



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

**SUBJECT: SHENZHEN, CHINA
SISTER CITY AFFILIATION**

FROM: Nanci Klein

DATE: March 11, 2024

Approved

Date

3/13/24

RECOMMENDATION

Adopt a resolution to:

- (a) Establish a Sister City Affiliation with the Shenzhen, China Municipal Government; and
- (b) Authorize the Mayor to negotiate and execute the sister city agreement with the Shenzhen, China Municipal Government that will identify possible economic and cultural areas of collaboration for the sister city affiliation.

SUMMARY AND OUTCOME

This action would establish a Sister City relationship between San José, California and Shenzhen, China. If the action is approved by City Council, documents from the City and Shenzhen Municipal Government attesting to the new Sister City affiliation will be submitted to Sister Cities International, which would then formally recognize the affiliation. As this recognition applies only to United States cities establishing a sister city affiliation, the Shenzhen Municipal Government will proceed in notifying the appropriate organization in China for the sister city recognition. A sister city agreement will be prepared in consultation with the Shenzhen Municipal Government, which will identify possible economic and cultural areas of collaboration for the sister city affiliation.

BACKGROUND

The United States Sister Cities program was established in 1956 as part of President Dwight Eisenhower's White House Conference on Citizen Diplomacy. The program is dedicated to the goal of fostering peace and global understanding by encouraging cities in the United States to establish city affiliations with cities in other nations. The city-to-city affiliations also create opportunities for residents and community organizations to engage internationally. To build and sustain strong sister city ties, cities and community organizations typically build relationships

through exchanges and collaboration in education, the arts, sports, economic development, civic affairs, and other initiatives.

The City is a charter member of Sister Cities International. This non-profit organization formally recognizes sister city affiliations established by cities in the United States. San José was the third city in the nation to establish a sister city affiliation following President Eisenhower's White House Conference, entering into a sister city affiliation with Okayama, Japan in 1957. The City later established sister city affiliations with San José, Costa Rica (1961); Veracruz, Mexico (1975); Tainan, Taiwan (1977); Dublin, Ireland (1986); Pune, India (1992); Ekaterinburg, Russia (1992); and Guadalajara, Mexico (2014).

Activities and programs in the community to advance San José's sister city relationships are planned by non-profit community sister city organizations and committees that represent each of the City's sister city affiliations. The Okayama, Tainan, Dublin, Pune, and Guadalajara sister city programs are active and have sister city organizations. An organization would need to form a Shenzhen sister city program.

At the February 21, 2024 Rules and Open Government Committee meeting, the committee directed the City Manager's Office to return to the City Council with a recommendation to approve a Sister City affiliation with Shenzhen, China and work with the Mayor's Office to identify non-profit community partners that can help provide fundraising and community building capacity for the sister city relationship.

ANALYSIS

Shenzhen was established as a city in 1979. Located in southern Guangdong Province, the center of China's high-tech economy, Shenzhen has become China's third-largest city and economy over the last 40 years. Due to Shenzhen's proximity to Hong Kong and land mass, then-Chinese leader Deng Xiaoping designated Shenzhen as a Special Economic Zone in 1980. This designation served as a model for the nation and created a favorable business and investment climate that led to strong economic growth in Shenzhen and the Pearl River Delta. In 2020, Shenzhen's population was estimated to be 17.5 million. Today, Shenzhen's economy is driven by technology, manufacturing, finance, and transportation. Shenzhen has the world's fourth busiest seaport and seventh-largest stock exchange. It is home to several of China's leading technology companies, including Huawei, Tencent, and large numbers of business start-ups.

Trade and investment linkages with China are important to San José's economy, and inward investment from China continues to grow. Exports from the San José Metro Area exceeded \$24 billion in 2022, according to the United States Department of Commerce, with Mexico and China the top export markets at \$2.3 billion. Several Chinese companies have established business operations in San José, including China Telecom, NIO, Auto X, SAIC, We Ride, and the Hangzhou Overseas Center's Q Bay facility. San José has one of the nation's largest populations of ethnic Chinese residents. According to a 2019 Pew Research Center report, the

San José Metro Area has the fourth largest Chinese population in the United States, following New York, Los Angeles, and San Francisco.

A sister city affiliation with Shenzhen has the potential to increase trade and investment linkages with the Shenzhen region and China. As with San José's other sister city linkages, there will likely be avenues to create collaboration with Shenzhen through arts, higher education, citizen diplomacy, and community development initiatives. San José would be Shenzhen's twenty-seventh global sister city and third in the United States. Shenzhen's two other United States sister city affiliations are Houston and Reno.

Significant time is anticipated to be required during the next six to 12 months to develop the new sister city affiliation with Shenzhen, China. This includes developing a community-based sister city organization that would plan sister city programs in the community, preparing a sister city agreement, and developing a system or regular engagement with the Shenzhen Municipal Government. Additional workload priorities around corporate outreach will necessitate that staff rely heavily on participation and action from the private sector community and business partners to make this sister-city relationship successful. Staff will look to build off of the relationships highlighted in the public comments made at the February 21, 2024 Rules and Open Government Committee meeting for program implementation, including engaging the boards of directors of the China Institute and the Society of Heart's Delight.

EVALUATION AND FOLLOW-UP

Staff will explore utilizing a Request for Proposals process for the establishment of a non-profit sister city organization to plan programs in the community to advance a sister city affiliation with Shenzhen, China.

A report of all activities of San José's Sister Cities program is included annually in the City Council's Community and Economic Development Committee Work Plan.

COST SUMMARY/IMPLICATIONS

The Office of Economic Development and Cultural Affairs currently provides up to \$3,000 in reimbursement funding to the five active community sister city organizations to support sister city activities from its non-personal/equipment, General Fund budget allocation. Following the establishment and incorporation of a non-profit community sister city organization for the Shenzhen program, that organization would be eligible to receive the same level of funding as other sister city community organizations. Funding for Shenzhen sister city initiatives and activities, however, will be largely dependent upon the ability of a sister city community organization's ability to fundraise.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

PUBLIC OUTREACH

At the request of the San José Tainan Sister City Association, staff met with this sister city organization on March 1, 2024.

This memorandum will be posted on the City's Council Agenda website for the March 26, 2024, City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-010, City Organizational and Administrative Activities resulting in no changes to the physical environment.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/
NANCI KLEIN
Director of Economic Development
and Cultural Affairs

The principal author of this memorandum is Joseph Hedges, Senior Executive Analyst and International Affairs Manager. For questions, please contact joe.hedges@sanjoseca.gov or (408) 535-8186.