

depreciation values from this source makes it important to use care in interpreting the results on the study. This is due to fact that these capital-related measures are collected on a "corporate" rather than an "establishment" basis. A corporation is classified in its entirety to a single industry, even if it is engaged in a variety of industrial activities. Unfortunately, this creates some differences in accounting for costs in some industries. Similar U.S. data used in the study is measured on an establishment basis³. While these matters were outlined as a concern from the beginning, the data that follows reveals an encouraging similarity between U.S. and Canadian data on interest and depreciation costs. This similarity plus the fact that these costs are a relatively small part of the totals, suggest that important information can be added to the analysis on the capital side.

A series of data definitions and manipulation issues are also relevant. While in general the study-team tried to follow the Standard Industrial Classifications (SIC's), it was often not possible to build on a consistent base. In almost every case, this would be due to the larger U.S. economy and the fact that more and different products are produced there. While much time was spent in trying to ascertain that U.S. and Canadian data were collected from comparable industry groups, in the final analysis it is likely that the industrial groupings are not exactly homogeneous.

One mitigating consideration is that the thrust of this report is an inquiry into the unit costs of production and that these are intended to reflect the costs of industrial processes. Insofar as Canadian and American industries use similar processes, the unit cost analysis will still offer the derived "competitiveness" interpretation.

In the case of both Canadian and American data, industrial detail is only available up to the 1980 to 1983 period. Since many related data sources are available to 1984, most measures have been extended forward⁴. In general, this process involves

³ For some industries the misallocation of corporate data with establishments makes comparison of interest and depreciation costs unreliable. For this reason there are no such comparisons for Mineral Fuels, Transportation Equipment and Motor Vehicle Parts and Accessories

⁴ Interest and depreciation payments in Canada are only available to 1982 and were not extended beyond this date.