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Report: U.S. now a steal for businesses compared with other large industrial nations

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NEW YORK – 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 by the auditing and consulting firm KPMG shows that the U.S. moved up on the list of most cost-efficient places around the world. 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. ranked seventh, and lagged behind several other G7 countries. This year, though, only Mexico and Canada were cheaper. The U.S. is now cheaper than Britain, the Netherlands, Italy and France.

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

"Currency change was a central theme in this year's study," study co-author Glenn Mair said.

Mair, director of MMK Consulting Inc., said the double-digit gains in the value of the Canadian dollar, Australian dollar, British pound and other currencies when compared to the dollar had shifted the competitiveness equation.

Mexico, which is new to the study, was cheapest overall. It was added to incorporate a major trading country that is a party to the North American Free Trade Agreement.

The study is done every two years, and the 2008 survey was the seventh KPMG has done.

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, Fla., and the Dallas-Fort Worth area.

The San Francisco Bay Area – which includes Silicon Valley and San Jose – was the most expensive in the nation, 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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