

Manufacturers' Utilization of Plant Capacity

Advance Report for Fourth Quarter 1997

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The Bureau of the Census reports U.S. domestic manufacturing plants used an estimated 75 percent (± 1 percentage point) of their full production capacity during the fourth quarter of 1997 and 76 percent (± 1 percentage point) during the fourth quarter of 1996. Durable goods industries in the fourth quarter of 1997 operated at a 1-percent lower rate (± 1 percentage point) than nondurable goods industries, with a full production utilization rate of 75 percent compared to 76 percent for nondurable goods industries. Advance processing industries for 1997 operated at a full production utilization rate of 74 percent compared to 78 percent for primary processing 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. Primary processing industries are industries in which items are generally the first processed output of raw materials in the manufacturing process. Advance processing industries are industries in which items are considered finished manufactured items.

Industries with the lowest utilization rates of their full production capacity in the fourth quarter of 1997 were leather and leather products (SIC 31) at 71 percent and instruments and related products (SIC 38) at 72 percent. Industries with the highest utilization rates for 1997 were paper and allied products (SIC 26) at 85 percent, and primary metal (SIC 33) at 84 percent. Full production capacity is broadly defined as the maximum level of production an establishment could attain under normal operating conditions.

The utilization rates based on the national emergency production level of operations generally follow the trends for full production rates. National emergency production is broadly defined as the greatest level of production an establishment can expect to sustain for one year or more under national emergency conditions. Both full production and national emergency production rates are shown in the accompanying table.

Some data for 1996 were revised as a result of the review of 1997 returns. These revisions are noted in the table.

The Bureau of the Census developed new definitions of operating levels for the 1990 Survey of Plant Capacity Utilization. Data in the 1997 Survey of Plant Capacity Utilization report were collected using the same definitions as the 1990 survey. Caution should be taken when comparing these results to previous Bureau of the Census surveys of plant capacity utilization estimates and other measures of capacity. Other measures of capacity employ different methodologies which may yield different utilization levels.

Industrial classification definitions for the 1990 to 1997 survey estimates will differ from prior-year survey estimates for certain industries. Estimates are classified by revised manufacturing industry definitions described in the 1987 edition of the Standard Industrial Classification (SIC) Manual published by the Office of Management and Budget.

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 17,200 manufacturing establishments. Estimates in this release are based on response from approximately 80 percent of the survey panel. Estimates for 1992 through 1997 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, Bureau of the Census, Manufacturing and Construction Division, Washington, DC 20233, or call Elinor Champion, 301-457-4683.

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Manufacturers' Utilization Rates of Plant Capacity by Major Industry Group: Fourth Quarters 1997 and 1996

SIC code	Industry	Utilization rate (percent)				Standard errors			
		Full production		National emergency production		Full production		National emergency production	
		1997 ^P	1996	1997 ^P	1996	Level 1997	Level 1996	Level 1996	Level 1997
—	All manufacturing.....	75	76	56	57	1	1	1	1
—	Durable goods.....	75	74	53	54	1	1	1	1
—	Nondurable goods.....	76	78	59	60	1	1	1	1
—	Advance processing.....	74	75	54	55	1	1	1	1
—	Primary processing.....	78	'79	60	'61	1	1	1	1
20	Food and kindred products.....	73	'75	58	'60	1	1	1	1
21	Tobacco manufactures.....	74	78	52	70	1	1	2	1
22	Textile mill products.....	81	81	69	67	1	1	2	2
23	Apparel and other textile products..	77	80	38	45	1	1	1	1
24	Lumber and wood products.....	75	78	47	52	2	1	2	1
25	Furniture and fixtures.....	77	75	42	47	1	2	2	2
26	Paper and allied products.....	85	'84	74	74	1	1	1	1
27	Printing and publishing.....	77	80	54	54	2	2	2	3
28	Chemicals and allied products.....	75	75	63	62	1	1	1	1
29	Petroleum and coal products.....	83	83	70	73	1	2	2	2
30	Rubber and miscellaneous plastics products.....	75	79	58	59	1	2	3	4
31	Leather and leather products.....	71	75	39	44	2	2	2	2
32	Stone, clay and glass products.....	78	78	51	'58	1	1	4	2
33	Primary metal industries.....	84	84	75	74	1	1	1	1
34	Fabricated metal products.....	74	74	53	52	1	1	1	1
35	Machinery, except electrical.....	73	'72	52	52	1	1	1	1
36	Electric and electronic machinery...	75	75	59	58	1	1	1	1
37	Transportation equipment.....	75	72	54	54	1	1	1	1
38	Instruments and related products...	72	71	49	50	1	1	1	1
39	Miscellaneous manufacturing industries.....	73	74	44	'48	1	1	2	2

^PPreliminary. 'Revised.