

# Quebec (Canada)

## April 2021

### 1. Introduction



Quebec is a province in eastern Canada, with a population of 8 574 771 and occupies about 15.4% of the country's total area. Quebec together with Ontario constitute Central Canada. It is the largest of Canada's 10 provinces in terms of area, and the second largest by population size. The province is bordered by Hudson Strait and Ungava Bay to the north, Newfoundland, Labrador and New Brunswick to the east, Ontario, James Bay and Hudson Bay to the west, and Maine, Hampshire, Vermont and New York to the south. Like other Canadian provinces, Quebec is a constitutional monarchy and parliamentary democracy, with J Michel Doyon as the Lieutenant Governor (Head of State) and François Legault as the premier (Head of Government). Quebec city, a UNESCO world heritage centre, is the provincial capital, whereas Montreal is the province's major metropolis.

1

Table 1: General information on Quebec

GENERAL INFORMATION	
Lieutenant Governor	Joseph Michel Doyon
Premier	François Legault
Capital	Quebec City
Population (2020 provisional data)	8 574 571
Area	1 542 056 km <sup>2</sup>
Unemployment rate [15-64 yrs.] (2020)	8.8%
Real GDP (2020)	C\$386.09 billion
GDP per capita (2020)	C\$45 027.33
Economic growth (2020)	-5.3%
Exports (2020)	C\$85.81 billion
Imports (2020)	C\$89.13 billion

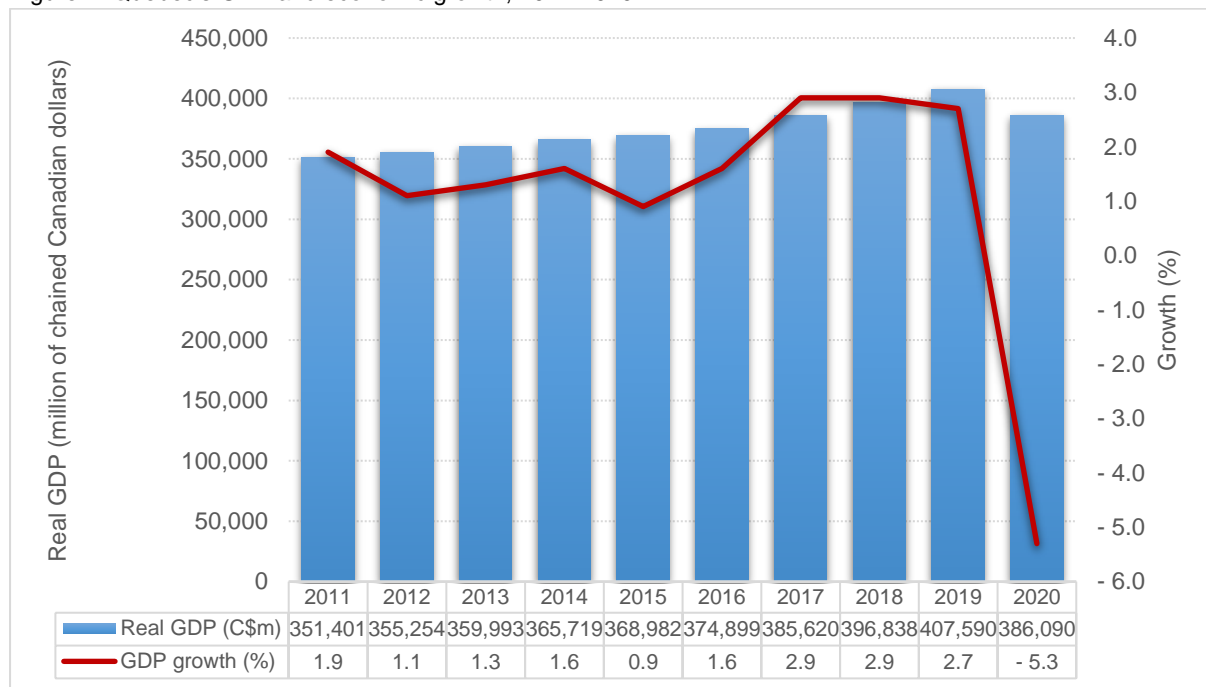
Source: Statistics Canada, 2021; Institut de la statistique du Québec, 2021; Government of Quebec, 2021

## 2. Economic Overview

Quebec has a highly diversified and industrialised economy. With its advanced manufacturing sector, the province produces and exports a wide variety of products, including air traffic control equipment, helicopters, subway trains and software. Montreal, being the province's commercial capital, boasts of several competitive industries such as space and aeronautics; energy; pharmaceuticals; transportation; and telecommunications. Quebec is also endowed with natural resources. A significant proportion of Canada's soft lumber and more than a third of the country's pulp and paper are produced in the province of Quebec (CanadaVisa, 2020).

After years of a steady rise, Quebec's gross domestic product (GDP) decreased from C\$407.59 billion in 2019 to C\$386.09 billion in 2020, the first annual decline in real GDP since 2009. As shown in Figure 1, growth in real GDP declined by -5.3% in 2020. Two of the three components of gross domestic expenditure (GDE), namely, final consumption expenditure (-4.3%) and gross fixed capital formation (-1.6%) recorded negative growth in 2020.

Figure 1: Quebec's GDP and economic growth, 2011-2020



Source: Institut de la statistique du Québec, 2021

Highlights of Quebec's key industries are provided below (Investissement Québec, 2021):

**Aerospace:** As a province with innovative drive and creativity, Quebec is one of the global leaders in the aerospace industry. International companies such as Bombardier Aerospace; Bell Helicopter; Textron; CAE; Pratt and Whitney Canada; GE Aviation; and Lockheed Martin have operations in Quebec. 80% of production is exported, making the industry a major driving force for the economy of Quebec. The economic centre of Quebec, Montreal, together with Seattle and Toulouse are the world's top three hubs for aeronautics. The province accounts for 50% of Canada's aerospace production. Moreover, aerospace ranks first among province's manufacturing exports. In 2018, Quebec's aerospace industry generated a sale of \$15.3 billion.

**Information and Communication Technologies (ICT):** Quebec is a major player in North America's ICT industry. Some of the biggest establishments in the industry, including Autodesk; Ericsson; Google; Dassault Systèmes; Teledyne DALSA; and IBM have a presence in Quebec. The province's ICT industry has a vast market share with nearly 500 million consumers, partly because of its location as a neighbour to the United States. Furthermore, the province has a thriving software industry as well as a vibrant microelectronics and optics-photonics industries. Quebec is also regarded as an ideal location for data centres, while Montreal is a key global research centre for artificial intelligence.

**Mining:** Quebec is endowed with metals such as gold; iron; nickel; titanium; niobium, copper; and zinc. The province accounts for 20% of Canada's mining output. Quebec is Canada's largest producer of iron concentrate and zinc, and also the country's second largest producer of gold.

**Aluminium:** Having existed for over a century and as the second largest industry after aerospace, Quebec's aluminium industry is significant to its economy. The industry accounts for 10% of the province's exports and 5% of its manufacturing shipment. Canada is the world's fourth largest producer of primary aluminium, with nearly 90% of its aluminium produced in Quebec. The province produces the greenest aluminium in the world. The production of primary aluminium in Quebec generates 67% and 76% less greenhouse relative to that of the Middle East and China respectively.

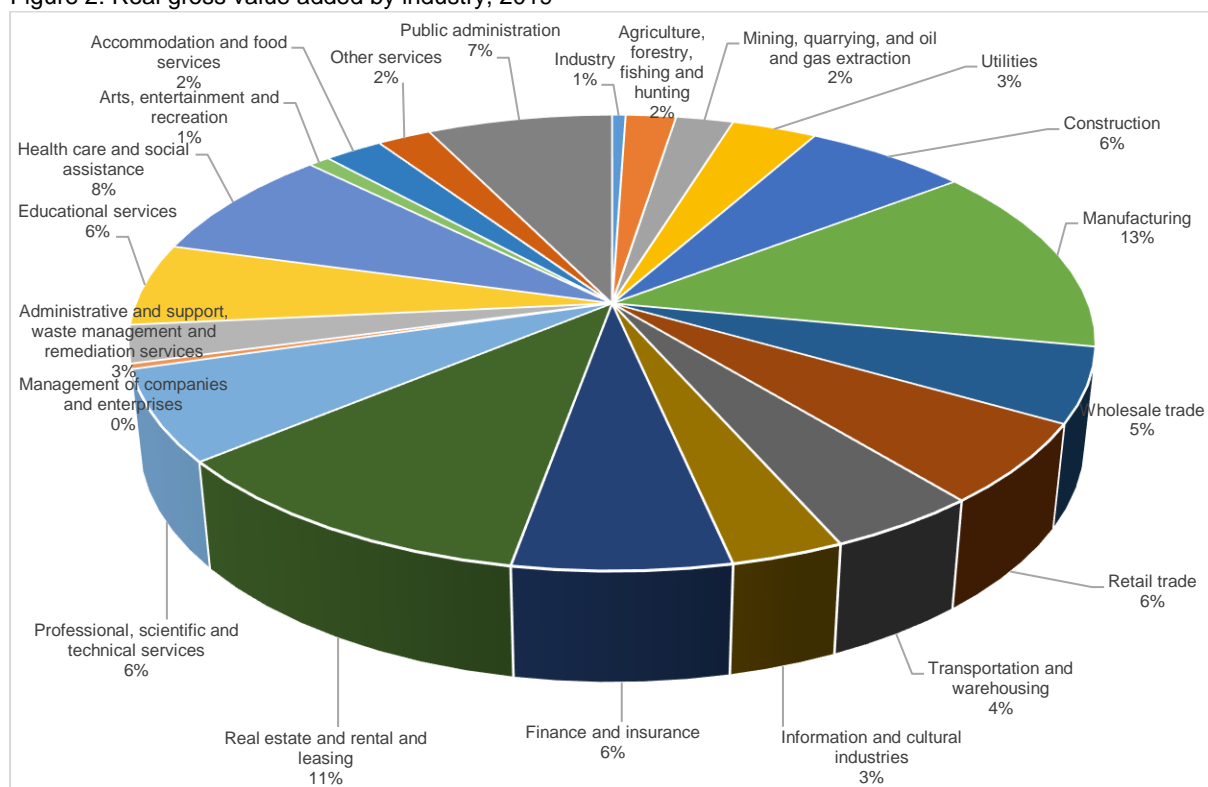
**Multimedia:** The growth of Quebec's multimedia industry has been driven by industry leaders such as Electronic Arts; Ubisoft; Warner; Activision (Beenox); and Enix (Eidos). The province's economic capital, Montreal, is the world's fifth largest video game centre, and have designed and developed major world class games such as Deus Ex: Human Revolution and Deus Ex: Mankind Divided (Eidos); the Assassin's Creeds franchises; Watch Dogs; Far Cry; and Prince of Persia.

**Agri-food:** Quebec is regarded as a global giant in the food industry, and is famous for producing high-quality raw materials in this industry. The agri-food industry is a major driver of growth for Quebec's economy. The industry exported \$8.8 billion worth of goods in 2017, 69% of which were destined for the United States. 76% of the province's agricultural production is processed, making food processing a top employer in the manufacturing sector. Quebec is the top producer of pork and milk in Canada

The highest sector contributions to Quebec's economy are manufacturing (16%), rentals and leasing (13%), and health and social assistance (9%).

As shown in Figure 2, manufacturing (13%) was Quebec's top performing sector in terms of contribution to gross value added (GVA) in 2019. Real estate (11%) and health care and social services (8%) followed in second and third positions, respectively.

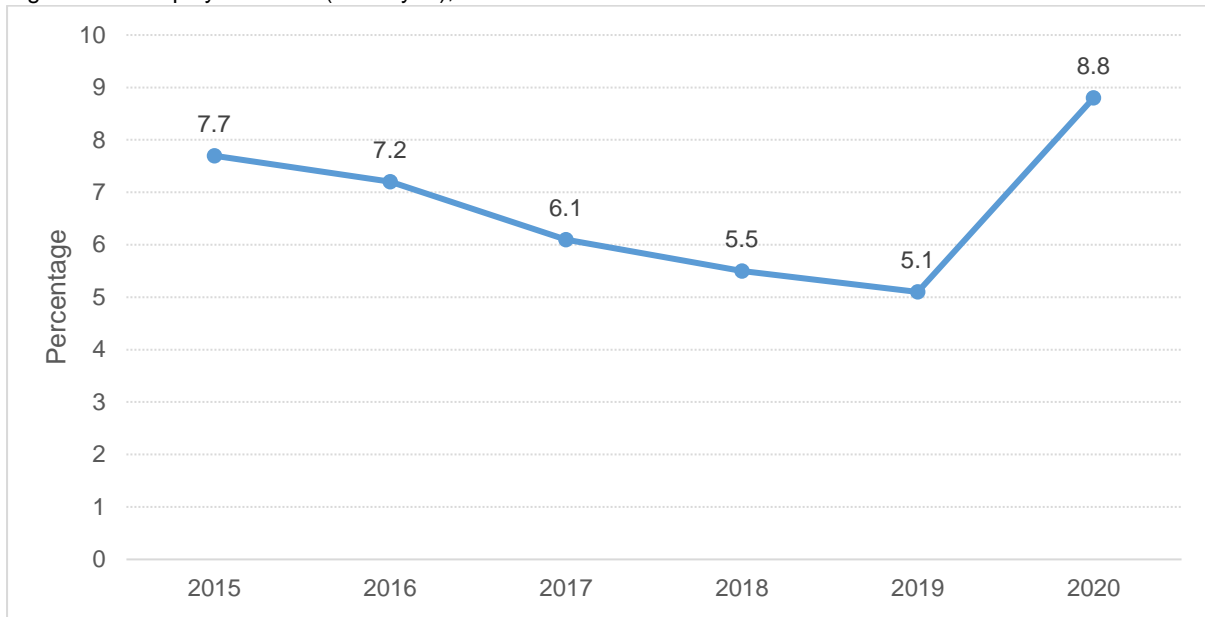
Figure 2: Real gross value added by industry, 2019



Source: Statistics Canada, 2021

Quebec recorded a steady decline in the rate of unemployment between 2015 and 2019. As shown in Figure 3, the province's unemployment rate decline from 7.7% in 2015 to 5.1% in 2019. However, the unemployment rate significantly increased to 8.8% in 2020, which can be attributed to the impact of the coronavirus pandemic. Quebec's unemployment rate in 2020 was below that of the entire country, which stood at 9.6% in the same year.

Figure 3: Unemployment rate (15-64 yrs.), 2015-2020

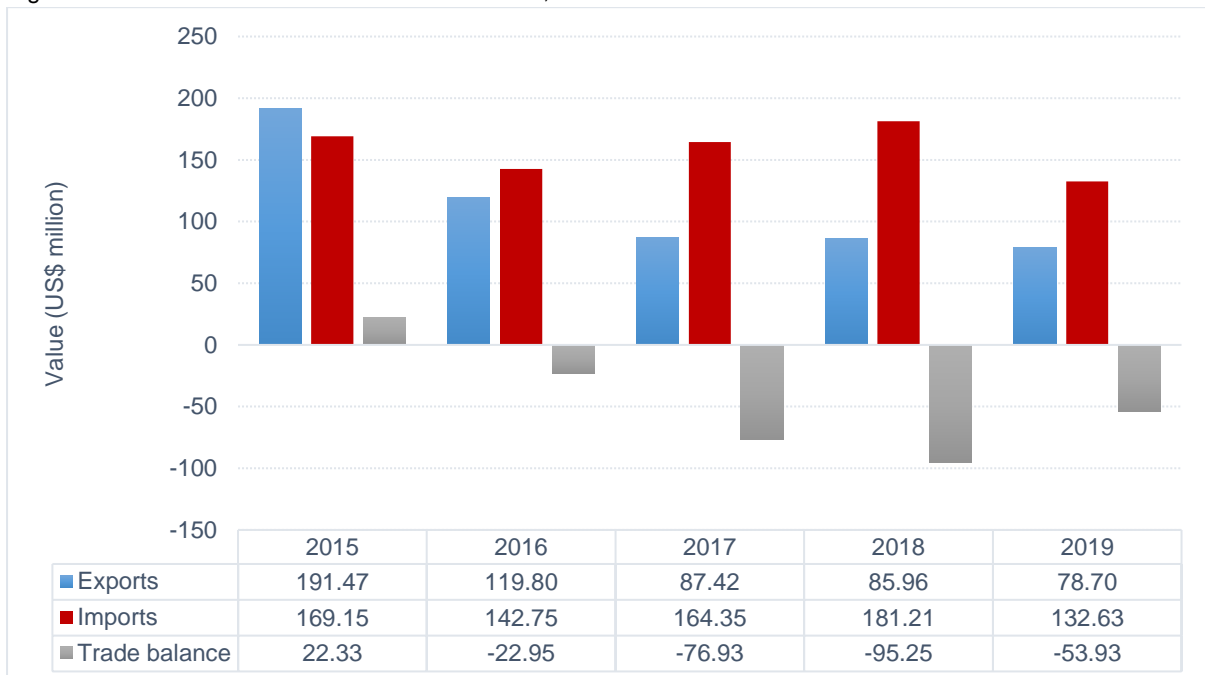


Source: Statistics Canada, 2021

### 3. Trade

Quebec is generally a net importer with regards to its trade with South Africa. In 2019, the province exported US\$78.70 million worth of goods (representing 0.11% of total exports) to South Africa. Moreover, 0.11% of the province's imports (amounting to US\$132.63 million) were from South Africa. From 2018 to 2019, Quebec's exports to South Africa declined by 8.5%, whereas imports decreased by 26.8%. This resulted in a reduction in the trade deficit from US\$-95.25 million to US\$ -53.93 million.

Figure 4: Trade between Quebec and South Africa, 2015-2019



Source: Statistics Canada, 2021

Quebec's top three exports to South Africa in 2019 were helicopters (12%); ferro-niobium (8.1%); and vitamins and their derivatives (6.8%). On the other hand, ash and residues containing other metals (11.4%); fresh grapes (9.8%); and grape wine (8.9%) were the top three imported products from South Africa.

Table 2: Trade between Quebec and South Africa, 2019

Exports to South Africa				Imports from South Africa			
Rank	Product	Value (US\$m)	Share	Rank	Product	Value (US\$m)	Share
1	Helicopters of an unladen weight (less than 2, 000 kg)	9.47	12.04%	1	Ash and residues containing other metals or metallic compounds nes	15.05	11.35%
2	Ferro-niobium	6.35	8.07%	2	Grapes - fresh	13.04	9.83%
3	Vitamins and their derivatives - in dosage	5.34	6.78%	3	Grape wines - other than sparkling (including fortified) - 2 litres or less	11.74	8.85%
4	Mixtures of odoriferous substances for the food or drink industries	4.71	5.99%	4	Oranges - fresh or dried	8.12	6.12%
5	Iron ores and concentrates, other than roasted iron pyrites - agglomerated	3.84	4.88%	5	Printed circuits	7.69	5.79%
6	Parts of electric sound or visual signalling apparatus	2.38	3.03%	6	Ferro-chromium - more than 4% of carbon	6.85	5.17%
7	Other ground flying trainers (incl. Flight simulators) nes and parts	2.22	2.83%	7	Parts of machinery for handling stones, ores and other mineral substances	5.70	4.30%
8	Other bolts or screws nes (with or without their nuts or washers) - iron or steel	1.66	2.11%	8	Lemons and limes - fresh or dried	4.29	3.24%
9	Swine, cuts boneless - frozen	1.63	2.07%	9	Vanadium oxide and hydroxides	3.37	2.54%
10	Opacifying preparations for x-ray examinations; diagnostic reagents for patients	1.56	1.99%	10	Other electric conductors (voltage less than 80v) - not fitted with connectors	3.18	2.39%
	Others	39.53	50.23%		Others	53.60	40.42%
	<b>Total</b>	<b>78.70</b>	<b>100%</b>		<b>Total</b>	<b>132.63</b>	<b>100%</b>

Source: Statistics Canada, 2021

## 4. Investment

Between 2011 and 2020, a total of 5 greenfield foreign direct investment (FDI) projects originated from Quebec to South Africa. These projects brought about a capital investment of US\$221.99 million and created 547 jobs. Transport manufacturing accounted for three-fifths of FDI projects and 37% of capex during the period under review.

Table 3: FDI flows between Quebec and South Africa, January 2011-December 2020

Date	Project status	Investing company	Destination market - region	Sector	Capital expenditure US\$m	Jobs created
15/04/2019	Announced	Bombardier transportation South Africa (Pty) Ltd	Johannesburg	Transport, Freight & Storage / Transport Support	67.83	200
04/09/2017	Completed	WSP group Africa (Pty) Ltd	Johannesburg	Business Services	71.27	200
25/08/2016	Completed	Bombardier Transportation GMBH	Johannesburg	Transport Manufacturing / Rail	67.59	100
01/07/2013	Completed	Bombardier Aerospace Inc.	Johannesburg	Transport Manufacturing / Avionics	2.28	12
01/07/2013	Completed	Bombardier Aerospace Inc.	Johannesburg	Transport Manufacturing / Avionics	13.01	35
<b>Total</b>					<b>221.99</b>	<b>547</b>

Source: Bureau Van Dijk, 2021

Note: There was no inward FDI from South Africa to Quebec between January 2011 and December 2020.

## Reference

CanadaVisa. (2020). About Canada. <https://www.canadavisa.com/about-quebec.html#gs.zdg0ov>. [Accessed 21 Apr. 2021].

Investissement Québec. (2021). Industries. <https://www.investquebec.com/international/en/industries.html>. [Accessed 21 Apr. 2021].

### DISCLAIMER:

*Wesgro has taken every effort to ensure that the information in this publication is accurate. We provide said information without representation or warranty whatsoever, whether expressed or implied. It is the responsibility of users of this publication to satisfy themselves of the accuracy of information contained herein. Wesgro cannot be held responsible for the contents of the publication in any way.*

© Wesgro, 2021