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MARKET INTELLIGENCE

IMPORT PROFILE

HYDRAULIC EXCAVATORS (Complete Integral Machine)

Pub. No.: 89107-IP

September 1989



Industry, Science and
Technology Canada

Industrie, Sciences et
Technologie Canada

Canada

I.D. 426

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REFERENCE SOURCES

Industry, Science and Technology Canada
Statistics Canada
Revenue Canada
U.S. Department of Commerce

TARIFFS

Enquiries concerning tariffs should be directed to the nearest Customs and Excise office or to:

Tariff Programs
Revenue Canada
Customs and Excise
Ottawa, Ontario
K1A 0L5
Tel: (613) 954-7008

EXPLANATORY NOTES

Valuation

Imports are generally recorded at the values established for customs duty purposes according to the provisions of the Customs Act. Customs values are identical to selling prices for most transactions between non-affiliated companies, but customs values exceed selling prices for many transactions between affiliated companies. All values are reported in Canadian dollars and do not include duty.

Average Growth Rate

Growth rates are calculated on the basis of annual compounding.

Rounding

Figures may not add due to rounding.

Identification of Foreign Exporting Companies

The names of the foreign exporting companies are as captured on the computer system and may not be the full legal corporate name. A foreign company may appear in the source several different ways. Attempts are made to consolidate all various entries into one company. For this reason, the value associated with any given company is deemed to be the minimum value.

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HYDRAULIC EXCAVATORS (Complete Integral Machine)

INTRODUCTION

This report is part of a continuing series designed to increase business awareness of the potential existing for production in Canada.

CANADIAN IMPORTS

Statistics Canada lists hydraulic excavators as hydraulic backhoes. This report does not include backhoe attachment units and parts. Import data for 1984-1987 are given on subsequent pages for the following product:

A) Harmonized System Effective 1988*

<u>Description</u>	<u>Commodity Code</u>	1988		1989	
		<u>Total Imports</u> <u>Quantity</u> (No.)	<u>Value</u> (\$ Million)	<u>Jan. - June</u> <u>Quantity</u> (No.)	<u>Value</u> (\$ Million)
Shovels and excavators with a 360° revolving superstructure	8429.52	3 173	223	1 407	157
Self-propelled excavating machinery, not elsewhere specified	8429.59	4 290	201	812	55

B) Canadian International Trade Classification Prior to 1988*

<u>Description</u>	<u>Commodity Code</u>	1987	
		<u>Total Imports</u> <u>Quantity</u> (No.)	<u>Value</u> (\$ Million)
Backhoes, hydraulic complete integral machine	521-28-23	2 557	273

Lists of Canadian importers and foreign exporters to Canada during 1987 are given on pages 14 and 16 respectively.

*Note: Prior to 1988, Canadian import statistics were based on the Canadian International Trade Classification. However, since January, 1988, these statistics have been classified and published according to the Harmonized Commodity Description and Coding System (H.S.), developed for international use by the Customs Cooperation Council. Figures given for the years prior to 1988 are not necessarily directly comparable to those of 1988.

CANADIAN PRODUCTION

Statistics Canada does not publish specific data on the production of hydraulic excavators. Statistics Canada, however, reports that there are at least 15 establishments of excavating, dredging and loading equipment, accounting for shipments of \$34 million in 1986 (latest year for which data are available).

CANADIAN EXPORTS

Exports of self-propelled excavating machinery, not elsewhere specified totalled \$18.4 million in 1988. Statistics Canada does not report exports on hydraulic excavators separately.

UNITED STATES' IMPORTS

The United States' Department of Commerce indicates U.S. imports of backhoes, shovels, clamshells and draglines from all countries amounted to 11,369 units or \$716 million dollars in 1988. Japan was the principal country of export to the United States accounting for 6,088 units (54 per cent) and \$452 million dollars (63 per cent) of total imports. Canadian exports accounted for 66 units or \$1.3 million.

MARKET SUMMARY

Hydraulic excavators are manufactured in both backhoe and front shovel configurations, but the vast majority are used as backhoes.

Excavators are generally divided into three basic categories; small, medium and large. Large excavators are usually crawler mounted and used in mining applications, with only small quantities built and sold. Medium sized excavators are used by contractors for larger excavation and drainage projects. Small excavators are sold to small contractors and rental stores.

While an increase in demand for construction equipment (including excavators) is generally tied to growth in the residential construction industry, there appears to be a new and growing market developing for small and medium-sized excavators for general landscaping contracting. Contractors are finding that the small excavator offers extreme versatility--it is inexpensive, easily transportable and suitable for small residential jobs. Small excavators are increasingly being used to carry out work previously done by manual labourers, or by less manoeuvrable backhoe loaders.

There is an opportunity for manufacturers of small and medium-sized hydraulic excavators to establish production in Canada. The opportunity is favourable for existing companies with the appropriate technical and management abilities to establish an operation for the assembly and/or manufacture of excavators with an operating weight of up to 15 000 kg (33 000 lbs.), and with a bucket size of up to approximately 1 cubic metre. At present, hydraulic excavator manufacturing in Canada is limited to tow-type mini-excavators.

MARKET SUMMARY (Cont'd)

No longer is any nation's market sufficiently large to support a viable excavator assembly plant on its own. Nonetheless, the Canadian domestic market for hydraulic excavators does constitute an appreciable base from which to tap the broader North American and, potentially, worldwide markets. With a heavy dependency upon imported excavators and parts, Canada represents an excellent base for domestic producers. The value of excavators and parts imported to Canada in 1986 exceeded \$250 million; more than 2-1/2 times the levels of 1971, in real terms (i.e. after adjustment for inflation).

Within the North American market, sales of heavy excavating machinery are expected to claim a smaller share of the total market (in terms of the total number of units purchased) as the activity on major projects declines. Residential construction contractors are expected to move to smaller excavators for jobs traditionally handled by backhoes and backhoe loaders. Thus, while the overall market for excavators in North America is not expected to grow dramatically, suppliers of small and medium-sized excavators are expected to enjoy significant market share increases over the next five years.

The market is relatively open, dynamic and competitive, with an opportunity for existing firms to increase their share of the growing market, or for new firms to penetrate the North American market.

The core market for Canadian-based manufacturers/assemblers of small and medium-sized hydraulic excavators includes both Canada and the United States. Total North American sales of hydraulic excavators were estimated at 8 300 units in 1986, representing a 16% increase over 1985 sales. In fact, 1986 sales were almost three times the levels of 1983--indicating that the industry has rebounded well from the recession of the early 1980s. North American sales of hydraulic excavators are expected to reach approximately 12 000 units per year by 1990.

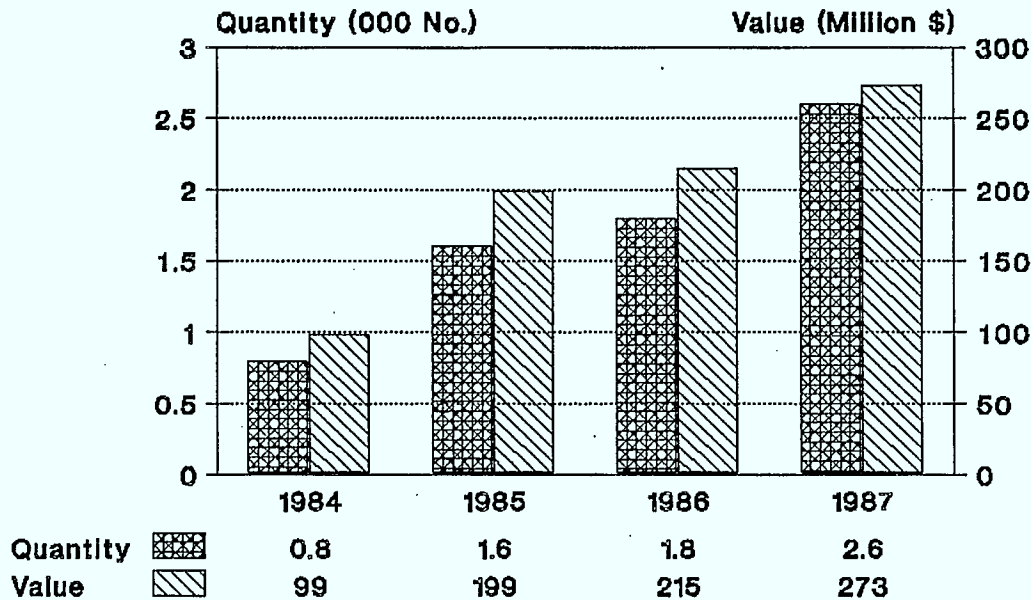
This opportunity will be of interest to construction equipment manufacturers seeking to more effectively penetrate the prime North American market. This opportunity will be of particular interest to European and Asian manufacturers seeking to establish a North American-based assembly plant.

Potential investors should have the requisite proprietary knowledge and product mandate. A well-established marketing, distribution and after-sales service network, or the capacity to set up such a network, would be a further asset.

An added dimension to this investment opportunity is the prospect of taking advantage of Canada's internationally-renowned expertise in the design and manufacture of specialty attachments for the logging and lumber industries. A Canadian-based excavator assembly operation might enter into a joint venture (or other business arrangement) with Canadian firms to convert basic excavators for more specialized logging functions for sale to broader international markets.

**IMPORT TREND DATA
(1984 TO 1987)**

Hydraulic Excavators, Complete Integral Machine Commodity Code 521-28-23 Import Trends



Imports by Major Foreign Country of Export

Foreign Country of Export	1984	1985	1986	1987	Average Annual Growth Rate 1984-87
					%
United States					
Quantity (No.)	256	618	609	953	55
Value (\$000)	46 021	100 113	83 856	120 247	38
Japan					
Quantity (No.)	279	590	669	1 065	56
Value (\$000)	22 061	49 544	61 869	84 474	56
Belgium-Luxemb.					
Quantity (No.)	105	183	255	258	35
Value (\$000)	11 642	23 806	43 144	39 869	51
France					
Quantity (No.)	49	49	80	136	41
Value (\$000)	5 345	4 331	9 950	14 045	38
Germany, Fed. Rep.					
Quantity (No.)	30	96	93	67	31
Value (\$000)	2 993	10 877	10 921	8 009	39
Other					
Quantity (No.)	106	88	55	78	-10
Value (\$000)	11 280	10 422	5 494	6 143	-18
Total					
Quantity (No.)	825	1 624	1 761	2 557	46
Value (\$000)	99 342	199 093	215 234	272 787	40

Hydraulic Excavators, Complete Integral Machine
Commodity Code 521-28-23

Import Market Shares

Foreign Country of Export	1984	1985	1986	1987
	%	%	%	%
United States				
Quantity	31.0	38.1	34.6	37.3
Value	46.3	50.3	39.0	44.1
Japan				
Quantity	33.8	36.3	38.0	41.7
Value	22.2	24.9	28.7	31.0
Belgium-Luxemb.				
Quantity	12.7	11.3	14.5	10.1
Value	11.7	12.0	20.0	14.6
France				
Quantity	5.9	3.0	4.5	5.3
Value	5.4	2.2	4.6	5.1
Germany, Fed. Rep.				
Quantity	3.6	5.9	5.3	2.6
Value	3.0	5.5	5.1	2.9
Other				
Quantity	12.8	5.4	3.1	3.1
Value	11.4	5.2	2.6	2.3
Total				
Quantity	100.0	100.0	100.0	100.0
Value	100.0	100.0	100.0	100.0

Unit Prices
(\$ per unit)

Foreign Country of Export	1984	1985	1986	1987
United States	179 770	161 995	137 695	126 177
Japan	79 072	83 973	92 480	79 318
Belgium-Luxemb.	110 876	130 087	169 192	154 531
France	109 082	88 388	124 375	103 272
Germany, Fed. Rep.	99 767	113 302	117 430	119 537
Other	106 415	118 432	99 891	78 756
All Countries	120 415	122 594	122 223	106 682

Powered Excavator-Type Cranes and Shovels
Commodity Code 521-28

Import Trends by Type

Commodity Code and Description	1984	1985	1986	1987	Average Annual Growth Rate 1984-87 %	Major Country of Export	
						1987 Value of Total	% of Total
521-28-23 Hydraulic Excavators, Complete Integral Machine							United States
Quantity (No.)	825	1 624	1 761	2 557	46		
Value (\$000)	99 342	199 093	215 234	272 787	40	120 247	44
Unit Price (\$)	120 415	122 594	122 223	106 682			
521-28-30 Cable Operated Excavators, Complete Integral Machine							United Kingdom
Quantity (No.)	4	0	0	1	-37		
Value (\$000)	115	0	0	58	-20	58	100
Unit Price (\$)	28 750	N/A	N/A	58 000			
521-28-41 Excavator-Type Crane, Cable Operated, Truck/Wagon Mounted							N/A
Quantity (No.)	2	1	2	0	-100		
Value (\$000)	18	126	208	0	-100	0	N/A
Unit Price (\$)	9 000	126 000	104 000	N/A			
521-28-42 Excavator-Type Crane, Cable Operated, Crawler Mounted							United States
Quantity (No.)	11	15	7	8	-10		
Value (\$000)	2 273	4 176	1 102	1 490	-13	1 490	100
Unit Price (\$)	206 636	278 400	157 429	186 250			
521-28-43 Excavator-Type Crane, Cable Operated, Walking Type							France
Quantity (No.)	4	2	0	7	21		
Value (\$000)	27 363	8 604	0	692	-71	592	86
Unit Price (\$)	6 840 750	4 302 000	N/A	98 857			
521-28-50 Power Shovel, Excavating, Hydraulic, 1.5 cubic yards & under							United States
Quantity (No.)	11	16	5	24	30		
Value (\$000)	762	686	278	1 901	36	1 266	67
Unit Price (\$)	69 273	42 875	55 600	79 208			

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Powered Excavator-Type Cranes and Shovels
Commodity Code 521-28

Import Trends by Type

Commodity Code and Description					Average Annual Growth Rate 1984-87 %	Major Country of Export	
	1984	1985	1986	1987		1987 Value of Total	% of Total
						(\$000)	
521-28-54 Power Shovel, Excavating, Hydraulic, Over 1.5 cubic yards						Germany, Fed.	
Rep							
Quantity (No.)	6	8	2	13	29		
Value (\$000)	9 094	2 985	86	5 548	-15	2 714	49
Unit Price (\$)	1 515 667	373 125	43 000	426 769			
521-28-60 Power Shovel, Excavating, Cable, 1.5 cubic yards & under						United States	
Quantity (No.)	0	0	2	1	N/A		
Value (\$000)	0	0	724	54	N/A	54	100
Unit Price (\$)	N/A	N/A	362 000	54 000			
521-28-64 Power Shovel, Excavating, Cable, Over 1.5 cubic yards						United States	
Quantity (No.)	5	7	4	4	-7		
Value (\$000)	14 154	16 584	5 787	2 210	-46	2 210	100
Unit Price (\$)	2 830 800	2 369 143	1 446 750	552 500			
521-28-79 Excavating Type Crane, Not Elsewhere Specified						United States	
Quantity (No.)	4	0	1	6	14		
Value (\$000)	249	0	241	451	22	348	77
Unit Price (\$)	62 250	N/A	241 000	75 167			
521-28-89 Power Shovel, Excavating, Not Elsewhere Specified						United States	
Quantity (No.)	15	12	0	12	-7		
Value (\$000)	280	247	0	675	34	503	75
Unit Price (\$)	18 667	20 583	N/A	56 250			
Total						United States	
Quantity (No.)	887	1 685	1 784	2 633	44		
Value (\$000)	153 650	232 501	223 660	285 866	23	127 626	45
Unit Price (\$)	173 224	137 983	125 370	108 570			
N/A - Not Applicable							

CANADIAN IMPORTERS

The principal 15 importers of hydraulic backhoes (complete integral machine) accounted for 81 per cent of the total import value during 1987.

<u>Principal Importers</u> (No.)	<u>Cumulative Value</u> (\$ Million)	<u>Per Cent of Total Value</u>
5	146.0	54
10	198.3	73
15	220.7	81
All Importers (87)	272.8	100

Importers of hydraulic backhoes (complete integral machine) during 1987 are listed below in alphabetical order. This list includes all importers except individuals and a minimal number of importers whose names were not available.

<u>Name</u>	<u>Address</u>	<u>Name</u>	<u>Address</u>
Alnor Services Ltd.	Surrey, B.C.	Fiedler Bros. Contracting Ltd.	Gibsons, B.C.
Amaco Construction Equipment Inc.	Mississauga, Ont.	Finning Ltd.	Vancouver, B.C.
Ambler-Courtney Ltd.	Mississauga, Ont.	Forsyth Rentals and Equipment Co. Ltd.	North Vancouver, B.C.
Asea Inc.	St. Laurent, Qué.		
Beaver Equipment Ltd.	Dorval, Qué.	Gestion Como Inc.	Québec, Qué.
Beton Mobile Plnso Ltée.	Cowansville, Qué.	H H Heavy Equipment Ltd.	Milton, Ont.
Blackwood Hodge Equipment Ltd.	Weston, Ont.	Heckett, Div. of Harsco Corp.	Butler, Pa., USA *
Border Equipment Inc.	Surrey, B.C.	Hewitt Equipment Ltd.	Montréal, Qué.
Cambridge Equipment Ltd.	Delta, B.C.	Hub Equipment Ltd.	Agincourt, Ont.
Capital Equipment Inc.	Rexdale, Ont.	Ince Holdings Ltd.	Calgary, Alta.
Caterpillar of Canada Ltd.	Mississauga, Ont.	Inland Kenworth Sales Ltd.	Burnaby, B.C.
Cimi Inc.	Ste-Foy, Qué.	J.I. Case Canada Inc.	Racine, Wi., USA *
Contract Equipment Co. Ltd.	Courtney, B.C.	Joes Bulldozing Ltd.	North Vancouver, B.C.
Crothers Ltd.	Concord, Ont.		
Dresser Canada Inc.	Candiac, Qué.	John Deere Ltd.	Grimsby, Ont.
Eastar Marketing Group Ltd.	Mississauga, Ont.	Komatsu Canada Ltd.	Mississauga, Ont.
Équipements Fédéral Québec Ltée.	Montréal, Qué.	Kramer Tractor Ltd.	Regina, Sask.
Équipements Roand Inc., Les	Montréal, Qué.	Lansdowne Equipment Ltd.	Delta, B.C.
Équipements Manutech Inc.	Ste-Foy, Qué.	Liebherr Canada Ltd.	Mississauga, Ont.
Équipements G Comeau Inc., Les	St-Hyacinthe, Qué.	Lyons Machinery Co. Ltd.	Dartmouth, N.S.
Equipment Sales and Service Ltd.	Rexdale, Ont.	Mannesmann Pipe and Steel Corp.	Houston, TX, USA *
Ferguson Supply, Div. of Keco Ltd.	Calgary, Alta.		
Fiat Allis (Can) Ltd.	Lachine, Qué.	Marcel Equipment Ltd.	London, Ont.
Fiat Allis (Canada) Ltd., c/o	Carol Stream, Ill., USA *	Markham Ford Equipment Sales Ltd.	Markham, Ont.
Fiat Allis North America Inc.		Marubeni Construction Machinery Cda Ltd.	Brampton, Ont.

* Non resident importer

<u>Name</u>	<u>Address</u>	<u>Name</u>	<u>Address</u>
Marubeni Canada Ltd.	Toronto, Ont. Vancouver, B.C.	R. Angus Alberta Ltd.	Edmonton, Alta.
Marvan Equipment Sales Ltd.	Kemptville, Ont.	Powell Equipment,	Winnipeg, Man.
MBK Construction Equipment Inc.	Swedesboro, N.J. USA*	R.J. Moncreiff Ltd.	Qualicum Beach, B.C.
Melroe Equipment Ltd.	St. Thomas, Ont.	River Valley Equipment Sales Ltd.	Edmonton, Alta.
Mitsubishi Canada Ltd.	Vancouver, B.C.	Rollins Machinery Ltd.	Vancouver, B.C.
N T Metalworks Ltd.	Brampton, Ont.	Somac Machinery Inc.	Montréal, Qué.
N.S. Tractors and Equipment Ltd.	Halifax, N.S.	Stevenson Equipment Ltd.	Aurora, Ont.
Nfld. Tractor and Equipment Co. Ltd.	St. John's, Nfld.	Taggart Construction Ltd.	Ottawa, Ont.
Nomura America Corp.	New York, NY, USA*	Toyomenko Canada Ltd.	Vancouver, B.C.
Northwest Orient Equipment Consultants Ltd.	Mission, B.C.	Tractor and Equipment 1962 Ltd.	Fredericton, N.B.
Okulp Inc.	Montréal, Qué.	Trans Global Equipment Ltd.	Aldergrove, B.C.
Pacific Forklift Sales Ltd.	Surrey, B.C.	Trican Machinery Ltd.	Richmond, B.C.
Pacific Tractor Co. Ltd.	Delta, B.C.	Twin City Equipment Sales and Rental Ltd.	Edmonton, Alta.
Pilaster Holdings Ltd.	Surrey, B.C.	Vulcan Machinery and Equipment Ltd.	Calgary, Alta.
		Wajax Equipment Ltd.	Coquitlam, B.C.

* Non resident Importer

FOREIGN EXPORTERS TO CANADA

Foreign exporters to Canada of hydraulic backhoes (complete integral machines) are identified in most instances by country of origin. These data differ from that on page 10 of this report which are based on country of export as published by Statistics Canada. These data vary to the extent that shipments of hydraulic backhoes (complete integral machines) are transhipped through another country (i.e. country of export). The following table illustrates the difference between the imports of hydraulic backhoes based on country of export and country of origin. It should be noted, however, that although the data for a specific country (e.g. United States) may differ for imports based on country of export (\$120.2 million) versus country of origin (\$88.4 million), the total imports from all countries for hydraulic backhoes are \$272.8 million regardless of country of export or origin.

1987 IMPORTS BY MAJOR FOREIGN COUNTRY OF EXPORT AND ORIGIN


<u>Foreign Country</u>	<u>Country of Export</u> (\$ 000)	<u>Country of Origin</u> (\$ 000)
United States	120 247	88 433
Japan	84 474	108 316
Belgium-Luxembourg	39 869	44 470
France	14 075	16 940
Federal Republic of Germany	8 009	8 838
Other	<u>6 113</u>	<u>5 790</u>
TOTAL	<u>272 787</u>	<u>272 787</u>

FOREIGN EXPORTERS TO CANADA

Major exporters to Canada of hydraulic backhoes (complete integral machines) are listed below in descending order of dollar value by major country of origin. These exporters accounted for 82 per cent of the total value of imports in 1987.

<u>Country of Origin</u>	<u>Exporter Name</u>	<u>1987 Value of Imports (\$ 000)</u>
United States	Caterpillar Tractor Co.	45 725
	John Deere and Co.	) 24 756*
	Link-Belt Construction Equipment)
	Koehring Cranes and Equipment	) 3 845*
Japan	J.I. Case Co.)
	Marubeni Corp.	) 51 135*
	Sumitomo Corp.)
	John Deere and Co.)
	Alton Trading	) 28 538*
	Caterpillar American)
	Toyo Menka Kaisha Ltd.)
	Cambridge Equipment Inc.	) 4 770*
	MBK Construction)
	Machinery Dist Inc.	) 3 664*
	Takeuchi Mfg. Co.)
	Sacos Corporation	) 2 875*
	Osaka Trading Co.)
	Mitake Shoji Co. Ltd.	) 2 346*
Belgium-Luxembourg	Caterpillar Tractor	33 587
France	Poclain Pelles Hydraul)
	J.I. Case Company	) 16 215*
	Liebherr)
Federal Republic of Germany	Or Enstein	) 5 988*
	Caterpillar Tractor)

* Aggregated to preserve confidentiality of Canadian importers



This image shows a blank sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

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