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Canadian Market Opportunities— Import Profile



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Expansion industrielle
régionale

Canada

ABRASIVE PAPER AND CLOTH

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OR

The nearest DRIE Regional Office.
These offices are listed on page 11
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.

CANADIAN MARKET OPPORTUNITIES - IMPORT PROFILE

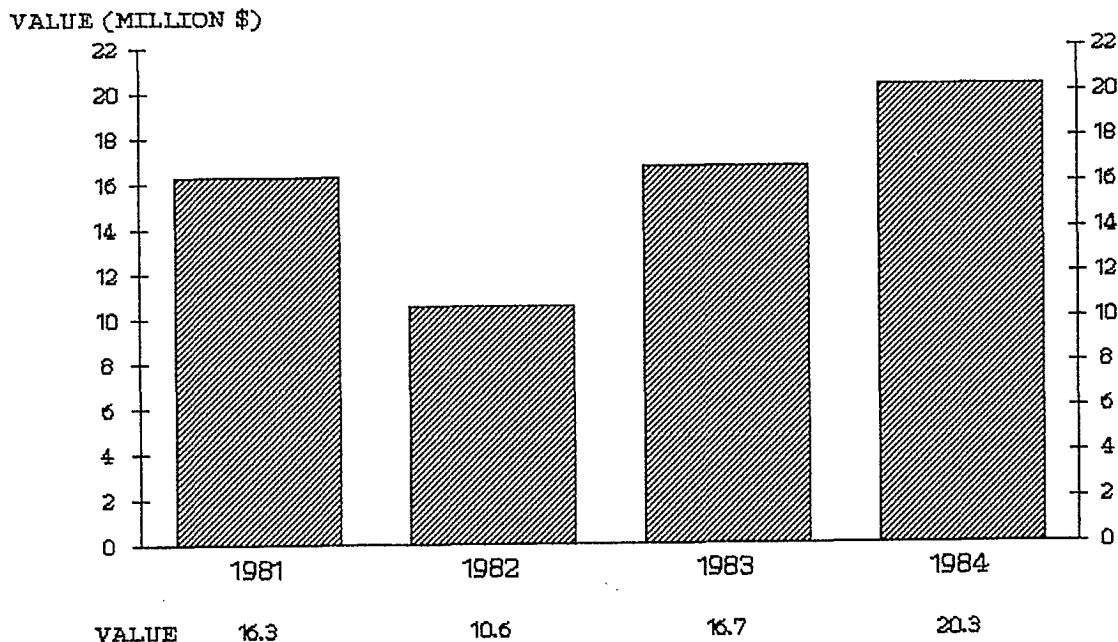
ABRASIVE PAPER AND CLOTH

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.

The import class of abrasive paper includes belts paper, rolls paper, sleeves paper, emery paper, garnet paper and sand paper, etc. Abrasive cloth includes the above only in cloths.

A - IMPORT TRENDS
ABRASIVE PAPER AND CLOTH (COMBINED VALUES)

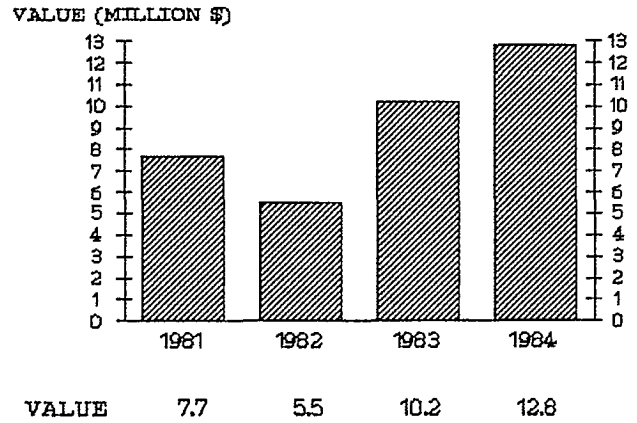
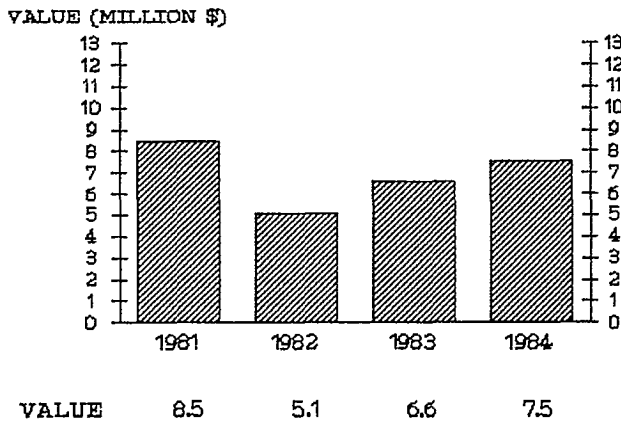


Imports of abrasive paper and cloth dropped sharply from 1981 to 1982, then grew steadily through 1983 and 1984.

A - IMPORT TRENDS (CONT'D)

ABRASIVE PAPER

ABRASIVE CLOTH



Imports of abrasive paper, though showing some increase from the 1982 dip, had not recovered to 1981 levels by 1984: the four-year rate of decrease was four per cent. Abrasive cloth imports, on the other hand, have been increasing rapidly since 1982, and over the whole four-year period had an average growth rate of 18 per cent. In 1984 imports of abrasive papers increased by 15 per cent from 1983 and abrasive cloths increased by 26 per cent.

Of the two product groups combined, abrasive cloth has taken an increasing share each year, from 48 per cent of total imports in 1981, to 63 per cent in 1984.

B - IMPORTS BY MAJOR FOREIGN COUNTRY OF EXPORT
 (IN DESCENDING ORDER OF 1984 VALUES)
ABRASIVE PAPER AND CLOTH COMBINED

<u>FOREIGN COUNTRY OF EXPORT</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>AVERAGE ANNUAL GROWTH RATE 1981-1984 %</u>	<u>PER CENT CHANGE 1983-1984 %</u>
UNITED STATES VALUE (\$000)	12 320	8 761	13 588	15 612	8	15
WEST GERMANY VALUE (\$000)	2 368	1 005	1 626	1 762	-9	8
JAPAN VALUE (\$000)	824	314	533	849	1	59
THE NETHERLANDS VALUE (\$000)	21	31	94	469	182	399
UNITED KINGDOM VALUE (\$000)	144	125	249	317	30	27
OTHER VALUE (\$000)	588	400	627	1 310	31	109
TOTAL VALUE (\$000)	16 265	10 636	16 717	20 319	8	22

Imports of abrasive paper and cloth in 1984 totalled \$20.3 million, an increase of 22 per cent over 1983. The United States has consistently been the major exporter to Canada, accounting for 81 per cent of the value in 1983 and 77 per cent in 1984.

B - IMPORTS BY MAJOR FOREIGN COUNTRY OF EXPORT (CONT'D)
 (IN DESCENDING ORDER OF 1984 VALUES)
ABRASIVE PAPER

<u>FOREIGN COUNTRY OF EXPORT</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>AVERAGE ANNUAL GROWTH RATE 1981-1984 %</u>	<u>PER CENT CHANGE 1983-1984 %</u>
UNITED STATES VALUE (\$000)	7 466	4 558	5 544	5 525	-10	0
WEST GERMANY VALUE (\$000)	316	178	155	347	3	124
JAPAN VALUE (\$000)	203	102	238	345	19	45
THE NETHERLANDS VALUE (\$000)	5	0	10	336	307	3 260
SWITZERLAND VALUE (\$000)	206	52	42	311	15	640
OTHER VALUE (\$000)	332	245	578	685	27	19
TOTAL VALUE (\$000)	8 528	5 135	6 567	7 549	-4	15

Imports of abrasive paper in 1984 were valued at \$7.5 million, an increase of 15 per cent in value from 1983. The United States has consistently been the major exporter. That country accounted for 73 per cent of the value in 1984, but this was down from 84 per cent in 1983 and almost 90 per cent in earlier years.

B - IMPORTS BY MAJOR FOREIGN COUNTRY OF EXPORT (CONT'D)
 (IN DESCENDING ORDER OF 1984 VALUES)
ABRASIVE CLOTH

<u>FOREIGN COUNTRY OF EXPORT</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>AVERAGE ANNUAL GROWTH RATE 1981-1984 %</u>	<u>PER CENT CHANGE 1983-1984 %</u>
UNITED STATES VALUE (\$000)	4 855	4 204	8 044	10 087	28	25
WEST GERMANY VALUE (\$000)	2 053	827	1 472	1 415	-12	-4
JAPAN VALUE (\$000)	620	212	295	504	-7	71
UNITED KINGDOM VALUE (\$000)	142	116	186	243	20	31
FRANCE VALUE (\$000)	4	26	12	173	251	1 342
OTHER VALUE (\$000)	63	116	141	348	77	147
TOTAL VALUE (\$000)	7 737	5 501	10 150	12 770	18	26

Imports of abrasive cloth in 1984 were valued at \$12.8 million, an increase of 26 per cent in value from 1983. The United States has consistently been the major exporter to Canada accounting for 79 per cent of the value in 1983 and 1984, up from 63 and 76 per cent in 1981 and 1982.

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

<u>TOP 5 IMPORTERS</u>	<u>TOP 10 IMPORTERS</u>	<u>TOP 15 IMPORTERS</u>	<u>TOP 20 IMPORTERS</u>
73	81	84	87

The five major importers who accounted for 73 per cent of the total imports for 1984, were located in Ontario. All five were identified as manufacturers of abrasive products.

D - TYPE AND LOCATION OF THE 20 MAJOR IMPORTERS - 1984

	<u>MANUFACTURERS</u>		<u>WHOLESALERS</u>		<u>OTHER</u>		<u>TOTAL</u>	
	<u>NO. OF IMPORTERS</u>	<u>VALUE (\$000)</u>	<u>NO. OF IMPORTERS</u>	<u>VALUE (\$000)</u>	<u>NO. OF IMPORTERS</u>	<u>VALUE (\$000)</u>	<u>NO. OF IMPORTERS</u>	<u>VALUE (\$000)</u>
Ontario	6	15 038	4	443	1	88	11	15 569
Quebec	4	1 164	5(X)	848(X)	-	-	9(X)	2 012(X)
Western Provinces	-	-	-	-	-	-	-	-
Atlantic Provinces	-	-	-	-	-	-	-	-
TOTAL	10	16 202	9	1 291	1	88	20	17 581
<hr/>								
Per Cent of 1984 Total Value		80%		6%		*		87%

(X) Quebec and Western Provinces aggregated to preserve confidentiality.

* Less than one per cent

There were approximately 326 importers of abrasive paper and cloth during 1984. The major 20 importers accounted for \$17.6 million or 87 per cent of the total imports. Ten were identified as manufacturers, their total imports representing 80 per cent of the import total. Eight of these 10 importers were identified as manufacturers of abrasive products.

E - CANADIAN PRODUCTION

There are at least eight manufacturers or converters of abrasive paper and cloth in Canada. Statistics Canada reports that shipments of abrasive paper and cloth were \$37.3 million in 1983, the latest year for which information is available. Abrasive cloth amounted to \$20.1 million and abrasive paper \$17.2 million in 1983.

F - EXPORTS

Statistics Canada reports that exports of abrasive paper and cloth during 1984 amounted to \$19.2 million. Exports are not reported separately for paper and cloth.

G - CANADIAN TARIFFS, 1985

TARIFF ITEM	DESCRIPTION	BY % OF TOTAL VALUE (1984)	TARIFF TREATMENT				
			BRITISH(1) PREFER- ENTIAL TARIFF %	MOST FAVOUR- ED NATION TARIFF %	GENERAL TARIFF %	GENERAL PREFER- ENTIAL TARIFF %	U.K. AND IRELAND %
19216-01	Paper or cloth, coated on one side with an abrasive material, imported in rolls not less than 91 cm in width and not less than 228 m in length, for use exclusively in the manufacture of abrasive sheets, belts, discs and sleeves (temporary tariff item)	54	10	10	25	6.5	10
19215-01	Sandpaper, glass or flint paper, and emery paper or emery cloth	27	12	12.0 11.1 10.2	25	8	12
42700-01	Machines, n.o.p., and accessories, attachments, control equipment and tools for use therewith; parts of the foregoing	11	2.5	10.7 9.9 9.2	35	2.5	9.2
	01/01/86						
	01/01/87						

(1) Excludes U.K. and Ireland
N.O.P. - Not otherwise provided for

Tariff Arrangements and Foreign Countries of Export:

MOST FAVOUR-ED NATION: UNITED STATES, WEST GERMANY, SWITZERLAND, JAPAN, THE NETHERLANDS, FRANCE
MOST FAVOUR-ED 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
CUSTOMS AND EXCISE
OTTAWA, ONTARIO K1A 0L5
TEL: (613) 996-9491

H - MARKET SUMMARY

The classification of coated abrasives includes products with either paper or cloth backing as well as a range of combination products in the form of sheets, discs, belts and cylinders, etc. Trade figures are provided in reasonable detail, but production volumes and values are not published because of the relatively few fully integrated producers. Some companies act strictly as converters, purchasing rolls or sheets of coated material for stamping, cutting and packaging. Automation is quite advanced in the industry, resulting in steadily increasing productivity.

There is a wide range of end uses for coated abrasive products in both the industrial and retail markets. Metal finishing and woodworking are the main areas of demand. Improved factory finishes on some metal and wood products will effect demands for abrasive products. Abrasive products have also been substantially improved to give longer life, which may influence volume requirements of industry.

In spite of the competitive conditions, Canadian import values for abrasive paper and cloth have increased from \$16 million in 1981 to \$20 million in 1984. This indicates that there could be excellent opportunities here for Canadian production to expand based on import replacement. Further export market development could also present an opportunity since exports of abrasive paper and cloth have increased from \$9.1 million in 1980 to 19.2 million in 1984.

This report was prepared by:

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Resource Processing Industries Branch

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