

FURNITURE AND FIXTURES

After 1973, total unit costs (pre-adjusted) for domestic producers were higher, and grew at a faster pace, than those in the U.S. Total Canadian expenditures grew at an average annual rate of 8.5 per cent over the interval, compared to 6.6 per cent in the U.S., giving U.S. producers a 16 per cent cost advantage by 1984.

Material and labour costs accounted for close to 95 per cent of total input costs in both countries, thus dominating the picture. Costs for both categories were above U.S. levels from 1974 onwards; in 1983, Canadian unit material costs were 18.7 per cent higher than in the U.S. The difference between the two countries was only 9 per cent in 1984, however, as U.S. costs increased 12.8 per cent in that year compared to 3.3 per cent in Canada.

Unit labour costs increased at an average annual rate over the period of 8.1 per cent in Canada compared to 5.4 per cent in the U.S. By 1982, Canadian costs were 36 per cent above U.S. levels. The cost differences between the two countries decreased the following year as Canadian labour costs declined by 8 per cent compared to a decline of 1.5 per cent in the U.S. While costs in both countries continued to fall in 1984, those in the U.S. fell by a larger amount, making unit labour costs in Canada 31 per cent higher than in the U.S. in that year. Canadian labour productivity improved over the period, rising from approximately 60 per cent of U.S. levels in 1971 to close to 85 per cent in 1984.

Unit interest payments were substantially higher in Canada throughout the entire period (444 per cent higher in 1982), and increased at a much faster pace. In 1982, interest costs accounted for 3 per cent of total Canadian costs while representing less than 1 per cent of total costs in the U.S.

On an exchange-rate-adjusted basis, Canadian producers had lower total unit costs than the U.S. industry in 1983 and 1984. In 1984, domestic costs were 12 per cent below U.S. levels.