



# FOREIGN POLICY ASSOCIATION

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### Luncheon in Honor of H.E. Jean Charest, Premier of Quebec October 2, 2003

*Featuring:*

#### **H.E. Jean Charest, Premier of Quebec**

H.E. JEAN CHAREST: — Distinguished guests. Ladies and gentlemen.

Thank you very much Commissioner Gargano and head table guests. Mr. Robitaille, the Delegate General and our Council General is also with us today, as well as Canada's Ambassador to the United Nations, Paul Heinbecker.

And of course, Noel Lateef, who was very kind in inviting me. The last time I was here at the FPA, as Commissioner Gargano pointed out, gave me my first opportunity to do a foreign visit after the election campaign in the month of April.

It also gave me the opportunity to spend at least a few minutes with Secretary of State Powell, and to hear his remarks at the time.

So I am delighted, and frankly flattered, that we've had such a great turnout today, and I look forward to this opportunity to share a few thoughts.

I want to give you a word of warning, though. You've heard remarks about how Americans sometimes don't always have as much knowledge regarding Canada as we would like, and I admit that sometimes Canada is difficult to explain. So is Quebec.

In fact I heard someone try to encapsulate this in remarks a few weeks ago, in an attempt to explain to a group of Americans what Canada and Quebec is really all about.

They said, "Canada is the country that could have had everything: French culture, the British system of government and American know-how. Instead, what we have is British know-how, American culture and the French system of government." [laughter]

So I want to say that today will be an opportunity for me to speak about Quebec and Canada, but also to speak about the relationship that Charles Gargano spoke to so eloquently.

A strong, open, productive relationship with the United States is a top priority of my Government.

In the context of our continent, Quebec is closely tied to the United States. And many neighboring American states, such as New York and all of New England, share a common bond with us.

It is that bond I want to address today: to examine trade between Quebec and the United States, and our promising path towards more cross-border cooperation.

I also want to speak about our common interests in the area of energy and sustainable development.

And I am also anxious to share my government's plans to make Quebec the best place in North America to live and to invest.

Aujourd'hui, je suis notamment venu vous parler de l'évolution de cette relation d'affaires entre le Québec et les Etats-Unis qui tend vers une plus grande coopération transfrontalière.

Je suis aussi venu vous parler d'énergie et de développement durable.

Et je suis venu vous parler de l'ambition de notre gouvernement de faire du Québec le meilleur endroit en Amérique du Nord pour vivre et investir.

Since Free Trade, the north-south commercial traffic has grown, to the benefit of our respective economies. Sixty percent of Quebec's gross domestic product depends on exports. Eighty-five percent of our internationally exported goods are purchased in the United States, representing 36.5 billion U.S. dollars in 2002. Quebec sells twice as much to Americans as to Canadians outside Quebec.

This is not a one-way street. Far from it. With our seven million citizens, Quebec is a lucrative market for American products. We've become your fourth largest export market, ahead of the United Kingdom, Germany, South Korea, and China.

The evolution in commerce between Quebec and the United States can also be seen in the significant growth of large-scale intra-firm traffic within the divisions of multinational firms such as Bombardier, IBM, General Electric, and Pratt & Whitney.

You can imagine why Quebecers were among Canada's most ardent promoters of free trade, and why we have a very keen interest in trade liberalization. Our government believes in the Free Trade Agreement of the Americas.

Current negotiations offer not only new business opportunities, but also the chance to share our respective democratic values. But for Quebecers, for our

government, trade liberalization goes beyond business.

Quebec is a unique place. We are proud of our language and our culture. We flourish here in North America, despite the odds against the survival of the French language and culture. This fact – this extraordinary accomplishment – carries a responsibility, both moral and historical: championing cultural diversity is a prerequisite for the survival of our language and culture.

Les Québécois forment une société unique. Nous sommes fiers de notre langue et de notre culture que nous avons su faire fleurir sur ce continent en confrontation directe avec la loi du nombre et du temps. De ce fait – je dirais de cet exploit – découle une responsabilité, à la fois morale et historique, qui nous amène à travailler activement pour la protection de la diversité culturelle.

That is the fundamental reason that explains why our government is one of many, from all continents and many cultures, to strongly support the creation of a new treaty on cultural diversity. The decision to do so will be taken in just a few weeks from now at UNESCO. The Americans have just rejoined UNESCO. This is very good news. We hope the administration will keep an open mind on this issue.

We also believe that international agreements should safeguard the environment, democratic rights, and human rights. We believe in free trade. We encourage globalization. But if they are to be synonymous with progress, they must hold these universal values as dearly as we do. That is our government's profound conviction.

Since my election, I have been very pleased to see the growth of a special facet of Quebec-U.S. relations: bilateral business between Quebec, New York, New England, and the Midwest.

A few weeks ago, I attended my first Conference of the New England Governors and Eastern Canadian Premiers. The outcome of the meeting was, from my perspective, significant and indicative of things to come. The 11 participating premiers and governors – Canadians and Americans working together – agreed on a strong statement of support of the Clean air Act and environmental standards.

We expressed our disapproval of any initiatives that could be in contravention of the historical clean air treaty signed by the government of Brian Mulroney and the government of George Bush, Father in 1990. This precedent-setting statement was justified by the obvious fact that weaker standards will mean increased pollution in the American states and Canadian provinces bordering the Great Lakes and Saint Lawrence River.

This is a serious problem. I sincerely hope we can work together to find a solution that satisfies the principle of sustainable and responsible development.

The public statement is a bold step forward in cross-border cooperation. It also represents the emergence of what some call the globalization of regions. Different states, such as Quebec and the New England states came together regardless of their borders to speak with one voice (in both French and English by the way) in

the interest of their citizens.

Our ability to take a common cause reflects both our maturity as neighboring societies and the strength of our friendship. And we also know that true friendships aren't those in which differences should be kept quiet, but rather those in which differences can be expressed.

This is the spirit in which Quebec approaches the softwood lumber dispute. In discussions with Secretary of State Colin Powell and Ambassador to Canada, Paul Cellucci, I have expressed our desire to find a long-term solution that protects jobs on both sides of the border, and Quebec is working with the Canadian government to achieve this. Our common goal should be that our respective countries should not have to revisit this issue again.

My government is fully committed to progressive relations between Quebec and the United States and to lasting, open, and prosperous bilateral relations with individual American states.

Clearly this will require the full cooperation of our government in security matters. We believe security is a prerequisite to commerce, not an obstacle. At present, our Public Security Minister and his colleagues are in regular contact with the New York Office of Public Security and the Northeast Regional Homeland Security Directors. Quebec is participating very actively in building the smart border. But security questions aren't limited to the 45th parallel. There are ports and airports.

Given recent events, I don't think I need to convince you that prosperity and security are also dependent on energy supply. Quebec's hydroelectric potential is huge. We hope to expand that potential while respecting two conditions:

The participation of First Nations peoples in northern Quebec; and

The proper environmental assessment process.

Currently, new hydro construction projects for 2003-2011 total US\$7 billion. By 2011, Quebec also plans to develop new renewable and non-polluting sources of energy, based mainly on wind power. These projects will increase our electricity production capacity by 20% over the next 8 years.

Quebec has exceptional resources – and we have exceptional expertise. The 1989 solar storms and 1998 ice storm only added to Quebec's know-how in protecting energy distribution and transport.

Clearly, Quebec will be a major player in energy development and supply across the continent – a natural role in the context of shared prosperity, energy security, and sustainable development.

Il est clair pour nous que le Québec est appelé à jouer un rôle stratégique à l'échelle continentale en matière de développement et d'approvisionnement énergétique. C'est un rôle qui nous échoit dans une perspective de prospérité partagée, de sécurité énergétique et de développement durable.

Energy and natural resources are indeed strong assets for Quebec, but bare in mind that the economy has, over the last 40 years, transformed itself and is now 70% based on the service sector.

Montreal, for example, is home to 60% of Canada's engineering firms; it ranks fourth in North America in terms of jobs in the high-tech sector, ahead of cities like Dallas and Toronto. And Quebec City, our capital, is a world leader in optics and optoelectronics.

Forty percent of the entire Canadian telecommunications industry is located in Quebec. We are also leaders in strategic sectors like aerospace, pharmaceutical, and biotechnology.

I was very pleased to receive the young and newly elected Minnesota Governor Tim Pawlenty in Montreal earlier this week. Joined by business people and health specialists, he came to discuss partnerships with our research institutes and companies in the field of biotech, particularly genomics. That's a small snapshot of today's Quebec: firmly rooted in the 21st century, in the cutting edge of research and open to new partnerships.

As a workforce, Quebecers are renowned for their qualifications and skills. Most are bilingual, and many multilingual. Our public education system is solid and includes internationally renowned institutions such as McGill University and HEC Montréal, one of the best business management schools in the world.

I hope you will forgive me for coming to New York to brag about Quebec artists. Quebec is the birthplace of Céline Dion and the Cirque du Soleil. Shows from Quebec sell more tickets than any other Las Vegas attraction. Then there's Cannes, where our film industry saw its finest hour in a shower of accolades at this year's festival.

Cultural vitality is another in the infinite list of reasons Quebec is a great place to live.

Quebec is also a great place to invest.

As Premier of Quebec I believe of reducing the size of Government and a more focussed and efficient State that is well adapted to the new century. Economically, I view Quebec as fully North American. We are working to create an economic environment – from investment structures to business relations – that is fully open to the North American economic environment.

Le Québec, sur le plan économique, est pleinement nord-américain. Nous allons faire en sorte que l'environnement économique québécois, de la structure de l'investissement à la façon de transiger avec le gouvernement, soit totalement ouvert à l'environnement économique nord-américain.

Our government's first budget sought to create a better environment for investment, financial returns, and business growth.

We have announced reductions to taxes on capital. Beginning January 1st , 70% of Quebec companies will be exempt from the tax on capital. We are also reorganizing tax incentive programs to make them more effective. Our budget next spring, will introduce a tax reduction program on personal income taxes.

The goal is to increase Quebecers' standard of living and to stimulate private investment. Quebec is home to major private investment funds and institutional investors. Each has its own sector of activity and niche.

Half of all Canadian venture capital corporations are based in Quebec. We have an abundance of investors who are keen on partnerships with North American venture capital firms. What we need are major private investors whose risk is diversified, to cover 2nd and 3rd round financing.

My government is sending a clear message to investors looking for attractive returns that the rules of the game in Quebec are essentially the same as elsewhere in North America.

We may not always speak with the same accent, but when it comes to business our language is universal.

We want to improve our rate of economic growth to allow the Quebec government to focus on its core missions. We believe that two of the state's most fundamental missions are health and education.

Our public health system and our public education system are very significant competitive advantages for Quebec. Our investment in health and education is also our investment in the economy: Quebec employers benefit from an educated, skilled and healthy workforce. That's why our first budget included an increase in health and education funding. And we are doing this as we are unequivocally committed to delivering a balanced budget.

The other significant part of our project to renew Quebec is to change the way government operates. Last spring I announced measures to decentralize, allow outsourcing and establish an online government.

This is a time of significant change in Quebec; changes that Quebecers have been demanding for some time; changes that will allow us to capitalize on our strengths, build alliances with our American neighbours, and reaffirm our values as a society.

By electing our government, Quebecers have renewed their attachment to Canada. My government is federalist. We believe that it is in Quebec's interest – and in the interest of maintaining our identity – to remain an active member of the Canadian federation.

And we aren't afraid to apply the standards for delivering change that we place on ourselves to the rest of Canada. That's why I was very pleased that the premiers of our provinces and territories have accepted the Quebec proposition of creating a Council of the Federation. This Council will soon take an active role in permanent

cooperation between the provinces and territories.

When we were elected on April 14th , I said that it was not just Quebec that would change as a result – Canada would change as well.

Ladies and Gentlemen,

The people of Quebec have given us a strong mandate for change. As a result, Quebec is more than ever open for business, we are more than ever open to building closer ties to our American friend and neighbour, and more than ever open to the world.

Thank you.