

METAL STAMPING

Canadian producers were at a cost disadvantage over most of the period, and total domestic unit costs began to increase at a much faster pace than in the U.S. from 1979 onwards (pre-exchange-adjustment). By 1984, domestic costs were 45 per cent higher than U.S. levels due to the fact that Canadian unit material costs increased by 41 per cent from 1979 to 1984 compared to a 19 per cent increase in U.S. material costs over the same period. By 1984, Canadian costs in this area were 147 per cent above U.S. levels.

Unit labour costs accounted for 23 per cent of total factor costs in Canada in 1982 and 45 per cent in the U.S. Canadian costs were 40 to 45 per cent below U.S. levels in all years except 1982 and 1983. This was due to the fact that U.S. costs decreased by approximately 2.5 per cent in each of these years, while Canadian costs increased by 21 per cent and 5.5 per cent in 1982 and 1983 respectively. Domestic costs for this input were once again about 40 per cent below U.S. costs by 1984, due to the fact that Canadian unit labour costs fell 20.7 per cent that year. Canadian labour was less efficient throughout the entire period, although domestic productivity rates improved substantially over the 1970's. Although Canadian productivity fell sharply relative to the U.S. in the early 1980's, domestic rates were close to 90 per cent of the U.S. levels by the end of the period.

Unit depreciation payments increased significantly over the interval in the U.S., leaving U.S. costs 45 per cent above Canadian levels in 1982. Depreciation payments accounted for 6 per cent of total U.S. costs in that year and only 2.4 per cent of total Canadian costs.

Unit interest payments grew much more rapidly in Canada, increasing 66 per cent in 1982 and bringing Canadian costs 126 per cent above U.S. payments. This category only accounted for 3 per cent of total Canadian costs at that time.

On an exchange-rate-adjusted basis, Canadian costs were 1½ per cent above U.S. levels in 1984.