

Concerning standards for baled hay, these vary according to the type of hay and may be set out in the sales contract as specifications. Baled hay is usually compacted to increase the tonnage per container, thus lowering the freight cost component per metric ton of product. Imports are steadily increasing due to strong demand from Japanese farmers for long-fibre hay products as roughage feeds. In the past, rice straw was commonly used, but supplies have been decreasing in recent years because of the adoption of mechanized rice harvesting using rice combines which chop and distribute the rice straw as mulch back onto the soil; thus it cannot be easily gathered for sale as roughage feed.

8 Phytosanitary Regulations for Hay Products

The Japanese Ministry of Agriculture, Forestry and Fisheries (MAFF) administers plant health import regulations designed to prevent non-indigenous insects from entering Japan. MAFF claims that Japan is free of "Hessian Fly," an insect injurious to grain crops such as wheat and rice, and which is common in North America. To prevent its introduction to Japan, MAFF's Plant Protection Division requires that baled hay products from North America be either fumigated according to an agreed protocol, or free of the insect in any of its stages as well as from host material such as wheat and barley straw and agropyron leaves and stems.

MAFF has determined that alfalfa pellets and hay cubes are free of live infestation due to the dehydration, grinding, pelleting/cubing process which subjects the alfalfa or hay material to high temperatures and pressures, and destroys any eggs, pupae etc. which may be present. Consequently, no phytosanitary certificate is required for pellets and hay cubes.

For chopped hay which has been heated during dehydration to 90°C, MAFF requires a phytosanitary certificate from Agriculture Canada stating that the product has been subjected to such heat treatment. Agriculture Canada also provides to MAFF each year a list of Canadian processing plants which are equipped to process this product to meet MAFF's conditions.

For baled hay, MAFF requires a phytosanitary certificate from Agriculture Canada stating that the product is free of Hessian fly and of host plant material. Otherwise, the product must be fumigated. Even with a certificate, the baled hay is subject to visual inspection before being released from port storage.

The U.S. has developed a fumigation protocol for baled hay but Canada, as of August 1989, has not. Over the next one to two years, it will be necessary for Canadian researchers to conduct fumigation experiments to determine appropriate dosage levels, exposure times etc. for Canadian conditions. In the meantime, Canadian exporters are free to ship baled hay to Japan if accompanied by a phytosanitary certificate issued by Agriculture Canada. However, if prohibited insects or plant materials are found by MAFF inspectors during their examinations, the hay shipment is required either to be destroyed or to be shipped elsewhere.

9 Pricing

Prices of these products are set by supply and demand, and can vary widely from year to year. Japanese trading companies are very well-informed concerning production conditions in various countries and make their purchasing decisions based on the world supply and demand situation and outlook. Canadian processors and exporters on the other hand, may be somewhat disadvantaged in that their knowledge of Japanese market conditions may be incomplete. Therefore it is important to visit Japan and develop a relationship of trust with buyers, distributors and end users.

Canadian products are generally priced ex-plant or in export position with freight, insurance, unloading costs etc. becoming the buyer's responsibility. Because the trading companies control much of the available shipping space between Canada and Japan (bulk vessel as well as containers) they are in an advantageous position to handle these ocean freight aspects.