

PAPER AND ALLIED INDUSTRIES

Total costs (pre-exchange-rate-adjustment) for the Canadian Paper and Allied industry were higher than comparable U.S. costs over the entire period. Purchases of materials represented the largest expenditure category in both countries, accounting for approximately 63 per cent of total costs in Canada and 45 per cent in the U.S. in 1982. Canadian material costs were, on average, 80 per cent higher than U.S. costs over the 1970's. The difference between the two countries narrowed somewhat in the early 1980's, however, and by 1984 domestic costs were 69 per cent above U.S. levels.

Unit labour costs for the Canadian industry were much lower than those in the U.S. throughout the period concerned, although they increased at an average annual rate that was 1.6 per cent higher than in the U.S. In 1984, Canadian producers still held a 32 per cent cost advantage in this area. Canadian labour efficiency rates were very close to the U.S. levels from 1971 to 1973. Productivity fell significantly, however, from 1973 to 1975, and did not reach U.S. levels again until 1980. Over the early 1980's, Canadian productivity levels fluctuated between 0 to 10 per cent below U.S. values.

On an exchange-rate-adjusted basis, total costs were 9 per cent below U.S. values in 1984.