

AGENDA ITEM NO 6

REPORT NO 221/14

ANGUS COUNCIL

DEVELOPMENT AND ENTERPRISE COMMITTEE – 26 MAY 2015

JAPAN

**REPORT BY RICHARD STIFF
CHIEF EXECUTIVE**

ABSTRACT

This report is submitted in response to the resolution of the council at its meeting on 26 March 2015 that the Chief Executive prepares a report to the appropriate Council Committee to identify both existing and potential opportunities for economic development co-operation by Angus businesses with Japan in light of the major recent developments and inward investment by Japanese companies in Scotland.

1. RECOMMENDATIONS

It is recommended that the Committee:

- (i) note the content of this report;
- (ii) agree the proposals set out in section 5 of the report to the effect that the council maintains its position in relation to international engagement as set out in its 2013 International Framework, but pursues contacts and collaboration with Japanese companies, organisations or individuals as and when opportunities arise.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN

This report contributes to the following local outcome(s) contained within the Angus Community Plan and Single Outcome Agreement 2013-2016:

- We have a sustainable economy with good employment opportunities;
- Angus is a good place to live in, work in and visit.

3. BACKGROUND

At its meeting on 26 March 2015 the council unanimously agreed a resolution that requires the Chief Executive to submit a report to the appropriate Council Committee to identify both existing and potential opportunities for Economic Development co-operation by Angus businesses with Japan in light of the major recent developments and inward investment by Japanese companies in Scotland. It is judged that the Development and Enterprise Committee is the appropriate committee to receive this report.

Japan is an island nation situated off the Eurasian continent in the northern hemisphere with a land mass roughly 1.5 times larger than the United Kingdom. It consists of the main islands of Hokkaido, Honshu, Shikoku, Kyushu and Okinawa, and more than 6,800 smaller islands of varying sizes. Japan has a population of over 127 million people. In the 2011 Scottish census only 1,273 people advised that they were born in Japan.

Japan remains one of the five most successful economies in the world, despite the impact of global recession on some of its key industries. Japan's main exports are motor vehicles (14% of total exports), semi-conductors, iron & steel products auto-parts, plastic materials, and power generating machinery. In 2011, Scottish exports to Japan were valued at £365 million and this increased to £440 million in 2012 – a rise of 22% in one year. According to HMRC, Scotland has a 7% share of UK exports to Japan.

In the north east of Scotland, Aberdeen City Council in February 2014 approved the commissioning of a study by external specialists to develop and deliver an Aberdeen-Japan strategy to further develop trade, tourism, academic and sporting links. In January 2015 the City agreed to implement business, trade and investment elements of an action plan arising from that study to a level that could be accommodated within existing staff and budget resources and aligned to the agreed priorities of the City's 2015-2016 International Trade Plan.

4. CURRENT POSITION

At its meeting in December 2013 the former Strategic Policy Committee adopted the Angus Council International Framework, 2012 to 2016. This strategy document confirms the parts of the world that the council should focus its attention on in relation to economic growth and business development as well as tourism promotion. Key drivers were identified to help define the primary markets we should consider and these were agreed as being Northern Europe and Scandinavia, the USA and Canada and China.

However, in section 4.3 of the framework document it is recognised that there are opportunities in other areas of the world which businesses or individuals may wish to pursue. The framework confirms that the Council will look to provide support in these other markets via the most appropriate partner organisation. Opportunities may present themselves to build links in other areas e.g. through international sporting events such as the Commonwealth Games or via inward visits to Angus. These will be pursued but unless the location offers significant potential for future trade, educational or cultural exchange it is anticipated they will be treated as one off opportunities.

Overall there is significant potential for Scottish food and drink companies to sell into Japanese markets and there is a very good fit for Scotland's strategic focus on premium products and food and drink provenance. In terms of leisure, golf is a popular activity and sport in Japan. However, in real terms entry to the Japanese market must fit with the business growth strategies and ambitions of local businesses.

At present we are not aware of any local company actively looking to sell its products or services specifically into the Japanese market place. In their dealings with local businesses the council's business development advisers always encourage businesses to think about export markets relevant to their product range and for some this would include Japan. Exporting aspirations are also collated as part of the annual business survey and where appropriate signposting and support can be offered including via SDI and/or Scotland's Food and Drink to support a local business.

In terms of educational and cultural links we are not aware of any particular organisation or group based in Angus promoting cultural links with Japan. Learning about the wider world is a key element of the primary and secondary curriculum but there is currently no school in Angus seeking specific support in relation to incorporating the teaching of Japanese culture or language into its programme.

5. PROPOSALS

In view of the overall context, which includes the relatively recent establishment of a council strategy and action plan for developing international engagement, it is proposed that no specific actions are taken to develop work with Japan.

It is however proposed that in line with the council's international framework, opportunities which may present themselves either from Japanese interests or local businesses to build links with Japan should be pursued.

Requests for support from local business for support will of course always be positively received.

6. FINANCIAL IMPLICATIONS

There are no financial implications arising directly from this report.

7. CONSULTATION (IF APPLICABLE)

The Strategic Director – People, Head of Corporate Improvement and Finance and the Head of Legal and democratic Services have been consulted in the preparation of this report.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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