

WOOD

The Canadian Wood industry was at a total cost disadvantage relative to the U.S. sector over the entire period, although the cost-gap between the two countries fluctuated substantially from year to year.

Total unit material costs accounted for approximately 64 per cent of total factor input costs in both countries in 1982. Changes in this area were quite erratic over the period, with very large increases being posted in some years and negative growth occurring in others. The average annual growth rate was approximately 9 per cent in both countries, and Canadian costs were 9.6 per cent above U.S. levels in 1984.

Unit labour costs increased at an average annual rate of 7.6 per cent in Canada compared to only 4.5 per cent in the U.S., leaving domestic unit labour costs 33 per cent above those in the U.S. in 1984. Canadian labour productivity improved over the years and was slightly above the U.S. rate in 1984.

U.S. unit depreciation payments were 27 per cent above those in Canada in 1982. They declined by 26 per cent in 1983, however, and by 1984 accounted for less than 4 per cent of total U.S. costs.

On an exchange-rate-adjusted basis, Canadian producers held an 13 per cent cost advantage in 1984.