



**Chambre de commerce
du Montréal métropolitain**
Board of Trade of Metropolitan Montreal

February 4, 2008

Mr. Jean Charest
Premier of Quebec
The Premier Office's
Édifice Honoré-Mercier
835 René-Lévesque Blvd. East, 3th Floor
Quebec, Quebec G1A 1B4

Dear Mr. Premier:

We were very interested by the five major projects to boost Quebec's prosperity that you discussed in your November 19 speech before the Board of Trade of Metropolitan Montréal. In this regard, the Board of Trade would like to propose some budgetary and legislative ways to facilitate the success of these projects and, more importantly, to maximize the spinoffs for Quebec. To this end, I would therefore like to describe how Montréal could further contribute to "improving Quebec's ability to prosper."

Project 1: Make Quebec the main gateway between Europe and North America

We share your opinion that we must seize the opportunity to conclude an economic integration agreement between Canada and the European Union. In light of Quebec's physical proximity to, and cultural affinity with Europe, it makes sense that we act as a gateway to North America, just as Montréal is the international gateway to Quebec.

That said, while we believe that Quebec must realize its ambitions in an increasingly vast and open economic landscape, we also believe that it must do whatever it takes to get the most out of such an initiative. In other words, the more we operate in an open market, the more important it becomes to build strong comparative advantages. We must establish Quebec as the location of choice for talent and investments – an endeavour in which Montréal can play an active role.

What Montréal can do

Montréal already plays a key role in Quebec exports. The greater metropolitan area accounts for 70% of our exports and often acts as a bridge between the regions and the rest of the world. Without question, rehabilitating our infrastructures would make the city an even more powerful engine. However, beyond that, other initiatives are required before Montréal and Quebec can become a magnet for talent and investment and the undisputed hub between Canada and Europe.

- **Continue improving funding of higher education**

Excellent universities are one of Montréal's advantages and one of the reasons it boasts such a qualified and innovative workforce. We must enhance this advantage by improving funding and providing our universities with the same means as their counterparts in the rest of the country. This means continuing to unfreeze tuition – which to your credit, you have begun doing – and boosting investment in education.

- **Make taxation more investment friendly**

The Board of Trade believes that Quebec and Montréal could be more aggressive in their efforts to position themselves as one of the best places to invest in North America. As such, we believe that the tax system should be overhauled and the taxes on investments and profits substantially reduced. In this regard, Quebec could take its cue from Nordic countries such as Sweden, where they rely more on consumption taxes and less on personal and business income tax, or Ireland, where the corporate tax rate reduction to 12.5% is considered one of the main reasons for its economy's exceptional performance.

- **Support innovation and marketing**

One of Montréal's strengths in the global economy is the fact that it is home to innovative companies in the information technology, life sciences and aerospace sectors. As a result, we have a vibrant research community both in academia and in the private sector. Your government aptly supported these activities with the Stratégie québécoise de la recherche et de l'innovation. In our view, it is important for both Montréal and Quebec that we continue developing this niche by paying particular attention to the commercialization stage, which is often a major hurdle for our small innovative companies.

Project 2: Agreement with France on the recognition of skills and competencies

Quebec is facing a major challenge in terms of labour and demographics. Over the next few years, we will have to contend with a retirement exodus that will create a strong demand for labour. According to the Régie des rentes du Québec, over 440,000 workers will retire by 2010.¹ Moreover, by 2011, net labour growth in Quebec will be fuelled entirely by immigration.

In light of this situation, signing an agreement on skill and competency recognition with France is an important step. In fact, Quebec should throw open the doors to qualified French workers so that they can contribute to the Quebec economy to the full extent of their abilities.

What Montréal can do

Metropolitan Montréal is already home to most of the international immigrants who chose to make their home in Quebec. Proud to play this role, Montréal is ready to take it to the next level.

In fact, if the government wishes to encourage worker mobility between Quebec and France, we must be well equipped so as to fully benefit from this opportunity and end up with a positive net migration. The following approaches would help Montréal enhance Quebec's appeal to immigrants in general and those from France in particular.

¹ Emploi-Quebec, *Le marché du travail au Québec – Perspectives professionnelles 2006-2010*, 2007, p. 3

- **Build up quality of life and cultural vitality as Montréal's distinctive characteristics**

While Montréal is known for its quality of life, today's war for talent requires that we strengthen this comparative advantage. In addition to such elements as environmental quality, safety, housing accessibility and an excellent public transit system, one of the distinctive aspects of Montréal's quality of life is unquestionably its cultural vitality. It is therefore important to ensure that the commitments made during the *Rendez-vous November 2007 – Montréal Cultural Metropolis* are respected by ensuring the rapid completion of the Quartier des spectacles through a core project like the MSO concert hall.

- **Make Montréal a city of stimulating challenges**

In addition to offering an exceptional quality of life, Montréal must offer stimulating challenges—one-of-a-kind careers—to the high-calibre workers it seeks to attract and retain. For us, this means ensuring the vitality of leading-edge economic sectors where creativity and knowledge are particularly valued in order to offer exciting career opportunities. As such, the health of the aerospace, video game and biopharmaceutical industries clearly add to Montréal's drawing power; hence the importance of policies like the government's innovation strategy, which boosts the competitiveness of businesses in these industries.

In the same vein, carrying out ambitious and unique projects in Montréal can also enhance its drawing power. Given that the health sector is experiencing severe labour shortages, launching exceptional projects like the new superhospitals is just one more argument to convince physicians, nurses and researchers from France to choose Quebec and Montréal.

- **Open the door to students too**

In addition to this agreement with France, we also recommend that the government make Quebec more accessible to foreign students. In a world where everyone is vying for talent, the Board of Trade believes that Quebec must, more than ever before, make it easier for the next generation of qualified workers to settle in and integrate into the province by using its postsecondary education system as a preferred point of entry for immigrants. Given that Montréal has built a solid reputation in the international university community based on the exceptional quality of its institutions, an explicit policy aimed at attracting foreign students with a view to transforming them into Quebec graduates and future citizens would, in our view, be very relevant indeed.

Project 3: Conclude a free-trade agreement with Ontario

Again with a view to opening and expanding Quebec's economic landscape, simplifying trade with the other Canadian provinces is also a growth opportunity for Quebec. It is unfortunate that many trade obstacles between Quebec and our Canadian neighbours still exist to this day. In this regard, it makes sense to begin this rapprochement with our neighbour, Ontario, which accounts for 42% of Canada's GDP and to then reach out to the other Canadian provinces, notably, Alberta and British Columbia, which in addition to enjoying booming economies, have already inked a free trade agreement with each other.

What Montréal can do

One of the best ways to see such a project come to fruition is to enlist the business community. In fact, the economic relations between Montréal and Toronto can pave the way to a trade corridor between Quebec and Ontario. As well, on behalf of the Board of Trade, I would like you to know that we are available and interested in sitting down with the government and exploring ways in which we can help make such an agreement a reality.

Project 4: Quality infrastructures

All these externally focused measures aimed at France, Europe and the Canadian provinces will be to no avail unless Quebec equips itself with quality infrastructures. We fully support the Quebec government's efforts to take up this formidable challenge because infrastructure renewal is a major condition for the prosperity of our businesses and their ability to compete on the world stage. In this regard, the government's recent announcements give us the hope that there will be a major improvement in the conditions associated with the movement of people and goods. We therefore commend the government for its commitment to undertake such projects as the modernization of Notre Dame Street, the renovation of the Dorval and Turcot interchanges and, in the longer term, its involvement in planning the redevelopment of Bonaventure Autoroute with Société du Havre de Montréal.

What Montréal can do

While the Quebec government plays a fundamental role in infrastructure renewal, we believe it should not bear the burden of this immense project alone and as such should partner with the City of Montréal and give it the means to become more involved.

- **Give the City of Montréal genuine enabling tax and administrative authority**

The role played by Montréal's municipal administration in terms of renewing urban infrastructures is also very important. However, today, its initiatives are largely limited by its financial structure and the fact that it does not have access to revenues that grow in step with the economy. We therefore believe that the government should seize the opportunity presented by the ongoing work on Bill 22 to confer on Montréal genuine enabling authority, making it a major ally in the revitalization of Quebec's infrastructures.

Along the same lines, the Board of Trade considers that such enabling authority should also be accompanied by greater administrative autonomy, particularly as regards labour relations and collective agreement negotiations, where the powers of the municipal administration are far more limited than those of the Quebec government. As well, while we subscribe to the belief that the City of Montréal should have greater ability to collect revenues, we also believe that it should have the tools to control its expenses.

With a healthier financial situation, the City of Montréal could intensify its efforts to revitalize neighbourhoods such as the Quartier des spectacles, to modernize the Montréal water system or to develop the public transit system – all important components of Quebec's infrastructure base and of our economy's competitiveness. In short, enabling authority and a genuine increase in taxation and administration autonomy would be a good way to allow the City of Montréal to assume its share of the responsibility for maintaining and developing an infrastructure befitting a metropolis.

Project 5: Quebec as a global leader in renewable energy

The Board of Trade fully endorses the approach at the heart of your fifth project to immediately position Quebec as a figurehead in an area that will be fundamental in the future. Quebec is blessed with resources that allow it to aspire to this position of global leader and as such, major efforts should be made in this regard.

What Montréal can do

That said, for the Board of Trade, it is not only important for Quebec to become a leader in the production of renewable energy, but also to become an exemplary model of energy consumption, and it is in this sphere that Montréal can make an especially tangible contribution to Quebec's success.

- **Increase public transit's market share**

There is no doubt that greater use of public transit by Montrealers would have a significant impact on Quebec's *energy balance* by reducing the consumption of polluting, non-renewable energy. This is all the more true given that the metropolitan region is responsible for close to 50% of greenhouse gas emissions in the province, and its high urban density makes it the place where public transit can be most effective.

In this regard, the Board of Trade believes that public transit must be developed but with the express objective of increasing its *market share* over the automobile. The reason is simple: increasing public transit's market share would pack the greatest economic and environmental punch. With this in mind, the government's support of public transit should take into account factors that influence the decision to take public transit – comfort, frequency of service, reliability, stability of service through labour negotiations as well as the geographic extent of the system. As such, investments that offer the best *cost/passenger converted to public transit* return should always be given priority.

On a North American scale, Montréal already fares well in terms of public transit use. This is yet another opportunity to transform this distinctive trait into a comparative and recognized advantage across the continent.

Conclusion

In the past few months, I personally have had the opportunity to underscore in various places in Quebec the profoundly complementary role that Montréal and the regions play. And just as we believe that when Montréal wins, Quebec also wins, we are confident that the measures presented will allow the metropolis to make a contribution to your five major projects. I have no doubt that this win-win approach will appeal to you and convince your government of the relevance of taking action in the metropolitan region of Montréal.

Sincerely,



Isabelle Hudon
President and CEO