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Premier Jean Charest of Quebec presented Plan Nord on Monday, saying, "We have every resource imaginable up north." But the proposal faces potential hurdles.

Quebec to Spend Billions to Develop Resources in Northern Regions

By IAN AUSTEN

Quebec province, anticipating renewed interest in its natural resources, rolled out on Monday an ambitious 25-year plan to develop its vast but largely untouched northern and Arctic regions.

The region is well endowed with mineral resources, woodlands and potential hydroelectric developments, but it lacks the roads, railways, ports, communications links and other infrastructure necessary for their exploitation.

The plan initially commits the province to spending 2.1 billion Canadian dollars (\$2.2 billion). It also calls for a variety of measures, including the establishment of an investment fund, which Quebec hopes will initially lead to the development of at least 11 mines and ultimately produce overall investment of 80 billion Canadian dollars.

While the proposed project, known as Plan Nord, includes banning any industrial activity in a large portion of the mainly pristine region, the program has the potential to put the province at odds with environmentalists. Similarly, while consultations are

already under way between the province and the area's large native Canadian population, the development of their traditional lands may pose potential political difficulties.

In a bid to avoid trouble in both of those areas, several provincial politicians emphasized on Monday that environmental and social concerns, particularly related to native groups, would take precedence over development.

Assuming the plan proceeds as envisioned, it has the potential to revive Quebec's once vibrant mining industry, making it the largest attempt to develop Canada's sparsely populated north since the development of oil sands in Northern Alberta. It will also build on the large hydroelectric projects in northern Quebec, which are already a significant source of energy for the northeastern United States.

"Canada's north is going to change a lot in the new few years," Quebec's premier, Jean Charest, said in an interview after announcing the project. "We have every resource imaginable up north."

For Mr. Charest, a Liberal, the

plan appears partly intended to reverse his long slide in public opinion polls. But more broadly, it also has the potential to help the province with its financial difficulties and, in particular, its struggle to finance public health care services.

The government estimates that plan will produce 14 billion

Sparsely populated but rich in deposits of metals and minerals.

Canadian dollars for its treasury from royalties and taxes over the next 25 years.

The government-owned Hydro Quebec already profits from selling surplus electricity, most of it already generated in the north, to the United States. Additional electrical generation will enable the province to expand that export business and perhaps open sales to neighboring Ontario.

The plan encompasses all of

Quebec's territory above the 49th parallel, an area of about 297 million acres but a population of just 120,000 people.

The region contains substantial deposits of base metals that are in high demand from China, including iron ore, zinc and nickel. It also has deposits of lithium, a key component of modern batteries, and rare earth elements, commodities that China produces but is increasingly reluctant to share.

Roussos G. Dimitrakopoulos, a professor of mining at McGill University in Montreal, said that in recent years large mining companies had been interested only in Quebec's iron ore deposits. As a result most new mining projects have been undertaken by small companies focused on gold and diamonds.

"There used to be a thriving mining industry in Quebec," Professor Dimitrakopoulos said. "The government is now saying: 'O.K., why can't it happen again?'"

To encourage the development of mining projects, the government will introduce tax credits for efforts to minimize environ-

mental impact. And it has immediately set aside 500 million Canadian dollars for direct investment by the government in private sector ventures.

Much of northern Quebec is within the boreal forest that extends across Canada and through parts of Alaska, Russia and Scandinavia. It is an important reserve of fresh water, and many environmentalists and scientists say that its forests help offset the effects of global warming. The boreal forest is also an important summer home for many migratory birds.

In addition to a ban on "industrial development" in about half of the province's north, 12 percent of the region will receive special protected status, essentially making it parkland.

Mathew Jacobson, manager of the Pew Environment Group's international boreal conservation campaign, said that Quebec's environmental plan might "create a model for the world."

But he added that working out specific environmental and industry conflicts was "certainly going to be a challenge."