

Canadian Export Idea to Nepal: Balewrap - Ultra 5 by Canadian Hay and Silage Ltd.

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Introduction:

Nepal is located between India and China and is 147,141 square kilometers large, holding a population of about 28 million people (Chapagain, Tejendra. 2016). Nepal is a very poor country, about 46% of the population is unemployed (Chapagain, Tejendra. 2016). Of those that are employed, 70% are involved in agriculture (Chapagain, Tejendra. 2016). Nepal has very limited access to roads, and therefore depend on livestock for transportation (Chapagain, Tejendra. 2016).

Nepal is made up of three main regions: the Terai, Hills, and Mountain region (Chapagain, Tejendra. 2016). The Terai region makes up 23% of Nepal (Chapagain, Tejendra. 2016). 57% of the Terai region is irrigated and it has a subtropical climate which is suitable for growing vegetables and tropical fruit (Chapagain, Tejendra. 2016). Livestock have limited grazing lands which results in feeding them hay in a stall feeding system (Chapagain, Tejendra. 2016).

The Hills region makes up 42% of Nepal (Chapagain, Tejendra. 2016). It has a subtropical to warm temperate climate that is suitable for growing fruits, cash crops, and off season vegetables, with 29% of the region irrigated (Chapagain, Tejendra. 2016). The most livestock live in this region due to the amount of grazing land available (Chapagain, Tejendra. 2016).

The Mountain region makes up the remaining 35% of Nepal with 28% of the land irrigated (Chapagain, Tejendra. 2016). This region has a warm temperate to alpine climate which is good for growing sole crops such as buckwheat, potato, and barley (Chapagain, Tejendra. 2016).

Overall the farmers in Nepal are not very technologically advanced when it comes to farming practices. Some may use tractors and chemicals, but it's not very common (Chapagain, Tejendra. 2016). Hay production and yield is a huge issue for farmers in Nepal and they are in need of a new product to help improve their farming practices.

Part 1: Product Information:

Product Description:

The company Canadian Hay and Silage Ltd is a company based out of Alberta Canada that produces a variety of protective hay and silage covers (Kruidhof, H & Sietzema, R. 2009). The company's main locations are in Barrhead and Bowden Alberta, but they also have other dealers within the Saskatchewan and Ontario areas (Kruidhof, H & Sietzema, R. 2009).



http://www.canadianhayandsilage.com/?page=ultra_5

Balewrap - Ultra 5 is a product that functions by being wrapped around the hay bales firmly to protect from UV rays, moisture and wetness (Kruidhof, H & Sietzema, R. 2009). This bale wrap is made from durable plastic residue which is puncture resistant and is also flexible to ensure that it will not be ripped while being stretched over the bales of hay (Kruidhof, H & Sietzema, R. 2009). The bale wrap comes in the color white, Canadian Hay and Silage Ltd. offers 750 mm (30 inches) wide by 1500 metres (5,000 feet) length in dimensions, and has a thickness of 1 micron (Kruidhof, H & Sietzema, R. 2009).

Technology/Machinery Required:

In countries that are further developed than Nepal and make use of modern technology such as Canada and the United States, machinery is required to bale hay. There are many different brands of machinery that can be purchased for baling hay. Some examples these brand names are Vicon, Kverneland, John Deere, and Parmiter (Quick, Graeme. 2014). These pieces of machinery do the same job and can cost anywhere between \$30,000.00 CAD to \$45,000.00 CAD depending on the brand, model, where it was purchased and how new the machinery is (Quick, Graeme. 2014). Nepal farmers would not be able to use these tools due to

lack of funds available to them. They would not have the proper technology to use these machines, and they are not educated on modern farming practices.

But there is a way that farmers in Nepal can still use bale wrap on their hay without purchasing/using machines to do so. These farmers use a large bucket, which they pack their hay into very tightly. Then the hay is removed from the bucket keeping the general shape that the bucket created. After completing this procedure multiple times, the compressed pieces of hay will be placed on the hay bale wrap. Farmers then manually wrap the bales by rolling. This method is not as protective as using a piece of machinery and is more time consuming.

Cost of Product and Shipment:

The Canadian Hay and Silage website does not list prices or where a customer can find prices for their product specifically, and this is difficult to find prices for Balewrap Ultra 5 from other dealers. Contact with the owners of Canadian Hay and Silage has been attempted multiple times over the phone, through social media connections, and through email, and upon receiving these messages the company refused to release any information about their company, how products are produced, or how much it costs to purchase their products.

These prices listed below are generic prices for bale wrap and may slightly differ depending on where the product is purchased or the quantity of bale wrap that is purchased. An individual can purchase a starting quantity of one pallet. One pallet consists of enough bale wrap to wrap approximately 30 bales (Rochefort, Line. 2016). Each bale costs about \$3.00 in Canadian currency to wrap, which costs approximately \$2447.00 in Nepalese rupees (Rochefort, Line. 2016). One Pallet will cost around \$90.00 CAD, this would cost approximately \$7340.00 NPR (Rochefort, Line. 2016).

One pallet of Balewrap Ultra 5 would travel by truck from Barrhead Alberta to Edmonton Alberta. This would take approximately an hour to be delivered and would cost about \$17.00 CAD, or approximately \$1390.00 Nepalese rupees (World Freight Rates. 2013). From there, the bale wrap would then be shipped by plane to the airport in Janakpur, Nepal. This would take 12.58 hours to be delivered and would be traveling 10,873.94 kilometers (World Freight Rates. 2013). Shipment by plane would cost approximately \$170.00 CAD or roughly

\$13,900.00 in Nepalese rupees (World Freight Rates. 2013). Altogether, the cost of the product and shipment would cost a total of \$187.00 CAD or about \$15286.00 NPR (World Freight Rates. 2013). These prices do not include any taxes that may apply.

Target Customers:

The product Balewrap Ultra 5 targets Nepalese farmers who own livestock such as sheep, goats, cows, and buffalo. These livestock are found in the hill, mountain and Terai region of Nepal (Chapagain, Tejendra. 2016). Farmers within all regions of Nepal can benefit from using this product, but for purposes of this assignment the focus targeted customers will be farmers located in the Terai region. The Terai region has the most irrigated land and therefore is used mostly for growing tropical fruits and rice based cropping systems (Chapagain, Tejendra. 2016). This means that there is not a lot of grazing land for the livestock, resulting in farmers having to feed the livestock hay in a stall-feeding system like stated previously(Chapagain, Tejendra. 2016).

Taking into consideration of how much Nepal farmers would be paying to buy and have the bale wrap shipped to Nepal, and the amount of bale wrap the farmers would be receiving on one pallet, five to ten farmers may want to buy one pallet together and split the bale wraps among themselves.

Benefits to Canada:

Exporting Balewrap Ultra 5 from Canada to Nepal would be very beneficial for both Canada and Nepal. There is only one other company that produces similar products in Canada that could export to Nepal. Groupe Anderson Inc. is a company based out of Chesterville, Quebec, that was founded in 1988 (van Donk, Maarten. 2010). They export to 22 different countries (van Donk, Maarten. 2010). This is the only competition for exporting products to Nepal that Canadian Hay and Silage Ltd. has within Canada. There is not much Competition as Canadian Hay and Silage is a larger and more well-known company that produces more products annually.

Exporting Balewrap Ultra 5 to Nepal farmers would create more jobs in the Agriculture production employment sector in Canada. Not only would the manufacturers need more workers because of an increase in production, as well as more jobs for transporting the products from different locations.

Overtime, Canadian revenue would increase. Not only would the revenue of Canadian Hay and Silage Ltd. increase due to more items being produced and sold, but it would increase the revenue for the Canadian Government due to exportation taxes.

Importing and exporting products between Canada and Nepal would create a more positive business relationship between the two countries. Both countries would benefit from trade agreements because if one country creates surplus of a product, that another has a deficit in, one would benefit from selling their products and the other country would benefit from receiving important valuables.

Part 2: Export Potential to Nepal:

Farming Background on Nepal:

Farming in Nepal is very similar to farming in India, although landholdings in Nepal are much smaller and the land is very broken resulting in many problems (Suttie, J.M. 2000). In Nepal farming systems, livestock is a huge and very important part of farming (Suttie, J.M. 2000). Livestock is used for transportation, as well as their milk and meat used for human consumption (Chapagain, Tejendra. 2016). Each region has its own separate problem with dealing with livestock as already mentioned previously.

The quantity of hay harvested each year in Nepal is insufficient and results in livestock not having a major lack of food (Suttie, J.M. 2000). During the months of November to February, farmers hit a high food deficit because of dormant growth and snow covered ground resulting in little yield of hay (Suttie, J.M. 2000). This insufficient quality and quantity of hay often results in stunted growth in the livestock (Suttie, J.M. 2000). Hay is often stored in poorly constructed buildings or atop of trees which is not the most sustainable locations to build (Suttie, J.M. 2000).

Farming benefits to Nepal:

Improving quality and quantity of hay production in Nepal is essential, but farmers using the hay yield they already have in their possession is just as important. Due to improper storage of hay and lack of knowledge/technology, hay is effected by UV rays, dampness from rain, and moisture which can result in moldy and nutrient loss in hay. Bacteria from mold can introduce livestock to sickness or diseases, which can stunt growth, cause death, and can in turn affect those who consume meat and animal by products.

Nepalese farmers need to be able to store their hay in a sufficient way to keep their hay at the highest quality possible. Balewrap Ultra 5 is a product that these farmers can use to protect their hay. Farmers can store hay bales in a building after wrapping them with bale wrap, but that would become redundant with the Bale wraps in place. This means that the farmers will no longer needs to build a building that store their hay, which would save a lot of time and resources.

Product Competition in Nepal:

There are a few companies that create products like Balewrap Ultra 5, although none are located in Nepal. Most of these companies are located in China, and a few are located in Ireland, Poland, and Germany (van Donk, Maarten. 2010). One of the more well-known companies is Terry-Agri Inc. which is located in Beijing, China (van Donk, Maarten. 2010). It is a small family owned company that was founded in 2003 and is well known for providing service and supplies to the agriculture and farming industries in China (van Donk, Maarten. 2010). BPS Industries Corp. is another well-known company which is also located in Beijing, China (van Donk, Maarten. 2010). It was founded in 1998 and exports to over 30 different countries worldwide (van Donk, Maarten. 2010). PEL Waste Reduction Equipment is a company located in Bella Ireland (van Donk, Maarten. 2010). It was founded in 2005 and is well known for its focus on providing solutions for environmental applications (van Donk, Maarten. 2010).

Conclusion:

In conclusion, exporting Balewrap Ultra 5 from Canada to Nepal would be a benefit for both countries. However, not enough for Nepal to import this product. Even though exporting this bale wrap could create many job opportunities for Canada and Nepal, a better trades agreement between the two countries would improve the quality and quantity of hay tremendously for Nepal farmers which would then improve the health and growth of livestock in Nepal. The only factor that prevents this trade agreement from coming into effect is the expense. Nepal is just not set financially to participate in said transaction.

In the future, it would be very beneficial if a simple machine was invented to bale hay and wrap in such a way that Nepal farmers could use the device without needing a source such as gas or battery power to operate. This would be a very simple yet innovative machine that farmers could perhaps push instead of having to collect the hay using human labor. Farmers would also benefit from bale wrap that was made using materials that are cheaper yet of equal quality and possibly reusable and environmentally friendly.

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