

## V. COST COMPARISON OF CANADIAN AND UPSTATE NEW YORK PRINTERS

With the volatility of foreign exchange markets, it is difficult to present an accurate comparison of costs between Canadian and U.S. printing firms. Depending upon the relative value of the two currencies, a direct measure of any two competing firms may well be obsolete the day after the comparison is completed. However, it is possible to examine the relative cost in a general way to determine any particular cost area where there is a noticeable variance. This approach has been followed by the Printing Industries of America ("PIA") and the results are presented in Table 3.

The purpose of the PIA study was to examine the distribution of costs that can be attributed to the value-added of a printing job. The objective of Table 3 was to identify any cost area(s) in which there could be an advantage for either the Canadian or U.S. firm. The type of firms illustrated in the table were sheet-fed offset printers with annual incomes in the range of \$3 million (US) to \$10 million (US). The jobs that were costed were mainly commercial advertising.

The results, as shown in Table 3, fail to identify any significant variances in the distribution of the costs between Canadian and U.S. printers. For the costs of operations, such as Factory Payroll and Factory Expenses, the two columns tracked costs in a near parallel fashion. Any differences worth noting occur in the areas of administrative and selling expenses. The costs of administration for the typical U.S. firm were approximately 40% greater than Canadian firms, but the reverse was the case for selling expenses. Overall, there were very similar distributions of the value-added costs of printing jobs.

For both the U.S. and Canadian printers, the single largest category of costs was direct labor. For U.S. commercial printers, labor costs and rates are annually reported in the Statistical Abstracts of the United States. Over the period 1980 to 1992, the national average for U.S. commercial printers labor rates for nonsupervisory workers have risen from \$7.85 (US) to \$11.94. As of November 1993, the average labor rate as reported in the Monthly Labor Review had risen to \$12.17. By monitoring U.S. labor rates, Canadian printing firms should be able to obtain an indication of the relative costs of general printing jobs with the information contained in Table 3 (and also taking into account the prevailing exchange rates).