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Canadian Market Opportunities— Import Profile



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CATHETERS

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CATHETERS

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These offices are listed on the last
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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.

Rounding

Due to rounding, sum of figures may not equal totals.

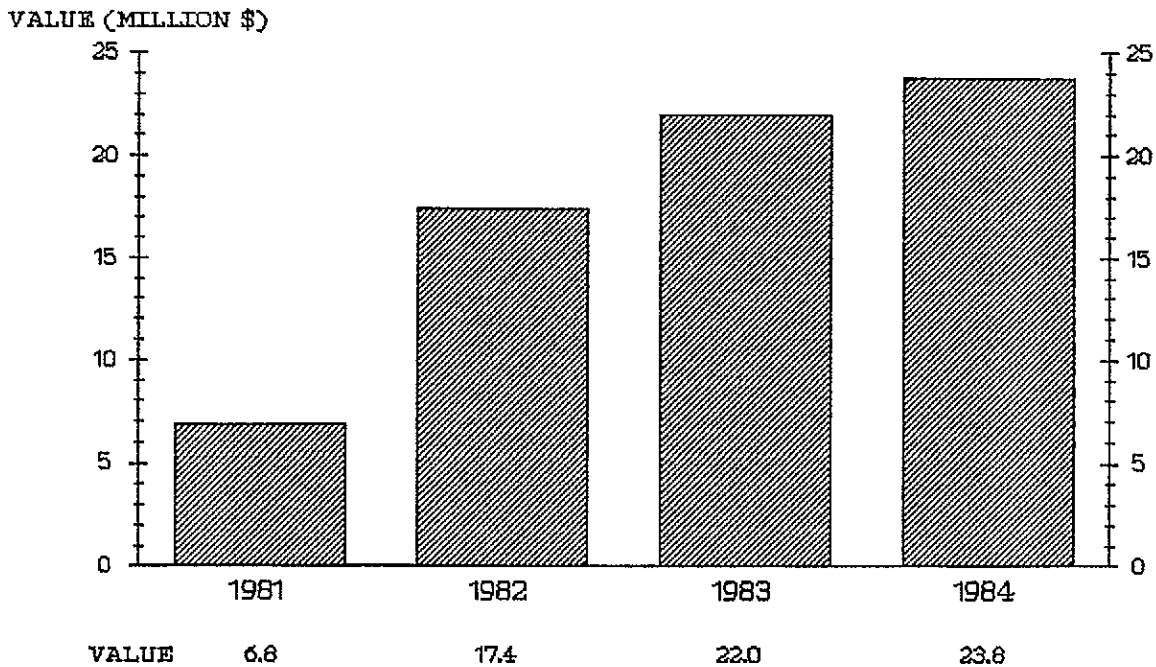
CANADIAN MARKET OPPORTUNITIES - IMPORT PROFILE

CATHETERS

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.

This report covers imports of Catheters, Bougies, Drains and Sondes (Canadian International Trade Classification 881-51-10). A catheter is a tubular instrument (generally of a plastic material) used to pass a fluid to or from a body cavity (e.g. vein, bladder, etc.)

IMPORT TRENDS



From 1981 to 1983, the value of imports of catheters increased from \$6.8 million to \$22 million. Imports then rose by eight per cent to \$23.8 million in 1984.

VALUE OF IMPORTS BY MAJOR FOREIGN COUNTRY OF EXPORT
CATHETERS

Foreign Country of Export	1981	1982	1983	1984	Average	Per Cent	11-Month	
					Annual	Change	Imports	Imports
					Rate		Jan. to Nov.	Jan. to Nov.
					1981-1984	1983-1984	1984	1985
					%	%		
UNITED STATES VALUE (\$000)	4 936	10 427	17 494	17 503	52	0	16 480	14 329
PUERTO RICO VALUE (\$000)	501	1 630	1 764	1 967	58	12	1 874	2 318
IRELAND VALUE (\$000)	408	4 266	726	1 777	63	145	1 531	3 325
UNITED KINGDOM VALUE (\$000)	755	661	613	946	8	54	923	746
WEST GERMANY VALUE (\$000)	2	2	307	603	571	96	580	797
OTHER VALUE (\$000)	220	375	1 132	1 001	66	-12	953	937
TOTAL VALUE (\$000)	6 822	17 361	22 036	23 797	52	8	22 341	22 452

During 1984, the value of imports totalled \$23.8 million, which was an increase of eight per cent from 1983. Total imports in the first eleven months of 1985 were virtually unchanged from the same period in 1984.

The economic recession during 1982-1983 did not affect the imports of these products.

In general, average annual growth rates of imports by individual countries reflected the same rate of growth overall.

The United States has been the dominant source of imports for catheters ranging from 60 per cent of the total value to as high as 79 per cent.

Puerto Rico has usually been the second source country, consistently at approximately nine per cent of imports, except in 1982.

Imports from Ireland peaked in 1982 at \$4.3 million (25 per cent), but dropped considerably in 1983 to \$726,000 (3 per cent). They were strong in the first eleven months of 1985 (15 per cent).

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>
48	66	76	82

The top 15 known importers accounted for 76 per cent of the total imports for 1984. Six of these firms were manufacturers of medical, orthopaedic, surgical, pharmaceutical or chemical products. Nine were wholesalers, mainly of professional equipment and supplies. The majority of the 15 were located in Ontario.

(NOTE: "Top known importers" are the known importers with the largest imports by value in 1984.)

TYPE AND LOCATION OF THE 80 TOP KNOWN IMPORTERS - 1984
(90% OF TOTAL IMPORT VALUE)

	<u>MANUFACTURERS</u>		<u>WHOLESALERS</u>		<u>OTHER (1)</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	15	12 527	23	5 424	9	96	47	18 047
Quebec	4*	1 326*	7	1 518	3	61	32*	3 275*
Western Provinces			10	237	8	133		
Atlantic Provinces	-	-	-	-	1	3	1	3
TOTAL	19	13 853	40	7 179	21	293	80	21 325
Per cent of 1984 Total Value		58%		30%		1%		90%

* Quebec and Western Provinces aggregated to preserve confidentiality.

(1) Includes eight hospitals (Value \$140 thousand).

There were 104 known importers of catheters in 1984. The 80 top importers accounted for \$21.3 million, or 90 per cent. Of these 80, 19 were manufacturers, whose total imports represent 58 per cent of the import total. The largest proportion of importers both by number and by value of imports were in Ontario.

Forty wholesalers accounted for 30 per cent of the import total. The majority were wholesalers of professional equipment and supplies.

CANADIAN PRODUCTION

There are at least 20 manufacturers of catheters in Canada. Nineteen are located in Ontario, and one in Quebec. Statistics Canada does not publish separate data on production of these products.

EXPORTS

There are no authoritative data on exports of catheters. Several companies indicate they export but figures are unavailable.

CANADIAN TARIFFS, 1985

Tariff Item	Description	% of Total Import Value (1984)	TARIFF TREATMENT				
			British Prefer- ential Tariff %	U.K. and Ireland %	Most Favoured Nation Tariff %	General Tariff %	General Prefer- ential Tariff %
47600-01	X-ray apparatus and X-ray film; microscopes, illuminating devices and stands for use therewith; the following surgical, dental, veterinary and diagnostic articles: instruments; sterilizers; cobalt-therapy units; anaesthesia, surgical suction and oxygen administering apparatus including motive power and wall outlets but not piping systems. Parts of all the foregoing; electric light lamps designed for use with all the foregoing; portable cases and containers for all the foregoing	89	Free	Free	Free	Free	Free
47810-01	Aural, nasal, mastectomy and other medical or surgical prostheses, other than dental prostheses; materials for use in reconstructive surgery, other than dental surgery; ileostomy, colostomy and urinary appliances or articles, other than infants' pants and diapers, designed to be worn by an individual; materials and articles required therewith for proper application maintenance	7	Free	Free	Free	Free	Free

The goods at issue are considered to be classified under the provision of tariff items:

47600-01 surgical articles, instruments;

47810-01 urinary appliances or articles.

Tariff Arrangements and Foreign Countries of Export:

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

MOST FAVOURED NATION OR U.K. AND IRELAND: UNITED KINGDOM, IRELAND

ENQUIRIES CONCERNING TARIFFS SHOULD BE DIRECTED TO THE NEAREST CUSTOMS AND EXCISE OFFICE OR TO:

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MARKET SUMMARY

Catheters are medical devices used for the removal of fluids by drainage or aspiration. There are two major types of catheters, those used for urological applications, and those used for suction. In addition, there are intravenous catheters used for diagnostic, treatment or monitoring purposes as well as catheters used to administer oxygen or anaesthetics.

The major types of urological catheters include: Foley catheters, urethral catheters for one-time bladder drainage, ureteral catheters for draining the kidney when the passage to the bladder is obstructed, cystoscopes for examining the urinary tract and catheters used in conjunction with urine meters (used to measure the precise outflow of urine).

The total North American market for all types of catheters was estimated at \$350 million in 1983. Currently, Canadian manufacturers produce only 40 of the more than 170 types of catheters which are defined for medical use. The Canadian Market is estimated at \$30 to \$35 Million for 1984 of which imports accounted for \$23.8 Million, primarily from the United States. It is apparent that there is ample scope for additional Canadian manufacturing activity.

Suction Catheters

Of the relatively few designs of suction catheters (less than 10), Canadian manufacturers produce two types. Suction catheters are used to remove fluids from body cavities. A trend toward catheter and glove combinations, packaged as procedural kits has evolved in the United States due to old billing procedures requiring discrete units of equipment or supplies to be attributed to specific patients (cost plus billing). Current U.S. billing procedures involve fixed prices for a defined admission so this practice may decrease. One area of growth within this market segment has been in trauma situations, where disposable products have completely replaced reusable units to collect secretions and fluids.

Urological Catheters

Canadian manufacturers produce approximately one-third of the types of catheters used for urological applications - a higher percentage than of other types due to the greater usage of urological catheters. However, in Canada, there is only one manufacturer of Foley type catheters.

a. Foley Catheters

Foley catheters are the largest single catheter type used for urological applications. It is estimated that as many as 80 per cent of all urological catheters sold are Foleys. Their major application is for bladder drainage following abdominal surgery and, to a lesser extent, for geriatric patients who have become incontinent. The unique feature of the Foley catheter is a balloon that is inflated by injecting water following insertion, thus holding the catheter in place in the bladder. Most Foleys are made of latex and coated with Teflon.

b. Urethral Catheters

The market for urethral catheters is now completely converted to sterile disposable plastic or latex catheters from the traditional rubber-moulded reusable products. A rubber catheter produces less patient trauma than a plastic one. A plastic catheter, however, has thinner walls and permits greater flow. Manufacturers continue to work on a plastic that will be as efficient as latex.

MARKET SUMMARY (CONTINUED)

Capital equipment requirements involve plastic extrusion equipment, grinders for finishing and inspection equipment. Production requires considerable labour for finishing operations and inspection. In the case of intravenous catheters, inadequate surface finish may lead to potentially debilitating or fatal emboli. Should a piece of catheter detach, the same result may occur. Cleanliness of all catheters is all-important to ensure there is no possibility of infection.

About 80 per cent of catheter sales of all types are made to hospitals. The remaining sales in this very competitive market are to nursing homes, doctors, pharmacies, and in some cases directly to individuals. Nursing homes are especially price conscious buyers because of the high number of their patients requiring catheterization for extended periods. Upgrading to more expensive products that need to be replaced less frequently would be beneficial, but because of the current incidence of infection with catheters, the trend in nursing homes appears to be toward the use of underpads and geriatric diapers for care of incontinent patients.

The growth of the market for catheters has been at the rate of eight per cent to 10 per cent per year for the past several years. Sales of single prepackaged catheters have been flat or declining in unit terms, with sales of kits and trays increasing. Price increases have been in the five per cent range in the past three years.

Some of the current Canadian manufacturers have developed profitable export markets and there is an opportunity for greater Canadian export sales.

This report was prepared by:

the Market Development Branch
in collaboration with the
Health Care Products Division,
Resource Processing Industries Branch.

DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION

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