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# IMPORT PROFILE

## Investment Opportunities

RUBBER BELTS AND BELTING, V-TYPE

Pub. No: 48-86

March 1986



Government  
of Canada

Regional Industrial  
Expansion

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The nearest ORIE Regional Office.  
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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.

**Rounding**

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

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IMPORT COMMODITY CODE - 321-15

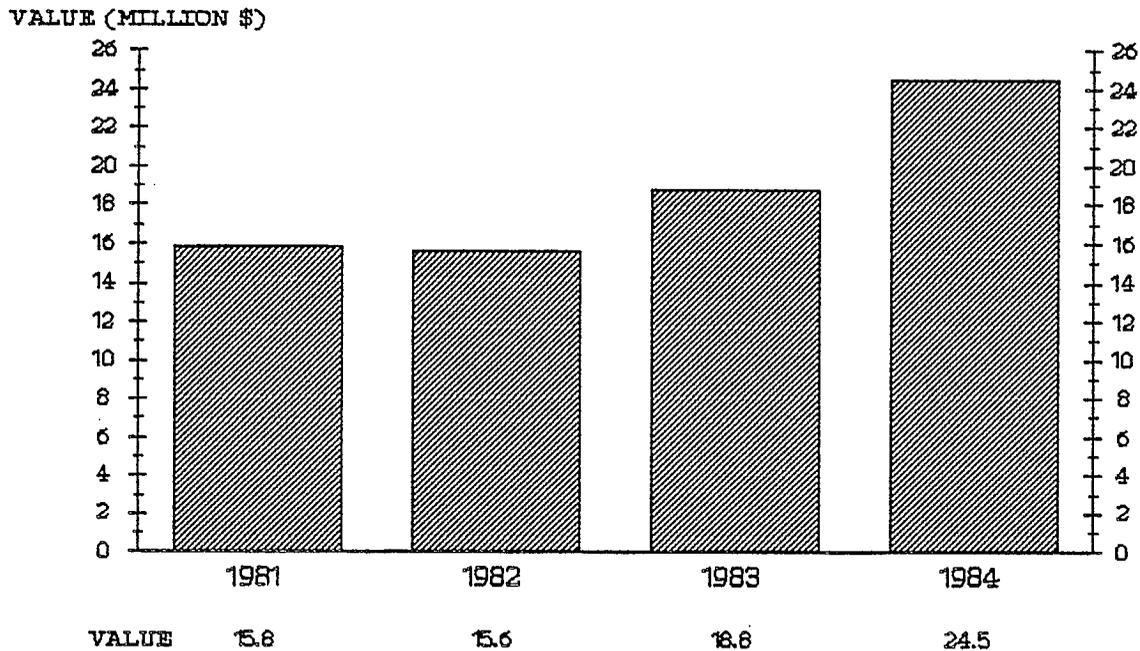
CANADIAN MARKET OPPORTUNITIES - IMPORT PROFILE

RUBBER BELTS AND BELTING, V-TYPE

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 import class includes agricultural implement belts (321-15-20), automotive belts (321-15-30), fractional HP (Horse Power) belts (321-15-40), multiple HP belts (321-15-50) and other V-type belts (321-15-90).

IMPORT TRENDS



VALUE OF IMPORTS BY MAJOR FOREIGN COUNTRY OF EXPORT

Foreign Country of Export	1981	1982	1983	1984	Average	Per Cent Change	11-Month Imports	
					Annual Growth Rate		1984	1985
					1981-1984	1983-1984	1984	1985
					%	%		
<b>UNITED STATES</b>								
Value (\$000)	12 595	12 888	15 360	19 370	15	26	18 260	13 894
<b>JAPAN</b>								
Value (\$000)	1 533	1 147	1 225	1 540	0	26	1 455	1 420
<b>TAIWAN</b>								
Value (\$000)	164	340	528	923	78	75	872	606
<b>SINGAPORE</b>								
Value (\$000)	723	442	604	827	5	37	789	577
<b>UNITED KINGDOM</b>								
Value (\$000)	145	208	405	518	53	28	482	471
<b>OTHER</b>								
Value (\$000)	642	624	719	1 307	27	82	1 237	1 628
<b>TOTAL</b>								
Value (\$000)	15 802	15 649	18 841	24 485	16	30	23 095	18 596

From 1981 to 1984, the value of imports of rubber belts and belting, V-type, increased at an average annual rate of 16 per cent. During 1984, the value of imports was \$24.5 million, which was an increase of 30 per cent from 1983.

Overall the value of imports decreased by approximately 19 per cent for the first eleven months of 1985 compared to the first eleven months of 1984.

The United States has consistently been the major exporter to Canada, accounting for 79 per cent of the total value in 1984. Imports from that country increased steadily at an annual average rate of 15 per cent over the four years.

The main categories of belts imported during 1984 were the automotive type which accounted for \$7.1 million while imports of the agricultural type totalled \$4.7 million (See table page 5).

IMPORT DATA TRENDS - IMPORT COMMODITY CODE 321-15

RUBBER BELTS AND BELTING, V-TYPE

<u>Code</u>	<u>Commodity</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>Average Annual Growth Rate 1981-1984 %</u>	<u>Major Country of Export 1984 Value (\$000)</u>
321-15-20	Agricultural Value (\$000)	3 484	2 741	3 465	4 669	10	United States 4 351
321-15-30	Automotive Value (\$000)	5 115	5 133	6 020	7 192	12	United States 6 121
321-15-40	Fractional HP Value (\$000)	285	402	551	581	27	United States 490
321-15-50	Multiple HP Value (\$000)	1 068	714	1 337	1 755	18	United States 1 101
321-15-90	Not Elsewhere Specified Value (\$000)	5 851	6 658	7 467	10 288	21	United States 7 306
<hr/>							
TOTAL	Value (\$000)	15 802	15 649	18 841	24 485	16	United States 19 369



CANADIAN PRODUCTION

There are at least four known Canadian manufacturers of rubber V-type belts. Statistics Canada reports shipments of all types of rubber V-type belts and belting from Canadian plants in 1984 as follows:

<u>Type</u>	<u>Quantity (No.)</u>	<u>Value (\$000)</u>
Fan belts, all types	8 592 611	19 671
Fractional horse-power belts	940 910	1 651
Multiple belts	1 217 043	9 349
Single agricultural belts	328 369	1 551
Other single belts	<u>2 219 209</u>	<u>4 853</u>
Total	13 298 142	37 075

(Also see Market Summary, page 9)

EXPORTS

Statistics Canada reports that exports of all rubber V-type belts and belting during 1984 amounted to \$1.7 million. (Also see Market Summary, page 9.)

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 Prefer- ential Tariff %	
61000-01	Belting, n.o.p., not including single-ply belting wholly of textile fibres	65	7.5	17.5	18.1	27.5	7.5
	<u>Future Scheduled Rates:</u>						
	January 1, 1986				17.8		
	January 1, 1987				17.5		
40956-01	Axles, belts and belting, bolts, brushes, chains, hinges nuts, pulleys, rivets, screws, washers; all the foregoing when for use with the goods entitled to entry under tariff items 40900-01, 40902-01, 40904-01, 40906-01, 40908-01, 40910-01, 40912-01, 40914-01, 40916-01, 40918-01, 40920-01, 40924-01, 40926-01, 40928-01, 40930-01, 40932-01, 40934-01, 40936-01, 40938-01, 40940-01, 40942-01, 40944-01, 40948-01 and 49050-01	13	Free	Free	Free	Free	Free
40938-01	Internal combustion tractors other than highway truck tractors and other than the following integrated self-propelled machines: front-end loaders or tractor shovels, tractor dozers, log skidders, log loaders, fork lift or lift trucks, combination excavating and transporting scraper units, combination excavating and loading machines, street sweepers, mobile compressors, and snow moving machines; accessories, n.o.p., and parts thereof, for tractors entitled to entry under this item; parts of tractors entitled to entry under this item	8	Free	Free	Free	Free	Free

CANADIAN TARIFFS, 1985 - CONTINUED

Tariff Item	Description	% of Total Import Value (1984)	TARIFF TREATMENT				
			British Prefer- ential Tariff %	U.K. and Ireland %	Most Favoured Nation Tariff %	General Prefer- ential Tariff %	
95006-01	All parts, and accessories and parts thereof, except tires, tubes and machines or other articles required under tariff item 43803-01 to be valued separately under the tariff items regularly applicable thereto, when imported for use as original equipment in specified commercial vehicles to be produced in Canada by a manufacturer of specified commercial vehicles	5	Free	-	Free	-	-

N.o.p. - Not otherwise provided for

Tariff Arrangements and Foreign Countries of Export:

MOST FAVOURED NATION: UNITED STATES, JAPAN, TAIWAN  
 MOST FAVOURED NATION OR GENERAL PREFERENTIAL OR BRITISH PREFERENTIAL\*: SINGAPORE  
 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  
 CUSTOMS AND EXCISE  
 OTTAWA, ONTARIO  
 K1A 0L5  
 TEL: (613) 992-6989

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

MARKET SUMMARY

Information available on the size of the Canadian market for rubber V-belts and belting is as follows:

	Values (\$ 000)			
	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Production (shipments) by Canadian Plants	31 833	28 922	29 980	37 075
Imports	<u>15 802</u>	<u>15 649</u>	<u>18 841</u>	<u>24 485</u>
Sub-Total	47 635	44 571	48 821	61 560
Exports	<u>1 178</u>	<u>1 113</u>	<u>593</u>	<u>1 665</u>
Apparent Domestic Market	<u>46 457</u>	<u>43 458</u>	<u>48 228</u>	<u>59 895</u>
Import Penetration (Imports/Apparent Domestic Market)	34.0%	36.0%	39.1%	40.9%

As the market size dropped in 1982, Canadian production declined but imports were unchanged. In the first year of the ensuing market recovery, Canadian production rose slightly and imports were much higher, while in 1984, both increased substantially. In successive years imports took 34, 36, and 39 and 41 per cent of the market.

The 1984 Canadian production volume was 13.3 million V-belts, up from 11.5 million in 1983.

Fan belts alone accounted for \$19.7 million of the 1984 Canadian production. All this production of fan belts was for automotive and truck applications, of which approximately 85 per cent was for the replacement market and the remainder for original equipment.

There are currently four manufacturers in Canada of rubber V-belts, three of which are owned by United States parent firms. All four have considerable experience and technical competence in the industrial rubber products manufacturing sector in Canada, and specifically in V-belt manufacturing. The four companies in Canada have current technology related to V-belt production either by having access to this technology from their parent organizations, or through their own research and development (R & D) facilities in Canada.

Rubber V-belt manufacturers supply the Original Equipment Manufacturers (OEM) market by dealing directly with automotive, agricultural equipment and machinery manufacturers. The after-market is supplied through the major company retail marketing outlets and major wholesale distributors. Some manufacturers also make V-belts which are sold by large distributors under individual brand names.

Since V-belts and belting for the OEM market are imported into Canada duty-free, manufacturers in Canada have maintained a stronger position with respect to serving the after-market. This scenario is likely to continue.

The Canadian market for V-type rubber belts and belting is dependent upon the automotive, agricultural and appliance industries in particular, as well as all resource and manufacturing industries in general. As the economy improves, the demand for V-belts increases, as also does the opportunity for competitive substitution.

This report was prepared by:

the Market Development Branch  
in collaboration with the  
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Resource Processing Industries Branch.

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