

A New, More Prosperous Québec

An Interview with The Honorable Philippe Couillard, Premier of Québec



The Hon. Philippe Couillard

EDITORS' NOTE Born in Montréal in 1957, Philippe Couillard earned his doctorate in medicine in 1979 and his neurosurgery degree in 1985 from Université de Montréal, a specialist certificate from Collège des médecins du Québec, and a specialist certificate from the Royal College of Physicians and Surgeons of Canada in 1985. He served as Chief Surgeon in the Department of Neurosurgery at Hôpital Saint-Luc in Montréal from 1989 to 1992 and co-founded the Dhabran Department of Neurosurgery in Saudi Arabia, working there from 1992 to 1996. Subsequently, he was a Faculty of Medicine professor at Université de Sherbrooke from 1996 to 2003 and Chief Surgeon and Director in Centre Hospitalier Universitaire de Sherbrooke's Department of Surgery from 2000 to 2003. First elected Member of the National Assembly in 2003 for the Québec Liberal Party (QLP), Couillard was reelected in 2007, serving as the Minister of Health and Social Services from April 2003 to June 2008. He left politics in 2008 only to return in October 2012 for the QLP leadership campaign, which he won in March 2013. The QLP won the 2014 Québec general election and Philippe Couillard was sworn-in as Québec's 31st Premier on April 23, 2014.

Where does the economy of Québec stand today and is it a strong place for investment?

Québec has withstood the global economic crisis much better than some of its major trading partners. Moreover, Québec's economic growth has accelerated since 2013. Real GDP grew by 1.4 percent in 2014 and should grow by 2.0 percent in 2015 and 2016.

Since our government came to office in April 2014, we have sent a message of political, economic, and financial stability as well as sound fiscal management. We have contributed toward making Québec a favorable environment for investment and business. I send a message of political, economic, and financial stability, sound fiscal management, and a business investment-friendly government. We have a dynamic business environment, a workforce recognized for combining talent and creativity, abundant sources of energy including hydropower, and a strategic position between America and Europe. Moreover, Québec and Canada are known for their well-regulated banking system, which was identified as the most robust in the world by Moody's Investor Service in 2012.

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My message is simple: Québec is, more than ever, a place of choice to grow and expand companies.

Québec has a stable market with a lot of opportunity. Is that understood around the world?

The fundamentals, such as our abundant natural resources, are known, but people are now waiting for economic stability, sound fiscal management, and a government that is happy to work with businesspeople and investors. This is the signal that our new government is sending, as we believe our duty is to develop the economy and create jobs.

Québec's network of 24 representations worldwide also allows us to showcase our many strengths and advantages. For example, costs for setting up operations in Québec are on average 2.9 percent lower than in the G7 countries and investments in R&D in Québec are eligible for advantageous tax credits. Moreover, our workforce is educated, highly skilled, and creative. These facts are quite likely to trigger interest around the world.

What initiatives have you created to stimulate job creation?

Again, it starts with good management of the public sector, including public finances and debt reduction. Last march, my government tabled a balanced budget and we offered some strong incentives for job creation, such as reducing the tax burden of SMBs. We also improved certain sectorial tax assistance measures, such as the tax credits for the new economy.

To foster job creation, we also rely on major strategic projects such as the Plan Nord and the Maritime Strategy, all initiatives powered by my government. Even though, for the most part, jobs are not created by governments but by the private sector, we need to provide the right fiscal, economic, and political environment to stimulate investment. This is what we are striving to do every day.

How important has it been to engage the private sector and is public/private partnership the key to success?

It has been important to us since the first day we were sworn in. We make sure to include the private sector in our plans. We have some strong governmental tools intended to develop private/public partnership, such as Investissement Québec. This helps us to deepen and enrich the scope of our projects and initiatives.

Is the U.S. the key partner for Québec and how strong is that relationship?

Our neighbor, the U.S., and particularly our friendship with the Northeast, New England, and the State of New York have always been the cornerstone of our international trading partnerships, with 70 percent of our exports going to the U.S. and our bilateral trade reaching \$81.5 billion in 2014. Furthermore, Québec has 6 representations in the U.S. (Atlanta, Boston, Chicago, Los Angeles, New York, Washington D.C.) and two new representations will be soon added to its network in Houston and in Silicon Valley.

Would you give a brief overview of Plan Nord and how critical that effort will be?

This refers to everything north of the 49th parallel in Québec, which is 1.2 million square kilometers. We want to build out Plan Nord as an exemplary sustainable development project where 50 percent of the land, roughly the size of Texas, will be protected from industrial activity. There are 120,000 people living on that vast expanse of land, two-thirds of them being First Nations and Inuit, who are critically important partners in the development of the north.

This territory holds great potential for hydroelectricity, with 70 percent of our actual production coming from the north. It also offers a vast array of minerals, such as gold, nickel, cobalt, platinum, zinc, iron, and ilmenite. It is also a new source for rare earths, used for the manufacturing of electronic equipment, which are controlled at 95 percent by China right now. There are also significant forestry resources.

We estimate that tens of thousands of jobs can be created there. There are 17 mining projects that have reached the initial phases of qualification and characterization, and we are now looking at the financial structure. We are saying to the market: We can also be a partner through Investissement Québec, the Québec investing arm, but we need foreign investment to come in and participate in these projects. We also created the Société du Plan Nord to coordinate the development of this territory in collaboration with local and Native communities, business, and the government of Québec.



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What are the primary objectives of your maritime strategy?

We want Québec to be the mega-hub of transatlantic trade. We launched this strategy at the end of June. The opportunities for this project are free trade with Europe, enlargement of the Panama Canal traffic, and progressive reopening of the Northwest Passage. All of these will lead to a significant increase in maritime transportation, and the only way to get to the heart of North America from Europe by boat is through the Great Lakes and Saint Lawrence Seaway.

This is a tremendous asset and an opportunity to provide infrastructure, logistical hubs, and other transportation needs. At the same time, it also demands sustainable policies, a blue economy, marine biotech, science, and protected marine areas. Together, this comprises a comprehensive strategy that will attract combined public and private investment of \$9 billion and create 30,000 jobs in the coming years.

You’ve initiated strong efforts to fight climate change. Would you talk about your vision in this important area?

Québec is a leader in the fight against climate change. Québec has an advantage based on its geography – 99.5 percent of our electricity is clean energy, most of that being hydroelectricity. This explains why we have the lowest per capita emission levels in Canada.

Years ago, we decided to actively engage ourselves in the fight against climate change. We believe climate change is mainly induced by human activity and the best way to tackle it is to put a price on carbon. We started this in 2007, but it was accelerated in 2013 when we started a joint carbon market system with California. Earlier this year, Ontario announced its intention to join this market, making it one of the largest in the world – certainly the largest in North America – with different states and federated states coming together in a single international effort.

We believe this is the way of the future. We have to send a clear message: Federated states and regions have a significant role to play, and we intend to play that role at the Paris climate change conference (COP21) in December.

The issue of climate change is one of the main focuses of our international policy, which is always centered on our culture and language, and on the economy.

In terms of reducing debt, how hard is it to make those decisions and where are you on the path?

We announced that we would establish a balanced budget for 2015/2016, which we have done. We are in the middle of a year where we must make the numbers match our predictions.

The effort is centered both on the expense and the revenue sides. We are constraining expenses in a significant way, but we are making efforts to continue to attract investments at the same time so the revenues also grow.

We don’t only want to balance the budget for one or two years; we want to be sustainable for the next five to 10 years. The way to do this is by introducing true structural changes. We’re doing this in various sectors like healthcare and education, and along the way we have developed relationships with business partners.

Québec’s economy has been facing structural challenges and we act on them. We’re not a short-term government; we’re a government that invests for the medium- and long-term.

When you’re making transformative changes, how critical is communication to foster the necessary support?

It is critical, but at the same time it is unrealistic to expect unanimous support. People resist budget cuts and that’s understandable. What we have to do is to remind them of the reasons we’re doing this. We are tabling a balanced budget as a way to usher in a new, more prosperous Québec, not only for my generation but for future generations.

People understand why we are doing this and the message I’m sending is that we will not change our course. I am dedicated to balancing the budget and reducing our debt while attracting private investment and creating jobs for the people of Québec.

How will you broaden into emerging markets?

North America will always remain our most important market. That said, we want to increase the percentage of trade we do with Europe through the upcoming Comprehensive Economic and Trade Agreement between Canada and the European Union, and the negotiations underway on the Trans-Pacific Partnership Free-Trade Agreement Negotiations. With China being such a large part of the global economy, it is also essential to be present in that part of the world. Emerging markets can benefit in many ways

from our green economy, waste treatment, eco-friendly building techniques, and wood products. The Chinese are already investing in our mining projects. India and Brazil also offer great opportunities and we want to improve and strengthen our already blossoming relationships. Our trade with Brazil amounts to 40 percent of all Canadian trade with this country, and we are working to develop the Indian market. We also plan to open a representation in Senegal (Dakar).

How strong is the education system today and are reforms needed?

Our education system has a good foundation and our young people score well on international tests, but we need to do more. Reforms are always needed. We need to simplify the structure, make it more centered on the child and not so much on the system itself, as it is currently. There is always talk about protecting the system and nobody talks about the patient or the child in school. We have to bring them back into the center of our focus.

One of the first beneficiaries of our fiscal discipline will be the education system. Education is the future of our society and drives the economy – knowledge brings power and economic clout, and it brings freedom of choice. The education system will be the first to benefit from returning to balanced budgets.

How about healthcare?

We eliminated the middle tier of Québec’s healthcare administrative structure, which is a significant step. We’re going to be bringing in activity-based funding for our hospitals, which should allow us to maintain a good healthcare system with improved access. We want to get our level of increase in our expenses close to what we see in the rest of the OECD, which is roughly 2 to 3 percent per year. With proper management and more efficient methods, this is quite realistic. Healthcare is an essential service that we must provide as efficiently as we can.

What excited you about public service and what made you feel it was the right time to get involved?

In 2003, I was head surgeon at a university hospital. At some point, I became tired of hearing my colleagues in the operating room whining about government. I knew someone had to stand up and try to do things differently and better, and I wanted to play a part in building a stronger society. There is no other reason to get into politics. ●