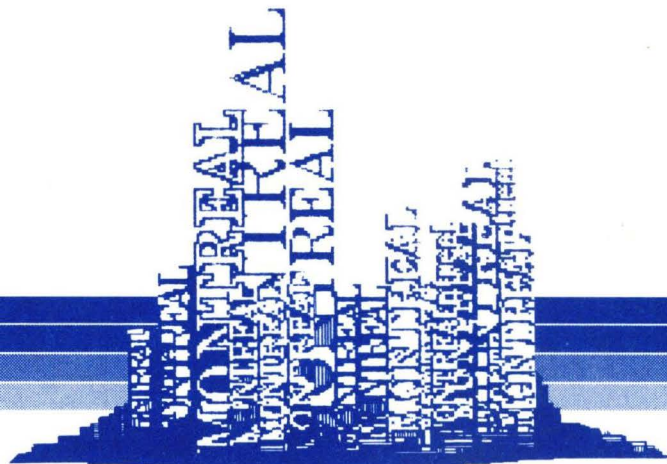


**DEVELOPMENT
OF A METROPOLIS**

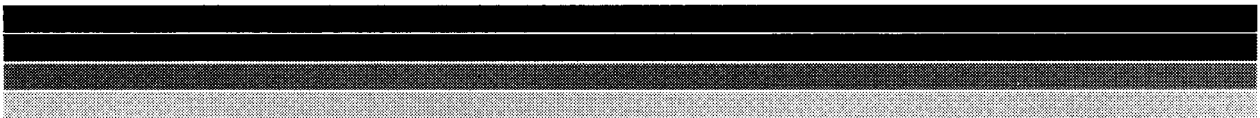


Canada

DEVELOPMENT OF A METROPOLIS

**THE GOVERNMENT'S RESPONSE
TO THE REPORT OF THE
CONSULTATIVE COMMITTEE
ON THE DEVELOPMENT
OF THE MONTREAL REGION**

November 1987



Government
of Canada

Gouvernement
du Canada

(C) Minister of Supply and Services
Canada 1987

Catalogue No. C2-98/1-1987

ISBN 0-662-554

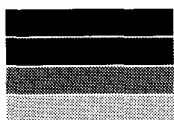
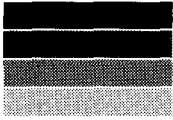


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**MESSAGE FROM THE
PRESIDENT OF THE
MINISTERIAL
COMMITTEE**

It gives me great pleasure to present to you the federal government's response to the report of the Consultative Committee on the Development of the Montreal Region. The response indicates the principal directions and the specific commitments of the government which are directed towards making Montreal a major development pole in Canada and a formidable competitor on international markets.

The Prime Minister established the Ministerial Committee on the Development of the Montreal Region in December 1985. The Committee's mandate was to study the economic situation in the region and assess its ability to adapt to the structural changes that are needed if Montreal is to maintain its position nationally and internationally.

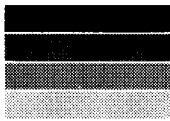
Initially, the Committee identified the socio-economic and legislative impediments to the region's development and then established its strengths. The ultimate aim was to determine what directions should be taken to bring about social and economic renewal which would enable Montreal to play a leading role in certain key areas of the economy.

To assist the Ministerial Committee, a Consultative Committee of private sector, labour and university representatives was formed under the leadership of Laurent Picard. After extensive consultations with local interest groups, the Committee presented its report and its 86 recommendations, last November. The plan proposed

for the revitalization of Montreal's economy, as outlined in the report, is consistent with the government's commitment to build a national economy better adapted to a world of rapid technological change and changing markets and better able to meet intense international competition. The Ministerial Committee, therefore, invited all federal departments to identify appropriate measures to realize the Consultative Committee's recommendations.

This response is the result of in-depth reflection by the federal government itself as well as by leaders from the private sector. It represents the first step in a long-term plan that requires the co-ordination, co-operation and commitment of all concerned. The collaboration of the private sector and other levels of government is of utmost importance to any endeavour of this magnitude. Together, we will succeed in making Montreal a dynamic, prosperous and international city.

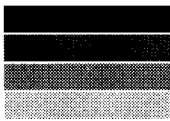
Robert R. de Cotret



SHARED RESPONSIBILITIES

The response of the federal government to the report of the Consultative Committee on the Development of the Montreal Region outlines the directions adopted by the government for the region and the measures it intends to implement. In its report, the Consultative Committee examined the causes of Montreal's decline; identified its strengths and weaknesses as well as the potential of the economy; assessed the possibilities for restructuring; and identified axes of development that could provide leverage for the growth of Montreal's economy. Finally, specific measures which would better exploit the growth potential of the region were proposed.

This government's response is addressed to all those with a part to play in the socio-economic development of the Montreal region. It implies the active participation of the private sector, of all levels of government as well as others associated with the economic life of the region. We are convinced that not only the Montreal region but also the country as a whole will benefit from the implementation of the recommendations.



MONTREAL: A MAJOR ECONOMIC CENTRE IN QUEBEC AND CANADA

After being Canada's cultural and economic centre during the 19th and first half of the 20th centuries, Montreal witnessed a gradual erosion of its role. Now the second largest economic centre in the country, it has nearly three million inhabitants, or 11% of Canada's population. Montreal is still the economic, social and cultural heart of Quebec, with

47% of the province's labour force located in the region.

Challenges to be met

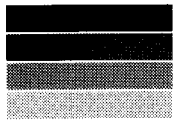
There are many causes of Montreal's relative decline. The setback has been attributed to the the combined effect of the shift of economic activity to the west and south of the North American continent; increasing liberalization of trade; and unfavourable migration flows. Moreover, the last recession affected Montreal more severely than other parts of the country, but a feeling of optimism has been growing in the region for more than a year now. The construction boom in the downtown area is comparable to that of the 1960s and, since the beginning of this year, employment has been increasing more rapidly than in the rest of the province and the country. The unemployment rate continues its downward trend and has settled at 10.2% over the last twelve months, which is still higher than the 1981 level of 9.3%.

The major structural weaknesses that contributed to plunging the region into economic stagnation in the last decade continue to exist. The manufacturing sector is dominated by traditional industries which provide 37% of employment and, given the low level of investment in recent years, this trend will not be reversed in the near future. The loss of head offices as well as Montreal's declining importance in the financial and transportation services industries have checked the expansion of the industrial services component of the tertiary sector. If there is no recovery, Montreal's sphere of influence may be limited to Quebec and, because of structural weaknesses and unfavourable demographic patterns, the long term prospects for the region are disquieting.

There are other factors affecting the development of Montreal that represent substantial challenges. For example, Canada's limited domestic market forces companies to compete for export markets, and industrialized nations must adapt to new technologies and the growing liberalization of trade. To be success-

ful in responding to these challenges and to become once again a region of prominence in Canada, Montreal must build on its numerous strengths, in fact exploit them.

Montreal is endowed with a diverse economic base; a critical mass in a number of research and development fields; four major universities; important medical institutions; and a modern transportation and communication system. There is also a new class of competent and forward-looking entrepreneurs and a large pool of highly skilled labour. The region is well situated, therefore, to assume a decisive role in the Canadian economy, and the feeling of optimism throughout the community presents an ideal opportunity to set out on the path to a full and lasting recovery.



REALISTIC AXES OF DEVELOPMENT

The government's proposals and commitments are based on the seven axes of development identified in the Consultative Committee's report. The federal government intends, by means of these measures, to contribute to the long-term revitalization of the Montreal region, restore it to the place it once held in the Canadian economy, and reinforce its international profile. To do this, Montreal must rely on its dynamism and capitalize on its distinctive character. The federal government will assist in this effort.

I- Montreal: an international city

We hope that, by the year 2000, Montreal will be a major world centre, playing host to international organizations, both governmental and non-governmental like the 15 organizations already established in the region. The presence of such organizations does much to enhance the prestige of the city, develop ties with foreign

markets, create jobs and enrich the region's social and cultural life, all of which contribute to the country's tourism industry.

In their efforts to attract international organizations, rivalry between cities is so fierce that many of the major urban centers have adopted innovative strategies which offer as inducements incentives and first-class facilities. Montreal is an extremely attractive city with numerous advantages including: bilingualism; quality of life; a multicultural heritage; reasonable cost of living; pleasant surroundings; affordable and satisfactory accommodation; sophisticated transportation and telecommunications systems; and abundant supplies of energy.

Government policy

The federal government is committed to encouraging the establishment of international organizations and to developing and promoting international activities in Montreal. To this end, the government plans to put in place incentives to improve the conditions under which such organizations establish and operate. Fiscal privileges will be extended to all international, governmental and intergovernmental organizations and to foreign nationals working for these organizations. The extension of these privileges for other international organizations is still under consideration. This new policy will also benefit organizations already in Canada.

The Minister of Employment and Immigration will undertake a detailed analysis of their needs and relax appropriate rules and regulations. In this regard, the government is already committed to simplifying the procedures for the entry of highly qualified or specialized immigrants.

The government will collaborate with the private sector and other levels of government in a study to determine the feasibility of establishing an "International City" in Montreal which would bring together all the services that international organizations might need.

Further, in order to promote Montreal as a venue for international events, the Secretary of State for External Affairs has proposed Montreal as the site of the 1990 meeting of the InterAmerican Development Bank.

II- Montreal: a high technology centre

High technology, which is already well established in Montreal, demands highly skilled workers, the ability to adapt to rapid change, and heavy expenditure on research and development. The government intends to strengthen this sector, particularly in the areas of telecommunications, space technology, aerospace, microelectronics, informatics, and biotechnology.

Government policy

To stimulate further growth in the sectors, the Minister of Regional Industrial Expansion will, after consultation with the private sector, take steps to make seed money more readily accessible to small and medium-sized companies. The Minister of State for Science and Technology is currently examining a proposal for establishing in Montreal a centre where Canadian technology can be adapted for transfer to developing countries.

The government is also willing to join with the private sector and the Quebec government in establishing a high technology park, complete with incubator and support centre, and developing training programs to meet emerging corporate needs in leading edge sectors. Finally, the Department of External Affairs will organize trade and technical missions to Boston, a leading centre of high technology in the United States and a potential model for Montreal.

Telecommunications and space technology

Montreal has numerous assets in this area: a diversified infrastructure, one of

the best communication systems in the world; a telecommunications research institute, manufacturers of space and communications equipment, and consultants. These were the reasons for Teleglobe's decision last March to base MSAT, its mobile telecommunications satellite project, in Montreal.

Aerospace

Four of the largest Canadian aerospace firms which have the capability to design and manufacture complete aircraft, engines or systems are located in the region. Their presence has attracted a number of other manufacturers, consultants and suppliers to establish businesses in Montreal. To support growth in this industry, the government will encourage research and development efforts. The award of the CF-18 systems engineering contract to a Montreal consortium is a step in that direction, as is the decision to keep the headquarters of the recently privatized Teleglobe Canada in Montreal. Plans for an aeronautical engineering centre, a machine tool time-sharing centre and the possibility of holding specialist trade fairs are also being studied.

Microelectronics

Last April the Government of Canada unveiled a new federal microelectronics strategy designed to increase the technological capability of the Canadian microelectronics industry and strengthen cooperation between industry and universities. Private sector proposals for developing the region's microelectronics industry will be examined in light of the new strategy.

Informatics

The phenomenal growth in informatics attests to its role in supporting high technology and helping to revitalize other industries. Many informatics and engineering consulting firms, among which are some of the most prominent Canadian firms, are located in the Montreal region. They enjoy an excellent reputation in software design and are beginning to penetrate international markets where they can further promote their expertise.

The Minister of Communications wants to encourage growth in the industry. In cooperation with the Government of Quebec, she will take concrete measures towards the creation and marketing of French-language software with multilingual capabilities by means of contracting out and technology transfer. Firms will also be given the help they need to market their expertise. In addition, the Minister will accelerate the negotiation of international telecommunications agreements on open system interconnection and digital integrated services networks.

Biotechnology and health care

Canada has already achieved international recognition with the recent creation of the Montreal Biotechnology Research Institute. The government, in conjunction with the private sector, will develop an action plan for attracting biotechnology companies to the region. Also, the Minister of Regional Industrial Expansion will support attempts to have an international conference on biotechnology held in Montreal in 1990.

The government has recently amended the Patents Act to give intellectual property greater protection. Because a number of pharmaceutical companies are located in Montreal, the 1969 changes to the Act have adversely affected the level of R&D in the region. Consequently, the government's action will spur investment in the pharmaceuticals industry.

III- Montreal: a finance and international trade centre

Canada, with its limited domestic market, must rely on penetration of new markets for economic growth. The development of Montreal must therefore be considered in the context of a long-term trade expansion strategy to open up new markets for Canadian products and generate higher exports. Given its geographic location, linguistic diversities, its ability to capitalize on the traditional North-South axis and its geocultural affinities, Montreal has the characteristics required to become a major international trade centre. This

new role for Montreal is expected to increase its activities internationally, strengthen its position as a financial centre, and develop its economy through market diversification.

Government policy

With this perspective in mind, the government will assist the private sector in its marketing endeavours and support a strategy for enhancing the role of trading houses and countertrade in Canada. The government will attempt to reach agreements on standardization so as to facilitate access to new international markets. In consultation with the private sector, the government will evaluate the services offered by the Export Development Corporation and make any changes necessary to better meet the needs of small and medium-sized companies.

The changes made to bilateral trade promotion programs, the Program for Export Market Development and the Promotional Projects Program have been given a warm welcome. The government will pursue its efforts to improve programs by amending the Defence Industry Productivity Program so that small and medium-sized companies may benefit. The government also intends to develop a program that will help such businesses meet the security and quality control requirements that are necessary to obtain defence contracts, and to assist them to gain access to new markets.

The Minister of International Trade will strengthen ties with high technology regions such as Boston and facilitate access to developing countries for Canadian technology. She will establish an advisory board in Montreal to encourage regional firms to pursue international trading opportunities. The federal government will foster the creation of a World Trade Centre in Montreal and encourage federal departments and agencies involved in foreign trade to relocate there. It will also adopt legislation on the establishment of international banking centres in Vancouver and Montreal.

IV- Montreal: a design centre

The aim of design is to achieve a harmony of form and function with due consideration for technical, aesthetic and commercial factors. Well-designed items are more attractive to consumers and better suited to their needs, and help increase a company's gross profit margin. Montreal has potential in five areas: fashion design, industrial design, graphic design, interior design, and architectural, urban and environmental design.

The government recognizes that design is an important factor in the economic development of industrialized nations and has established the objective of making Montreal an international centre of fashion and design by the year 2000. A number of companies in the region have already gained international acclaim for their creativity and use of technical innovation. The basic infrastructure - educational establishments and experienced designers, some of whom are world famous - already exists in Montreal, and provides a platform on which to build.

Government policy

Working in close co-operation with other levels of government, the private sector and educational institutions, the government will develop a design strategy aimed at capitalizing on existing resources, incorporating design into the production and marketing processes, restructuring traditional industries, and making Montreal a centre of avant-garde design.

The government will support the formation of a design committee which, under the aegis of the private sector, will bring together representatives of educational institutions, governments, designers, manufacturers and distributors. One of its tasks will be to co-ordinate the activities of all parts of the design industry.

The Minister of Regional Industrial Expansion, in co-operation with the Government of Quebec and interested groups, will pursue its policy of revitalizing and restructuring Montreal's tradition-

al industries - furniture, clothing, textiles and footwear. In consultation with the industry, he will examine ways of making companies aware of the advantages of design and will encourage the production of well-designed items. Finally, the Minister of Employment and Immigration will use his department's training programs to develop design expertise in Montreal.

V- Montreal: a cultural centre

Montreal has a unique and diverse heritage that gives it a rich and thriving cultural life. Montreal performers, directors, authors, and composers in the fields of dance, theatre, music and film are becoming better known and appreciated at home and abroad. Montreal has become a cultural "marketplace" and demand is strong.

To exploit this potential and profit from the demand, the government will help make Montreal a centre of excellence of international calibre in the cultural industries.

Government policy

As a means of facilitating the development of cultural industries in Montreal, the Minister of Communications supports the establishment of an audio-visual production centre and, in co-operation with the Quebec government, and the private sector, will assist its realisation. The Minister is also examining a proposal for an audio-visual research centre in Montreal with a view to increasing research into new technologies for image creation, processing and transmission. In addition, she will explore, with those concerned, the possibility of establishing permanent cultural facilities of the calibre that Montreal artists warrant.

To assist cultural industries to market their products and Canadian artists to become better known, the Secretary of State for External Affairs intends to develop a domestic and international marketing strategy to complement the action taken by the Minister of Communications to help Canadian audio-visual produc-

tions penetrate European markets. The Minister of Communications is also examining the need for a national investment fund for cultural industries.

To safeguard and showcase Montreal's architectural heritage, the Minister of Public Works, after extensive consultations, has formulated an integrated development plan for the Old Port that will preserve its historic and maritime nature. The plan proposes establishing new museums on the site and attracting cultural events. Recreational activities such as sailing and skating could also be accommodated.

VI- Montreal: a tourist centre

The Montreal region already attracts many foreign tourists, and the facilities and cultural events that are planned for the future will probably make it even more attractive. The region must, however, undertake additional measures to increase its share of the pleasure, business and convention travel market.

For its part, the federal government has developed a national tourism policy with a view to increasing the tourism potential of the regions and encouraging investment in those projects which would be most competitive on international markets. In parallel to this national policy, the government will take steps to increase the importance of tourism in the Montreal region. Through co-operation with interested groups, measures will be taken to make Montreal an attractive and internationally competitive destination for pleasure, business and convention travellers.

Government policy

The Minister of State for Small Business and Tourism will, in conjunction with other levels of government and interested organizations, contribute to the preparation of a tourism development and marketing strategy. This strategy would emphasize Montreal's cultural life, atmosphere and attractions and would require the co-operation of all concerned as well as the coordination of their efforts. It will propose ways of developing tourism facilities and

human resources and exploiting the region's natural resources. The Minister also intends to formulate an approach that will make Montreal a more attractive gateway to North America.

The government will study, with the City of Montreal and the region, ways of making the commemoration of the 350th anniversary of the founding of Montreal a major Canadian event in 1992.

The tourism industry requires better statistics which would help to more clearly define needs, target markets and clientele. Work will therefore begin on developing a methodology for collecting tourism data and Montreal will be the test region for the pilot study.

VII- Montreal: a transportation centre

A sophisticated transport system and a thriving transport industry are essential to economic growth and the development of trade. Montreal is already in a very strong position, since it is an important transshipment centre in eastern North America and is the headquarters of a number of Crown corporations in this particular sector. The government intends to capitalize on these assets and encourage initiatives which would accelerate the region's growth in the transportation industry.

Government policy

The Minister of Transport will therefore take steps to assure a better co-ordination of activities and to harmonize actions by his Department. The presence in Montreal of sizeable Crown corporations in the field of transportation will do much to help achieve those objectives.

The government supports the development strategy recently adopted by the Port of Montreal authorities, who have launched a marketing campaign to attract more domestic and foreign clients and to diversify Port operations. They have also undertaken a study of the development and expansion of Port facilities to respond to customer needs.

In view of the importance of intermodal transport to Montreal, the government will help set up a computerized system to make transshipment procedures more efficient. Although a number of similar systems exist already, Montreal's will be the first to use new international standards for electronic data exchange, thereby creating international legal precedents, and will serve as a prototype for facilities elsewhere in Canada. Several federal and provincial government departments and the private sector will be involved in the project.

The federal government recently unveiled a new policy aimed at privatizing airports and decentralizing their management. In accordance with that policy, the Minister of Transport will examine a proposal from interested parties in Montreal for the preparation of an airports development plan which could subsequently be managed locally.



THE PRIVATE SECTOR: A DRIVING FORCE SUPPORTED BY GOVERNMENT

When the Prime Minister established the Ministerial Committee on the Development of the Montreal Region, he took an unprecedented step. An entire region was targeted for an in-depth analysis by representatives of various interest groups. It permitted the selection of major axes of development and the identification of means to foster growth in Montreal and to heighten the region's international profile.

In an environment affected by freer trade, rapid technological change and intense competition, economic growth in Montreal is contingent on the region's ability to adapt and become more international in its outlook.

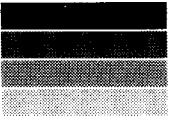
To pursue its development, Canada must build on its regional strengths. That is

why the government has made a commitment to encourage a sustained economic recovery in one of the nation's most strategic regions. The government is convinced that the private sector must be the driving force of that revitalization, to take the lead, and to do whatever is necessary to achieve these objectives.

The emergence of a new dynamic class of entrepreneurs in the last decade and the forging of effective links between members of the community and other regions of the country are sure signs of economic strength, and proof that the private sector in Montreal is ready to meet the challenge of the development of the region.

The analysis of the situation in Montreal showed that, in many instances, a lack of concerted action by various governments led to policies and programs that hindered development and wasted energies. To avoid repeating such situations, the various levels of government must work together with the universities, the private sector and other local interested parties in order to better co-ordinate their efforts and achieve the objectives outlined in the Consultative Committee's report.

The proposed approach may change as the economic situation evolves. The Federal Economic Development Coordinator for Quebec will be responsible for the follow up to the proposals and will take the necessary action to attain the objectives identified earlier. We are convinced that the government's response to the Consultative Committee report is the first step towards the realization of a series of initiatives, policies and strategies to make Montreal one of the world's great cities.



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