

Montreal Geared up for Tomorrow

2018-2022 Economic Development Strategy

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A MESSAGE FROM THE MAYOR

A strategy in line with our ambitions

Montréal's economy is more vibrant, healthy, and progressive than ever. We are seeing record employment rates; we are at the forefront of growing sectors like artificial intelligence; and we are attracting internationally renowned businesses like Google and Facebook.

The city is at a turning point. New technologies and big data are transforming the global economy. Business models, economic sectors, and job markets—all spheres of the economy—are evolving, and cities must play an increasingly significant role in the new global ecosystem.

We are in a prime position to take advantage of these changes. Higher education institutions, research centres, sectoral diversity, and a wealth of talent undeniably help speed up the city's economic growth and improve the quality of life of Montréal's citizens. In addition, the city's status as a metropolis allows it to take on the role of a driver of the economy.

There are many obstacles to overcome, specifically in attracting and retaining talent, entrepreneurship, and internationalization of businesses. The solution lies in improving economic productivity and, on the City's side, stimulating Montréal's business environment. We must also reinforce the City of Montréal's role as a facilitator and catalyst of economic and commercial development.



To do so, it is vital to foster collaboration between public and private partners and secure active cooperation between all levels of government to maximize the impact of every one of our actions. In view of our metropolis status, economic planning with the Government of Quebec will allow us to better coordinate our efforts and actions for accelerating economic development in Montréal, which remains the economic driving force of the entire province.

Our goal is to make Montréal a leader in strategic sectors and a reference for inclusive and sustainable economic growth. We invite all of Montréal's economic stakeholders to work together toward realizing the city's full potential and increasing our collective prosperity.

Now is the time to join forces. Be a part of this effort today!

The Mayor of Montréal,

A stylized, handwritten signature in black ink, representing Valérie Plante.

VALÉRIE PLANTE

A MESSAGE FROM THE
EXECUTIVE COMMITTEE
MEMBER RESPONSIBLE
FOR ECONOMIC AND
COMMERCIAL DEVELOPMENT
AND GOVERNMENT
RELATIONS

Tangible actions for our economic development

We are proud to present our economic development strategy, which is the result of rigorous analysis and consultation of the individual and institutional players of economic development. It has allowed us to assess Montréal's strengths and weaknesses, as well as the economic opportunities available to the city. It also sets out the principal guidelines for 2018–2022 to solidify Montréal's role as a driving force of the economy, specifically in growth sectors, and make the city a reference in innovative, inclusive, and sustainable economic development.

Our economic development strategy is defined by five pillars: knowledge and talent, entrepreneurship, the territory's economic development, internationalization of businesses, and network and ecosystem performance. With time, our actions will strengthen the business environment in which companies grow by improving internal processes, customer services for entrepreneurs, and the vitality of Montréal's economic development ecosystem. The strategy also prioritizes several other key factors that have a direct impact on Montréal's business environment, such as the mobility of people and goods to increase business productivity.

Over the next few months, the municipal government and central services will work together with local organizations and economic stakeholders to outline action plans for the next five years and ultimately expand and support fruitful and tangible initiatives toward achieving our economic priorities. We wish to mobilize all agents of economic development to bolster the city's performance and the prosperity of its citizens.



Consultations and ongoing dialogue with the community will continue in order to inform the eight major action plans, to be unveiled by the summer of 2018, and strengthen cooperation between the private and public sectors. An interactive forum is planned for this fall, which will allow us to collectively move the city forward through tangible actions and concerted efforts.

Executive Committee Member Responsible for Economic and Commercial Development and Government Relations

A stylized, handwritten signature in dark ink, likely belonging to Robert Beaudry.

ROBERT BEAUDRY

**A MESSAGE FROM THE
SERVICE DU DÉVELOPPEMENT
ÉCONOMIQUE**

Seizing opportunities to speed up our development

As an uncontested centre of innovation and a leader in growth areas, Montréal is now more attractive than ever for individuals and companies wishing to make their dreams come true, act on their ideas, or build on their achievements.

The city has not experienced such favourable economic conditions for some time. \$24 billion was invested in construction projects that are currently underway. Sustained investments over the past years demonstrate Montréal's attractiveness as a city with a high quality of life.

The city's diverse and resilient economy is acknowledged all over Canada, contributing to its unique character. Montréal's strong creative streak, its technological sector, its universities, and its pool of talent create a variety of internal ecosystems giving rise to ambitious projects.

Our business community is also experiencing a period of unprecedented development.

The favourable economic situation supports growth, which is increasingly a feature of our great city characterized by diversity, inclusion, and commitment. The spirit of optimism affecting our economy is even more promising if we take into account the City's competitive advantages in strategic sectors.



But no matter what your field of expertise is, rest assured that we are proud of you! You are bold, talented, open-minded, and interconnected. More than ever before, Montréal will listen and support you in your challenges and projects. We will continue working together to seize every opportunity we have to speed up our economic development.

Montréal wishes to play its part in inspiring, facilitating, accompanying, and supporting the initiatives of dreamers, entrepreneurs, investors, and all other stakeholders contributing to our collective growth.

Let's seize this opportunity to propel Montréal forward!

The Director of the *Service du développement économique*

VÉRONIQUE DOUCET

Management Team

Véronique Doucet
*Service du développement
économique*

Alain Houde
*Partenariats stratégiques
et affaires internationales*

Géraldine Martin
Entrepreneuriat

Josée Chiasson
*Mise en valeur des pôles
économiques*

Valérie Poulin
Intelligence économique

The urban agglomeration of Montréal is:

Inhabitants



1.9 million in 2016

or 24% of the population of Quebec
and 47% of the population of the Montréal
census metropolitan area (CMA).

Land area

500 km²

Jobs

1.3 millions

or 63% of jobs in the CMA
and 28% of jobs in Quebec.

GDP

at basic prices of

\$125 billion

64% of the CMA's GDP

35% of Quebec's GDP



16 municipalities,
including the city of Montréal

19 boroughs
in the city of Montréal

Overview

The economic climate that Montréal is experiencing is favourable for both its development and its prestige. Employment is booming, and numerous recently announced investments in leading-edge sectors, such as digital technologies and artificial intelligence, bear witness to the confidence major economic stakeholders have in the Montréal's future development.

Montréal's advantages and vital forces in innovation, talent, and key sectors will enable it to take advantage of specific global trends that are well underway, such as the speed of tech-

nological progress as well as citizens' growing concern for the environmental impact and ethical issues associated with their consumer habits.

Montréal's recognition as Quebec's metropolis will allow it to better fulfil its role as the driver of Quebec's economy, better secure initiatives for economic development, better integrate immigrants in the labour market, and optimize urban developments.

While Montréal offers an exceptional quality of life and benefits from a diversified and innovative economy, the city needs to overcome several challenges to keep up this momentum:

Access to and matching of the available labour force with companies' current and future requirements to ensure their development and increase productivity in all sectors of the economy

The creation and growth of companies to stimulate entrepreneurship and economic prosperity

The commercialization of innovations, which remains subpar, despite the significance of R&D activities in Montréal

The need to boost Montréal's economic reputation and develop international opportunities for companies to ensure their sustainability and growth

Supporting Montréal's integrated approach to territorial development to ensure the diversity and synergies of economic activities in industrial and employment areas

Consistency and coordination of all economic development initiatives in Montréal and client focus

To ensure its prosperity, Montréal must become a force for innovation and talent, as well as for economic, entrepreneurial, international, sustainable, and social development.

To this end, the metropolis is designing its economic development plan around five main orientations and five strategic sectors.

ORIENTATIONS

- 1 FOCUS ON KNOW-HOW AND TALENT
- 2 STIMULATE ENTREPRENEURSHIP
- 3 REJUVENATE ECONOMIC CENTRES
- 4 BOOST MONTRÉAL'S INTERNATIONAL REPUTATION
- 5 ENSURE A POWERFUL NETWORK

STRATEGIC SECTORS TO PROMOTE INNOVATION AND THE SHIFT TOWARDS DIGITAL TECHNOLOGY IN MONTRÉAL

- CULTURAL AND CREATIVE INDUSTRIES
- LIFE SCIENCES AND HEALTH TECHNOLOGIES
- MOBILITY AND TRANSPORT
- DIGITAL INDUSTRY
- CLEANTECH SECTOR



Introduction

The City of Montréal is working to create a favourable niche on the world stage in terms of economic vitality. Benefitting from a talented workforce and economic diversity, both within its territory and its strength sectors, the metropolis also has a strategic geographical location. These factors form part of the strategic plan aiming to establish its role as a driver of economic development.

The City of Montréal has set out several major milestones serving to develop a results-oriented economic development strategy. Creating a vision for economic development has allowed to define the ambition of the City of Montréal. A comprehensive economic assessment has put the metropolis in a position to reflect on ways to implement coherent strategic approaches. Setting out the eight action plans will serve to consolidate the plan for the City of Montréal's economic development strategy. Collaboration between the city's economic stakeholders will help to compound Montréal's collective and inclusive wealth.



Vision

MONTREAL,
A HUB OF
INNOVATION,
TALENT, AND:



Economic



Entrepreneurial



International



Sustainable



Social

DEVELOPMENT

The economy is poised for the future

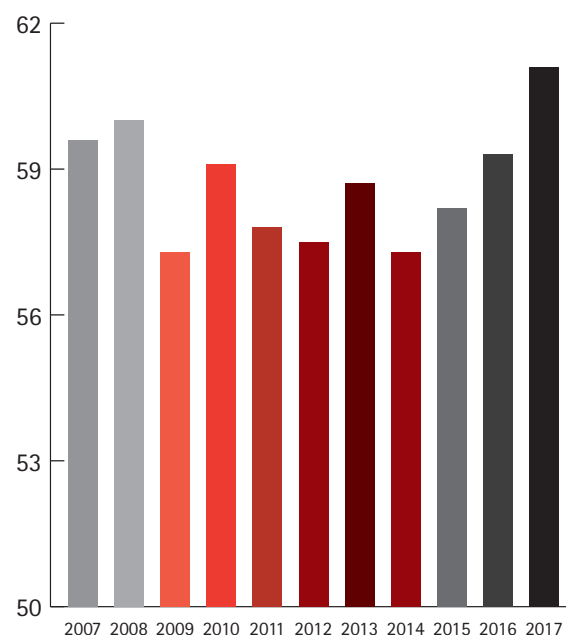
MONTRÉAL'S ECONOMIC STAKEHOLDERS BENEFIT FROM A FAVOURABLE ECONOMIC CONTEXT AND OUTLOOK.

Employment is at a record high

In 2017, the employment rate in the population aged 15 years and over in the agglomeration of Montréal reached 61.1%, its highest point since 1987. It was also the year that Montréal recorded its lowest unemployment rate since 1987, at 8.2%¹. These figures are also reflected in household incomes, as the average weekly salary grew by more than 2% in 2016.

Employment rate in the population aged 15 years and over in the agglomeration of Montréal

In %



Source: Institut de la statistique du Québec

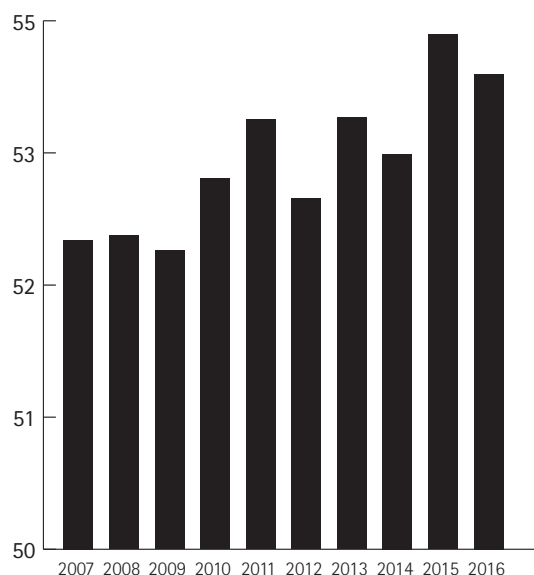
Growth sustained by wealth

Real GDP has grown by 16% in the past ten years (from 2006 to 2016)². Per capita GDP grew by around 8% in the same period.

On the scale of the census metropolitan area, Montréal will continue to demonstrate a per capita GDP growth rate that is lower than average for comparable Canadian cities in 2017, but higher than those of Toronto and Vancouver.

Per capita GDP, Agglomeration of Montréal

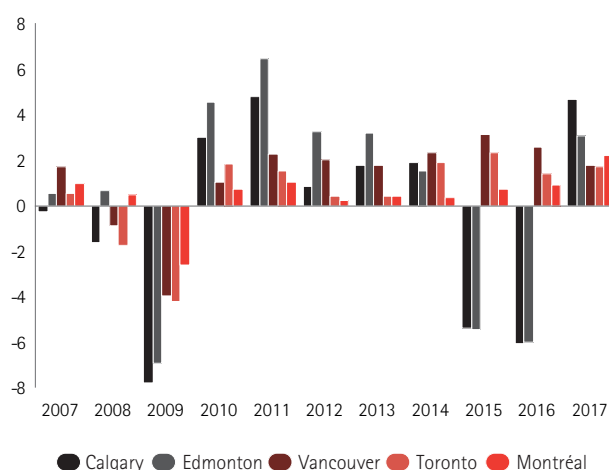
In thousands of 2007 constant dollars



Source: Institut de la statistique du Québec

Per capita GDP growth rate, census metropolitan areas

In %



Source: The conference Board of Canada

1. Source: Institut de la statistique du Québec

2. Source: *idem*

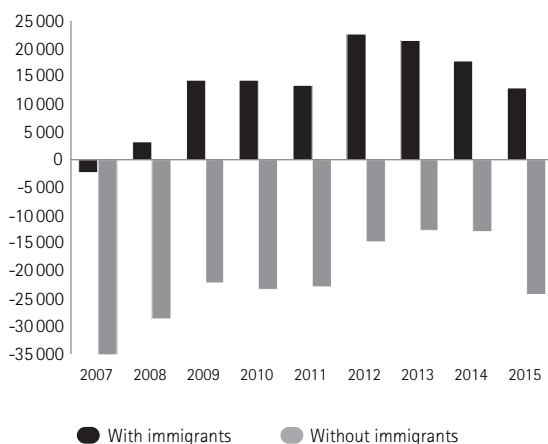
A growing population that strengthens Montréal's economy

Thanks to immigration, among other factors, Montréal's population grew by 1.2% in 2016. Without this influx, it is estimated that the population would decline by more than 20,000 per annum.

This growth contributes to the expansion of wealth and helps the metropolis better tackle its demographic challenges.

Annual population growth with and without immigration, Agglomeration of Montreal

By number



Source: Institut de la statistique du Québec

Structural investments are indicative of the confidence of economic stakeholders in Montréal's growth prospects

Construction activities are booming in both the public infrastructure and private construction sectors, with projects totalling more than \$24 billion.

In fact, private real estate investments in Montréal have risen by 14% over the past five years³.

- The type of investment projects currently underway demonstrates the economic stakeholders' confidence in Montréal's economy.
- Sustained investments in residential projects demonstrate Montréal's attractiveness as a city with a high quality of life.

More international stakeholders in leading-edge sectors are opting for Montréal

Over the past five years, more than 60 international companies have chosen Montréal to find staff in leading-edge business sectors. These sectors include artificial intelligence, research and development in life science, financial technologies, and data centres.

3. Source: Institut de la statistique du Québec

GLOBAL TRENDS ARE SET TO HAVE A SIGNIFICANT IMPACT ON MONTRÉAL'S ECONOMY

Speed of technological progress

Industry 4.0, the advent of mega data, the advance of automation processes, and the development of artificial intelligence are transforming the economy.

- The industries, production chain, business models, labour organization, and skills change very quickly.
- This new working method will have ramifications in all business sectors, whether in the manufacturing sector, the transportation sector, government services, or financial services.
- The technological advances of electrical cars, and ultimately their complete autonomy, will force us to make major adjustments to public infrastructures, financing models, and property ownership.
- Training programs, infrastructures, regulations, and management practices will have to adapt to this technological revolution.

Demographic shifts

The global population is aging. The over-60 cohort is the fastest growing age group, especially in developed countries⁴. The global population is also becoming more urban.

- These developments are changing rapidly shifting consumer habits and are redefining concepts such as access to housing as well as required changes to infrastructure and transportation.
- The next consumer cohorts also appear interested by the product-service system, where owning is replaced by renting (housing, vehicles).
- The significant rise in first- and second-generation immigrants will help resolve labour challenges by contributing to the diversity of required services.

The emergence of new social and economic movements

Changes in social and economic movements have an influence on economic development.

- Although they are relatively stable in Canada, wage disparities are becoming more acute in most countries, which contributes to the perception that current commercial and financial systems are creating losers and winners.
- The ensuing frictions are significant, such as the emergence of economic protectionism in the case of several major commercial partners. Renegotiating the North American Free Trade Agreement (NAFTA) is one pertinent example.
- Inequalities have a definite impact on migratory movements and Montréal must develop an effective integration of immigrants into the labour market.

Companies are increasingly sensitive to the environmental and ethical impact of their consumer habits

Collective sensitivity to environmental challenges and the impact of waste influences decision-making processes in corporate and consumer supply chains.

- The application of specific sustainable development policies aiming to minimize environmental impacts is having an ever-increasing impact on processes involved in the supply chain and consumer purchasing decisions. Against the backdrop of extreme climatic phenomena, these concerns are reinforced.

These trends will change the global and local economic landscapes over the coming years, and Montréal's economy must be well placed to benefit from this context of change.

4. Source: National Intelligence Council, *Global Trends*, 2017

MONTRÉAL CAN EXPLOIT SEVERAL ADVANTAGES TO BOOST ITS OWN ECONOMIC DEVELOPMENT

A knowledge-based and talent-based metropolis

With its higher education establishments, its internationally renowned research centres, and its colleges, Montréal is the Canadian city of choice⁵ to study and innovate. In 2016 more than 32,000 international students chose to pursue their education in Montréal.

- Montréal is the primary university research centre in the country, which contributes to the city's international reputation, as demonstrated by artificial intelligence initiatives.
- The presence of reputed higher education establishments, talents, and research centres nurtures innovation and the development of key sectors.

A multicultural and cosmopolitan city

Every year Montréal welcomes more than 35,000 immigrants. Its diverse population comprises more than one hundred cultural communities.

- These factors contribute to the city's creativity, innovation, and international reputation.

A strategic geographical location and competitive economics

Montréal is a hub for different modes of transport: air, sea, road, and rail. Its geographical location, transportation infrastructures, and free trade agreements enable Montréal to connect with more than half of the global population and to strengthen the international trades that pass through the metropolis.

Moreover, of all the major cities in North America, Montréal has the lowest business operating costs⁶, which has a positive effect on attracting and retaining talent, as well as foreign and corporate investments.

A diverse and resilient economy

Montréal has ten industrial clusters, which provide leverage for competitiveness and growth.

- The existence of innovative sectors with high added value made Montréal's economy resilient during the last economic crisis.
- The specialization of sectors in industrial clusters helps direct the Montréal's economy towards innovative and future-oriented sectors such as artificial intelligence, etc.

Exceptional quality of life

Montréal enjoys a global reputation for its high quality of life. According to The Economist (2015), it is among the top-five safest North American cities.

- Montréal's quality of life is an important factor in attracting and retaining labour for companies.

5. According to the QS World University Rankings.

6. According to a study by KPMG, 2016.



MONTREAL'S STATUS AS A METROPOLIS ALLOWS IT TO CONSOLIDATE ITS ROLE AS AN ECONOMIC DRIVER



The City of Montréal's 2018-2022 economic development strategy falls within a strategic and important context that has been made possible in part by its status as a metropolis.

September 2017 was an important moment for the City of Montréal. The adoption of the Act to increase the autonomy and powers of Ville de Montréal, the metropolis of Québec and the "Réflexe Montréal" agreement increased the autonomy and powers of the City of Montréal, with the provincial government now recognizing its specific and unique status as the metropolis of Québec.

The new powers and responsibilities arising from this agreement give the city more leeway to play its role as a metropolis. In addition to the \$50 million p.a. earmarked for economic development transferred to the city within the terms of the "Réflexe Montréal" agreement, the city is also equipped with several new powers.

This new status means that business support programs can be adopted to better support economic activities that generate wealth, to attract and retain foreign investments as well as to offer support for large-scale projects. The City of Montréal also has new powers in relation to immigration, asset management, housing, and actions to improve the living conditions of its citizens.

This agreement will also make it possible to improve the consistency of the Government of Québec's and the City of Montréal's economic development initiatives and maximize the scope of these initiatives. The Government of Québec and the City of Montréal have established a new partnership for economic development and have drawn up a joint economic plan establishing a shared vision of the economic development of Québec's metropolis.

Lastly, the status of metropolis gives the City of Montréal more flexibility and resources to achieve its vision, reach its strategic ambition, and realize its economic development goals.

MONTREAL MUST NEVERTHELESS OVERCOME CHALLENGES TO SUPPORT ITS ECONOMIC DEVELOPMENT

Labour

To prosper, Montréal requires a workforce that can meet companies' requirements in both numbers and skills. Despite having access to a qualified workforce, in part thanks to the presence of universities, several challenges still need to be overcome.

- The GDP per job in Montréal⁷ is lagging behind comparable cities in North America, resulting in lower labour productivity.
- Demographic challenges have resulted in a narrowing pool of potential workers. This drop will impact Montréal's industries, which will have more difficulty meeting their labour requirements. According to estimates by Emploi-Québec, between the years 2015 and 2019, 143,500 jobs will be available on the Island of Montréal, of which 102,500 will be the result of people retiring. An aging population also means that the working population will comprise more young people and immigrants.
- Integration of immigrants is less than ideal. This is a population group whose unemployment rate for 15-year-olds and over is 3.1 percentage points higher than that of the population born in Canada in 2017, according to Statistics Canada.
- The increasing difficulty in recruiting specialized workers is a reflection of a population with fewer tertiary education qualifications compared to other Canadian cities. Graduation rates in Montréal are lower than in comparable Canadian cities (particularly in sciences, technologies, engineering, and mathematics) for all levels of education and dropout rates remain high.

Entrepreneurship

Supporting entrepreneurs is at the heart of economic development. Companies create employment and generate investments as well as added value.

There are, however, several challenges:

- The increase of new businesses and moving from intention to action. According to the 2017 Quebec Entrepreneurship Index (RéseauM), 21% of adults in Québec are considering starting a business. This figure is three times higher than in 2009. However, only 9.6% take concrete action to do so.
- Entrepreneurial growth. According to business register data, in 2016, more than 99% of companies in the administrative region of Montréal were SMEs, and more than 50% were micro-businesses made up of fewer than five employees.
- The business succession. Up to 10,000 SMEs in Quebec, i.e. almost 30% of company owners, could shut down by 2024 due to entrepreneurial deficit. Montréal has to improve the succession and the business transfer situation⁸.

Giving value to innovation

Although Montréal may have several achievements in the science and new technology sectors, it still has to face several challenges when marketing innovations:

- There is less interest on the part of students for courses in sciences, technology, engineering, and mathematics. The Greater Montréal Region has lower graduation rates than several comparable cities in these areas⁹.
- Lower venture capital investments. The Greater Montréal Region remains within the average of comparable North American cities and is in eighth position for contracts linked to venture capital investments¹⁰.
- Obstacles in bringing research activities to market. Montréal has lower rates of patent applications compared to those of other North American cities.

7. Source: The Communauté métropolitaine de Montréal

8. 2014 study – The Chamber of Commerce of Metropolitan Montréal.

9. Source: Institut du Québec. Comparer Montréal.

10. Source: Thomson Reuters

Companies' growth in international markets and Montréal's reputation

With global economic integration and the rate of technological change, cities are called upon to play an ever-increasing role in the global economy. In this respect, Montréal is raising the competitive bar for other international metropolises to attract talent, investments, and businesses. More than ever before, Montréal has to step up its international game in order to prosper. The city must therefore respond to several challenges:

- Companies' growth on the international market and enhancement of existing value chains by entering new markets. Montréal is a small and open market where companies must adopt an international development strategy or reinforce their presence in international markets to grow, remain competitive, and be sustainable.
- Attracting foreign investments. Montréal must seize the opportunity to present itself as a destination that fosters innovation and business development. Although the city does have an established reputation in the areas of culture and tourism, its reputation for business is less developed.

Rejuvenation of economic and industrial centres

Strengthening the integrated approach to territorial development remains a significant challenge to ensure the diversity and synergy of economic activities in industrial areas. It will help contain urban spread, optimize the use of land and existing infrastructures, and allow the redevelopment and conversion of industrial spaces, as we currently have nearly 53 million sq. ft. of vacant lots for development and 7.3 million sq. ft. of unoccupied buildings. In other words, an integrated approach to development is crucial to maximize the scope of actions to develop the economy, within a sustainable development perspective.

However, industrial and commercial areas are facing several challenges:

- Industrial and commercial spaces have to contend with a marked trend of residential development.
- The manufacturing sector is undergoing profound changes with the advent of industry 4.0, which is affecting land use.
- Access to industrial sites is restricted due to rising costs and the limited availability of large-scale vacant lots.
- The mobility of people and goods, the efficiency of the transportation network, and access to areas of employment need to be improved.
- The retail and local business sectors need to be revived.
- The logistics sector needs to be developed.

The efficiency of the economic development and business service offering ecosystem

To provide high-quality services to citizens and businesses, thereby maximizing the impact of the City's actions and those of its partners in economic development, Montréal must embrace the following challenges:

- The number of organizations and economic development initiatives on the island of Montréal highlights issues of consistency and coordination surrounding economic development initiatives in Montréal.
- The rate of technological change and the range of business models have led to a need for greater speed and flexibility with regard to support and funding.

Strategic orientations to accelerate the economic development of Montréal



INVEST IN KNOWLEDGE AND TALENT

Strategic rationale

Montreal is a center of knowledge and talent recognized as such in Quebec, Canada and North America. The metropolis, however, meets different issues such as the accessibility to skilled labor, commercialization of innovation etc. Yet Montréal has levers that could have a multiplier effect on the economy with its key sectors, its innovation ecosystem including a strong network of higher education. All of these factors create a favourable environment for the development and the transfer of knowledge in the industry, allowing Montréal to enhance the competitiveness of its economy.

Objectives

- Reinforce work skills to improve economic productivity
- Ensure the attraction and retention of talent
- Improve the match between the needs of businesses and available workers

Priorities

- Strengthen ties between the City of Montréal, businesses and higher education institutions to better align training with employment
- Build a network connecting businesses to available talent, specifically from the immigrant population
- Support projects focused on talent development to support business performance

STIMULATE ENTREPRENEURSHIP

Strategic rationale

Despite an increased desire to go into business, taking concrete steps to start a business remains an issue in Quebec. Reliant upon an SME-rich ecosystem, Montréal must also foster their growth, considering nearly half of these businesses comprise fewer than five employees. The survival of existing businesses may also be an issue, as more than a quarter of business owners struggle to cope with the challenges of succession.

Objectives

- Stimulate business creation
- Support the growth of small and medium enterprises
- Increase the rate of survival among businesses and ensure their succession

Priorities

- Stimulate high-priority entrepreneurial structures (women, youth, immigrants and start-ups)
- Enhance the commercialization of local innovation
- Support social innovation initiatives, particularly in the social economy
- Improve the municipal order granting process, especially in architecture and design projects
- Pursue initiatives aimed at increasing collaboration with the regions of Quebec to strengthen entrepreneurship and economic development, such as the Maison des Régions

REJUVENATE ECONOMIC CENTRES

Strategic rationale

To limit urban spread and take full advantage of existing land and infrastructure, fostering an integrated approach to territorial development is crucial. Vacant lots covering close to 53 million sq. ft. and vacant buildings covering 7.3 million sq. ft. are available. In addition, the manufacturing sector is changing rapidly due to the advent of automation and new technologies, which reinforces the need to rethink the development of industrial areas.

There are three centres, each representing a different reality (West, Centre, East), both from the perspective of their economic fabric, and from the perspective of underlying mobility issues associated with their geography.

Objectives

- Transform and densify industrial zones by favoring quality amenities and an attractive setting
- Improve the accessibility and the mobility of people and goods to centres of employment
- Ensure industrial complementarity and synergy, and highlight the territory's economic advantages
- Boost retail and local business

Priorities

- Develop key geographic sectors with a focus on sustainable development while promoting the circular economy
- Develop a strategy to improve accessibility to centres of employment and the transportation of goods
- Revitalize commercial thoroughfares
- Strengthen the integrated approach to territorial development
- Ensure the success of programs supporting businesses, and develop new ones

SPREAD MONTRÉAL'S INTERNATIONAL REPUTATION

Strategic rationale

With global economic integration and the rate of technological change, businesses must establish an international development strategy or reinforce their presence in international markets to grow, and remain competitive and sustainable. This is even more critical for a small, open market such as Montréal. As such, Montréal's reputation as conducive to business must also be fostered.

Objectives

- Reinforce the City of Montréal's reputation as a place of business
- Ensure the development of Montréal businesses on international markets
- Draw foreign investment to the city

Priorities

- Develop a strategy to ensure the presence and success of businesses on international markets
- Help to attract, welcome, and support foreign investment projects
- Provide support services to businesses engaging in export and internationalization projects

SUPPORT AN EFFECTIVE NETWORK

Strategic rationale

The increased number of organizations and economic development initiatives makes it difficult to coordinate stakeholders and projects on the City of Montréal's territory. Businesses must also adapt more quickly to the increased rate of change in the business environment and its business models. Developing PME MTL is a step in the right direction, one that would provide greater support to business owners.

Objectives

- Ensure a client-focused approach
- Enhance the City of Montréal's internal procedures to boost the productivity of economic development programs and services
- Reinforce Montréal's economic development ecosystem

Priorities

- Strengthen frontline services to businesses
- Identify strategic partnerships that ensure greater consistency within Montréal's economic development ecosystem
- Establish an ongoing process to evaluate and increase the success of the City of Montréal's programs and initiatives







HIGH-POTENTIAL SECTORS TO UPHOLD THE GUIDELINES ESTABLISHED UNDER THE CITY OF MONTRÉAL'S ECONOMIC DEVELOPMENT STRATEGY

The aim of the economic development strategy is to ensure ideal conditions for growth across all sectors of Montréal's economy.

Prioritizing certain high-potential sectors—those requiring special attention—will allow Montréal's economy to become more innovative and competitive. Focusing on more promising sectors will also make greater use of city resources and ensure consistency in Montréal's economic development strategy. For the most part, these sectors are cross-cutting: ensuring their support ensures the support of other sectors and future niches.

It is important to note that this strategy acknowledges both the value of innovation, and the digital turn Montréal's economy must take. As such, all innovative sectors and niches, including the aerospace sector, industry 4.0, e-commerce, and Fintech will be considered in the City of Montréal's economic development strategy and initiatives.

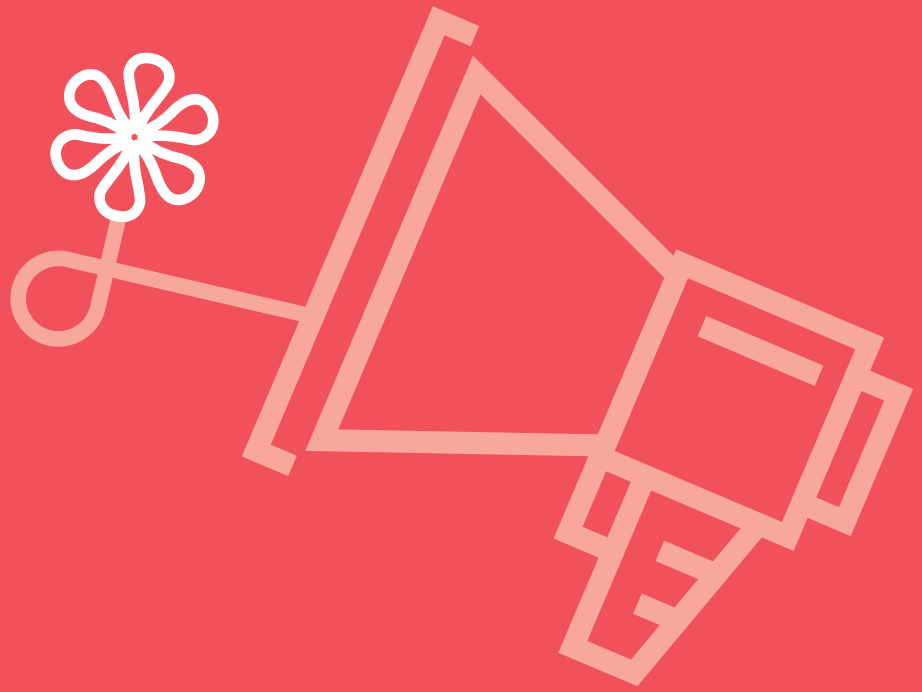
CULTURAL AND CREATIVE INDUSTRIES

The cultural and creative industries, which represent a mainstay of Montréal's distinctive identity and character, are a meeting point for creativity, culture, technology, and innovation. These industries include architecture and design, fashion, multimedia and video games, digital arts as well as traditional visual and live arts. The industries experiencing growing demand due to increased urbanization are spawning new business models.



Generate close to
92,000 jobs and
\$8.6 million
in economic benefits to
the greater Montréal area¹¹

11. Based on a 2013 study conducted by the Chamber of Commerce of Metropolitan Montréal, titled *The creative industries: catalysts of wealth and influence for Metropolitan Montréal*.



Advantages that make Montréal a leader in digital creation

- Designated a UNESCO City of Design, Montréal enjoys an international reputation in such creative fields as video games, digital arts, augmented reality and immersive technology, design of multimedia environments, and circus arts.
- A creative ecosystem with a high concentration of talent, artists, and creators, comprising large businesses, multimedia companies, cultural activities and festivals, support organizations, etc.
- A wealth of talent attributed to reputable colleges, professional schools, and universities that have developed training programs

Challenges to overcome to propel Montréal's creative sector

- Accessing and retaining workers in the cultural and creative industries due to shorter project turnarounds and an increased need for skilled and available workers to fulfil projects
- Marketing content and recognizing local intellectual property
- A high proportion of very small businesses and self-employed workers
- Fierce international competition and access to international markets to promote business growth

In addition to promoting its international reputation, the City of Montréal's economic development strategy, which focuses on fostering talent and on entrepreneurial culture, will boost both the cultural and creative industries.

LIFE SCIENCES AND HEALTH TECHNOLOGIES

The life sciences and health technology (LSHT) sector encompasses all health-related activities, from research to product and service development, including medical equipment manufacturing, research and development services (R&D), and pharmaceutical distribution. The future of this sector relies on collaboration between institutions (governments, higher education institutions, healthcare networks, research centres) and businesses (companies, SMEs, multinationals, financing companies). This sector is key to Montréal's economic development.

**30% of venture capital
investments were received
in Montréal in 2016¹²**

**80% of direct jobs in
Quebec's LSHT sector
are in Montréal**

**Montréal's real GDP in LSHT
represents approximately
65% of the industry
in Quebec¹³**

**The industry generates 70%
more added value per
direct job than all other
Quebec industries
combined¹⁴**

12. Thomson Reuters, March 22, 2016. Compilation: Ministry of Economy, Science and Innovation.

13. Montréal InVivo, Window on the life sciences in the Greater Montréal, 2013.

14. Montréal InVivo, Economic contribution and development of the LSHT private sector in Greater Montréal, 2014.



Advantages that give Montréal an edge as an industry of innovation

- R&D expertise in sectors of excellence representing major health challenges (oncology, cardiovascular and metabolic diseases, neuroscience and mental health, etc.)
- Research centres, hospitals and academic health centres, and world-class laboratories
- A pool of qualified workers and access to renowned researchers, due to post-secondary education institutions with programs aimed at meeting the needs of the industry
- A risk capital network and well-established incubators

Challenges to overcome to enhance the city's competitiveness

- The transfer of knowledge and innovation in the healthcare network is slower than the rate of technological development
- The rise of mass-market goods, particularly as a result of new innovations developed to address increasingly specific health issues
- The global restructuring of the pharmaceutical industry and the introduction of new business models (development of R&D partnerships, outsourcing of several operational roles)
- Complex regulatory requirements, specifically with regard to product certification

The implementation of strategic guidelines, including supporting the marketing of innovation, enriching the talent ecosystem, and attracting and retaining foreign businesses will contribute to the sustainability of the industry.





DIGITAL INDUSTRY

The digital industry at the root of innovation sectors provides leverage for attracting both domestic and foreign investment. Increasingly widespread, it has proliferated through all other activity sectors, allowing new business models to emerge. Its primary sub-sectors are artificial intelligence and deep learning, virtual augmented reality, big data, advanced manufacturing, software and IT services, as well as telecommunications services. This industry is crucial to the city's economic development.

More than 100,000 jobs in the city, or 8% of Montréal jobs overall, and 72% of jobs in information and communication technologies (ICT) across Quebec¹⁵

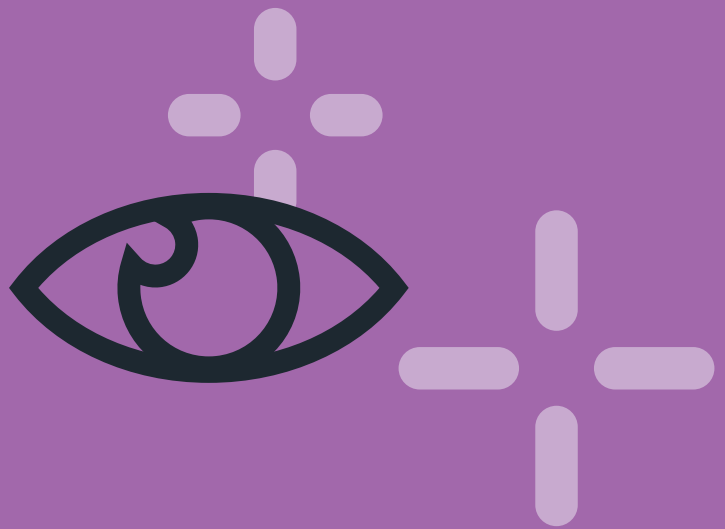
\$12 million of the GDP is generated by the ICT sector¹⁶

\$21 million dollars in business operating revenues¹⁷

15. The ICT profile, TechnoMontréal, 2014

16. *Ibidem*

17. *Ibidem*



Advantages that make Montréal an ICT hub

- R&D expertise in fields of excellence with global appeal (ex: artificial intelligence, advanced robotics, data centres, etc.)
- International leadership in artificial intelligence and in deep learning thanks to internationally recognized research groups, such as the Montréal Institute for Learning Algorithms (MILA), the Institute for Data Valorization (IVADO), world-renowned researchers, etc.
- The presence of ICT incubators and specialized accelerators, as well as a strong support network for business
- A highly qualified, competent, and bilingual workforce in the ICT sector, fuelling all strategic sectors of the economy

Challenges to overcome in order to gain from the technological revolution

- The attraction and retention of talent, specifically due to the rapid development of disruptive innovation and the aging population
- An increased need for new skills requiring specialized training to meet the future needs of businesses in the sector
- Adaptation to new business models focused on services that transform industries across the board
- The need to develop powerful digital infrastructures (fibre optics, software and equipment connectivity, etc.)

The City of Montréal's strategic guidelines show that by consolidating worker skills, stimulating the marketing of innovation, and supporting innovation in its local businesses, the City will be equipped to face the technological challenges ahead.

MOBILITY AND TRANSPORT

Serving most economic sectors, including public transport, manufactured goods, distribution centres, wholesale trade, e-commerce, and last-mile delivery, this key industry combines all modes of transport and their disparate logistics. This job-creating and lucrative industry, whose success relies on the quality of its services, has a direct impact on productivity and performance, and plays a key role in the Montréal territory's appeal. The development of new sustainable and intelligent transport systems is an opportunity to strengthen Montréal's place within the industry.

63,000 jobs
in the Montréal
agglomeration in 2015¹⁸

\$6.1 million
of the Montréal
agglomeration's GDP
in 2014¹⁹

18. *Montréal en statistiques, Profil sectoriel: Transport et entreposage* (SCIAN 48-49), July 2017.

19. *Ibid.*



Advantages ensuring a strong mobility and transport industry

- Completely intermodal transport system (marine, rail, road, and air)
- Montréal's favourable geographic positioning makes the city a hub of international trade due to its proximity to key markets (Boston, New York, Chicago, etc.)
- World-class infrastructure, including Montréal's two airports, the Port of Montréal and its railway network
- Research and development expertise in various modes of transport

Challenges to overcome to remain competitive

- Significant traffic affects several of Montréal's main roads demonstrating the need to foster alternative modes of transport
- Aging infrastructure leads to major construction, which reinforces the challenge of mobility and the need to promote the mobility of people via active and collective transport as well as a better freight transport planning
- Urbanization and the issues associated with heavy truck traffic highlight the need to find sustainable solutions to improve mobility

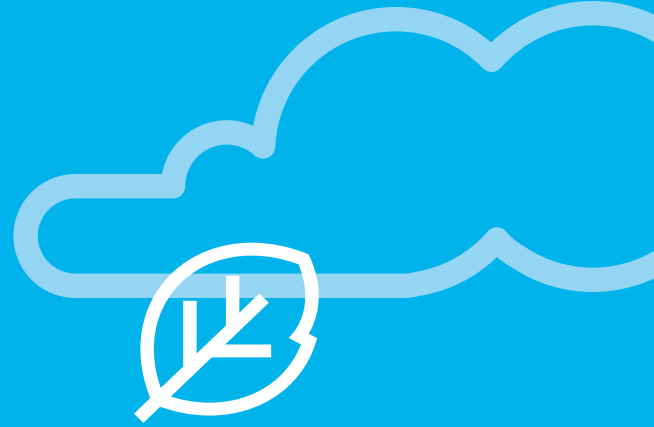
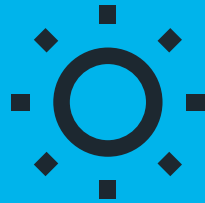
Montréal is looking at strategic approaches to ensure greater coordination and industrial synergy as a means of developing sustainable solutions for mobility and transport.

CLEANTECH SECTOR

An emerging and fast-growing sector, cleantech reconciles economic growth with environmental performance. Ensuring the transition to a low-carbon economy, this sector promotes innovation through the creation of products and services that impact other sectors of economic activity, while fostering the creation of innovative companies. The cleantech sector consists primarily of green chemistry, energy efficiency, renewable energy, sustainable mobility, waste management, water management, remediation of contaminated sites, treatment of ambient air, etc. The sharp increase of investment in R&D is pushing the sector to build on innovative solutions.

120 subsidiaries
employing more
15,300 people

60% of jobs
in the cleantech sector
are based in Montréal



Advantages enhancing Montréal's performance in innovation and marketing

- The availability of natural and energy resources, specifically biomass and energy produced from renewable and affordable sources
- R&D expertise in global fields of excellence (biofuel, energy storage, intelligent networks, etc.))
- The presence of international environmental organizations, such as the Finance Alliance for Sustainable Trade, the Commission for Environmental Cooperation, etc.
- Venture capital and start-up funds to support a wide range of innovative businesses
- A pool of qualified workers and educational institutions offering specialized, technical, and professional training

Challenges to overcome to play a more significant role in cleantech

- Pre-marketing and marketing, specifically to highlight the commercial viability of projects to generate investor interest
- Limited funding, primarily for businesses in the start-up and expansion stages, to tap into highly competitive international markets
- A lack of investment diversification, with greater emphasis on such sub-sectors as renewable energy, energy efficiency, and green chemistry
- Promotion needs to be enhanced for widespread adoption of cleantech to occur, both by the industry and by consumers and decision-makers
- Entrepreneurs must deepen their management skills and expertise

By supporting businesses in their efforts to acquire talent, and guiding them in terms of creation and marketing, the City will gain a competitive edge with regard to the cleantech sector.

Overall indicators 2018-2022



The aim of the economic development strategy is to boost the collective wealth of Montréal residents, and this economic growth must be inclusive and sustainable.

Once complete, it will be crucial to uphold Montréal's standing as being among the metropolitan areas with the best standard of living and quality of life in North America.

Although Montréal's economic performance also relies on the strength of the global economy, and particularly on the city's main commercial partners, the 2018-2022 economic development strategy is one of the key tools for boosting Montréal's economy.

This strategy targets levers and actions the City of Montréal can use as an influencer, facilitator, or stakeholder. In this vein, collaboration and consolidation with other levels of government and with other stakeholders in Montréal's economic development are key to ensuring the effectiveness and success of these guidelines.

Furthermore, a number of economic factors have an impact on Montréal's economic performance in the shorter term. Overall short-term objectives have been established and Montréal's performance in relation to comparable Canadian cities will be analyzed.

Analysis of Montréal's performance in relation to comparable cities

Note on methodology

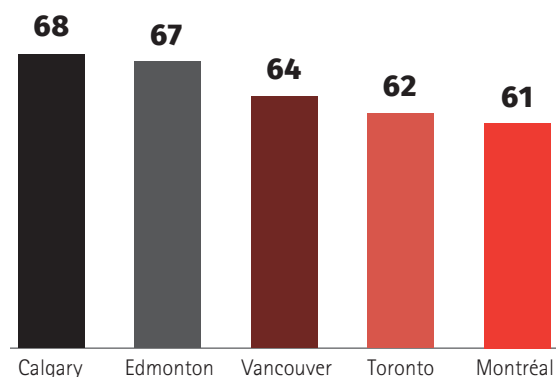
- Comparable cities were selected from an analysis published by the Center for Interuniversity Research and Analysis of Organizations (CIRANO), which aims to identify comparable economic regions across Canada²⁰.
- Cities established as comparable to Montréal's economic region are: Toronto, Vancouver, Calgary, and Edmonton.
- These cities were also used in a comparison of census metropolitan areas (CMA)

20. CIRANO. October 2016. *Établir des groupes de régions comparables au Canada : une analyse par grappes*. Stéphanie Lapierre and Marcelin Joanis.

INCREASE EMPLOYMENT RATE

Employment rate in the population aged 15 and older, economic regions, Canada

2017, in %



Source: Statistics Canada, Labour Force Survey

Objective

Achieve an employment rate of 65%²¹ in 2022 of the population of 15 years and over (based on the average for comparable cities)

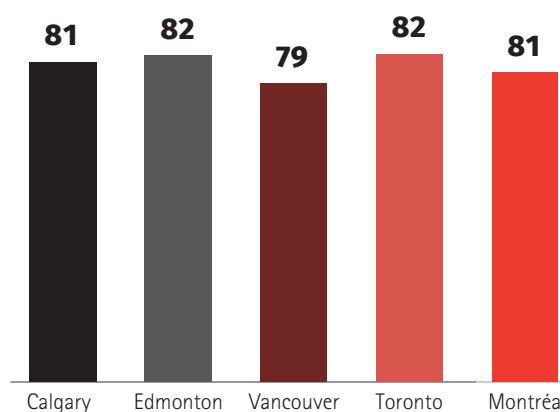
Argument

- This indicator enhances the analysis of the employment rate, as it provides an indication of the quality of work as the main source of income for the working age population, and as such, is a determining factor of financial well-being. Other indicators will be monitored for job quality, specifically for increases in the median salaries of Montréal residents.
- Moreover, technological and social changes affect how people work and may result in an increase in part-time work.

INCREASE THE SHARE OF FULL-TIME EMPLOYMENT IN TOTAL EMPLOYMENT

Share of full-time employment in total employment in the population aged 15 and over, economic regions, Canada

2017, in %



Source: Statistics Canada, Labour Force Survey

Objective

Achieve a rate of 82% by 2022 for the share of full-time employment in total employment²² for the Montréal agglomeration in the population aged 15 and over, to exceed the average for comparable Canadian cities.

Argument

- This indicator enhances the analysis of the employment rate, as it provides an indication of the quality of work as the main source of income for the working age population, and as such, is a determining factor of financial well-being. Other indicators will be monitored for job quality, specifically for increases in the median salaries of Montréal residents.
- Moreover, technological and social changes affect how people work and may result in an increase in part-time work.

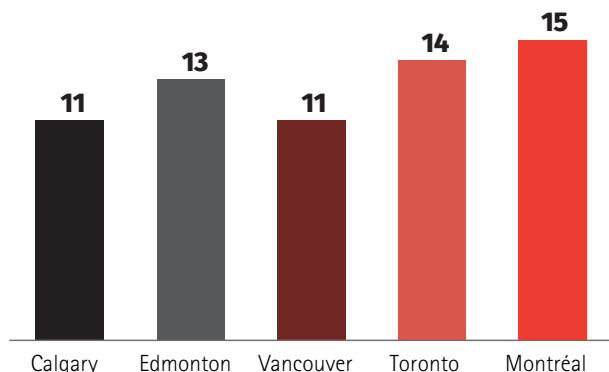
21. The employment rate among specific groups (age, gender, marital status, geographic location, etc.) corresponds to the number of working people, shown by percentage of people in the group aged 15 and over.

22. The full-time employment rate is defined as the share of the total number of Canadians aged 15 to 64 who work at least 30 hours a week in their main job.

REDUCE THE SHARE OF THE POPULATION WITHOUT A HIGH SCHOOL DIPLOMA

Share of the population aged 15 and over without a high school diploma, CMA

In %, 2017



Source: Statistics Canada, Labour Force Survey

Objective

Reduce the share of the population aged 15 and over without a high school diploma²³ to achieve a maximum rate of 12% in 2022 (equivalent to the average for comparable Canadian cities)

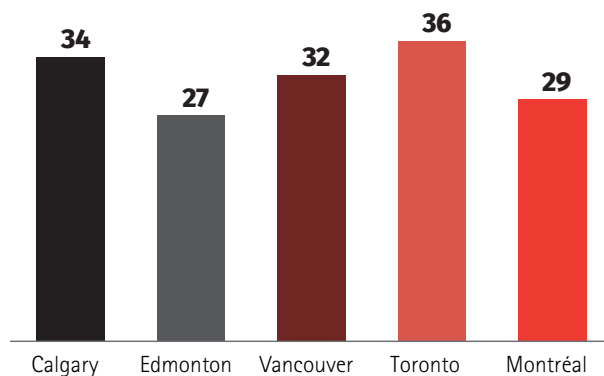
Argument

- A low level of education has repercussions on an individual level by hindering the social and economic well-being of citizens.
- People with limited education are likely to work in jobs that pay a lower wage and experience higher rates of unemployment

INCREASE THE UNIVERSITY GRADUATION RATE AMONG THE POPULATION

Share of the population aged 15 and over with a university degree (bachelor's, diploma, or certificate above bachelor level). CMA, 2017

In %, 2017



Source: Statistics Canada, Labour Force Survey

Objective

Achieve a graduation rate²⁴ among the population aged 15 and over of at least 32% in 2022 (based on the average for comparable Canadian cities)

Argument

- University education is key to improving the productivity and living standards of Montréal residents.
- An increased graduation rate across age groups in the active population is advisable for addressing demographic challenges and needs in a knowledge-based economy such as Montréal's.

23. This indicator corresponds to the share of the population aged 15 and over in the total population between 0 and 8 years of age and those who have not completed high school.

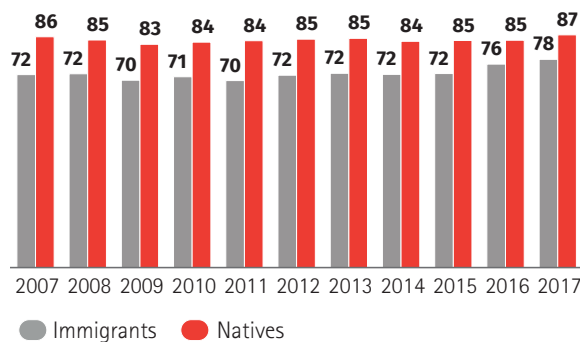
24. The graduation rate is obtained by dividing the population aged 15 and over having a bachelor's degree, diploma, or certificate above bachelor level, by the total population of the age group.

IMPROVE THE PROFESSIONAL INTEGRATION OF IMMIGRANTS

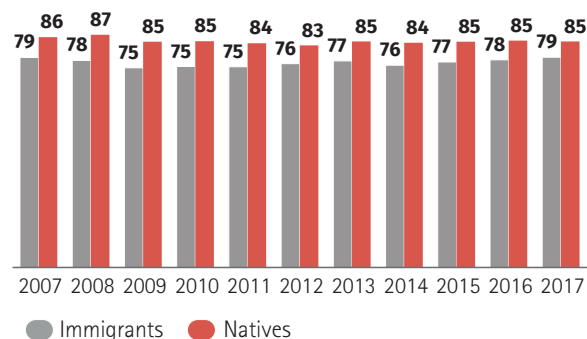
Employment rate based on immigration status, census metropolitan area (CMA), population aged 25 to 54

In %, 2017

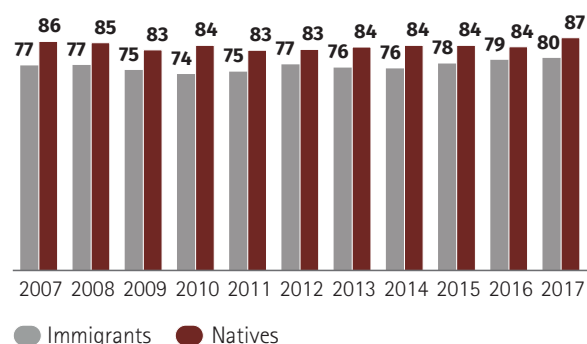
MONTREAL



TORONTO



VANCOUVER



Source: Statistics Canada, Labour Force Survey

Objective

Increase the employment rate of immigrants²⁵ aged 25 to 54 to at least 80%, reducing the gap between the employment rate of immigrant populations and those born in Canada.

Argument

- An increased rate of employment among immigrants results in the improved social and economic inclusion of the group.
- The gap between the employment rates of native-born and foreign-born groups is greater in the population aged 25 to 54 than in the population aged 15 and over.
- The evolution of participation rates, unemployment rates, particularly among recent immigrants (landed in the past five years or less), as well as indicators of the quality of immigrant jobs, are also monitored to ensure immigrants are occupying jobs that correspond to their training and qualifications.

Economic indicators will be published to measure the progress of each guideline, as well as each of the eight action plans.

25. The employment rate among immigrants corresponds to the number of immigrants aged 15 and over in this group, represented by the group's percentage of the population.

EIGHT ACTION PLANS WILL BE UNVEILED BY SUMMER 2018 TO CONSOLIDATE THE CITY OF MONTRÉAL'S VISION AND OBJECTIVES IN ECONOMIC DEVELOPMENT FOR 2018–2022:

- | | |
|--|--|
| 1.
ACTION PLAN FOR
ENTREPRENEURSHIP | 5.
ACTION PLAN
FOR SOCIAL
INNOVATION |
| 2.
ACTION PLAN FOR
THE OPTIMIZATION
OF BUSINESS
SERVICES | 6.
ACTION PLAN
FOR COMMERCE |
| 3.
ACTION PLAN FOR
KNOWLEDGE
AND TALENT | 7.
ACTION PLAN FOR
THE ECONOMIC
DEVELOPMENT OF
THE TERRITORY |
| 4.
ACTION PLAN FOR
INTERNATIONAL
ECONOMIC AFFAIRS | 8.
ACTION PLAN
FOR DESIGN |

A mobilization forum on Montréal's economic development strategy will take place in the fall of 2018

