

A major concern to the industry at present is the potential change to the method of payment or potential elimination of the WGTA benefit to the industry. The impact of such changes could have a potentially disastrous effect on the industry's profitability and competitiveness, depending on how the change will be implemented.

Bulk handling and shipping of pellets, and more recently cubes, has allowed for efficient and competitively priced shipping of Canadian alfalfa products to Pacific Rim export markets. Unfortunately with cubes, this new method of shipping has resulted in more breakage and creation of fines in comparison to more costly containerized shipment. Changes to bulk port handling facilities may be necessary to resolve the breakage problem associated with handling cubes by bulk. This issue is currently being addressed by the industry in conjunction with Neptune Bulk Terminals at Vancouver. Further, the CDA is working with industry to monitor product durability, and many plants are now using screening as a means of removing product fines.

Although container availability is less of a problem due to bulk shipment of cubes to Japan, there is a continued need to address the limited supply of containers for small volume shipments of cubes and other long fibre products which can be shipped only by container. The recent study commissioned by Agriculture Canada to Harvest Foods Ltd. of Saskatoon will address the container situation.

The growth of the hay marketing industry has been hindered by a lack of processor knowledge about hay quality requirements, the absence of fumigation protocol for exporting hay to Japan, the uncertainty of WGTA, the question of Canada's competitive ability with other producing countries and the question of sustainability of the export market at today's prices.

The high tariff imposed on alfalfa imports by Korea has restricted the growth in that market. The lack of a satisfactory thermal protocol for the export of dehydrated alfalfa chops to Japan has hindered the development of dehy chops processing within Western Canada.

### Competitiveness

Since the industry is largely an export orientated industry, the competition comes largely from foreign countries who produce forage products for export. They include primarily the U.S. (West Central and Pacific Northwest regions), a major competitor to Canadian alfalfa cubes and almost the sole supplier of long hay products to Japan.