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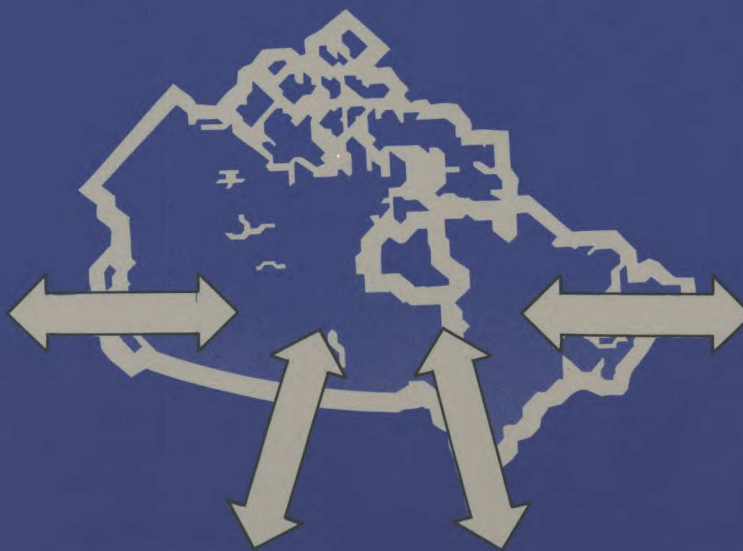
Industrie, Sciences et
Technologie Canada

MARKET INTELLIGENCE

POTASSIUM HYDROXIDE (CAUSTIC POTASH)

Pub. No.: 89115-IP

January 1990



Canada



ID. 453

**POTASSIUM HYDROXIDE
(CAUSTIC POTASH)**

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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
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Tel: (613) 954-6903

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. In addition, some of the value may be included in the "not known" category.

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POTASSIUM HYDROXIDE (CAUSTIC POTASH)

INTRODUCTION

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

CANADIAN IMPORTS

Harmonized Coding System
-Effective 1988.

<u>Description</u>	<u>Commodity Code</u>	<u>1988 Total Imports</u>		<u>Jan.-June 1989 Imports</u>	
		<u>Quantity</u> (tonnes)	<u>Value</u> (\$000)	<u>Quantity</u> (tonnes)	<u>Value</u> (\$000)
Potassium Hydroxide - Solid	2815.20.00.10	1 093	695	625	475
Potassium Hydroxide - In Aqueous Solution	2815.20.00.20	<u>5 290</u>	<u>2 636</u>	<u>5 239</u>	<u>1 989</u>
TOTAL		<u>6 383</u>	<u>3 331</u>	<u>5 864</u>	<u>2 464</u>

Prior to 1988*

Import trend data for 1984-1987 are given on subsequent pages for the following:

<u>Description</u>	<u>Commodity Code</u>	<u>1987 Imports</u>	
		<u>Quantity</u> (tonnes)	<u>Value</u> (\$000)
Potassium Hydroxide	402-09-10	4 091	2 302

*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 for 1988.

POTASSIUM HYDROXIDE (CAUSTIC POTASH)

CANADIAN PRODUCTION

There are at least five Canadian manufacturers of potassium hydroxide. Statistics Canada, however, does not publish specific data on production of this product.

CANADIAN EXPORTS

<u>Product</u>	<u>Country</u>	<u>1988</u>		<u>Jan.-June 1989</u>	
		<u>Quantity</u> (tonnes)	<u>Value</u> (\$000)	<u>Quantity</u> (tonnes)	<u>Value</u> (\$000)
Potassium Hydroxide					
2815.20					
	United States	15 093	3 349	8 423	2 161
	Other Countries	<u>7</u>	<u>47</u>	<u>446</u>	<u>88</u>
	TOTAL	<u>16 100</u>	<u>3 396</u>	<u>8 869</u>	<u>2 249</u>

UNITED STATES' IMPORTS

The United States Department of Commerce reports U.S. imports of potassium hydroxide as follows:

U.S. IMPORTS 1988

T.S.U.S.A.*

<u>Product Code</u>	<u>Description</u>	<u>Quantity (tonnes)</u>		<u>Value (\$000)</u>	
		<u>Total</u>	<u>From Canada</u>	<u>Total</u>	<u>From Canada</u>
4201800	Potassium Hydroxide	20 673	6 229	8 008	1 228

U.S. IMPORTS - JANUARY - JUNE 1989

H.S.*

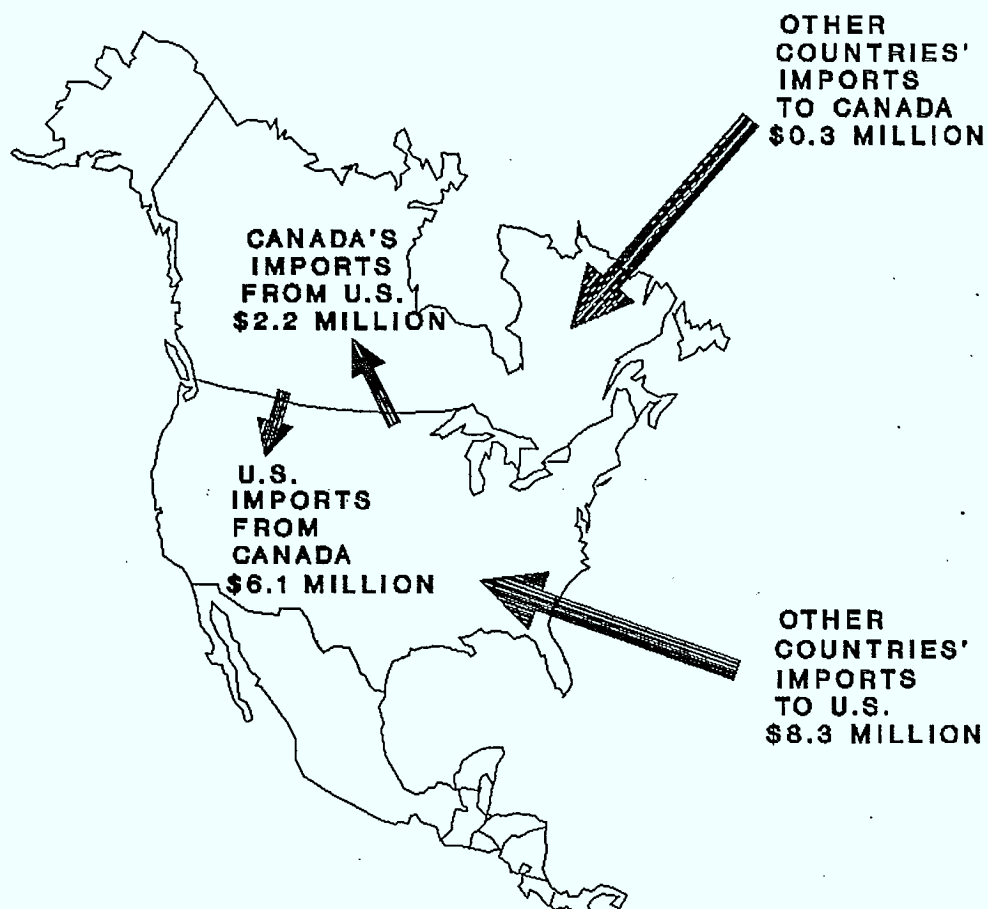
<u>Product Code</u>	<u>Description</u>	<u>Quantity (tonnes)</u>		<u>Value (\$000)</u>	
		<u>Total</u>	<u>From Canada</u>	<u>Total</u>	<u>From Canada</u>
2815.20	Potassium Hydroxide	78 910	46 631	14 356	6 062

*Note: Prior to 1989, commodity coding was based on the Tariff Schedule of the United States (TSUSA). Starting in January, 1989, the Harmonized Commodity Description and Coding System (H.S.) was adopted by the United States.

NORTH AMERICAN IMPORTS
(EXCLUDING MEXICO)

Potassium Hydroxide (Caustic Potash) North American Imports

January to June 1989



Total North America Imports = \$8.6 Million

POTASSIUM HYDROXIDE (CAUSTIC POTASH)

NORTH AMERICAN IMPORTS

HARMONIZED SYSTEM CODE 2815.20

JANUARY TO JUNE 1989

	<u>Quantity</u> (tonnes)	<u>Value</u> (\$000)	<u>Average Unit Price</u> (\$/tonne)
CANADA'S IMPORTS			
From the United States	5 130	2 174	424
Other Countries	733	290	395
U.S. IMPORTS			
From Canada	46 631	6 062	130
Other Countries	32 279	8 294	257
NORTH AMERICA'S IMPORTS*	33 012	8 584	260

* Excludes Canada - U.S. Bilateral Trade

POTASSIUM HYDROXIDE (CAUSTIC POTASH)

MARKET SUMMARY

Potassium hydroxide is used in a number of industrial applications, including production of potassium carbonate (a glass chemical), potassium soaps, detergents and fertilizers.

		Capacity/year (000 tonnes) <u>100% capacity basis</u>
1. MAJOR PRODUCING COMPANIES (North America)		
Canada:	CIL Inc., Cornwall, Ont.	11
USA:	LCP Chemicals and Plastics, Ashtabula, Ohio	58
	Occidental Chemical Corp:	
	- Delaware City, Delaware	64
	- Mobile, Alabama	53
	- Muscle Shoals, Alabama	124
	Olin Corp., Niagara Falls, NY	32
	J.T. Baker, Philipsburg, N.J.	2
	Vulcan Materials Co., Port Edwards, Wisconsin	<u>38</u>
	TOTAL USA	<u>371</u>
	TOTAL NORTH AMERICA	<u>382</u>

2. END USE MARKETS (North America, Based on United States)

	1987 Estimated (000 tonnes)	Forecast Average Annual Growth 1987 - 1993 %
Potassium Carbonate	47	1-3
Other potassium chemicals: including borohydride, laurate, titanate	59	2-3
Potassium phosphates	23	1-2
Potassium soaps	23	0-1
Liquid fertilizers	23	2-3
Other	<u>60</u>	
TOTAL	<u>235*</u>	2.2

*This total represents 62% of the total current North American capacity of 382 000 tonnes (see 1. above).

POTASSIUM HYDROXIDE (CAUSTIC POTASH)

MARKET SUMMARY (Cont'd)

3. CANADIAN SUPPLY AND DEMAND

It is believed that the C.I.L. Cornwall location is operating above name plate capacity and exports about half of its production to U.S. locations. 1988 Canadian imports were approximately equal to exports in value. The Cornwall location does not produce solid product so that imports comprised solid material and also liquid product at locations where supply from the U.S. was cheaper on a delivered basis.

4. OUTLOOK

Consideration of new capacity in Canada for domestic and export markets will always be of interest since electricity costs are the largest single element of production cost. Power costs in Canada, particularly in those provinces having abundant hydroelectric power, are among the lowest in North America. These costs will escalate much less over the next ten years than will electricity costs in the USA or in Pacific Rim countries, where it is generated from fossil fuel or from nuclear sources.

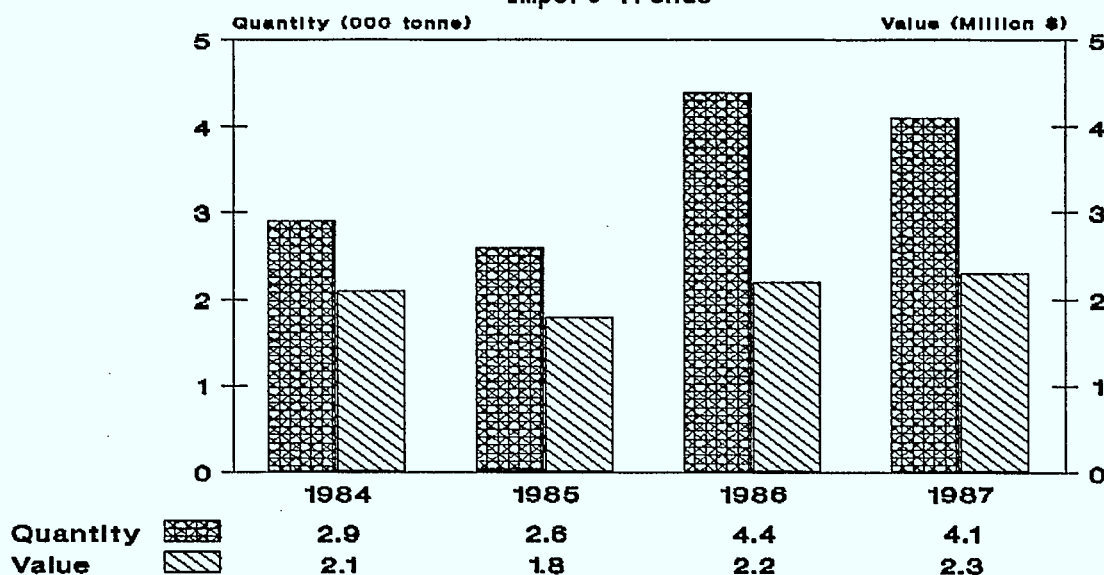
Given the current over-capacity, it would appear that substantial new markets will have to be in sight before new production would be considered. Expansion of liquid detergent markets and development of potassium phosphate fertilizers appear to be the most likely areas.

IMPORT DATA

POTASSIUM HYDROXIDE (CAUSTIC POTASH)

Commodity Code 402-09-10

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 (tonne)	2 103	1 797	2 883	2 812	10
Value (\$000)	1 527	1 247	1 595	1 465	-1
Belgium-Luxemb.					
Quantity (tonne)	341	254	1 003	731	29
Value (\$000)	191	136	235	342	21
France					
Quantity (tonne)	136	182	298	267	25
Value (\$000)	90	113	230	280	46
Germany, Fed. Rep.					
Quantity (tonne)	179	110	106	113	-14
Value (\$000)	130	74	76	82	-14
Japan					
Quantity (tonne)	105	158	71	104	0
Value (\$000)	86	128	58	82	-2
Other					
Quantity (tonne)	72	118	25	64	-4
Value (\$000)	65	79	46	51	-8
Total					
Quantity (tonne)	2 936	2 619	4 386	4 091	12
Value (\$000)	2 089	1 777	2 240	2 302	3

POTASSIUM HYDROXIDE (CAUSTIC POTASH)

Commodity Code 402-09-10

Import Market Shares

Foreign Country of Export	1984	1985	1986	1987
	---	---	---	---
	%	%	%	%
United States				
Quantity	71.6	68.6	65.7	68.7
Value	73.1	70.2	71.2	63.6
Belgium-Luxemb.				
Quantity	11.6	9.7	22.9	17.9
Value	9.1	7.7	10.5	14.9
France				
Quantity	4.6	6.9	6.8	6.5
Value	4.3	6.4	10.3	12.2
Germany, Fed. Rep.				
Quantity	6.1	4.2	2.4	2.8
Value	6.2	4.2	3.4	3.6
Japan				
Quantity	3.6	6.0	1.6	2.5
Value	4.1	7.2	2.6	3.6
Other				
Quantity	2.5	4.5	0.6	1.6
Value	3.1	4.4	2.1	2.2
Total				
Quantity	100.0	100.0	100.0	100.0
Value	100.0	100.0	100.0	100.0

Unit Prices (\$ per tonne)

Foreign Country of Export	1984	1985	1986	1987
	---	---	---	---
United States	726	694	553	521
Belgium-Luxemb.	560	535	234	468
France	662	621	772	1 049
Germany, Fed. Rep.	726	673	717	726
Japan	819	810	817	788
Other	903	669	1 840	797
All Countries	712	679	511	563

POTASSIUM HYDROXIDE (CAUSTIC POTASH)

CANADIAN IMPORTERS

JANUARY - JUNE 1989

A) POTASSIUM HYDROXIDE - SOLID

The principal 15 importers of solid potassium hydroxide accounted for 93 per cent of the total import value during the period January to June 1989.

<u>Principal Importers (No.)</u>	<u>Cumulative Value (\$ 000)</u>	<u>Per Cent of Total Value</u>
3	163	34
5	255	54
10	398	84
15	442	93
All Importers (25)	475	100

B) POTASSIUM HYDROXIDE - IN AQUEOUS SOLUTION

The principal 15 importers of potassium hydroxide in aqueous solution accounted for 88 per cent of the total import value during the period January to June 1989.

<u>Principal Importers (No.)</u>	<u>Cumulative Value (\$ 000)</u>	<u>Per Cent of Total Value</u>
3	1 251	63
5	1 474	74
10	1 670	84
15	1 744	88
All Importers (45)	1 989	100

POTASSIUM HYDROXIDE (CAUSTIC POTASH)

CANADIAN IMPORTERS (Cont'd)

Importers of potassium hydroxide during the period January to June 1989, are listed below in alphabetical order. This list includes all importers except individuals and a minimal number of importers whose names were not available. The numbers in brackets following the names of the importers indicate the specific products they are importing as follows: (1) solid potassium hydroxide; and (2) potassium hydroxide in aqueous solution.

<u>Name</u>	<u>Address</u>	<u>Name</u>	<u>Address</u>
Air Canada (2)	Winnipeg, Man.	Johns Scientific Inc. (1)(2)	Toronto, Ont.
Autochem Canada Inc. (1)	Scarborough, Ont.	Kert Chemical Industries Inc. (2)	Weston, Ont.
BDH Chemicals Canada Ltd. (1)	Toronto, Ont.	Kingsley and Keith (Can.) Inc. (1)	Etobicoke, Ont.
Canada Colors and Chemicals Ltd. (1)(2)	Don Mills, Ont.	Mackenzie & Fiemann Ltd. (1)	North Vancouver, B.C.
CIL Inc. (1)(2)	Willowdale, Ont.	Mallinckrodt Canada Inc. (1)(2)	Pointe-Claire, Qué.
Construction Product Distribution Services, Div. of 87317 Canada Ltd.(2)	Concord, Ont.	Monroe Auto Equipment Co. (2)	Owen Sound, Ont.
Discovery Canada Merchandisers Ltd. (2)	Winnipeg, Man.	Multichem Inc. (1)(2)	Anjou, Qué.
Erco, A Division of Tennaco Canada Inc. (2)	Islington, Ont.	Occidental Chemical Corp. (1)(2)	Pottstown, PA, USA*
Faber-Castell Canada Ltd. (2)	Toronto, Ont.	Olin Holdings (1)(2)	Burlington, Ont.
Fisher Scientific Co. Ltd. (2)	Ottawa, Ont.	Procter and Gamble Inc. (2)	Toronto, Ont.
Flexovit Canada Abrasives Ltd. (1)	Brampton, Ont.	Quadra Chemicals Ltd. (1)	St-Laurent, Qué.
Ford Motor Co. of Canada Ltd. (1)	Oakville, Ont.	Rhône-Poulenc Canada Inc. (2)	Mississauga, Ont.
Great Western Chemical Company (1) (2)	Portland, OR, USA*	Sanivan Inc. (2)	Montréal, Qué.
Hollinex Products Ltd. (2)	Edmonton, Alta.	Sargent-Welch Scientific Co. of Canada (1)	Skokie, IL, USA*
IBM Canada Ltd. (1)	Markham, Ont.	Superior Performance Products (Canada) Inc. (2)	Newmarket, Ont.
		Tempo Chemicals Inc. (1)(2)	Toronto, Ont.
		United Laboratories Inc. (2)	Toronto, Ont.
		Van Waters & Rogers Ltd. (1)(2)	Richmond, B.C.
		Wilcox Graphics Supplies (1)	Vancouver, B.C.

* Non-resident importer

POTASSIUM HYDROXIDE (CAUSTIC POTASH)

FOREIGN EXPORTERS TO CANADA

JANUARY - SEPTEMBER 1989

Major exporters to Canada of potassium hydroxide are listed in descending order of dollar value by major country of origin. These exporters accounted for 87 per cent of the total value of Canadian imports during the period January - September, 1989.

A) POTASSIUM HYDROXIDE - SOLID

<u>Country</u>	<u>Exporter Name</u>	Value of Canadian Imports <u>Jan.-Sept. 1989</u> (\$000)
United States	LCP Chemicals & Plastics	115
	Pitt Metal and Chemical)	249*
	Chemtech Industries)	
	Occidental Chemical Corp.)	
	Nu-Tech Chemical Ind. Inc.)	70*
	Olin Corporation)	
	Montedison U.S.A. Inc.)	
France	Société de Produits)	102*
	Chimiques Har.)	
	Produits Chimiques de Los)	
	Multichem)	

B) POTASSIUM HYDROXIDE IN AQUEOUS SOLUTION

<u>Country</u>	<u>Exporter Name</u>	Value of Canadian Imports <u>Jan.-Sept. 1989</u> (\$000)
United States	Olin Corporation	1 357
	Occidental Chemical Corp.)	980*
	LCP Chemicals & Plastics)	
	Van Waters and Rogers Ltd.)	210*
	Vulcan Chemicals)	
	SD Myers Inc.)	

* Aggregated to preserve confidentiality of Canadian importers