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Canadian Market Opportunities— Import Profile



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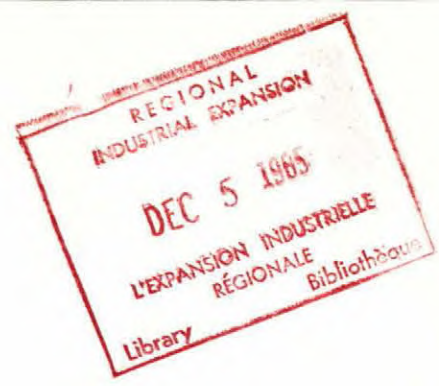
Canada

SOFT DRINK CONCENTRATES AND SYRUPS

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Market Information and Analysis Division
Market Development Branch
Department of Regional Industrial Expansion

REFERENCE SOURCES

Department of Regional Industrial Expansion

Statistics Canada

Revenue Canada

Supply and Services Canada

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OR

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

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.

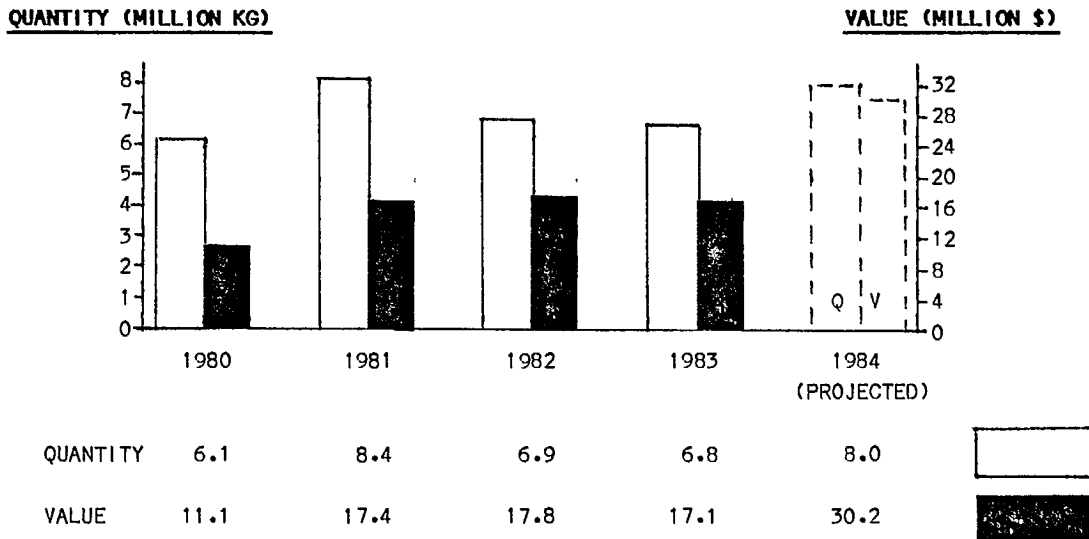
CANADIAN MARKET OPPORTUNITIES - IMPORT PROFILE

SOFT DRINK CONCENTRATES AND SYRUPS

INTRODUCTION

This report is one of a continuing series designed to increase business awareness of the enormous 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.

A - IMPORT TRENDS
OF
SOFT DRINK CONCENTRATES AND SYRUPS



From 1980 to 1983 imports of soft drink concentrates and syrups increased at an average annual rate of four per cent in terms of quantity and 15 per cent in terms of dollar value.

B - IMPORTS BY MAJOR FOREIGN COUNTRY OF EXPORT
(BASED ON 1983 FIGURES)

FOREIGN COUNTRY OF EXPORT	1980	1981	1982	1983	UNIT PRICE 1983 \$	AVERAGE ANNUAL GROWTH RATE PER CENT CHANGE		10-MONTH IMPORTS JAN. TO OCT.	
						1980-83 %	1982-83 %	1983	1984
PUERTO RICO									
QUANTITY (000 KG)	969	1 038	1 084	1 050		3	-3	908	1 405
QUANTITY (000 LB)	2 136	2 288	2 390	2 315	3.66	3	-3	2 002	3 097
VALUE (\$000)	4 923	6 306	8 462	8 473	8.07	20	0	7 352	12 465
UNITED STATES									
QUANTITY (000 KG)	4 679	6 760	5 548	5 437		5	-2	4 929	4 436
QUANTITY (000 LB)	10 315	14 903	12 231	11 986	.68	5	-2	10 866	9 780
VALUE (\$000)	5 548	9 940	8 957	8 100	1.49	13	-10	7 243	7 186
FRANCE									
QUANTITY (000 KG)	148	385	70	157		2	126	106	98
QUANTITY (000 LB)	326	849	154	346	.76	2	126	234	216
VALUE (\$000)	191	646	88	262	1.67	11	198	119	164
JAMAICA									
QUANTITY (000 KG)	50	31	23	47		-2	105	47	71
QUANTITY (000 LB)	110	68	51	104	.54	-2	105	104	157
VALUE (\$000)	66	40	33	56	1.19	-5	70	56	51
WEST GERMANY									
QUANTITY (000 KG)	32	19	18	18		-17	3	11	17
QUANTITY (000 LB)	71	42	40	40	.78	-17	3	24	37
VALUE (\$000)	43	25	26	31	1.72	-10	24	25	32
OTHER									
QUANTITY (000 KG)	214	204	123	130		-15	6	69	675
QUANTITY (000 LB)	472	450	271	286	.61	-15	6	152	1 488
VALUE (\$000)	343	399	260	175	1.35	-20	-33	100	5 241
TOTAL									
QUANTITY (000 KG)	6 092	8 438	6 864	6 840		4	0	6 070	6 702
QUANTITY (000 LB)	13 430	18 602	15 132	15 079	1.13	4	0	13 382	14 775
VALUE (\$000)	11 114	17 356	17 826	17 097	2.50	15	4	14 895	25 139

During 1983 imports totalled 6.8 million kilograms a decline of one per cent from 1982. Their value was \$17.1 million, an increase of four per cent in terms of dollar value from 1982. The value of imports increased by 69 per cent for the first 10 months of 1984 compared to the same period in 1983. The overall average price per kilogram in 1983 was \$2.50, but unit prices ranged from \$1.19 per kilogram from Jamaica to \$8.07 per kilogram from Puerto Rico. The high price of imports from Puerto Rico is accounted for by shipments of specialized, highly concentrated syrups. Puerto Rico accounted for 15 per cent of the quantity and 49 per cent of the value in 1983.

This import class consists of: (1) concentrated, frozen, fruit ades (i.e. lemonade, orangeade and limeade); and (2) soft drink concentrates and syrups, n.e.s. (i.e. beverage bases, bottlers compound, soft drink and fruit and fruit juice syrups and concentrates). Category (1) above accounted for 39 per cent of the quantity and 36 per cent of the total value of 1983 imports.

C - IMPORT MARKET CONCENTRATION
(BY % OF TOTAL 1983 VALUE)

<u>TOP 5 IMPORTERS</u>	<u>TOP 10 IMPORTERS</u>	<u>TOP 15 IMPORTERS</u>
89	91	93

The five major importers accounted for 89 per cent of the total value of imports for 1983. Three of these were identified as manufacturers of soft drinks, and were located in Ontario.

D - TYPE AND LOCATION OF MAJOR IMPORTERS - 1983

	<u>MANUFACTURERS</u>		<u>WHOLESALEERS</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	14 988	5	244	-	-	11	15 232
Quebec	4 (X)	434 (X)	3 (X)	150 (X)	2 (X)	216 (X)	9 (X)	800 (X)
Western Provinces								
Atlantic Provinces	-	-	-	-	-	-	-	-
TOTAL	10	15 422	8	394	2	216	20	16 032
Value by % of 1983 Total		90 %		2 %		1 %		94 %

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

There were approximately 150 importers of soft drink concentrates and syrups during 1983. The top 20 importers accounted for \$16 million or 94 per cent of the total imports. Of these importers, ten were identified as manufacturers, their total imports representing 90 per cent of the import total. The majority of manufacturers were located in Ontario and were identified as being mainly producers of soft drinks.

E - CANADIAN PRODUCTION

There are at least nine manufacturers of soft drink concentrates and syrups in Canada. Two firms are located in Manitoba, six in Ontario and one in Quebec. Statistics Canada reports that shipments of soft drink concentrates were \$128.1 million, and shipments of food drink preparations (concentrates, liquids, syrups, etc.) were \$4.1 million in 1982, the latest year for which information is available. It reports that there was no Canadian production of soft drink syrups in 1982.

F - EXPORTS

Statistics Canada reports that exports of soft drink concentrates and syrups in 1983 totalled 116 969 kilograms with a value of \$403 000. Exports in 1982 totalled 72 490 kilograms with a value of \$343 000.

G - CANADIAN TARIFFS, 1984

TARIFF ITEM	DESCRIPTION	BY % OF TOTAL VALUE (1983)	TARIFF TREATMENT				
			BRITISH(1) PREFER- ENTIAL TARIFF %	MOST FAVOURED NATION TARIFF %	GENERAL TARIFF %	GENERAL PREFER- ENTIAL TARIFF %	U.K. AND IRELAND %
10664-01	Fruit syrups, n.o.p.	70	10	10	30	-	10
71100-07	Prepared foods and beverages, including ingredients therefor, for human consumption; ingredients for animal and poultry feeds; all the foregoing which otherwise would be classified under tariff item 71100-01	12	15	17.5	25	11.5	17.5
10663-01	Fruit juices, n.o.p.	6	10	10	25	-	10

(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, PUERTO RICO, FRANCE, WEST GERMANY
*MOST FAVOURED NATION OR GENERAL PREFERENTIAL OR BRITISH PREFERENTIAL: JAMAICA

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) 996-9480

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

H - FEDERAL GOVERNMENT PROCUREMENTS

The Department of Supply and Services reports that federal government purchases of non-alcoholic beverages during the period April 1983 to March 1984 amounted to \$325 000, and for the period April to October 1984 amounted to \$136 551. No separate data are available for purchases of soft drink concentrates and syrups.

I - MARKET SUMMARY

Soft drink concentrates and syrups are produced in Canada by beverage industry suppliers and by the integrated soft drink producers. Major suppliers to the general market are flavour companies which have a basic position in supplying the food and beverage industry. Smaller volume manufacturers formulate products from flavours or syrups supplied by the flavour companies.

The largest percentage of concentrates and syrups are manufactured by the major soft drink companies which supply to captive bottling plants, licensee bottlers and the fountain trade. This trend has accelerated as the market share of independent soft drink bottlers has declined. An increasing volume of syrups and concentrates is consumed by fountain outlets in "fast food" restaurants.

Market volume growth will primarily be in parallel with an average yearly increase of approximately three per cent for the soft drink industry sector. New products continue to be introduced to the market in response to changing consumer tastes. Opportunities for soft drink concentrate and syrup producers will develop from product changes and cost advantages resulting from relative currency values.

Apparent domestic consumption (production + imports - exports) of soft drink concentrates and syrups was estimated at \$150 million in 1982, the latest year for which information is available.

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