



March 14, 2013

His Excellency Jean-Marc Ayrault

Prime Minister of France

THE ATTRACTIVENESS OF FRANCE AS A TRADE PARTNER WITH CANADA

Chairman: **Noble Chummar**

President, The Empire Club of Canada

Head Table Guests

Dave Spagnolo, COO, Thales Canada; Dr. Gordon K. McIvor, President, Alliance Française de Toronto, and Director, The Empire Club of Canada; Solange Strom, President, French Chamber of Commerce Canada; Leslie Woo, Vice-President, Policy, Planning and Innovation, Metrolinx; Paul Kahn, CEO, Thales Canada; Jean-François Casabonne Masonnave, Consul Général de France à Toronto; His Excellency Lawrence Cannon, Canadian Ambassador to France; The Hon. Joe Oliver, Minister of Natural Resources; His Excellency Philippe Zeller, Ambassador of France to Canada; Dr. Helen Vari, The Hon. George and Dr. Helen Vari Foundation; Mr. Dani Reiss, President and CEO, Canada Good; Madame Brigitte Ayrault; and Mr. Christian Petit-frère, Student, Glendon College.

Introduction by Noble Chummar

The cornerstone of Canada was set in place when the French explorer Samuel de Champlain, the “Father of New France,” founded

Quebec City with only 28 people in the early 17th century. Little did they know that the start of their fledgling settlement sowed the seeds that would grow to create our beloved country with an impenetrable bond and respect to the Republic of France.

Standing the tests of time and modernization, Canada, to this day, remains historically and culturally connected to France. France and Canada have maintained a strong relationship amidst the global issues of the past centuries and have remained active as key trade partners.

Today, like France, Canada is home to the world. Canadian values are born in part from French values. Our national identity is genetically derived from the original principles of the French and British society. Canada's Charter of Rights and Freedoms contain and embrace the universal concepts of liberty, equality and fraternity. These fundamental French values have impacted human life in countless societies in the world.

Much of the development of the western world can be attributed to the remarkable influence of the French. When exploring the origins of the world's artistic inspiration, the names Claude Monet and Henri Matisse come to mind. In literature, Victor Hugo, Alexandre Dumas, and Jules Verne of France are often considered some of the greatest writers of all time. Many people would also agree that the beginnings of modern philosophy and science should be credited to the works of Descartes and Pascal of the 17th century. Modern-day France is home to world-class innovation and international commerce. France remains one of the world's largest economies and is home to many of the world's Fortune 500 company headquarters.

Since its establishment in 1903, the Empire Club of Canada has provided a forum for the world's thought leaders. Speakers at the Empire Club have included Winston Churchill, Indira Gandhi, Ronald Reagan, and the Dalai Lama. In the past, the club has had the honour to host French dignitaries such as the late Paul Claudel. It is truly a privilege to have His Excellency Jean-Marc Ayrault join the ranks of the club's esteemed speakers.

Prime Minister Ayrault has been actively involved in French politics as a member of the Socialist Party's Executive Bureau since 1979. Up until his appointment as Prime Minister of France last May, he was the leader of the Socialist Party in the Asemblee Nationale. At the age of 27, he was the elected Mayor of Saint-Herblain and was also the youngest mayor of a French city of more than 30,000 citizens. Up until last year, he was the Mayor of Nantes for 22 years. Most of this information you can easily find on the Internet but most people here probably don't know that the Prime Minister still has a

penchant for Volkswagen Kombi vans which he used to drive in his early twenties!

Jean-Marc Ayrault

Mr. President of the Empire Club, Honourable Ministers, Honourable Members of Parliament, ladies and gentlemen:

I would like to begin by expressing my gratitude, Mr. Chummar, for giving me this opportunity to speak before the Toronto business community and especially at the Empire Club, one of the oldest and most prestigious institutions in Toronto.

I've learned that Toronto's name means "meeting place" in the language of the Hurons; I choose to see this as a good omen for our first meeting.

The bonds between France and Ontario are solid, long-standing ones, and I hope that I can contribute to renewing our relationship today. I am delighted that Ontario has chosen the 400th anniversary of Samuel de Champlain's arrival, in 2015, to celebrate its Franco-Ontarian community. France will be happy to take part in this event.

I would like to acknowledge the numerous Francophones here in attendance and the vitality of the French language in Ontario, which is evident in the success of the Alliance Française in Toronto, the second in North America.

Finally, I would like to address a special thought to my 10,000 compatriots here in Ontario who, through the diversity of their talents, attest to the quality of French education and expertise.

Ladies and gentlemen, lunch was brief, so I will be brief as well! I have two simple messages that I would like to convey in response to questions your business community might have.

First message: Since the election of a new President of the Republic, François Hollande, France has undertaken a

vast set of reforms to get back on the path to growth through a restructured pact between heads of companies, employees, and public authorities.

Second message: This ambitious reform agenda will enable France-Canada economic relations to gain new momentum.

First of all, France's achievements merit recognition. In 2012, France was the European leader in foreign investment in industry. Our country achieved this thanks to its tradition of excellence in innovation, research, and employee training, as well as the quality of its infrastructure.

But we must also build on our assets.

Our primary asset is that we belong to the European Union, a unique market including not only more than 500 million inhabitants open to our companies, but also a vast space that provides our workers with mobility. It is also our membership in the Eurozone.

To confront the debt crisis that has dealt a significant blow to some of our partners, we have decided to strengthen the solidarity and integration mechanisms within the Eurozone. This "solidarity-integration" process is currently underway and the President is playing a deciding role in ensuring its progress.

From the perspective of this side of the Atlantic, I know that European efforts have often been seen as being too slow, too hesitant. But the heading is set and the results are there, with a new treaty regarding governance, new tools for the Central European Bank, and integrated banking supervision to be implemented in the near future, which will constitute the first step towards a true banking union.

As you know, one of the challenges facing all of Europe is the management of deficits. It is for this reason that my government is implementing a strategy for a rapid return to a balanced budget.

While the public deficit in France was greater than 5 per cent in 2011, we reduced it to 4.5 per cent in 2012. And between 2012 and 2013, we plan to reduce the structural deficit by 2 per cent, which represents an unprecedented effort. We are completely committed to this. We will achieve a balanced budget in 2017.

To reach this goal, I have initiated a vast plan of action intended to modernize public policies. I have set the goal of saving 60 billion euros by 2017.

I know that Canada has a great deal of experience in this matter, and successful experience at that. I have discussed this matter with Prime Minister Harper, and France is mobilizing towards achieving the same success.

This policy to return to balanced budgets is part of a coherent, ambitious strategy that aims to support the competitiveness of the French economy and the attractiveness of our territory. This is the idea behind our National Pact for Growth, Competitiveness, and Employment, which I announced last November 6 and which is currently in effect. This pact comprises 35 concrete measures designed to improve the performance of our economy.

Under this pact, we will reduce taxes on companies by an annual value of up to 20 billion euros. We are thus implementing a 6-per-cent reduction in labour costs for companies active in France.

We are also supporting competitiveness in matters unrelated to costs by implementing an effective financing system and by encouraging the emergence of an innovation- and exportation-friendly ecosystem.

In terms of French exports, I have set an ambitious objective: reaching balance of trade, excluding energy budget, by 2017. When I took office, there was a deficit of more than 25 billion euros, not taking into account the energy budget. We have just implemented extensive reforms to our export financing systems. It is by drawing support from this new system that French shipyards have

begun the construction of the largest cruise ship in the world, capable of accommodating 7,500 people, for an American client.

But the greatest potential for developing our exports lies in small- and medium-sized companies, to which we provide significant support. Such companies can now access specialized financing more easily, thanks to the new Public Investment Bank that we recently created. They will also benefit from support from major groups within the streams of industry that have been encouraged to improve their organization and structure.

In this regard, I would like to take a moment to recognize the entire delegation of leaders of French companies who are accompanying me in Canada. This delegation is the very image of our ambition. The major French companies whose excellence you already recognize are well represented within this delegation, such as Total, Alstom, Air Liquide, and Safran, as well as Nexter and DCNS in the military sector. This delegation also includes a majority of leaders from SMEs involved in such innovative sectors as new energy sources and new technologies.

It is also our goal to increase the attractiveness of France. With 20,000 foreign companies active on French soil and 700 new foreign companies deciding to invest each year, France is an investment destination of the highest order. We want to go even further. We have therefore set the annual goal of 1,000 foreign decisions to invest in France between now and 2017, in addition to welcoming every year 300 new foreign companies.

Foreign companies active in France will benefit from the decisions that we have made in support of competitiveness, just as other companies do. We are also putting other specific mechanisms in place, such as “talent passports,” which will make it easier for talented individuals from around the world to begin doing business in France. I would also mention building on the tax credit for

research, which has helped foreign enterprises to create more than 200 research and development centres in French territory over the past five years.

Finally, I would like to mention the very ambitious agreement regarding job security that the social partners concluded in January at the government's initiative. This agreement aims to secure the careers of employees while promoting the competitiveness of our companies. In the next few weeks, Parliament will sign this agreement into law, which will also help increase the attractiveness of the French territory and the competitiveness of our economy.

Recovery in terms of public finances, competitiveness, attractiveness, and social dialogue! You see, France is a country on the move, a country undergoing significant reforms. I hope that the economic relationship between Canada and France can benefit from this dynamism.

I am pleased to note that trade between our two countries continues to progress in the current economic context. I also note that Ontario is the destination of one-third of French exports to Canada. I am happy with these exchanges, which are balanced, founded for the most part on products with a high degree of value added—the pharmacy and aerospace sectors, for example. The balance and specialization that define our commercial exchanges attest to the true partnership that exists between our two economies.

This commercial relationship can still be improved, however. It is for this reason that I fully support the current commercial negotiations between Canada and the European Union towards an in-depth economic agreement. I hope that these negotiations will conclude quickly.

Of course, economic relations between our two countries are not limited to our bilateral commercial exchanges. Cross-investment also represents a significant proportion of these relations.

As you know, French enterprises maintain a significant presence in Canada already. Almost 550 French compa-

nies are active in Canada. These companies employ more than 80,000 people. France is currently ranked seventh among foreign investors in Canada.

There again, we can still do better. That is why I am so pleased with the growing diversity of our investments, traditionally concentrated on certain major sectors of excellence—aeronautics, urban transport, energy, and natural resources. Today, our investments are also developing around the service industry and the environment. Furthermore, they are diversifying geographically, such that they now cover the entire Canadian territory.

But the rate of progression of Canadian investment in France is equally significant. In fact, France is only ranked nineteenth among the destination countries for Canadian investment in the world. I would therefore invite you to take advantage of this new strategy that we have implemented in order to increase the attractiveness of France.

Strengthening our economic relations is therefore a priority, and this is an inspiring perspective for young people in our two countries. The French government is committed to significantly increase the number of “Volunteers for International Experience,” young people who join a French company elsewhere in the world upon completing their studies. There are currently 200 of them in Canada, making your country one of the countries in greatest demand. A delegation of these young volunteers is with us today and I thank them for it.

Ladies and gentlemen, you understand that my presence among you is part of a long tradition of friendship that I wanted to honour. Above all, I hoped to show you that France is a country on the move, open to the world.

We are determined to move forward and we are optimistic about developing economic relations between our two countries, particularly between France and Ontario. It is a state of mind and an ambition that we hope you will share.

Thank you.

The appreciation of the meeting was expressed by Dr. Gordon K. McIvor, President, Alliance Française de Toronto, and Director, The Empire Club of Canada.

