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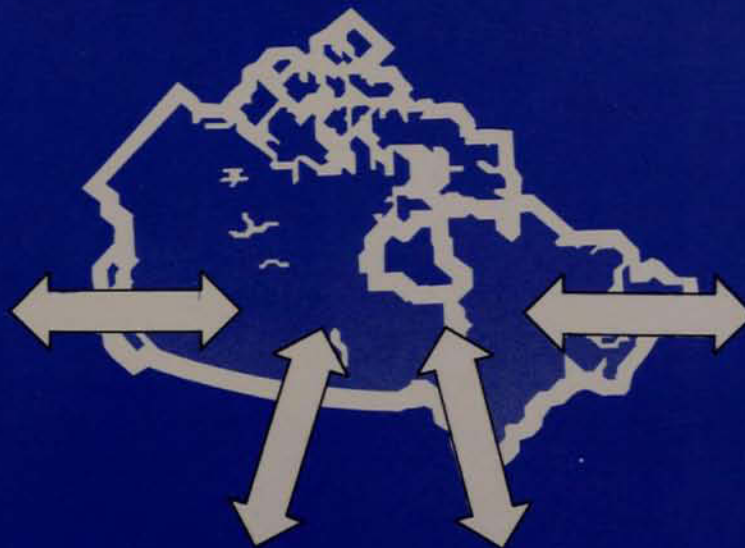
Industrie, Sciences et
Technologie Canada

MARKET INTELLIGENCE

**SHEATH CONTRACEPTIVES
(LATEX)**

OCTOBER 1988 TO MARCH 1989

Pub. No.: 89009-PM November 1989



Canada



I.D. 2743

SHEATH CONTRACEPTIVES (LATEX)

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FOR MORE INFORMATION PLEASE CONTACT:

Market Intelligence Division
Services to Business Branch
Industry, Science and Technology Canada
235 Queen Street
Ottawa, Ontario
K1A 0H5
Tel: (613) 954-4970

OR Health Care Products Division
Biotechnology and Health Care
Products Directorate
Industry Science and Technology Canada
235 Queen Street
Ottawa, Ontario
K1A 0H5
Tel: (613) 954-3066

REFERENCE SOURCES

Industry, Science and Technology Canada
Statistics Canada
Revenue Canada

TARIFFS

Enquiries concerning **Canadian** 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) 954-6878

Enquiries concerning tariffs and other government trade regulations in foreign countries should be directed to:

Info Export
External Affairs
Ottawa, Ontario
K1A 0G2
Tel.: (613) 993-6435 OR
1-800-267-8376

EXPLANATORY NOTES

Commodity Classification

Canadian Trade statistics are classified and published according to the International Convention on the Harmonized Commodity and Description Coding System (H.S.), as defined by the Canadian Customs Tariff and Statistical Nomenclature.

Method

The data shown in this analysis are extracted from Revenue Canada Customs documents. These documents provide a description of the products, names of importers, exporters, quantities, dollar values, unit prices, countries of origin, provinces of entry, tariff applications and rates of exchange.

The information presented in this report is more detailed than that generally available from Statistics Canada or other publications. Data which might reveal information about individual importers are aggregated.

Valuation

Dollar values shown in this report are based on selling price F.O.B. plant, in Canadian dollars. This selling price represents the value paid by the importer, excluding all freight, packing and insurance costs when specified. All trade discounts, when applicable, are also deducted from the selling price.

Rounding

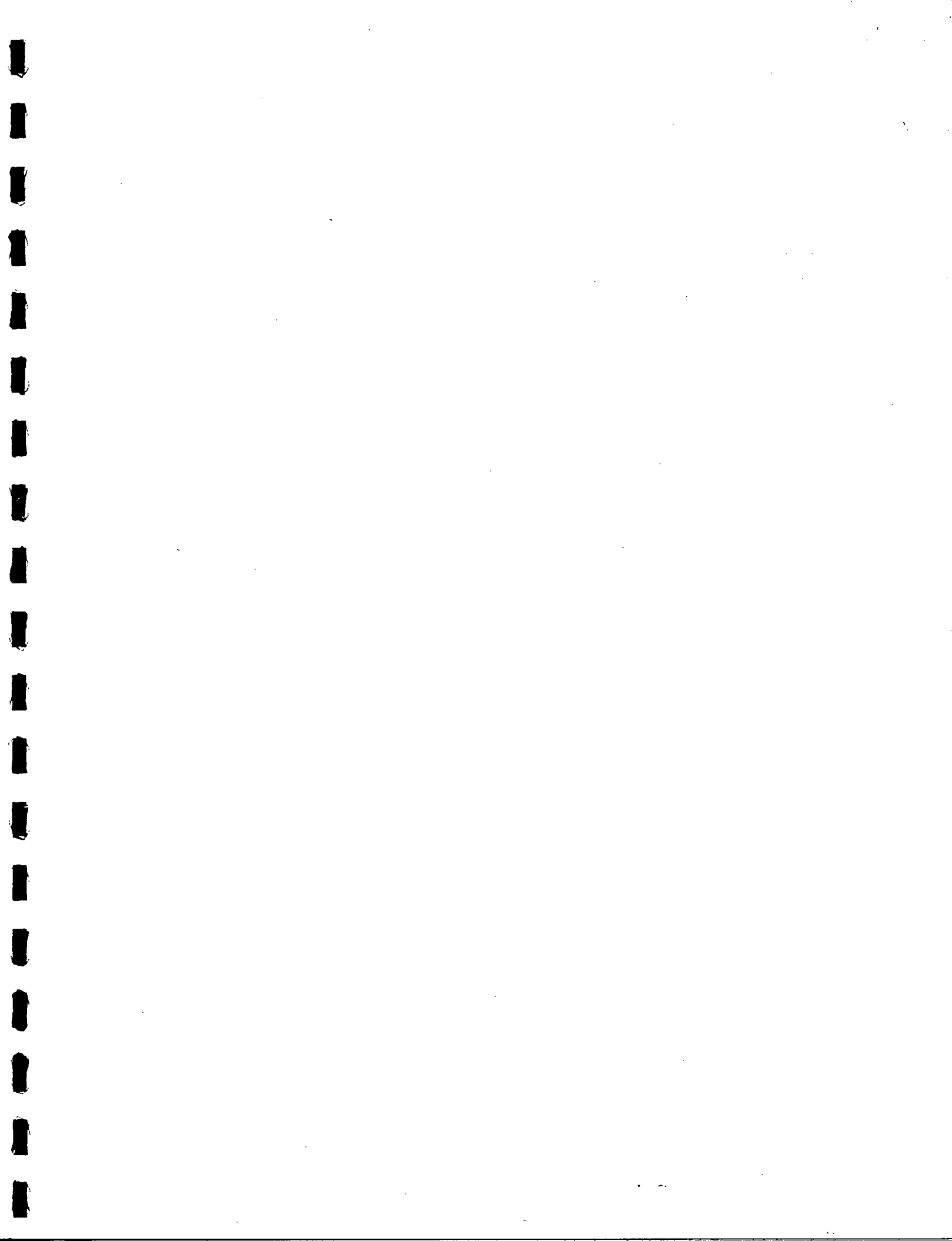
Figures may not add due to rounding.

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IMPORT ANALYSIS
SHEATH CONTRACEPTIVES (LATEX)

I. INTRODUCTION AND SCOPE

This Import Analysis is one of a series prepared in order to assist businesses and other organizations in their market research of specific products. The detailed import information provided in these reports supports studies by organizations seeking to expand existing production lines, change individual product characteristics or engage in new manufacturing investment in Canada. The coverage of an import analysis is developed in close consultation with the client, and is tailored to meet those specific requirements. It is important to emphasize that this report does not attempt any assessment as to the feasibility of competing in a particular market.

This analysis of imports on sheath contraceptives is based on a detailed examination of Revenue Canada Customs import documents for the period of October 1988 to March 1989 for the following:

<u>Description</u>	<u>H.S. Commodity Code Analyzed</u>
Hygienic pharmaceutical articles (including teats), of vulcanized rubber other than hard rubber, with or without fittings of hard rubber.	
Sheath contraceptives	4014.10.00.00

Total figures in this report do not correspond to those published by Statistics Canada. The differences are explained in Appendix F.

II. IMPORT TRENDS

SHEATH CONTRACEPTIVES (LATEX)

Prior to 1988, Canadian import statistics were based on the Canadian International Trade Classification (C.I.T.C.). However, since January 1988, these statistics have been classified and published according to the Harmonized Commodity Description and Coding System (H.S.) developed for International use by the Customs Cooperation Council. Figures given for the years prior to 1988 are not necessarily directly comparable to those for 1988.

<u>Description</u>	<u>Commodity Code</u>	<u>Total Imports</u>				<u>Average Annual Growth Rate 1984-87</u>
		<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	

(\$000)

C.I.T.C.
Prior to 1988

Rubber Prophylactics	961-18-30	2 059	2 304	1 529	3 187	16
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H.S
Effective 1988

Sheath contraceptives 4014.10.00.00

<u>January -March 1988</u>	<u>April -June 1988</u>	<u>July -September 1988</u>	<u>October -December 1988</u>	<u>January -March 1989</u>	<u>April -June 1989</u>
1 694	1 379	1 065	1 027	1 119	701

(\$000)

The remainder of this report is based on imports of latex sheath contraceptives for the six month period October 1988 to March 1989 only.

III. ANALYSIS OF IMPORTS

IMPORTS OF SHEATH CONTRACEPTIVES (LATEX)

OCTOBER 1988 TO MARCH 1989

During the period of analysis, October 1988 to March 1989, imports of latex sheath contraceptives amounted to 189 thousand gross valued at \$1.7 million. Unit prices ranged from a low of \$1.40 per gross, to a high of more than \$200 per gross.

The majority of the shipments were priced under \$12.00 per gross. These accounted for a total quantity of 151 thousand gross valued at \$946 thousand or 80 per cent and 56 per cent respectively. For further details by price range see Appendix A.

SUMMARY OF IMPORTS

BY PRICE RANGE

<u>Price Range</u> (\$/Gross)	<u>Quantity</u> (000 Gross)	<u>% of Total</u> <u>Quantity</u>	<u>Value</u> (\$000)	<u>% of Total</u> <u>Value</u>
Under 6.00	97	51	390	23
6.00 to 11.99	54	29	556	33
12.00 to 14.49	25	13	351	21
14.50 to 24.00	11	6	208	13
Over 24 and not known	<u>1</u>	<u>*</u>	<u>161</u>	<u>10</u>
	189	100	1 666	100

* Less than 1 per cent

III. ANALYSIS OF IMPORTS (Cont'd)
IMPORTS OF SHEATH CONTRACEPTIVES (LATEX)

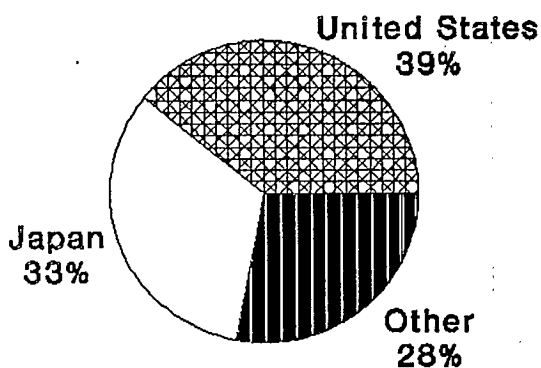
BY COUNTRY OF ORIGIN

OCTOBER 1988 TO MARCH 1989

Imports of latex sheath contraceptives originating from the United States accounted for 73 thousand gross and \$634 thousand or 39 and 38 per cent respectively of the total quantity and value of imports. Japan followed closely with 63 thousand gross and \$603 thousand or 33 and 36 per cent respectively.

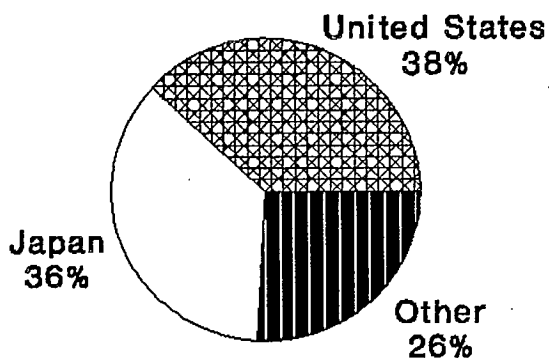
Other countries in descending order of dollar value of imports were: Federal Republic of Germany, Puerto Rico, India, Malaysia, United Kingdom, Republic of Korea, Denmark, Singapore and Thailand.

Quantity



100% - 189 Thousand Gross

Value

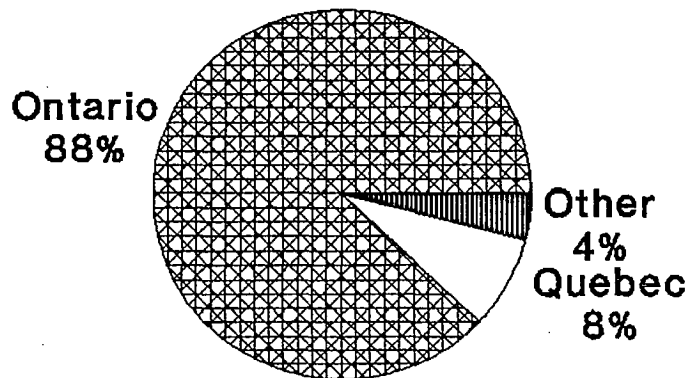


100% - \$1.7 Million

III. ANALYSIS OF IMPORTS (Cont'd)
IMPORTS OF SHEATH CONTRACEPTIVES (LATEX)
BY PROVINCE OF CONSIGNEE

OCTOBER 1988 TO MARCH 1989

Ontario was the major province of consignee accounting for 88 per cent of the total value.



100% = \$1.7 Million

Other: British Columbia, Manitoba and Alberta.

III. ANALYSIS OF IMPORTS (Cont'd)
IMPORTS OF SHEATH CONTRACEPTIVES (LATEX)
IMPORT MARKET CONCENTRATION

OCTOBER 1988 TO MARCH 1989

<u>Principal Consignees/Importers</u> (By Value)	<u>Cumulative Value</u> (\$000)	<u>Cumulative % of Total Value</u>
3	1 245	75
6	1 566	94
10	1 614	97
All Consignees/Importers (30)	1 666	100

There were 30 known consignees/importers of latex sheath contraceptives during the period October 1988 to March 1989. The top 6 consignees/importers accounted for \$1.6 million or 94 per cent of the total dollar value of imports. All consignees/importers are listed in alphabetical order in Appendix B.

IV. CANADIAN PRODUCTION

Departmental sources indicate that latex sheath contraceptives are not manufactured in Canada at the present time.

MARKET SUMMARY

Since 1986, when the initial effects of the AIDS scare caused this market to increase by well over 30 per cent, the sheath contraceptive market in North America has settled down to a growth rate of between 5-10 per cent per year. An average growth rate of 10 per cent is expected over the next five years.

The 1988 Canadian condom market was estimated to be approximately \$15-\$20 million (at the retail level). The US market has been estimated at around \$320 million (\$160 million wholesale).

Usually one might expect that the US market would be 10-15 times the Canadian market, in proportion with the difference in the sizes of the population. In the case of the condom market however, one can only speculate that the risk of the transmission of the AIDS virus in the heterosexual population is not fully recognized, accepted or understood by Canadians; therefore condom sales are somewhat less than expected.

At present there are no manufacturers of condoms in Canada. Avocet Industries Inc. however, is expecting to start producing condoms in its new facility, located in Gatineau, Québec, sometime in late 1990.

In 1988, Julius Schmid (London International) was the largest seller of sheath contraceptives in Canada and controlled approximately 43 per cent of this market. Over 80 per cent of the Canadian market is held by three companies: Ortho Pharmaceutical, Carter-Wallace, and Julius Schmid combined control over 80 per cent of the Canadian market.

Brand loyalty remains strong for this highly personal product. However, the number of "new" users is increasing as the AIDS educational programs continue to convince the public of the real risk that exists. These new condom users are not yet brand loyal and it would appear that with aggressive, tasteful advertising, a good market share could be gained by a newcomer to the scene.

Condoms now represent about 10-15 per cent of contraceptive use in North America and women are now purchasing 10-40 per cent of condoms. This purchase by women represents a 10 per cent increase in recent years.

Most major manufacturers have done some developmental work on a condom manufactured from polyurethane. However at the present time, no one is manufacturing a traditional style condom made from material other than latex or natural material. The forming equipment necessary to manufacture polyurethane products is not expected to be compatible with existing equipment. Substantial R&D and capital commitment will be required by any company wishing to develop and manufacture new synthetic-based condoms.

There are specific regulatory performance standards, both in Canada and in the U.S., which are rigorously enforced as a result of the AIDS concern. Therefore any firm entering this market must be capable of producing a consistently good quality product or be prepared to absorb the costs of a high rejection rate. Quality and dependability are crucial for this product.

Any new manufacturer supplying a traditional type of condom to this market will have to have good technical experience in this type of manufacturing, strong financial backing, a good distribution system and outstanding marketing skills in order to gain a significant portion of the market.

APPENDIX A

IMPORTS OF SHEATH CONTRACEPTIVES (LATEX)

BY PRICE RANGE

OCTOBER 1988 TO MARCH 1989

<u>Price Range</u> (\$/Gross)	<u>Quantity</u> (No. of Gross)	<u>Value</u> (\$000)	<u>% Of Total</u> <u>Value</u>	<u>Average</u> <u>Unit Price</u> (\$/Gross)
1.40 - 2.98	33 084	80	5	2.42
3.66 - 5.78	63 849	310	19	4.86
6.53 - 8.61	8 933	67	4	7.50
9.70 - 10.63	16 539	173	10	10.46
10.68 - 11.17	28 976	316	19	10.91
12.27 - 14.40	25 230	351	21	13.91
14.69 - 17.21	4 541	72	4	15.86
17.28 - 19.83	2 941	53	3	18.02
20.00 - 23.52	3 954	83	5	20.99
25.20 - 58.08	237	7	*	29.54
68.56 - 140.74	962	128	8	133.06
OVER 174	39	7	*	179.49
NOT KNOWN	--	19	1	--
TOTAL		1 666	100	

* Less than one per cent.

APPENDIX B

CANADIAN IMPORTERS

OCTOBER 1988 TO MARCH 1989

Importers of latex sheath contraceptives during the period October 1988 to March 1989, as indicated in this report, are listed below in alphabetical order. Where the importer is not the same as the consignee (i.e. the recipient of the goods shipped), the name of the consignee rather than that of the importer is listed. The importer or consignee is not necessarily the end-user of the product.

NOTE: This list includes all importers except individuals.

<u>Name</u>	<u>Address</u>	<u>Name</u>	<u>Address</u>
Aegis Int'l Health Care Corp.	Willowdale, Ont.	Lovecraft Ltd.	Toronto, Ont.
All Pharma Research Ltd.	Vancouver, B.C.	Mansfield Medical Distributors Ltd.	Montréal, Qué.
Alberta National Drug Co.	Calgary, Alb.	Marlbo Holdings Ltd.	Richmond, B.C.
Carter Products Inc.	Mississauga, Ont.	O.K. Vending Ltd.	Edmonton, Alb.
Centre de Santé des Femmes	Montreal, Qué	Plastic Coated Textiles (1986) Ltd.	Montréal, Qué.
Comfort Products Ltd.	Downsview, Ont.	Priape Enrg. Ltd.	Montréal, Qué.
Fawn Products Ltd.	St. Vital, Man.	Produits Pharmaceutiques Inc.	Ville St. Laurent, Qué.
Garden of Eden Boutique Ltd.	Victoria, B.C.	Reliable Vending Co. Ltd.	Vancouver, B.C.
Giftcraft Ltd.	Toronto, Ont.	Sumitomo Canada Ltd.	Toronto, Ont.
Hycro Products Ltd.	Mississauga, Ont.	Telford Investments Ltd.	Edmonton, Alb.
Int'l Books & Novelty Ltd.	Vancouver, B.C.	U.K. Agencies Ltd.	Richmond, B.C.
Ja-Ber Trading Co.	Brampton, Ont.	World's Best Holding Ltd.	Vancouver, B.C.
Julius Schmid of Canada Ltd.	Scarborough, Ont.		
King Distribution Ltd.	Orillia, Ont.		
King Kondom Inc.	Vancouver, B.C.		
Laughing Stock Inc.	Toronto, Ont.		

APPENDIX C

FOREIGN EXPORTERS TO CANADA

OCTOBER 1988 TO MARCH 1989

Major exporters to Canada of latex sheath contraceptives are listed below in descending order of dollar value. Names are as shown on the shipping documents. These exporters accounted for 94 per cent of the total analysed value of \$ 1.7 million

<u>Name</u>	<u>Address</u>	<u>Value of Imports</u> (\$000)
Schmid Products Co.	Anderson, S.C., United State)	1 075*
Sumitomo Corp.	Tokyo, Japan)	
Carter Wallace Inc.	Cranbury, N.J., United States)	
National Sanitary Labs	Lincolnwood, Il, United States	212
L.R.C. Gummiwarenfabrick GmbH	Federal Republic of Germany)	277*
Hindustan Latex Ltd.	India)	
Manufactures Hanover, Inc.	New York, N.Y., United States)	
Marubeni America Corp.	New York, N.Y., United States)	

* Aggregated in order to preserve confidentiality of Canadian importers.

APPENDIX D

CANADIAN SUPPLIERS

The following lists are taken from two sources: a) the Business Opportunities Sourcing System (BOSS), a computerized data bank established by the federal Industry, Science and Technology Canada (ISTC); and, b) the Canadian Trade Index, published by the Canadian Manufacturers' Association (CMA). These lists may not include all suppliers of the products in question, as companies must themselves register in BOSS or the Canadian Trade Index. In both cases, information of Canadian products supplied is as given by the companies.

BOSS

Prophylactics Rubber

<u>Name</u>	<u>Address</u>
-------------	----------------

No Companies listed for this product.

Any enquiries and/or comments regarding the BOSS list should be directed to:

Business Opportunities Sourcing Systems (ABOS)
Industry, Science and Technology Canada
235 Queen Street
Ottawa, Ontario K1A 0H5
Tel: (613) 954-5031
Telex: 053-4123
Fax: (613) 954-1894

Canadian Trade Index

Prophylactics

<u>Name</u>	<u>Address</u>
-------------	----------------

Carter Products, Div. Carter-Wallace N.S. Inc.	Mississauga, Ont.
---	-------------------

Any enquiries and/or comments regarding the Canadian Trade Index list should be directed to:

The Canadian Manufacturers' Association
One Yonge Street
Toronto, Ontario
M5E 1J9
Tel: (416) 363-7261
Telex: 065-24693
Fax: (416) 363-3779

APPENDIX E

CANADIAN AND FOREIGN TARIFFS

Latex sheath contraceptives included in this analysis were dutiable under the following tariff item.

Tariff Item	Description of Goods	Tariff Treatment		
		Most Favoured Nation Tariff	General Preferential Tariff	United States Tariff
	- Hygienic or pharmaceutical articles (including teats), of vulcanized rubber other than hard rubber, with or without fittings of hard rubber.			
4014.10.00	- Sheath contraceptives	10.3%	6.5%	9.2%
	- On and after January 1, 1990			8.2%
	- On and after January 1, 1991			7.2%

TARIFF ARRANGEMENTS AND FOREIGN COUNTRIES OF EXPORT

Exporting countries which qualify for the Most Favoured Nation tariff treatment: Denmark, Federal Republic of Germany, Japan, Puerto Rico, the United Kingdom and the United States.

Exporting countries which qualify for The General System of Preference*: India, Malaysia, Republic of Korea, Thailand and Singapore.

*Note: In order to qualify for the General System of Preference, a special certificate of origin is required.

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) 954-6878

FOREIGN COUNTRIES

Enquiries concerning tariffs and other government trade regulations in foreign countries should be directed to:

Info Export
External Affairs
Ottawa, Ontario
K1A 0G2

RECONCILIATION

The value reported in this import analysis does not correspond to the official Statistics Canada figure of \$2.1 million for various reasons. Imports of sheath contraceptives during the period October 1988 to March 1989, as reported on documents analyzed in this report, amounted to \$1.7 M. Reconciliation of the two figures is as follows:

<u>Values Accounted for</u>	<u>Value</u> <u>(\$000)</u>
Value reported by Statistics Canada but not included in this report (e.g. documents not available)	480
Total value reported in this import analysis	<u>1 666</u>
Total value accounted for as above	2 146
Total value published by Statistics Canada	2 146