



NEWS RELEASE



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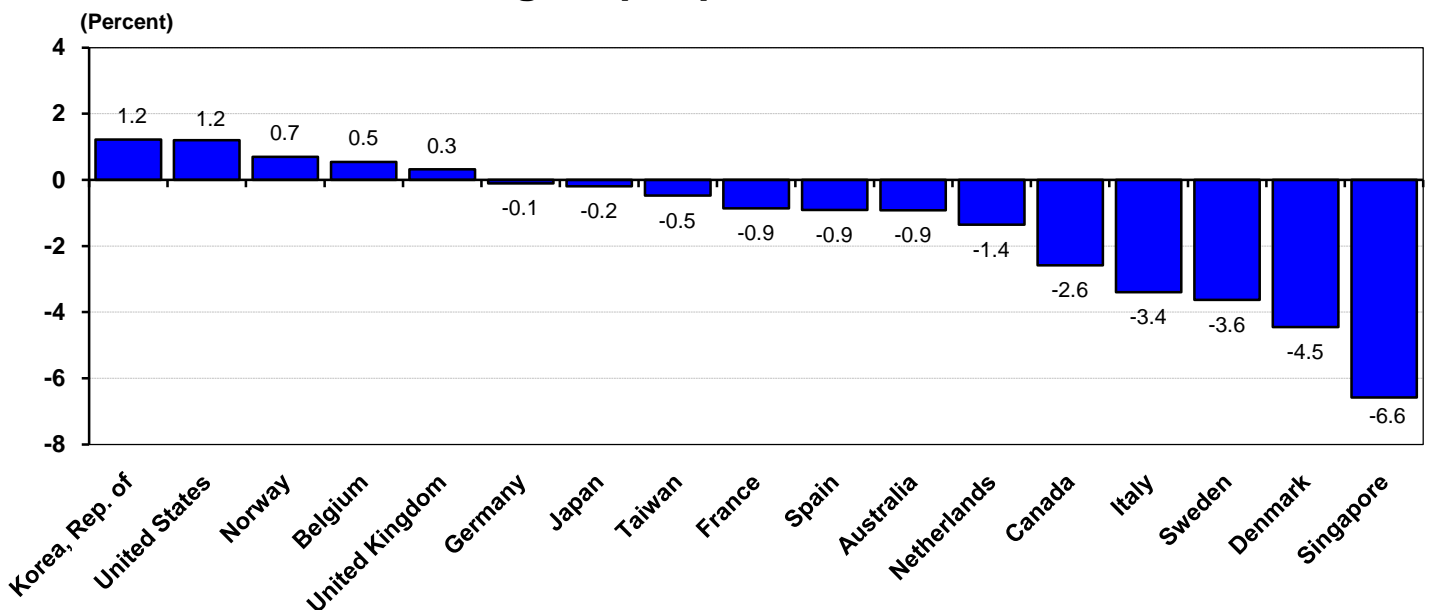
INTERNATIONAL COMPARISONS OF MANUFACTURING PRODUCTIVITY AND UNIT LABOR COST TRENDS, 2008

Manufacturing labor productivity decreased in 2008 in 12 of the 17 economies compared by the U.S. Department of Labor's Bureau of Labor Statistics. The Republic of Korea and the United States had the largest productivity increases (1.2 percent each) among the five economies where productivity increased. Singapore had the steepest productivity decline (-6.6 percent). (See chart 1.)

For all economies, labor productivity in manufacturing increased less or declined more in 2008 than the average annual changes over the 2000–2008 period, when almost all of the economies studied experienced productivity increases. Average annual growth rates for selected measures over various time periods are shown in tables A and B.

The data presented for the United States differ from those appearing in BLS Productivity and Costs news releases. (See technical notes.)

Chart 1. Percent change in manufacturing output per hour, 2007–2008



Changes in unit labor costs can be expressed either in national currency units or in U.S. dollars. Expressed in national currency units, manufacturing unit labor costs increased in all 17 economies in 2008. The increase for the United States and for Taiwan (+1.7 percent) was the second lowest among the economies compared. Expressed in U.S. dollars, manufacturing unit labor costs increased even more in 14 of the economies, because of the weakening dollar. The U.S. manufacturing sector improved its labor cost competitiveness in 2008 against all economies compared except the Republic of Korea and the United Kingdom, where unit labor cost expressed in U.S. dollars declined, because their currencies weakened against the dollar. (See chart 2.)

Chart 2. Percent change in manufacturing unit labor costs, 2007-2008

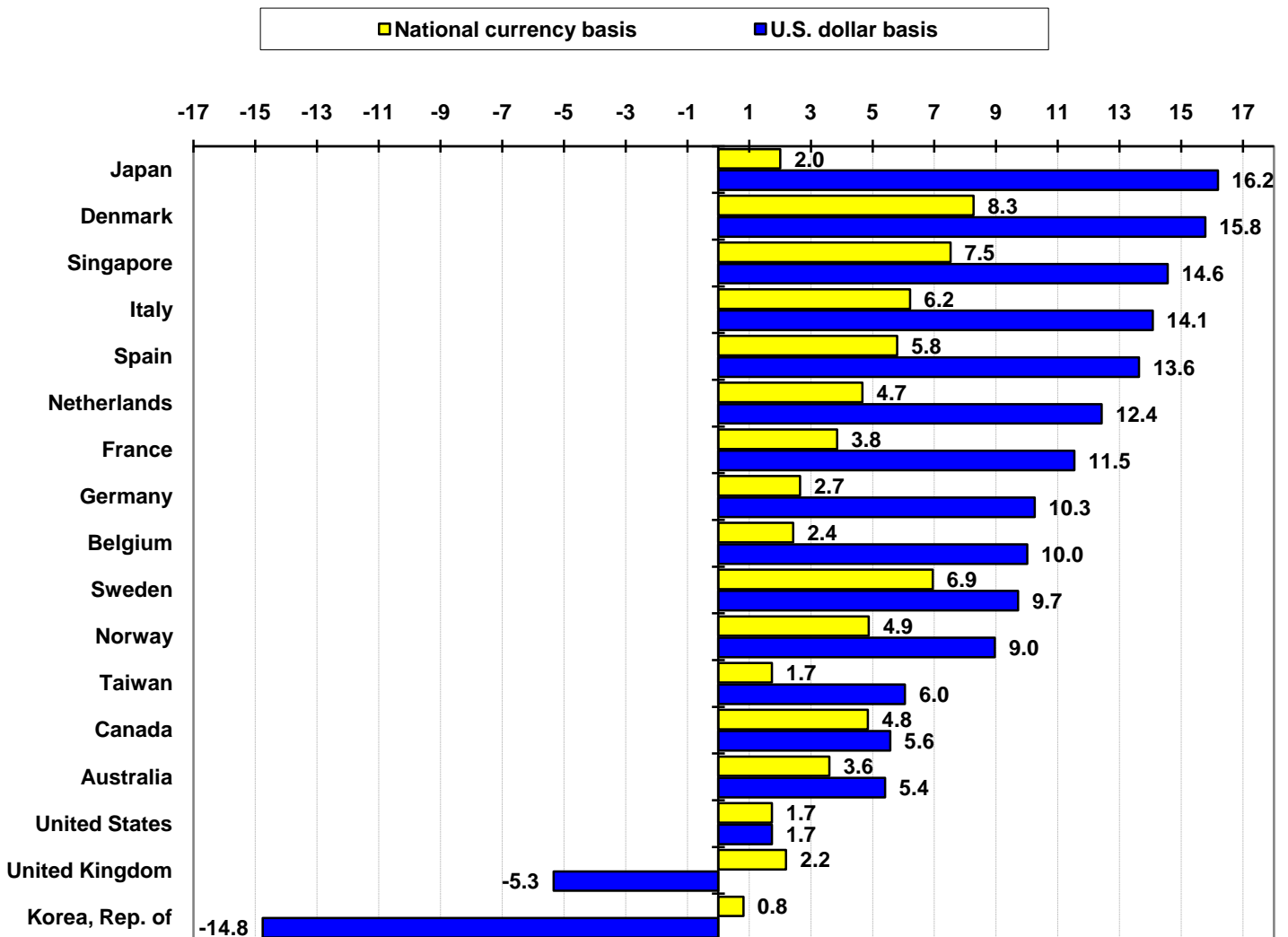


Table A. Output per hour, hourly compensation, unit labor costs, and related measures
Manufacturing, 17 countries or areas, 2007-2008

Percent change

Country or area	Output per hour	Output	Total hours	Employment	Average hours	Total Compensation	Hourly Compensation	Unit Labor Costs		Exchange rate(1)
								National currency	U.S. dollars	
United States	1.2	-2.7	-3.9	-3.4	-0.5	-1.0	3.0	1.7	1.7	--
Canada	-2.6	-5.7	-3.2	-2.6	-0.6	-1.1	2.1	4.8	5.6	0.7
Australia	-0.9	1.6	2.6	1.5	1.1	5.3	2.7	3.6	5.4	1.7
Japan	-0.2	-3.4	-3.2	-1.8	-1.4	-1.4	1.8	2.0	16.2	13.9
Korea, Republic of	1.2	3.1	1.8	-0.3	2.2	3.9	2.0	0.8	-14.8	-15.4
Singapore	-6.6	-4.1	2.6	3.4	-0.8	3.1	0.5	7.5	14.6	6.5
Taiwan	-0.5	-1.1	-0.6	0.8	-1.4	0.7	1.3	1.7	6.0	4.2
Belgium	0.5	-0.5	-1.0	-0.3	-0.7	1.9	3.0	2.4	10.0	7.4
Denmark	-4.5	-1.8	2.7	1.7	1.1	6.3	3.4	8.3	15.8	6.9
France	-0.8	-2.4	-1.5	-1.5	0.0	1.4	3.0	3.8	11.5	7.4
Germany	-0.1	0.6	0.7	1.6	-0.9	3.3	2.5	2.7	10.3	7.4
Italy	-3.4	-4.5	-1.2	-1.2	0.0	1.4	2.6	6.2	14.1	7.4
Netherlands	-1.4	-0.6	0.8	0.5	0.3	4.0	3.3	4.7	12.4	7.4
Norway	0.7	3.0	2.3	2.5	-0.2	8.0	5.6	4.9	9.0	3.9
Spain	-0.9	-2.1	-1.2	-0.5	-0.7	3.6	4.8	5.8	13.6	7.4
Sweden	-3.7	-3.5	0.2	-0.5	0.7	3.2	3.0	6.9	9.7	2.6
United Kingdom	0.3	-2.8	-3.1	-2.9	-0.2	-0.7	2.5	2.2	-5.3	-7.4

(1) Value of foreign currency relative to the U.S. dollar.

Additional data available

Annual indexes of the variables shown in table A are estimated for the time period 1950-2008 and are available at <http://www.bls.gov/ilc/>. However, for analytical purposes, the international comparisons in this release go back to 1979.

For further information, contact the Division of International Labor Comparisons (ILC), in the Office of Productivity and Technology by phone at 202-691-5654, by e-mail at ilchelp@bls.gov, or by mail at Bureau of Labor Statistics, 2 Massachusetts Avenue, NE, Room 2150, Washington, DC 20212.

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Manufacturing productivity, output, and labor input

In 2008 manufacturing productivity decreased in almost all of the 17 economies compared, in contrast to past years and periods, when most economies registered productivity increases. Singapore (-6.6 percent) and Denmark (-4.5 percent) experienced the largest productivity declines in 2008. The Republic of Korea and the United States led productivity growth in 2008 with slight increases of 1.2 percent each, but below the average annual increases for both countries for all the periods shown in the accompanying tables. (See tables A and B.)

Manufacturing output decreased in 13 of the 17 economies in 2008. The declines ranged between -0.5 percent in Belgium to -5.7 percent in Canada. The U.S. output decline of 2.7 percent was in the middle of this range. Among the four countries with output growth in 2008, the Korean increase of 3.1 percent was the largest; however, this was less than the average annual increases in Korean manufacturing output for all previous periods shown in the accompanying tables. (See tables A and B.)

For most economies, declines in 2008 manufacturing output were accompanied by declines in employment, as well as by declines in average hours worked.

In 2008 manufacturing employment decreased in 10 of the 17 economies. The United States had the largest decline in employment (-3.4 percent), while Singapore had the largest increase in employment (+3.4 percent). Over the 2000-2008 period, the United Kingdom and the United States experienced the steepest average annual declines in manufacturing employment (-3.9 and -3.0 percent respectively).

In 2008 average hours worked in manufacturing declined in 10 of the 17 economies and increased in 5, while France and Italy showed no change in average hours worked. Average hours worked fell 0.5 percent in U.S. manufacturing.

In 2008 total manufacturing hours worked fell in 9, and increased in 8 of the 17 economies compared. The greatest decline in total hours worked, -3.9 percent, occurred in U.S. manufacturing, and the largest increase, +2.7 percent, was in Denmark. This contrasts with the average annual changes over the 2000-2008 period, when total hours worked in manufacturing declined in most of the 17 economies. Singapore (+3.6 percent) and Norway (+0.2 percent) were the only two countries that experienced growth in total manufacturing hours worked over the 2000–2008 period.

Manufacturing hourly compensation and unit labor costs

Total labor compensation in manufacturing increased in 13 of the 17 economies in 2008. The largest increases were in Norway (+8.0 percent) and Denmark (+6.3 percent). U. S. compensation dropped by 1.0 percent. Total labor compensation in manufacturing also declined in Japan, Canada, and the United Kingdom. (See tables A and B.)

Hourly compensation in manufacturing increased in 2008 in all 17 economies. The largest increase was in Norway (+5.6 percent), followed by Spain (+4.8 percent). The U.S. increase of 3.0 percent in hourly compensation was below its average annual increase since 1979. The 2008 increases in hourly compensation were smaller than the average annual increases for all economies during the 1979–2008 period, for which comparable data are available. (See tables A and B.)

Expressed in national currencies, unit labor costs also increased in all 17 economies in 2008. The largest increase occurred in Denmark (+8.3 percent). U.S. and Taiwanese manufacturing had the second smallest increase (+1.7 percent each) among the economies compared. However, for the United States this increase was larger than the average annual increases in unit labor costs between 1979 and 2008. For most economies, the 2008 increases in unit labor costs were also larger than their average annual increases during the 1979–2008 period.

Movements in exchange rates are often the dominant force behind changes in comparative unit labor costs and international competitiveness. In 2008, the U.S. dollar weakened against most of the currencies being compared. The exceptions were the currencies of Korea and the United Kingdom, which depreciated against the dollar. This depreciation of the U.S. dollar against most currencies continues a trend that began in 2001.

As a result of these changes in exchange rates, manufacturing unit labor costs expressed in U.S. dollars increased even more in 14 of the economies, while declining in 2 in 2008. The unit labor costs of two countries, Korea and the United Kingdom, went from increases to decreases when computed on a U.S. dollar basis. Thus, the manufacturing sector in the United States improved its unit labor cost competitiveness in 2008 against all economies compared except Korea and the United Kingdom.

Table B. Output per hour, hourly compensation, unit labor costs, and related measures
Manufacturing, 17 countries or areas, 1979-2008

Average annual rates of change(1)

Country or area	1979-2008	1979-1990	1990-1995	1995-2000	2000-2008	2006-2007	2007-2008
Output per hour							
United States	3.9	2.8	3.7	5.6	4.6	4.7	1.2
Canada	2.3	2.1	3.4	3.8	0.8	2.7	-2.6
Australia	2.1	2.3	1.3	3.4	1.6	1.9	-0.9
Japan	3.5	3.8	3.3	3.4	3.2	3.5	-0.2
Korea, Republic of	NA	NA	9.4	10.8	7.4	7.6	1.2
Singapore	NA	NA	6.9	6.5	0.7	-3.8	-6.6
Taiwan	5.6	6.2	4.7	5.5	5.2	8.9	-0.5
Belgium	3.3	4.2	3.1	2.4	2.8	4.4	0.5
Denmark	2.1	2.2	2.7	1.8	1.8	0.4	-4.5
France	3.5	3.8	3.4	4.6	2.6	1.2	-0.8
Germany(2)	3.0	2.1	2.9	3.7	3.7	5.0	-0.1
Italy	2.1	3.4	3.8	1.4	-0.2	0.5	-3.4
Netherlands	3.2	3.3	3.7	3.3	2.7	2.7	-1.4
Norway	1.7	1.9	0.1	1.4	2.7	-0.2	0.7
Spain	2.4	3.3	3.1	0.8	1.5	2.4	-0.9
Sweden	4.2	2.1	5.5	6.8	4.8	0.6	-3.7
United Kingdom	3.4	4.1	2.4	2.7	3.6	3.3	0.3
Output							
United States	2.7	2.2	3.6	5.4	1.2	2.9	-2.7
Canada	1.9	1.9	2.2	6.2	-0.9	-0.9	-5.7
Australia	1.5	1.6	0.8	2.6	1.1	3.3	1.6
Japan	2.5	4.7	0.6	1.1	1.5	3.6	-3.4
Korea, Republic of	8.6	10.7	8.2	7.9	6.3	7.2	3.1
Singapore	NA	NA	8.0	6.7	4.3	5.9	-4.1
Taiwan	5.9	7.4	4.4	5.8	4.8	10.4	-1.1
Belgium	1.7	2.6	0.6	2.3	0.8	2.6	-0.5
Denmark	1.2	1.3	2.1	1.7	0.3	3.6	-1.8
France	1.4	1.5	0.6	3.4	0.5	0.8	-2.4
Germany(2)	1.4	1.2	-1.0	2.2	2.6	6.1	0.6
Italy	1.4	2.6	1.6	1.2	-0.4	2.0	-4.5
Netherlands	2.2	2.4	2.0	3.3	1.3	3.2	-0.6
Norway	1.0	-0.5	0.7	1.4	2.9	5.3	3.0
Spain	2.0	2.1	0.6	5.0	0.8	0.9	-2.1
Sweden	3.5	1.7	3.8	7.4	3.6	2.3	-3.5
United Kingdom	0.6	0.9	0.4	1.3	-0.3	0.6	-2.8

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Table B. Output per hour, hourly compensation, unit labor costs, and related measures
Manufacturing, 17 countries or areas, 1979-2008

Average annual rates of change(1)

Country or area	1979-2008	1979-1990	1990-1995	1995-2000	2000-2008	2006-2007	2007-2008
Total hours							
United States	-1.2	-0.6	-0.1	-0.1	-3.2	-1.8	-3.9
Canada	-0.4	-0.2	-1.1	2.3	-1.7	-3.5	-3.2
Australia	-0.6	-0.7	-0.5	-0.9	-0.4	1.3	2.6
Japan	-1.0	0.9	-2.7	-2.2	-1.6	0.2	-3.2
Korea, Republic of	NA	NA	-1.1	-2.6	-0.9	-0.4	1.8
Singapore	NA	NA	1.0	0.2	3.6	10.2	2.6
Taiwan	0.3	1.2	-0.3	0.2	-0.4	1.3	-0.6
Belgium	-1.6	-1.6	-2.4	-0.1	-2.0	-1.7	-1.0
Denmark	-0.9	-1.0	-0.7	-0.1	-1.5	3.3	2.7
France	-2.1	-2.2	-2.8	-1.1	-2.0	-0.5	-1.5
Germany(2)	-1.5	-0.9	-3.8	-1.4	-1.1	1.0	0.7
Italy	-0.8	-0.8	-2.1	-0.2	-0.2	1.5	-1.2
Netherlands	-1.0	-0.9	-1.7	0.0	-1.4	0.5	0.8
Norway	-0.7	-2.3	0.6	0.0	0.2	5.5	2.3
Spain	-0.4	-1.2	-2.4	4.1	-0.7	-1.4	-1.2
Sweden	-0.7	-0.4	-1.7	0.5	-1.1	1.8	0.2
United Kingdom	-2.8	-3.1	-1.9	-1.3	-3.8	-2.7	-3.1
Employment							
United States	-1.3	-0.8	-0.5	0.0	-3.0	-1.7	-3.4
Canada	-0.4	-0.3	-1.5	2.2	-1.6	-3.4	-2.6
Australia	-1.2	-1.3	-2.3	-1.1	-0.4	1.8	1.5
Japan	-0.7	1.0	-1.4	-2.1	-1.6	0.5	-1.8
Korea, Republic of	NA	NA	-0.8	-2.5	0.4	0.0	-0.3
Singapore	NA	NA	0.7	-0.1	3.5	9.9	3.4
Taiwan	0.9	2.0	-0.3	0.5	0.5	1.4	0.8
Belgium	-1.5	-1.6	-2.2	-0.6	-1.4	-0.9	-0.3
Denmark	-0.9	-0.4	-1.2	-1.2	-1.3	1.8	1.7
France	-1.6	-1.8	-2.5	-0.3	-1.8	-1.4	-1.5
Germany(2)	-1.1	-0.1	-4.2	-0.8	-0.7	1.2	1.6
Italy	-0.7	-0.8	-1.9	-0.2	0.0	0.7	-1.2
Netherlands	-0.9	-0.6	-1.6	0.1	-1.4	0.4	0.5
Norway	-0.8	-2.2	0.4	0.2	0.0	5.0	2.5
Spain	0.1	-0.7	-2.0	3.3	0.4	-0.6	-0.5
Sweden	-1.3	-1.0	-3.5	0.2	-1.3	0.6	-0.5
United Kingdom	-2.8	-2.9	-2.7	-1.2	-3.9	-3.2	-2.9

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Table B. Output per hour, hourly compensation, unit labor costs, and related measures
Manufacturing, 17 countries or areas, 1979-2008

Average annual rates of change(1)

Country or area	1979-2008	1979-1990	1990-1995	1995-2000	2000-2008	2006-2007	2007-2008
Average hours							
United States	0.1	0.2	0.4	-0.1	-0.1	-0.1	-0.5
Canada	0.1	0.1	0.3	0.1	-0.2	-0.1	-0.6
Australia	0.6	0.6	1.9	0.3	0.0	-0.5	1.1
Japan	-0.3	-0.1	-1.3	-0.1	0.0	-0.4	-1.4
Korea, Republic of	NA	NA	-0.2	-0.1	-1.3	-0.4	2.2
Singapore	NA	NA	0.3	0.3	0.1	0.2	-0.8
Taiwan	-0.6	-0.8	0.0	-0.3	-0.9	0.0	-1.4
Belgium	-0.1	0.0	-0.2	0.5	-0.6	-0.8	-0.7
Denmark	0.0	-0.5	0.6	1.1	-0.1	1.4	1.1
France	-0.4	-0.5	-0.3	-0.8	-0.3	1.0	0.0
Germany(2)	-0.5	-0.9	0.4	-0.6	-0.4	-0.2	-0.9
Italy	-0.1	0.1	-0.2	0.0	-0.2	0.8	0.0
Netherlands	-0.1	-0.2	0.0	-0.1	0.0	0.1	0.3
Norway	0.0	-0.1	0.2	-0.2	0.2	0.5	-0.2
Spain	-0.4	-0.5	-0.4	0.8	-1.1	-0.8	-0.7
Sweden	0.7	0.7	1.9	0.3	0.2	1.2	0.7
United Kingdom	0.1	-0.2	0.8	-0.1	0.1	0.5	-0.2
Total labor compensation(3): National currency basis							
United States	3.3	4.9	3.3	4.3	0.5	2.5	-1.0
Canada	4.2	6.5	2.4	5.2	1.6	-0.1	-1.1
Australia	NA	NA	3.2	3.1	4.7	6.6	5.3
Japan	1.6	5.5	0.8	-1.1	-1.4	-0.1	-1.4
Korea, Republic of	13.4	19.6	17.6	5.8	7.8	6.0	3.9
Singapore	NA	NA	8.7	2.4	4.2	9.3	3.1
Taiwan	7.2	13.5	6.8	3.6	1.6	4.6	0.7
Belgium	2.7	4.4	1.3	1.9	1.6	3.5	1.9
Denmark	4.4	7.0	2.3	2.8	3.0	5.9	6.3
France	3.4	6.7	1.6	1.7	1.3	2.3	1.4
Germany(2)	2.7	4.6	2.4	1.6	1.2	2.8	3.3
Italy	6.2	11.6	3.9	2.4	2.7	3.7	1.4
Netherlands	2.8	3.2	2.7	3.4	2.1	3.7	4.0
Norway	5.5	6.4	4.1	5.1	5.3	10.5	8.0
Spain	6.7	10.1	5.5	5.6	3.6	3.5	3.6
Sweden	5.3	8.8	1.9	5.3	2.8	6.7	3.2
United Kingdom	3.6	7.1	1.5	3.3	0.6	0.5	-0.7

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Table B. Output per hour, hourly compensation, unit labor costs, and related measures
Manufacturing, 17 countries or areas, 1979-2008

Average annual rates of change(1)

Country or area	1979-2008	1979-1990	1990-1995	1995-2000	2000-2008	2006-2007	2007-2008
Hourly compensation(3): National currency basis							
United States	4.5	5.6	3.4	4.5	3.8	4.3	3.0
Canada	4.6	6.8	3.6	2.9	3.3	3.5	2.1
Australia	NA	NA	3.7	4.0	5.1	5.3	2.7
Japan	2.6	4.6	3.6	1.2	0.3	-0.2	1.8
Korea, Republic of	NA	NA	18.9	8.6	8.8	6.4	2.0
Singapore	NA	NA	7.6	2.2	0.6	-0.7	0.5
Taiwan	6.9	12.1	7.2	3.4	1.9	3.2	1.3
Belgium	4.3	6.1	3.8	2.0	3.7	5.3	3.0
Denmark	5.3	8.1	2.9	2.9	4.5	2.6	3.4
France	5.6	9.1	4.5	2.8	3.4	2.7	3.0
Germany(2)	4.3	5.6	6.4	3.1	2.2	1.7	2.5
Italy	7.0	12.5	6.1	2.7	2.9	2.2	2.6
Netherlands	3.9	4.1	4.5	3.4	3.6	3.2	3.3
Norway	6.3	9.0	3.4	5.2	5.1	4.8	5.6
Spain	7.1	11.4	8.2	1.4	4.3	4.9	4.8
Sweden	6.0	9.1	3.7	4.8	3.9	4.8	3.0
United Kingdom	6.6	10.5	3.5	4.7	4.5	3.3	2.5
Unit labor costs(3): National currency basis							
United States	0.6	2.7	-0.3	-1.0	-0.7	-0.4	1.7
Canada	2.3	4.6	0.3	-0.9	2.5	0.8	4.8
Australia	NA	NA	2.4	0.5	3.5	3.2	3.6
Japan	-0.8	0.7	0.3	-2.1	-2.9	-3.6	2.0
Korea, Republic of	4.5	8.1	8.7	-2.0	1.3	-1.1	0.8
Singapore	NA	NA	0.6	-4.1	-0.1	3.2	7.5
Taiwan	1.2	5.6	2.3	-2.1	-3.1	-5.2	1.7
Belgium	1.0	1.8	0.7	-0.4	0.8	0.8	2.4
Denmark	3.1	5.7	0.2	1.1	2.7	2.2	8.3
France	2.0	5.1	1.0	-1.7	0.8	1.5	3.8
Germany(2)	1.3	3.3	3.4	-0.5	-1.4	-3.2	2.7
Italy	4.7	8.8	2.2	1.2	3.1	1.7	6.2
Netherlands	0.7	0.8	0.7	0.1	0.9	0.5	4.7
Norway	4.5	6.9	3.3	3.7	2.3	5.0	4.9
Spain	4.6	7.8	4.9	0.5	2.7	2.5	5.8
Sweden	1.7	6.9	-1.8	-1.9	-0.8	4.2	6.9
United Kingdom	3.1	6.1	1.1	1.9	0.9	-0.1	2.2

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Table B. Output per hour, hourly compensation, unit labor costs, and related measures
Manufacturing, 17 countries or areas, 1979-2008

Average annual rates of change(1)

Country or area	1979-2008	1979-1990	1990-1995	1995-2000	2000-2008	2006-2007	2007-2008
Unit labor costs(3): U.S. dollar basis							
United States	0.6	2.7	-0.3	-1.0	-0.7	-0.4	1.7
Canada	2.6	4.6	-2.9	-2.4	6.8	6.5	5.6
Australia	NA	NA	1.3	-4.2	8.6	15.0	5.4
Japan	1.7	4.6	9.4	-4.8	-2.4	-4.8	16.2
Korea, Republic of	1.6	4.4	6.9	-9.2	1.7	1.6	-14.8
Singapore	NA	NA	5.7	-7.8	2.5	8.8	14.6
Taiwan	1.7	8.5	2.7	-5.3	-3.2	-6.2	6.0
Belgium	1.2	0.6	3.3	-7.9	6.9	10.1	10.0
Denmark	3.2	4.1	2.2	-6.1	8.9	11.7	15.8
France	1.8	2.7	2.8	-8.4	6.9	10.8	11.5
Germany(2)	2.5	4.5	5.9	-8.0	4.5	5.7	10.3
Italy	3.1	5.2	-3.9	-3.7	9.3	11.0	14.1
Netherlands	1.7	1.7	3.3	-7.6	6.9	9.7	12.4
Norway	4.1	4.9	3.1	-2.9	8.2	15.0	9.0
Spain	2.8	3.8	0.8	-6.6	8.9	11.9	13.6
Sweden	0.2	3.8	-5.4	-6.7	3.4	13.8	9.7
United Kingdom	2.6	4.5	-1.4	1.1	3.5	8.5	-5.3
Exchange rates(4)							
United States	--	--	--	--	--	--	--
Canada	0.3	0.0	-3.2	-1.6	4.2	5.6	0.7
Australia	-0.9	-3.2	-1.1	-4.7	4.9	11.4	1.7
Japan	2.6	3.8	9.1	-2.7	0.5	-1.2	13.9
Korea, Republic of	-2.8	-3.4	-1.7	-7.3	0.4	2.7	-15.4
Singapore	NA	NA	5.0	-3.9	2.5	5.4	6.5
Taiwan	0.5	2.7	0.3	-3.3	-0.1	-1.1	4.2
Belgium	0.2	-1.2	2.6	-7.6	6.0	9.1	7.4
Denmark	0.1	-1.5	2.0	-7.1	6.0	9.2	6.9
France	-0.2	-2.2	1.8	-6.8	6.0	9.1	7.4
Germany(2)	1.1	1.1	2.5	-7.5	6.0	9.1	7.4
Italy	-1.6	-3.3	-6.0	-4.9	6.0	9.1	7.4
Netherlands	1.0	0.9	2.6	-7.6	6.0	9.1	7.4
Norway	-0.4	-1.9	-0.3	-6.4	5.7	9.5	3.9
Spain	-1.8	-3.7	-3.9	-7.1	6.0	9.1	7.4
Sweden	-1.5	-2.9	-3.7	-4.9	4.2	9.1	2.6
United Kingdom	-0.5	-1.6	-2.4	-0.8	2.6	8.6	-7.4

NA=data not available

(1) Rates of change based on the compound rate method.

(2) Data for years before 1991 pertain to the former West Germany.

(3) Adjusted for employment taxes and government subsidies to estimate the actual cost to employers.

(4) Value of foreign currency relative to the U.S. dollar.

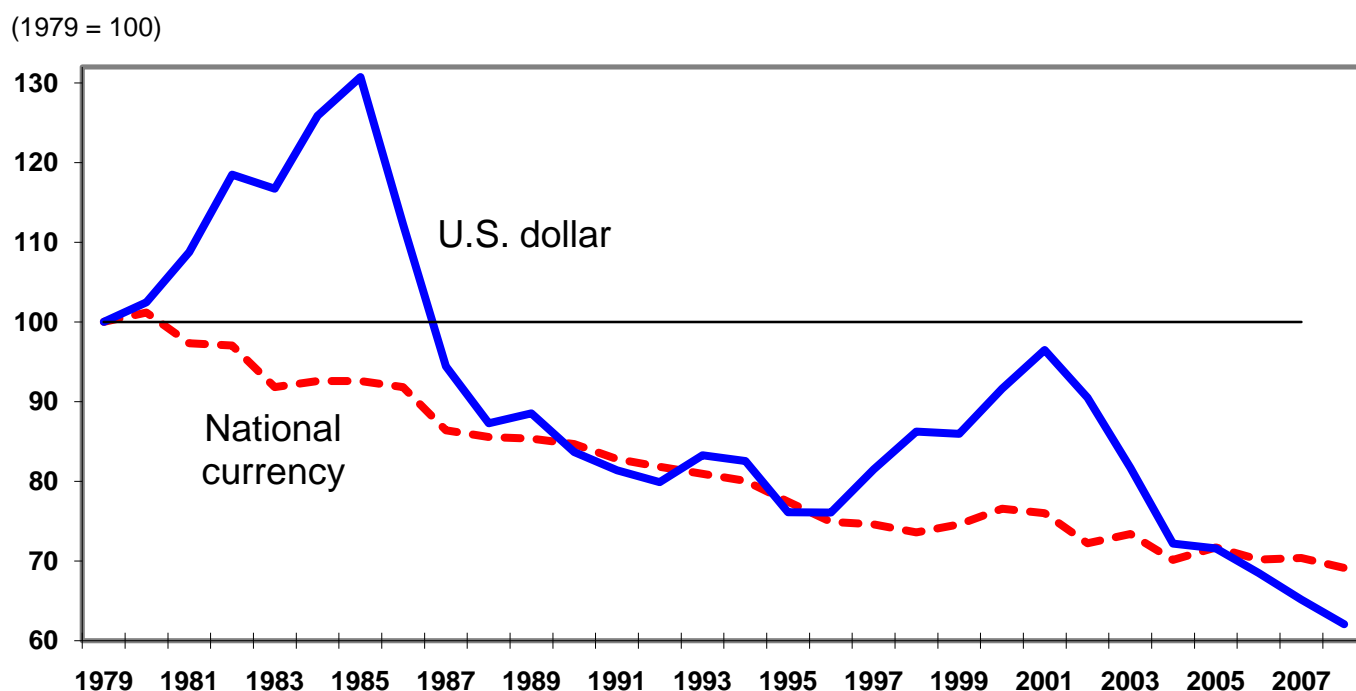
Trade-weighted unit labor costs

BLS constructs indexes of U.S. unit labor cost trends relative to a competitors' index, which is a trade-weighted average of unit labor cost trends in the other economies, in order to take account of differences in the relative importance of foreign economies to U.S. trade in manufactured goods. Relative trade-weighted unit labor cost indexes are calculated on both a national currency and a U.S. dollar basis.

In this release, the relative U.S. trade-weighted indexes are estimated against 14 economies for which comparable data are available over the period of comparison. Australia and Singapore have been omitted because unit labor cost data are not available before 1990. The indexes underlying this chart are shown in table C.

Chart 3 begins in 1979, a year in which U.S. manufacturing output reached a business cycle peak.

Chart 3. U.S. manufacturing unit labor costs relative to 14⁽¹⁾ other economies, 1979-2008



(1) Australia and Singapore have been omitted from this chart because data are not available before 1990.

In the chart, the dotted line shows that, on a national currency basis, U.S. unit labor costs tended to fall more or increase less than unit labor costs in the other economies from 1979 until 2008.

The solid line compares the unit labor costs on a U.S. dollar basis. From 1979 to 1985, and again from 1995 to 2001, U.S. unit labor costs on a U.S. dollar basis generally rose more or declined less than in the other economies, due to the appreciation of the dollar. Since 2001, relative U.S. unit labor costs declined with the weakening of the U.S. dollar.

Table C. U.S. manufacturing unit labor costs relative to 14⁽¹⁾ competitors, 1979-2008

Year	Unit Labor Costs National Currency Basis			Unit Labor Costs U.S. Dollar Basis		
	Own Index	Competitors' Index	Ratio	Own Index	Competitors' Index	Ratio
1979	100.0	100.0	100.0	100.0	100.0	100.0
1980	112.7	111.4	101.2	112.7	110.0	102.5
1981	117.6	120.9	97.3	117.6	108.1	108.8
1982	127.3	131.2	97.0	127.3	107.4	118.5
1983	122.7	133.6	91.8	122.7	105.1	116.7
1984	123.8	133.7	92.6	123.8	98.3	125.9
1985	126.1	136.2	92.6	126.1	96.5	130.7
1986	130.0	141.6	91.8	130.0	115.8	112.3
1987	125.4	145.1	86.4	125.4	132.8	94.4
1988	126.5	147.8	85.5	126.5	144.9	87.3
1989	129.5	151.8	85.4	129.5	146.3	88.5
1990	133.9	158.2	84.7	133.9	160.1	83.7
1991	137.7	166.4	82.8	137.7	169.3	81.4
1992	139.0	169.9	81.8	139.0	174.0	79.9
1993	138.2	170.8	80.9	138.2	166.0	83.3
1994	134.6	168.1	80.1	134.6	163.0	82.5
1995	131.7	170.1	77.4	131.7	173.1	76.1
1996	128.9	172.1	74.9	128.9	169.4	76.1
1997	126.7	169.8	74.6	126.7	155.5	81.5
1998	125.7	170.9	73.6	125.7	145.8	86.2
1999	125.0	167.6	74.6	125.0	145.4	86.0
2000	125.1	163.5	76.5	125.1	136.6	91.6
2001	128.4	169.0	76.0	128.4	133.1	96.5
2002	122.5	169.7	72.2	122.5	135.4	90.5
2003	124.4	169.5	73.4	124.4	152.3	81.7
2004	118.1	168.4	70.1	118.1	163.7	72.2
2005	119.7	167.0	71.7	119.7	167.3	71.6
2006	116.5	166.1	70.2	116.5	170.2	68.5
2007	116.2	165.1	70.4	116.2	178.4	65.1
2008	118.1	170.9	69.1	118.1	190.3	62.1

(1) Australia and Singapore have been omitted from this table because data are not available before 1990.

Technical Notes

The comparisons in this release are based on data available to the Bureau of Labor Statistics as of the beginning of September 2009 from the national statistical offices of the 17 economies compared.

Definitions. Labor productivity is defined as real output per hour worked. Although the labor productivity measure presented in this release relates output to the hours worked of persons employed in manufacturing, it does not measure the specific contributions of labor as a single factor of production. Rather, it reflects the joint effects of many influences, including new technology, capital investment, capacity utilization, energy use, and managerial skills, as well as the skills and efforts of the workforce.

Unit labor costs are defined as the cost of labor input required to produce one unit of output. They are computed as compensation in nominal terms divided by real output. Unit labor costs can also be computed by dividing hourly compensation by output per hour, that is, by labor productivity.

Methodology. BLS constructs trends of manufacturing labor productivity and unit labor costs from three basic aggregate measures: output, total labor hours, and total compensation. The hours and compensation measures, as well as the employment measures, refer to employees (wage and salary earners) in Belgium and Taiwan. For all other economies, the measures refer to all employed persons, including employees, self-employed persons, and unpaid family workers.

In general, the measures relate to total manufacturing as defined by the International Standard Industrial Classification (ISIC). However, the measures for France include parts of mining. Data for the United States are in accordance with the North American Industry Classification System (NAICS 97), except compensation data before 1987. Canadian data are in accordance with NAICS 97 starting in 1961.

The data for the most recent years are based on the United Nations System of National Accounts 1993 (SNA 93). For earlier years, data were compiled according to previously used systems.

To obtain historical time series, BLS may link together data series which were compiled according to different accounting systems by national statistical offices.

Output. For most of the economies, the output measures are real value added in manufacturing, based on national accounts. However, output for Japan prior to 1970 and for the Netherlands prior to 1960 are indexes of industrial production. The manufacturing value added measures for the United Kingdom are essentially identical to their indexes of industrial production.

Most economies now estimate manufacturing real output using moving price weights, as recommended by SNA 93. However, many earlier time periods within the historical real output series have been estimated using fixed price weights, with the weights updated periodically (for example, every 5 or 10 years). Taiwan still uses fixed price weights to estimate real output.

Measures of real output also may differ among economies because of different approaches to quality adjustments.

For the United States, the output measure for the manufacturing sector is a chain-weighted index of real gross product originating (deflated value added) produced by the Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce. For more information on the U.S. measure, see "Improved Estimates of Gross Product by Industry for 1947-98," *Survey of Current Business*, June 2000, pp. 24-38 and "Gross Domestic Product by Industry for 1947-86. New Estimates Based on the North American Industry Classification System," *Survey of Current Business*, December 2005, pp. 70-84.

The U.S. manufacturing output series used for international comparisons differs from the manufacturing output series that BLS publishes as part of its major sector productivity and costs measures for the United States. The international comparisons program uses a value added output concept, while the major sector series is on a sectoral output basis. Sectoral output is gross output less intra-sector sales and transfers. The U.S. major sector productivity and costs measures can be found at <http://www.bls.gov/lpc/home.htm>. For information on sectoral output, see "Measurement of productivity growth in U.S. manufacturing," *Monthly Labor Review*, July 1995, pp. 13-28.

Value added measures have been used for the international comparisons series because the data are more readily available from the economies' national accounts, whereas sectoral output would require a complex estimation procedure. Even though BLS has determined that sectoral output is the correct concept for U.S. measures of productivity, there are other considerations that may make value added a better concept for international comparisons of labor productivity, such as differences among economies in the extent of vertical integration of industries.

Labor Input. For the most recent years, the term "hours" refers to hours worked. For some earlier years, BLS uses other hours measures.

For the United States, the employment and hours data series beginning with 1987 are taken from the NAICS-based manufacturing all-employed series published by BLS as part of the major sector productivity and cost measures. For the period before 1987, these series are linked to NAICS-based, employees-only data from the Current Employment Statistics (CES) program.

For most other economies, recent years' aggregate hours series are obtained from national statistical offices, usually from national accounts. However, for some earlier years, BLS calculates the aggregate hours series using employment figures published with the national accounts, or other comprehensive employment series, and data on average hours worked.

Compensation (Labor Cost). The compensation measures are from national accounts. Compensation includes employer expenditures for legally required insurance programs and contractual and private benefit plans, in addition to all payments made in cash or in kind directly to employees. When data for the self-employed are not available, total compensation is estimated by assuming the same average compensation for the self-employed as for employees.

Labor cost is defined as compensation plus employment taxes minus employment subsidies, i.e. the cost to employers of using labor. For most economies, labor cost is the same as compensation. However, for Australia, Canada, France, Singapore, and Sweden, compensation is increased to account for important taxes on payroll or employment. For the United Kingdom, compensation is reduced between 1967 and 1991 to account for subsidies.

Data for Germany. German data prior to 1991 pertain to the former West Germany. The data series are linked in 1991.

Data for Australia. Australian data are published by fiscal years, which run from July 1 through June 30. The Australian Bureau of Statistics provides unpublished calendar-year data for real value added, employment, and hours worked. For compensation, BLS estimates calendar-year series using two-year moving averages of the data for fiscal years. Manufacturing compensation data are not available for years prior to 1990.

Data for Recent Years. The measures for recent years may be estimates based on various current indicators until national accounts and other preferred statistics become available.

Trade-Weighted Measures. The trade weights used to calculate the relative unit labor cost indexes of the United States and the other economies are based on the relative dollar value of U.S. trade in manufactured commodities (exports plus imports) with each economy in 2008. The trade data are compiled by the U.S. Census Bureau.

The following weights were used for the entire period for which trade-weighted unit labor cost measures are produced:

	<i>Weight</i>		<i>Weight</i>
Canada	34.89	Germany	11.32
Japan	14.92	Italy	3.86
Korea	5.95	Netherlands	4.19
Taiwan	4.40	Norway	0.66
Belgium	3.39	Spain	1.61
Denmark	0.69	Sweden	1.32
France	5.21	United Kingdom	7.60

Level Comparisons. The BLS measures are limited to trend comparisons. BLS does not prepare level comparisons of manufacturing productivity and unit labor costs because of data limitations and technical problems in comparing the levels of manufacturing output among economies. Each economy measures manufacturing output in its own currency units. To compare outputs among economies, a common unit of measure is needed. Market exchange rates are not suitable as a basis for comparing output levels. What is needed are purchasing power parities, which are the number of foreign currency units required to buy goods and services equivalent to what can be bought with one unit of U.S. currency.

Purchasing power parities, for most economies, are available for total gross domestic product (GDP) from the Organization for Economic Cooperation and Development

(OECD). However, these parities are derived for expenditures made by consumers, business, and government for goods and services - not for value added by industry. Therefore, they do not provide purchasing power parities by industry. The parities developed for total GDP are not suitable for each component industry, such as manufacturing.

European exchange rates. On Jan. 1, 1999, 11 European countries joined the European Monetary Union (EMU). In subsequent years several other European countries became EMU members. The euro, the official currency of the EMU, was established at fixed conversion rates to the previous national currencies of EMU members. Data on manufacturing value added and labor compensation for euro-area countries are now reported in euros.

In order to maintain historical continuity of data series, data for euro-area countries for years before 1999 have been converted to euros by applying the fixed euro/national currency conversion rates. For countries and years where output, compensation, and exchange rates are converted from national currency units into euros, the following fixed conversion rates are used:

1 euro equals:	40.3399 Belgian francs	1936.27 Italian lire
	6.55957 French francs	2.20371 Netherlands guilders
	1.95583 German marks	166.386 Spanish pesetas

The currency exchange rates cited in this publication are annual averages of daily buying rates in New York City.