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Canadian Market Opportunities— Import Profile



Government
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Expansion industrielle
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Canada

ABRASIVE WHEELS

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ABRASIVE WHEELS

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*Information to be used for
the purpose of the
Department of Regional
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OR

The nearest DRIE Regional Office.
These offices are listed on page 8
of this publication.

*Information to be used for
the purpose of the
Department of Regional
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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

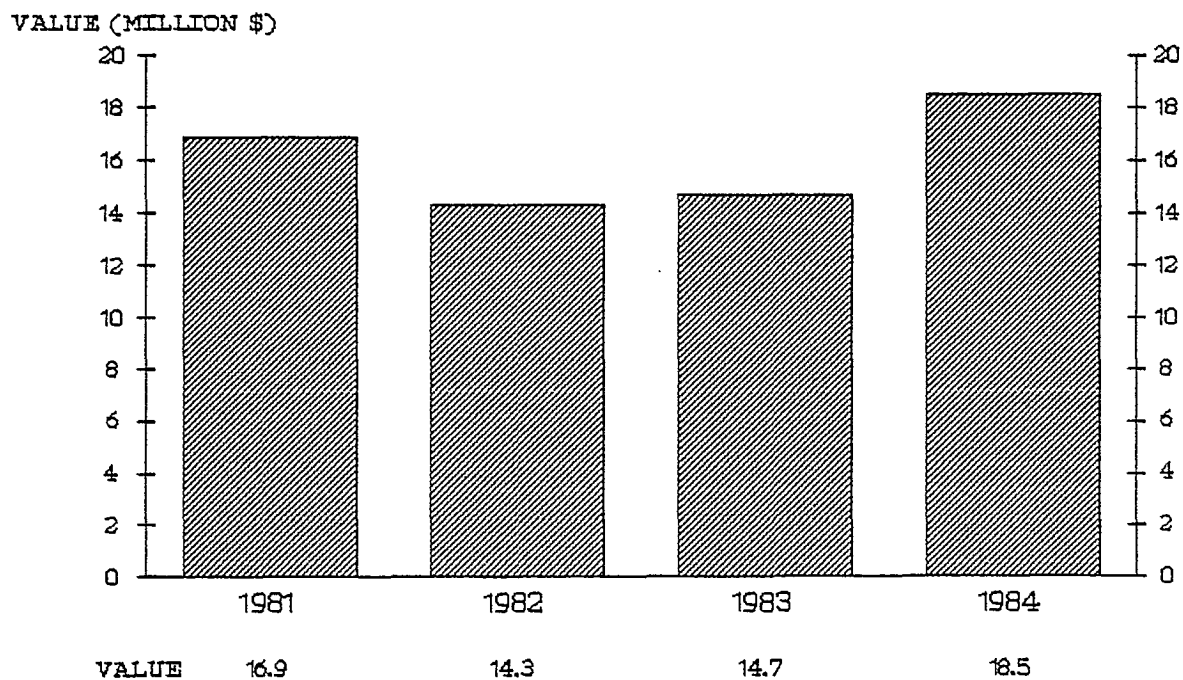
ABRASIVE WHEELS

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.

This import class includes vitrified grinding wheels, diamond grinding wheels and bonded abrasive wheels, using mainly the synthetic abrasive grains silicon-carbide and aluminum oxide.

A - IMPORT TRENDS
OF
ABRASIVE WHEELS



During the years 1981 to 1984 imports of abrasive wheels ranged between \$14.3 million and \$18.5 million. Overall they increased at an average annual rate of three per cent in terms of dollar value.

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

<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)	10 950	10 263	9 512	11 887	3	25
ITALY VALUE (\$000)	1 841	1 069	1 644	2 111	5	28
AUSTRIA VALUE (\$000)	773	687	823	1 397	22	70
WEST GERMANY VALUE (\$000)	1 152	790	1 037	1 098	-2	6
UNITED KINGDOM VALUE (\$000)	538	361	369	546	0	48
OTHER VALUE (\$000)	1 614	1 121	1 339	1 461	-3	9
TOTAL VALUE (\$000)	16 868	14 291	14 724	18 500	3	26

Imports of abrasive wheels in 1984 totalled \$18.5 million, an increase of 26 per cent from 1983 as the recession ended.

The United States has consistently been the major exporter to Canada, accounting for 65 per cent of the value in 1981, 72 per cent in 1982, 65 per cent in 1983, and 64 per cent in 1984.

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

<u>TOP 5</u> <u>IMPORTERS</u>	<u>TOP 10</u> <u>IMPORTERS</u>	<u>TOP 20</u> <u>IMPORTERS</u>	<u>TOP 30</u> <u>IMPORTERS</u>
42	55	67	72

The ten major importers accounted for 55 per cent of the total imports for 1984. Of these ten, five were manufacturers who accounted for \$3.7 million, and five were wholesalers who accounted for \$6.5 million. Seven of the firms are located in Ontario, two in Quebec and one in British Columbia.

D - TYPE AND LOCATION OF THE 40 MAJOR IMPORTERS - 1984

	<u>MANUFACTURERS</u>		<u>WHOLESALEERS</u>		<u>TOTAL</u>	
	<u>NO. OF</u> <u>IMPORTERS</u>	<u>VALUE</u> <u>(\$000)</u>	<u>NO. OF</u> <u>IMPORTERS</u>	<u>VALUE</u> <u>(\$000)</u>	<u>NO. OF</u> <u>IMPORTERS</u>	<u>VALUE</u> <u>(\$000)</u>
Ontario	16	5 121	15	4 320	31	9 441
Quebec	4	465				
Western Provinces	-	-	5*	4 226*	9*	4 691*
Atlantic Provinces	-	-				
TOTAL	20	5 586	20	8 546	40	14 132
Per Cent of 1984 Total Value		30%		46%		76%

* Quebec, Western and Atlantic Provinces aggregated to preserve confidentiality.

There were approximately 570 importers of abrasive wheels during 1984, of which the top 40 accounted for 76 per cent or \$14.1 million of the total imports. Of these 40 importers, 20 were manufacturers and 20 were wholesalers, their total imports representing 30 per cent and 46 per cent respectively of the total imported value. Of the 20 importers who are manufacturers, five make abrasive products, accounting for 40 per cent of the imports of manufacturers.

E- CANADIAN PRODUCTION

There are at least 20 manufacturers of abrasive wheels and related components in Canada. Statistics Canada reports that shipments of abrasive wheels (including segments) were \$23.2 million in 1983, the latest year for which information is available.

F - EXPORTS

Statistics Canada reports that exports of abrasive wheels and stones for 1984 amounted to \$7.5 million. Exports of abrasive wheels are not reported separately.

G - CANADIAN TARIFFS, 1985

TARIFF ITEM	DESCRIPTION	% OF TOTAL IMPORT VALUE (1984)	TARIFF TREATMENT				U.K. AND IRELAND %
			BRITISH PREFER- ENTIAL TARIFF(1) %	MOST FAVOURED NATION TARIFF %	GENERAL TARIFF %	GENERAL PREFER- ENTIAL TARIFF %	
67000-01	Grinding wheels, stones or blocks, manufactured by the bonding together of either natural or artificial abrasives; manufactures of emery or of artificial abrasives, n.o.p.	91	10	12.0 11.1 10.2	30	8	10.2
	01/01/86						
	01/01/87						
42700-01	Machines, n.o.p., and accessories, attachments, control equipment and tools for use therewith; parts of the foregoing	7	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 FAVOURED NATION: UNITED STATES, ITALY, AUSTRIA, WEST GERMANY
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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TEL: (613) 992-2836

H - MARKET SUMMARY

The abrasive wheel industry is very complex in that over 10 000 different finished products are available encompassing various sizes and qualities.

Production and trade patterns are changing slowly in a competitive environment, since new materials and technologies are affecting some needs for grinding.

Production of abrasive raw materials is energy-intensive and in this respect Canada has advantages. Market volumes in Canada for some products tend to be small so market niches and product types have to be selected with care. Several producers are part of multi-national corporations and some rationalization has taken place to improve productivity.

The consumption of abrasive wheels and stones is clearly expanding, indicating that market opportunities exist. For example, imports increased by 26 per cent from 1983 to 1984. Over 46 per cent of imports were accounted for by wholesalers. Most imports by manufacturers went to firms outside the abrasives business, which indicates that many manufacturers import wheels for their own use.

Further export market development could also present an opportunity since exports have more than doubled since 1981 to \$7.5 million in 1984.

This report was prepared by:

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in collaboration with the Department's
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