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MARKET INTELLIGENCE

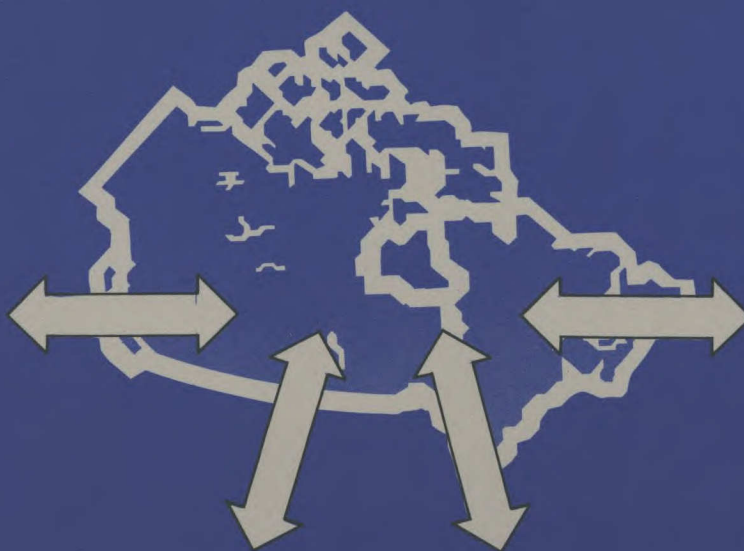
METHANAL (FORMALDEHYDE)

AND

PARAFORMALDEHYDE

Pub. No.: 90011-IP

June 1990



Canada



ID. 0001

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REFERENCE SOURCES

Industry, Science and Technology Canada
Statistics Canada, Tel.: (613) 951-9647
Revenue Canada, Tel.: (613) 954-6903
U.S. Department of Commerce,
Bureau of the Census, Tel.: (301) 763-7754

TARIFFS

Enquiries concerning **Canadian** 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) 954-6903

Enquiries concerning tariffs and other
government trade regulations in **foreign**
countries should be directed to:

Info Export
External Affairs
Ottawa, Ontario
K1A 0G2
Tel.: (613) 993-6435 OR
1-800-267-8376

EXPLANATORY NOTES

Commodity Classification

Canadian Trade statistics are classified and published according to the International Convention on the Harmonized Commodity and Description Coding System (H.S.), as defined by the Canadian Customs Tariff and Statistical Nomenclature.

Valuation

Dollar values shown in this report are based on selling price F.O.B. plant, in Canadian dollars. This selling price represents the value paid by the importer, excluding all freight, packing and insurance costs when specified. All trade discounts, when applicable, are also deducted from the selling price.

Rounding

Figures may not add due to rounding.

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METHANAL (FORMALDEHYDE) AND PARAFORMALDEHYDE

INTRODUCTION AND SCOPE

This report is part of a continuing series of market intelligence reports on specific products and is designed to increase business awareness of the potential existing for production in Canada. It is important, however, to emphasize that this report does not attempt any assessment as to the feasibility of competing in a particular market.

This profile is based on data from several sources, including some which are not generally available, for the following Harmonized System (H.S.) import commodity codes:

CANADIAN IMPORTS

<u>Description and Commodity Code</u>	<u>Total Imports</u>		<u>Major Country of Export to Canada % of Total Value</u>	
	<u>1988</u>	<u>1989</u>	<u>1988</u>	<u>1989</u>
Methanal (Formaldehyde)				
2912.11.00.00				
Quantity (000kg)	2 715	2 796	U.S.A.	U.S.A.
Value (\$000)	2 326	1 765	92	100
Paraformaldehyde				
2912.60.00.00				
Quantity (000kg)	1 230	1 226	Spain	U.S.A.
Value (\$000)	1 011	869	56	51
TOTAL				
Quantity (000kg)		4 022		
Value (\$000)		2 634		

Lists of 1988 Canadian importers and 1989 foreign exporters to Canada are given on pages 14, 15, 16 and 17.

METHANAL (FORMALDEHYDE) AND PARAFORMALDEHYDE

CANADIAN IMPORTS BY MAJOR FOREIGN COUNTRY OF ORIGIN

METHANAL (FORMALDEHYDE) 2912.11.00.00

Foreign Country of Origin	1988				1989			
	Quantity (000kg)	Value (\$000)	Import Market Share (% based on value)	Average Unit Price (\$/kg)	Quantity (000kg)	Value (\$000)	Import Market Share (% based on value)	Average Unit Price (\$/kg)
United States	2 580	2 134	92	0.83	2 795	1 764	100	0.63
United Kingdom	134	192	8	1.43	1	*	N/A	N/A
TOTAL	2 714	2 326	100	0.86	2 796	1 765	100	0.63

PARAFORMALDEHYDE 2912.60.00.00

Foreign Country of Origin	1988				1989			
	Quantity (000kg)	Value (\$000)	Import Market Share (% based on value)	Average Unit Price (\$/kg)	Quantity (000kg)	Value (\$000)	Import Market Share (% based on value)	Average Unit Price (\$/kg)
United States	383	425	42	1.11	502	447	51	0.89
Spain	826	566	56	0.69	550	320	37	0.58
Germany, Fed.								
Rep.	21	19	2	0.90	175	101	12	0.58
Other	*	*	N/A	N/A	*	*	N/A	N/A
TOTAL	1 230	1 011	100	0.82	1 226	869	100	0.71

* Less than 1000kg or \$1000

N/A Not Applicable

METHANAL (FORMALDEHYDE) AND PARAFORMALDEHYDE

CANADIAN PRODUCTION

Statistics Canada reports the shipments of formaldehyde (100% solid basis) as follows:

	<u>Quantity</u> (Tonnes)	
<u>1987</u>	<u>1988</u>	<u>1989</u>
121 950	123 096	119 599

CANADIAN EXPORTS

<u>Description and Commodity Code</u>	<u>Total Exports</u>		<u>Major Country Importing from Canada</u>	
	<u>1988</u>	<u>1989</u>	<u>% of Total Value 1988</u>	<u>% of Total Value 1989</u>
Methanal (Formaldehyde)				
2912.11				
Quantity (000kg)	15 929	17 719	U.S.A.	U.S.A.
Value (\$000)	3 164	5 534	99	100
Paraformaldehyde				
2912.60				
Quantity (000kg)	36	*	U.S.A.	*
Value (\$000)	55	*	100	*
TOTAL				
Quantity (000kg)	15 965	17 719		
Value (\$000)	3 219	5 534		

* No exports during this period

METHANAL (FORMALLDEHYDE) AND PARAFORMALDEHYDE

UNITED STATES' IMPORTS

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

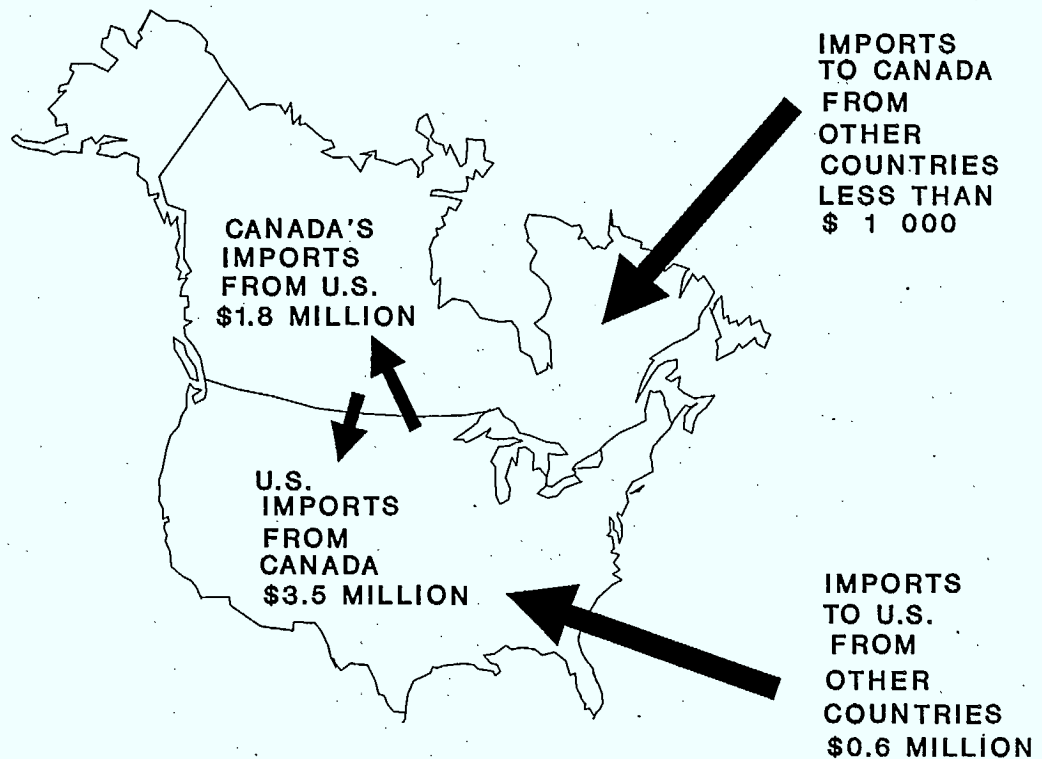
U.S. IMPORTS - 1989

<u>H.S.* Product Code</u>	<u>Description</u>	<u>Quantity (000kg)</u>		<u>Value (\$000)</u>	
		<u>Total</u>	<u>From Canada</u>	<u>Total</u>	<u>From Canada</u>
2912.11.00.00	Methanal (Formaldehyde)	10 873	10 756	4 109	3 482
2912.60.00.00	Paraformaldehyde	<u>2 847</u>	<u>4</u>	<u>1 559</u>	<u>16</u>
TOTAL		13 720	10 760	5 668	3 498

* 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. Commencing January 1990, Canada and the United States have been exchanging import data. Therefore any discrepancy between what Canada reports as exports to the United States and what the United States reports as imports from Canada should no longer exist.

METHANAL (FORMALLDEHYDE) - H.S. 2912.11

NORTH AMERICAN IMPORTS - 1989



TOTAL NORTH AMERICA IMPORTS - \$0.6 MILLION

METHANAL (FORMALDEHYDE)

NORTH AMERICAN IMPORTS - 1989

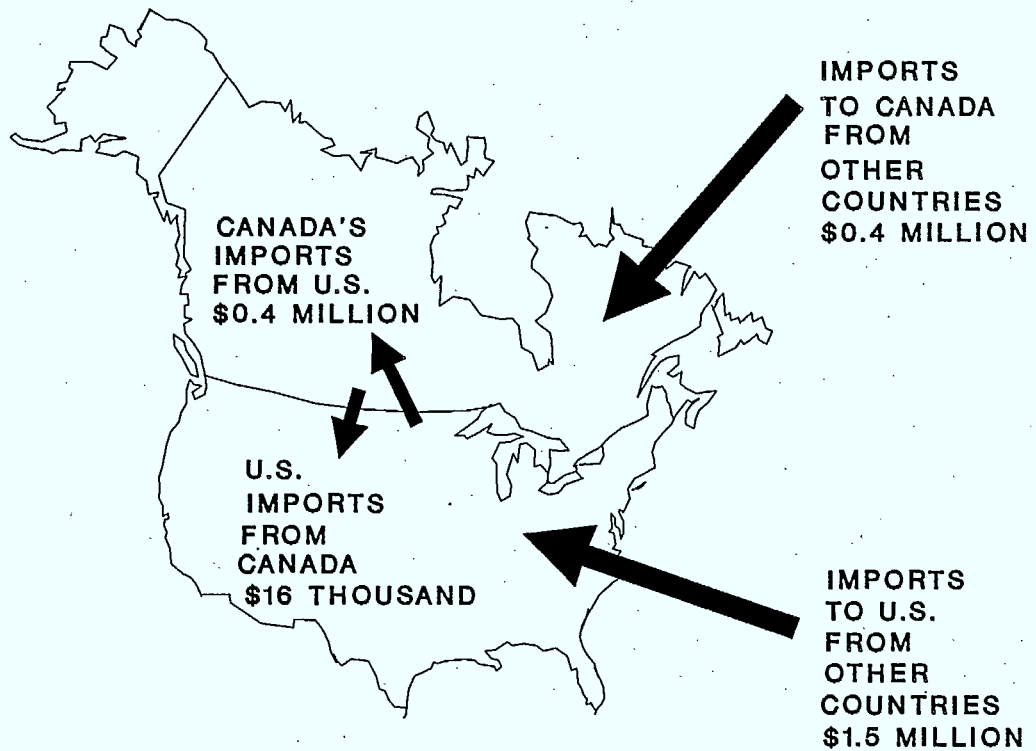
	<u>Quantity</u> (000kg)	<u>Value</u> (\$000)	<u>Average Unit Price</u> (\$/kg)
CANADA'S IMPORTS			
From the United States	2 795	1 764	0.63
Other Countries	**	**	N/A
U.S. IMPORTS			
From Canada	10 756	3 482	0.32
Other Countries	117	627	5.36
NORTH AMERICA'S IMPORTS*	117	627	

* Excludes Canada - U.S. Bilateral Trade and Mexico.

** Less Than 1000kg and \$1000

PARAFORMALDEHYDE - H.S. 2912.60

NORTH AMERICAN IMPORTS - 1989



TOTAL NORTH AMERICA IMPORTS - \$2.0 MILLION

PARAFORMALDEHYDE

NORTH AMERICAN IMPORTS - 1989

	<u>Quantity</u> (000kg)	<u>Value</u> (\$000)	<u>Average Unit Price</u> (\$/kg)
CANADA'S IMPORTS			
From the United States	501	447	0.89
Other Countries	725	422	0.58
U.S. IMPORTS			
From Canada	4	16	4.00
Other Countries	2 843	1 544	0.54
North America's Imports*	3 568	1 966	0.55

* Excludes Canada - U.S. Bilateral Trade and Mexico.

METHANAL (FORMALDEHYDE) AND PARAFORMALDEHYDE

MARKET SUMMARY

Formaldehyde and paraformaldehyde are used primarily in the production of phenolic, urea and melamine resins. These resins are used as binders and adhesives for construction materials such as particleboard (urea-formaldehyde), waferboard and plywood (phenol-formaldehyde) and decorative laminates (melamine formaldehyde). Other applications are in textile finishes, embalming fluids, fungicides, air fresheners, cosmetics and in the manufacture of pentaerythritol for alkyd paints.

Consumption is expected to hold steady over the longer term with some growth possible. Imports are negligible and sufficient production capacity exists to cover small increases in consumption. While exports to the U.S. do not make up a large portion of sales, they may be at risk from the estimated 200 kilotonnes of new formaldehyde capacity coming onstream in the U.S. in 1990.

Due to a variety of economic pressures, the number of housing starts in Canada in 1990 has fallen off from the record numbers of the last two years. This has impacted the use of construction materials and hence formaldehyde consumption. Phenol-formaldehyde based resins are also facing competition in wood bonding markets from diphenyl methane diisocyanate-based polymers.

Formaldehyde use in melamine resins and pentaerythritol may decline as environmental control proposals to reduce volatile organic emissions are introduced. This could result in further substitution of solvent-based alkyd paints by water-based vinyl and acrylic emulsions.

In spite of a pessimistic forecast for mature end markets and concerns over the toxicity of formaldehyde emissions from products and tail pipe exhaust from methanol fuelled vehicles (promoted under "cleaner air" programs), formaldehyde demand is expected to grow slowly over the medium to long terms.

METHANAL (FORMALDEHYDE)

CANADIAN IMPORTERS - 1988

METHANAL (FORMALDEHYDE) 2912.11.00.00

The principal six importers of Methanal (Formaldehyde) accounted for 89 per cent of the total import value during 1988.

<u>Principal Importers</u> (No.)	<u>Cumulative Value</u> (\$000)	<u>Per Cent of Total Value</u>
3	1 715	74
6	2 076	89
10	2 211	95
All Importers (32)	2 326	100

The importers are listed below in alphabetical order.

<u>Name</u>	<u>Address</u>	<u>Name</u>	<u>Address</u>
A&K Petro Chem Industries Ltd.	Weston, Ont.	Kodak Canada Inc.	Toronto, Ont.
Almatex Limited	London, Ont.	Korkay System Canada Ltd.	Gananoque, Ont.
Anachemia Ltd.	Lachine, Qué.	Lamoureux International Inc.	Montréal, Qué.
Atlas Trailer Coach Products Ltd.	Mississauga, Ont.	MacDermid Chemicals Inc.	Mississauga, Ont.
Bakelite Thermosets Limited	St-Pierre, Qué. Belleville, Ont.	MacDonald and White Varnish and Paint Company Ltd.	Windsor, Ont.
Borden Chemical Div. of the Borden Company Ltd.	West Hill, Ont.	Mallinckrodt Canada Inc.	Pointe-Claire, Qué.
Champion Company of Canada Ltd., The	Springfield, OH., USA*	HS Eckels & Company (Canada) Ltd.	Guelph, Ont.
Collins Clarke MacGillivray White Funeral Directors Ltd.	Montréal, Qué.	National Caseln (Canada) Inc.	Scarborough, Ont.
Dupont of Canada Ltd.	Mississauga, Ont.	Monsanto Canada Inc.	Mississauga, Ont.
C/O Compensation Services	Toronto, Ont.	Petrolite Canada Inc.	St. Louis, MO., USA*
Eagle Electric of Canada Ltd.	Ottawa, Ont.	Racine Robert & Gauthier Enrg.	Ottawa, Ont.
Fisher Scientific Company Ltd.	Québec, Qué.	Reichhold Ltd.	Mississauga, Ont.
Fournitures JCR Inc. Les	Portland, OR., USA*	Safety Supply Canada Ltd.	Richmond Hill, Ont.
Great Western Chemical Company Inc.	Toronto, Ont.	Sargent-Welch Scientific of Canada Ltd.	Skokie, IL., USA*
Johns Scientific Inc.		Tantex Chemicals Co. Ltd.	D'Anjou, Qué.
		Tech-Met Canada Ltd.	Scarborough, Ont.
		University of Toronto	Toronto, Ont.
		Waldeck Scientific Co. Ltd.	Winnipeg, Man.

* Non resident importer.

PARAFORMALDEHYDE
CANADIAN IMPORTERS - 1988
PARAFORMALDEHYDE 2912.60.00.00

The principal six importers of Paraformaldehyde accounted for 93 per cent of the total import value during 1988.

<u>Principal Importers</u> (No.)	<u>Cumulative Value</u> (\$000)	<u>Per Cent of Total Value</u>
3	779	77
6	945	93
All Importers (12)	1 011	100

The importers are listed below in alphabetical order.

<u>Name</u>	<u>Address</u>	<u>Name</u>	<u>Address</u>
Ashland Chemicals (Solvents Group)-Valvoline Oil Chemicals Ltd.	Mississauga, Ont.	Fleming Oilfield Services Ltd.	Calgary, Alta.
Borden Chemical Western Division of Borden Co. Ltd.	Vancouver, B.C.	Mallinckrodt Canada Inc.	Pointe-Claire, Qué.
Celanese Canada Ltd.	Edmonton, Alta.	Marivac Limited	Halifax, N.S.
Colt Chemicals (Canada) Inc.	Willowdale, Ont.	Prairie Industrial Chemicals Inc.	Saskatoon, Sask.
Crane Canada Inc.	Mount Royal, Qué.	Prairie Mud & Chemical Service Ltd.	Estevan, Sask.
Degussa (Canada) Ltd.	Burlington, Ont.	Romm & Haas Canada Limited	West Hill, Ont.

METHANAL (FORMALDEHYDE)
FOREIGN EXPORTERS TO CANADA

JANUARY - SEPTEMBER 1989

METHANAL (FORMALDEHYDE) 2912.11.00.00

Major exporters to Canada of Methanal (Formaldehyde) are listed in descending order of dollar value. These exporters accounted for 88 per cent of the total value of Canadian imports during the period January to September 1989.

<u>Country</u>	<u>Exporter Name</u>	<u>Value of Exports to Canada Jan.- Sept. 1989 (\$000)</u>
United States	Monsanto Company) Borden Chemical) Hoechst Celanese)	1 430*

* Aggregated to preserve confidentiality of Canadian importers.

PARAFORMALDEHYDE

FOREIGN EXPORTERS TO CANADA (Cont'd)

PARAFORMALDEHYDE 2912.60.00.00

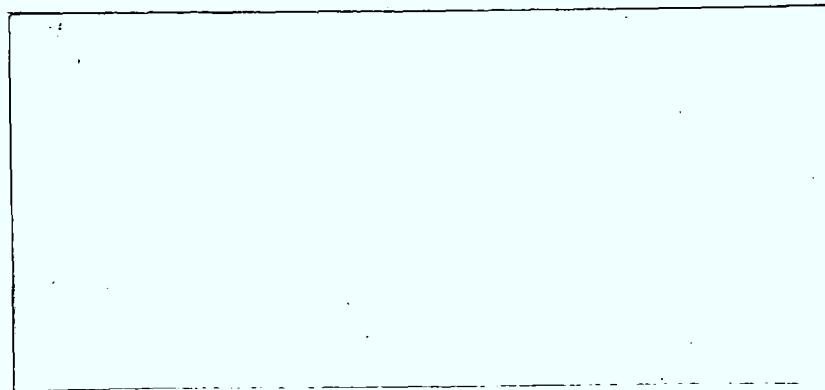
Major exporters to Canada of Paraformaldehyde are listed in descending order of dollar value. These exporters accounted for 95 per cent of the total value of Canadian imports during the period January to September 1989.

<u>Country</u>	<u>Exporter Name</u>	<u>Value of Exports to Canada Jan.- Sept. 1989 (\$000)</u>
Spain	Formal Derivados)
United States	Hoechst Celanese) 522*
	Borden Chemical)

* Aggregated to preserve confidentiality of Canadian importers.

HF3221/.A1/C3
Canada. Dept. of Regional
Import profile :
investment opportunities.
AEBH 90011 ISTC

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