



United States now a steal for businesses

The nation now out ranks France, Britain on the list of cheapest places to do business due to the falling dollar.

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NEW YORK (AP) -- Thanks to the weakened dollar, the United States 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 United States 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 United States to be more cost competitive than they'd ever seen because of the plunging dollar.

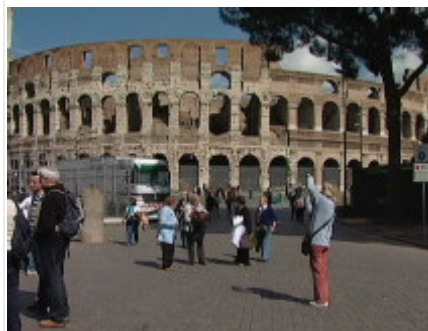
The weak dollar means overseas companies, like automakers, get more bang for their buck.

The United States was ranked No. 1 for affordability among automakers, up from sixth just two years ago, MacDonald said.

The euro and the yen are stretching further now than they did two years ago, driving down the cost of everything from labor and transportation to the cost of energy used to power factories.

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In 2006, the United States ranked seventh, and lagged behind several other G7 countries. This year, with the dollar at record lows against the euro, only Mexico and Canada were cheaper. The United States is now cheaper than Britain, the Netherlands, Italy and France.

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"It makes the U.S. a relatively more attractive place to do business," MacDonald said.

The dollar has also hit 12-year lows against the yen this month.

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

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 still a bargain. 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 United States, 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 studied 17 industries in Australia, Canada, France, Germany, Italy, Japan, Mexico, the Netherlands, Britain and all 50 states in the United States. Those were all compared against a benchmark developed by taking the average cost of doing business in U.S. locations. ■

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