

Manufacturers' Utilization of Plant Capacity

1998

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Advance Report for Fourth Quarter 1998

The Census Bureau reports U.S. domestic manufacturing plants used an estimated 73 percent (± 1 percentage point) of their full production capacity for the fourth quarter of 1998 compared to 75 percent (± 1 percentage point) for the fourth quarter of 1997.

Durable goods industries in the fourth quarter of 1998 operated at a 2 percent lower rate (± 1 percentage point) than non-durable goods industries with a full production utilization rate of 72 percent compared to 74 percent for nondurable goods industries. Durable goods industries are manufacturing industries in which items have a normal life expectancy of 3 years or more. Nondurable goods industries are manufacturing industries in which items generally have a life expectancy of less than 3 years.

Advance processing industries for 1998 operated at a 4 percent lower rate (± 1 percentage point) than primary processing industries with a full production utilization rate of 72 percent compared with 76 percent for primary processing industries. Primary processing industries are industries in which products are generally the first processed output of raw materials in the manufacturing process. Advanced processing industries are industries in which products are considered finished manufactured items.

Industries with the lowest utilization rates of their full production capacity in the fourth quarter of 1998 were leather and leather products (SIC 31) at 67 percent and miscellaneous manufacturing industries (SIC 39) at 68 percent. Among the industries with the highest utilization rates for 1998 were paper allied products (SIC 26) at 83 percent and petroleum and coal products (SIC 29) at 82 percent. Full

production capacity is broadly defined as the maximum level of production an establishment could attain under normal operating conditions.

Industries with the lowest utilization rates of their national emergency production capacity in the fourth quarter of 1998 were apparel and other textile products (SIC 23) at 32 percent and leather and leather products (SIC 31) at 36 percent. Among the industries with the highest utilization for 1998 were paper and allied products (SIC 26) at 74 percent and petroleum and coal products (SIC 29) and primary metals (SIC 33), both at 69 percent. National emergency production is broadly defined as the greatest level of production an establishment can expect to sustain for 1 year or more under national emergency conditions. Both full production and national emergency production rates are shown in the accompanying table.

The Census Bureau developed new definitions of operating levels for the 1990 Survey of Plant Capacity Utilization. Data in the 1998 Survey of Plant Capacity Utilization report were collected using the same definitions since the 1990 survey. Caution should be taken when comparing these results to previous Census Bureau surveys of plant capacity utilization estimates and other measures of capacity. Other measures of capacity employ different methodologies which may yield different utilization levels.

Since the 1989 survey year, the industrial classifications have been based on the 1987 edition of the Standard Industrial Classification (SIC) manual published by the Office of Management and Budget. The 1998 survey will be the last survey year using the SIC system. Beginning with the 1999 survey, all data will be based on

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the North American Industry Classification System (NAICS). The 1999 survey will contain a retabulation of the 1997 and 1998 data to reflect the NAICS industry coding.

Data are obtained from manufacturing establishments by means of a mailed questionnaire. Respondents are asked to report their actual production, full production, and national emergency levels of operation for the fourth quarter of the year in terms of value of production. From these reported dollar values, utilization rates for full production and national emergency

production are derived. Year-to-year changes in these rates are affected by changes in the estimated capacity of industrial plants due to factors such as capital expenditures, capital retirements, changes in the workforce, changes in prices, changes in product mix, and changes in respondents' estimates of productivity.

The estimates are based on information collected from a sample of approximately 17,000 manufacturing establishments. Estimates in this release are based on response from approximately

82 percent of the survey panel. Estimates for 1993 through 1998 will be available in the final publication along with more detailed estimates for industries at the four-digit SIC level. The estimates are subject to sampling variability and nonsampling error. The range indicated in this report is at the 90 percent confidence level.

The final report will contain a detailed discussion about the definitions of capacity levels, the limitations of the data, industry classification, and survey methods.

Address inquiries concerning these figures to U.S. Department of Commerce, U.S. Census Bureau, Manufacturing and Construction Division, Washington, DC 20233, or call Micah Hartman, 301-457-4667.

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Manufacturers' Utilization Rates of Plant Capacity by Major Industry Group: Fourth Quarters 1998 and 1997

SIC code	Industry	Utilization rate (percent)				Standard errors			
		Full production		National emergency production		Full production		National emergency production	
		1998 ^P	1997	1998 ^P	1997	Level 1998 ^P	Level 1997	Level 1998 ^P	Level 1997
—	All manufacturing	73	75	53	56	1	1	1	1
—	Durable goods.....	72	75	52	53	1	1	1	1
—	Nondurable goods	74	76	56	59	1	1	1	1
—	Advance processing.....	72	74	51	54	1	1	1	1
—	Primary processing	76	78	59	60	1	1	1	1
20	Food and kindred products.....	73	73	57	58	1	1	1	1
21	Tobacco manufactures	73	74	64	52	2	1	1	2
22	Textile mill products	74	81	60	69	1	1	2	2
23	Apparel and other textile products	71	77	32	38	2	1	3	1
24	Lumber and wood products	75	75	51	47	3	2	1	2
25	Furniture and fixtures.....	74	77	45	42	1	1	1	2
26	Paper and allied products.....	83	85	74	74	1	1	1	1
27	Printing and publishing	78	77	51	54	2	2	5	2
28	Chemicals and allied products....	70	75	56	63	1	1	2	1
29	Petroleum and coal products.....	82	83	69	70	2	1	3	2
30	Rubber and miscellaneous plastics products.....	75	75	60	58	2	1	2	3
31	Leather and leather products.....	67	71	36	39	2	2	2	2
32	Stone, clay, and glass products...	76	78	48	51	1	1	4	4
33	Primary metal industries	79	84	69	75	1	1	1	1
34	Fabricated metal products	71	74	50	53	1	1	1	1
35	Machinery, except electrical	70	73	49	52	1	1	1	1
36	Electric and electronic machinery .	71	75	56	59	1	1	1	1
37	Transportation equipment.....	75	75	54	54	1	1	1	1
38	Instruments and related products .	69	72	45	49	1	1	2	1
39	Miscellaneous manufacturing industries	68	73	40	44	1	1	2	2

^PPreliminary.

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