

Québec (Canada)

August 2023

1. Introduction



Québec is a province in eastern Canada with an estimated population of 8,695,659 (in 2022), occupying approximately 15.4% of the country's total area. Québec, together with the province of Ontario make up Central Canada. Québec is the largest of Canada's 10 provinces in terms of area, and the second largest in population size. The province is bordered by the 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, Québec 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). Québec City, a UNESCO world heritage centre, is the provincial capital, while Montreal is the province's major metropolis. (Source: Government of Québec, 2023).

Table 1: General and economic information

Lieutenant Governor	Joseph Michel Doyon
Premier	François Legault
Capital	Québec City
Population (2022 provisional data)	8,637,650
Area	1,542,056 km ²
Official unemployment rate [15-64 yrs.] (Jul 2023)	4.5%
Real GDP (2022)	C\$391.19 billion
GDP per capita ¹ (2022 set)	C\$44,986.71
Economic growth (2020)	2.6%
Exports ² (2022)	C\$110.93 billion
Imports (2022)	C\$106.55 billion

Source: Statistics Canada, 2023; Statistical Institute of Québec, Economic Statistics Department, 2023; Government of Québec, 2023

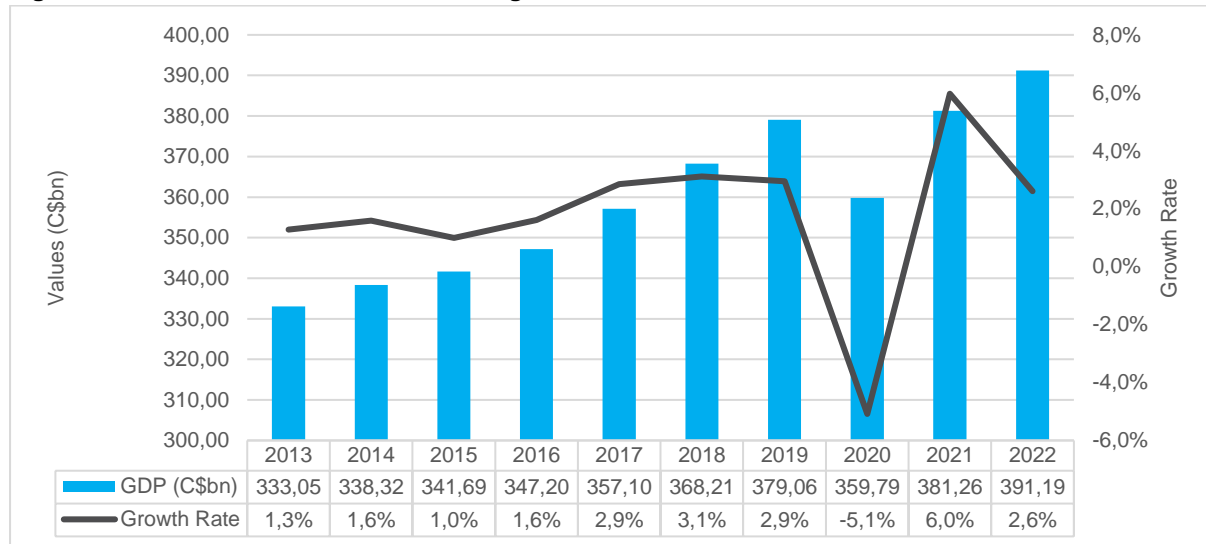
¹ *Author calculations; (Real GDP/Population)

² Both exports and imports data is sourced from Statistic Canada.
<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1210013301>

2. Economic Overview

Figure 1 presents Québec's Gross Domestic Product (GDP) in real terms between 2013 and 2022. In 2022, Québec's real GDP increased by 2.6% y-o-y, from C\$381.26bn in 2021 to C\$391.19bn in 2022. The increase was lower than that observed in 2021 (+6.0%) which followed the 5.0% decline recorded in 2020. Looking at contributions from all the provinces to Canada's GDP, Québec made the second largest contribution (19.10%), after Ontario which contributed the most – 38.04% – to the country's GDP.

Figure 1: Québec's real GDP and economic growth, 2013–2022



Source: Statistics Canada, 2023

Note: Gross domestic product (GDP) at basic prices, by industry, provinces, and territories. Values are in chained (2012) dollars.

Highlights of Québec's key industries are provided below (Investissement Québec, 2023):

Aerospace: Québec's aerospace industry consists of major international companies such as Bell Helicopter Textron, Bombardier Aerospace, CAE, and Pratt & Whitney Canada, as well as prominent equipment manufacturers, and a network of suppliers and subcontractors. Half of the Canadian aerospace industry's production is based in Québec, which was responsible for sales of C\$15.3 billion in 2018. Some 80% of all goods in Québec are exported, with the aerospace industry ranking top among Québec's manufacturing exports.

Agri-food: The agri-food industry is a major contributor to Québec's economy. In 2017, Québec's agriculture sector exported goods valued at C\$8.8 billion, from 2,400 businesses which employed 70,000 workers. The main agricultural products are dairy products and meats, accounting for almost 42% of total shipments. Québec also makes over 70% of Canada's yogurt and nearly 75% of its cheese. Berries, including cranberries, and a wide variety of vegetables are plentiful in Québec. Soybeans are also an important crop, as is maple syrup.

Aluminum: Québec's aluminum industry has existed for more than a century. With an annual production of 3.2 million metric tons, Canada is the fourth-largest producer of primary aluminum in the world. Nearly 90% of Canadian aluminum is produced in Québec. The sector is the second largest sector in Québec after aerospace. With an export value of C\$7.1bn, the sector represents 10% of the province's export market and 5% of all manufacturing shipments. The aluminum produced in Québec is the greenest in the world as more than 97% of all the energy produced in Québec is renewable and almost entirely hydroelectric.

Ground transportation: The ground transportation industry in Québec comprises some 620 companies, and over 32,000 qualified workers, innovative research centres and many global leaders in transportation like Bombardier Recreational Products and Nova Bus. Ground transportation companies in Québec operate in a wide variety of fields, including commercial vehicles, recreational and specialty vehicles, automobiles, rail transportation and electric mobility.

Information and Communication Technologies (ICT): The Québec ICT industry has 7,500 companies, employing 210,000 workers. Nearly half of the workers are employed by ICT-centred businesses in fields like software development, microelectronics, multimedia, optics-photonics, consulting services, telecommunications,

cloud computing services and artificial intelligence. As a major player in North America's ICT industry and a neighbour to the United States, Québec has access to an enormous market with close to five hundred million consumers. Montréal has become known as a global hub for artificial intelligence (AI) research and its AI ecosystem is thriving.

Life sciences: Québec is a major North American centre for the life sciences industry. There are more than 450 companies engaged in basic research, manufacturing, biotechnology, contract research and medical technology. They employ over 25,400 skilled workers. International companies such as Pfizer, Sanofi and Merck have chosen Québec as the site for their Canadian headquarters.

Mining: Québec is vast: its total area is 1.7 million km², of which only 1% is currently mined and 5% is covered by mining rights. Approximately one fifth of Canada's mining output comes from Québec. The resources exploited in the province are the most diverse in Canada: fifteen metals and thirteen minerals are produced and upgraded there, including lithium, rare earths, and apatite. In addition, Québec is one of the few producers of niobium, titanium dioxide, cobalt, and platinum in the world. The province is also Canada's biggest producer of iron concentrate and zinc, and its second-largest producer of gold. Its subsurface also has immense potential for the extraction of materials like graphite, lithium, diamonds, rare earths, and tantalum.

Multimedia: Québec has spawned pioneers like Softimage and Autodesk, in addition to independents like Behaviour, Frima Studio and Sarbakan. Several industry leaders, including Ubisoft, Electronic Arts, Square Enix (Eidos), Activision (Beenox) and Warner, have propelled the industry's growth. Montreal is the world's fifth-largest video game centre, after Tokyo, London, San Francisco, and Austin. In 2016, there were some 230 companies operating in or around the video game industry and related fields.

As shown in Figure 2, manufacturing was Québec's top performing sector in terms of contribution (12.54%) to gross value added (GVA) in 2022. Real estate, and rental and leasing (with a contribution of 11.12%); and health care and social services (8.60%) followed in second and third positions, respectively.

Figure 2: Québec's real GVA by industry, 2022



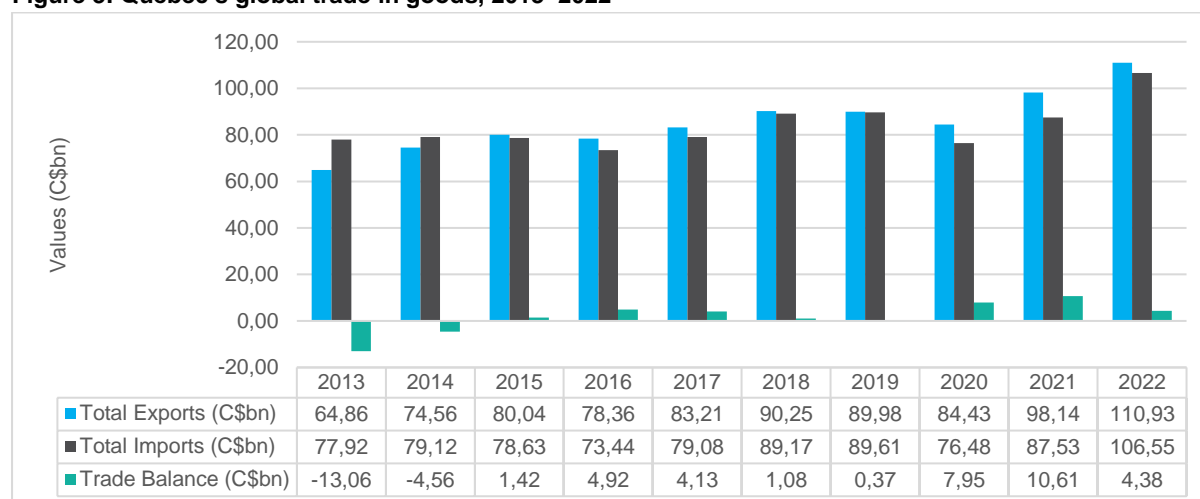
Source: Statistics Canada, 2023

3. Trade

3.1 Québec's Global Trade in Goods

Figure 3 presents Québec's global trade in goods between 2013 and 2022. In 2022, the province's global exports increased by 11.42% y-o-y to a value of C\$110.93bn from C\$98.14bn earned in 2021, while imports increased by 20.33% y-o-y to a value of C\$106.55bn from a cost of C\$87.53bn incurred in 2021. Despite the increase in import costs, the province's trade balance remained in surplus at a value of C\$4.38bn in 2022, down from C\$10.61bn in 2021.

Figure 3: Québec's global trade in goods, 2013–2022



Source: Statistics Canada, 2023

Key trade markets

In terms of key export markets, the United States was Québec's top export market in 2022, with Québec's exports to the United States reaching a value of C\$87.47bn, equivalent to 74.34% of all export receipts earned by the province in that year. China followed in second place, with exports reaching a total value of C\$3.35bn (representing a share of 3.02%), while Mexico came third with exports to this nation reaching a total value of C\$2.10bn (1.89%). South Africa was Québec's 43rd largest destination market for exports in 2022, with goods to the value of C\$0.11bn (or C\$113.77m) exported to the country in the said year.

The United States was also the leading source market for Québec's imports, at a cost C\$34.02bn, in 2022. This was equivalent to 31.93% of all import costs incurred by the province in 2022. China followed in second place with imports reaching a total cost of C\$14.76bn (13.86%). Germany was the third largest import source market, with imports from the country valued at C\$4.94bn (4.64%) in 2022. South Africa was Québec's 38th largest import source market in 2022, at a cost of C\$0.35bn (or C\$349.57m).

Table 2: Québec – top goods trade markets, 2022

Destination Markets				Source Markets			
Rank	Country	Value (C\$bn)	% Share, 2022	Rank	Country	Value (C\$bn)	% Share, 2022
1	United States	82.47	74.34%	1	United States	34.02	31.93%
2	China	3.35	3.02%	2	China	14.76	13.86%
3	Mexico	2.10	1.89%	3	Germany	4.94	4.64%
4	France	1.81	1.63%	4	Italy	3.88	3.64%
5	Japan	1.64	1.48%	5	Brazil	3.61	3.38%
6	Germany	1.48	1.33%	6	France	3.55	3.33%
7	South Korea	1.25	1.13%	7	United Kingdom	3.03	2.84%
8	United Kingdom	1.25	1.13%	8	Netherlands	2.86	2.69%

9	India	1.13	1.02%	9	Mexico	2.70	2.53%
10	Netherlands	1.13	1.02%	10	India	2.15	2.02%
43	South Africa	0.11	0.10%	38	South Africa	0.35	0.33%
Total Exports		110.93	100.00%	Total Imports		106.55	100.00%

Source: Statistics Canada, 2023

Key trade products

Unwrought aluminium (not alloyed) was Québec's dominant export category to the world in 2022. Valued at C\$5.86bn, this was equivalent to 5.28% of all export receipts earned by the province in 2022. Aircrafts placed second at a value of C\$5.43bn (4.90%), followed by unwrought aluminium (alloyed), at a value of C\$4.95bn (4.46%).

Crude petroleum oils dominated Québec's imports in 2022 which at a cost of C\$6.49bn was equivalent to 6.09% of all import costs incurred by the Canadian province in 2022. Light oils and preparations placed second at a cost of C\$4.26bn (or 3.99%), while parts of aeroplanes, helicopters or unmanned aircraft came third at a cost of C\$3.15bn (or 2.96%).

Table 3: Québec's top global export and import products, 2022

Export Products, 2022				Import Products, 2022			
Ran k	Product (HS6)	Value (C\$bn)	% Share, 2022	Ran k	Product (HS6)	Value (C\$bn)	% Share, 2022
1	7601.10 - Aluminium unwrought, not alloyed	5.86	5.28%	1	2709.00 - Petroleum oils, crude	6.49	6.09%
2	8802.40 - Aircraft	5.43	4.90%	2	2710.12 - Light oils and preparations	4.26	3.99%
3	7601.20 - Aluminium unwrought, alloyed	4.95	4.46%	3	8807.30 - Parts of aeroplanes, helicopters, or unmanned aircraft	3.15	2.96%
4	2710.19 - Oils & preparations	4.04	3.64%	4	8411.91 - Parts of turbojets or turbo-propellers	2.86	2.69%
5	2601.11 - Iron ores and concentrates, other than roasted iron pyrites, non-agglomerated	3.98	3.59%	5	2710.19 - Oils & preparations	2.81	2.64%
6	4407.13 - Lumber, of spruce, pine	2.09	1.88%	6	2818.20 - Aluminium oxide, other than artificial corundum	2.06	1.93%
7	7408.11 - Wire of refined copper of which the max cross-sectional dimension exceeds 6mm	1.93	1.74%	7	3004.90 - Medicaments	1.91	1.79%
8	8411.12 - Turbojets, of a thrust exceeding twenty-five kN	1.41	1.27%	8	7402.00 - Copper unrefined, copper anodes for electrolytic refining	1.53	1.44%
9	2716.00 - Electrical energy	1.39	1.26%	9	9999.99 - Postal services and courier	1.42	1.33%
10	7403.11 - Copper cathodes and sections of cathodes unwrought	1.30	1.17%	10	7106.91 - Silver, in unwrought forms	1.24	1.16%
TOTAL EXPORTS		110.93	100.00 %	TOTAL IMPORTS		106.55	100.00 %

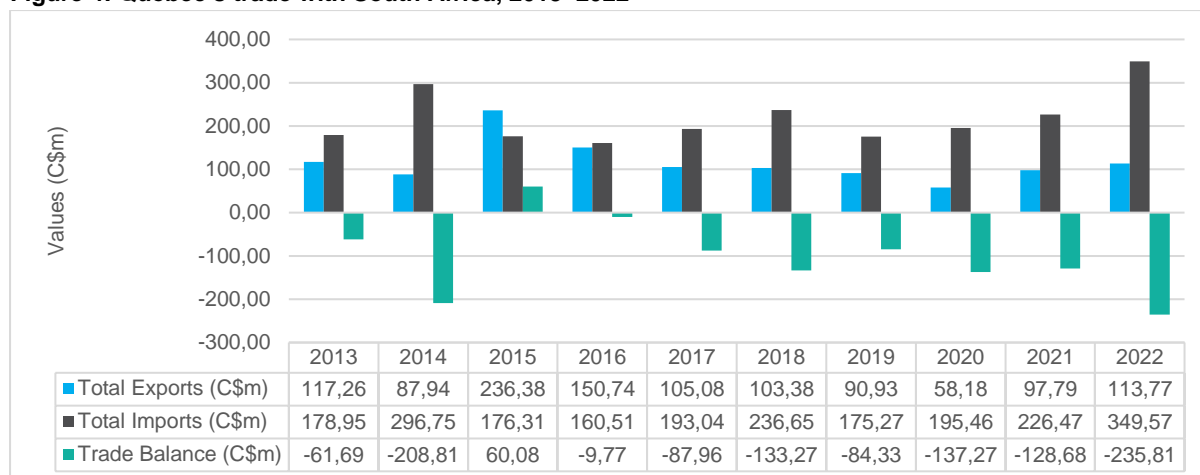
Source: Statistics Canada, 2023

3.2 Québec's Trade with South Africa

Québec is generally a net importer in respect of its trade with South Africa, as can be seen in Figure 4. In 2022, the Canadian province exported goods to the value of C\$113.77m to South Africa, while its imports from South Africa amounted to a cost of C\$349.57m. Québec's exports to South Africa increased by 16.34% y-o-y from 2021 to 2022, whereas imports decreased by 54.36% y-o-y over the same period. Québec's exports to South Africa increased at an average annual rate of 6.95% over the period 2018 -2022, while imports increased at a faster

average annual rate of 15.68%. The net effect being a widening of the province's goods trades shortfall with South Africa from a value of -C\$61.69m in 2013 to -C\$235.81m by 2022.

Figure 4: Québec's trade with South Africa, 2013–2022



Source: Statistics Canada, 2023

Mixtures of odoriferous substances was Québec's dominant export to South Africa in 2022. At a value of C\$12.29m, this was equivalent to 10.80% of all export receipts earned by the province from trade with South Africa in 2022. Helicopters of an unladen weight exceeding 2,000 kg placed second at a value of C\$10.66m (9.37%), followed by ferro-niobium at C\$9.87m (8.68%).

Nickel ores and concentrates dominated Québec's imports from South Africa in 2022, at a cost of C\$47.88m. This was equivalent to 13.64% of all import costs incurred by the province from trade with South Africa in 2022. Oranges were the second-largest import at a cost of C\$25.57m (7.31%), while imports of flat rolled products were in third position at a cost of C\$22.06 (6.31%).

Table 4: Québec's top exports to and imports from South Africa, 2022

Québec's Exports to South Africa, 2022				Québec's Imports from South Africa, 2022			
Rank	Product (HS6)	Value (C\$m)	% Share	Rank	Product (HS6)	Value (C\$m)	% Share
1	3302.10 - Mixt of odoriferous substances	12.29	10.80%	1	2604.00 - Nickel ores and concentrates	47.68	13.64%
2	8802.12 - Helicopters of an unladen weight exceeding 2,000 kg	10.66	9.37%	2	0805.10 - Oranges, fresh or dried	25.57	7.31%
3	7202.93 - Ferro-niobium	9.87	8.68%	3	7210.49 - Flat rolled products	22.06	6.31%
4	8411.21 - Turbo-propellers, of a power not exceeding 1,100 kW	8.41	7.40%	4	2825.30 - Vanadium oxides and hydroxides	21.48	6.15%
5	3004.50 - Medicaments	7.72	6.78%	5	0806.10 - Grapes, fresh	19.68	5.63%
6	8802.30 - Aircraft	4.78	4.20%	6	2204.21 - Wine of grapes	18.30	5.24%
7	8431.43 - Parts, of boring or sinking machinery	3.85	3.38%	7	7202.41 - Ferrochromium containing by weight more than 4% of carbon	15.93	4.56%
8	2829.11 - Sodium chlorate	3.51	3.09%	8	0805.50 - Lemons and limes, fresh/dried	15.42	4.41%
9	8531.90 - Parts of electric sound or visual signalling apparatus	3.39	2.98%	9	8534.00 - Printed circuits	13.35	3.82%
10	8708.99 - Motor vehicles Parts and accessories	3.01	2.65%	10	2620.99 - Ash and residues, containing metals	12.00	3.43%
	Total	113.77	100.00%		Total	349.57	100.00%

Source: Statistics Canada, 2023

4. Investment

4.1 FDI from Québec in South Africa

Between January 2003 and June 2023, South Africa benefited from a total of 11 greenfield foreign direct investment (FDI) projects from Québec. These projects brought about a capital investment of ZAR1,963.52m and created 330 jobs. The transport, manufacturing and business services sectors were the recipients of most of the FDI projects during the period under review.

Table 5: FDI projects from Québec in South Africa, January 2003–June 2023

DATE	INVESTING COMPANY	DESTINATION PROVINCE	SECTOR	BUSINESS ACTIVITY	CAPEX (ZARm)	JOBS
Sep 2021	Globe-Cann	KwaZulu-Natal	Pharmaceuticals	Sales, Marketing & Support	99.71	36
Jul 2019	SNC Lavalin	Mpumalanga	Business services	Business Services	426.452	14
Sep 2017	WSP Group	Gauteng	Business services	Business Services	426.452	14
Aug 2016	Bombardier Transportation	Gauteng	Non-automotive transport OEM	Headquarters	134.992	100
Jul 2013	Bombardier Aerospace	Gauteng	Aerospace	Sales, Marketing & Support	95.108	20
Jul 2013	Bombardier Aerospace	Gauteng	Aerospace	Logistics, Distribution & Transportation	257.712	54
Jul 2009	Forensic Technology WAI Inc	Gauteng	Space & defence	Sales, Marketing & Support	121.186	38
Feb 2009	Nexus Metissis	Not Specified	Business services	Business Services	104.312	15
Jan 2009	Objectif Lune Inc	Not Specified	Software & IT services	Sales, Marketing & Support	88.972	9
Nov 2005	BPR	Gauteng	Business services	Business Services	104.312	15
Aug 2003	Fasken Martineau	Gauteng	Business services	Business Services	104.312	15
TOTAL					1963.52	330

Source: FDI Intelligence, 2023

4.2 FDI from South Africa into Québec

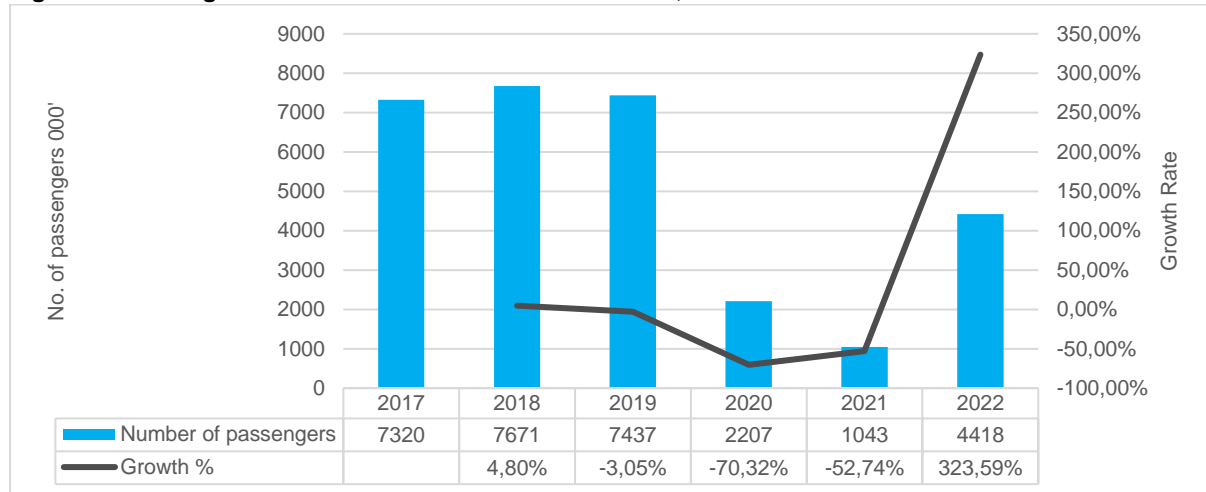
According to FDI Intelligence, there is no record of outward FDI from South Africa to Québec between January 2003 and June 2023.

5. Tourism

5.1 Passenger Arrivals from Montreal in South Africa

Figure 5 reflects the number of passengers from the city of Montreal arriving in South Africa during the period 2017 to 2022. In 2022, passenger arrivals from Montreal into South Africa increased by 323.59% y-o-y from 1,043 arrivals in 2021 to 4,418 in 2022. This was an increase of 100.18% when compared to 2020.

Figure 5: Passenger arrivals from Montreal in South Africa, 2017–2022

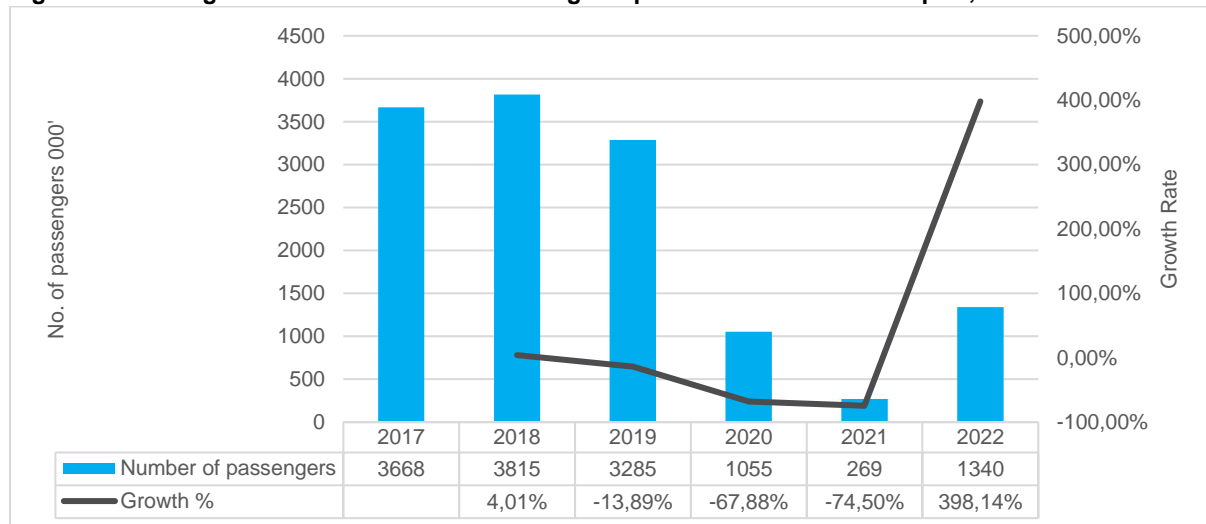


Source: OAG Aviation Worldwide, 2023

5.2 Passenger Arrivals from Montreal through Cape Town International Airport

The Cape Town International Airport (CTIA) welcomed a total of 1,340 travellers from Montreal in 2022, an increase of 398,14% y-o-y from the 269 passengers recorded in 2021. This represented an increase of 27.01% in comparison to 2020.

Figure 6: Passenger arrivals from Montreal through Cape Town International Airport, 2017–2022



Source: OAG Aviation Worldwide, 2023

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