

RUBBER AND PLASTICS PRODUCTS

This industry was more competitive than the U.S. industry until 1980, after which time domestic costs exceeded U.S. levels by approximately 3 to 10 per cent (pre-exchange-adjusted).

Unit material costs increased significantly in 1974 in both countries (33 per cent in Canada and 36 per cent in the U.S.) and began to escalate again in 1979. Canadian cost changes from 1979 to 1980 were more pronounced than in the U.S., however, and from 1980 to 1981 domestic cost increases were 8.3 per cent higher than in the U.S.

Domestic unit labour costs fluctuated above and below U.S. levels until 1981, after which time they remained above U.S. costs until the end of the period. From 1979 to 1982, costs increased by a rate of 57 per cent in Canada versus 18 per cent in the U.S., raising Canadian labour costs 23 per cent above U.S. levels in 1982. Canadian unit labour costs decreased in 1983 and 1984, however, leaving domestic costs only 6 per cent higher than those in the U.S. in 1984. Canadian labour productivity continued to improve over the period, and by 1984 was almost at the same level as in the U.S.

Unit gross indirect taxes were substantially higher in the U.S. over the entire period, but only accounted for 2 per cent of total U.S. expenditures in 1984. Canadian unit depreciation payments grew at a much higher rate than in the U.S., but accounted for a very small portion of total unit costs in both countries.

On an exchange-rate-adjusted basis, the domestic industry maintained a favourable cost position throughout the entire period. In 1984, total unit costs were 23 per cent below U.S. levels.