

# Manufacturers' Utilization of Plant Capacity: 2006

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## *Advance Report for Fourth Quarter 2006*

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The U.S. Census Bureau reports U.S. domestic manufacturing plants used an estimated 70 percent ( $\pm 1$  percentage point) of their full production capacity for the fourth quarter of 2006 and 71 percent ( $\pm 1$  percentage point) for the fourth quarter of 2005.

Durable goods industries in the fourth quarter of 2006 operated at a 2 percent lower rate ( $\pm 1$  percentage point) than nondurable goods industries, with a full production utilization rate of 69 percent compared with 71 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 2006 operated at a 4 percent lower rate ( $\pm 1$  percentage point) than primary processing industries, with a full production utilization rate of 68 percent compared with 72 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 2006 were textile mills (NAICS 313) at 63 percent and wood product manufacturing (NAICS 321) at 65 percent. Among the industries with the highest utilization rates for 2006 were petroleum and coal products (NAICS 324) at 81 percent and paper manufacturing

(NAICS 322) at 79 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 2006 were nonmetallic mineral product manufacturing (NAICS 327) at 33 percent and leather and allied product manufacturing (NAICS 316) at 38 percent. Among the industries with the highest utilization rates for 2006 were petroleum and coal products manufacturing (NAICS 324) at 76 percent and paper manufacturing (NAICS 322) at 66 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 industry classifications for this report are based on the 2002 edition of the North American Industry Classification System (NAICS) manual published by the Office of Management and Budget.

Data are obtained from manufacturing and publishing 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

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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.

Final estimates are based on information collected from a sample of approximately 17,000 manufacturing and publishing establishments. Estimates in this release are based on response from approximately 70 percent of the survey panel. These estimates are preliminary and

subject to change as a result of additional review of the data. The estimates are subject to sampling and non-sampling error. The ranges indicated in this report are at the 90-percent confidence level.

The final publication will contain more detailed estimates at the six-digit NAICS level, a detailed discussion about the definitions of capacity levels, the limitations of the data, industry classification, and survey methods.

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Address inquiries concerning these figures to U.S. Department of Commerce, U.S. Census Bureau, Manufacturing and Construction Division, Washington, DC 20233, or call survey staff at 301-763-4667.

## Manufacturers' Utilization Rates of Plant Capacity by Major Industry Group: Fourth Quarters 2006 and 2005

NAICS code	Industry	Utilization rate (percent)				Standard errors			
		Full production		National emergency production		Full production		National emergency production	
		2006 <sup>P</sup>	2005	2006 <sup>P</sup>	2005	2006 <sup>P</sup>	2005	2006 <sup>P</sup>	2005
—	All manufacturing <sup>1</sup> .....	70	71	51	53	1	1	1	1
—	Durable goods <sup>1</sup> .....	69	70	47	50	1	1	1	1
—	Nondurable goods <sup>1</sup> .....	71	71	56	59	1	1	2	1
—	Advance processing <sup>1</sup> .....	68	70	48	52	1	1	1	1
—	Primary processing <sup>1</sup> .....	72	73	56	58	1	1	1	1
311	Food manufacturing.....	71	73	54	59	1	1	2	2
312	Beverage and tobacco product manufacturing.....	70	69	55	57	1	2	2	2
313	Textile mills .....	63	69	52	61	2	2	2	2
314	Textile product mills.....	70	72	51	53	3	3	3	3
315	Apparel manufacturing .....	71	71	43	48	3	2	3	4
316	Leather and allied product manufacturing.....	67	65	38	42	2	2	2	2
321	Wood product manufacturing... ..	65	70	44	48	2	2	2	2
322	Paper manufacturing.....	79	75	66	64	2	2	2	2
323	Printing and related support activities.....	71	73	52	54	3	2	3	2
324	Petroleum and coal products manufacturing.....	81	76	76	73	5	7	5	7
325	Chemicals manufacturing.....	67	68	53	57	2	2	4	2
326	Plastics and rubber products manufacturing.....	69	75	58	63	2	2	2	2
327	Nonmetallic mineral product manufacturing.....	67	72	33	45	2	2	3	4
331	Primary metal manufacturing... ..	73	79	63	69	2	1	2	2
332	Fabricated metal product manufacturing.....	70	68	49	49	1	1	1	1
333	Machinery manufacturing.....	66	67	45	48	1	1	1	1
334	Computer and electronic product manufacturing .....	72	69	49	51	1	1	2	1
335	Electrical equipment, appliance, and component manufacturing.....	69	68	51	50	2	2	2	2
336	Transportation equipment manufacturing.....	68	73	48	50	1	1	1	2
337	Furniture and related product manufacturing.....	68	70	44	42	4	2	2	2
339	Miscellaneous manufacturing ..	67	69	41	43	2	2	2	2
5111	Newspaper, periodical, book and database publishers .....	74	72	60	56	4	3	3	3

<sup>P</sup>Preliminary.

<sup>1</sup>Excluding publishers.