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IMPORT PROFILE

Investment Opportunities

INDUSTRIAL CONTROL-TYPE SWITCHES

Pub. No: 30-85

October 1985



Government
of Canada

Regional Industrial
Expansion

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INDUSTRIAL CONTROL-TYPE SWITCHES

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These offices are listed on page 9
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

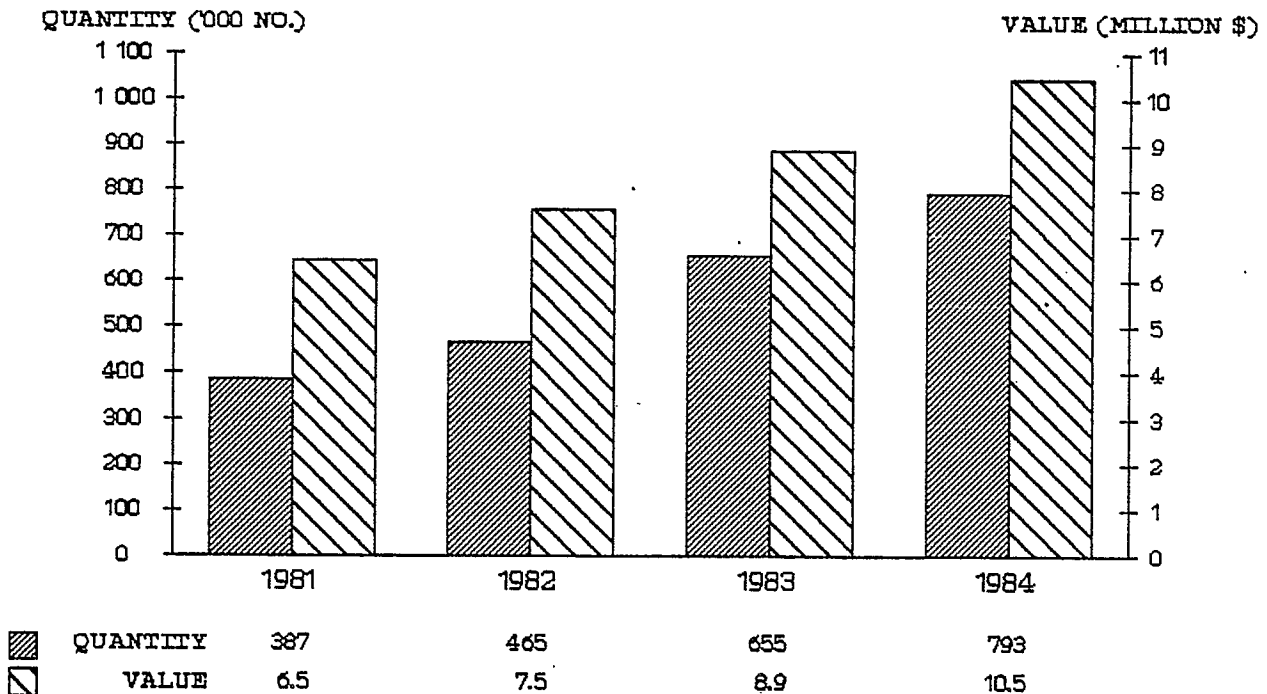
INDUSTRIAL CONTROL-TYPE SWITCHES

INTRODUCTION AND SCOPE

This report is one of a continuing series designed to increase business awareness of the potential existing for domestic production, and to stimulate Canadian business to further explore potential opportunities in both the Canadian and export markets. 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.

Industrial control-type switches, as reported herein, include float, foot, and limit switches; transfer, time, speed, stepping, and pressure switches, and magnetic switches. Not included are power switches, precision snap-acting gap switches, and parts of industrial control-type switches. Switches for vehicles (such as ignition or headlight) and for tools, household appliances, etc., are also excluded.

IMPORT TRENDS
OF
INDUSTRIAL CONTROL-TYPE SWITCHES



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

<u>FOREIGN COUNTRY OF EXPORT</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>UNIT PRICE 1984</u> \$	<u>AVERAGE</u> <u>ANNUAL</u> <u>GROWTH</u> <u>RATE</u> <u>1981-1984</u>	<u>PER CENT</u> <u>CHANGE</u> <u>1983-1984</u>
						%	%
UNITED STATES							
QUANTITY (NO.)	334 760	418 036	573 849	720 425		29	26
VALUE (\$000)	5 620	6 692	7 785	9 454	13.12	19	21
PUERTO RICO							
QUANTITY (NO.)	19 869	10 771	17 041	18 755		-2	10
VALUE (\$000)	371	339	453	351	18.72	-2	-23
WEST GERMANY							
QUANTITY (NO.)	5 419	3 791	7 140	9 068		19	27
VALUE (\$000)	135	128	176	291	32.09	29	65
JAPAN							
QUANTITY (NO.)	3 550	6 222	3 386	14 551		60	330
VALUE (\$000)	23	63	56	124	8.52	75	121
UNITED KINGDOM							
QUANTITY (NO.)	15 193	15 872	16 779	19 652		9	17
VALUE (\$000)	145	126	125	103	5.24	-11	-18
OTHER							
QUANTITY (NO.)	8 336	10 698	36 780	10 899		9	-70
VALUE (\$000)	177	197	273	149	13.67	-6	-45
<hr/>							
TOTAL							
QUANTITY (NO.)	387 127	465 390	654 975	793 350		27	21
VALUE (\$000)	6 471	7 545	8 868	10 472		17	18
UNIT PRICE (\$)	16.72	16.21	13.54	13.20			

Almost 800 thousand industrial control-type switches were imported in 1984, with a value of \$10.5 million. Growth in both number and dollars was fairly regular from the nearly 400 thousand units, valued at \$6.5 million imported in 1981.

The United States has been the dominant source of industrial control-type switches through the period, its share of imports ranging from 87 per cent of value (1981) to 90 per cent (1984). Puerto Rico has been a somewhat higher-priced source of these switches (\$18.72 in 1984) with a substantial volume, and the United Kingdom has supplied steady volumes at a low average price (\$5.24 in 1984). West German and Japanese volumes have varied considerably, the former showing very high average prices.

IMPORT MARKET CONCENTRATION

In total there were 441 importers in 1984.

Cumulative shares of firms with large volumes of imports (per cent of 1984 total value) were:

Top 5 importers	34%
Top 10 importers	49%
Top 20 importers	61%
Top 40 importers	73%
Top 58 importers	80%

The 10 top importers were located in Ontario. Six were manufacturers and the other four were wholesalers.

TYPE AND LOCATION OF THE 58 MAJOR IMPORTERS - 1984
(80% OF TOTAL IMPORT VALUE)

<u>IMPORTER LOCATION</u>	<u>IMPORTER TYPE</u>						<u>TOTAL</u>	
	<u>MANUFACTURERS</u>		<u>WHOLESALEERS*</u>		<u>NOT IDENTIFIED</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	20	4 116	20	2 866	-	-	40	6 982
Quebec	3	128	3	275	-	-	6	403
Western Provinces	3	342	6	461	3	188	12	991
Atlantic Provinces	-	-	-	-	-	-	-	-
Total of above	26	4 586	29	3 602	3	188	58	8 376
Per Cent of 1984 Total Value		44%		34%		2%		80%

* Includes two firms classified as retailers, who had low imports.

The 58 major importers of industrial control-type switches accounted for 80 per cent of the value of all imports of industrial control-type switches in 1984. Among the 58, 26 manufacturers imported \$4.6 million (44 per cent), and 29 wholesalers imported \$3.6 million (34 per cent). Ontario importers accounted for over two-thirds of all imports in 1984.

CANADIAN PRODUCTION

There are Canadian firms that make industrial control-type switches. The value of shipments of these products cannot be obtained directly from Statistics Canada data, but informed estimates place the 1984 value at over \$100 million.

EXPORTS

Statistics Canada does not report on exports of industrial control-type switches. These are included in "Industrial Control Equipment and Parts," which had exports valued at \$8.7 million in 1984.

CANADIAN TARIFFS, 1985

TARIFF ITEM	DESCRIPTION	% OF TOTAL IMPORT VALUE (1984)	TARIFF TREATMENT				
			BRITISH PREFER- ENTIAL TARIFF(1) %	MOST FAVOURED NATION TARIFF %	GENERAL TARIFF %	GENERAL PREFER- ENTIAL TARIFF %	U.K. AND IRELAND %
44524-01	Electric apparatus and complete parts thereof, not otherwise provided for	64	12.2	12.2	30	8.0	12.2
44524-09	Industrial control-type switches (2)	-	12.9	12.9	30	8.5	12.9
44508-01	Electric telephone apparatus and parts thereof	7	10.3	17.8	30	10.3	17.8
42700-01	Machines, not otherwise provided for, and accessories, attachments, control equipment and tools for use therewith; parts of the foregoing	18	2.5	10.7	35	2.5	7.2
	01/01/86 (rates indicated			9.9			
	01/01/87 where known)			9.2			
	Other tariff items (3)	11					

(1) Excludes U.K. and Ireland

(2) 44524-09 became a separate item on November 8, 1984.

(3) Includes many items, each of two per cent or less of 1984 total value.

Tariff Arrangements and Foreign Countries of Export:

MOST FAVOURED NATION: UNITED STATES, PUERTO RICO, WEST GERMANY, JAPAN

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

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MARKET SUMMARY

Industrial control switches are designed primarily for use in control circuits of pneumatic, hydraulic, speed, proximity, rotating and linear motion systems in a wide variety of applications. These devices are used mainly to detect operational conditions by means of actuation of electrical contacts which transmit information to other controllers. Although most of the technology in industrial switch design is well developed, many of the established companies are setting up manufacturing lines for electronic controls to serve the fastest growing segment of the industrial control market.

Standard switch types, such as pressure switches, are manufactured or distributed by most of the major Canadian manufacturers of electrical equipment; whereas, specialty switches (optical switches, for example) are generally manufactured or distributed by industrial control companies. The capital costs associated with manufacturing industrial control type switches is not large compared to other industrial lines, but there is aggressive competition among the various manufacturers for devices sold in large volumes. Because of the increasing trend to automation of industrial processes, the market for industrial control-type switches will maintain a steady growth in the foreseeable future.

This report was prepared by:

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the Department of Regional Industrial Expansion
in collaboration with the Department's
Machinery and Electrical Equipment Branch

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