

TEXTILE INDUSTRIES

The Canadian Textile industry was very cost-competitive on a total-cost basis (pre-exchange-adjustment) until 1977. Cost differences between the two countries began to expand after that time, and by 1984 Canadian costs were 24 per cent above those in the U.S.

Domestic unit material costs (which on average accounted for approximately 65 per cent of total outlays in Canada and 75 per cent in the U.S.) remained substantially below U.S. levels until the latter half of the 1970's. The average annual rate of growth over the entire period was 2.8 per cent higher in Canada, however, and, as a result, domestic expenditures in this area were 2 per cent above U.S. levels by 1984.

Unit labour costs in Canada remained above those in the U.S., and grew at a much faster pace over the entire period. A large cost increase in Canada in 1982, combined with a 20 per cent cost decline in the U.S. in 1983, brought domestic unit labour costs 123 per cent above U.S. levels by 1983. Relative Canadian labour productivity declined from 1979 onwards and was less than 70 per cent of the U.S. level in 1984.

Domestic unit depreciation payments were 106 per cent higher than those in the U.S. in 1982, and domestic unit interest payments were 278 per cent higher. These two costs combined accounted for 6.7 per cent of total Canadian expenditures in 1982.

On an exchange-rate-adjusted basis, Canadian producers were cost-competitive in all years and total unit costs for the domestic industry were 4.2 per cent lower than in the U.S. by 1984.