

Report: U.S. now a steal as a place to do business

NEW YORK (AP) – March 28, 2008 – Thanks to the weakened dollar, the U.S. has leapfrogged France, Britain and other European countries as a cheaper place to do business.

A new study released Thursday by the auditing and consulting firm KPMG shows that the U.S. moved up on the list of places around the world that are the most cost-efficient. Researchers compared 136 cities in 10 countries in North America, Europe and Asia, but did not include fast-growing China.

Mark MacDonald, the global director of KPMG Competitive Alternatives, said the survey authors found the U.S. to be more cost competitive than they'd ever seen because of the plunging dollar.

In 2006, the U.S. lagged behind four other G7 countries. This year, though, the U.S. surpassed Britain, the Netherlands, Italy and France, leaving only Canada as being more cost-effective among the major industrial nations.

"Now the cost of business is considerably higher in these countries due largely to the depreciation of the U.S. dollar," MacDonald said in a statement.

Mexico, which is new to the study, was cheapest overall. The study is done every two years.

Among the larger cities, the cheapest cities in which to operate were Puebla, Guadalajara and Monterrey, all in Mexico. In the U.S., the cheapest places were Atlanta, Tampa (Florida), and the Dallas-Fort Worth area.

The San Francisco Bay Area – which includes Silicon Valley and San Jose – was the most expensive in the U.S., edging out New York for that dubious distinction. London, Frankfurt and Manchester, England, were all more expensive than San Francisco.

Paris was slightly less expensive than New York.

The study measured competitiveness using labor costs, taxes, real estate and utilities, as well as non-monetary factors. It included Australia, Canada, France, Germany, Italy, Japan, Mexico, the Netherlands, Britain and all 50 states in the U.S. Those were all compared against a benchmark developed by taking the average cost of doing business in U.S. locations.



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