

**Quebec's Economic and Commercial Linkages with
the United States, 1994–2017**

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Abstract

This article examines the ebb and flow of the Quebec government's economic and commercial relations with the United States in the period 1994–2017. The topic demonstrates the impact of three major forces on Quebec's economic and commercial ties with the US: (1) the North American Free Trade Agreement (NAFTA) which became operational in 1994 and was fully implemented over a 15-year period; (2) the onerous security policies put in place by the US government in the decade following the horrific events of 11 September 2001; and (3) changing economic circumstances in the United States ranging from robust growth to the worst recession since the Great Depression of the 1930s. The article also indicates that the Quebec government continues to sponsor a wide range of activities in the United States, often more elaborate and extensive than comparable activities pursued by many nation-states with representation in the US.¹

Quebec's 'foreign relations'

Quebec and its foreign relations occupy a rather unique position among academics who examine the international relations of sub-state governments, also widely referred to as paradiplomacy or constituent diplomacy.² Since the beginning of the 1960s, Quebec has probably been the most activist non-central government in the world in terms of its international involvement. Although Taiwan, Catalonia and Flanders now spend more on their international programmes than

this Canadian province, Quebec has been involved for much longer on a continuous basis and has served as the model for many other non-central governments around the world as they have decided to venture forth into the international arena.³ In addition, the Quebec government's publications on the province's international relations are arguably the most thorough and sophisticated documents published by any non-central government. In particular, the Quebec Ministry of International Relations' 2006 publication entitled *Quebec's International Policy: Working in Concert*, which is over 100 pages long, should be required reading for every practitioner at the sub-state government level who acts in an international capacity.⁴ This lengthy report is to be updated in 2017, coinciding with the 50th anniversary of the creation of the Quebec government's Ministry of International Relations.

In the 2006 landmark report, the Quebec government identifies five major objectives of its international initiatives: (1) strengthening Quebec's actions and influence; (2) fostering Quebec's growth and prosperity; (3) contributing to the security of Quebec and the North American continent; (4) promoting the identity and culture of Quebec; and (5) contributing to the cause of international security.⁵ In order to fulfil these goals, the Quebec government currently maintains 28 offices in 15 different countries, including, in order of importance, seven general delegations, four delegations, nine bureaus, six trade offices and two areas of representation in multilateral affairs.⁶ It has also entered into more than 700 agreements with about 80 national governments, international organizations and sub-state governments in federal systems and its representatives take part in scores of international missions on an annual basis.⁷ The Ministère des Relations internationales (MRI) was renamed in 2014 the Ministère des Relations internationales et de la Francophonie (MRIF) and MRIF coordinates most of the Quebec government's international activities. Currently, MRIF has 433 employees, including 178 stationed abroad, and has an annual budget of \$95 million.⁸

The Quebec government's relations with the US states

Quebec's territorial expanse covers over 1.5 million square kilometres and is almost three times larger than France is. Its GDP in 2015 was \$381 billion and Quebec would have ranked that year as the 35th largest 'national' economy in the world, larger than Malaysia's and smaller than Hong Kong's.⁹ Its population base in 2016 was 8.3 million, slightly

less than Virginia's and Switzerland's, ranking it 13th among the most populous states and provinces in the United States and Canada. However, its international outreach programmes compare more favourably with those of Switzerland than those of Virginia.

There are two main countries accorded priority status by the Quebec government, France and the United States. In the commercial and economic realms, however, the contest should not even be close, even after the EU–Canada Comprehensive Economic and Trade Agreement (CETA) goes into effect. The United States is Quebec's predominant partner in the trade, investment and tourism sectors. Furthermore, even though governments in Quebec have often been perceived in Washington, DC and the state capitals as left-of-centre, they have actually been among the staunchest supporters in Canada of open commercial relations with the United States. The Foreign Investment Review Act (FIRA) of 1974 supported by the federal government of Pierre Trudeau was intended to slow down foreign direct investment (FDI) in some Canadian economic sectors, with most of that investment emanating from the United States. The *Parti Québécois* (PQ) government in Quebec City later opposed Trudeau's action and openly supported more US FDI within the province. Quebec governments were also a major force in pushing for the creation of the Canada–US Free Trade Agreement (FTA) implemented in 1989, and NAFTA that superseded the FTA five years later. Former PQ premier Bernard Landry even voiced strong support for the establishment of a North American customs and monetary union utilizing the US dollar as its official currency.¹⁰

The Quebec government established its first office in the United States in New York City in 1940. It now maintains one general delegation in New York City, three delegations in Boston, Chicago and Los Angeles, one bureau in Washington, DC and three trade offices in Atlanta, Houston and Silicon Valley. These eight offices actually surpass the number of consulates in the US operated by national governments such as Australia, Saudi Arabia, Vietnam and at least 70 other nation-states.¹¹

In 2010, the Quebec government released its strategic plan directed towards the United States.¹² The plan consists of five major objectives: (1) contribute to the security of the North American continent; (2) promote economic exchanges; (3) ensure Quebec's leadership in the areas of energy and the environment; (4) encourage the sharing and promotion of Quebec's culture and identity; and (5) increase Quebec's capacity to act and support the development of expertise.¹³ The Quebec offices in the United States work to: create more export opportunities

for their business community back home; entice American companies to make direct investments in the province; facilitate the efforts by Quebec enterprises to secure more US venture capital financing and enter into marketing and licensing arrangements with US firms; and convince Americans in general that Quebec is a great place to visit and spend their tourist dollars. Quebec's representatives work directly with US state government officials and business executives, with each office given responsibility for specific geographic areas. Beyond the strictly economic and commercial functions, the delegations also promote political, cultural and educational objectives. For example, the Quebec delegation in Boston considers that its role in political affairs 'is to foster and consolidate relations between the government of Quebec and the six New England States, by negotiating multi-sector agreements and conducting activities in fields of recognized importance such as energy, the environment, security and transportation'.¹⁴ The delegation's official brochure emphasizes that 'in the fields of culture, education and tourism, the Office strives to promote Quebec's institutions and talents through a variety of events or exchanges with Quebec's partners in Boston and throughout New England'.¹⁵

Using MRIF and its network of offices in the United States for logistical arrangements, Quebec's premier will usually plan at least one official visit to the US annually, and other ministers will make numerous trips to make or renew the acquaintance of state officials and to participate in trade shows, conventions or specialized conferences. For example, Premier Philippe Couillard visited Washington, DC in February 2016 and met with leaders of the Office of the US Trade Representative and the Environmental Protection Agency. He also spoke on climate change at the Resources for the Future organization and gave a speech at the Woodrow Wilson Center on trade and investment opportunities in his province. In total, the Premier and other cabinet members directed 21 missions to the United States in 2015.¹⁶

Quebec is an official member of the US Council of State Governments and the National Conference of State Legislatures, and actually hosted the annual meeting of the former organization in Quebec City in 1999.¹⁷ It is also a leading player in the New England Governors/Eastern Canadian Premiers organization, which held its 40th annual meeting in Boston in August 2016, and is an active member of the Conference of Great Lakes and St. Lawrence Governors and Premiers. In 2015, Quebec City hosted the Leadership Summit of this cross-border group. The Quebec government also co-founded in 2007 the Southeastern United States–Canadian Provinces alliance involving

several Canadian provinces and the states of Georgia, North Carolina, South Carolina, Mississippi, Tennessee and Alabama.

In addition, Quebec's representatives meet from time to time with the staff of the National Governors' Association. Quebec also has a wide range of regional or bilateral arrangements with its neighbouring states, with the most high-profile being periodic Quebec–New York summits bringing together the premier and governor of these adjoining border jurisdictions. The Quebec Metropolitan Community hosted in June 2012 delegates from the Great Lakes and St Lawrence Cities Initiative, bringing together scores of local officials from Canada and the United States. The Quebec government has been working closely with its counterpart in Ontario to expand the Quebec–Ontario trade corridor into the United States. Currently, the Quebec government has a special arrangement with California to promote a cross-border system for the trading of carbon permits, with the goal of reducing harmful emissions into the atmosphere.¹⁸

Among all the sub-state governments in the world, Quebec has the deepest and most expansive ties to US state-level executive and legislative branches.

NAFTA, post-9/11 US security policies and US economic travails

Generally, a quarter of a century of free trade, dating back to the FTA implemented in 1989, has been very good for Canada, Quebec and the United States. Canada's gross domestic product (GDP) at the end of 2015 was \$2 trillion, ranking it as the tenth largest economy in the world measured in nominal US dollars. This is a remarkable achievement because each of the nine nations ahead of Canada has a much larger population base, with Canada's 37 million people ranking them as the 38th most populous country in the world. Canada's economic growth rate over the past several years has been near the top of the major Western countries, although with the recent drop in commodity prices, economic growth in this resource-dependent nation has sagged a bit.

Canada–US free trade has been beneficial to consumers in both countries who now have a better selection of products at prices that are more competitive. Companies have also been able to abandon their branch-plant tactics in favour of global and regional 'value chains'.¹⁹ Trade between the two neighbouring countries has gone beyond

‘international’ to the level of ‘integrative’, with more than two-thirds of cross-border trade taking place either between units of the same company or among parties associated with an integrated network of firms.²⁰ In addition, one-third of the value of Canada’s total exports is composed of previously imported inputs, another sign of integrative trade.²¹ Ideally, integrative trade means that North American companies, adopting ‘just-in-time’ and other supply-chain strategies that flourish in a regional free-trade setting, are better prepared to cope with competition from their counterparts in Europe, Asia and elsewhere in the world.

Yet, without any doubt, the achievements attributable to the FTA, NAFTA and continental economic growth have been marred by two momentous events: post-9/11 US security policies and the lingering effects of the major US recession from December 2007 to June 2009.

On 10 September 2001, NAFTA had been in effect for more than seven years. Canada had 30 million people and its 2001 GDP was \$1.1 trillion. The United States had 285 million people and its GDP for the full year was \$10.2 trillion. Annual trade in goods between the countries in 2000 was valued at \$410 billion. On the day before 9/11, the Canadian dollar, often referred to as the loonie, traded at about 64 US cents. The 49th parallel separating the two neighbours had long been considered as the world’s longest undefended border. Neither Americans nor Canadians needed passports to visit one another’s country. In some rural border checkpoints, officials went home at night and would place orange cones in the road to let travellers know that they were crossing from one country to the other.

Now fast forward to the tenth anniversary of the events of 9/11. Canada had a population base of 34 million and the United States 312 million. Canadian GDP in 2010 had reached \$1.6 trillion and the US GDP \$14.5 trillion. The loonie was worth 1.02 versus the US greenback. Two-way trade in goods recovered significantly from a huge plunge in 2009 and equalled \$526 billion for calendar year 2010. However, when measured in Canadian dollars, exports from Canada were actually \$50 billion lower than in 2001. The US share of total Canadian exports had also dropped from 87 per cent in 2000 to 75 per cent in 2010.

The number of Americans visiting Canada by car in June 2009 was at the lowest level since 1972, even though the US population had grown by 100 million people during that period. Today, as a result of new passport regulations, 59 per cent of Americans cannot even visit Canada because they have failed to procure passports or, in limited cases, enhanced driver’s licences which are mandatory in order to

re-enter the US.²² In 2015, there were 20.7 million trips by Canadians to the United States, versus only 12.5 million trips by Americans to Canada, even though the United States has almost nine times more people than Canada has.²³ In comparison, Americans made 15.6 million trips to Canada in 2001, illustrating a lost decade and a half in terms of US visitors to their closest neighbour to the north.²⁴ Furthermore, Canadian direct investment in the United States is currently only slightly smaller than US direct investment in Canada, in spite of the fact that the US economy is 11 times larger than the Canadian economy, measured in nominal US dollars.²⁵

What happened between 11 September 2001 and 11 September 2011? In simple terms, Washington overreacted to the horrific events of 9/11 and ‘thickened’ the common border with Canada beyond any reasonable parameters.²⁶ Ironically, in spite of all the money spent on this thickening process, a December 2010 US Government Accountability Office (GAO) report lamented that such a small section of the border had actually been ‘secured’ a decade after 9/11. The report concluded that only 1,007 miles of the nearly 4,000-mile common border had ‘full situational awareness’ by US authorities and only 32 miles were at ‘an acceptable level of control’, even though three Department of Homeland Security (DHS) components, Customs and Border Patrol (CBP), US Immigration and Customs Enforcement (ICE) and the US Coast Guard had expended \$2.9 billion in 2010 alone attempting to secure the border from external threats.²⁷

Arguably, no major nation in the world is as dependent for its economic well-being on another nation as Canada is dependent on open access to the vast US marketplace. Presently, Canada’s exports of goods and services to the United States, US companies with direct investments in Canada and Americans visiting Canada for business, convention, education and tourism purposes, account for at least a quarter of Canada’s annual GDP and more than two million Canadian jobs.²⁸ Furthermore, this economic dependency has occurred at a time when the US share of Canadian exports, the US share of the stock of FDI in Canada and the US share of foreigners visiting Canada, have all declined since 9/11.

Quebec has not been spared from the problems of the past decade and a half. In the year 2000, 86 per cent of Quebec’s total exports went to the United States, compared with only 72 per cent in 2015.²⁹ Exporting is critical to the Quebec economy, accounting for more than 600,000 direct and indirect jobs.³⁰ Some of these jobs have been lost because between 2000 and 2011, Quebec’s exports to the United States

fell by \$20 billion. As recently as 2008, Quebec would have ranked as the sixth largest 'national' exporter to the US, ahead of the United Kingdom and South Korea. However, Quebec slipped to eighth among 'national' exporters in 2015, with about the same level as exports from France. Quebec also receives a relatively small share of its total imports from the US, with American companies accounting for only 38 per cent of Quebec's imports of goods in 2015.³¹

As is the case with most other provinces, Quebec has also been hurt by the slowing pace of US FDI in Canada through much of this period. In 1993, US direct investment accounted for 65 per cent of the total stock of FDI in Canada, a share that dropped to 50 per cent in 2015.³² In proportional terms using nominal Canadian dollars, US FDI in Canada increased by 358 per cent between 1993 and 2011, whereas investment from the rest of the world into Canada increased by 562 per cent. As a Library of Parliament study concluded, 'the United States is falling in importance as an investment partner for Canada'.³³

It is very difficult to gather substantive data on the stock of FDI in Quebec relative to other Canadian provinces. However, one can surmise that US and total FDI stock in Quebec is below Quebec's percentage of the Canadian population (23 per cent) and Canada's total GDP (19 per cent). For example, the Task Force on Business Investment in Quebec has estimated that foreign-based multinational corporations account for only 13 per cent of all private-sector jobs in Quebec versus 20 per cent or more in several other provinces.³⁴

Why is US direct investment relatively low in Quebec? In part, this may be attributable to Canadian government restrictions on certain types of FDI, with total restrictions ranking relatively high among OECD member states.³⁵ In addition, Quebec's extensive network of state-owned firms and special French-language regulations may dissuade some small and medium-sized US companies from investing in Quebec.

Quebec has also suffered from the drop in American tourists visiting the province. The province has been an especially tough sale for foreign visitors in spite of its well-developed tourism infrastructure and attractive cities, particularly Montreal and Quebec City. In 2008, Quebec accounted for only 12.4 per cent of all international visitors to Canada and 17.3 per cent of total spending by these visitors, both well below its share of Canada's population and GDP.³⁶ In 2014, Americans made 2.5 million trips to Quebec and they spent \$1.3 billion.³⁷ In comparison, 1.4 million visitors from other countries came to Quebec and their spending of \$1.4 billion was higher than the combined spending of the

more numerous Americans.³⁸ Moreover, Quebec was the destination for far fewer US travellers in 2014 than neighbouring Ontario.³⁹ As a whole, Americans know very little about tourism opportunities within the province of Quebec.

Policy considerations for Quebec

Both the Liberal and PQ governments in Quebec have been generally supportive of the international programmes whether the provincial economy was doing well or in the doldrums, but Lucien Bouchard's PQ government from 1996 to 2001 slashed MRI's budget and temporarily closed the offices in Boston, Chicago, Atlanta and Los Angeles, along with others around the world. This decision was quite drastic, but not nearly as draconian as the one made in 2003 by California's Assembly and Senate, supported by Governor Gray Davis, to close permanently the state's dozen trade offices abroad and disband the state's Technology, Trade and Commerce Agency. Even today, California, which ranks as the world's fifth largest national economy in nominal US dollars, has only one office abroad and it is paid for by the privately funded Bay Area Council.⁴⁰

Quebec's international budget was eventually restored, but under the current Liberal government of Philippe Couillard, staffing at MRIF has been reduced and cuts made in some fringe benefits for employees and certain support services abroad.⁴¹ Over the past eight years, the number of employees at MRIF has declined by 144 positions to the current level of 433. Nevertheless, the number of employees and annual spending are still far higher than what other provincial governments spend on their international programmes. Compared to the US states, MRIF's spending is only slightly less than spending by all 50 states combined on international programmes, exclusive of incentives offered to foreign investors, and MRIF's employment is about 40 per cent of total staffing for all US state government international activities.⁴²

(1) The United States Should Remain the Number One Economic and Commercial Priority of the Quebec Government

The 2006 International Policy report indicates that the United States is a major priority for Quebec. This is spelt out in priority two, strengthening and increasing economic exchanges with the United States and Europe, and in priority three, contributing to the security of the North

American continent. Since the report was released, the government has increased its resources devoted to the United States through upgrading its US offices.⁴³

However, Quebec continues to station almost as many personnel in its Paris office as in all of its offices combined in the United States. There is no doubt that the French connection is special to francophone Quebecers and these liaisons should remain strong. After all, the French government has accorded Quebec's general delegation in Paris almost the same status as an embassy. French executive leaders, presidents and prime ministers have often visited Quebec every other year, with Quebec's premier visiting Paris in the intervening years.

France is also important to many Quebecers because some previous French governments have stated that they would act positively if Quebec voters ever opted to support sovereignty in a future referendum. Aside from this contentious issue, France remains important because it represents the gateway for Quebec enterprises to gain access to the 28 nations and half a billion consumers which now constitute the European Union.

However, neither France nor any other country is in the same orbit as the United States in terms of its influence on the present and future economic well-being of Quebecers. Even more precisely, Quebec's economic connections to the United States are now much more significant than even its economic linkages to the rest of Canada. To paraphrase Andrew Cohen, Quebec's foreign trade 'isn't so foreign. It is American'.⁴⁴

Quebec's political leadership cannot afford to underestimate the United States's economic importance. The provincial government should give top priority in the allocation of money and personnel to its activities in the United States, even if this means downsizing some of its existing programmes elsewhere in the world, as well as its nascent activities vis-à-vis international organizations such as UNESCO.

If Brexit occurs by 2019, the US economy will be larger than the European Union's, even though the EU population will be about 445 million in comparison to 335 million in the US. Quebec will remain right next door to the world's largest national economy, measured in nominal US dollars. In 2015, two US states would have ranked among the world's ten largest countries in GDP, 13 states among the top 25 countries, 28 states among the top 50 countries, 43 among the top 75 and all 50 states among the top 98 countries.⁴⁵ With respect to this large market to its south, Quebec's exports of goods in 2015

represented almost 22 per cent of its provincial GDP, with 72 per cent of these exports destined for the American states. Furthermore, the vast majority of potential customers for Quebec's goods and services living within 1,000 kilometres of the province are located in the United States, not Canada. With this in mind, Quebec officials must concentrate on economic and commercial ties at the state level in the United States and make the best of what has been a rather turbulent period over the past 15 years and what might be especially difficult during the unpredictable Trump presidency.

(2) Quebec's Diplomatic Corps Should Spend a Greater Proportion of Their Careers in the US

MRIF has a global perspective and its officers need a great variety of geographical and functional expertise. However, a significant core of these officers who will either be permanently staffed within MRIF's headquarters or be a part of the provincial foreign service should devote a sizeable part of their careers to Quebec's relations with the United States.

Quebec's foreign service is arguably the best trained and most professional of any comparable sub-state government in the world, and it even compares favourably with many national foreign services.⁴⁶ Quebec has largely avoided the patronage and cronyism that has afflicted some other provincial and state international programmes over the past several decades. In addition, the continuity of its international programmes since the mid-1960s has resulted in the development of a foreign service corps with decades of experience. A problem facing MRIF, however, is helping its foreign service officers to make a successful transition from serving abroad to rotating back to headquarters in Quebec City. When they are abroad, these officers have numerous responsibilities and are provided with generous housing and very nice offices. In contrast, when they return to Quebec City on rotation, they are often assigned a cubicle and their list of responsibilities is reduced substantially. This is not a unique situation because the US Department of State and Global Affairs Canada face similar challenges with their much larger number of returning foreign service officers.

This problem of rotation can be solved, at least in terms of those in Quebec's foreign service who devote most of their careers to the United States. Whether stationed in Quebec City or Montreal, these officers would continue on a daily basis to monitor developments in the United States on both a regional and functional basis. They would

interact regularly with their contacts in the United States via phone or the Internet and they would travel to the US whenever needed, in strict coordination with the delegations in the US that have responsibility for the area where the officer will be visiting. Assignments in the United States should be for three to four years, followed by an assignment in another part of the United States and then two years back in Quebec. Perhaps two assignments during the foreign service officer's career would be to another part of the Americas or other countries, just to provide greater variety and a sense of excitement. Nevertheless, the officer would be a US specialist and would devote the preponderance of his or her career to Quebec-US relations. Optimally, this specialization will improve the Quebec government's ability to influence favourably US state and local government representatives and others from civil society and the private sector.

(3) *Quebec Should Optimize the Location of Its US Offices and the Utilization of Its Staff*

The Quebec government currently maintains offices in New York City, Boston, Washington, DC, Chicago, Atlanta, Houston, Los Angeles and Silicon Valley. The New York City general delegation, located in Rockefeller Center, is far larger than any of the other offices. All of Quebec's facilities in the United States are situated in prime locations within major cities and are generally close to the targeted decision-makers Quebec's diplomats need to meet. However, the New York City, Washington, DC, Chicago and Los Angeles offices do face some special challenges. Without any doubt, New York City ranks as one of the world's most eminent cities, as the financial centre for the United States and as the prime location for corporate America. Quebec needs a major presence in the New York City metropolitan area that has a GDP not much smaller than Canada's, at current exchange rates. Nonetheless, in terms of political decision-making that might affect Quebec's economic activities in the United States, the locus of power is in Albany, not New York City. The same challenge faces the Chicago and Los Angeles offices. Chicago is the economic dynamo of Illinois, but the state government is situated in Springfield, not Chicago. The five-county Los Angeles metropolitan area would rank as one of the top 20 national economies in the world, and Quebec representatives need to be there. On the other hand, political decisions are rendered hundreds of miles away in Sacramento.

The Washington bureau has assumed almost a *sui generis* status. For many years, Ottawa asked all of the provincial governments to

refrain from opening offices in Washington and to rely instead on services provided by the Canadian Embassy. Ottawa also offered to allot space for provincial representatives within the Embassy and Alberta has done so since 2004. Previous Quebec governments decided that they needed a direct and independent presence in Washington and opened what was originally referred to as a tourism office as an appendage of the New York City general delegation. The tourism function was strictly a facade as Quebec representatives were there to follow what was going on in the nation's capital and to act as lobbyists vis-à-vis the federal government. This office has been upgraded and expanded, but the reasons for doing so are questionable. One reason for expansion is to allow Quebec to monitor the activities of international organizations such as the World Bank. This rationale is consistent with the 2006 International Policy document that emphasizes that Quebec wants to develop a direct role in international organizations that deal with issues falling under provincial jurisdiction. Quebec has now achieved a permanent status in the Canadian delegation to UNESCO and is actively engaged in the Organisation internationale de la Francophonie (OIF). Frankly, this new emphasis on an enhanced Quebec presence in IOs, especially using Washington as a location for doing so, will yield modest results and is a drain on MRIF's scarce resources.

The second rationale for expanding the staff in Washington is to keep better track of issues at the White House and on Capitol Hill, and to lobby for policies that will benefit the interests of Quebec. On the surface, this is a reasonable pursuit, but in reality it is another money burner. State governments across the United States lament that they are treated as any other interest group when it comes to lobbying Congress or the executive branch in Washington. They are extremely frustrated by the lack of attention that is given to federal issues in general and to issues of particular concern to individual states.⁴⁷ If the state governments consider that they are hamstrung in their relations with the federal apparatus, why would the Quebec government fare any better? The best strategy for Quebec to follow is coalition building at the state level. Moreover, Quebec should rely on the Canadian Embassy to keep track of issues of major concern to the province. After all, the 260-member staff at the Canadian Embassy dwarfs the personnel assigned to all of Quebec's US offices combined.⁴⁸ In spite of recent cutbacks, Ottawa continues to operate 15 consulates or trade offices across the country, second only to Mexico's 50 consulates. The Quebec government could certainly decide

to keep an office open in Washington, DC, but the expansion of the staff to carry out functions linked to IOs and the US federal government is ill-advised.

There is much work to be done in the major cities where Quebec offices are opened in the United States, and staff bases outside of New York City are quite small. This results in a tendency to stay within the major metropolitan areas where the offices are situated and not venture out to other regions that are within the coverage area of each delegation. For example, the Pennsylvania state government has in recent years maintained the largest and most ambitious international programme among the 50 state governments, and Pennsylvania alone would have ranked as the world's 19th largest national economy in 2015.⁴⁹ Should more effort be given to interacting with public- and private-sector representatives in Harrisburg, Philadelphia and Pittsburgh, and somewhat less to similar groups in the ultra-competitive, topsy-turvy world of New York City? Would better results be attained in terms of Quebec's economic and commercial interests? Similar examples can be given for each of Quebec's delegations in the United States because so much of America's economic dynamism and diversity is to be found in metropolitan regions spread throughout the country and not just in a few select cities or states. The ability to tap into this dynamism and diversity is yet another reason for each delegation to work closely with the regional Canadian consulates scattered throughout the United States.

(4) Coalition Building and Domesticizing Issues Will Contribute to Quebec's Future Success in the United States

Once again, no major nation in the world is as dependent for its economic well-being on another nation as Canada is on the United States for export markets, inward direct investment and tourists, even though this dependency has definitely slackened since the beginning of the new century. In essence, both Canada's and Quebec's economic orientation since the implementation of the FTA and NAFTA has been reoriented away from an east-west axis and towards a north-south axis with at least nine of the ten provinces now exporting more to the United States than to other parts of Canada.

The Quebec government has a series of priorities in terms of its economic and commercial interests with the United States. It supports the development of a seamless border at the 49th parallel that would allow goods and people to cross with minimum disruption. It would like its natural resources and energy sources such as lumber

and hydropower to enter the United States without any impediments. It would like to attract private investment and new technological innovations from the United States in order to expand and modernize the province's infrastructure and business sector. It would like more Americans to spend their tourist dollars in Quebec rather than in other foreign destinations, and would appreciate Washington not imposing rigorous passport and identification requirements that might dissuade Americans from leaving their country. It would also like to sustain robust economic expansion while at the same time producing a cleaner environment.

The most effective lobbying strategy for Quebec is to align and coalesce with powerful US public- and private-sector interest groups that share Quebec's position on specific issues. Quebec's representatives in the US should be able to identify potential allies in state and municipal governments, non-governmental organizations, academia and the business community, and then proceed to push for changes in federal, state and municipal government policies that will be advantageous to Quebecers. US elected officials have traditionally shown little concern for foreign governments which lobby for changes in laws and regulations, but they are always concerned about domestic groups that might affect their chances of being re-elected in the future.

(5) More Attention Should Be Accorded to the Border Region

A major cross-border region in Canada and the United States consists of Quebec, New York, Vermont, New Hampshire and Maine.⁵⁰ This is one of the regions where North American economic integration 'is the most intense and dynamic'.⁵¹ For example, exports to New York alone represented in 2013 almost 10 per cent of Quebec's total exports to the world.⁵² Approximately 180 Canadian-based companies, mostly from Quebec, have also established a business presence in New York's Clinton County which is next to the border and within an hour's drive of Montreal.⁵³

On the other hand, the border is infringing upon the development of even closer regional economic integration. Montreal is about equidistant from New York City and Toronto, but Quebec's trade volume with neighbouring Ontario is four times higher than with neighbouring New York state, even though New York has a much larger population and GDP than Ontario has.⁵⁴ The periodic Quebec–New York summits bringing together the premier and governor should be continued, with more emphasis on substantive agreements and less on

public relations. Regular discussions should continue with leaders of other border states and all should be working to improve the transportation infrastructure on both sides of the common border. Energy and environmental issues are also of critical concern to the border states and Quebec has the potential of shipping much more hydroelectricity to this region.

In terms of the New England states within close proximity to Quebec, past bilateral discussions have often involved big teams from Quebec and relatively small teams from the individual states. Perhaps the Quebec government could be a little more circumspect in putting together the negotiating teams and pare the number of participants so that both teams are roughly equal. Some of those on the US side who have taken part in past discussions with Quebec have frequently mentioned how big the Quebec teams are, how many resources seem to be at the disposal of the Quebec team and how well prepared the Quebec team is on technical issues. These comments were intended to be positive, but some felt that the disproportionate size of the teams was also somewhat intimidating.⁵⁵

(6) *Fine Tune Executive and Legislative Diplomacy at the State Level*

Because MRIF has sent representatives to the United States for decades, it has experienced the highs and lows of cultivating good relations with certain state officials, only to find these relations deteriorating substantially with a change in executive or even legislative leadership at the state level. The problem is exacerbated by having such a high turnover in the staffing of state offices that deal with international issues. Unlike Quebec, many administrators dealing with international economic issues at the state level have relatively short tenures, meaning that there is a lack of institutional continuity as the transition is made from one governorship to the next.

Quebec's diplomats in the United States cannot be discouraged by this phenomenon, but there are certain things that can assist them to mitigate the continuity gap. As usual, the first step is to develop personal relationships with top elected officials and civil servants within the state. Governorships generally last from four to eight years and this provides ample time to instruct them about what Quebec has to offer. The second step is to make the acquaintance of legislative leaders from both major political parties. Their tenure in the state legislatures is often much longer than that of the governor, lieutenant-governor or the secretary of state. The third step is to cultivate friendships with top-tier civil service executives who may not

be directly involved in the volatile international relations sector, but do have some overlapping interests. It is much more likely that these bureaucratic officials will retain their positions in state government over a longer time period than those who have to grapple with the day-to-day uncertainties of the state's international programmes. The fourth step is to interact with leaders of civic organizations, local chambers of commerce and individual corporations who have a vested interest in nurturing better ties with their Quebec counterparts. These representatives of the private sector also help to ease the painful transition that frequently occurs when a governor and his or her closest advisers exit office.

Furthermore, Quebec's representatives should encourage state executive, legislative, civic and business leaders to visit Montreal and perhaps even Quebec City. Such visits tend to be very positive experiences and reinforce both friendships and the perception that Quebec can be a significant economic partner. Costs for such visits are relatively low, especially for those travelling from the border states that should be MRIF's major priority. However, influential decision-makers from around the United States should also be invited to visit the province. Most Americans know very little about Quebec, and the knowledge level seems to deteriorate as the distance from the border increases. With this in mind, both public- and private-sector leaders from California, for example, who deal with high-tech and entertainment issues, would probably have a pleasant eye-opening experience by visiting the centres of excellence and multimedia facilities in Montreal.

(7) Refine Export Strategies

The Canadian dollar value of Quebec's exports to the United States has been relatively stagnant over the past several years. The built-in advantages Quebec has enjoyed under NAFTA have been eroded somewhat because Washington has thickened the border with a labyrinth of new security measures. In addition, the US federal government has entered into a series of free-trade agreements with several other countries or groups of nations, watering down some of the advantages previously offered by NAFTA membership.

Working in collaboration with its business and labour sectors, the Quebec government needs to identify those goods and services that have the best chance of capturing larger market shares in the United States, with emphasis placed on value-added production. This does not mean that special subsidies should be given to these sectors, but rather

Quebec's representatives in the United States would highlight them as they meet with their US contacts.

Quebec also needs to push strenuously for an upsurge in electricity exports to the United States. Hydroelectricity is Quebec's leading comparative advantage in North America as it ranks fourth in the world in the production of such energy.⁵⁶ Hydro-Québec is also a world leader in this field. Without too much effort, infrastructure improvements can be made on the US side of the border that would route electricity from Quebec as far south as Florida.⁵⁷ The province is also capable of generating much more electricity from the James Bay region. This should be a leading priority, although any new expansion must have the agreement of the Cree and abide by rigid environmental standards in terms of dam construction and the location of transmission lines. With growing public concern over the negative effects of greenhouse gases and accelerating demand in the United States for renewal energy sources, Quebec's hydroelectric production should be a major export winner over the next couple of decades.

Quebec's exports to the United States can be boosted by utilizing short-lane shipping routes along the St Lawrence Seaway more effectively.⁵⁸ For the moment, the St Lawrence Seaway–Great Lakes Corridor shipping lanes are working at only modest capacity. Waterborne shipments can carry heavy cargoes and emit only a fraction of the pollution of cross-border trucking. Such shipping can also avoid the long lines at border inspection stations. Because of Quebec's strategic location along the St Lawrence River, any increases in waterborne shipments should be especially advantageous to companies located within the province that cater to consumers in the United States.

(8) Intensify the Attraction of Foreign Direct Investment

The Quebec government should not be reticent about seeking FDI from the United States. The lion's share of FDI is in the form of mergers and acquisitions, with only a small percentage in the form of 'greenfield' investments such as building an auto assembly plant from scratch. Many Quebecers have become suspicious of such activities, especially with so much publicity given to the foreign acquisitions of such well-known companies as Hudson's Bay, Inco and Dofasco.⁵⁹ However, the Quebec government should resist the temptation to limit inward FDI because the province already lags behind Ontario in attracting investment from south of the border. In addition, it will need both robust foreign and

domestic investment to modernize and expand the Quebec economy in an era of growing globalization and interdependence. Neither can Canada as a whole be complacent about the direct investment issue, because its share of inward FDI destined for North America has declined significantly since 1980.⁶⁰

Investissement Québec, the unit of the Quebec government that works to attract inward FDI from around the world, should intensify its efforts in the United States in a campaign to attract investments in targeted economic sectors. This is not an easy task, because American investors, as sophisticated as they might be on economic and financial issues, generally know very little about Quebec. Moreover, they often perceive Quebec, in comparison with other Canadian provinces, as presenting a special set of challenges linked to the predominance of the French language, the legacy of the separatist movement, the significant state role in the economic sector and the provincial government's very sizeable debt burden. Executives of small and medium-sized US companies, in particular, will also have to be convinced of the viability of establishing or acquiring enterprises within Quebec versus simply exporting their production into the province and taking advantage of the free-trade conditions put in place under NAFTA.

The Quebec strategy at the individual US state level should include the following: (1) identify companies which already export to Quebec or have entered into joint arrangements with Quebec enterprises and discuss the benefits of FDI in terms of establishing or acquiring production units having global or regional product mandates; (2) target companies in certain sectors where Quebec has a relative comparative advantage, including heavy energy users, those needing access to raw materials and those needing well-educated and multilingual workers in multimedia, pharmaceutical, hydro, aircraft production and other sectors where Quebec currently excels; (3) emphasize the advantages of both Canada's and Quebec's targeted immigration policies that will allow companies to import foreign talent much more easily than under the ponderous and somewhat xenophobic programme now being pursued by the US federal government⁶¹ and (4) constantly trumpet the healthcare advantages in Quebec both in terms of the quality of medical treatment and the competitive business advantages for corporations which might be able to cut in half their healthcare expenses by shifting units into Quebec. The attraction of FDI must be a major priority of the Quebec government because of the very close linkage in North America between such investment and trade flows, with a major

portion of all trade in goods across the 49th parallel occurring between a parent company and its affiliates. Unlike most of its fellow provinces or even sub-state units in other countries around the world, Quebec has its established network of offices opened in the United States that permits it to facilitate FDI attraction on a state-by-state basis and to use existing government and business contacts to identify potential foreign investors.

(9) *Re-energize Tourism Promotion*

Tourism officials in Canada have always faced an uphill battle in convincing Americans of the ‘urgency’ of visiting their northern neighbour. Canadian tourism experts even suggest that some Americans perceive Canada as being a somewhat dull tourist destination.⁶²

Quebec’s representatives in the United States first have to dissipate stereotypes about ‘Frenchness’ and separatism and make Quebec’s distinctiveness a positive selling point. Because of the French language and Québécois culture, Quebec has an allure that other parts of Canada do not have. For some Americans, having to navigate in another language might be a deterrent, but millions travel to Mexico each year and the Spanish language does not keep them away. The problem is that Quebec is not identified with the sunshine, warm temperatures and beaches of Mexico. On the other hand, Quebec has safe cities with cultural and sporting choices ranging from good museums to jazz festivals to excellent skiing and Formula 1 motor racing. Quebec City, with its unique walled fortress and revival of its old neighbourhoods adjacent to the St Lawrence River, is one of a select number of municipalities designated by UNESCO as a ‘world heritage site’. Montreal also has a European-style sophistication without having to cross the Atlantic and deal with the European continent’s prohibitive prices. The recent renovation of ‘Vieux-Montreal’ along the port area has also added immeasurably to the appeal of the city. Without any doubt, the eventual introduction of European-style high-speed rail links between Montreal and New York City, and perhaps even Boston, would provide a long-term boost to Quebec’s tourism prospects.

Quebecers are justifiably proud of their cultural roots. Those representing Quebec in the United States can also trumpet the cultural richness of modern-day Quebec, ranging from Céline Dion to Cirque du Soleil to Denys Arcand. Too many forget that tourism is one of the greatest generators of jobs and income in modern societies. Furthermore, some visitors like what they see so much

that they want to return on a regular basis, make investments in the local economy or expand their own business contacts with local enterprises. In this respect, tourism and cultural promotion represent important economic development strategies for the province of Quebec.

(10) Target the United States as a Source of Immigrants

Quebec's share of Canada's population continues to fall and its birth rate for most of the past two decades has been well below replacement levels. The Canadian House of Commons is expanding its membership but none of the new seats will go to Quebec. One million people moved out of the province between 1976 and 2000 because of a combination of the fear of the sovereignty movement, tighter restrictions on the use of languages other than French in the educational system and business community and attractive economic opportunities available in other parts of Canada.⁶³

In order to maintain or increase its population base and retain its economic competitiveness, Quebec must attract a significant number of skilled immigrants from abroad. The Quebec government has the final say on whether to accept or deny entry to the province to independent immigrants who are not coming for family reunification purposes, and it has imposed a strict test favouring those who already speak French or formally commit themselves to learn French on their arrival in the province. This policy, although strongly supported by the francophone population, undoubtedly diminishes the chances of attracting skilled immigrants from Asia, the Pacific, Latin America and other parts of the world.

From a strictly economic and demographic perspective, Quebec's immigration policy is short-sighted and counterproductive. In a regional and international environment that is becoming progressively more competitive, and in view of the very low provincial birth rate, Quebec desperately needs to attract well-educated and skilled immigrants. Furthermore, how these immigrants are treated once they settle in Quebec will determine whether the best and brightest of them establish long-term roots in the province or simply decide to move to other parts of Canada.

Quebec can use its extensive network at the US state level to encourage queries from US residents who might be tempted to move northward. In particular, short-sighted US visa policies, including severe limitations on the H1-B visa rules for highly skilled immigrants, may prompt skilled foreign nationals presently in the US to relocate

to Quebec. The same situation may also be applicable to foreign graduate students enrolled in US institutions of higher learning who are required to leave the United States upon graduation. In view of several controversial immigration policies now being considered by the Trump administration, Quebec might find it easier to entice US residents to the province than at any other period over the past several decades. Once again, Quebec's comparative advantage in doing so is that it has the largest contingent of personnel stationed in the United States who can work on attracting immigrants, especially to the very vibrant and cosmopolitan Montreal urban region. However, it does bear the burden of a disadvantage compared to other provinces, and that is its rather rigid immigration regulations linked to the use of the French language by immigrants and their families.

Concluding observations

The Quebec–US economic and commercial relationship has had its share of upturns and downturns in the period between 1994 and 2017, and President Trump's 'America First' strategy and pledge to renegotiate or even terminate NAFTA may further exacerbate cross-border difficulties.

The FTA and NAFTA helped to solidify cross-border cooperation and major gains in trade, investment and tourism activity were achieved for most of the first decade after NAFTA was implemented. Unfortunately, 11 September 2001 represented a watershed in the bilateral relationship and the thickening of the border and Washington's propensity to place security before trade have combined to slow down the cross-border economic gains achieved earlier. Post-9/11 US policies also contributed to the American economic malaise over much of the past decade as budget deficits swelled and more money was funnelled into defence, intelligence and security operations and less into infrastructure modernization and other programmes that would have enhanced America's global economic competitiveness.⁶⁴

In addition, relatively slow US economic growth since 2001 has had a negative effect on Quebec's exports to the United States and US FDI within the province. However, if the United States can maintain its recent GDP growth spurt and robust job creation, and not turn inward under the current US administration, economic linkages with Quebec may once again flourish.

Finally, the Quebec government should do a thorough assessment of its ‘diplomacy’ in the United States. During the period 1994–2017, how well have its US offices performed, how effective have been its various missions to the US and how productive has been its overall strategy towards the United States? How do government expenditures related to MRIF’s US programme stack up against Quebec’s overall economic and commercial performance vis-à-vis the United States over the past two decades? Using solid metrics and performance standards, this thorough review would help determine whether a course correction is needed in the Quebec government’s economic and commercial policy towards the US, and pinpoint what facets of the programme need to be strengthened or de-emphasized.

Notes

- 1 Stéphane Paquin, ‘Quebec-U.S. Relations: The Big Picture’, *American Review of Canadian Studies* 46, no. 2 (2016): 149–61.
- 2 See, for example, Panayotis Soldatos, ‘An Explanatory Framework for the Study of Federated States as Foreign-Policy Actors’, in *Federalism and International Relations: The Role of Subnational Units*, eds. Hans J. Michelmann and Panayotis Soldatos (New York: Oxford University Press, 1990); John Kincaid, ‘Constituent Diplomacy in Federal Politics and the Nation-State: Conflict and Cooperation’, in *Federalism and International Relations*, eds. Michelmann and Soldatos; Brian Hocking, ed., *Foreign Relations and Federal States* (London: Leicester University Press, 1993); Earl H. Fry, *The Expanding Role of State and Local Governments in U.S. Foreign Affairs* (New York: Council on Foreign Relations Press, 1998); David Crikemans, ed., *Regional Sub-State Diplomacy Today* (The Hague: Martinus Nijhoff Publishers, 2010) and Manuel Duran, *Mediterranean Paradiplomacy: The Dynamics of Diplomatic Reterritorialization* (Leiden: Brill Nijhoff, 2015).
- 3 This has especially been the case for Catalonia, Flanders, Scotland and Bavaria. See Stéphane Paquin, *La revanche des petites nations: Le Québec, l’Écosse et la Catalogne face à la mondialisation* (Montréal: VLB éditeur, 2001).
- 4 The relevance of the Quebec experience is more applicable to federated systems, but even unitary systems can find useful examples from what Quebec has been doing internationally for almost five decades. For an interesting case study involving subnational units in a unitary state, see Purnendra Jain, *Japan’s Subnational Governments in International Affairs* (London: Routledge, 2005).
- 5 Ministry of International Relations, Government of Quebec, *Quebec’s International Policy: Working in Concert* (Quebec City: Government of Quebec, 2006), 22.
- 6 Website of the Ministère des Relations internationales et de la Francophonie (MRIF), Gouvernement du Québec, at mrif.gouv.qc.ca/en.
- 7 Website of the Ministère des Relations internationales et de la Francophonie (MRIF). The Quebec government defines a ‘sovereign state’ as a state that possesses a population, territory and government that is subordinated to no other state and has the capacity to enter into a relationship with other states. In contrast, a ‘federated state’ is a state with a territorial and constitutional community forming part of a federal union. The Quebec government also enters into four different types of international commitments: (1) ‘international agreements’ between the Quebec government and a foreign government

- or international organization; (2) 'non-binding agreements' including various forms of joint statements, declarations of intent, joint press releases and reports of discussions; (3) 'multilateral conventions' involving several contracting parties that are generally initiated by international organizations and (4) 'Canadian agreements' reached by Ottawa with foreign partners but having an impact on areas falling within Quebec's constitutional jurisdiction.
- 8 MRIF, *Rapport annuel de gestion 2015–16* (Québec: Gouvernement du Québec, 2016).
 - 9 In its annual GDP rankings, the World Bank in 2015 considered Hong Kong as a distinct territory affiliated with China, just as Puerto Rico was considered as a distinct territory affiliated with the United States.
 - 10 Bernard Landry, *La cause du Québec* (Montreal: VLB éditeur, 2002), 205–9.
 - 11 US Department of State, *Foreign Consular Offices in the United States, Winter/Spring 2016* (Washington, DC: Government Printing Office, 2016).
 - 12 Ministry of International Relations, Government of Quebec, *The Quebec Government's U.S. Strategy* (Quebec City: Government of Quebec, 2010).
 - 13 Ministry of International Relations, *The Quebec Government's U.S. Strategy*, 7.
 - 14 Ministry of International Relations, Government of Quebec, *Quebec Government Office in Boston* (Quebec City: Government of Quebec, 2007).
 - 15 Ministry of International Relations, *Quebec Government Office in Boston*.
 - 16 Website of MRIF at mrif.gouv.qc.ca/fr.
 - 17 Quebec also joined the Eastern Regional Conference (ERC) in 1990. The ERC is a regional affiliate of the CSG and includes ten northeastern states, Puerto Rico, the US Virgin Islands, Quebec and Canada's four Atlantic provinces.
 - 18 Annie Chaloux, 'North American Climate Governance, or How States and Provinces Can Lead the Way: The Case of the Western Climate Initiative', *Working Paper of the Public Policy Observatory*, University of Sherbrooke, 22 February 2016.
 - 19 Ari Van Assche, 'Global Value Chains and Canada's Trade Policy', *IRPP Study*, June 2012, 3–6.
 - 20 Michael Hart and Bill Dymond, 'The Geography of Integration', paper presented to the Centre for Trade Policy and Law Integrative Trade Project, Carleton University/University of Ottawa, December 2006, 3.
 - 21 This is especially true in sectors such as transportation, electronics, machinery and equipment, plastics and textiles. See Hart and Dymond, 'The Geography of Integration', 4. The same authors, in 'Trade Theory, Trade Policy, and Cross-Border Integration', paper presented to the Centre for Trade Policy and Law Conference, Carleton University/University of Ottawa, December 2006, 3, point out that in 1999 Canadian exports of goods equalled 125 per cent of the value of goods production in the country, signifying the high level of imports that have later become component parts in Canadian exports.
 - 22 US Department of State, Bureau of Consular Affairs, 'U.S. Passports and International Travel, 1989–2016'.
 - 23 US Department of Commerce, International Trade Administration, National Travel and Tourism Office, '2015: Top 10 International Markets: Visitation and Spending' and '2015: United States Resident Travel Abroad'.
 - 24 Statistics Canada, 'Travelers to Canada by Country of Origin, Top 15 Countries of Origin', years 2001 and 2015.
 - 25 In 2015, Canadian foreign direct investment in the US was \$269 billion measured on an historical-cost basis. US foreign direct investment in Canada that same year was \$353 billion. See Derrick T. Jenniges and James J. Fetzer, 'Direct Investment Positions for 2015: Country and Industry Detail', *Survey of Current Business*, July 2016, 8 and 14.
 - 26 In spite of freer trade between Canada and the United States, the common border has always impeded the development of commercial ties between these two distinct countries. According to the 'gravity model', trade between communities in Canada, measured by distance and population size, has always been much greater than trade between Canadian and US communities, measured using the same criteria. The imposition of security impediments by Washington has exacerbated this border effect. For a discussion of this issue, see John F. Helliwell, 'Do National Borders Matter for Quebec's Trade?', *Canadian Journal of Economics* 24 (August 1996): 507–21.

- In this article, Helliwell claims that the gravity model shows that Quebec trades 20 times more with Canadian provinces than with US states of similar size and distance.
- 27 US General Accountability Office, 'Border Security: Enhanced DHS Oversight and Assessment of Interagency Coordination Is Needed for the Northern Border', *GAO-11-97*, December 2010.
 - 28 In 2015, Canada exported \$525 billion in goods, of which 76 per cent went to the United States. Twenty per cent of Canada's GDP is derived from the shipment of goods to the United States (The Embassy of the United States of America, Ottawa, 'U.S.-Canada Economic Relations' at <https://ca.usembassy.gov>). In addition, US direct investment in Canada in 2015 stood at \$353 billion and US-owned subsidiaries in Canada provided 1.19 million jobs. Non-resident travellers entering Canada in 2015 numbered 27.6 million, with American residents accounting for 80 per cent of these travellers (Statistics Canada, 'Non-Resident Travelers Entering Canada, 2011–2015', CANSIM table 427-0001). Exports to the US, the commercial activities of US-owned companies in Canada and spending by US visitors to Canada together accounted for at least a quarter of Canada's GDP of \$2 trillion in 2015 and more than two million Canadian jobs.
 - 29 Institut de la statistique Québec, 'Valeur des exportations internationales par pays, Québec et Canada, 2014 et 2015' (Québec: Gouvernement du Québec, 2016).
 - 30 Human Resources and Skills Development Canada, *Labour Market Bulletin*, Fall 2011.
 - 31 Institut de la statistique Québec, 'Valeur des importations internationales par pays, Québec et Canada, 2014 et 2015' (Québec: Gouvernement du Québec, 2016).
 - 32 Statistics Canada, 'Foreign Direct Investment Positions at Year End', Table 1.
 - 33 Alexandre Gauthier and Raphael Gueven-Nicoloff, 'Canada-United States: Trade and Investment', Ottawa: Library of Parliament, 2011.
 - 34 Task Force on Business Investment in Quebec, *Quebec Welcomes Investment: Summary* (Quebec City: Government of Quebec, 2008), 10.
 - 35 Kristelle M. Audet and Robert Gagné, *Openness to Foreign Direct Investment and Productivity in Canada* (Montreal: HEC Centre for Productivity and Prosperity, 2010), 9–14.
 - 36 Tourisme Québec, *Le tourisme en chiffres, Édition 2010* (Québec: Gouvernement du Québec, 2011), 26–7.
 - 37 Statistics Canada, 'Trip Characteristics of United States Residents Entering Canada and Staying One or More Nights in Province Visited, 2010', Table 13.
 - 38 Ministère du Tourisme, Gouvernement du Québec, 'Les plus récentes données sur le tourisme au Québec', 15 février 2016.
 - 39 Statistics Canada, 'Non-Resident Travelers Entering Canada, 2014'. Ontario is the destination for over half of all international visitors to Canada, according to the Ontario Investment and Trade Centre, 'Tourism Investment', at <https://www.investinontario.com>.
 - 40 California recently surpassed the United Kingdom as the fifth largest economy, based on faster economic growth in California and the plunge in the British pound in early 2017 to about £1.20 to \$1.
 - 41 Ferry de Kerckhove, 'Quebec Rethinks Its Approach to Foreign Relations', *Globe and Mail*, 28 September 2015.
 - 42 Earl H. Fry, 'The Role of U.S. State Governments in International Relations, 1980–2015', *International Negotiation* 22, no. 2 (2017).
 - 43 Ministère des Relations internationales, Gouvernement du Québec, *La politique internationale du Québec: Plan d'action 2006–2009* (Québec: Gouvernement du Québec, 2007), 31.
 - 44 Andrew Cohen, *While Canada Slept* (Toronto: McClelland & Stewart, 2003), 111.
 - 45 Statistics used for these comparisons are found in the annual GDP rankings of countries and territories by the World Bank and the annual GDP rankings of the states by the US Department of Commerce. Once again, GDP is measured in nominal US dollars.
 - 46 This assessment is based on the author's more than 30 years of experience in working with provincial and state international programmes and with the US and Canadian foreign services.
 - 47 Fry, 'The Role of U.S. State Governments'.
 - 48 Derek H. Burney, *Getting It Done: A Memoir* (Montreal: McGill-Queen's

- University Press, 2005), 135. This is not to imply that the Canadian government is always an effective lobbyist in Washington. As Burney laments in his book, page 143, 'Canada always struggles to gain attention at the core of American opinion'. Eddie Goldenberg, in his book, *The Way It Works: Inside Ottawa* (Toronto: McClelland & Stewart, 2006), page 389, adds that 'Canada will continue to have to work hard even to be noticed in Washington'. However, the Canadian Embassy does a very good job in keeping track of the status of issues on Capitol Hill that will affect Canada and in maintaining good relations with many members of Congress and their senior staff.
- 49 Fry, 'The Role of U.S. State Governments'.
 - 50 Government of Canada, Policy Research Institute, '*Canada-U.S. Relations and the Emergence of Cross-Border Regions: Briefing Note*', 2006.
 - 51 Government of Canada, '*Canada-U.S. Relations and the Emergence of Cross-Border Regions*'.
 - 52 MRF, 'New York State: Quebec's Main American Partner', 6 September 2013.
 - 53 The Development Corporation for Plattsburgh, New York at <http://thedevelopcorp.com/proximity-to-canada/>.
 - 54 Former Quebec Premier Jean Charest highlighted these differences during his trade discussions with Ontario Premier Dalton McGuinty. See Keith Leslie, 'Ontario and Quebec Sign Deal to Lower Interprovincial Trade Barriers', *Canadian Press*, 26 November 2007.
 - 55 These sentiments were expressed by some of the representatives of the border states who were interviewed by the author for this study.
 - 56 MRI, *Quebec's International Policy*, 13.
 - 57 Jean-François Talbot, 'Plugged into North America: Hydro-Québec in an Integrated Continental Energy Sector', *Notes and Analyses on the USA*, February 2007.
 - 58 Brian Slack and Claude Comtois, 'Short Sea Shipping: The Need for a Realistic Assessment', *Quebec Studies* 42 (Fall 2006/Winter 2007): 43.
 - 59 In a survey completed for Industry Canada, 68 per cent of Canadian respondents stated that they were concerned about foreign takeovers of large Canadian enterprises, with 54 per cent agreeing that Ottawa should try to limit such acquisitions of large companies by foreign investors. See Steven Chase, 'Public Opinion Grows Chilly on Foreign Takeovers', *Globe and Mail*, 28 May 2007 and Mel Hurtig, 'Selling Off Our Country', in *Living with Uncle: Canada-U.S. Relations in an Age of Empire*, eds. Bruce Campbell and Ed Finn (Toronto: James Lorimer, 2006), 240–50.
 - 60 In David Crane's article, 'Why We Should Worry about the Economy', *Toronto Star*, 5 November 2007, he points out that Canada's share of inward FDI was a little more than 16 per cent in 2005, compared with more than 40 per cent in 1980.
 - 61 Microsoft, for example, decided to build a new facility in Vancouver, BC instead of in the United States because of Canadian immigration policies that would make it easier for the company to attract talent from around the world. See 'So Long, Software Jobs', *Los Angeles Times*, 7 October 2007.
 - 62 Tourism Industry Association of Canada, *The Canadian Tourism Industry: A Special Report, Fall 2012* (Toronto: Tourism Industry Association of Canada, 2012), 32.
 - 63 Institut de la statistique du Québec, 'Migrations internationales et interprovinciales, Québec, 1961–2005'. One million left Quebec during the period 1976–2000, with the net loss between interprovincial departures and arrivals being 503,000.
 - 64 Earl H. Fry, *Lament for America: Decline of the Superpower, Plan for Renewal* (Toronto: University of Toronto Press, 2010), 1–122.

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