

NON-METAL MINES AND QUARRIES

Total unit costs for the two countries were fairly comparable until 1977, when Canadian costs rose 12 per cent above U.S. levels (pre-exchange-rate-adjustment). Domestic producers remained at a cost disadvantage for the remainder of the period, and in 1984 faced total unit costs that were almost 18 per cent higher than in the U.S.

Unit material costs, which historically accounted for approximately 50 per cent of total input costs in the two countries, increased at an average annual rate of 12 per cent in Canada compared to 10 per cent in the U.S. While domestic costs tended to be lower over the early 1970's, they were 7 and 3 per cent higher in 1980 and 1981 respectively. A large 18 per cent decrease in U.S. material costs in 1984 brought Canadian expenditures 46 per cent above U.S. levels in that year.

Domestic unit labour costs, which accounted for approximately 35 per cent of total Canadian costs each year, were below U.S. levels until 1975 when several years of phenomenal cost growth completely eliminated Canada's competitive position in this area. By 1983, unit labour costs were 22 per cent higher than in the U.S. This situation reversed in 1984, when Canadian costs declined 17 per cent while comparable U.S. costs increased 11.5 per cent. This left Canadian unit labour costs 9 per cent lower than U.S. costs. Canadian labour was extremely efficient, posting productivity levels over the period that were two to five times as high as in the U.S.

Canadian unit interest payments increased 429 per cent from 1979 to 1982, representing 7.9 per cent of total costs in 1982. While the average annual rate of growth for comparable U.S. payments was also high over the same period, Canadian costs were 287 per cent above those in the U.S. in 1982. U.S. expenditures in this area only accounted for 2.5 per cent of total costs in that year.

Unit depreciation payments in 1982 accounted for 8 per cent of total input costs in Canada and 11.8 per cent in the U.S. In 1982, U.S. payments were 14 per cent higher than in Canada.

On an exchange-rate-adjusted basis, Canadian total unit costs were lower from 1978 onwards and were 9 per cent below U.S. levels in 1984.