Québec

Press release

PRESS RELEASE No. 1

Budget 2025-2026

A strong Québec

Québec city, March 25, 2025 – In a context of uncertainty linked, in particular, to changes in the trade and diplomatic relations between Québec and the U.S. administration, the Minister of Finance, Eric Girard, today presented the *Québec Budget Plan – March 2025*.

In Budget 2025-2026, the Ministère des Finances bases its analysis on the assumption that the tariffs imposed by the United States could be adjusted in the coming months, that their effects would be on average equivalent to 10% tariffs, and that they could be in place for a transitional period of around two years.

The budget sets out measures totalling nearly $12.3 billion over the next five years for stimulating wealth creation and supporting Quebecers.

In addition, the government is improving the tax system, thus freeing up amounts of nearly $3.0 billion over five years, and is presenting the plan to restore fiscal balance by 2029-2030.

$5.4 billion over the next five years for stimulating wealth creation

Therefore, in the short term, the government will support businesses in difficulty due to the trade tensions. During the transition period, the government will strengthen the economy by increasing its investments in infrastructure and by working with the other provinces to reduce trade barriers on the Canadian market. Lastly, it intends to stay the course on long-term wealth creation by stimulating business investments and innovation so that businesses can strengthen their competitive position on the world stage.

In Budget 2025-2026, the government is therefore announcing initiatives totalling over $5.4 billion over five years for the purpose of stimulating wealth creation. These initiatives are aimed at supporting and revitalizing Québec's economy, increasing our capacity for innovation and continuing to encourage regional contributions to wealth creation.

In such a context of uncertainty, and to stimulate the economy, the government is thus announcing that the 2025-2035 Québec Infrastructure Plan (QIP) is enhanced to $164 billion, an increase of $11 billion.

Supporting and revitalizing Québec's economy

Initiatives totalling $4.1 billion will be aimed at supporting and revitalizing Québec's economy by providing transitional assistance to businesses affected by U.S. tariffs, supporting investment projects, fostering market diversification and making it easier to identify Québec products.

In concrete terms, the measures include the extension of accelerated depreciation, as well as support for business projects, the realization of export projects, and funding for the organization Les Produits du Québec.

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Votre gouvernement

Increasing our capacity to innovate to prosper

Budget 2025-2026 also includes investments of $604 million over five years for increasing our capacity for innovation by stimulating innovation and commercialization, promoting innovation in strategic sectors, modernizing public services and helping SMBs with strong potential.

The government is also introducing, in particular, a new tax assistance system for innovation to reduce the administrative requirements and maximize the impact of fiscal assistance on businesses in order to increase the benefits in Québec. The introduction of the tax credit for research, innovation and commercialization (CRIC) will provide additional financial support totalling more than $271 million over five years.

Also planned is supporting the development of the Technum Québec innovation zone, renewing the Québec Life Sciences Strategy, and implementing the 2025-2028 SMB plan.

Encouraging regional contributions to wealth creation

Moreover, initiatives totalling $759 million over five years are planned for encouraging regional contributions to wealth creation, leveraging our critical and strategic minerals, supporting the forestry sector, continuing to support the tourism sector and fostering the development of the bio-food sector.

In particular, we will pursue initiatives aimed at providing Quebecers with better connectivity services across the province, and adopting a new plan for the development of critical and strategic minerals for the 2025-2030 period.

The Québec economy: an asset to get through this turbulent period

The trade dispute triggered by the United States and the climate of uncertainty are already weakening the economic outlook. Real GDP growth is expected to continue, reaching 1.1% in 2025 and 1.4% in 2026. Had it not been for the trade dispute, it would have seen stronger growth in both years.

Nevertheless, Québec can draw on its strengths to get through this turbulent period. It boasts a diversified economy, a strategic geographical location, a qualified workforce, world-class universities, affordable electricity, abundant natural resources and a tax system that favours investment and innovation.

Moreover, Québec's strong economic performance since 2018 has narrowed the gap in living standards with Ontario and the rest of Canada. From 15.9% in 2018, the real GDP per capita gap with Ontario is expected to narrow to 9.9% in 2026. Also, between 2018 and 2023, household purchasing power, as measured by real disposable income, per capita (+6.6%), has improved faster than in Canada as a whole (+3.9%).

A clear approach to restoring fiscal balance

Despite the uncertainty associated with U.S. economic policies, the government remains committed to the sound management of public finances.

On a comparable basis to the budgetary balances of other Canadian provinces and the federal government, that is, before deposits of dedicated revenues in the Generations Fund, the accounting deficit was reduced to $8.1 billion in 2024-2025, or 1.3% of GDP.

In 2025-2026, the accounting balance shows a deficit of $11.4 billion, or 1.8% of GDP. After deposits of dedicated revenues in the Generations Fund, the budgetary balance within the meaning of the *Balanced Budget Act* shows a deficit of $13.6 billion, or 2.2% of GDP.

This budget provides for the implementation of a plan to restore fiscal balance, with concrete initiatives aimed at eliminating the deficit. Through these efforts, after deposits of dedicated revenues in the Generations Fund, fiscal balance will be achieved in 2029-2030 at the latest, in accordance with the *Balanced Budget Act*.

To this end, the government is committed to bridging a gap of $1.0 billion in 2027-2028, then $2.5 billion in 2028-2029 and 2029-2030 (or 0.3% of GDP in 2029-2030).

It should be noted that the financial framework includes a contingency reserve totalling $8.5 billion over five years, which could be used, in particular, to reduce the effects of more moderate-than-anticipated economic growth.

The government remains committed to reducing long-term debt

The net debt burden will stand at 38.7% of GDP as at March 31, 2025, which is lower than the pre-pandemic level.

Net debt to GDP will increase until 2027-2028, due to, in particular, the significant investments in public infrastructure needed to stimulate economic growth in an uncertain context. It will then fall back to 39.8% of GDP as at March 31, 2030.

Developments in the budgetary situation since the March 2023 budget and the current uncertain economic context, however, call for a review of the net debt reduction targets, which are now set at 35.5% of GDP by 2032-2033 and 32.5% of GDP by 2037-2038.

Quotation:

"The budget I am presenting today is designed to prepare the Québec economy for the challenges posed by the uncertainty surrounding the tariffs imposed by the new U.S. administration. We are taking action to help our businesses by focusing on their capacity to innovate and on the contribution of our regions, and are continuing our efforts to strengthen our health care and education systems, to support the most vulnerable individuals and to promote Québec culture."

Eric Girard, Minister of Finance and Minister Responsible for Relations with English-Speaking Quebecers

Related link:

All the details on Budget 2025-2026:https://www.quebec.ca/budget.

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Source:

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