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**NOTES FOR A  
DRAFT SPEECH  
BY THE MINISTER OF INTERNATIONAL RELATIONS AND  
LA FRANCOPHONIE,  
CHRISTINE ST-PIERRE**

**AT THE  
WOODROW WILSON CENTER**

Washington, February 20, 2015

Thank you David for your warm welcome and kind introduction,

Distinguished guests,

Dear friends,

It's a great pleasure for me to be with you all this morning on my first official trip to Washington. I'm thrilled to have the opportunity to engage with such a distinguished room of experts whose curiosity and rooted interest in Québec have brought them to this fine scholarly institution.

I want to congratulate the Wilson Center on its ranking as the fifth best think tank in the United States according to a recent survey conducted by the University of Pennsylvania. That survey also ranked the Wilson Center among the world's top ten think tanks. This is in no small part due to the extraordinary work of David Biette and the Canada Institute with whom our Québec Office in DC has collaborated over many years.

As a former journalist who has spent time in this town I am always struck by the power of words and ideas to shape our

actions. One quote by President Woodrow Wilson particularly comes to my mind today.

“I not only use all the brains that I have, but all I can borrow.”

So as much as I am here today to talk to you about Québec, I also highly value the privilege of listening to you and learning from your ideas and experiences in order to chart a collective course towards strengthening our bilateral relations.

But before we get to our discussion, I would like to present to you what's happening in my home province of Québec from three perspectives: a Québec open for business and investment, a Québec at the forefront of the fight against climate change and a Québec as a key energy partner of the United States.

Our government, under the leadership of Premier Philippe Couillard, has been in office for less than a year. It has made strengthening the economy and controlling public finance its number one priority.

We have made the necessary choice to govern with fiscal rigour in order to get to a balanced budget. We're moving in the right direction and we'll reach that goal.

But rigour must be implemented in tandem with measures that foster economic growth. The government is committed to actions that will further open up the market for investment and improve the business climate in Québec. According to a 2013 KPMG study, Montréal ranks first out of North America's 20 largest cities in terms of operating cost competitiveness. In addition, the province of Québec accounts for 28% of Canada's venture capital investments.

Economic dynamism starts with the foundation of a quality education. 83% of Quebecers have a high school education and 22% hold a university degree. The city of Montréal ranks second in North America, after Boston, in terms of the number of university students per capita. Our workforce is well educated, bilingual and even multilingual. As a result, Québec companies are able to keep pace and often lead in a rapidly evolving global marketplace.

All industries in Québec can count on a tax system that is business-friendly. All industries can count on access to reliable, affordable and clean energy.

All industries can benefit from a geographical location that makes Québec a gateway to the American heartland; Our ports, intermodal facilities and the Saint Lawrence River, efficiently and effectively facilitate the movement of goods from the ports of Europe to our continent's industrial epicentre: the Midwest of the United States.

Our rich cultural, academic and scientific environment makes Québec an innovation hub that is conducive to the growth of tech-intensive industries such as: aerospace, medical technology, information and communications technology, clean technologies and a world-class digital entertainment ecosystem.

Our economy is integrated with the rest of the continent. If there is one priority that does not change in our international relations, it is the priority Québec puts on its relations with the United States.

I find it so à propos that we are here today at the Wilson Center, housed within the Ronald Reagan Building and International Trade Center. It was 30 years ago that President Reagan and Prime Minister Mulroney set the course for North American integration that would ultimately result in the establishment of the largest free trade zone in the world. As the US and Canada currently negotiate multilateral trade and investment agreements such as the TPP, I am confident that Québec will continue to play a pivotal role in further strengthening our integrated economies.

As a former Washington-based correspondent for Radio-Canada, I understand the importance of ensuring an active presence not only in DC, at the nerve center of US politics and policymaking, but also throughout the 50 States.

This priority is reflected in the scope of our network of offices: New York, Washington, Los Angeles, Chicago, Boston and Atlanta. New York is our oldest Government Office abroad: We are celebrating its 75th anniversary this year.

This priority is also reflected in our numerous political and trade missions that further our relations with states, members of Congress, opinion leaders and other partners.

Our economies are deeply intertwined. For example, there are nearly 600 subsidiaries of US companies in Québec that support 100,000 jobs.

Similarly, scores of Québec companies have sizable footprints in the US. For example, Bombardier generates close to three billion dollars annually in activities with its American suppliers. The Saputo agri-food group has over 2,000 employees in 10 plants and 9 states. The *Caisse de dépôt et placement* pension fund manages assets here totaling 35 billion U.S. dollars.

In addition, Quebec has contributed to the construction of some of New York City's most recognizable icons. The spire that sits atop the One World Trade Center building was built by ADF Group, which also provided steel structures for the Bloomberg Tower and the Time Warner Center. In addition, the CANAM Group has been associated with the construction of Yankee Stadium.

Our trade in 2013 totalled 64 billion U.S. dollars. Roughly 60% of Québec's exports cross the border into the US. These numbers stand to increase riding current low oil prices, positive macroeconomic indicators and a strong US dollar.

Our trade relations are carried out within the NAFTA framework, which explains the fact that our economies and supply chains are so highly integrated and interdependent. Hence the importance of resisting the temptation to tighten protectionist measures, that if implemented would ultimately send negative shocks through both our economies.

Québec is committed to opening up markets and was an early supporter of the Canada-US Free Trade Agreement. Despite our physical border, Québec and the US are part and parcel of North America and our interests tend to converge.

Québec shares the security concerns of Americans. We support the joint Canada-U.S Beyond the Border initiative. Our shared goal is to facilitate the legitimate flow of goods



and people, while strengthening security through preclearance and investing in border infrastructure.

We therefore support the implementation of preclearance facilities at Montréal's Central Station. This will significantly improve the travel time on the "Adirondack" rail line between Montréal and New York City and also encourage the return of the Vermonter, which runs from here to St-Albans, close to the Canadian border.

Québec's prosperity is also linked to an ambitious project: the Northern Plan, what we call the Plan Nord in French. This initiative is the project of a generation and spans over 460,000 square miles of northern Québec, nearly twice the size of Texas.

At its core, this is a sustainable development project; however it is also a tremendous opportunity for investors and businesses around the world. To that end, we envision and hope to drive significant global engagement and participation in the Northern Plan.

The project seeks to leverage our vast northern territory to invest in world-class mining, energy and forestry resources, as well as the infrastructure needed to support those investments. It will also maximize the tourism, cultural and social development potential of the North.

Northern Québec is outstanding in terms of natural resources, particularly forestry resources. From east to west, northern Québec has 200,000 square kilometers of forests, roughly the size of Nebraska. This area comprises over half of our commercial forests. In addition, in April 2013, the government of Québec adopted a new forestry regime which bases the price of timber harvested in public forests on a free market timber auction system.

The mining sector, which has been active in the North for several decades, is dynamic and diversified. The North leads Québec's production of nickel, cobalt, platinum group elements, zinc and iron ore as well as a large portion of its gold and diamond production. Lithium, vanadium and rare earth elements are also present in the region.

As global technological innovation continues to accelerate rare earth elements represent a crucial strategic resource for a broad range of products that we take for granted, such as smart phones and medical equipment, but it is also important to stress the fact that this resource is essential to meeting the burgeoning global demand in the green tech sector.

I should add that when it comes to mining, responsible, innovative and eco-friendly practices are the norm in Québec.

Though we are well-aware of the lull in global demand for certain metals and minerals, we are looking to develop the conditions that will foster success during future favourable cycles. The Plan Nord takes a long-term view to drive sustained growth in the future.

To create conditions that are conducive to investment, our government intends to invest strategically in the infrastructure needed to access this vast territory.

To accomplish this, the Québec government will collaborate closely with businesses to identify and build the necessary infrastructure for their success.

The North is a complex place with many different actors. Our approach to Northern development is one based on mutual respect, openness, dialogue, solidarity and a willingness to listen. It was designed – and will be carried out – in close and ongoing partnership with the people who live there, including the Aboriginal peoples.

If you take away one key idea about the Plan Nord, it is that we seek to develop this territory in a sustainable and environmentally responsible manner.

We will notably reserve 50% of the Plan Nord's territory for non-industrial purposes, protecting the environment and safeguarding biodiversity.

To maintain our leadership on Northern development, Québec must be at the forefront in research and innovation. We must and we will take the necessary steps to support

research, knowledge development and dissemination on issues affecting the North.

Already, three prestigious academic institutions in Québec have confirmed their participation in the newly-created Québec Northern Institute, a centre for research and interdisciplinary and inter-institutional innovation on northern development.

The Institute will provide communities, government and the private sector with the scientific and technical knowledge they need to thrive in the North. We want to make Québec North America's centre for northern research and this Institute will help us do just that.

Our government is also in the process of developing a Maritime Strategy based on an integrated approach to sea-related economic activity. Its objective is to enable Québec to derive greater benefit from increased global trade, which is heavily reliant on the strategic use of waterways.

The coordinated development of our ports and land infrastructure will lower transportation costs, drive

investments in the port of Montréal and strengthen its handling of containers.

The Maritime Strategy also aims to stimulate the prosperity of coastal regions by helping fisheries develop products for export. It will develop our shipyards and boost the cruise tourism industry.

Our strategy will foster economic spinoffs not only in Québec, but also on this side of the border. Improved maritime infrastructure will ensure that goods moving between the U.S. Midwest and international destinations do so in more cost-effective and efficient way.

I would next like to underscore Québec's commitment to investing in a green economy and leading the fight to address climate change

The introduction of a tax on fossil fuels in 2007 has enabled us to adopt the means necessary to effectively fight climate change. As a result of this measure, the first of its kind in North America, we made a number of significant advances in

reducing greenhouse gas emissions, particularly in transportation and industrial sectors.

Overall, the results have been positive: In 2012, Québec achieved its goal to reduce its greenhouse gas emissions to 6% below 1990 levels. During the same period, the GDP increased by nearly 55%.

We are proud of these achievements, but the battle is far from over, as you well know. That is why we are intensifying our efforts to reduce our emissions and increase climate resilience throughout the province.

In 2013, we announced even more ambitious targets. We seek to reduce GHG emissions to 20% below 1990 levels by 2020.

This would be a considerable feat, considering that 96% of our electricity already comes from renewable energy. Therefore, our true gains in emissions reductions will have to come from the transportation sector and built environment.

The cap-and-trade system that we implemented in 2013 is the centerpiece of our latest action plan and currently covers close to 85% of Québec's GHG emissions.

Last year, we linked our system with California's, which resulted in the largest carbon market in North America and the first designed and operated by federated states in different countries. Two successful joint greenhouse gas emission unit auctions have already taken place with California.

We elected to put a price on carbon because it helps companies integrate the cost into their economic planning. This carbon pricing tool enables businesses to reduce their emissions at the lowest possible cost; and it structures the economy in a sustainable way, that makes it possible to meet this century's challenges. It provides companies with business opportunities for energy efficiency and the development of low-carbon technologies.

It is also important to note that all revenue generated by the auction of GHG emission units is allocated to a Green Fund



dedicated to investing in additional climate protection measures.

The fund makes it possible to develop measures and programs in the public transportation, energy efficiency, transport electrification and clean tech sectors.

Québec's experience demonstrates that it is possible to reconcile economic development and the fight against climate change. These two factors are not mutually exclusive; they go hand in hand. The fight against climate change drives innovation, which in itself is a source of growth.

The success of the Québec – California market suggests that it is possible to put in place a successful binational market between sub-national states. We also know that the larger the market, the more efficient it will be. That's why collaboration could and should be considered with other similar systems, such as the Regional Greenhouse Gas Initiative (RGGI), which includes several eastern U.S. states.

We hope the climate agreement that will be reached in Paris in December, during the 21st session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, will acknowledge that market mechanisms, including those implemented by sub-national governments, are an effective economic tool for reducing greenhouse gas emissions.

We also believe the agreement could make an important contribution to the development of standards and procedures that would lay the groundwork for a universal, rigorous and transparent reference framework that would foster the linking of carbon markets around the world and, by extension, their overall emissions reductions.

Québec is one of the world's leading jurisdictions on climate change and we are playing an increasingly visible role. Just last week, we were delighted to announce that Future Earth will make its permanent home in Montréal. Future Earth is an international secretariat coordinating research on climate change and sustainable development that emerged from the UN's recent sustainable development conference in Rio. Last September Premier Couillard collaborated with the

World Bank to produce a video for Secretary General Ban Ki-Moon's UN Climate Summit in New York. He also shared the stage with US Secretary of State John Kerry at the opening day of Climate Week 2014. As the US – and the world - continue to propose and implement measures to address its emissions, we in Québec stand willing and able to collaborate.

## **Energy**

Canada is the world's second largest producer of hydroelectricity. Within Canada, Québec is the largest hydro producer and the 4<sup>th</sup> largest producer in the world. 10% of Québec's territory is covered by freshwater which represents 3% of the planet's freshwater reserves. From this important natural endowment, Québec has positioned itself as a major energy player not only within Canada but for the United States. On any given year, roughly 1% of electricity consumed in the US comes from Canada; if you're living in Vermont, one third of your power comes from Québec. Nearly 5 to 15% of electricity consumption in the Northeast comes from Québec.

Today, the state-owned utility, Hydro-Québec ranks among the world's largest producers of hydroelectricity. Additionally, we have deployed some 40 wind farms over the past 15 years.

Québec's abundant supply is 96% hydroelectricity-based. This renewable energy, combined with a power grid that is among the world's most reliable, makes Québec a strategic partner. And I will explain why and how.

Hydroelectric power plants emit on average 35 times fewer GHGs than natural gas power plants and approximately 70 times fewer GHGs than coal-fired plants. GHG emissions associated with hydroelectricity are limited, temporary and non-recurring.

Québec's GHG emissions are the lowest in North America, totaling 11.5 tons per capita.

At a time when fossil fuels and nuclear energy are posing serious challenges, few industrialized countries can rely on such abundant renewable resources.

To that end, Québec can play a role in improving the continent's carbon footprint. New power transmission lines would enable us to supply far more electricity to our American partners. This would help stabilize electricity costs, enhance reliability and reduce greenhouse gas emissions.

In a context in which many U.S. states have set ambitious greenhouse gas reduction objectives and federal clean power standards are being developed, Québec energy can be part of the solution for addressing energy and environmental challenges, particularly those faced in the Northeast.

And because our electricity is so clean, transportation is the leading emitting sector in Québec. For us, it is a natural opportunity to drive the electrification of transport. Already, Québec has a complete electric transportation value chain: a lithium mine, a battery manufacturing industry, the assembly of electric vehicles, trains, buses, utility vehicles, motorcycles and recreational vehicles, as well as a public charging station network. That is why we intend to develop an industrial ecosystem.

Québec is one of the places where the difference between the price of gasoline and electricity is the most favourable for electric vehicles. The government offers rebates for purchasing or leasing EVs and financial assistance for buying and installing charging stations at private homes and workplaces. Cross-border projects, including the Montréal-Burlington charging corridor, are made possible through partnerships.

Québec has been rooted in a corner of the Americas for 400 years. Québec is both distinct in its culture and integrated into a North American continent that it strives to enrich through its open markets, commitment to addressing climate change and cross-border energy partnership.

Thank you for your attention. And I look forward to hearing more from you.