

Committee: Policy and Resources	Date: 19 October 2015
Subject: Renewal of Memorandum of Understanding with the Shanghai Municipal Government	Public
Report of: Director of Economic Development	For Information
<u>Summary</u>	
<p>This paper seeks to inform your committee of the renewal of the non-binding Memorandum of Understanding (MoU) with the Shanghai Municipal Government, People's Republic of China for the period 2015 - 2018.</p> <p>The MoU underpins the City of London's relationship with Shanghai, and the Shanghai Municipal Government is keen to renew the agreement. It is a high level expression of the City of London's commitment to working with this emerging financial centre and supporting City firms to do business in the region. This MoU would have no legal or cost implications for the City of London. The MoU will be signed by the Lord Mayor during his visit to Shanghai in September 2015.</p>	
Recommendation(s)	
Members are asked to note the report.	

Main Report

Background

1. In recognition of its growing importance to the UK financial and professional services sector, the City of London has been working to strengthen links with China for a number of years. This work is principally delivered through high level visits by the Lord Mayor and your Chairman, the City of London's representative offices in Beijing and Shanghai, and the City of London Advisory Council for China. The City of London also regularly hosts senior visitors to London, including the forthcoming visit by President Xi in October 2015.
2. China's initiative to develop Shanghai as an international financial centre is a priority for the City of London's engagement with China. This has assumed additional importance since the 2010 mandate from the State Council (China's cabinet) to develop Shanghai as mainland China's international financial centre.
3. The City of London has formally worked with the Shanghai Government for over a decade, first under the 1996 City of London-Shanghai General Protocol and then under the 2007-10 and 2010 - 2014 Memorandum of Understanding. These agreements have framed the engagement between the two centres through support for Shanghai's development as a financial centre and by enhancing commercial ties between the two centres. The Shanghai Municipal Government is keen to renew the agreement, and does not have any other agreements of this nature relating to financial services

collaboration. The MoU is the only agreement that the City of London has of this nature with another financial centre.

4. The Lord Mayor Alderman Alan Yarrow, will have signed a revised MoU Yarrow, during his visit to Shanghai in September 2015. This MoU will cover the period 2015-2018. Shanghai presents significant opportunities for UK-based financial services firms, and strengthening the relationship through the MoU will support City firms to do business in the region.
5. The draft text of the MoU as submitted to the Shanghai government is attached in the annex. It follows the pattern of previous MoUs.
6. The MoU is afforded significant importance by Chinese counterparts in Shanghai, as it provides a formal mechanism for cooperation which Chinese partners find useful for example in facilitating high-level event and other activities. From the City of London's perspective it is an expression of goodwill and provides a framework which City firms find helpful. It is not legally binding, and has no cost implications for the City of London.

Financial Implications

7. The proposal to sign an MoU with Shanghai does not have any specific financial implications.

Legal Implications

8. The City of London will have no express or implied contract with the Shanghai Municipal government.

Strategic Implications

9. The signing of a revised MoU with Shanghai conforms to the Corporate Plan vision: "The City of London Corporation will support and promote the City of London as the world leader in international finance and business services, and will maintain high quality, accessible and responsive services benefiting its communities, neighbours, London and the nation". It also supports the strategic aim "To support and promote 'The City' as the world leader in international finance and business services."
10. Equal opportunities considerations have been taken into account in the preparation of this report and we are content that there will be no negative impacts.

Consultees

11. The Comptroller & City Solicitor have been consulted to assess the possible legal implications; in the preparation of this report.

Conclusion

12. In order to build on the strong relationship between the City of London and Shanghai, the MoU between the City of London and the Shanghai Municipal Government is of strategic importance. The document will be signed by the Lord Mayor and the Mayor of Shanghai.

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ANNEX

Memorandum of Understanding for the Exchange and Cooperation between Shanghai and the City of London (2015-2018)

Recalling the 1996 General Protocol and the 2007 and 2011 Memorandum of Understanding between Shanghai and the City of London, the two parties wish to reaffirm their friendly relations and commitment to strengthening understanding and promoting common prosperity and development based on the principles of equality and mutual benefit. Shanghai and the City of London will further deepen their exchange and collaboration in financial and professional services to support the development of these two international financial and shipping centres.

In support of these goals the Shanghai and the City of London hereby agree to focus their co-operation in the following areas:

1. Visit support and bilateral cooperation

- 1) To support the development of Shanghai as an international financial centre and the development of China (Shanghai) Pilot Free Trade Zone, the two parties will support visit from each side and promote exchanges between financial and professional services sectors, including attending forums and meetings in relevant professional areas.
- 2) The City of London will maintain its close relations with major financial and shipping services areas in Shanghai, to facilitate the development of industry clusters, business innovations and development of supporting industries.

2. Financial and professional services industry cooperation

- 1) Shanghai and the City of London will continue to facilitate further engagement between Shanghai-based and UK-based financial markets.
- 2) Shanghai and the City of London will encourage local financial and professional services firms to consider the relative merits of doing business and establishing a presence in each other's market. Both parties will continue to offer support to UK-based or Shanghai-based firms newly setting up or expanding their presence in each other's market.
- 3) The City of London will continue to share the UK's practices and experience in legal services, accountancy, auditing, credit rating, financial consultancy, financial talent training and professional qualifications, by providing market information, facilitating research, and assisting Shanghai to make contact with UK-based firms and associations with relevant expertise.
- 4) Shanghai and the City of London will continue to facilitate the personnel exchange between financial and professional services institutions and firms in Shanghai and the UK. The City of London will continue to give positive consideration to Shanghai-based candidates for the Mansion House Scholarship.

- 5) The City of London will assist Shanghai's research on the development of the right environment for the financial and professional services sectors. The City of London will make available to Shanghai its research reports on international markets, the competitive position of financial centres and other related subjects.

3. Development of shipping financial service industry

- 1) Shanghai and the City of London will seek to facilitate increased participation by shipping and maritime services firms in each other's market, and encourage collaborations in areas such as maritime insurance, ship broking, ship financing, freight derivatives, legal services and qualifications.
- 2) The City of London will facilitate Shanghai's links with world-class qualification bodies and education and training programmes from the UK to support Shanghai's plans to improve the comprehensive skills of the local shipping financial service industry talents.

This memorandum signed on 23 September 2015, shall enter into force on the date of its signature, in both Chinese and English in two copies. Both texts are equally authentic.

Mayor of Shanghai

the Lord Mayor of the City of London