

Greater Montréal: Connected globally for more collective wealth

Key facts of the study

April 2018



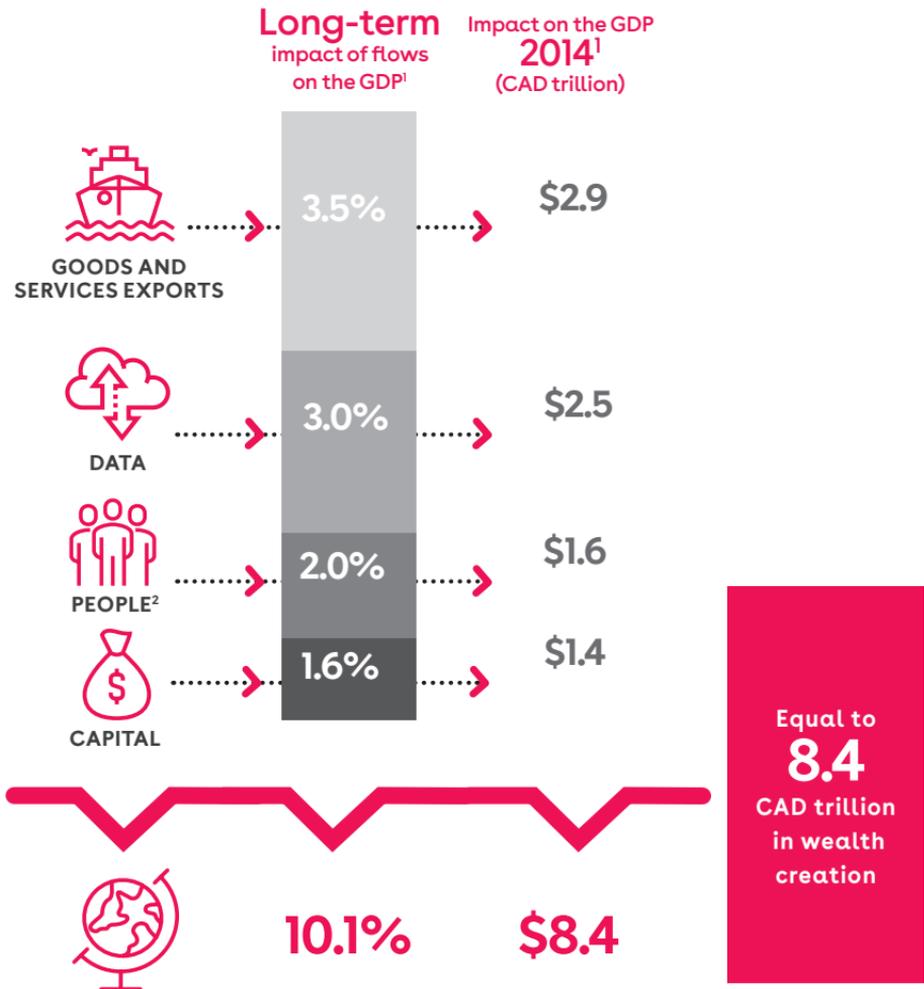
To consult the full version,
visit www.ccm.ca/INTLStudy

Openness to the world: a source of prosperity for Greater Montréal

The **Chamber of Commerce of Metropolitan Montreal, Montréal International** and the **Gouvernement du Québec** joined forces to conduct a complete study on the importance of international trade for Greater Montréal.

This study confirms that **exports of goods, services and data, international talent and foreign direct investments** are important factors for creating wealth in this city that is distinguishing itself in global networks.

International flows represent 10.1% of the global GDP



¹ Includes all inflow and outflow from the 139 countries included in the McKinsey Global Institute's global flows model.
² Flows of people decreased considerably from 2003 to 2013, which had a positive impact despite a negative coefficient. Human movements have a neutral or even negative effect on developing economies, but a net positive effect on developed economies.

Montréal, the 7th most globally connected city in North America³

RANK OF THE CITIES	CONNECTEDNESS INDEX
1 HOUSTON	65
2 VANCOUVER	63
3 SEATTLE	61
4 TORONTO	60
5 SAN FRANCISCO	58
6 BOSTON	56
7 MONTRÉAL	55
8 MIAMI	54
9 NEW YORK	52
10 WASHINGTON	48
11 DETROIT	46
12 SAN DIEGO	46
13 CHARLOTTE	45
14 PHILADELPHIE	45
15 DALLAS	43
16 LOS ANGELES	41
17 MINNEAPOLIS	39
18 ATLANTA	36
19 ORLANDO	35
20 CHICAGO	34
21 BALTIMORE	34
22 TAMPA	33
23 ST. LOUIS	32
24 DENVER	30
25 PHOENIX	27

THE CONNECTEDNESS INDEX (SCORE OUT OF 100)

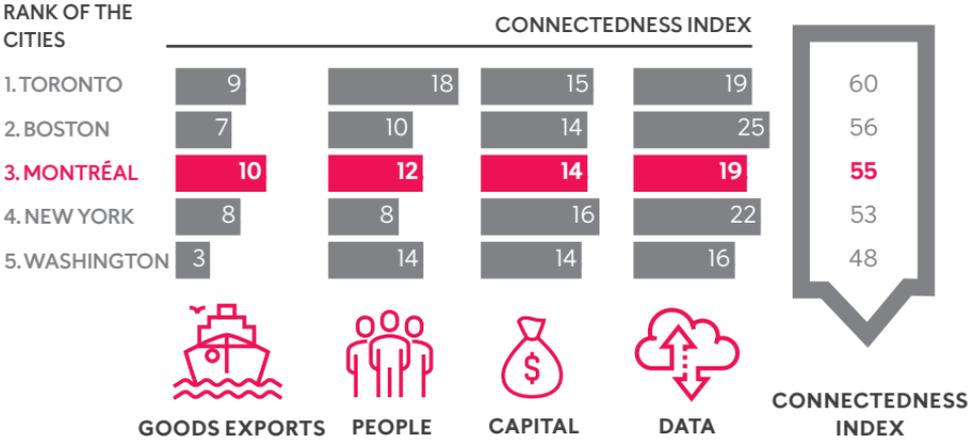
Connectedness, as measured here, can be used to compare cities' level of integration to the global economy according to flows of goods (35% of the index), people (20%), capital (15%) and data (30%)⁴. A high index is associated with a strong performance.

³ Taking the size of its economy into account.

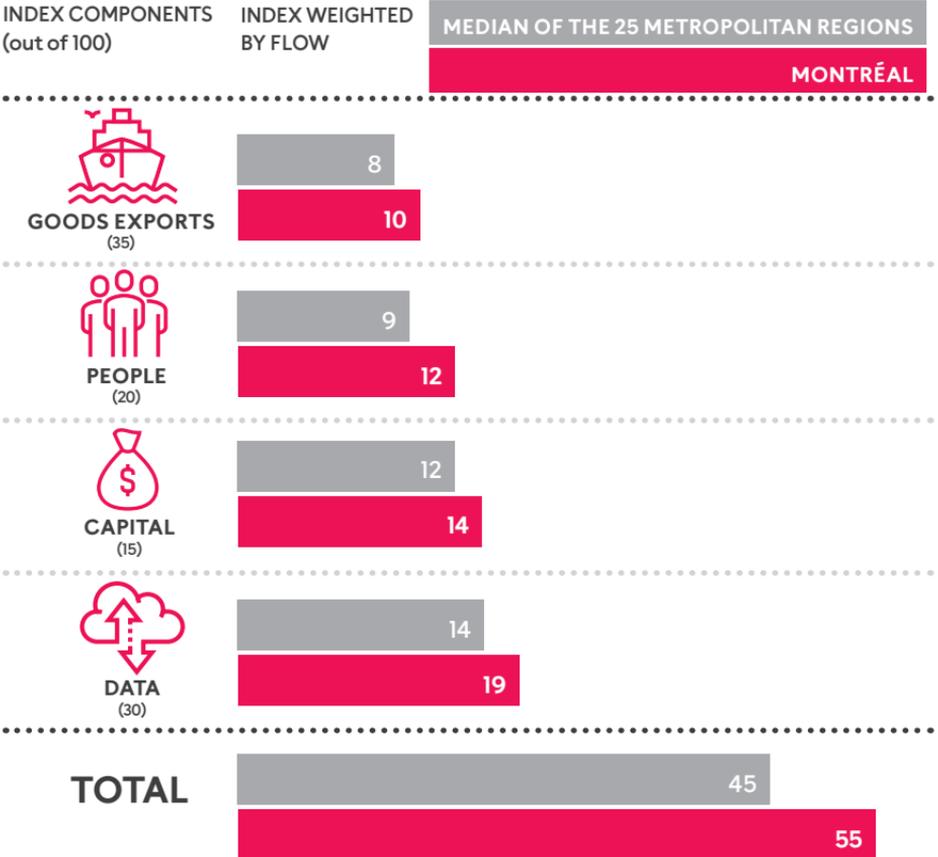
⁴ Services flows have been excluded to avoid overlap with data flows, which is based on "digitally delivered" services.

And 3rd most international city in its economic region⁵

Connectedness of the 5 highest performing cities in eastern North America



The strength of Montréal's connectedness does not depend on one kind of trade in particular: it performs well in all four flows!



⁵ Includes the 12 biggest cities in eastern North America, excluding Miami.

International trade strengthens the economic performance⁶

WHAT DOES THIS MEAN FOR GREATER MONTRÉAL?

Montréal is part of the **leading group** (1st quartile) and its economic growth is greatly strengthened by internationalization!

Average growth of the median household income

The most internationalized cities generate a growth in household income **1.2 times quicker.**



Average productivity growth

A productivity growing **2.2 times quicker...**



Average GDP growth

... and nearly twice as fast as the GDP.

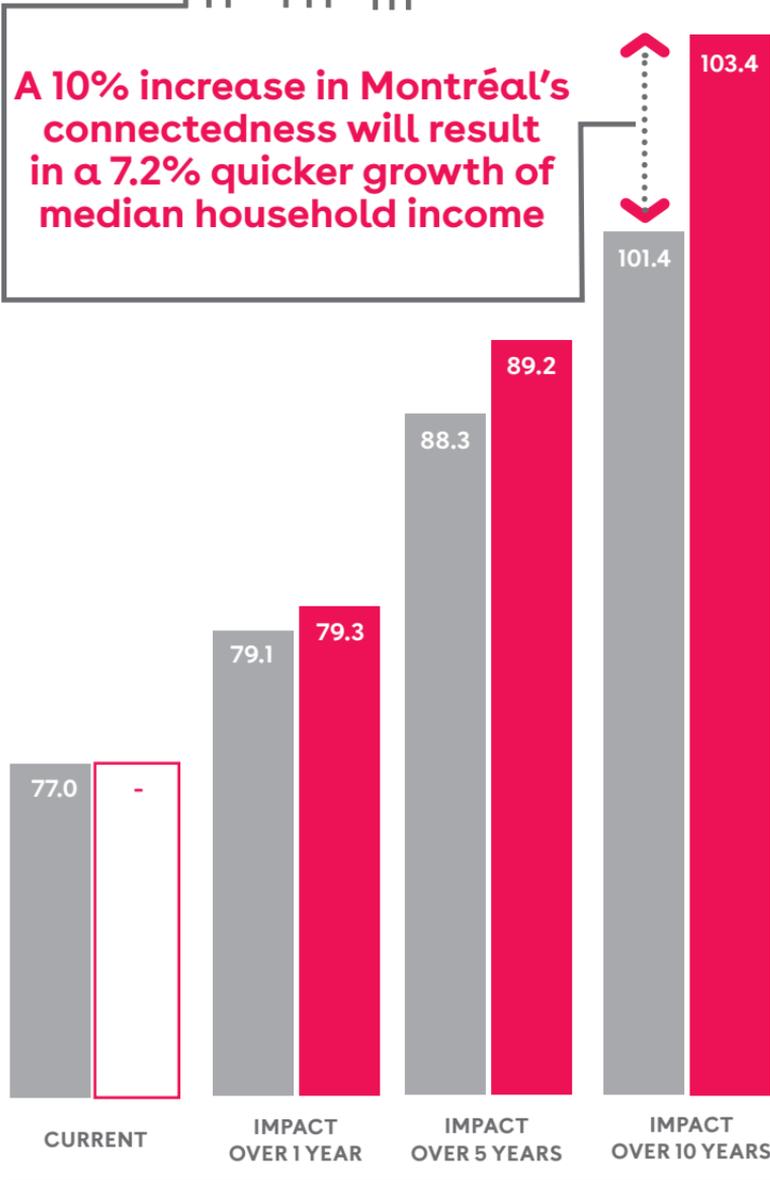
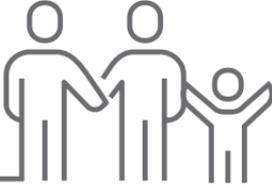


6 Based on the analysis of the 25 largest metropolitan regions in North America.

If the city increases its connectedness index, how will it impact Montrealers' income?

Projected median income at the current connectedness level

Projected median income with a connectedness index 10% larger than the current level



Median household income, in thousands of dollars

How can global connectedness result in more wealth for the city?

Businesses established in Greater Montréal participated in our case studies and brought up **six major ways wealth is created.**

Ubisoft

"In all, thousands of Quebec businesses and young local and foreign talent have, for 20 years, benefitted from Ubisoft's presence in Quebec."

Many entrepreneurs started their careers at Ubisoft before going into business. Others have benefitted from this platform to launch themselves into new markets, as was the case for **Meduzarts** and **Digital Dimension**.

1 Enlarging the talent pool linked to trade between foreign subsidiaries and local businesses

"We started with two people in 1997, and twenty years later we now employ 3,700 people in Quebec. Several of our former employees left our company to contribute to the unique ecosystem we see in Montréal today."

Francis Baillet, Vice President, Corporate Affairs, Ubisoft

"Our collaboration with Ubisoft started in 2008. Over the years, our business relationship strengthened and allowed us to reinvent ourselves."

Victor-Alexis Rainville, Executive Producer, Meduzarts

2 SMEs' access to foreign markets through big businesses

Meduzarts

Meduzarts joined forces with Digital Dimension in 2011 in order to expand its horizons and offer a wider range of services. The business is in the middle of expansion, and its expertise in 3D animation and promotional image design has led it to work with the largest video game studios in the world, including **Ubisoft**.

"It's always good to have a local partner to help us propel ourselves onto the international level and it's inspiring to see that we are contributing to its growing influence today."

Morgan Stanley

Since its establishment in Montréal in 2008, Morgan Stanley's Technology and Engineering Centre has seen consistent growth. Today, it is home to 1,200 technologists and computer engineers.

Morgan Stanley recruits people from all over the world and targets students, a good number of whom must choose between positions in Montréal and those in other big cities like Boston and New York. By offering stimulating jobs, the business attracts the greatest minds in the global IT sector to the city.

3 The power of attracting and retaining international talent from foreign subsidiaries

"Living in Montréal is a net advantage for our employees. They come from all over the world and love the cosmopolitan side of the city."

Alan Vesprini, Managing Director, Technology and Data, Morgan Stanley

4 The international expansion of local champions benefits from access to foreign capital

"Serving local businesses elsewhere in the world can be an important growth factor. Because a large part of our clientele is made up of multinationals, we need to establish ourselves elsewhere and grow with them."

Claude Séguin, Senior Vice President, Corporate Development and Strategic Investments, CGI

CGI

As the Quebec jewel of business-to-business computer services, CGI has 75,000 employees and a turnover of \$11 billion, 16% of which comes from Canada.

"CGI tripled its size thanks to a series of strategic acquisitions all over the world. We would have quickly reached the maximum capacity of Canadian institutions if we couldn't rely on American, European and Asian banks to get the funds required."

Bell Helicopter Textron

Bell's head office is located in Fort Worth, Texas. Its Mirabel subsidiary, with 1,000 employees today, was established in Quebec 30 years ago and is responsible for research and development, design, manufacturing and support for the majority of the business's commercial helicopters.

5 The contribution of foreign subsidiaries to industrial hubs in the suppliers' ecosystem

"The presence of foreign businesses and the ability to get mandates from their parent companies create important local economic value, either through investments or by expanding the local pool of suppliers, as well as through the training of a qualified workforce and the transfer of skills."

Cynthia Garneau, President,
Bell Helicopter Textron Canada Ltd.

"We hope L'Oréal's presence in Montréal will lead to other big businesses, French or otherwise, investing here."

Nadia Petrolito, General Counsel,
Chief Communications Officer,
L'Oréal Canada

6 The investment of parent companies in the local development of their foreign subsidiaries

L'Oréal

L'Oréal Canada, with its head office in Montréal, counts about 900 employees in the city, and its factory exports 95% of its production.

The economic benefits of L'Oréal's activities in Greater Montréal are many: local brand growth, business acquisition, investments in artificial intelligence and collaboration with local suppliers.

The **Chamber of Commerce of Metropolitan Montreal** and **Montréal International** propose

six approaches to reinforce the internationalization of Greater Montréal.

Approach No.1: Increase the efficiency and reach of existing programs to support and finance exports:

- a) by loosening eligibility criteria for projects and their duration;
- b) by increasing allowable expenses;
- c) by increasing the number of trade delegates representing Quebec and Canada abroad.

Approach No.2: Reinforce partnerships between Canadian multinationals and SMEs to make it easier for them to access foreign markets.

Approach No.3: Ensure the competitiveness of logistical hubs and strategic assets like ports, airports, railways and road networks:

- a) by designating reserved areas in the immediate surroundings to facilitate their activities;
- b) by developing an international promotion strategy for business opportunities linked to these hubs.

Approach No.4: Further internationalize the talent pool of Greater Montréal by investing in four fronts:

- a) ensuring that efforts to match immigrants' background with the job market's needs are carried out efficiently, and assessing them at regular intervals;
- b) continuing the efforts to attract and retain international talent;
- c) intensifying the efforts to attract international students, in collaboration with educational and research institutions;
- d) systematically promoting the acquisition of international training or job experience in the talent pool.

Approach No.5: Promote the city internationally with a strong, unifying and distinctive brand image, inspired by best practices.

Approach No.6: Stimulate the digital exportation of services by developing digital infrastructure like the 5G network and using the businesses in our artificial intelligence hub.