

Measuring Scoop Export Opportunity to Nepal

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Introduction to Paper

Nepal demonstrates a poor performance economically (Khadka, 1998). Khadka states that a crucial reason to Nepal's poverty is because of agriculture. Majority of people are involved in agriculture but with lack of tools and knowledge the industry is not generating near its potential (1998). The goal of this paper is to design and/or discover a Canadian made product in hopes to better agri-food techniques in Nepal. This product will then be evaluated in terms of pros and cons of costs, transportation and marketable opportunity. The responses will give a clear indication as to if the product is realistic enough for export. If export is ideal, it will not only impact the livelihood of Nepalese but also Canadians.

Introduction to Nepal

Nepal is located in in South-Central Asia between the countries India and China (Central Intelligence Agency, 2016). It is considered a rather small country in terms of area in comparison to Canada. Just looking at Ontario's landmass in contrast to Nepal, it's seven times larger. A distinguisher to help give this country notice is Mount Everest. This peak is located in Nepal. Nepal can be divided into three geographical regions across the country (Central Intelligence Agency, 2016). Hills, is accountable for almost half the land (Central Intelligence Agency, 2016). The mountain region is next with 35% and lastly terai with 23% (Central Intelligence Agency, 2016). Most fruits, vegetables and livestock are looked after in the hills and mountains, whereas small grains are grown in the terai region (Central Intelligence Agency, 2016). The size and description of each region is important to note when viewing potential for export items.

The earth is very diverse. This is evident from continent to continent, country to country or even town to town. What doesn't change across the globe is basic human needs. The need for food, water, and shelter is essential no matter where you stand in the world (Conrad, 2010). Agriculture plays a huge role in all three of these fundamentals. This is why agricultural practices across the world are necessary. The agriculture sector in Nepal accounts for over 70% of employment (Central Intelligence Agency, 2016). This value proves that the reliance on agriculture is very important to Nepalese.

Part 1: Product Information

Product Description

A potential export item to help further develop agriculture in Nepal but also benefit Canadians is a plastic measuring scoop. This scoop holds up to 3L and can measure dry or liquid substances (TSC, 2016). It also displays metric values which is helpful to Nepal because they are familiar with this system (Central Intelligence Agency, 2016). The measuring scoop can withstand extreme temperature which is an important factor when taking into consideration the various temperature changes across the country of Nepal (TSC, 2016). Measuring scoops are simple to understand and work with so the language barrier between Canadians and Nepalese wouldn't have much of an effect on this product.



Figure 1: Measuring Scoop manufactured by Onward Cluthe
Retrieved from: <http://www.tscstores.com/MEASURING-SCOOP-104-oz-3-L-P1751.aspx#.WD5HKHeZPVo>

Company Description

The manufacturing company that makes this measuring scoop is Onward Cluthe. It operates twenty-four hours a day, five days a week, located in Kitchener, Ontario (Onward Cluthe, 2016). The plants parameter is about fifty-five thousand square foot and is home to about sixty employees on the floor (Turenne, personal communication, Oct 4, 2016). The staff also includes customer service reps and higher up leaders (Turenne, personal communication, Oct 4, 2016). This company has been around for over twenty-five years (Onward Cluthe, 2016). This assures reliability which is important to take into consideration when wanting to start up a new partnership.

Machinery Requirements

This product is made of flexible yet durable plastic in one of their twenty-two moulding machines at Onward Cluthe. This is not a labour intensive product. The machines do most of the work but minor action and supervision is necessary (Turenne, personal communication, Oct 4, 2016). The machines run off electricity and work by melting material into a heated barrel, and

the friction of a screw barrel creates the plastic (Turenne, personal communication, Oct 4, 2016). The plastic is then transferred through a nozzle into a mould outline. The next step is letting the plastic cool (Turenne, personal communication, Oct 4, 2016). As it cools it starts to harden and the resulting product is the desired shape (Turenne, personal communication, Oct 4, 2016). The machines vary between forty-fifteen hundred ton (Onward Cluthe, 2016). A downfall to the make-up of this product is that the moulding machines are quite costly. Turenne suggests that their 22 machines have been reliable so far, thankfully because even replacement parts can get rather pricey (2016).

Market

Opportunity

In more fortunate countries in the world such as Canada a measuring scoop might be considered a niche product. Measuring scoops are still used daily in industries such as food, chemical, auto and pharmaceutical but not so much in the agricultural sector. Canada is so technology advanced that measuring scoops aren't used for animal feeding. Banhazi et al. suggests that one of the most significant costs for livestock is feed. Tools has been invented to electronically measure nutrition, these improve profitability, quality of commodities, and a reduction in waste (2012). For less fortunate areas like Nepal a measuring scoop would be essential for a large population. Many Nepalese families raise small amounts of livestock; a small manual measuring scoop would come in handy for their needs. However, because of intensive farming in Canada farms are far and few between meaning livestock operations house large quantities of livestock. An electronic measurer can hold sizable amounts necessary for Canadian farmers but would come with many difficulties for Nepalese making it unrealistic for export to Nepal.

Benefits to Canada

Onward Cluthe appears to have area to develop. Their company has had a positive annual revenue the last few years and seem ready to expand and take on bigger challenges (Turenne, 2016). As of right now Onward Cluthe doesn't rely heavily on their production of measuring scoops in comparison to their bigger items (Turenne, personal communication, Oct 4, 2016). Establishing a partnership can transform their company. Measuring scoops could become their highest revenue producing product. They have the potential to expand their company by adding more moulding machines for production at an increased rate. With more machines comes more employees needed to get the jobs done. This is where Canada really profits. Even though Canada is a pretty well off country when talking in terms of the world about overall employment there's always room to grow. The expansion of Onward Cluthe would provide more job opportunities for fellow Canadians.

Environmental Impacts

As any synthetic product, plastic measuring cups have both positive and negative impacts on the environment. Once produced, the overall impact is great as it reduces waste by of improving the accuracy of measurements. This coincides with cost effectiveness as only the required amounts of product will be used. Unfortunately, production of this product in Canada isn't environmentally friendly, using lots of energy and oil (Turenne, personal communication, Oct 4, 2016). With that said, the ecological footprint of the manufacturers could be reduced by incorporating recycled materials into the production. The use of biodegradable plastics is also an option if a large enough investment into the business is received.

Part 2: Export Potential to Nepal

Benefits to Nepal

Nepal is primarily an agrarian economy (Pradhanang et al., 2015). Approximately 66% of the population relies on agriculture. It has a crucial part in fulfilling human food and nutritional security and easing rural poverty (Pradhanang et al., 2015). Many Nepalese could benefit from the use of this multipurpose scoop. It could help in the agricultural sector because farmers can use to measure precise medication quantities for livestock. This is imperative because an exact dosage is necessary for recovery. Too little could have no effect on the recovery of your animal and too much could make it sicker. Farmers could also use this multi-purpose scoop as an accurate measurement for silage ratios. This helps to maintain an animal's proper nutrient intake during the dry season. It's especially important to have proper supplies when dealing with animals in Nepal because livestock contributes significantly to the livelihood of majority of the rural Nepalese (Maltsoglou and Taniguchi, 2004). Central Intelligence Agency orders the top agricultural products produced in Nepal as follows, pulses, rice, corn, wheat, sugarcane, jute, root crops; milk, water buffalo meat (2016). In some way, shape or form a measuring scoop could help with the making of these goods. The possibilities of this product doesn't stop there. Everyday Nepalese can use it when needing specific values for example when baking or dealing with oils. This means it could be sold at supermarkets, veterinarian clinics, pet supply and hardware stores in Nepal.

Product

Drawback

A measuring cup doesn't seem to be an acknowledged family household item for Nepalese. When looking at online catalogues for stores located in Nepal none seemed to carry this product.

This could have an advantage or disadvantage to Nepal. Not being an item previously sold in Nepal has a big marketing opportunity. The downfall is Nepalese have obviously been surviving without the use of this product. They might not feel the need to invest hard earned money into a product they have been doing without for quite some time. If looking at the small picture a washed out soup can for example could work well enough for a grain scooper. Nepalese would have to look at the bigger picture in order to invest in this product. In the long run precise measurements would be cost efficient in more ways than one.

Transportation Logistics

As of 2015, China is said to be the second largest import partner for Nepal (Central Intelligence Agency, 2016). Luckily, Onward Cluthe has ties a distribution centre in China, making shipping attainable (Turenne, personal communication, Oct 4, 2016). It's not an expensive product in terms of the usefulness of the item. Turenne suggests that the best bet for shipping this product is by air to their warehouse in China and from there transport it via ground to Nepal (2016). The most likely spot to be distributed in Nepal is to numerous retail stores in the hills and mountain because these regions are primarily known for housing livestock (Central Intelligence Agency, 2016). Shipping would be an easy accommodation because this measuring scoop isn't fragile and it doesn't need to be stored in a special temperature/place. It's also a small item that is not awkward to stack with others in a box. Precise fitting maximizes the space on the aircraft or semi-truck. This will account for less loads needing to be transported which saves fuel, environment, time and ultimately money.

Onward Cluthe
Kitchener, ON,

Pearson International
Airport
Toronto, ON, Canada

Distribution
Centre
China

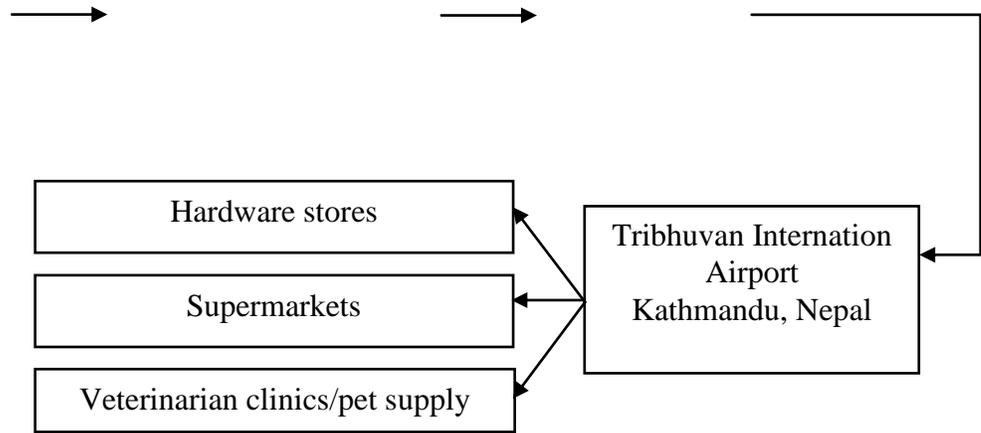


Figure 2: Transportation flow chart of product from Canada to Nepal.

Cost Analysis

Overall expense to manufacture this product was not released but by putting a few logistics together an accurate rough estimate can be obtained. Onward Cluthe already has the proper moulding as this is not a new invention. This helps to reduce the total fee. Turenne states that the time taken to make each moulding is about fifteen to thirty seconds (2016). This is exceptionally quick, meaning a lot can be produced in a short amount of time. Background knowledge; the measuring scoop sells in Canada at TSC for \$11 Canadian (TSC, 2016). This means the product had to be assembled for much less than that in order for the distributors and manufacturer to make income.

Import Documentation Requirements

- Nepal custom import declaration form
- Letter of authority for clearing Agents to act on behalf of the importer
- Air way bill
- Performa Invoice
- Packing list
- Certificate of origin (this is required only for tariff concession for goods originating in Tibet Autonomous Region of People’s Republic of China, SAPTA member countries and MFN rate of countries having bilateral agreements with Nepal)

- Certificate of Insurance Policy
Foreign Exchange Declaration Form of Nepal Rastra Bank
- Certified copy of L/C.
- Company Registration Certificate
- VAT/PAN registration certificate
- Permission from Plant Quarantine Section of Department of Agriculture for import of plants and plants products including fruits leaves & seeds
- Import license if applicable

Figure 3: Documentation requirements for import approval into Nepal. Chart collected from the Nepal Freight Forwarders Association website.

Regional and Global Competition

The two countries that are next door neighbors to Nepal are probably the biggest rivalry for Canada. Although Onward Cluthe has a distribution centre in China, it doesn't make much sense to ship the product from here to there. Transporting the product from Canada to China involves unnecessary extra costs when it could be simply manufactured in China. The closest manufacturer to Nepal that produces a measuring scoop in China is SZ Lohas Silicone Rubber Co., Ltd. (Alibaba, 2016). This company is located in Guangdong, China (Alibaba, 2016). This company has been established since 2011. They employ fifty to one hundred people which is a similar figure to Onward Cluthe (Alibaba, 2016). In terms of global, the competition is substantial. The main reason for this is because a measuring scoop has been around for a long period of time. It's not difficult or expensive to recreate. Therefore, many companies are able to produce and distribute this product.



Figure 4: Measuring Scoop manufactured by SZ Lohas Silicone Rubber Co., Ltd.

Retrieved from: https://www.alibaba.com/product-detail/Supply-kitchen-scale-collapsible-silicone-measuring_60267318754.html?spm=a2700.7724838.0.0.d8lJa5&s=p

Compare and Contrast of Manufactures

The Canadian company Onward Cluthe and Chinese company SZ Lohas Silicone Rubber Co., Ltd. have reconcilable similarities and differences. Both companies manufacture measuring scoops that can hold solid or liquid substances. The two also produce a measuring scoop that displays metric values and can withstand extreme temperatures (Alibaba, 2016). Onward Cluthe has been established much longer than SZ Lohas Silicone Rubber Co., Ltd., but SZ Lohas Silicone Rubber Co., Ltd. has almost double the amount of employees (Alibaba, 2016). The company located in China uses slightly different practices to create their measuring scoops (Alibaba, 2016). SZ Lohas Silicone Rubber Co., Ltd. produces measuring scoops with 100% food grade silicone as the base material not plastic (Alibaba, 2016). SZ Lohas Silicone Rubber Co., Ltd. measuring scoops feature eco-friendly, organic material (Alibaba, 2016). Another benefit to the silicon measuring scoop is that it is unbreakable and nondeformable (Alibaba, 2016).

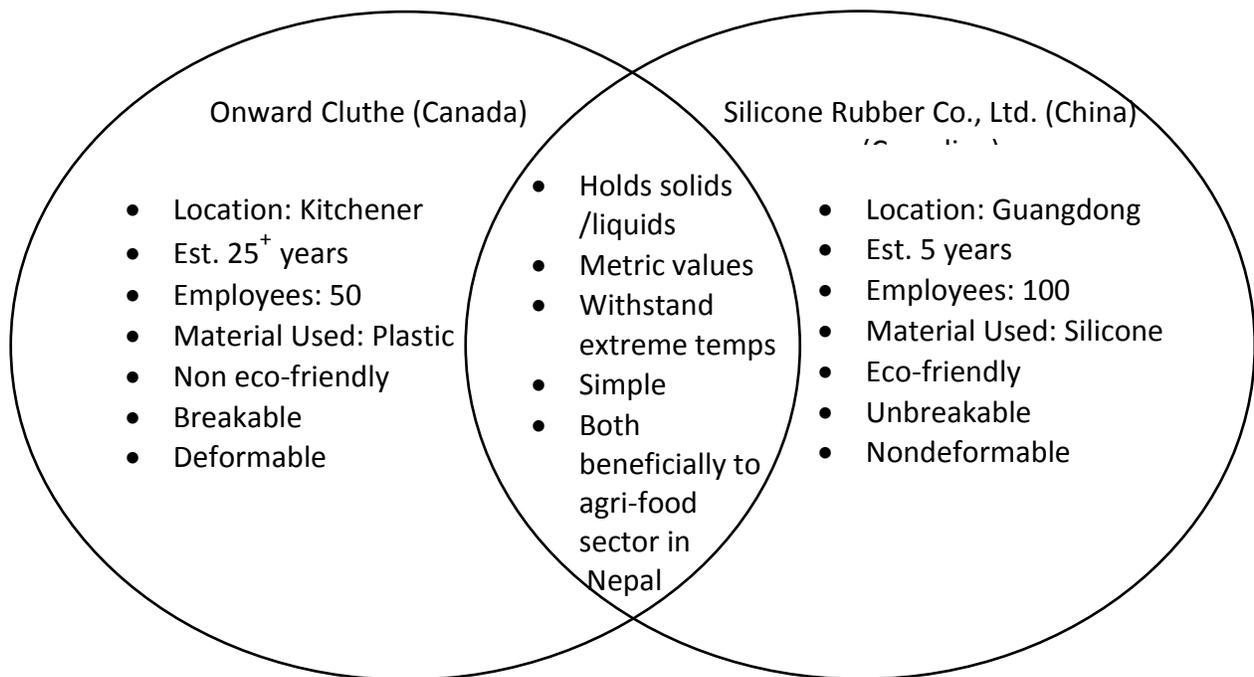


Figure 5: Venn diagram showing similarities and differences of each manufacturing company with regards to a measuring scoop.

Trade Barrier

Decades ago Nepal only endured trade with two countries, United Kingdom and India (Ramesh, 2005). Since then Nepal has totally transformed. Nepal heavily relies on trade to maintain a sense of development (Ramesh and Bikram, 2005). Since Nepal undergoes daily import and export, rules and regulations have been developed. If not all correct documentation is retrieved before arrival to Nepal a problem will arise.

Future Studies Required

In order for measuring scoops to have a positive impact in the future of Nepal, further questions need to be answered. The initial cost to manufacture this product at Onward Cluthe needs to be obtained. The number of measuring scoops necessary for export to Nepal is also unidentified.

Once Onward Cluthe knows this value they will have a better understanding of how much to invest. If the number is steadily increasing more injection machines will be needed to keep up with demand. This will tell if the Canadian government is needed for assistance in helping to start up this mass amount of production. Specific shipping values from Canada to China and then again from China to Nepal is needed before export of product. Another obstacle is currency. The details on how the trade will work with regards to payment in the form of money or maybe receiving a product in return is still unknown. Information about patents was unable to be discovered, further details on this will ensure the product is approved for export.

Conclusion

After critical evaluation a measuring scoop could help developing countries such as Nepal in the agri-food sector. With some unknowns still present the idea of where to export this product from is still up in the air. If manufactured and exported from Canada, more job opportunities would emerge for Canadians. A downfall to Canada is as production rates increase a reduction in resources is also occurring. If China was to manufacture measuring scoops for export to Nepal they would experience similar pros and cons. The measuring scoops would be a bit different depending on which country was chosen for the job. Either way Nepal would experience the same benefits to their country if a measuring scoop was to be imported. The biggest variance in the two companies is transportation cost. Nepal is considered a developing country, who has been trying to better themselves for years (Khadka, 1998). Nepal is still very deprived, with almost half the country's population living under poverty rates (Khadka, 1998). Ultimately, Nepal is struggling. Although the goal of the assignment was to find an item that would benefit Canada and Nepal. The two countries are located on opposite sides of the world and always will

be. This makes it difficult for both parties to benefit. Transportation costs money. For this reason, the best option for Nepal would be to have the measuring scoops manufactured and exported out of their bordering country China.

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