

# JEFFERSON REPORT

## ERIE DELEGATION CONFIDENT AFTER TRIP TO CHINA

MAYOR SCHEMBER, ERIE DELEGATION RE-ESTABLISH TIES  
TO SISTER-CITY ZIBO



*By John Guerriero*

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*The Jefferson Educational Society will periodically publish reports on issues important to the Erie region. This report was written by local journalist John Guerriero on the recent trip to Zibo, China by Erie Mayor Joe Schember and a delegation of local business and government leaders.*

On the cover:  
Erie Mayor Joe Schember meets a  
young Zibo boy.

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# Erie delegation expresses confidence after trip to China

**Mayor Schember, Erie delegation re-establish ties to sister-city Zibo**

*By John Guerriero*

When a delegation of city of Erie representatives traveled across the world to rekindle a dormant relationship with the sister city of Zibo, China, city officials discovered that the gifts they had shipped a month before the trip hadn't arrived.

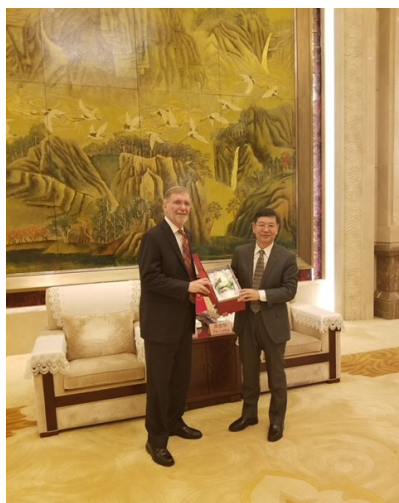
A framed picture of the Flagship Niagara; a framed poem about the Zibo-Erie connection from Erie's Poet Laureate, Chuck Joy; apparel and other gifts from high schools and universities; a few hundred light-up pens with the names of Erie Mayor Joe Schember and Zibo Mayor Yu Haitian; and much more didn't arrive until Schember and other representatives returned home in April.

"We had a ton of gifts. That was the most frustrating thing," Schember said, but his Chinese counterparts understood. "There was some kind of customs holdup on their end."

To compound matters, Schember (who did have a few light-up Erie pens with his name, along with some Erie logo pins to hand out) said they were given gifts at almost every event.

Though Schember was disappointed, the two cities hope to exchange much more than gifts in the years ahead as the five days in Zibo (travel and two overnight stays in Beijing on either end of the Zibo visit bumped the trip to eight days) reignited a relationship that had been inactive since 2010.

"I want to re-establish our sister city relationship so that we mutually benefit from it," Schember said.



Zibo Mayor Yu Haitian and Erie Mayor Joe Schember signed a memorandum of understanding between the two cities.

Zibo officials expressed the same sentiment. “We renewed our friendship and wrote a new chapter of our friendly exchanges,” read an emailed statement provided by Han Lin, section chief for Zibo’s International Exchange and Cooperation Section. The three-page statement was titled, “Hand-in-Hand for Mutual Development.”

About one year ago, Florida businessman and Erie native Glen Renaud pitched to Schember the idea of visiting Zibo to spark a relationship that had grown cold. Erie and Zibo became sister cities in 1985 during the late Erie Mayor Lou Tullio’s administration.

“The trip to Zibo was to introduce the mayor into reopening the sister city relationship to show him the opportunities that could occur ... to benefit the city of Erie,” Renaud said in a phone interview from his home in Palm Harbor, northwest of Tampa.

At first blush, in terms of size, the two cities — nearly 7,000 miles apart — would appear to be more like distant cousins than sister cities. “Yeah, we really are different. And yet there is a connection. I got to feel really close to them, and I think they did to us as well,” Schember said.

Zibo’s metropolitan population of 4.4 million dwarfs Erie’s population of just under 100,000. Cranes fill the Zibo skyline as new construction booms, while new construction in Erie, though encouraging, occurs at a more modest pace, with more changes in the works.

To that end, the city is seeking Chinese investment as yet another component of Erie’s comeback story, one that is being fueled by Erie Insurance’s expansion; Scott Enterprise’s planned \$150 million Harbor Place development on the east bayfront, including a hotel now under construction; UPMC Hamot and Saint Vincent Health Center expansions; the Erie Downtown Development Corp.’s plan to transform the city’s core; and much more.

### AN AGREEMENT BETWEEN TWO CITIES

At the end of their recent trip, Erie Mayor Joe Schember and Zibo Mayor Yu Haitian signed a memorandum of understanding that includes these points:

- Conduct comprehensive, mutually beneficial exchanges to strengthen cultural understanding.
- Introduce and recommend that cooperative partners invest and trade in each other’s cities.
- Promote educational exchanges of students and teachers.
- Promote cooperation in public health, tourism, culture, and sports.

“If the right opportunity came along, sure, they could invest here,” said Renaud, 65, who is retired from managing equity and bond portfolios for clients. His private businesses include the Pennsylvania International Academy, a student servicing and boarding organization

for international students attending Mercyhurst Prep High School. About 100 foreign students attend the school; about 60 are Chinese nationals, he said.

Chris Groner, director of the city's Department of Economic and Community Development, said that increasing the number of Chinese students who attend Erie area high schools and colleges would be a big economic boost in itself with tuition, room and board, and discretionary spending.

"If we just go from 100 to 200 students, that would be millions of additional dollars to our economy," said Groner, who joined Schember, Renaud, and Gary Horton, executive director of the Urban Erie Community Development Corp., on the trip. Lihong Ni, a private contractor from Philadelphia who works for Renaud, also provided consultation on cultural matters and translation. She was born and raised in Zibo.

Renaud said it would be up to the Erie area's colleges to increase the number of Chinese students, but agreed that their spending would improve the local economy.

Asked about a recent warning from the Chinese to its students about potential difficulties getting visas from the U.S. government, Renaud said his contacts in China have downplayed the issue. "They've told me there's nothing to be concerned about," he said.

Groner said that as part of the educational exchange, Zibo officials indicated they would pay a stipend and room and board to recent college graduates who might be interested in teaching English, primarily to their high school students, for one or two years. A major in English is not a requirement, Groner said they emphasized.



Apartment complexes, 30 to 40 stories high, rise in Zibo.

## Trade War

Would the tariff wars between President Donald Trump and Beijing blunt any Chinese investment in Erie?

The tariffs are aimed at Chinese products exported to the U.S. and for U.S. products exported to China, so Schember said it appears unlikely that Chinese investment in start-up companies or any other businesses in Erie would be slapped with the levies. “If they produce things here, I’m not sure the tariff would apply,” he said.

But the uncertain economic and political climate between the two superpowers could come into play.

“Possibly, the tariffs could have an effect. The unintended consequences of all this is not known. Anytime you have uncertainty, capital investment is constrained,” Renaud said.

Leaving tariffs out of the mix, how confident is the mayor that the Zibo connection will pay off for the city? “It may be a couple of years before we see anything, but I really believe if we keep working at it and keep building a relationship, I believe it will lead to something positive,” Schember said.

The next step is for a delegation from Zibo to visit Erie, possibly as early as this September, he said.

Dozens of Zibo residents have visited Erie over the past 30 years, and more than 160 “friends of Erie” have visited Zibo in that time, Zibo officials said in the statement. But Schember’s trip was the first by an Erie mayor in 12 years, they said.

“Through the week-long visit, Mayor Schember and his delegation had a comprehensive understanding of the economic and social development of Zibo. At the same time, he also recommended the economic development, investment attraction policies and abundant education resources of Erie to us,” Zibo said in the statement.

### ZIBO: WHAT’S IN A NAME?

For decades, Erie residents have been pronouncing the name of Zibo, one of its four sister cities, as Zē-bō. But just how to properly pronounce the name of the city in east-central China remains puzzling.

You’ll hear different pronunciations from those who went on the trip. Mayor Joe Schember said that Zibo officials pronounce it Zah-bwá, with a French-sounding accent on the second syllable. The Web, sometimes the ultimate authority depending on the source, offers different ways to say it, too. For instance, Merriam-Webster.com pronounces it, zah-bō; Oxford Dictionaries pronounces it Zē-boo.

City officials said they would fall back on the pronunciation of Zē-bō, in part because that’s the way their counterparts pronounce it when they speak to the Americans in English.

## Opportunity zones

When the Zibo delegation visits Erie, Schember and other city officials plan to show them the potential for investment in Erie's Opportunity Zone program, which covers eight sections of the city. They include Erie's east and west bayfront, including Harbor Place and the former GAF Materials Corp. site; much of downtown Erie; the former International Paper site, and the SB3 Industrial Park, both along East Lake Road; Savocchio Business Park near East 16th Street and Downing Avenue, which would be renamed the Joyce A. Savocchio Opportunity Park; and areas of the city adjacent to the Wabtec locomotive plant in Lawrence Park.

Horton, who also visited Zibo in 1994 and 1995 as a member of then-Mayor Savocchio's administration, said his purpose in going this time was to secure business for the Savocchio Business Park, which his development corporation owns. Horton has said he wants to use the park for urban farming, renewable-energy projects and other ventures.

Horton is confident that the Chinese will invest in the site, though he didn't want to discuss specific possibilities until he has something firm. "They made it clear to me that they were going to help. We have a good project and great contacts. They have an interest in what we're proposing; they think it's doable," he said.

Opportunity zones, included in the 2017 federal Tax Cuts and Jobs Act, are designed to spur economic development and new jobs in financially distressed communities. Individuals or businesses that sell an investment at a profit can delay and reduce their capital gains tax liability by reinvesting the sale proceeds in an opportunity zone fund, according to the IRS. Payment of capital gains tax can be delayed until December 2026.

Investors who keep the opportunity-zone fund investment for more than five years will see a tax reduction of 10 percent; the tax break increases to 15 percent by holding onto it for more than seven years. Patient investors who hold onto their stake in the opportunity-zone fund for more than 10 years get the biggest break — no capital gains tax on any subsequent sale of that stake.

While city officials will tout the opportunity zones, the Chinese would only benefit from the tax advantage if they have another U.S. investment, sell it at a profit, and place the proceeds into a fund that invests in an opportunity zone.



Counter-clockwise from top left are Mayor Joe Schember, Gary Horton, Translation and Customs Advisor Lihong Ni, and City of Erie Economic Development Director Chris Groner as they tour the Great Wall of China.

But Schember said the Chinese may invest even without that tax advantage.

However, the city has an \$11.5 million loan fund, with interest 2 to 2.5 percentage points below market rates, and a portion of that could be used for a small- to-medium-sized qualifying project, Groner said. For a larger project, the city would seek additional incentives from Erie County and state governments, he said.

Another incentive for investment is the federal EB-5 program, which allows a foreign investor, his or her spouse and unmarried children under 21 to get green cards if the foreign national invests \$1 million in a new commercial enterprise that creates at least 10 jobs for U.S. residents. The program lowers the financial requirement to at least \$500,000 with an investment in a rural area or a location with high unemployment.

Schember said the program, among other benefits, would allow a foreign national's children to attend school in the U.S.

## Other opportunities

Medical exchanges are another way for the Zibo-Erie relationship to bloom again. U.S. doctors could train in China and vice versa.

“They expressed a lot of interest in medical technology and medical training exchanges,” Groner said. “That’s more challenging because some of that (U.S. medical technology) is proprietary in nature.”



Zhou Lianhua, Secretary of the Communist Party of the China Zibo Municipal Committee, greets Mayor Schember.

While most of Zibo's infrastructure looked new, its hospital was crowded and looked old, Schember said. “I felt like I had stepped back in time,” he said.

But a new, 1,000-bed hospital was in the final stages of construction during the Erie contingent's visit, Schember said. Besides the hospital, the Erie delegation visited one high school, one university, a theater, a sports center, four historic and cultural attractions, and eight companies.

In the end, the Erie group learned more about Chinese culture and came away optimistic about future pursuits between the two cities.



“I feel like we built a very strong relationship in the week we were there. We want to do business with each other, and now it’s kind of working out the details,” Schember said.

Zibo officials are willing, according to their statement: Both Zhou Lianhua, secretary of the Zibo Municipal Committee, and Yu Haitian, Zibo mayor, hope for “joint efforts to deepen the mutually beneficial cooperation between the two cities.”

*John Guerriero, a freelance writer, worked more than three decades for the Erie Times-News as a government, courts, political, and general assignments reporter and columnist. A Pittsburgh native, Guerriero lives in Millcreek Township with his wife Judy. He holds a Bachelor’s degree in Communications from Edinboro University of Pennsylvania. He can be reached through the Jefferson Educational Society or directly at [johnguerrierowrites@gmail.com](mailto:johnguerrierowrites@gmail.com) or on Twitter at [twitter.com/JGuerriero814](https://twitter.com/JGuerriero814).*



Tourists walk atop the Great Wall.

## What's next?

City of Erie officials are preparing to welcome a delegation from Zibo most likely in 2020. A more modest visit regarding Erie hospitals is scheduled in late September. Erie officials will showcase the city, local factories and universities, the Erie School District, Presque Isle State Park, Presque Isle Bay and perhaps Niagara Falls, Erie Mayor Joe Schember said.

“It’s something we’re thinking a lot about because it was an incredible experience for us, and we have to live up to that,” he said.

In China, the Erie contingent toured factories, including a ceramics maker and a company that makes solar-powered cars; enjoyed a large city park with a man-made lake; rode a 186-mile per hour train between Beijing and Zibo; and enjoyed leisurely meals with large menus.

“I never got hungry. I only ate at the meals. I lost 5 pounds, even though I ate more than I usually do,” Schember said. “Here (in Erie), I might drive through McDonald’s and eat (lunch) at my desk.”

## What did it cost?

The City of Erie’s cost for Erie Mayor Joe Schember and Chris Groner, director of the city’s Department of Economic and Community Development, totaled \$4,379 for the flight, two hotel nights in Beijing and gifts for the government. The money came from interest earnings on a city economic development loan fund, Schember said.

Other members of the five-person contingent paid their own airfare and travel costs. However, Zibo officials provided meals and lodging for the group.

### Erie’s sister cities:

- Merida, Mexico, established 1973
- Zibo, China, established 1985
- Lublin, Poland, established 1998
- Dungarvan, Ireland, established 2007

Erie Mayor Joe Schember said he hopes to visit each of the other three sister cities.



## Zibo officials react to Erie delegation visit

*Following is the text of response from Zibo officials when the Jefferson asked them to comment on the Erie delegation's visit to China:*

At the invitation of Mayor Yu Haitian, Mayor Joseph Schember visited Zibo from April 15 to April 20. During the stay in Zibo, Mr. Zhou Lianhua, Secretary of Zibo Municipal Committee of CPC, and Mr. Yu Haitian, Mayor of Zibo, had cordial and friendly talks with Mayor Schember and his delegation, respectively. Both of them extended warm welcome to Erie Delegation and sincerely hope to make joint efforts to deepen the mutually beneficial cooperation between our two cities.

Mayor Schember also looks forward to fruitful cooperation between us. Through this visit, we had reached extensive cooperation intention in the fields of economy, trade, education, medical and health care. Mayor Yu Haitian and Mayor Joseph Schember jointly signed "Memorandum of Understanding for All-Round Exchange and Cooperation between the City of Erie, USA and the City of Zibo, China" focus on the following programs to lay a solid foundation for all-round and multi-field cooperation between our two cities:

1. Develop economic and trade cooperation in the fields of medial, pharmaceutical, photovoltaics, plastics, rubber, science and technology;
2. Promote developing sister-schools relationship, teachers and students exchange;
3. Promote mutually beneficial exchanges and cooperation among cultural groups, sports groups and hospitals.

Through the visit to Zibo, Mayor Schember and all the friends of Erie had an in-depth understanding of our city's development in economy, trade, education, health and other areas. Zibo Municipal Commerce Bureau held "Zibo-Erie Economic & Trade Cooperation Promotion Meeting" (over 10 companies attended); Zibo Health Commission held "Zibo-Erie Public Health Cooperation Promotion Meeting" (5 hospitals attended); Zibo Municipal Education Bureau held "Zibo-Erie Educational Cooperation Promotion Meeting." They also visited one hospital, one high school, one university, one theater, one sports center, three historical and cultural attractions, eight local companies.

Every department or organization attached great importance to the visit of Erie delegation. Everywhere the delegation went, they were warmly welcomed by the visiting units. As soon as they knew Mayor of Erie would pay a visit there, each unit had fully discussed the intention and feasibility of cooperation with Erie City and prepared English and Chinese bilingual electronic welcome screen, PPT and videos in English.

In view of Zibo City and Erie City were fully prepared and full of sincerity, all the units and personnel involved are full of confidence in the future friendly exchanges between the two cities and benefited great from all the above discussion and field visit. Zibo Municipal Commerce Bureau and local companies hope to carry out practical cooperation with Erie in the fields of trade, investment and technology; Zibo Municipal Education Bureau, local schools and universities eagerly look forward to the cooperation in teacher training, youth exchange, online course exchange and sister-schools exchange; Zibo Municipal Health Commission, local general hospital, orthopedic hospital, women and children's hospital, traditional Chinese medicinal hospital also hope to have exchange among medical staff, management personnel as soon as possible. At present, Foreign Affairs Office of Zibo Municipal People's Government and Mayor's Office of Erie City Council have kept in close contact to track and implement all the above cooperation intentions.

This is the first visit abroad of Mayor Schember since he was elected as Mayor of Erie, and also is the only visit of Mayor of Erie to Zibo in the past 12 years. Through the week-long visit, Mayor Schember and his delegation had a comprehensive understanding of the economic and social development of Zibo. At the same time, he also recommended the economic development, investment attraction policies and abundant education resources of Erie to us. We renewed our friendship and wrote a new chapter of our friendly exchanges.

Erie and Zibo established Sister-Cities relationship in 1985, which also is the first international sister-city of Zibo. During the past over 30 years, over 80 Zibo people visited Erie, more than 70 advanced students of Zibo studies in Erie and over 160 friends of Erie visited Zibo. Our two cities have carried out friendly exchanges and cooperation in multi-field and the people of the two cities have forged a profound friendship.

**Following are the units visited by the Erie delegation in Zibo:**

**Hospital:** Zibo Municipal Central Hospital

**School:** Zibo Shiyan High School, Shandong University of Technology

**Public Infrastructure:** Zibo Grand Theater, Zibo Sports Center

**Historical and Cultural Attractions:** Qi Culture Museum, China Ceramics and Glass Museum, Zhoucun Ancient Commercial City, Ancient Football Museum

**Companies:** Zibo HANERGY Thin-Film Solar Power Company, SHINVA Medical Instrument Co., Ltd., Shandong Xinhua Pharmaceutical Co., Ltd., Zibo Huaguang Ceramic Co., Ltd., Shandong Intco Recycling Resources Co., Ltd., Blue Sail Group, Shandong Zibo GONGLI Machine Manufacture Co., Ltd., Lutai Textile Co., Ltd.