# Canadian Market Opportunities— Import Profile

Government of Canada / Gouvernement du Canada
Regional Industrial Expansion / Expansion industrielle régionale

Canada

## DOG AND CAT FEEDS, COMPLETE

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These offices are listed on page 8
of this publication.

## REFERENCE SOURCES

Department of Regional Industrial Expansion

Statistics Canada

Revenue Canada

Supply and Services Canada

## 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 firms, but customs values exceed selling prices for many transactions between affiliated firms. 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.

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# CANADIAN MARKET OPPORTUNITIES - IMPORT PROFILE

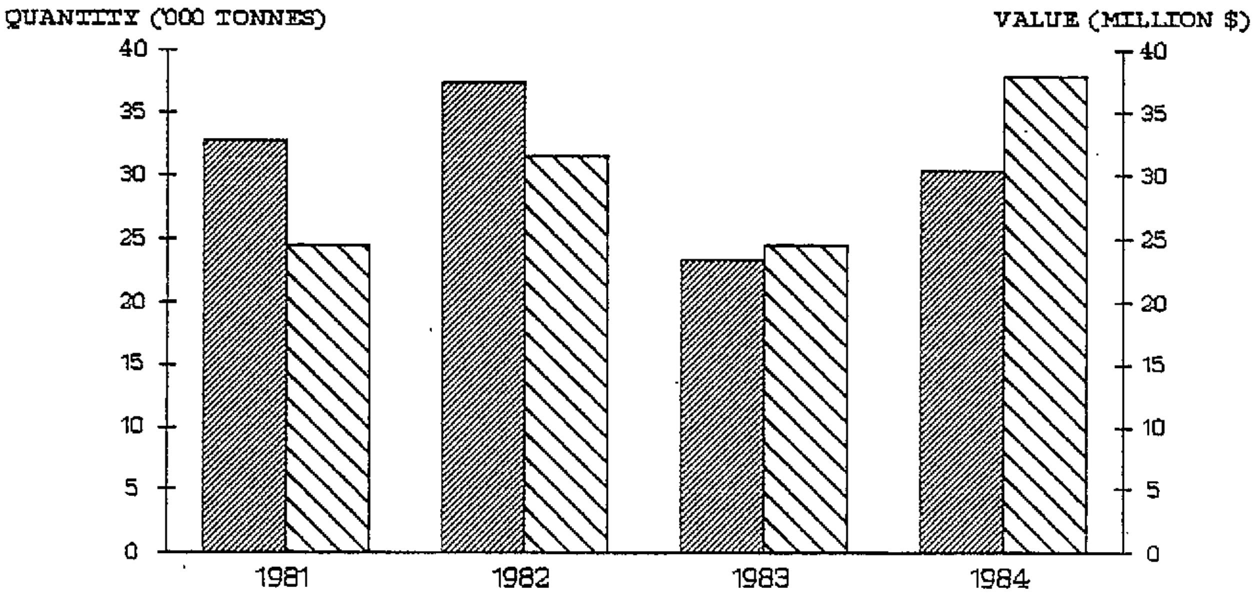
## DOG AND CAT FEEDS, COMPLETE

### INTRODUCTION AND SCOPE

This report is one of a continuing series designed to increase business awareness of the potential existing in the Canadian marketplace for domestic production and to stimulate Canadian business to explore further potential market opportunities in Canada. It is important to emphasize that this report does not attempt any assessment as to the feasibility of manufacturing or competing in a particular market and should be treated as an indicator or starting point for the manufacturer or entrepreneur.

It should be noted that complete dog and cat feeds are those which contain all the nutrients, vitamins and minerals essential to a full and balanced diet in a single product.

A - IMPORT TRENDS
OF
DOG AND CAT FEEDS, COMPLETE




| | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|
| QUANTITY | 32.8 | 37.4 | 23.4 | 30.4 |
| VALUE | 24.4 | 31.5 | 24.4 | 37.9 |

From 1981 to 1984 imports of complete dog and cat feeds decreased at an average annual rate of three per cent in terms of quantity and increased at a rate of 16 per cent in terms of dollar value.

## B - IMPORTS BY MAJOR FOREIGN COUNTRY OF EXPORT
### (IN DESCENDING ORDER OF 1984 VALUES)

| FOREIGN COUNTRY OF EXPORT | 1981 | 1982 | 1983 | 1984 | UNIT PRICE 1984 $ | AVERAGE ANNUAL GROWTH RATE 1981-1984 % | PER CENT CHANGE 1983-1984 % |
|---|---|---|---|---|---|---|---|
| **UNITED STATES** | | | | | | | |
| QUANTITY (TONNES) | 31 891 | 36 566 | 21 351 | 24 443 | 1 260 | -8 | 14 |
| QUANTITY (CWT) | 703 057 | 806 119 | 470 695 | 538 860 | 57 | -8 | 14 |
| VALUE ($000) | 23 352 | 30 512 | 22 366 | 30 808 | | 10 | 38 |
| **PUERTO RICO** | | | | | | | |
| QUANTITY (TONNES) | 780 | 728 | 815 | 1 470 | 1 818 | 24 | 80 |
| QUANTITY (CWT) | 17 189 | 16 049 | 17 959 | 32 412 | 82 | 24 | 80 |
| VALUE ($000) | 943 | 866 | 1 102 | 2 673 | | 42 | 143 |
| **AUSTRALIA** | | | | | | | |
| QUANTITY (TONNES) | 0 | 0 | 823 | 2 998 | 811 | N/A | 264 |
| QUANTITY (CWT) | 0 | 0 | 18 137 | 66 085 | 37 | N/A | 264 |
| VALUE ($000) | 0 | 0 | 410 | 2 431 | | N/A | 493 |
| **UNITED KINGDOM** | | | | | | | |
| QUANTITY (TONNES) | 65 | 107 | 185 | 872 | 1 261 | 138 | 371 |
| QUANTITY (CWT) | 1 439 | 2 366 | 4 078 | 19 230 | 57 | 137 | 372 |
| VALUE ($000) | 66 | 116 | 218 | 1 100 | | 155 | 405 |
| **THAILAND** | | | | | | | |
| QUANTITY (TONNES) | 3 | 11 | 98 | 582 | 1 366 | 479 | 494 |
| QUANTITY (CWT) | 71 | 236 | 2 168 | 12 829 | 62 | 465 | 492 |
| VALUE ($000) | 11 | 36 | 208 | 795 | | 317 | 282 |
| **OTHER** | | | | | | | |
| QUANTITY (TONNES) | 65 | 19 | 108 | 31 | 3 710 | -22 | -71 |
| QUANTITY (CWT) | 1 423 | 413 | 2 359 | 699 | 165 | -21 | -70 |
| VALUE ($000) | 57 | 17 | 123 | 115 | | 26 | -8 |
| **TOTAL** | | | | | | | |
| QUANTITY (TONNES) | 32 804 | 37 431 | 23 380 | 30 396 | | -3 | 30 |
| QUANTITY (CWT) | 723 179 | 825 183 | 515 396 | 670 115 | | -3 | 30 |
| VALUE ($000) | 24 429 | 31 547 | 24 427 | 37 922 | | 16 | 55 |
| **UNIT PRICE** | | | | | | | |
| ($ PER TONNE) | 745 | 843 | 1 045 | 1 248 | | | |

N/A - Growth rate not available. If no imports are reported for the base year (1981) the average annual growth rate for the 1981-1984 period cannot be calculated.

During 1984 imports totalled 30 396 tonnes valued at $37.9 million, which was an increase of 30 per cent in terms of quantity and 55 per cent in terms of dollar value from 1983. The average unit price in 1984 was $1 248 per tonne. However, unit prices ranged from $811 per tonne for imports from Australia, to $1 818 per tonne for those from Puerto Rico. During the years 1981 and 1982 Australia did not export dog and cat feeds to Canada. However, imports from Australia are gaining ground rapidly, moving this country to second place in terms of quantity in 1983 and 1984. In addition, imports from Australia are considerably lower in price than those from all other countries. However, Australian exports to Canada may decrease as domestic manufacturers become more able to compete in terms of unit price.

The United States has consistently been the major exporter to Canada, accounting for 80 per cent of the quantity and 81 per cent of the value in 1984.

## C - IMPORT MARKET CONCENTRATION
## (BY % OF TOTAL 1984 VALUE)

| TOP 5 IMPORTERS | TOP 10 IMPORTERS | TOP 20 IMPORTERS | TOP 30 IMPORTERS |
|---|---|---|---|
| 68 | 82 | 89 | 92 |

The 10 major importers accounted for 82 per cent of the total imports for 1984. Four of these were identified as manufacturers, and six as wholesalers. Five of the firms were located in Ontario, two in British Columbia, and one each in Alberta, Quebec and New Brunswick.

## D - TYPE AND LOCATION OF THE 30 MAJOR IMPORTERS - 1984

| | MANUFACTURERS | | WHOLESALERS | | OTHER(1) | | TOTAL | |
|---|---|---|---|---|---|---|---|---|
| | NO. OF IMPORTERS | VALUE ($000) | NO. OF IMPORTERS | VALUE ($000) | NO. OF IMPORTERS | VALUE ($000) | NO. OF IMPORTERS | VALUE ($000) |
| Ontario | 3 | 4 671 | 8 | 7 099 | 1 | 291 | 12 | 12 061 |
| Quebec | | | 3 | 488 | 1 | 183 | | |
| Western Provinces | 3(X) | 16 567(X) | 3 | 3 813 | 8 | 1 796 | 18(X) | 22 847(X) |
| Atlantic Provinces | | | - | - | - | - | | |
| TOTAL | 6 | 21 238 | 14 | 11 400 | 10 | 2 270 | 30 | 34 908 |
| Per Cent of 1984 Total Value | | 56% | | 30% | | 6% | | 92% |

(X) Quebec, Western Provinces and Atlantic Provinces aggregated to preserve confidentiality

(1) Includes retailers

There were approximately 90 importers of complete dog and cat feeds during 1984. The top 30 importers accounted for 92 per cent or $34.9 million of the total imports. Of these 30 importers, six were identified as manufacturers whose total imports represented 56 per cent of the import total. Five of the six firms were identified as manufacturers of animal feeds.

## E - CANADIAN PRODUCTION

There are at least 45 manufacturers of dog and cat feeds in Canada. Ten companies are located in British Columbia, eight in Alberta, two in Saskatchewan, four in Manitoba, 16 in Ontario, three in Quebec and two in New Brunswick. This total does not include companies which have dog and cat feeds packed on their behalf by other firms. Although the pet food manufacturing industry is mainly centred in southern Ontario, there is some manufacturing in most other provinces. Statistics Canada reports that shipments of dog and cat feeds totalled 290 217 tonnes with a value of $238.5 million in 1982, the latest year for which information is available. The average value of $821 per tonne for Canadian production is well below that of the United States and most other imports.

## F - EXPORTS

Statistics Canada reports that exports of complete dog and cat feeds during 1984 totalled 5 838 tonnes with a value of $5.7 million.

## G - CANADIAN TARIFFS, 1985

| | | | TARIFF TREATMENT | | | | |
|---|---|---|---|---|---|---|---|
| TARIFF ITEM | DESCRIPTION | BY % OF TOTAL VALUE (1984) | BRITISH(1) PREFER-ENTIAL TARIFF | MOST FAVOURED NATION TARIFF | GENERAL TARIFF | GENERAL PREFER-ENTIAL TARIFF | U.K. AND IRELAND |
| | | | % | % | % | % | % |
| 71110-01 | Prepared foods, whether canned or not, for cats and dogs | 99 | 6 | 6 | 25 | 4 | 6 |

(1) Excludes U.K. and Ireland

Tariff Arrangements and Foreign Countries of Export:

MOST FAVOURED NATION: UNITED STATES, PUERTO RICO
*MOST FAVOURED NATION OR GENERAL PREFERENTIAL: THAILAND
MOST FAVOURED NATION OR BRITISH PREFERENTIAL: AUSTRALIA
MOST FAVOURED NATION OR U.K. AND IRELAND: UNITED KINGDOM

ENQUIRIES CONCERNING TARIFFS SHOULD BE DIRECTED TO THE NEAREST CUSTOMS AND EXCISE OFFICE OR TO:
TARIFF PROGRAMS
REVENUE CANADA
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OTTAWA, ONTARIO K1A OL5
TEL: (613) 996-9480

*NOTE: In order to qualify for General Preferential Tariff treatment a special certificate of origin is required.

## H - MARKET SUMMARY

It appears that the potential for growth in the domestic market is limited. Further rationalization of this competitive industry can thus be expected as pet food manufacturers adjust to the evolving market requirements. Continuation of current socio-economic trends will lead to a growing market for cat and other small animal food and a stabilizing to declining market for dog food. This, together with changing product type preference - particularly for dog food, towards the drier end of the product spectrum - may force the companies to modify their product mix to maintain market share. Advertising expenditures will remain a major factor in determining market share, especially for national brands.

Nevertheless, current levels of imports suggest that competitive import substitution opportunities for certain products exist, particularly for companies marketing major national brands manufactured abroad, including the United States, and which are already sold here through intra-firm transfers. Similarly, the large quantity of dry cat and dog feeds imported into western Canada should be examined to determine if these also could be replaced by domestic production.

New products or processes, such as sterilization of pet foods by irradiation, and aseptic packaging, could allow new firms to enter the industry, or current manufacturers to increase their market shares. Opportunities may also exist for manufacturers of specialty products or small producers intent on meeting specific market requirements or local demand preferences. Firms are encouraged to explore export opportunities that allow them to increase plant capacity utilization and efficiency.

This report was prepared by:

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