

### 16.1 Manufacturing in 1982

In 1982 the manufacturing sector of the Canadian economy posted one of the weakest performances in many years. The total value of all shipments of goods of own manufacture reported by manufacturing establishments for 1982 came to \$187.9 billion, down 1.6% from \$191.0 billion in 1981. This was the first such year-over-year decline since 1958 and was the worst performance in this respect since 1946. These figures are based on current dollars; to determine the decline in real volume terms it is necessary to eliminate the impact of inflation. This may be done by adjusting for the increase in the industrial selling price index (ISPI) which covers approximately the same set of industries. The ISPI showed a gain of 6.0% in 1982; after adjusting for this inflation factor, the decline in shipments in 1982 from 1981 came to 7.2% measured in real terms.

The proportion of the Canadian gross domestic product (GDP) which is accounted for by the manufacturing sector dropped quite sharply to 18.4% in 1982 from 20.6% in 1981 and 20.6% also in 1980. The greatest weakness was in industry groups that depend upon low interest rates to support capital investment. Such industry groups as wood, primary metals and machinery were particularly affected as demand in these areas dropped sharply with the rise in interest rates.

#### 16.1.1 Provincial analysis

Eight provinces, representing 99.2% of all Canadian shipments, reported declines in 1982. Analyzing the national decrease of 1.6% on a provincial basis, the largest percentage decrease occurred in New Brunswick, which dropped 13.5% on 1.8% of the national total shipments, and in British Columbia which declined 6.6% on 8.3% of the total. The two largest industrial provinces also recorded decreases: Quebec reported a 1.9% dip on 26.2% of the total shipments while Ontario recorded a marginal decrease easing 0.1% on 50.0% of the national aggregate. Other provincial totals which declined as much as or more than the national decrease were Manitoba with a 2.8% decrease on 2.6% of the total shipments and Nova Scotia which declined 5.5% on 1.9% of the national aggregate. Saskatchewan was down 0.6% on 1.3% of the total.

Newfoundland, Prince Edward Island, Yukon and Northwest Territories recorded percentage increases but on such small volumes of total shipments as to be ineffective in reducing the overall national decrease.

Yukon and Northwest Territories had a 15.8% increase on 0.02% of the national aggregate, Newfoundland gained 3.8% on 0.7% of the Canadian volume and Prince Edward Island showed a rise of 3.3% on 0.1% of the national shipment total.

#### 16.1.2 Major industry groups

Analyzing the decrease by major industry group at the national level, the weakest performance was reported by the wood industries group which declined by 15.0% to \$7.2 billion from \$8.4 billion in 1981. The primary metals industries group declined by 14.2% to \$12.4 billion. Other groups with declines in excess of 10.0% were machinery industries, down 11.8% to \$7.7 billion, textile industries, down 10.8% to \$4.5 billion, and furniture and fixture industries, down 10.1% to \$2.5 billion.

Countering the general downward trend, six major groups showed increases. The strongest were the tobacco products industries group, up 8.7% to \$1.5 billion, the chemical and chemical products group, up 6.9% to \$14.1 billion, and the petroleum and coal products group which gained 6.1% to \$21.7 billion.

When adjustments are made for the inflation factor as measured by the ISPI, the actual quantity of goods shipped showed a decrease in all 20 major industry groups. After making this adjustment for price increases the chemical and chemical products group had a decrease of only 0.3% in quantity of goods shipped followed by the food and beverage group, down 1.6%. The weakest performances in terms of actual quantities shipped were recorded by the machinery group, down 19.2%, the non-metallic mineral products group, down 18.5%, and the furniture and fixtures group, lower by 17.6%.

The two groups with the largest percentage drop in the value of shipments before adjusting for inflation, the wood group and the primary metals group, were the only groups actually to record a drop in their ISPI. This deflation was calculated at -2.7% for the wood industries group and -0.6% for the primary metals group.