

---- The Sister City Bridge Project ----



Australia China Business Council
澳大利亚中国工商业委员会



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Message from the President

Over 45 years of formalised relations, the Victoria-China relationship continues to grow from strength to strength to be the state's most important market for two-way trade and investment.

In recent times, Victorian small and medium businesses have been taking advantage of ChAFTA (The China Australia Free Trade Agreement) to export more agricultural goods



to China's emerging middle class consumers, who have developed a taste for the state's premium produce. Moreover, the appeal of regional Victoria is evident in the increasing demand from overseas investment to help transform the state's infrastructure and provide Victorian businesses with greater supply channels to China.

Victoria is also home to a growing number of Chinese students seeking our world class education while our professional services of finance, health and aged care are seen as models by China as it restructures its economy from one based on manufacturing to one that is consumption driven. Additionally, sports diplomacy is another level of our dynamic relationship, where China has caught on to Victoria's passion and professionalism for sport and we are seen as a best practice provider of international sporting events and world class infrastructure.

Yet while China demands more of our beef, wine and health care products, we cannot

ignore the value of relationships that are so vital when doing business with China, and which underpins our economic engagement and has allowed us to grasp the business opportunities that China offers. A key driver of this deep foundation, friendship and trust has been Victoria's robust sister-state relationships with Jiangsu and Sichuan, and the subsequent sister-city relationships ties that have been fostered.

It is therefore with great pleasure that I present you with ACBC's Sister City Bridge Project that seeks to continue Victoria's proud engagement with China. In partnership with the State of Victoria, ACBC has liaised with local governments to delve deep into the state's China ties to provide a glimpse into the extent of Victoria's sister city partnerships with China.

As Victoria's relationship with China has grown at a rapid speed, some sister city relationships have thrived while others have remained less active. With this report, we can now look at the best practices of how sister city relationships can be better leveraged to benefit local Victorian businesses, either through outbound or inbound activities. With business and cultural engagement, local Councils can provide invaluable linkages that help to promote greater long term understanding and form the basis of promising commercial ties.

We hope that the Sister City Bridge Project can form the basis for further engagement between local Victorian Councils and China as it highlights the benefits to local communities of fostering deep and meaningful relationships with China that can assist Victorians in pursuing the significant opportunities with China.

I hope you enjoy reading this report.

John Brumby.

Executive Summary

The Sister City Bridge project reveals the latest up-to-date assessment of Victoria's diverse sister city network with China. Until now, much of the data available on sister cities has been either outdated or incomplete as previous sister city relationships had been either terminated or completely inactive while others have persisted with minimal activity and others are fully utilised by Councils and their respective business communities.

Of current sister city partnerships, there is a disparate range of activeness as each Council manages the relationship in their own respective manner. 41% of respondents claim to have a 'fully active' relationship while 29% responded that theirs were 'partially active'. 12% saw their sister city relationship as 'inactive' while 18% felt their sister city was 'more active in the past'.

Sister cities appeal to a wide range of sectors. Interestingly, the service areas of education and tourism were seen to be the greatest beneficiaries of leveraging sister city partnerships for most Councils. Traditional trade areas, such as agriculture and manufacturing, were also prominent but the prominence of the service sector demonstrates how Councils are looking increasingly at the inbound opportunities offered by sister cities.

Delegations, both inbound and outbound, make up the predominant activities between Victorian Councils and their Chinese counterparts. Both delegations typically consist of site visits while formal entertaining typically occurs on missions in China while delegations visiting Victoria are more likely to partake in

cultural activities. Educational exchanges between sister cities are less common than business exchanges.

The greatest challenges for the maintenance of sister cities are the limits of personnel to manage the relationship and the intrinsic differences between Australian and Chinese business culture. 78% of Councils also point to the logistical constraints of receiving an inbound delegation and affording them sufficient time when in Councils.

For 62.5% of Councils, their sister city relationship was their prime driver in engaging with the China market. However, the varying levels of sister city partnerships saw Councils split as whether sister cities had provided a distinct advantage when doing business with China. Yet, while there is clear trepidation about sister cities going forward, zero Councils felt negative toward their utility. 56% held a positive view while 44% remained unsure how sister cities could work for them.

Considering the lack of recent relevant data on sister cities, above all, this report hopes to take the first steps in providing a glimpse to how sister city relationships have been working throughout Victoria over 45 years.

That 44% of Councils are unsure how sister cities can work for them in the future can be viewed as opportunity for Victorian Councils, the State of Victoria and the Australia China Business Council to assist in sharing the learnings of successful sister city partnerships that can influence Councils to better leverage this useful vehicle in engaging with the potential of the China market.

Introduction

Why this Project?

Since Australia established relations with the People's Republic of China in 1973, Victoria and China have enjoyed a fruitful and prosperous relationship, where today 65% of Victoria's food and fiber products are destined for China while almost one third of Victoria's 200,000 international students hail from China¹. Victoria's goods exports are worth \$24.7 billion, of which \$5.4 billion is to China and has increased by \$1.8 billion by just over five years.²

In 1979 Victoria and Jiangsu signed one of Australia's first sister state relationships³, which in turn has encouraged the formalisation of sister city relationships between Chinese city prefectures and Victorian Councils and Regional Shires. This was strengthened in 2014 with the establishment of the Jiangsu-Victoria Regional City Alliance.

As the Victoria-China relationship has developed, not all Sister City relationships have been maintained while others continue yet remain rather inactive. In fact, there is little public information on the current status of Victoria-China sister city relations. As a response, the Australia China Business Council (ACBC) and the Victorian Government have collaborated to ascertain the current status of Victoria-China Sister Cities in 2018.

The project seeks to identify:

- The current status of Victoria-China sister cities;
- The level of engagement between each active sister city relationship;

- How the relationships are viewed by sister city partnerships in Victorian Local Government;
- What can be learned for Councils seeking to establish Sister Cities in the future.

Methodology

Between October 2017 and May 2018, ACBC has liaised with representatives of Victorian Local Government known to have sister city ties to determine whether each partnership was active, dormant or had ceased to exist.

Once the current status of sister cities was confirmed and the respective council representative who managed the relationship was identified, a survey was then formulated that sought to capture:

- The level and extent of each Council's sister city engagement;
- The management of sister city relationships;
- Activities, such as inbound or outbound missions conducted with sister cities;
- Intercultural, educational and personal exchanges; and
- An appraisal of the local Council's value of its sister city.

In many cases, councils manage their sister city relationships rather differently. Yet, by obtaining data throughout the existing sister cities across the state, the Sister City Bridge Project has been able to identify trends among the Councils while adding individual anecdotal remarks where relevant.

¹ Premier of Victoria, 2018

² Australia-China Relations Institute, 2018

³ Premier of Victoria, 2016

Victoria-China Sister-State Relationships

Jiangsu

Since 1979, Victoria and the Chinese Province of Jiangsu have shared a successful sister-state relationship. Achievements of the partnership has included:

- Economic partnership through the Victorian-Jiangsu Joint Economic Committee;
- The Hamer Scholarship Program, which allows up to 50 young Victorian professionals to undertake intensive Chinese language study in Jiangsu;
- The Victorian Young Leaders to China Program for 1,500 Victorian Year 9 students to undertake extended study in China to enhance their language proficiency and knowledge of China;
- the Sister-Schools Partnership Program with 225 Chinese school students and teachers visiting 18 Victorian schools to promote a shared understanding of culture and values; and
- the Victoria-Jiangsu Business Placement Program which offers 12 Victorian companies the opportunity to participate in a three-week residential business program in Jiangsu.⁴

Victoria's sister-state relationship with Jiangsu has also been beneficial to sister state relations and has spawned eight of the current 21 identified sister-city relationships.

Sichuan

In 2016, the Victorian Government embarked upon a 2nd sister-state relationship with China through its sister-state agreement with China's fastest growing region, Sichuan Province.

Avenues for cooperation include:

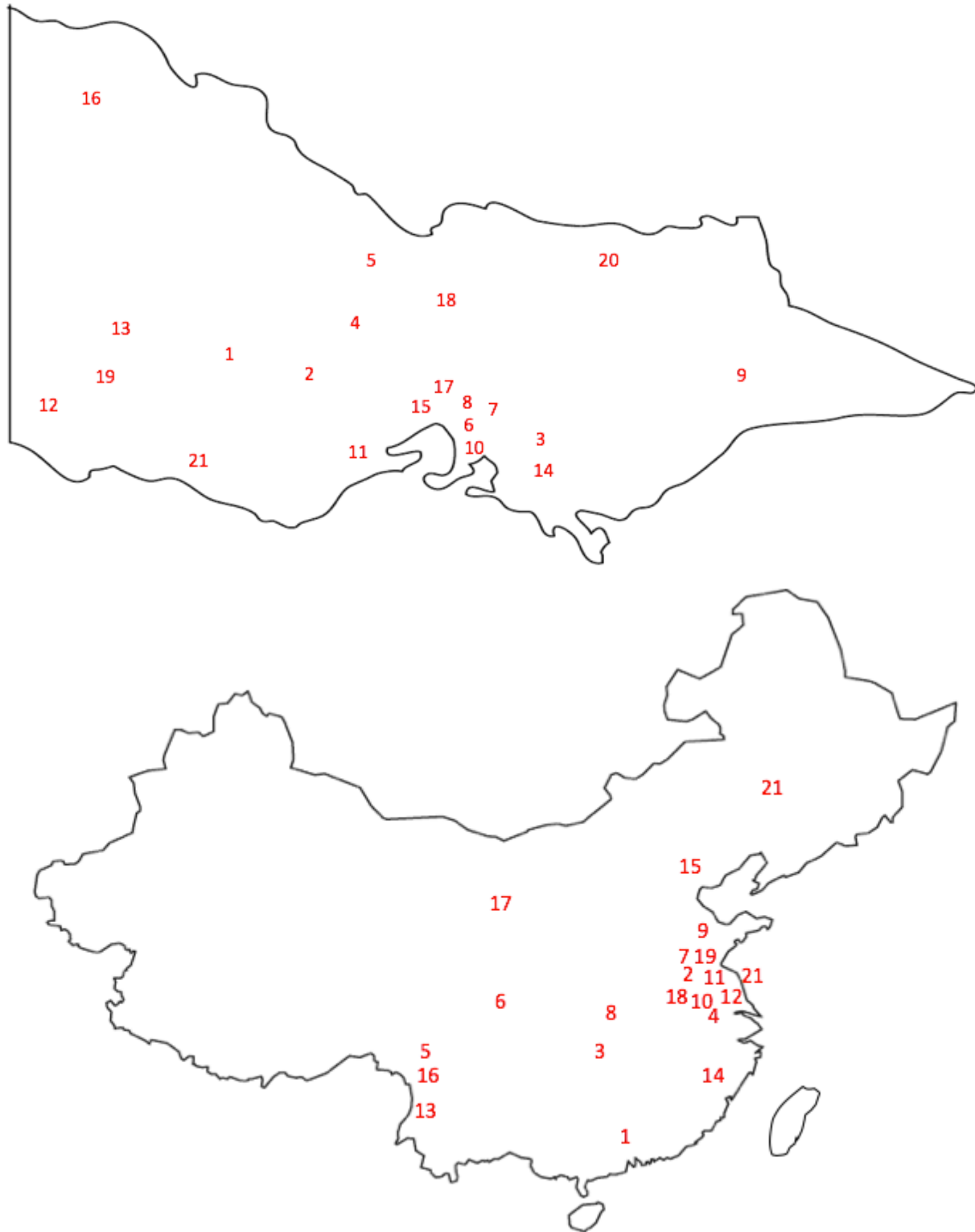
- A new 'Chinese-Western Medicine Joint Working Group' led by the Victorian Department of Health and Human Services and the Sichuan Provincial Commission of Health and Family Planning;
- Extending the University of Melbourne's Department of Psychiatry research program to the Mental Health Centre West China Hospital of Sichuan University;
- A partnership between Holmesglen Institute of TAFE, Chengdu Technician College, and Australia Master Group for vocational education and English language training;
- Support from Melbourne's Royal Children's Hospital and Royal Women's Hospital to help develop a new hospital at the Sichuan Province Women's and Children's;
- A partnership between the State Library of Victoria and Sichuan Library;
- An education agreement between La Trobe University and the University of Electronic Science and Technology of China; and
- A comprehensive partnership involving six chambers of commerce to drive economic exchange and trade.⁵

Since the signing of the Victorian-Chengdu sister-state agreement, one sister city alliance ('economic cooperation agreement') between The City of Casey and Dujiangyan has been created.

⁴ State of Victoria, 2014

⁵ Premier of Victoria, 2016

Victoria's China Sister City Network



Victoria-China Sister City Relationships

Key	Victorian Local Council	Chinese Sister City Partner	Activeness
1.	Ararat	Taishan, Guangdong	Was More Active in the Past
2.	Ballarat	Kunshan, Jiangsu	Inactive
3.	Baw Baw	Jiujiang, Jiangxi	N/A
4.	Bendigo	Haimen, Jiangsu	N/A
5.	Campaspe	Shangri-La, Yunnan	Partially Active
6.	Casey	Dujiangyan, Sichuan	Fully Active
7.	Dandenong	Xuzhou, Jiangsu	Fully Active
8.	Darebin	Hefei, Anhui	Was More Active in the Past
9.	East Gippsland	Weifang, Shandong	Inactive
10.	Frankston City Council	Wuxi, Jiangsu	Partially Active
11.	Geelong	Lianyungang, Jiangsu	Partially Active
12.	Glenelg	Zhangjiagang, Jiangsu	Partially Active
13.	Horsham	Nuijiang, Yunnan	Partially Active
14.	Latrobe	Taizhou, Zhejiang	Fully Active
15.	Melbourne	Tianjin	Fully Active
16.	Mildura	Dali, Yunnan	Fully Active
17.	Moreland	Xianyang, Shaanxi	N/A
18.	Shepparton	Jintan District, Jiangsu	Fully Active
19.	Southern Grampians	Gaoyou, Jiangsu	Was More Active in the Past
20.	Wangaratta	Suzhou, Jiangsu	N/A
21.	Warrnambool	Changchun, Jilin	Fully Active



Part 1: Managing the Relationship

Title of Sister City Relationship

A great majority (70%) of respondents use term 'sister city' to define their bilateral sister city agreement with their Chinese partner. However, the term is not universal with three of the relationships identified as 'Economic Partnerships' and two classified as 'Friendship Cities'.

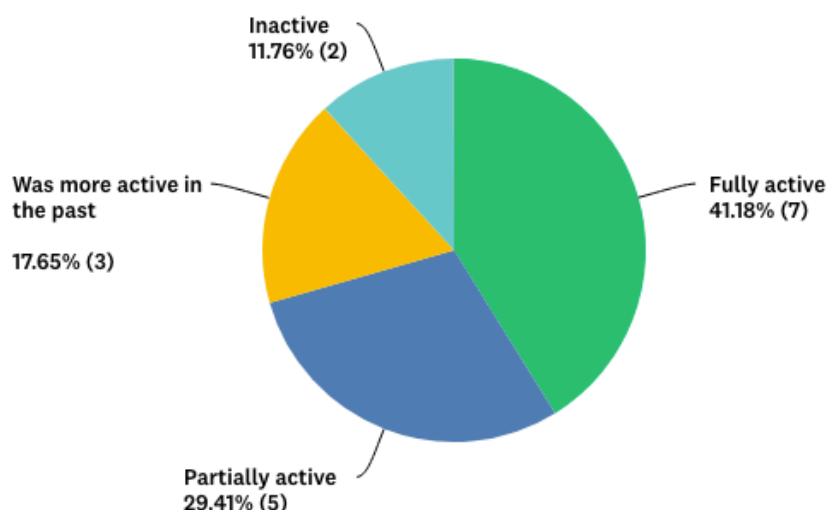
A considerable majority, or two thirds (65%), of sister city partnerships are managed by the relevant economic development manager at the Council while three Council sister city partnerships (21%) are run through the Council CEO and one (7%) by the Council mayor. Just one (7%) Council has a dedicated employee assigned specifically with managing the sister city relationship.

Activeness and Length

Would you describe your Chinese sister city partnership as

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Of
the
17

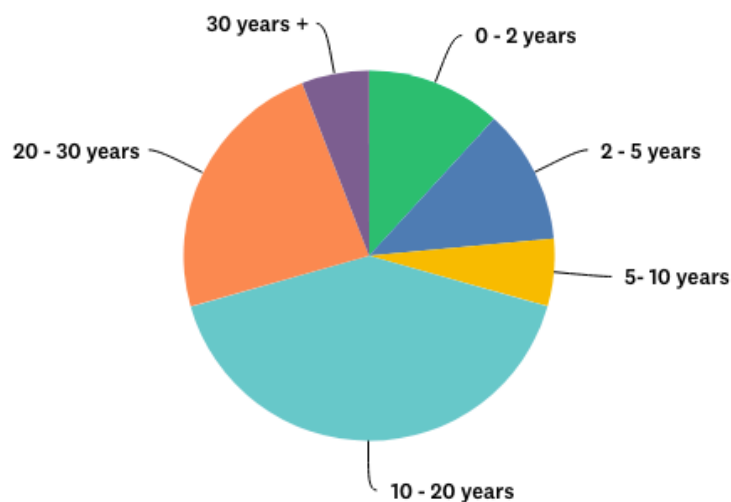


Councils surveyed, more than two-thirds claimed to have an 'active' (41%) or 'partially active' (29%) sister city relationship. The three Councils claiming to have had a more active relationship in the past or a currently 'inactive' relationship are examples of sister city relationships that have become dormant without being ceased.

When looking at the length of current Victorian sister city partnerships, 12 of the 17 Councils surveyed (71%) have sister city partnerships dating back ten years or more. Four sister cities are under two years old (2 Councils) or signed over the last 5 years (2). The importance of relationships is often described as vital when doing business with China. Thus, the value of long standing relationships, such as sister cities partnerships, can provide Councils with a unique opportunity to forge meaningful ties in China.

For how long has your council had a sister city relationship with China

Answered: 17 Skipped: 0



Activities and Areas of Cooperation

When asked to prioritise the single greatest benefit of their sister city partnership, Councils were split along outbound activities, inbound activities and two-way cultural communication. Inbound student opportunities and two-way cultural understanding led the way with four Councils identifying them as their greatest priorities while outbound export opportunities, inbound tourist opportunities and inbound investment opportunities were each identified as priorities in two Councils respectively. Interestingly, services, particularly in education, outranked goods exports and investment as priority areas.

As can be seen in the chart below, the majority of activities that take place between sister city partners tends to be the typical, short-term outbound (76%) and inbound (71%) business delegations. Activities that involve more long-term cultural training or educational exchange, such as cultural understanding (47%), school exchanges (41%) and tertiary exchanges (35%) are utilised by a minority of the surveyed participants.

Outbound Business Delegations	76.47%	13
Inbound Business Delegations	70.59%	12
Cultural Understanding Activities	47.06%	8
Educational Exchanges (Primary or Secondary)	41.18%	7
Educational Exchanges (Tertiary)	35.29%	6
Council Staff Exchanges	17.65%	3



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Exchange programs do foster long term trust and engagement as one respondent noted *“the sister city training & exchange programs have enabled personal and professional connections between high profile leaders and their counterparts.”* Another claimed that sister cities *“develop goodwill between the residents of the countries and (provided an) avenue for information exchange between the participating local government authorities.”* One respondent remarked that sister cities make local Chinese residents valued by commenting on the *“added benefit for local Chinese people – they value the relationship and acknowledgement.”*

Interestingly, the services sector stood to gain the most from the sister city ties with education (86%) and tourism (71%) both benefitting significantly from sister city ties as Councils. Clearly, Councils believe that sister city relationships can help to attract the increasing number of inbound Chinese students and tourists to their Councils for long and short-term visits.

Sister cities also provide greater links, channels and supply channels for Victorian exporters with agribusiness exporters of food and beverage (57%) and manufacturing exporters (36%) leveraging their respective Council's sister city ties.

Education	85.71%
Tourism	71.43%
Agribusiness Export (Food and Beverage)	57.14%
Manufacturing Export	35.71%
Property and Construction	14.29%
Health Goods Export	7.14%
Resources	7.14%
Finance	0.00%

Resources

Councils tend to invest little in managing sister city partnerships with 75% allocating under \$50,000 to the management of their relationships. Three Councils spend between \$50,000 and \$250,000 while one Council allocates between \$500,000 and \$1,000,000.

Challenges and Communication

While very few Councils employ dedicated employees to their sister city partnerships, quite often volunteers or part time employees are entrusted to assist with the relationship. This lack of dedicated sister city managers is evident in the below table that lists the predominant challenge as Limited Personnel (57%). The ‘Changing Personnel of the Sister City Liaison’ also proves a hurdle for 36% of local Councils.

One Council remarked that *“the relationship waxes and wanes dependent on the Councilors in office and how they feel about the relationship and its worth both monetarily and culturally.”*

Communication/Language Challenges and Differences in Business Culture also feature as concerns for 36% of sister city partnerships and illustrates a knowledge gap of Chinese cultural and business capabilities that could be improved to help foster stronger sister city ties.

Limited Personnel	57.14%	8
Differences in Business Culture	50.00%	7
Communication/Language challenges	35.71%	5
Changing Personnel of Sister City liaison	35.71%	5
Political Sensitivities	28.57%	4
Logistical Constraints	28.57%	4
Size Discrepancy Between Council Sister City	21.43%	3
Gift Giving Etiquette	14.29%	2
No Challenges	7.14%	1

External Support

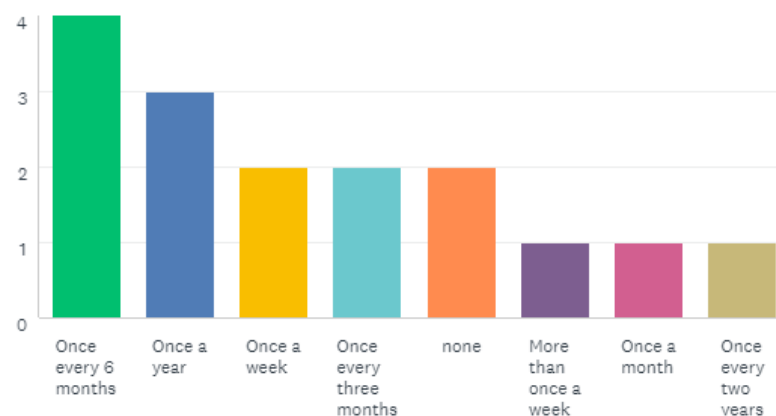
Councils that utilise external assistance in managing their sister city relationship seek support from the State Government (4 Councils), the Confucius Institute (3 Councils), and the Australia China Business Council and local Universities (2 Councils each).

Communication

Communication between local Councils and sister cities tends to be rather infrequent, with 62.5% of Local Councils surveyed maintain contact with their Chinese sister city partner either once every 6 months or less (if at all). One Council maintained contact more than once a week, two Councils once a week and another once a month.

How often is there communication between the council and sister city?

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Case Study 1: Greater Dandenong – Xuzhou (and Nanjing)

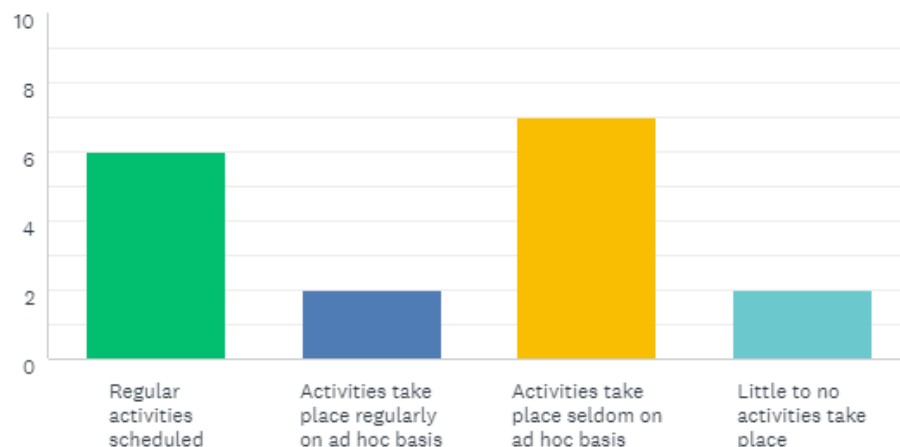
- **Beginnings.** Initiated in 1996 by Council commissioners. Xuzhou chosen due to its strong manufacturing base and prominence of the Xuzhou Construction Machinery Group (XCMG) but relationship initially founded on cultural linkages and the opportunities for local schools and child care centres. Relationship has since gradually developed into an economic one. Concurrently, the Council also has an active relationship with the city of Nanjing.
- **Personnel.** Close personal relationships have been fostered partly due to longevity of Xuzhou officials maintaining their roles. Formal dinners between governments also prominent and two councilors have since become honorary citizens. There are no exchanges of personnel between the Councils.
- **Outbound delegations.** Expressions of Interest offer to businesses. Participating businesses range from food processing, waste and constructions. Relationship now initiated with Nanjing, where links in with Jiangsu Federation of Industry and Commerce that matches businesses with a database of 45,000 companies. Xuzhou visits connected via the Xuzhou Chamber of Commerce. On delegations, each business is provided with an interpreter to conduct site visits. Small delegations of 8-10 businesses are preferred.
- **Matching.** Important that delegations are targeted business to business and government to government. Insightful for businesses to understand need of formal protocol and seeing the benefit that creates. Scale between size of Councils may be mismatched but business to business connections more targeted and complementary.
- **Inbound delegations.** One challenge is that delegates tend to be government officials rather than businesses. Helping to facilitate and identify best matches takes time. Furthermore, Chinese officials experience time constraints when in Australia and are provided only with one day in Dandenong.
- **Local collaboration** to take businesses from neighboring Councils in the region to take part in outbound delegations. Dandenong also works closely with the City of Casey to leverage their relationship in Sichuan Province and provide similar opportunities for Casey businesses to access Dandenong's contacts in Xuzhou and Nanjing.
- **In market support.** All delegations conclude with meetings with Austrade and the Victorian Government Trade and Investment offices (VGTI) that offer considerable logistical support and market expertise across China.
- **Challenges.** Generating interest can be difficult as many Australian businesses either don't see the opportunity in China, or chose not to. However, when businesses do take part in a delegation they are likely to return on future trips. Additionally, intellectual property theft can also deter businesses.



Part 2: Activities

Are activities between your council conducted in an ad hoc manner or are activities scheduled with some regularity?

Answered: 17 Skipped: 0



Most Councils conduct some form of activity with their sister city partner with only two responding that their Council has “little to no activities”. Almost half (47%) of Local Councils have regular activities either scheduled (35%) or conducted on an ad hoc basis (12%) while 41% conduct activities more “seldom”.

Activities mentioned included regular outbound and inbound missions, professional development, such as leader’s programs and work placement, as well as school exchanges, tertiary exchanges and sending cards relevant to national holidays or festivals.

For all inbound and outbound delegations, 35% are conducted with any degree of regularity with the remaining 65% of delegations taking place in an ad hoc manner.

Outbound Missions

Three Councils (18%) arrange regular outbound missions on an annual basis while another eight (47%) organise outbound missions at least every two years. Together this amounts to almost two thirds (65%) of Local Councils using their sister city partnership to give businesses a market experience in China every two years.

Of the Councils arranging outbound missions, most conducted some form of pre-departure information exchange. 67% received cultural awareness training and analysed sister city business profiles respectively. 50% of this training was provided internally by Councils while 25% was conducted by either a business organisation or an external export consultant respectively. In some cases the inhouse training may be informal with one Council utilising members of the local Chinese community to share cultural insights prior to each export mission.

Company Site Visits	87.50%	14
Formal / Official Entertaining (including civic receptions, banquets)	87.50%	14
Business Matching with Chinese businesses	56.25%	9
Meet with Australian State or Federal government representatives	50.00%	8
Language and Cultural Exchange or Training	18.75%	3
Meet with fellow Australian businesses in market	18.75%	3
Meet with Australian business chambers	6.25%	1

When in China, it is clear that site visits and formal receptions are frequent occurrences when conducting an outbound mission to China. Perhaps an area that appears underutilised is connecting to other support networks when in market, such as Victorian/Federal representatives (50%), fellow businesses in market (19%) or in-market business chambers (6%).

65% of Councils held outbound missions in a favorable view with 18% deeming them vital (18%) and 47% finding them partially beneficial (47%) to participating businesses. Only one Council responded that outbound delegations were unhelpful while others remarked that it was either “too early to tell”, inapplicable or conducted visits that were predominately civic in nature and without travelling businesses.

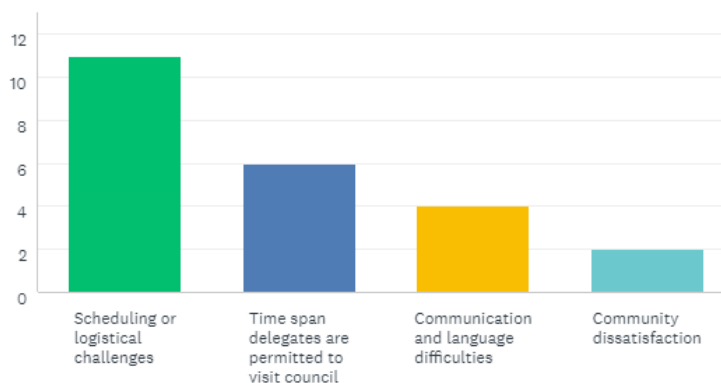
Inbound Missions

31% of Councils received an inbound Chinese delegation at least four times a year. 56% receive a delegation once a year while every two years sees 75% of local Councils leveraging their sister city partnership to receive some form of Chinese inbound delegation.

Unsurprisingly, a large proportion of inbound delegations (81%) partake in company site visits while 75% undertake cultural activities, 63% hold banquets and 50% undertake business matching activities.

What constraints have you experienced in receiving inbound delegations from China

Answered: 14 Skipped: 3



When asked for the constraints in receiving inbound delegations, most Councils point to logistical issues with 78% experiencing scheduling or logistical challenges and 43% feeling constrained by the amount of time delegates have to visit and engage with the Council. Just two Councils (14%) experienced a negative community response from inbound activities.

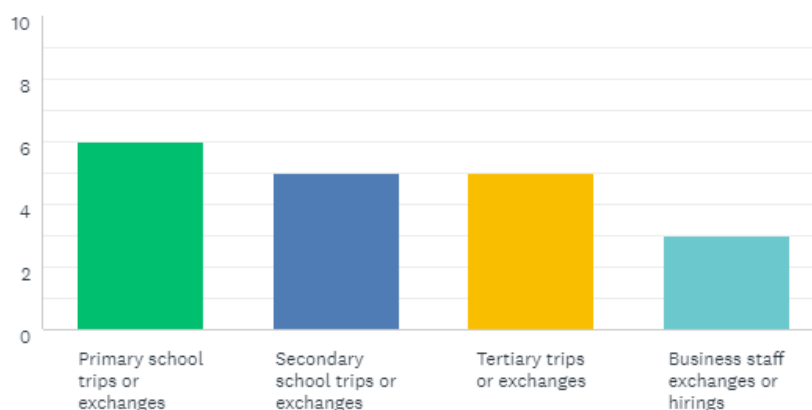
Regarding missions, one Council remarked that the sister city partnership *“is an important relationship especially if you have the possibility of investment into your area or a business preparing to go into China. Relationships are important to the Chinese people and without it, it can be a very hard and difficult road to business to get acceptance.”*

Exchanges

Sister city personnel exchanges between Councils is rare with just one (6%) participating in an ongoing exchange with their sister city partner; however, 56% of respondents indicated they would like to do so in the future. Conversely, 2 Councils (12%) have sent individuals to work at their sister city for a period of time with 47% expressing interest they would like to do so in the future.

Within the council community, has the sister city relationship led to

Answered: 12 Skipped: 5



While exchange of Council personnel is rather low, sister city partnerships provide considerable opportunity for educational and cultural exchanges. Sister city partnerships have led to primary (50%), secondary (42%) or tertiary trips (42%) or exchanges. 25% of Councils experienced staff exchanges or hirings as a result of their sister city partnership. One Council remarked that educational exchanges were irrelevant as *“most schools are teaching Indonesian, German and Italian”*.

Another Council commented that *“our sister city relationship is a positive strategy for cultural exchange but not so much a contributor to trade relationships as there are many other avenues for local exporters to develop these business relationships outside of a sister city arrangement”*.

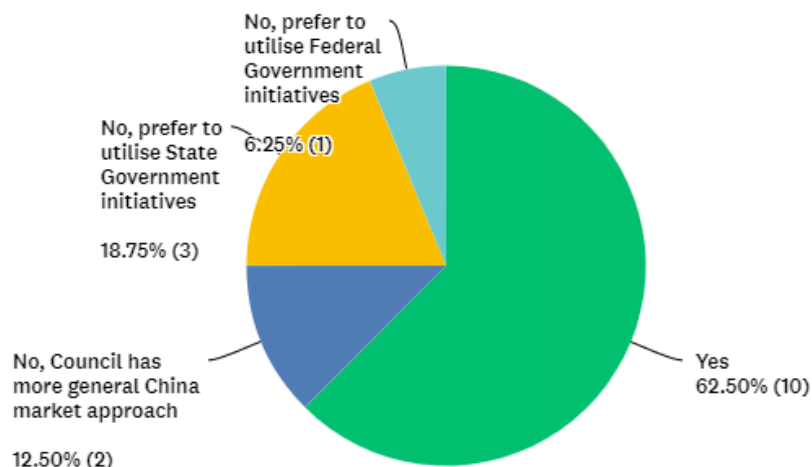
Case Study 2: Warrnambool - Changchun

- **Beginnings.** Relationship began with a random email from Changchun Government in 2010. To verify the validity of the approach, consultation with State Government was required. Initial interest was in complementary agribusiness opportunities, such as dairy and food & fibre. Five-year MOU signed based on mutual gains and economic development demonstration.
- **Delegations.** First outbound delegation to Changchun comprised of government and businesses, such as those in dairy and livestock sectors. Second delegation had an education focus. Since then, delegation focus has expanded to health research, aged care, wine and tourism. Council has been given opportunity to promote tourism on local Changchun television.
- **Communication** made prior to delegations to share travelling businesses and ensure that delegates are meeting with key decision makers in Changchun business and government. When in-market, preparations are made for forthcoming inbound delegations to Warrnambool. Changchun government has dedicated individual to manage the sister-city relationship that helps to maximise the contact opportunities when businesses are in China.
- **Cultural Linkages and Exchanges.** Through Deakin university there is a sister-city scholarship program for 12 people from Changchun to study in Warrnambool. Sister-school relationships also at primary school level that has opened various doors. 8 month secondment with individual from Changchun government very fruitful in developing the relationship.
- **On the Ground Experience.** It's important to take people over to China to get a feel and give them China experience. Sister-city marathon takes Warrnambool locals to China. Sister-city relationship helps to navigate the complexity to ensure businesses get value from their engagement with Chinese entities.
- **China Bureau** conceived to expand awareness of the opportunities in the area and encourage a level of capability development. For businesses that have thought about China, here's a place to start. If businesses have been to trade shows, the China Bureau helps to verify contacts and prepare local businesses for their next steps. Services include background checks, translation support, factory/business verification, interpreters in China. The China Bureau is run in coordination with Asialink Business.
- **Challenges.** Overcoming local business hesitancy, fear and uncertainty of competing on the international stage with globalized industries can often be a barrier to businesses fully engaging with China.

Part 3: Appraisal

Is the sister city relationship the prime driver in your council's engagement with China?

Answered: 16 Skipped: 1



For 63% of Councils, sister city partnerships were the prime driver in their Council's China engagement strategy. 12% found that their Councils had a more general approach to the China market that did not rely on their sister city ties.

19% remarked they tended to rely on State Government initiatives, such as trade shows, expos and delegations. While 6% preferred to utilise the Federal Government through Austrade, DFAT or relevant departments.

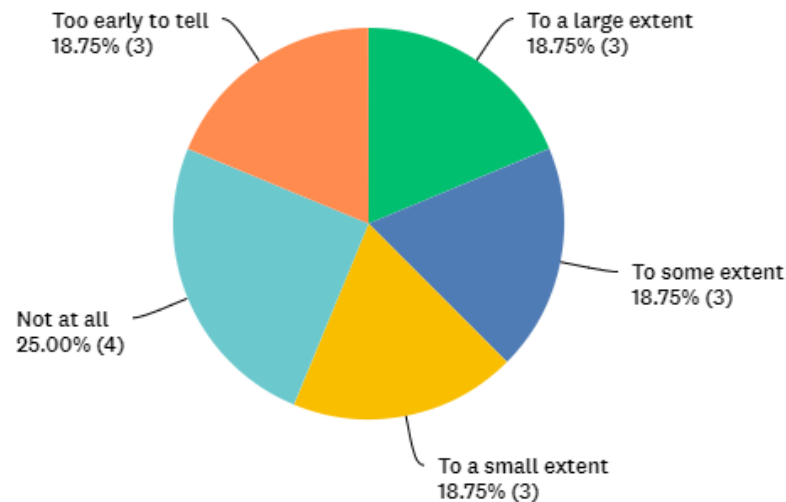
57% of Councils responded that their sister city relationship had given them an advantage when doing business with China. This group was evenly split between those that believed their advantage was to a large, some or small extent. 19% claimed that is too early in their engagement to decipher the sister city benefit while 25% had experienced not benefit at all.

Just one Council (7%) found their sister city partnership to be "fully leveraged" while four Councils (29%) felt the relationship was "well utilised but we need to do more". The largest response when asked about their utilisation of sister cities was 43% that "had some success in the past but minimal activity at present". Another 21% felt the "relationship is sister city in name only" and had "minimal impact".



Has your sister city relationship given you a distinct advantage in doing business with China

Answered: 16 Skipped: 1



In the case when Councils share sister city partnerships with other countries that are not China, individual respondents remarked that they found the China partnerships to be *“more active”*, having a *“trade, investment and tertiary education focus”* and receive *“greater regularity of inbound visits”*.

There is a high degree of range in how each sister city relationship is structured along key objectives and deliverables. One Council commented on the unique structure of their Chinese sister city relationship that has a sunset clause and specific measurables. Another Council remarked that *“we have no clear measurement of business outcomes as a direct result of the sister city relationship”*.

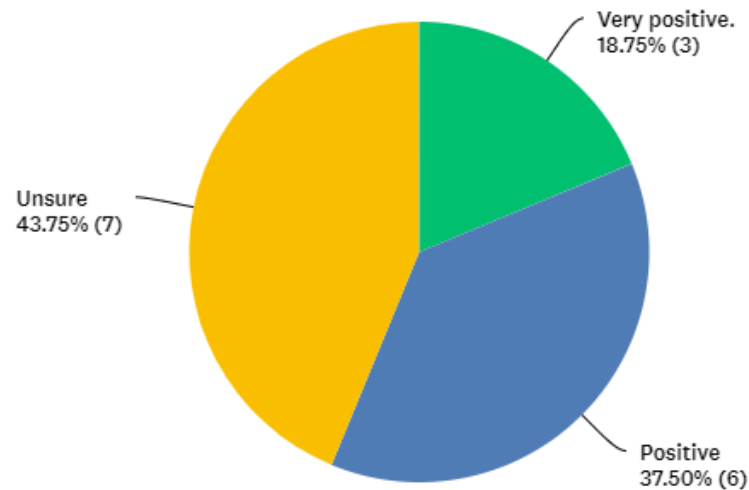
46% of respondents found that their sister city relationship gave the Council a strong foundation in China that has led to forging relationships, networks and business opportunities with other areas of China. Another 46% only deal with engage with China via their sister city while 8% engage with other areas of China independently of their sister city. One Council found the geographic location of their sister city to be problematic where the Council *“struggle(s) to courier gifts, let alone goods.”*

Among the local Council communities, sister city cities had a “positive connation” in 41% of cases. Another 41% were rather ambivalent towards sister cities responding with a “neutral connation” while only 2 Councils (12%) felt they community had a “negative connation” towards sister cities.



How do you feel about your sister city relationship going forward

Answered: 16 Skipped: 1



The majority (56%) of respondents felt positive toward their sister city relationships going forward with three Councils (19%) responding “very positive” and another six responding “positive”. However, 44% of Councils are “unsure” regarding the future of their sister city relationship. Interestingly, zero Councils responded that they felt their relationship was “negative” indicating that the “unsure” respondents held do indeed seek to maximise benefits under their current sister city partnerships but perhaps require the appropriate external guidance in how to leverage the relationship appropriately.



The View From China

This report has consulted with the Victorian Government's extensive in-market Victorian Government Trade and Investment offices to gain an understanding of how sister-cities are seen from the Chinese perspective. Lisa Renkin, Victoria's Deputy Trade Commissioner to China, offer some takeaways from her experience in-market:

- Chinese perspectives on sister-city relationships are very clearly **more strategic and positive** than what is often heard from the Australian side. In China, sister-cities are viewed as legitimate and important ways to establish links between China and Australia
- Sister-city relationships often start from a position of **'getting to know each other'** and establishing people-to-people ties. China usually takes a **two-step approach**, with the first step initially establishing relationships along the lines of a 'friendly cooperative' relationship for a period of around 2 years, which can then be transitioned into a more formal 'sister-city' agreement.
- **Many Chinese cities have 50+ municipal level links.** These may be a mix of 'friendly cooperative' and 'sister-city' relationships. Despite such a full international agenda, Chinese municipalities have the resources to manage these relationships while Victorian Councils can experience constraints in resources and capacity to adequately manage their relevant sister-city relationships.
- The Chinese side often **organises forums to specifically engage with their sister-city counterparts.** These forums can include mayor level dialogs, trade fairs/expos, education initiatives that target their partner cities, sporting competitions, and invitations to special events like anniversaries of important occasions.
- Sister-cities are well regarded in establishing **institutional links** such as between cultural entities (libraries/museums/exhibitions etc), educational (schools/universities), as well as government to government links.
- On the Chinese side of sister-city relationships, **resourcing is vastly different**, where municipal level Foreign Affairs Offices (FAO) have responsibility within their various divisions to manage international relationships. Many Chinese municipal governments have a team of staff dedicated to servicing sister-city links. Conversely, Victorian Councils **often struggle to service the international component of their engagement** as their resourcing is minimal, and mandate/focus tends to be much more domestic.

Part 4: Conclusions



Active Status

- 60% of sister city relationships are currently “active”. For the remaining 40% that maintain sister cities, this an opportunity for those **Councils to reactivate their sister city ties** and identify possible avenues for mutual cooperation. Relationships are of the highest importance when doing business with China and dormant sister city connections could leverage their common sister city history with their Chinese partner to reactivate their connections.
- Councils **do not allocate significant resources** with 75% of Councils allocating under \$50,000 to maintain the relationship. However, most (57%) claim that limited personnel is their greatest challenge in maintaining the sister city relationship. Councils could invest more in their sister city relationships or make part-time or intern opportunities available for local residents. Local Chinese students could be considered to gain Australian work experience in liaising with sister cities on a part time basis.
- **62.5% of Councils contact their sister city less than once every six months.** In pursuing long-term relationships, the level of contact between sister cities could increase. This could either be face to face, online or by sending greetings or gifts during major Chinese celebrations. As some Councils noted that changing liaisons from sister cities and cultural communication impair the relationship, maintaining more regular contact can facilitate greater communication.
- **Just 35% of Councils conduct regularly planned activities with their sister city** and from this group there is a positive response to sister city engagement. The remaining 65% of Councils could look to develop more regular activities to avoid the relationships becoming dormant as many of them evidently have. Some best practices include Councils that have measurables contractually agreed to between the sister city and sunset clauses to encourage active relationships.

Services

- Councils see **services, such as education, tourism and cultural education as major beneficiaries of sister city relationships.** However, this is not represented through activities conducted by Councils. Councils need to find ways to maximise these opportunities with their sister cities either through closer educational relationships (at all levels) or more coordinated tourism engagement and promotion.
- **Sister city partnerships can lead to educational and cultural exchanges** as 50% of Councils have experienced primary school exchanges, 42% secondary exchanges and another 42% for tertiary level exchanges.

Missions



- **Bilateral exchanges of delegations are the leading activities** undertaken through sister city partnerships with 76% conducting outbound missions at some point in the past. On outbound missions site visits and formal banquets occur with high frequency although businesses do not seem to be utilising to breadth of Federal, State and business chamber support when in market. 65% of Councils found outbound missions to be beneficial.
- Of the 71% of Councils that have received inbound delegations from China, **logistical planning and time spent in Council are commonly shared difficulties among the Councils**. In recent years, travelling Chinese delegates have had their travel times curtailed. Councils should take note of the limited time official delegations can spend outside of China and factor this into their pre-planning.

Results

- For 63% of Councils that maintain sister city ties, **sister cities are the main driver of their China engagement. 57% of Councils responded that their sister city relationship had given them an advantage when doing business with China**
- **Almost half (47%) of respondents found that the sister city provided a springboard to engage with other areas of China.**
- **Only two Councils (12%) found that their sister city relationship was received negatively by their local community.**
- **93% of Councils feel their sister city relationships are not fully leveraged. While 56% are optimistic about their sister city partnerships, 44% are unsure.** There is significant opportunity throughout Victoria for Councils to receive assistance in devising their approach to China. Austrade, the State Government and ACBC could help to bridge the China knowledge gap and provide confidence for those cautious Councils to reactivate their sister city relationship.

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