

OPEN
NEW FRONTIERS
WITH QUÉBEC'S
INNOVATIVE COMPANIES

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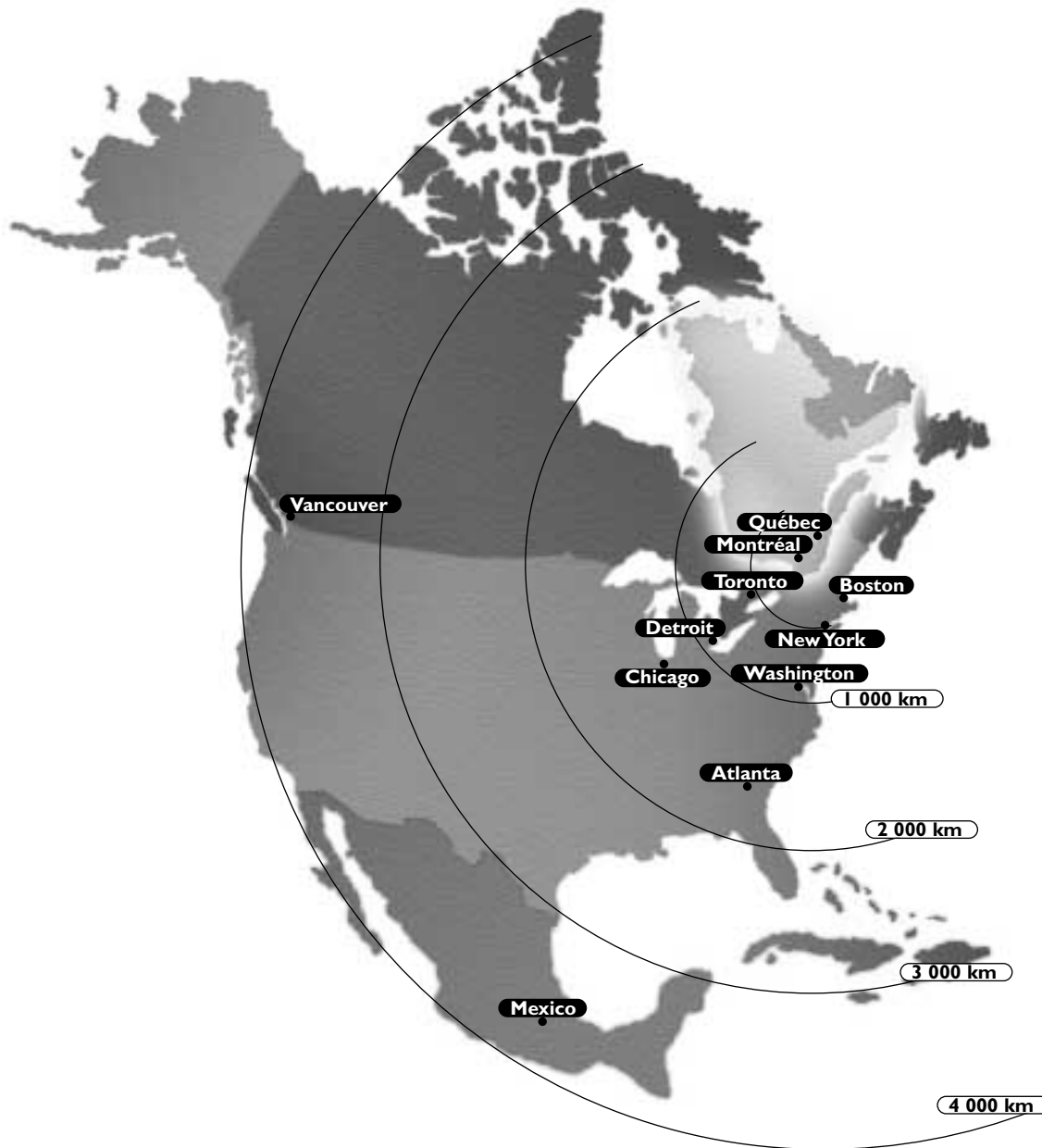
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Québec



- ❖ 100 million consumers within a 1 000-kilometre radius of Québec.
- ❖ Preferred access to a market of 380 million consumers thanks to the North American Free Trade Agreement.
- ❖ With a gross domestic product in excess of \$200 billion, Québec ranks among the top 20 industrialized countries of the OECD.
- ❖ Québec's economy is similar in size to those of Switzerland and Sweden.
- ❖ Québec is the seventh-largest trading partner of the United States.
- ❖ Québec's per capita GDP is comparable to those of Germany and the Netherlands, and exceeds those of Italy and the United Kingdom.

Companies at the forefront of the new economy

Aerospace

- ❖ 55% of production and 60% of R&D in Canada; more than 38 000 jobs.
- ❖ Québec ranks sixth in the world, ahead of Italy and Spain.
- ❖ Montréal, the only region in the world where it is possible to obtain most components needed to make an aircraft within a radius of 30 kilometres.
- ❖ CAE: the world's largest maker of flight simulators.
- ❖ Bombardier: third-largest civil aviation manufacturer in the world.

The bio-pharmaceutical industry

- ❖ 227 companies and 43% of R&D investment in Canada.
- ❖ 80% of the revenue of clinical research companies is earned from contracts with American companies.
- ❖ Most of the clinical research and basic research in Canada.

Information technologies

- ❖ Approximately 4 000 companies, including a hundred multinationals; almost 100 000 jobs.
- ❖ Since 1991, revenue is growing at an annual rate of 10%.
- ❖ 90% of the production of goods is exported to international markets.
- ❖ CGI: the fifth-largest information technology firm in North America.

Many world leaders are established in Québec



Aerospace

- Bombardier Aeronautics
- CAE Electronics
- Pratt & Whitney Canada
- Rolls-Royce Canada
- Bell Helicopter Textron
- Honeywell Aerospace
- Lockheed Martin
- BAE Systems Canada



The bio-pharmaceutical industry

- BioChem Pharma
- Novartis Pharma
- Bristol-Myers Squibb
- Merck Frosst
- Pfizer
- Aventis
- Wyeth-Ayerst
- Abbott Laboratories
- Roche Diagnostics
- AstraZeneca
- Anapharm



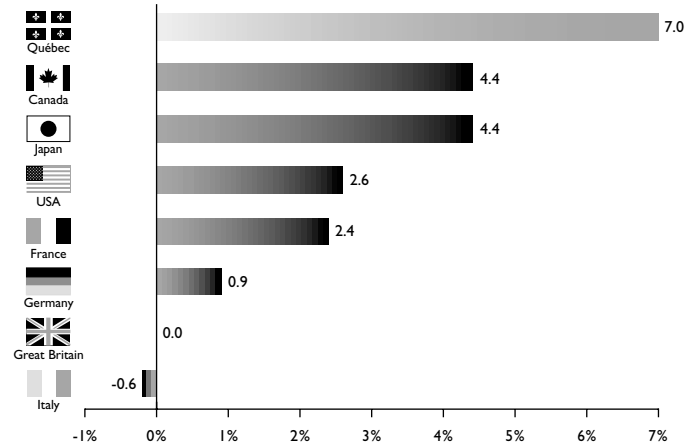
Information technologies

- CGI
- Nortel Networks
- IBM
- Bell Canada
- Ericsson
- Microcell
- SR Telecom
- EMS Technologies
- SHL Systemhouse
- DMR
- LGS

A favourable environment for R&D

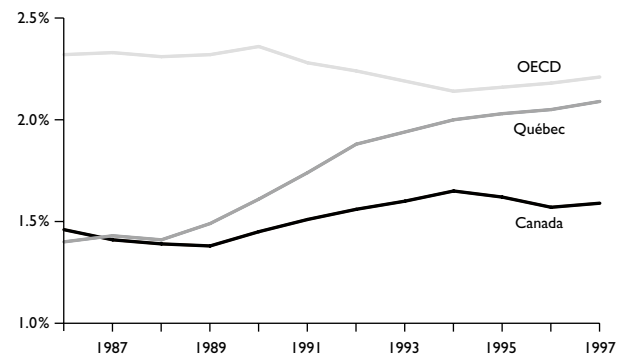
- ❖ Québec leads every G7 country in terms of growth in R&D spending by companies.
- ❖ The tax incentives for R&D in Québec are among the most generous in the world.
- ❖ The number of companies carrying out R&D has more than doubled from 1990 to 1996.
- ❖ R&D spending as a proportion of GDP now stands at more than 2% compared with 1.6% in Canada.
- ❖ Many foreign companies have awarded world research mandates to their Québec subsidiaries, e.g.: Ericsson Communications, Pratt & Withney, Merck Frost, Harris, Rolls Royce, Bristol Myers Squibb, Marconi Communications, Boehringer Ingelheim.

Real R&D Spending by Firms
(average growth rate 1986-1997)



Sources: OECD and Statistics Canada for Québec and Canada.

R&D Spending
(as a percentage of GDP)



Sources: OECD, Statistics Canada and Institut de la statistique du Québec.

A high level of education

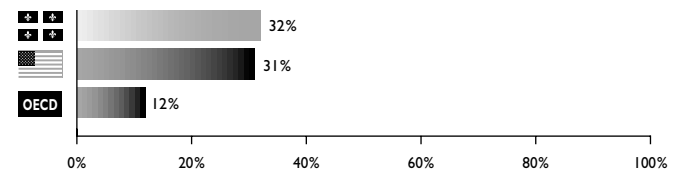
- ❖ Québec awards more university diplomas per capita than the United States, France or Japan.
- ❖ For studies at the master's level, Québec ranks third, after the United States and France and tied with the United Kingdom.
- ❖ 87% of the labour force has a secondary school diploma, while 32% has a university diploma.
- ❖ Montréal is North America's intellectual capital, with the highest number of students per capita. It is followed by Boston and Denver (McGill University study, 2000).
- ❖ Québec's labour force is known for its skill, ingenuity and stability.
- ❖ There are more than 500 research centres and nine universities.
- ❖ 400 000 scientists and technicians work in Québec.
- ❖ In Montréal, over 50% of the population is bilingual and one fifth speaks a third language. More than 80 languages are spoken, including Spanish, Italian, Greek, Arabic, German and Chinese.

A Highly Educated Workforce (1995)

High School Diplomas



University Degrees



Competitive advantages

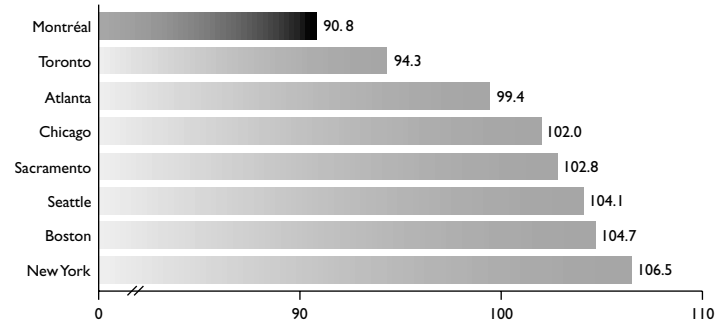
Business location and operating costs among the lowest in North America

- ❖ According to a study by KPMG (1999), business location and operating costs in Montréal are lower than in any other large city in North America.
- ❖ Total labour costs are 35% lower than in the United States, in particular because of the lower costs of fringe benefits.

A favourable tax system

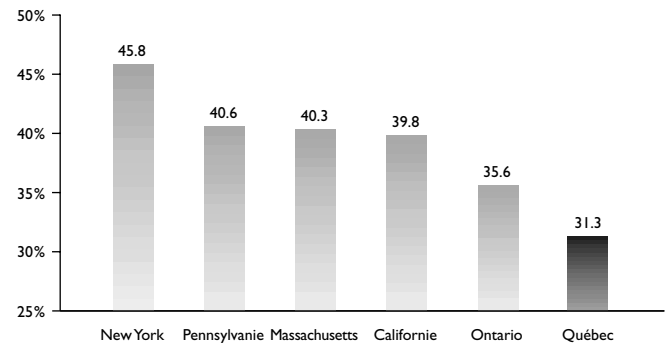
- ❖ Companies in Québec enjoy a competitive tax system in North America. According to the 1999 KPMG study, Québec has a clear advantage in this regard.
- ❖ Québec offers a 10-year tax holiday for major investment projects.
- ❖ Tax rates on business profits are among the lowest in North America.
- ❖ Québec offers many tax incentives to encourage business groupings and synergies in the new economy.
- ❖ According to a Conference Board of Canada study (1999), Québec offers the most advantageous tax treatment for R&D spending by a large company.

Competitiveness Index of Large North American Cities (United-States = 100)¹



¹ The lower a city's index, the lower its business location and operating costs. Source: KPMG (1999).

Combined¹ Corporate Income Tax Rates – as at July 1, 1998



¹ Maximum tax rates applicable to the active income of corporations by all levels of government. Source: KPMG (1999).

A variety of sources of financing and venture capital

- ❖ Overall, venture capital companies in Québec have \$1.1 billion in venture capital available in various forms: equity participation, made-to-measure financial arrangements, debt financing, claims.
- ❖ In 1998, venture capital corporations invested C\$630 million in 435 companies in Québec.
- ❖ The Québec government offers substantial tax credits to support innovation, competitive intelligence, R&D, technological adaptation and the development of the new economy.
- ❖ Easier access to venture capital, for high-technology companies, with the arrival of NASDAQ in Montréal.

Some of Québec's largest venture capital corporations:

- **The Caisse de dépôt et de placement du Québec**
- **SGF**
- **The Fonds de solidarité FTQ**
- **Innovatech Grand Montréal**
- **GTI Capital**

Montréal, a dynamic technology hub

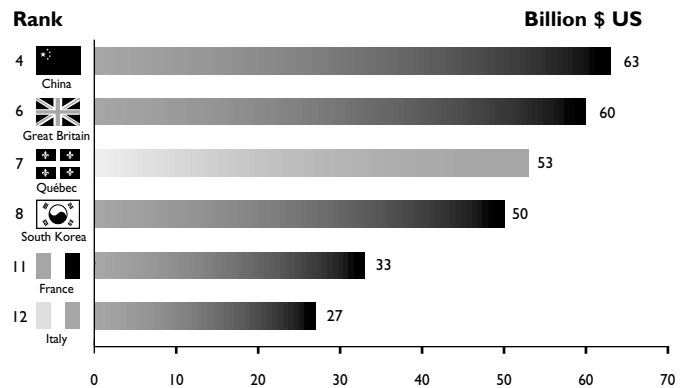
- ❖ Montréal has:
 - a critical mass of companies in high-technology sectors;
 - one of the world's most advanced telecommunications infrastructures;
 - the Cité du multimédia and E-Commerce Place.
- ❖ According to Wired magazine, Montréal ranks fifth among the top 46 high-technology regions.

A large market

An open economy

- ❖ With the North American Free Trade Agreement (NAFTA), Québec is part of a huge market. Québec's exports account for 57% of GDP, higher than OECD countries.
- ❖ Québec has an excellent inter-modal transportation network seamlessly connected to the United States, fast, efficient, without complex customs formalities.
- ❖ Since 1988, international merchandise exports have risen 169%.
- ❖ Québec is now:
 - the seventh-largest exporter to the American market, ahead of Taiwan and France;
 - the fifth largest market for exports from the United States, ahead of Germany, the Netherlands and Taiwan.
- ❖ Strong ties to Europe:
 - 600 European companies in Québec;
 - 400 joint research programs.

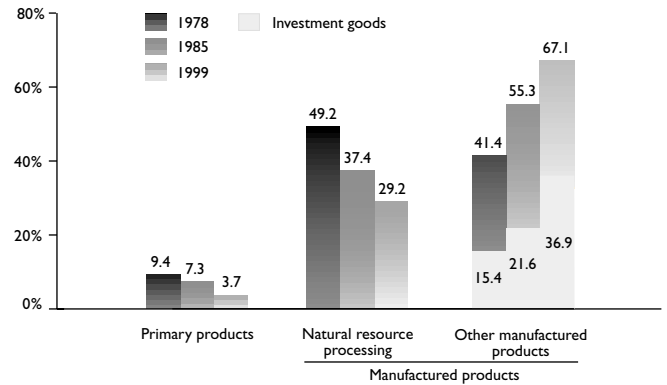
USA's Top Trading Partners
(Exports and imports - 1996)



High value-added exports

- ❖ Over one third of merchandise exports consists of capital goods. The proportion of capital goods has more than doubled: 15% in 1978 to 37% in 1999.
- ❖ Capital goods are driving the growth in international merchandise exports:
 - telecommunications equipment: 498%
 - aircraft and parts: 364%;
 - transportation equipment: 291%
- ❖ High-technology products account for almost one quarter of exports. Between 1991 and 1997, exports of technology products rose 80%.

Structure of Québec's International Merchandise Exports

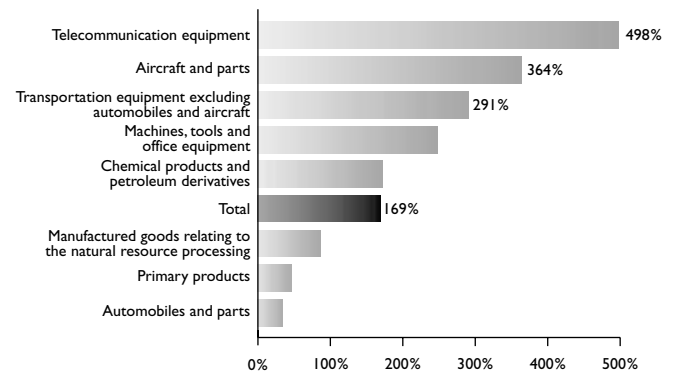


Source: Institut de la statistique du Québec.

The tertiary sector dominates

- ❖ The service sector is the largest by far with 71% of GDP. This reflects in particular the importance of telecommunications and consulting services companies.
- ❖ Québec's industrial structure is increasingly focused on high technology. Advanced-knowledge industries have risen from 18% of GDP in 1983 to 23% in 1999.

Cumulative Growth of Merchandise Exports – 1988–1999



Source: Institut de la statistique du Québec.

Largest venture capital corporations in Québec

Companies

Private firms

Sectors

Amisk • (418) 546-1156 yvon.levesque@amisk.qc.ca	Manufacturing, forestry, aluminum
BCE Capital • (514) 397-7171	Communications and related technologies
Benvest Capital • (514) 877-4299	Information technology, health
BioCapital • (514) 288-0128	Biotechnology and health
Bombardier Capital • (450) 443-4400	Aeronautics, transportation, commercial material, computer, software, technologic equipment, telecommunications
CAI Capital • (514) 849-1642 mpc@sympatico.ca	All sectors
Canadian Medical Discoveries Fund info@cmdf.com	Biotechnology, life sciences
Capimont • (514) 281-0903	All sectors, except real estate (on the Montréal Island)
Capital Benoit • (514) 398-0960 capben@total.net	Manufacturing, distribution, services
Capital CGD • (819) 771-2707 capital-cgd@cactuscom.com	Technology, forestry and traditional
Capital Montérégie • (450) 449-2009	Manufacturing, traditional and high technology
Capital Sartigan • (514) 956-8599	All sectors
Centre québécois de valorisation des biomasses et des biotechnologies (CQVB) • (418) 657-3853	Biotechnology, biomass
CIBC Capital Partners • (514) 847-6406 lauzé@cibc.ca	All sectors, more specifically: information technology, multimedia, telecommunications, and health sciences
Corp. Financière Capita • info@capita.ca	Energy, transportation, environment, high technology
Fondaction — CSN • 1-800-253-6665 fondscsn@accent.net	Environment and other industrial sectors
Fonds de développement Emploi-Montréal • (514) 253-4667 fdem@videotron.ca	Manufacturing, tertiary key service sectors (industrial design, fashion design, recycling, environment, tourism), information technology
Fonds d'investissement de la culture et des communication (FICC) (514) 394-0700 info@ficc.qc.ca	Cultural products and services
Fonds de solidarité FTQ • (514) 383-8383	All sectors, particularly: information technology, health and environment. Except real estate
GE Capital Canada • Thierry.glorieux@gecapital.ca	Equipment, commercial
GeneChem Technologies • (514) 849-4430 lacroix.m@videotron.ca	Biotechnology
Groomecapital.com • (514) 878-0558	Information technology, biotechnology, e-commerce
GSM Capital • (514) 397-8448 Argo Global Capital Alan MacIntosh	Wireless communications
GTI Capital • (514) 845-3800 bhamel@gticapital.com	Aerospace, telecommunications, multimedia, and e-commerce

Companies

Private firms

Sectors

Hampton Securities • (514) 233-2796 (cell.) Rseguin@hamptonsecurities.com	All sectors
HQ Capitech • (514) 289-2211	Energy: technology and services
Investissements Desjardins • (514) 281-7131	Telecommunications, electronics, softwares, multimedia, health, traditional
MDS Capital • (514) 844-3637 Dalal Manoli	Health sciences
Milestone Medica • (514) 874-7422	Biomedical
Miralta Capital • (514) 631-2682	Communications, information technology, biopharmaceuticals
Northstar Trade Finance • (800) 663-9288 #2	Exporting and manufacturing small and medium-sized businesses
Novacap • (450) 651-5000 novacap@generation.net	Health and high technology
Palos Capital • (514) 397-0188 Richard Neal	All sectors except biotechnology
Penfund • (514) 499-9670 rtherria@penfund.com	All sectors
Pluricapital • (418) 546-1155 Marc.lalancette@pluricapital.com	Aluminum, agrofood, natural resources: forestry and mining
Réseau financier Montréal • (514) 878-0510 Charles Corriveau	Emerging and traditional sectors
Royal Bank Ventures Inc • (514) 874-2856	Technology, biotechnology, services, industrial products, manufacturing
SIPAR (Société d'investissement en participation) • (514) 861-9252	Manufacturing, distribution and services
Schroders & Associates Canada Inc. • (514) 397-0700	Manufacturing: distribution, production and services
Technocap • (514) 483-6000	Telecommunications, multimedia and softwares
Telsoft • (514) 397-8450 fcaouette@telsoft.ca	Softwares, multimedia and information technology

Public corporations

Business Development Bank of Canada • (514) 283-1896	All sectors
Caisse de dépôt et placement du Québec • (514) 842-3261 <ul style="list-style-type: none"> • Accès Capital • Capital d'Amérique CDPQ • Capital Communications CDPQ • Sofinov • Services financiers CDPQ • Groupe Expordev • Montréal Mode • Capital International CDPQ 	Business network Growing small and medium-sized businesses Media, entertainment and telecommunications Biotechnology, health, information technology and industrial technology Investment mutual funds Development of export trade Québec fashion and design International expansion of Québec corporations
Innovatech Grand Montréal • (514) 864-2929	High technology
Innovatech Québec-Chaudière-Appalaches • (418) 528-9774	Information and telecommunication technology, optic, photonic, biotechnology and industrial technology
Innovatech Sud du Québec • (819) 820-3305 dpoisson@isq.ca	Technological innovation
Invest Québec • (800) 461-2433	Industrial, tourism and tertiary key service sectors, information technology, biopharmaceuticals
Société générale de financement du Québec • (514) 876-9290 info@sgfqc.com	Information technology, biopharmaceuticals, aeronautics, transportation material, petrochemistry and chemistry
T²C² • (514) 842-9849 bcoupal@t2c2capital.com	Information technology, biotechnology, health sciences, forthcoming new technologies

Québec 