

## 7 Storage and Distribution

There are five or six well-established Japanese importers handling Canadian peat moss, usually on an exclusive brand-name basis with Canadian suppliers, in order to maintain the so-called "orderly marketing system." Importers try to minimize costly port storage charges for peat moss by timing shipment arrivals to coincide with contract delivery dates ("just-in-time" delivery). If short-term storage is required, peat moss is left in the container to protect it from the elements until it can be delivered to the Japanese customer.

Importers sell to peat moss distributors who in turn sell to end users, co-operatives, landscape contractors and others. The importers generally do not have long-term storage facilities for peat moss so delivery to distributors is made soon after each shipment arrives to minimize port storage costs.

## 8 Pricing and Transportation

Canadian peat moss is priced either f.o.b. container loading site in Canada or c.i.f. Japanese port. On occasion, there are shortages of empty containers in Canada or difficulties in booking small numbers of containers. Peat moss is a bulky, low-value commodity compared with most other types of container merchandise. A 12-m (40-ft.) container will accommodate about 375 six-cubic-foot (0.16 m<sup>3</sup>) bags of peat moss, and the cost of ocean freight amounts to 55 to 60 per cent of the c.i.f. value on a landed basis in Japanese ports.

There is a good deal of price competition among peat moss importers and distributors in Japan. Established importers have complained recently about new entrants who engage in severe price competition, thereby disrupting the "orderly marketing system." Some importers have stated that prices may become depressed to levels which are unprofitable; this would not benefit Canadian exporters of the product. Japanese importers are interested in developing long-term relationships with suppliers so that all concerned derive a fair return from the peat moss business in Japan.

## 9 Product Promotion

Japanese importers of peat moss have suggested that the following promotional activities should be undertaken:

- information should be provided through the embassy to MAFF extension workers and head office personnel to help expand the use of peat moss in horticultural and agricultural applications;
- the Canadian Embassy should approach MAFF to recommend peat moss be used as a soil conditioner and in organic farming;
- research in Japan into additional uses for peat moss should be promoted;
- there should be some development of Canadian government grading standards which would include specifications for foreign material content, moisture level and other things;
- the New Brunswick government should clarify the ownership and control of the existing trademark covering "New Brunswick Superior Quality Sphagnum Peat" and the associated emblem (seal), to permit Japanese companies to use it for product promotion in Japan;
- an investigation should be undertaken and solutions found to the restricted container supply situation prevailing in Eastern Canada; and
- the embassy should consider assisting with the preparation of product literature in Japanese.

## 10 Market Situation, 1989/90

Many Japanese importers think that the recent sharp increase in peat moss imports will not be maintained because there will be some levelling off of domestic demand. The view is that public works projects have been largely responsible for the increase in imports and these projects will decline in number in the immediate future. Therefore, Canadian exports are expected to range between 40 000 and 45 000 metric tons in 1989 and 1990, based on present market conditions.