

**ANALYSIS**

## Why Quebec sees SNC-Lavalin as an asset, not a liability

Chorus of defenders doesn't want current employees punished for past misdeeds

Jonathan Montpetit · CBC News ·

Posted: Feb 14, 2019 4:00 AM ET | Last Updated: February 14



In Quebec, where the company has operated for more than 100 years, SNC-Lavalin has a chorus of defenders that includes the premier, the Opposition and pundits. (Paul Chiasson/Canadian Press)

In Ottawa, there appears to be little sympathy these days for SNC-Lavalin, the giant engineering corporation facing prosecution for bribery schemes in Libya.

The company was hoping to strike a deal with federal prosecutors in order to avoid a trial. If guilty, it would be cut off from lucrative Canadian government contracts for a decade.

But since it was alleged last week that the Prime Minister's Office had pressured then attorney general [Jody Wilson-Raybould](#) to allow SNC-Lavalin to sidestep prosecution, few federal politicians have been willing to stick their necks out for the company.

In Quebec, however, where it has operated for more than 100 years, SNC-Lavalin has a chorus of defenders that include the premier, the Opposition and pundits.

- **CBC EXPLAINS** [What you need to know about the SNC-Lavalin affair](#)
- [A closer look at SNC-Lavalin's sometimes murky past](#)

With varying degrees of equanimity, they're concerned a guilty verdict could imperil the corporation when it is already struggling with difficult market conditions.

"For us, to see a settlement would have been the preferred option," Quebec's economy minister, Pierre Fitzgibbon, said Tuesday.

"SNC-Lavalin is a company we would like to keep healthy."

Last week, Premier François Legault acknowledged he had spoken with Prime Minister Justin Trudeau and pushed for a speedy resolution to SNC-Lavalin's legal woes.



Since it was alleged last week that the Prime Minister's Office had pressured then attorney general Jody Wilson-Raybould to allow SNC-Lavalin to sidestep prosecution, few federal politicians have been willing to stick their necks out for the company. (Sean Kilpatrick/Canadian Press)

---

For Legault, taking the corporation to court for its past actions — the Libyan bribes were allegedly paid between 2001 and 2011 — would punish current employees who had nothing to do with any crimes.

"You have to make sure executives who did illegal things are prosecuted, and that the company pays a significant fine," Legault said Tuesday.

"But I don't think we should penalize the thousands of employees who work for SNC-Lavalin."

## A jewel of Quebec Inc.

There are both economic and emotional reasons for the partiality that SNC-Lavalin enjoys in Quebec.

Only 3,400 of its 50,000 employees worldwide work in the province. But Quebec's pension fund manager — the Caisse de dépôt et placement du Québec — has a sizable stake in the company.

It owns around 20 per cent of SNC's shares, which have been trading at six-year lows since federal prosecutors announced in October they weren't interested in deferring prosecution.

SNC-Lavalin has, moreover, worked on some of the most iconic infrastructure projects in the province, including the James Bay hydroelectric dams and Montreal's Olympic Stadium and Mercier Bridge.

- [Trudeau moves to shore up Liberal caucus support as SNC-Lavalin controversy continues](#)
- [Liberals limit witness list for Commons committee probe](#)

Its presence in dozens of countries around the world, combined with an executive team that was for years composed mainly of francophones, made it one of the so-called jewels of Quebec's business community.

A number of other provincial jewels — such as aluminum-maker Alcan and hardware chain Rona — have been bought out recently by foreign competitors and their corporate headquarters moved abroad.

That's made the Quebec government even more sensitive to protecting SNC-Lavalin's value, fearing it too could become a takeover target.

- [Trudeau 'surprised and disappointed' by Wilson-Raybould's resignation](#)

Dominique Anglade, economy critic for the opposition Liberals, urged the government to take whatever steps necessary to prevent that from happening.

Fitzgibbon replied he speaks regularly with SNC representatives and with its largest shareholder, the Caisse de dépôt.

## Too big to fail?

Once the undisputed king of the province's engineering firms, SNC was overtaken in market capitalization last year by Montreal rival WSP.

The company's involvement in a number of corruption cases has been the longest-running cause for its loss of lustre.

"The reputation of SNC-Lavalin is much weaker today than it was 10 years ago because of the poor policies of its board [of directors]," said Michel Nadeau, head of the Institute of Governance at the Université de Montréal's business school.





'I don't think we should penalize the thousands of employees who work for SNC-Lavalin,' Premier François Legault said this week. (Jacques Boissinot/Canadian Press)

---

Along with the allegations of bribery in Libya, SNC executives were implicated in a 2009 bid-rigging scheme to build a [Montreal hospital](#).

The company is also serving a 10-year ban on World Bank contracts for its involvement in corruption in Bangladesh.

And the RCMP is [currently investigating](#) the possibility executives were aware of bribes paid between 2001 and 2003 to secure a \$127 million contract to refurbish the Jacques Cartier Bridge in Montreal.

But Nadeau said the company has moved on since then under the leadership of current CEO Neil Bruce and a new board that is more committed to governance oversight.

- [SNC-Lavalin receives credit rating downgrade from Standard & Poor's](#)
- [SNC-Lavalin still under investigation from RCMP in Quebec](#)

He said he was puzzled at the unwillingness of federal prosecutors to use the deferred prosecution agreement, which would have allowed SNC to pay a fine in exchange for avoiding a trial.



'When you have that critical mass you should be able to weather storms,' Economy Minister Pierre Fitzgibbon said when asked if SNC-Lavalin was too big to fail. (Jacques Boissinot/Canadian Press)

---

"Many countries in the world have these types of agreements for companies involved in foreign bribery," said Nadeau, a former executive at the Caisse de dépôt.

"Unfortunately, the corporation is being punished, and it is its 50,000 employees — many of them Canadians — who are being penalized."

## Some blame anglo stereotypes

In the absence of a more fulsome explanation from the Ministry of Justice of its decision to forgo remediation — beyond stating that the criteria for reparations agreements [set out in the Criminal Code](#) were not met — some columnists in the province are wondering whether old anti-Quebec stereotypes are at play.

"Our colleagues in Toronto would be happy to politically block the Trudeau government from saving this Quebec giant," an editorialist wrote this week in the French-language daily [Le Devoir](#), accusing anglophone media of hypocrisy in its indignation at SNC.

- [How 'wilful blindness' was the undoing of engineering giant SNC-Lavalin's ex-CEO](#)
- ANALYSIS [Waiting for Wilson-Raybould: A political drama awaits an appearance by its star player](#)



"It's all fine and dandy to play politics in an election year, but what would 'Canada' gain if SNC-Lavalin was found guilty?" asked Michel Girard, a business columnist for the tabloid [Journal de Montreal](#).

The eagerness of the Quebec government and others in the province to see SNC-Lavalin avoid prosecution has raised the question of whether the corporation has become too big to fail.

"When you have that critical mass, you should be able to weather storms," said Fitzgibbon, the economy minister. "I think they'll weather the storm."

---

*With files from Cathy Senay and Simon Nakonechny*

**CBC  Radio-Canada**

©2019 CBC/Radio-Canada. All rights reserved.

Visitez [Radio-Canada.ca](http://Radio-Canada.ca)