



FOR IMMEDIATE RELEASE
CNW CODE 01 + WEEKLIES

The Minister of Finance Releases the Economic and Financial Update

Québec, November 4, 2008 – The Minister of Finance, Minister of Government Services, Minister responsible for Government Administration and Chair of the Conseil du trésor, Monique Jérôme-Forget, today released the annual economic and financial update. In doing so she also announced that the government's budget would be balanced in 2008-2009 and 2009-2010 and unveiled a series of measures to deal with the economic situation.

“Three years ago, our government took the initiative of providing an update, in the fall of each year, on Québec's economic and financial situation. This year, this exercise in transparency takes on a special character in view of the economic situation our neighbours and other countries throughout the world are experiencing. However, I want to reassure Quebecers as to the real situation and the measures the government has taken to deal with it,” the Minister said.

Economic outlook: difficult international context

Québec is one of the most open economies of the world. Exports account for 50% of its gross domestic product and 75% of its international exports are sent to the United States. Accordingly, Québec is directly affected by the severe international economic slowdown. Indeed, growth in the industrialized countries will be down sharply this year and next. From 2% to 3% in 2007, it will decline to roughly 1% this year and to less than 1% in 2009. However, the Minister pointed out that Québec was well prepared to deal with this slowdown and that economic activity has continued to grow in Québec since the beginning of 2008.

Economic growth in Québec

“Looking at the main economic indicators, we can see that Québec has reacted well to the turbulence sweeping the globe. Over the past years and months, we have taken a series of measures that enable us to deal with the current economic slowdown,” the Minister stated.

While Québec must deal with a drop in its exports, domestic demand should be sufficient to offset this decline and keep Québec's economy growing. Accordingly, forecast real GDP growth is adjusted to 0.8% for 2008 and 0.6% for 2009.

Major investments in repairing public infrastructures and in energy development, tax cuts of more than \$1 billion for households, the elimination of the capital tax, in 2008, for manufacturers, and in 2011 for other companies, as well as the introduction of an investment tax credit for businesses are all measures that support growth in domestic demand. "Our measures are part of a plan that has been hailed by economists. They account for the good performance of Québec's economy despite the difficult international context," the Minister pointed out.

Business investment

The Minister mentioned that business investment will continue to grow in 2008 and 2009. A number of large-scale projects are in progress or will start in the near future in Québec's regions. "If companies like Alcoa, Ultramar, Rio Tinto Alcan and Pratt & Whitney continue to invest here in major projects that, in some cases, exceed a billion dollars, it is surely because they are confident in the soundness of our economy," the Minister of Finance said.

Preparing for the economic recovery

"I am not here to tell Quebecers that everything is just fine. The economic slowdown is real and the global financial crisis is cause for concern. But I want to reassure everyone that we are monitoring the situation very closely and that Québec has never been so well prepared to deal with a slowdown," the Minister stated.

"Our commitments are simple and concrete. We will keep the budget balanced, support families' purchasing power, protect Quebecers' jobs, mitigate the effects of tighter credit on businesses and accelerate the pace of public investments that generate economic activity, wealth and employment in every region of Québec. We have every reason to look ahead to Québec's economic future with confidence and optimism." the Minister concluded.

- 30 -

Source: Catherine Poulin
Press Relations Officer
Office of the Minister of Finance,
Minister of Government Services,
Minister responsible for Government Administration
and Chair of the Conseil du trésor
418 643-5270
514 873-5363