



## Chapter 4

# Fostering Québec's Growth and Prosperity

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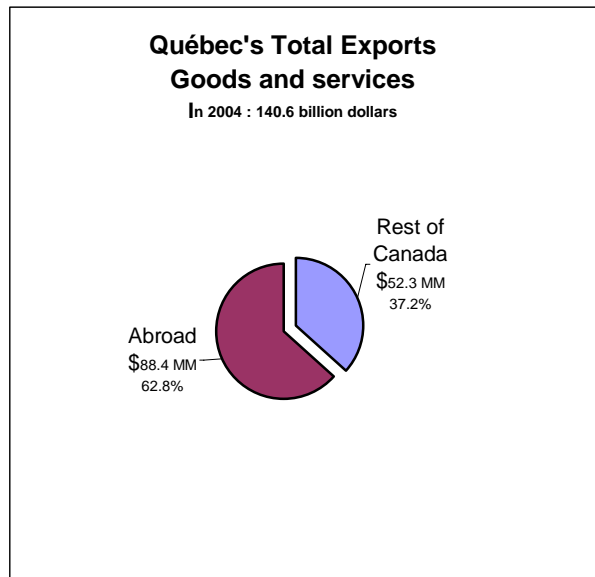
International trade plays a vital role in the development of Québec's economy and in creating greater wealth for society as a whole. In an environment where capital, technology, and even labour move more freely than before, the scope of international economic relations now encompasses a complex set of interrelated factors. Thus, human capital development, research and innovation capabilities, the quality of education systems, and the vitality of cities, towns and regions have become essential elements for increasing the competitive edge of Québec's economy and its capacity to position itself in foreign markets.

### Market Development

The importance of exports for Québec's economy is evident from their ratio to GDP, e.g. 52, 8 percent in 2005. This is not a unique situation: other economies similar in size to Québec's also have very high export rates. This means that economic growth is directly dependant on development of foreign markets.

Ratio of Exports to GDP (2005)	
Netherlands	67,1%
Québec	52,8%
Austria	51,0%
Sweden	46,3%

Since the beginning of the 1980s, Québec's economy has undergone two significant structural changes. First, industrial production has been modernized and diversified, as is reflected in the types of products Québec exports. Today, exported goods incorporate increasingly advanced technologies. In 2004, Québec's share of Canadian high-tech exports reached 43, 5 percent.

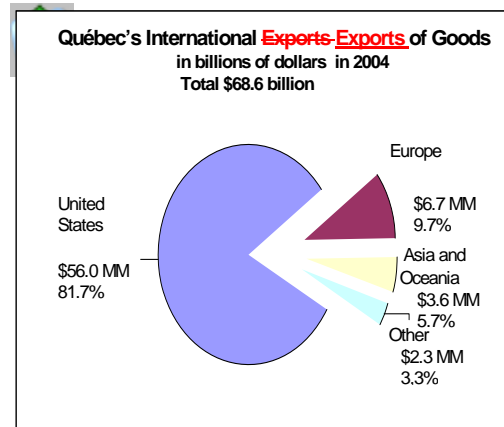


The second change concerns the destination of exports. In 1990, Québec shipped 51 percent of the total value of its exports to the rest of Canada. That figure dropped to 36 percent in 2005. Conversely, exports to the United States have risen from 37 percent to 51 percent, while those to other countries have levelled off at around 12 percent. For the purposes of Québec's International Policy, one

should take these trends into account and identify the specific factors that will influence the continuing evolution of Québec's exports to the major continental markets of the Americas and to those in Europe, Asia, Africa, and the Middle East.

### The U.S. Market

Sales to the U.S. account for over 80 percent of Québec's internationally exported goods. The U.S. market therefore has a highly strategic importance for Québec. However, in assessing the prospects for the next decade, four points should be stressed.



Firstly, close to two-thirds of Québec's U.S.-market exports go to states in the Northeast and Midwest. This fact, coupled with Québec's very strong trade flows with neighbouring Ontario, demonstrate the extent to which Québec's economy is integrated with the states of the U.S. East Coast and the zone stretching from the St. Lawrence River to the Great Lakes. This area therefore constitutes a primary zone of interest for Québec.

Secondly, Québec must also take into account the fact that, over the years, U.S. economic growth has shifted to the southern states, which are as a result gaining significant demographic and economic importance. In 2005, more than 25 percent of Québec's exports to the U.S. went to those states.

A third observation is the 15 percent drop in Québec's exports to the U.S. between 2000 and 2003, a ten-billion dollar decline that can for the most part be explained by the bursting of the high-tech bubble and the appreciation of the Canadian dollar. Québec's exports rebounded however in 2004 (up 5 percent) and 2005 (up 2 percent). The situation nevertheless remains in flux due to strong competition from emerging economies, especially China, and to the substantial rise in the value of the Canadian currency.

The final point deals with global competition on the North American market. The initial advantages resulting from NAFTA have been eroded due to an increasing number of bilateral and multilateral trade agreements signed by the U.S. government. Consequently, Québec will face a considerable challenge if it wishes to maintain and bolster its exports to the U.S. In order to succeed, it will be necessary to improve the efficiency of trade corridors, increase the number of active exporters, and strengthen political, institutional and economic relations with the U.S. These considerations also argue in favour of Québec's sustained commitment to the establishment of the *Security and Prosperity Partnership of North America* between Canada, the United States and Mexico.

### **The European Market**

Historical ties have facilitated the development of Québec's transatlantic trade. The European market still ranks second in importance for Québec, after the United States. Québec exports some seven billion dollars worth of goods to Europe annually. Its main trading partners are the United Kingdom, France and Germany, which receive half of Québec's European exports. Other western European countries, particularly the Netherlands, Belgium, Italy, and Spain are also major partners, accounting for 25 percent of Québec's European-bound exports.

It should be noted that investment rather than trade is the determining factor of economic relations between Québec and Europe. For example, subsidiaries of European companies were responsible for over one-fifth of capital spending by foreign firms in Québec in 2005. The sales of Canadian subsidiaries in Europe correspond to twice the amount of Canadian exports to the European continent. This seems to indicate that companies prefer to avoid the obstacles inherent in traditional trade by setting up bridgeheads on the other side of the Atlantic.

Future prospects regarding the European market essentially depend on the internal dynamics within the European Union. Domestic demand has been stimulated by the integration of Central and Eastern European countries, while the existence and development of common standards will continue to foster commercial trade among member countries within the enlarged market.

In light of this situation, Québec will have to work harder to maintain and strengthen its position within the European market, which is also being targeted by the emerging economies. The existence of a common currency—the euro—facilitates trade for Québec firms, but adapting their goods to European standards poses considerable problems. Companies also need more strategic information about business opportunities in Europe as they arise and about this huge market's diverse commercial practices.

The Québec government is responsible for developing an integrated vision of the European market without losing sight of local characteristics, because European distribution networks still have an important national dimension. Québec needs to take note of favourable opportunities created by the arrival of new members in the European Union, notably Poland.

Québec also needs to be aware of the possibilities in Russia, which constitutes an important juncture between Europe and Asia.

#### Other Markets

While Québec's priority interests lie with the United States and Europe, it must nevertheless endeavour to diversify its trade by targeting markets that offer the best potential. It is only logical for Québec, which is directly affected by NAFTA, to develop

its trade with Mexico. At the same time, the growing number of emerging economies makes it important to focus specific attention on the Asia-Pacific area.

### The Mexican Market

Mexico is becoming an increasingly important partner, both for Québec and for the rest of Canada, through the development of significant political, economic and cultural bonds. Although economic trade appears modest, it remains difficult to measure the real volume of trade that transits to and from Mexico via the United States. The reinforcement of North American trade brought about by NAFTA and further plans by the governments of the three countries to reduce obstacles posed by certain rules and regulations suggest that better market prospects are in the offing in Mexico. In order to take advantage of this momentum, the Québec government must continue to develop institutional relations in the economic, academic and scientific areas. It must also encourage Québec's economic leaders to explore Mexico's business opportunities more systematically and to invite their subcontractors to join them.

### The Asia-Pacific Markets

Over the past few years, Québec's exports have experienced their strongest growth in the Asia-Pacific zone, jumping from a share of 2.8 percent to 5.3 percent overall. In terms of value, this represents an annual growth of 15.7 percent between 1999 and 2004. Québec's main trading partners are Japan (which imported \$1.1 billion of Québec goods in 2005), followed by China (\$ 1.1 billion), Australia (\$ 317 million), South Korea (\$ 275 million), and India (\$ 195 million). These figures indicate the extent to which the economies in this region of the world are thriving and how important it is to take them into account in promoting Québec's economic interests.

In addition, the Asia-Pacific region has, over the past few years, become an increasingly integrated economic area, which largely explains its vitality. In 2003, intra-regional trade represented 52 percent of the total foreign trade of the countries in this area. The process allows Asian countries, especially Japan,

to increase the competitiveness of their goods on world markets by capitalizing on China's comparative advantage as an assembly and production centre.

Japan stands out as Québec's number one export market in Asia. It ranks first in the region for the purchase of high-tech goods from Québec. In fact exports to Japan increased at an annual rate of almost 15 percent since 2000, and the Japanese market offers excellent growth prospects for the coming years.

Québec's exports to China, which had been very modest, jumped by 74 percent between 2000 and 2004 and have also diversified considerably. The Premier of Québec led an important mission to China in September 2005, demonstrating the need to approach this market by targeting specific sectors and large urban centres like Beijing, Shanghai, and Guangzhou. Shandong province, which, like Québec, is a member of the Group of Partner Regions, has also been targeted.

Québec carried out its biggest economic mission in China in 2005

. In September 2005, the Premier headed to China where he led the largest economic mission ever carried out by the Québec government; more than 150 business and institutional representatives were involved

. In early 2006, the Premier also led Québec's first economic mission to India

Québec's volume of exports to India remains modest, yet the sub-continent is quickly becoming one of the world's technology leaders, making it an attractive partner in the area of services. Québec must not delay positioning itself in sectors where the demand will grow as the Indian consumer's standard of living rises. This applies especially to the development of infrastructure.

### South American Markets

Québec's exports of goods to South America have remained relatively stable over the past few years. They totalled \$ 567 million in 2005. Nevertheless, two key factors should be monitored more closely. First, Brazil's emerging economy could feasibly become a major pole of growth over the long term. Second, the

gradual economic integration of the countries of the Southern Cone heightens Québec's interest for the region.

#### The African and Middle Eastern Markets

Québec's exports to Africa and the Middle East amounted to \$ 1.41 billion in 2005, representing approximately 2 percent of its total exports. Québec businesses in the services sector are particularly active in these markets, especially in Francophone countries, as management and engineering consultants. The Maghreb countries in particular have demonstrated an interest in developing economic relations with Québec. In view of the special relations Québec enjoys with the countries in this area as a result of its involvement in La Francophonie and given the extent of their needs, Québec could very well develop business opportunities in this area during the coming years.

### Developing the Export Capacity of Québec Businesses

An increase in international competition, the development of trade in the services sector, and the deepening of integrative trade are three factors that are likely to have a profound impact on Québec's exports. In light of this situation, the Government must adapt its programs to help companies consolidate their presence in foreign markets and support their marketing activities.

#### Support for Exporters With a Proven Track Record

Considering the changes taking place in various markets, Québec has decided to review its approach concerning export development programs. The Government's economic development strategy calls for a 25% increase, by the year 2010, in the number of businesses exporting over one million dollars worth of goods. The strategy is also designed to strengthen and develop the market share held by active exporters.

Finally, the Government will help businesses increase their capacity to export, through measures aimed mainly at small and medium-sized businesses.

## Improved the Marketing of Technologies and Goods Generated by the Service Sector

Several sectors in the service industry have promising export potential. Financial services, specifically the insurance sector, will likely account for a greater share of foreign trade. Other areas, especially tourism, offer marked growth opportunities for Québec.

The tourist industry generates 180 000 direct or indirect jobs. Over the 2000-2004 period, 3.3 million foreign tourists, on average, visited Québec annually, two-thirds of whom came from the United States. The tourist trade balance with the U.S, which usually runs at a deficit, has evened itself out over the past few years. In order to deal with the increasing competition, Québec adopted a new tourism policy in 2005 so as to brand itself as a choice tourist destination and to capitalize on opportunities afforded by the changing international environment. The Government's objective is to increase tourism revenue from nine to thirteen billion dollars by 2010.

Some service sectors that rely on public expertise also display great potential. The Québec government's investment over the past fifty years in the development of public utilities has resulted in the emergence of large companies in such areas as engineering, transportation, forest industry equipment, municipal infrastructures, and housing. In the educational sector, universities, cegeps, school boards and private institutions are becoming more and more involved internationally. In recent years, often in partnership with the Québec government, the private sector has made inroads into such areas as state-of-the-art health care technology, as well as environmental, information, and geomatics technologies. The international demand for the products and expertise of these companies is not only rising, but will most likely grow significantly over the coming years.

Two observations should be made, however. At the present time, Québec's private and public sector expertise is not sufficiently integrated for Québec firms to be positioned advantageously vis-à-vis foreign competitors vying for international contracts. Exporters in the service sector therefore need to be supported more effectively, and measures need to be put into place that will strengthen the competitiveness of Québec's international offering. Clearer guidelines also need to be



devised regarding the terms under which Québec's expertise will be made available to international financial institutions that support projects in developing countries.

### **Making it Easier for Québec Firms to Establish a Presence Abroad**

The evolution of international trade clearly demonstrates that countries with growing export markets are generally those whose businesses have established a presence abroad. Often considered as an indispensable element of business development, the acquisition of foreign companies, or the creation of foreign subsidiaries makes firms more responsive to local markets and lays the groundwork for exports to other countries. For a number of firms, investing outside Québec proves to be an essential step for growth. The Government will take these realities into account in the way it provides support to Québec firms.

### **Increasing Foreign Investment**

Attracting investment and pursuing business opportunities in foreign markets are essential elements to ensure the expansion of an open economy such as Québec's. For example, from 2000 to 2004, non-residential private-sector investments have reached an annual average rate of twenty billion dollars. With its economic development strategy, the Government of Québec now seeks to increase these investments by 4 percent annually between 2005 and 2010. Capital investments by foreign companies accounted for 24.6 percent of non-residential investments in 2005. Of these foreign investments, 73 percent and 22 percent are attributed to American and European firms, respectively. To reach its goal of increasing private sector investments by 4 percent annually, the Government hopes to raise the contribution of foreign companies, by relying on a promotion strategy targeting foreign direct investment. Compared to the competition, Québec's economy enjoys definite locational advantages and offers investors favourable economic conditions such as a skilled labour force as well as education and research capabilities in the high-tech sectors. However, these assets do not always receive adequate visibility, and the quality of Québec's business environment remains underestimated.

To make Québec's advantages known to foreign investors, the Government plans to develop an image of excellence, highlighting Québec's strengths and to convey that image to economic decision-makers. Prospecting efforts will be focused on potential investors in key sectors. Additional efforts will be made to attract immigrants with business backgrounds planning to set up small and medium - sized firms.

The challenge facing Québec is to attract foreign investors by remaining a competitive and attractive place to invest. To be successful, the Government must ensure better coordination among the key players in Québec and take full advantage of its network of representatives based abroad.

## Protecting the Interests of Québec in Trade Negotiations

Traditionally, the Government of Québec has supported international trade liberalization initiatives. The thrust toward liberalization, which ultimately led to NAFTA and to the *Agreement establishing the World Trade Organization (WTO)*, has made the development of an open, modern and prosperous economy possible.

In addition to the lowering of customs duties, trade negotiations also deal with some new issues that are crucial for Québec's economy. This is particularly the case with matters related to trade in services.

Another major issue involves trade in agricultural goods. WTO member countries are seeking to achieve more open world markets for agricultural goods and a decrease in government support for agriculture. This could have an impact on Québec's collective marketing regime. This is why the Government of Québec, jointly with the federal government and the agricultural sector, will vigorously defend its supply management system. It will also maintain its public policies and its capacity to act effectively with respect to public services, such as health and social services, education and culture.

In the event of trade disputes, such as those affecting aeronautics and agriculture, the Québec government cooperates with the federal government to defend the measures and programs involved. The goal is to ensure that the rules of international trade law and the decisions of dispute settlement bodies are heeded and implemented promptly.

## Increasing Capacity for Research and Development

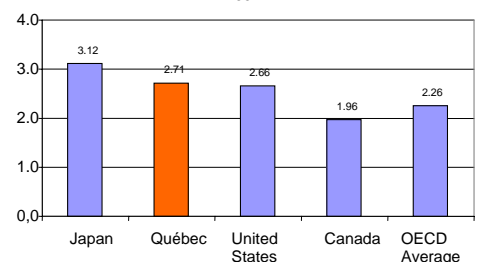
As is the case with trade and investment, research and development activities are playing a growing role in globalization. This trend can be explained by the fact that the development of know-how is based on building a critical mass of researchers as well as on interdisciplinary partnerships, access to state-of-the-art equipment, and comparative analyses of ideas and findings. The international direction that R&D is taking is not in itself a new phenomenon. However, until recently, it was concentrated in industrialized countries.

Owing to advancements in information technologies and new research methods that allow for networking and the fragmentation of research projects, large multinational companies, which are responsible for nearly half of R&D spending worldwide, have begun to locate research installations outside developed countries. These research centres are no longer simply working to facilitate the adaptation of goods to local markets or to get more favourable treatment from the governments involved. They are now assigned global research mandates. As with production and services, R&D today is a candidate for outsourcing. China and South Korea have joined the ranks of the world's top ten countries investing in R&D.

The vitality of Québec's economy is directly dependent on research and innovation. It has succeeded in attaining a high level of R&D activity, equivalent to 2.7 percent of its GDP in 2002. Pools of researchers have been created, business-university consortiums have emerged, and massive investment in equipment has taken place in fields such as information technologies, photonic optics, genomics, biotechnologies, and nanotechnologies. The contribution made by foreign companies, which account for almost one-third of Québec's industrial research, should be highlighted.

To maintain its place among the group of advanced and emerging economies that invest in R&D, the Québec government has set the goal of reaching an R&D rate equivalent to 3 percent of its GDP. To achieve this objective, Québec hopes to

**Domestic Spending on Research and Development**  
As a % of GDP,  
2002



enhance its international research partnerships, attract investment by offering researchers a stimulating environment, and make it easier for firms based in Québec to obtain global research mandates from multinational companies.

It is essential to identify priority areas so as to create a cluster effect and to avoid the dispersion of efforts. This prioritization will simultaneously take into consideration Québec's strengths, the nature of its networks, and investments made in world-class infrastructures. Areas of particular interest are biotechnologies, genomics and proteomics, nanotechnologies and high-tech materials, information technologies—especially bioinformatics and photonic optics—climate change, sustainable development, nutraceuticals and functional foods, food safety, marine science and technology, hydrogen, renewable energy sources, and aerospace technologies.

The Government intends to support multilateral cooperation, notably through partnerships within the European Framework Program and through the work of research consortiums. At the bilateral level, the United States, Mexico, France, Germany, United Kingdom, China, Japan and Israel are among the favoured partners.

## Human Capital Development

Although attracting foreign investment and developing export markets are fundamental to the vitality of Québec's trade, initiatives aimed at stimulating trade and investment will not have lasting effects unless Québec can count on a new generation of young entrepreneurs and a skilled labour force capable of working in an increasingly international environment.

Québec's demographic situation requires both vigilance and immediate attention on the part of the Government. Québec's inward investment agencies are already working in tandem with organizations specialized in human resource development. The government department responsible for immigration is likewise ensuring a better balance between regional labour needs and the selection of immigration candidates.

More will need to be done not only to recruit and retain a greater number of skilled immigrants, but also to ensure that universities, colleges, and the "grandes écoles"

remain competitive, that their programs meet the highest international standards, and that young Quebecers benefit from conditions that promote study abroad and openness to the world. Education, training, student mobility, and a skilled labour force are at the core of human capital development.

### Attracting Skilled Workers

Since World War II, Québec and Canada have been among the few governments with integrated immigration policies, based on planning and systematic recruitment abroad. In the face of similar demographic pressures, a number of other developed countries have joined the list of those making an all-out effort to attract skilled workers and entrepreneurs.

#### Facilitating the Recognition of Diplomas, Degrees and Qualifications

In 2005, the Québec Minister of Immigration and Cultural Communities announced various initiatives to facilitate the recognition of diplomas, academic degrees and qualifications of people trained outside Québec:

- An invitation to the professional corporations to re-examine their procedures, so as to ensure that people trained outside Québec are not deterred from joining a regulated profession.
- Amendments to the Professional Code to allow the professional corporations to be more flexible in issuing new types of permits facilitating the integration of professionals trained outside Québec.
- Access to the special training programs required by professional corporations for a greater number of immigrants trained outside Québec.

As a result, the competition to attract workers in strategic sectors has grown more intense. Because Québec has exclusive responsibility for selecting, hosting, and integrating immigrants within its borders, it has no choice but to intensify its efforts in this field. From 1999 to 2003, Québec welcomed between 30 000 and 40 000 people per year. In the future, it plans to increase immigration levels and to increase the proportion of young workers, including students and applicants who offer the best potential and who fulfill the requirements of the job market most adequately. Moreover, a

special focus will be placed on attracting immigrant entrepreneurs, so as to fill the entrepreneurial void that exists in a number of regions in Québec.

Québec has already taken steps to bolster the security and integrity of the immigration process. It is also selecting immigrants from a diversified geographic pool. In addition to refining its promotion, recruitment, and selection strategies, it must pursue its initiatives to facilitate the integration of newcomers if it hopes to benefit from their professional qualifications and entrepreneurial skills. In this respect, the recognition and accreditation of foreign qualifications is crucial.

### The Educational Sector, Young People and World Outreach

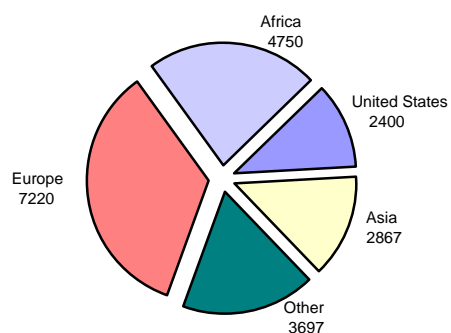
Like other industrial societies, Québec is striving to adapt its education and training programs to the new requirements of the international environment. Colleges and universities play a vital part in developing a society's openness to the world. Several initiatives contribute to the achievement of that goal: reaching cooperation agreements between educational facilities, creating common curricula, establishing consistent standards to ensure the recognition of diplomas and degrees, including an international component in training programs, and providing foreign language training.

In 2004, Québec's universities had a foreign student population of over 20000. These students actively contribute to the development of research in Québec's universities and lay the groundwork for future collaboration with their home countries.

To maintain its position in a highly competitive world, Québec will need to promote and increase the visibility of its educational facilities and ensure that students are offered attractive conditions.

Student mobility is one means by which young Quebecers can become knowledgeable about international realities and learn to adapt to an increasingly internationalized environment. Several thousand students study outside Québec every year, benefiting for the most part from programs which allow the completion of a semester at a

**Foreign Students in the Québec University Network, Fall 2003**



foreign institution. Other opportunities are available through reciprocity agreements, short-term programs, the granting of dual-university degrees and joint thesis supervision.

Inter-university alliances stimulate student mobility. Over the coming years, the challenge will consist in ensuring that an ever greater number of students from Québec receive part of their education at the best institutions abroad, and that more researchers from Québec will be able to join international research teams.

Participating in internships in other countries is another way for young Quebecers to become more open to the world and better integrated into international networks. Over the past forty years, more than 125000 young people from Québec have had the opportunity to work and study abroad, with the support of the Office Franco-Québécois pour la jeunesse, the Agence Québec-Wallonie-Bruxelles pour la jeunesse, and the Office Québec-Amériques pour la jeunesse. It is essential to build on these achievements and strengthen these initiatives, particularly by creating more synergy among these organizations, resulting in a higher number of exchanges and internships for young people.

## **Working in Partnership with Cities, Towns, and Regions**

Integrative trade, the knowledge economy, and information technologies have taken the competitive process onto a new plane. Cities, towns and regions are now directly affected by international competition. To effectively plan their development, attract investors, ensure the availability of a skilled workforce, and build viable infrastructures, cities, towns and regions can no longer operate in a vacuum. They must compare themselves with the best and rise to that level of achievement. Their ability to adequately determine their assets and strengths, fully understand the regional, national, and international environment, and bring together key players in a commitment toward shared objectives has become a key for successful growth and development.

In Québec, the greater Montréal area has long been a driving force for economic development. As a point of entry to the industrial heart of North America, Montréal is

home to one of the world's busiest inland harbours. An intermodal crossroads, Montréal is located within 1000 kilometres from one-fourth of the North American population. Montréal is a major aerospace centre and leader in biotechnologies and pharmaceuticals. The area has one of the highest concentrations per capita in North America of jobs in high value-added sectors. Montréal's "grandes écoles" and four French and English language universities attract one of Canada's largest foreign student populations. The offices of more than sixty international organizations and more than forty consulates general are located in Montréal. The city hosts a number of major sports and cultural events as well.

The Montréal Metropolitan Community's economic development plan stresses the importance of reinforcing strategic industrial clusters and establishing a regional system of innovation. With this plan, the Community aims to expand the region's international involvement on a North American and global scale.

Québec City is a major Eastern Canadian urban centre and has enhanced its role as the capital by reaffirming its strengths in science and technology, particularly in several high-tech sectors including medical research, optics and photonics. The capital is developing its international activities in line with its functions as a seat of government, an academic and scientific centre, and the hub of francophone activities in North America. Québec City is a UNESCO World Heritage Site and a very popular tourist destination.

In addition, Québec supports the development of other thriving urban centres. Due to their vitality and the synergy derived from the combined presence of first-rate institutions and training centres, these cities play a key role in the development of their regions.

Moreover, considerable joint efforts have led Québec's regions to identify niches in which they possess the critical mass necessary to position themselves favourably on the North American and even the world market. International partnerships are a useful tool in developing these niches, and the Government of Québec intends to facilitate such endeavours.



Strengthening trade corridors and developing cross-border regional groups are effective measures to link local communities and business interests. The Government of Québec seeks to facilitate the establishment of such trade corridors by working in collaboration with neighbouring American states.

It is essential that cities, towns and regions become more active in international partnerships and networks, where they can access useful expertise and solutions for their development. The Québec government would therefore like to see them develop strategic plans, involving all key local players, and draft overall international strategies. The recently established regional conferences of elected representatives can play a decisive role in this regard.

The Québec-New York Economic Summits have revitalized the corridor linking the Hudson Valley, Lake Champlain, and the Richelieu River. A number of agreements have been reached in the areas of transportation and cross-border regional promotion, adding to others between chambers of commerce aimed at developing technology and tourism. Other trade corridors have also experienced renewed growth, as is the case with the Chaudière-Kennebec corridor.

## Striking a Balance between Environment and Development

Environmental degradation carries heavy political and economic consequences for societies, states, and governments. Major policy shifts appear necessary for the world's environment and ecosystems to survive over the long term. Their preservation calls for both economic and social measures.

The Government of Québec was part of the Canadian delegation at the 1992 Rio Earth Summit. Since then, it has actively participated in various international forums on environmental issues and intends to continue to do so.

### *The Sustainable Development Act*

In April 2006, the Québec National Assembly enacted the *Sustainable Development Act*. This Act allows Québec to rank among the few states in the world that have passed legislation that deals specifically with sustainable development.

Moreover, it wishes to promote the development of ties among countries, regions, businesses, research groups, and organizations that are seeking concrete, lasting and practical solutions. Taking social and environmental considerations into account in

product manufacturing and distribution has become a reality of international trade. These standards can be seen either as impediments to trade or opportunities to compete among the best. Québec favours the latter point of view.

In 2004, the Québec government unveiled its *Sustainable Development Plan*, which links together the economy, environment, and social progress, and places them at the heart of government's initiatives.

#### Using Energy to Build the Québec of Tomorrow-Québec's Energy Strategy 2006-2015

In May 2006, the Government of Québec announced the six key priorities of its Energy Strategy for the coming years:

- Resume and Accelerate the Pace of Development of Québec's Hydroelectric Potential
- Develop Wind Power, An Energy Source for the Future
- Use Energy more Efficiently
- Innovate in the Energy Field
- Consolidate and Diversify Sources of Oil and Gas Supply
- Modernize the Legislative and Regulatory Framework

The Government seeks to reverse the downward trend of its electricity exports of the past few years, which translated into a sharp reduction of its net sales of electricity outside Québec's borders. In keeping with the principles of sustainable development, the

Government will also support the development of new energy technologies, including cleaner burning fuels (including fuel-ethanol), geothermal and solar energy and hydrogen. Through these measures, Québec is taking concrete actions to reduce greenhouse gas emissions.

With respect to energy, Québec is firmly committed to promoting various renewable energy sources by adopting ambitious goals. It therefore expects to increase hydroelectric energy production by 4500 megawatts by the year 2010 and wind energy production by 3500 megawatts before the year 2015. Québec also aims to become a world leader in the management of energy transmission networks and in the integration of various energy sources into these networks. Moreover, with respect to greenhouse gas emissions, it insists that the federal government take into account its hydroelectric production, a renewable source of energy resulting in two times fewer emissions per capita in Québec than the Canadian average.

The Government of Québec is also concerned about the protection and conservation of forests and ecosystems, and has incorporated the principles of sustainable development into its forestry and public land management practices. Québec's *Strategy and Action Plan* on biological diversity, adopted in 2004, constitutes an important first step. Québec intends to participate in the work of international organizations pertaining to these issues.

## Priorities and Key Initiatives

### OBJECTIVE FOSTERING QUÉBEC'S GROWTH AND PROSPERITY

#### Priorities

- Strengthen and increase economic exchanges with the United States and Europe, and diversify trade by branching out to certain expanding markets
- Make knowledge, innovation and education core elements of international initiatives
- Attract more qualified immigrants and facilitate their integration into economic life

#### Key Initiatives

Strengthen and increase economic exchanges with the United States and Europe, and diversify trade by branching out to certain expanding markets:

- In the United States, Québec will concentrate its efforts on four sectors in particular: trade, security, energy, and the environment. It will especially strive to play a leading role in consolidating the North American economic space by working with East Coast and Midwestern states to develop cross-border partnerships and identify normative and regulatory obstacles that impede trade. Additionally, Québec will increase its economic presence in Washington and Atlanta.
- In Europe, Québec will seek to develop business opportunities in five high potential sectors in Western European countries (aerospace, construction, life sciences, information and communications technologies, and environmental goods and services); take advantage of the new opportunities afforded by European expansion and support businesses in adapting their products to European standards
- To diversify its export markets, Québec will concentrate its efforts on five expanding markets where it will step up its presence and target its initiatives: Mexico, Japan, China, India and Brazil. To increase the likelihood that businesses shall succeed in these markets, support will focus particularly on facilitating project start-ups, and encouraging networking among firms.
- New initiatives will also help stimulate exports and attract foreign investments:
  - Support for the export of Québec's expertise and know-how by collaborating with the École nationale

d'administration publique (ENAP) to create a centre for the international promotion of Québec's expertise.

- A new strategy for promoting and prospecting foreign investments
- Measures to help Québec firms set up operations abroad with the aim of increasing sales and developing business partnerships
- Support for regions that have adopted an integrated international action plan, particularly to develop their niches of excellence.

### Key Initiatives

Make knowledge, innovation and education core elements of Québec's international initiatives:

- Increase funding allotted to international research partnership development and to attract foreign researchers.
- Intensify and better coordinate the international promotion of Québec's educational opportunities.
- Restructure tuition exemption scholarship programs for foreign students to attract more candidates to university postgraduate programs and a greater number of students to college-level technical training programs.
- Develop an integrated public sector offer with regard to education services in order to support educational reforms and the development of education systems, with special emphasis on the needs of emerging economies.
- Expand international internship opportunities for young people and increase support for youth entrepreneurship projects abroad.

### Key Initiatives

Attract more qualified immigrants and facilitate their integration into economic life

- Support the recognition of academic degrees and of qualifications by helping professional orders and institutions of higher learning conclude agreements with foreign partners.
- Target promotional and recruitment efforts abroad based on Québec's identified labour needs, with special emphasis on the priority areas of Latin America, and Eastern and Western Europe.
- Increase the number of prospective business immigrants invited for an exploratory visit to Québec.
- Increase the number of foreign partners in French language instruction to enable immigration candidates to begin their linguistic training before arriving in Québec.

