yujun, to discuss this opportunity for potential partnerships, people-to-people exchanges and strengthened bilateral trade and investment ties.

Ben Stewart also met with Hebei and Zhangjiakou officials in mid-December 2015 to reiterate our willingness to establish an Olympics-related partnership.

It is anticipated that there will be a number of visits by Chinese Olympic organizing officials to BC early in the new year.

RMB Trading Hub - Highlight BC's strong support of Canada's new RMB trading and investment hub for North America.

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THEIR INTERESTS:

Exchange views on bilateral trade and investment.

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II. BIOGRAPHY:

Ambassador LUO Zhaohui



Born in Hubei Province of China in February 1962; Master's Degree in History; married, with a daughter.

1985-1989 Attaché, Third Secretary, Department of Asian Affairs, Ministry of Foreign Affairs

1989-1993 Third Secretary, Second Secretary, Chinese Embassy in the Republic of India

1993-1996 Second Secretary, Deputy Division Director, Department of North American and Oceania Affairs, Ministry of Foreign Affairs

1996-2000 Second Secretary, First Secretary, Chinese Embassy in the U.S.A

2000-2003 Counsellor, Department of Asian Affairs, Ministry of Foreign Affairs

2003-2004 Minister Counsellor, Chinese Embassy in the Republic of Singapore

2004-2006 Deputy Director General, Department of Asian Affairs, Ministry of Foreign Affairs

2006-2010 Ambassador Extraordinary and Plenipotentiary of China to Pakistan

2010-2011 Director General, Department of External Security Affairs, Ministry of Foreign Affairs

2011-2014 Director General, Department of Asian Affairs, Ministry of Foreign Affairs

2014- Ambassador Extraordinary and Plenipotentiary of China to Canada

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III. BACKGROUND:

POLITICAL/ECONOMIC UPDATE

- In October 2015, the Central Committee of the Communist Party of China (CCCCP) approved a blueprint of China's 13th Five-Year Plan, which will guide China's economic and social policy from 2016 through 2020. The blueprint indicates that the goal is to maintain economic growth at a medium-to-high rate and double China's 2010 GDP and per capita income of both urban and rural residents by 2020.
- The plan's major areas of focus include:
 1. Broad-based **innovation** for institutions, technology and culture.
 2. **Balanced development**, involving industrial upgrades, information technology advancement, new urbanization and agricultural modernization.
 3. **Energy conservation and environmental protection**.
 4. **Social welfare**.
 5. **Population policy**, allowing all families to have up to two children.
- China is the second largest economy and the second largest importer of both goods and services in the world. Official economic growth in China is believed to be just below 7%.
- Analysts have warned Chinese markets will see extreme volatility for a few more months.

CANADA – CHINA RELATIONS

- In November 2015, Prime Minister Trudeau met with China's President Xi Jinping at the G20 summit. President Xi applauded former Prime Minister Pierre Trudeau for reaching out to China and establishing formal diplomatic relations in 1970.

BC – CHINA RELATIONS

- **Education** – China is the largest source country for international students studying in BC; approximately 28,700 students studied in BC in 2013-14. There are currently 31 BC Offshore Schools in China.
- **Bond Market** – BC has issued two 'offshore' RMB issues, a one-year note in November 2013 (RMB 2.5 billion 2.25% coupon) and a two-year note in November 2014 (RMB 3 billion 2.85% coupon). Proceeds from each issue were invested in a bank deposit with HSBC Bank (China) and Bank of China Limited (BOC), respectively.
 - o On November 27th, 2015 the Province established an onshore RMB 6.0 billion Bond Issuance Programme with the Chinese regulators. The National Association of Financial Market Institutional Investors ('NAFMII') and People's Bank of China ('PBOC') approved the programme documents which enables the Province to proceed with an onshore RMB bond issue.

PREPARED BY:

Sarah Langdon, IGRS
(250) 356-2891

REVIEWED AND APPROVED BY:

Pierrette Maranda, IGRS
(250) 387-0752

COUNCIL OF THE FEDERATION CONFERENCE CALL

Wednesday January 20, 2016

10:30 – 11:30 am (BC Time)

DIAL-IN NUMBER: s.15,s.17

CONFERENCE ID: s.15,s.17

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MEETING:	Wednesday, January 13, 2016 at 3:15pm, by phone. Telephone call with Christine Gregoire, past Governor of Washington State
SIGNIFICANCE:	<ul style="list-style-type: none"> • During the leadership of Christine Gregoire, the relationship between Washington State and British Columbia broadened and deepened. • Christine Gregoire remains a respected public speaker in Washington State and the US in general. Her influence and insight will be both interesting and useful as BC moves forward with its relationships in Washington and the US, especially in the year ahead leading to the 2016 US elections. • The US is the Province's largest trade and investment partner by far.
KEY MESSAGES:	<ul style="list-style-type: none"> • <u>Close ties</u>: Emphasize close ties and BC's strong support for cooperation with the US, particularly in the areas of border management, transportation, climate change, and environment, PNWER. • <u>Working together</u>: BC government is committed to engaging with the US in positive ways building on the Province's recognized global leadership on climate change and support President Obama's climate action plan.

RECENT ACTIVITY:

Christine Gregoire has been a public speaker since leaving the Governor's office. As well, she chairs the Import-Export Bank Advisory Committee, works on the Global Cities Initiative for Greater Seattle and serves as a board member for the Fred Hutchinson Cancer Research Centre. She is a cancer survivor. She also served as a fellow at the Kennedy School of Government at Harvard University in the fall of 2014 engaging with students at the School about leadership in various positions of government.

She is also on the advisory board of the Progressive Coalition for American Jobs, which brings together progressives and Democrats committed to leveling the playing field for American workers.

In October, 2015, Tacoma's The News Tribune published an op-ed from Christine Gregoire in support of the Trans-Pacific Partnership. Excerpt: "As governor, I fought hard to protect our state's natural resources – our rivers, oceans, wildlife and the air that we breathe – so that Washington families could enjoy them for years to come. At a time when the environmental challenges facing our planet have never been greater, the TPP promises to enact unprecedented safeguards for our natural resources and environment. That's why I support this trade agreement." (<http://www.thenewstribune.com/opinion/op-ed/article38263455.html>)

BACKGROUND:

Christine Gregoire was elected to be Governor of Washington in 2004. She was in office from January 12, 2005 to January 16, 2013. Her election in 2004 was notable for her historically slim margin of victory over her Republican opponent. She did not seek re-election for personal reasons, and was succeeded by Jay Inslee.

Prior to her Governorship, Gregoire was elected to three terms as attorney general (1993-2005). She served as the director of the Washington Department of Ecology from 1988 until 1992.

Accomplishments as Governor:

Governor Gregoire was known for her climate and energy leadership. During her term, Washington passed laws that make it a national leader in climate protection policy. She established new performance standards for vehicles and stationary sources. She protected Initiative 937, the clean energy standard, which helps drive the development of new renewable energy and energy efficiency investments.

Gregoire faced a \$2.2 billion budget shortfall when she took office in 2005. She balanced the state's budget as she expanded health care coverage to low-income children, led an effort to make government more streamlined and accountable, introduced a plan to create a world class education system, and launched a plan to save Puget Sound. She proposed a constitutionally protected rainy day fund to help the state prepared for economic downturns that voters passed.

She introduced and won approval for a landmark transportation package to create jobs and address critical challenges with roads and bridges. She established a dedicated fund to reduce class sizes, brought in all day kindergarten, helped increase enrollments at colleges and universities, and protected vital social services for the state's most vulnerable individuals and families. Many of these initiatives had to be rolled back in her second term due to the 2008 recessions and a requirement to keep the state's budget balanced.

Relationship with BC:

In 2005 BC signed a cooperation agreement with Washington State. Since that signing, there have been six joint cabinet meetings chaired by the Premier and Governor, leading to nearly 30 agreements covering:

- Border management;
- Environment and climate action;
- Tourism, trade and competitiveness;
- Public health, emergency management and education.

BC and Washington partnered in 2008 to establish the Pacific Coast Collaborative, which extends the benefits of cooperation to the governors and states of California, Oregon and Alaska.
