



Canada Keeps Its Edge
(cover)

Behind the R&D
Numbers

Slimmer Margin of
Victory

Structural Changes at
Work

East Beats West

Top Ten Most Cost-
Competitive Cities

Trade Minister's
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Why Canada is maintaining a healthy business-costs advantage over the United States and other industrialized nations.

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Canada's cost competitiveness relative to other industrialized

countries was reaffirmed with the March 21 release of "Competitive Alternatives: KPMG's Guide to International Business Costs, 2006 Edition." This version of the bi-annual analysis of business costs looks at the G7 countries plus the Netherlands and, for the first time, Singapore. Site professionals and economic developers eagerly anticipate the release of the analysis, which takes eight months of research directed mainly by Glenn Mair, director of MMK Consulting in Vancouver, B.C. Other contributors are Colliers International, Mercer Human Resource Consulting and the Economic Research Institute. The report is available online at www.CompetitiveAlternatives.com.

KPMG's analysis looks at business costs across four industry sectors: manufacturing, software, research and development and corporate services. Within each sector, the report studies relative business costs in specific industries, 17 in all. The manufacturing sector features aerospace, medical devices, automotive, pharmaceuticals and plastics, among several others. R&D pertains to biotechnology, clinical trials and product testing. The software category includes software design as well as Web and multimedia companies. Corporate services covers two industries – back-office companies, such as data and transaction processors, and call centers.

As for geographic coverage, the analysis takes into consideration cost factors in 95 cities; the number of cities per country is roughly in proportion to the country's size. (Sixteen Canadian cities are included in the main research, and 33 additional Canadian cities agreed to sponsor the cost of having their locations benchmarked against those in the research. Results of that exercise appear in a report appendix.) Analysis of cities includes entire metropolitan areas, not just central business districts, because companies often prefer suburban locations.

For each city, 27 location-sensitive cost components are analyzed. These include labor costs (salaries, statutory plans and employer-sponsored benefits); facility costs (industrial land and construction as well as office leasing); transportation costs (road, air and sea freight); utility costs (electricity, natural gas and telecommunications); depreciation charges and financing costs; taxes other than income taxes and income taxes.



CN transports a wide range of products: industrial products; forest products; grain and grain products; coal, sulfur, and fertilizers; intermodal; and automotive. Freight train at Canoe River, British Columbia.

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