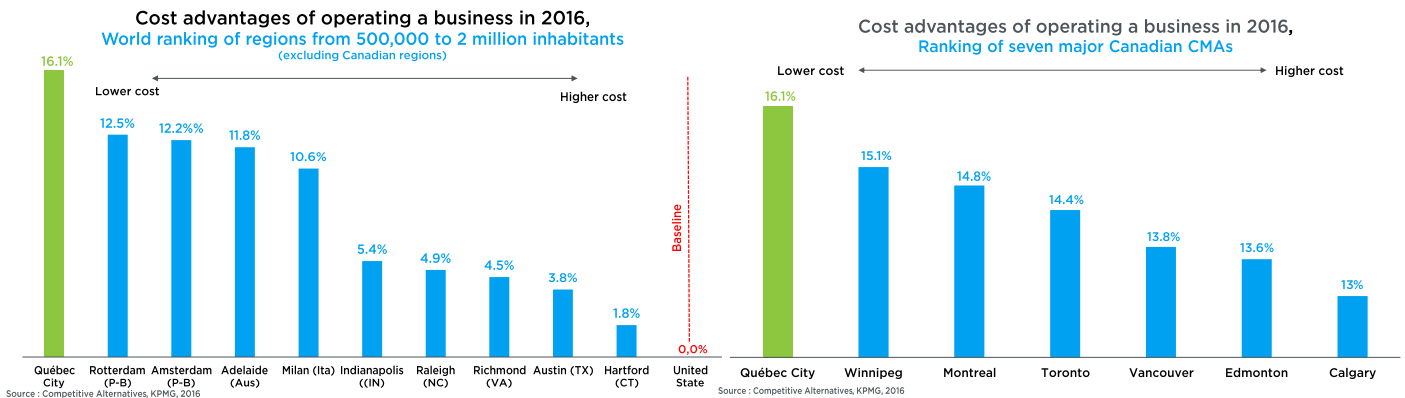


## Business operating costs: Québec City remains #1 in Canada and around the world among comparable regions

### Highlights

- According to KPMG's Competitive Alternatives 2016, it is 16.1% cheaper on average to set up a company and do business in Québec City, compared with US cities (9.3% in 2014).
- For the second year in a row, Québec City is ranked #1 worldwide among comparable metropolitan regions with over 500,000 inhabitants and mature markets.
- Among the 111 regions studied in all categories, Québec City ranks 5<sup>th</sup> worldwide (6<sup>th</sup> in 2014).
- Québec City recorded higher-than-average competitive cost advantages than in US cities in sectors associated with R&D (33.8%), business services (33.3%), digital services (29.3%) and manufacturing (9.8%).



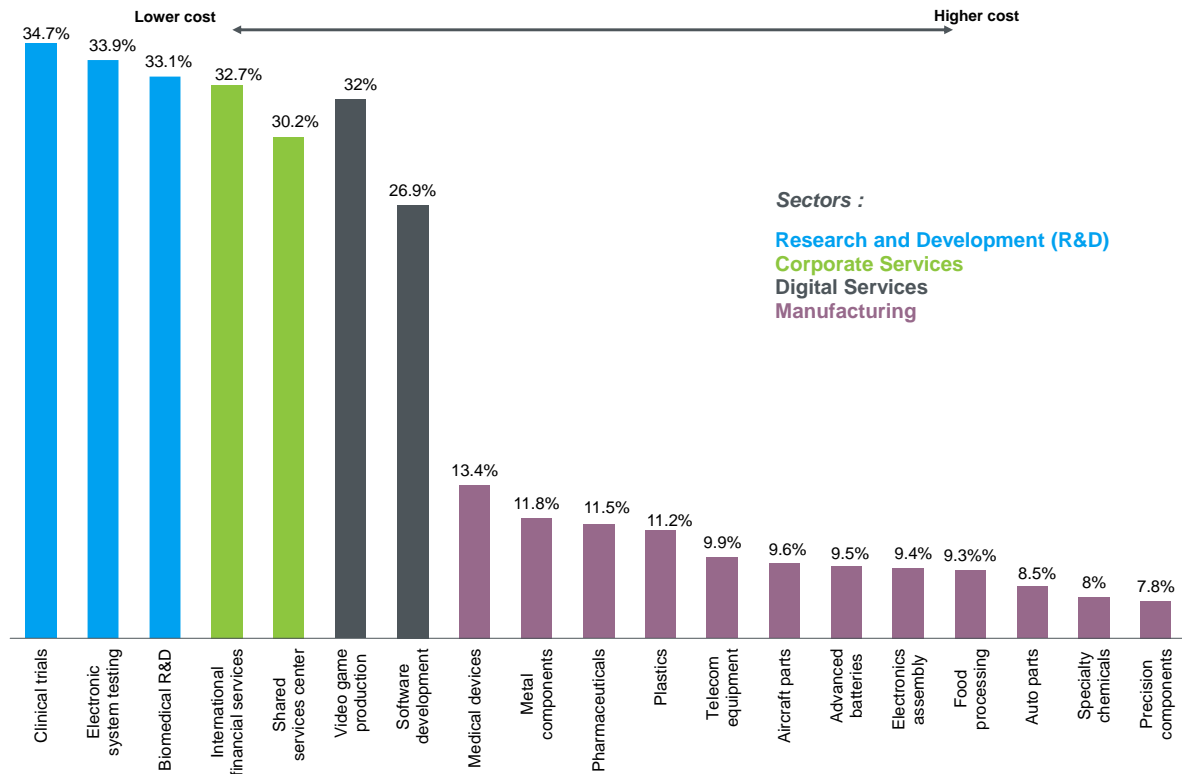
The Québec City region is outperforming its rivals when it comes to business operating costs. The 2016 edition of KPMG's Competitive Alternatives confirms that **Québec City continues to be ranked #1 worldwide among comparably sized urban areas** (i.e. over 500,000 inhabitants in mature markets) in terms of its competitive cost advantages. According to this biennial study, it is 16.1% cheaper to set up a company and do business in Québec City, compared with the US average — a marked improvement over the 2014 result (9.3% cheaper).

Around the world, Québec City is ranked 5<sup>th</sup> (6<sup>th</sup> in 2014) behind Mexico City and Monterrey (emerging markets), as well as behind Fredericton and Moncton in Canada (mature markets), both of which are very small regions with under 100,000 inhabitants. Québec City is the most attractive among Canada's Top 7 census metropolitan areas and ranks 3<sup>rd</sup> among all Canadian regions studied.

The KPMG study compares business operating costs and attractiveness factors associated with 19 sectors of activities in 111 metropolitan regions in 10 countries. It also takes a look at factors influencing the choice of geographic location, including the qualified labour pool, economic conditions, innovation, infrastructure, cost of living and quality of life.

Although current exchange rates have a bearing on the overall rankings, the Québec City region faces an increasingly competitive global environment in which differences between jurisdictions continue to diminish. To set itself apart, Québec City benefits from Canadian and Québec government programs offering various incentives to local and foreign companies (e.g. tax credits/holidays), as well as from low energy prices. Thanks to the regional environment, Québec City has low industrial rents and competitive wages, thereby reducing operating costs.

**Cost advantages of operating a business in Québec City,  
by sub-sectors, 2016**



Source : Competitive Alternatives, KPMG, 2016

The 2016 results also show that Québec City has a pronounced competitive advantage in four main areas worldwide: R&D (33.8%), business services (31.3%), digital services (29.3%) and manufacturing (9.8%). More specifically, as regards R&D, Québec City's cost advantages are associated with clinical trials (34.7%), electronic system testing (33.9%) and biomedical research (33.1%). Business services are dependent on financial services (32.7%) and shared services centres (32%). As regards digital services (one of Québec City's driving forces), competitiveness is demonstrated in the video game (32%) and software development (26.9%) sectors. It should be noted that for each of its sub-sectors, Québec City is ranked #1 worldwide in the category of regions with over 500,000 inhabitants in mature markets. As regards manufacturing, Québec City offers lower operating costs on average than in US cities for all 12 sub-sectors. The manufacturing of medical equipment (13.4%), metal products (11.8%), pharmaceutical products (11.5%), plastic products (11.2%) and telecommunications equipment (9.9%) offers the lowest costs in regional terms.

The results announced this morning confirm that the Québec City region has the tools it needs to attract foreign companies and to support the competitiveness of local firms. Québec City has also demonstrated its determination to maintain its leading position among the very best places to set up and operate a business in Québec and the rest of Canada. As it builds on this reputation and sets itself apart from its competitors, the region is maintaining sustained economic growth and offering high-level institutional, educational and research establishments, in addition to high-quality industrial infrastructure and transportation facilities.

Additional information: [KPMG Competitive Alternatives 2016](#)

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