

SYNTHETIC TEXTILES

The Canadian industry was more cost-competitive than their U.S. counterpart until 1980 (pre-exchange-adjustment). Total costs were only slightly higher than in the U.S. in 1980 and 1981, but jumped 11.8 per cent above U.S. levels in 1982. This was due to the fact that total unit material costs increased by 5 per cent in Canada in that year, while falling 9.7 per cent in the U.S. Total costs between the two countries were brought back into line in 1983, however, and total Canadian costs were only 3 per cent above U.S. levels in 1984.

Domestic unit interest payments were substantially higher than U.S. levels (187 per cent in 1982) throughout the period and accounted for 4.6 per cent of total Canadian costs in 1982. On the other hand, U.S. unit depreciation payments were significantly higher than in Canada (100 per cent in 1982) and represented 8.5 per cent of total U.S. costs in 1982. The share fell to 5 per cent of total costs by the end of the period, however, as U.S. depreciation payments fell 40 per cent in 1983.

On an exchange-rate-adjusted basis, Canadian producers held an advantage throughout most of the period, with costs being in the range of 17 to 2.6 per cent below U.S. levels from 1980 to 1984.