2. The Canadian advantage is consistent among cities and regions

In the rankings among cities, Canadian cities are ranked first through sixth in every industry. On a regional basis, West Coast locations tend to experience the highest costs. Within this region, the Canadian location ranks above its two U.S. counterparts, in all seven industries.

3. Most individual cost components are favourable to Canada

In terms of individual cost components, general trends are summarized as follows:

- **Industrial land costs** tend to be highest in areas located on the West coast. In the other regions, land costs in Canadian cities are generally higher than those in U.S. cities.

- **Construction costs** in Canadian cities are competitive with the U.S. cities examined.

- **Labour costs** in Canada are generally lower than those in the United States.

- **The costs of employer-sponsored benefits** in Canada are lower than those in the United States.

- **The costs of employer-paid statutory employee benefits and taxes** tend to be lower in Canada than in the United States, reflecting the existence of a public-sponsored health care system in Canada.

- **Electricity costs** for industrial users are significantly lower in Canada than in the United States.

- **Transportation costs** vary by jurisdiction and industry, but reflect lower rates in Canada than the United States.

- **Interest costs** are higher in Canada than in the United States.

- **Federal regional and local taxation rates** vary significantly among the locations examined.

- **Income tax credits for research and development** in Canada provide a significant cost advantage over those in U.S. locations. In addition, income tax legislation in Canada allows capital assets associated with research and development to be depreciated at a faster rate in Canada than the United States.

The combined impact of these factors creates a significant cost advantage for Canadian locations. The strongest factors underlying the net advantage for Canada are labour and benefits, which together account for about three-quarters of location-sensitive costs.