

Canada Exports Assignment
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AGR 1110

Product Information

The Company

The Canadian company Nexeed produces a machine called the Cimbria De-Awner. Nexeed is a branch of the larger corporation Cimbria that is based out of Denmark and is the world's largest supplier of seed processing equipment, founded in 1947 (Cimbria, 2014). A massive 95 percent of Cimbria products are exported to other nations. Nexeed Incorporated, or formerly Cimbria Canada, is located in Winnipeg, Manitoba and is managed by both general manager Mark Metcalfe and sales manager Rod Cockerline (Nexeed, 2014) whose contact information can be viewed in Table 1. This Canadian company has been providing agriculture machinery to Canadian seed and grain farmers for almost an astounding 23 years.

Name	Title	Email	Phone	Address
Mark Metcalfe	General Manager	mmetcalfe@nexeed.ca	204-982-3533 or 204-981-9863	1776 St. James Street Winnipeg, MB R3H 0L3
Rod Cockerline	Sales Manager	rcockerline@nexeed.ca	204-982-3536 or 204-880-7759	1776 St. James Street Winnipeg, MB R3H 0L3

Table 1: The contact information for the managers at Nexeed Inc. (Nexeed, 2014).

The Machine

A machine that Nexeed produces is the Cimbria De-Awner Type Delta 184. It is a processing machine mainly used for seed grain, malting barley and for a large variety of other kinds of seeds. This Cimbria De-Awner machine costs about twelve thousand Canadian dollars on average, without shipping costs (Metcalf, 2014). The Cimbria De-Awner runs on an electric motor with sizes varying from 5.5-18.5 KW, is made out of steel and comes equipped with an agitator. The machine is around 228 kg and the dimensions are 661mm by 1520mm by 994mm with all measurements including the frame and the motor. The capacity is 30-60 tons/hour for pre-cleaning, 5-20 tons/hour of seed grain and 10-25 tons/hour for malting barley (Nexeed, 2014). There are many different inputs that could be considered for this machine like cereals, pulses, peanuts, green coffee, rice and more (Cimbria, 2014). The only machinery required to run this De-Awner is the De-Awner itself as well as a suitable source of electricity to run the electric powered motor. There is not much labour required for this machine as it does most of the work itself. Workers would be employed to these machines to mainly add material to them and collect the product that is expelled out of the machine. A photo of the Cimbria De-Awner Type Delta 184 can be viewed in Figure 1 and Figure 2.

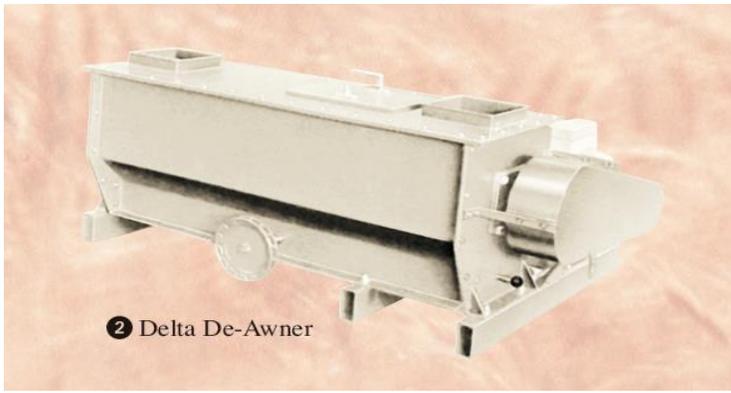


Figure 1: Shows the appearance of the outside of the Cimbria De-Awner. (Nexeed, 2014)

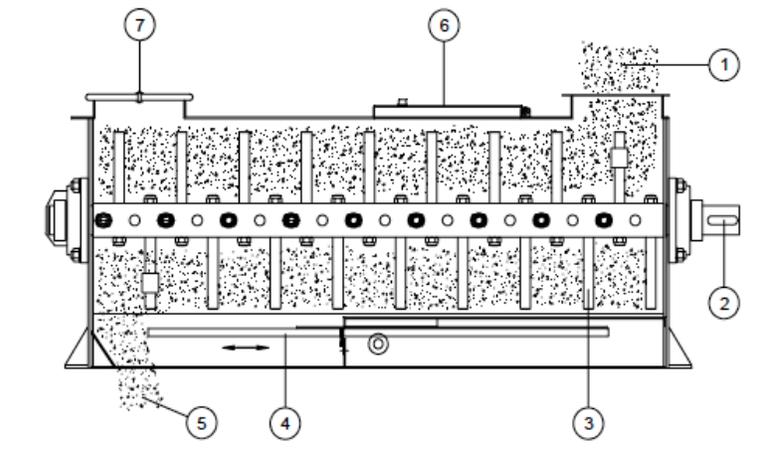


Figure 2: Shows the composition of the inside of the De-Awner and all the components that actual De-Awn the material. (Nexeed, 2014)

How It Works

The De-Awner machine de-awns seed, breaks seed clusters and polishes them as well. How does it do that? The way this machine works is it first the grains or seeds are put in, then, the machines steel beaters rotate at a very high speed through the inputted material, decomposing and polishing it. The machine can control the

degree of treatment of the seed with the discharge shutter and by changing the revolutions per minute to be precise for the material inputted. With the machine's advanced technology, it greatly improves bushel weight with help from the gentility of the steel beaters (Nexeed, 2014).

Other Products

There are many other Canadian distributors for seed processing equipment but a very limited number of De-Awners are produced in Canada. Canseed Equipment Ltd. is a Canadian company in Saskatchewan and Manitoba that sells similar agriculture products. Canseed is also one of the only other Canadian companies that make a similar De-Awner to the Cimbria machine but it is manufactured in the United States of America (Canseed, 2014). Nexeed is much more preferred because of their large variety of machines and for how many different types of grains and cereals their machines can accommodate.

Benefits

Exporting this product would benefit the Canadian economy because Nexeed is a Canadian company. Selling this product to other nations or within Canada will also give Canadians more jobs like manufacturing the product, setting the machine up, transporting it and teaching the buyers how to properly use it. Machines like the Cimbria De-Awner are needed or required all around the world, with some countries having a higher demand for new technologies because of the small amount of them available close to their countries. This machine benefits Canadian farmers

hugely. With the amount of grain and cereal products that Canada produces nationwide, this machine greatly benefits the producers as it gives them wonderful new technology to process their materials, making the process much faster and easier for them.

Export Potential to Nepal

Introduction to Nepal and Finger Millet

Nepal is a landlocked country located in South Asia in between China and India and has a population of about 27 million people. The regions of Nepal are the terai, hill and mountain regions, with the mountain region containing some of the biggest mountains in the world, the Himalayas and Mount Everest (National Geographic, 2014). One Canadian dollar is equal to about 87.63 rupees in Nepal and the average monthly salary is about 32,000 rupees. 42 percent of Nepal's population lives below the poverty line (Government of Nepal, 2005). Nepal's major crops include rice and many different types of grains. Finger Millet is an annual cereal plant grown in Nepal. It is very healthy and contains an amino acid that is lacking in the diets of people in poverty (IDRC, 2013). Finger millet can adapt to high elevations well and is grown from the terai region to the high hills in Nepal (Riley et al., 1991). It is also used in many foods and beverages. Finger millet has no storage or refrigeration issues because it stays fresh for one to two years without storing it in any special environment (USA Emergency Supply, 2014).

The Problem

In, Nepal, finger millet is one of the most valued crops but there are many problems associated with processing this crop. Even though this millet is one of the most valued crops, Nepal lacks the new technology in order to make a suitable profit from

it and is in need of new agricultural machines (Bhandari, 2014). Traditionally, finger millet is harvested and processed, or de-husked, by hand by Nepalese women which is very time consuming and usually results in a lot of damaged seed which decreases yield (New Agriculturist, 2013). They need to obtain suitable machines and equipment to be able to make a suitable profit for themselves and their families.

Benefits

The benefit of having this piece of equipment would be that more finger millet would be readily available to the people of Nepal. This machine will minimize the time spent processing the millet by hand, which would also increase yield because the De-Awner machine is gentle which will result in less damaged seeds. With increased yield, the millet farmers would also make more money off their product, which will benefit the farmers and their families in a variety of ways. The reason why having more finger millet would be beneficial is because finger millet contains an essential amino acid that is lacking in the diets of people in poverty. Since almost 50 percent of Nepal is in poverty and do not have enough money to purchase the right foods to keep them healthy, having more healthy finger millet will increase their chances of rising back up to their optimal health level. Also, having more of this millet will most likely decrease the price of it, which would hopefully make it more available to the less fortunate and unhealthy people who are in need of it the most. If the purchase of this Cimbria De-Awner was very beneficial and helped Nepal in many ways, then there would also be more products from Nexeed that would work

together with the De-Awner to make the whole finger millet processing procedure a lot easier, faster and require much less labour.

What Could Happen

Realistically, most small millet farms could not afford the Cimbria De-Awner for the price is originally too high and even more unaffordable with costs of shipping.

Because they could not afford it individually, the most realistic way for the Nepalese people to obtain this machine would be for the government of Nepal to purchase it for villages to share (Department of Agriculture, 2014). Instead of farmers buying it for themselves, a Cimbria De-Awner could be readily available in the farmer's village to be used by all finger millet farmers there for a smaller price. A small amount of these machines would be required by Nepal because of their large capacity. 5 Delta De-Awners would be the recommended amount for Nepal as they could be spread out along the hill regions where they would be easily accessible to all farmers. 5 of these machines would be a good amount to export initially because the Nepalese farmers would just only want to try them out at first. This machine would not need to be exported and put on shelves in stores because of its ridiculously high price. The machines would be directly transported to villages that need the technology the most.

Transportation

To transport the Cimbria De-Awner to Nepal, A1 Freight Forwarding would be used.

A1 Freight Forwarding is a Canadian company based out of Newmarket, Ontario.

This company provides airfreight and cargo shipping from any major Canadian airport including Vancouver, Toronto, Montreal, Winnipeg, Calgary, Edmonton and Halifax (A1 Freight Forwarding, 2014). This company also offers direct air shipping to Nepal as long as the cargo is properly boxed or crated. The transportation cost would be around 1,000 Canadian dollars for the air transportation of the 228 kg machine. A1 Freight Forwarding would transport the machine by truck, to the airport for an additional cost. Nexeed Inc. is only 3 kilometers away from Winnipeg James Armstrong Richardson International Airport and the machine can easily be transported by airfreight to the capital of Nepal, Kathmandu. When the machine arrives in Kathmandu, it could either be shipped out to farms that could afford it but most likely the machine would stay in or somewhere near Kathmandu and be purchased by the government.

Issues

There would most likely be no issues related to storing this machine because it is quite small in size and could fit in any small hut or shed that the finger millet farmers may already have. The Cimbria De-Awner Type Delta 184 costs around \$13,000 Canadian, which is around 1,150,700 Nepalese rupees, with the cost of shipping included. The cost of this machine is the main issue of the export idea of the Cimbria De-Awner Delta 184 from Canada to Nepal. With Nepal's average income being so low, it may make it very difficult for Nepalese farmers to purchase and even harder for the farmers to achieve profitability. It may be much easier for the government of Nepal to purchase this machine so that the finger millet farmers

in Nepal can afford to use it in order to increase profit. A negative aspect of this machine being exported and used in Nepal for finger millet processing is that it will cut jobs for many Nepalese women. Finger millet in Nepal is traditionally harvested and processed by hand by women. With this machine, the labour on women in the millet business will be lessened but this may open job opportunities for men and women could be taught how to operate this machine as well.

Other Products

There are many other machines for processing finger millet available to purchase from closer to Nepal. Most of these machines are produced in China. They are all around the same price as the Cimbria De-Awner and if not, more expensive. While most of them are more expensive than the Cimbria De-Awner, they all have a capacity of much less than the amount of seed grain that the Cimbria machine holds. Even though the Cimbria De-Awner is so far to be shipped, the quality of it is much better than the ones available to the millet farmers, closer to home. Take the Qiaopai millet-dehusking machine produced in China for example, also shown in Table 2 below. This Chinese millet-dehusking machine costs from around \$8,000-12,000 dollars and has a capacity of 600-800 kg/hour, (Alibaba, 2014), which is not even one ton per hour. So this machine costs about the same as the Cimbria De-Awner, but has a capacity of much less millet. Many more Chinese made products are listed below in Table 2 compared to the Cimbria De-Awner.

Name	Brand Name	Price	Capacity	Location	Power Required
Millet De-Husking Machine TFXM800	Qiaopai	\$8,000-\$12,000	600-800kg/h	China	6.2Kw
Millet Dehusking Machine	Gelgoog	\$1,000-\$2,000	300kg/h	China	1.5Kw
Millet Dehusker DYX-80	DY	\$500-\$2,000	600kg/h	China	7.5Kw
Rice Dehusker	Wintone	\$2,000-\$150,000	1,000-1,500kg/h	China	7.5Kw
Cimbria De-Awner Type Delta 184	Cimbria	\$12,000	5,000-20,000kg/h	Canada	5.5-18.5Kw

Table 2: Compares the Cimbria De-Awner to other similar products from (Alibaba, 2014) made close to Nepal with respect to price, capacity, location and power required.

Recommendations for Nepal

Many recommendations can be made for the finger millet farmers in Nepal that would help resolve their issue. This product is probably not the best fit for finger millet farmers in Nepal because of the price. The price of the Cimbria De-Awner is much too high for individual farmers to purchase, so the only suitable way for Nepal to obtain this machine is for the government to purchase it for all finger millet farmers to use. So, since this machine will not be purchased by individual farmers, this will not benefit them because their production rate will increase, but every other finger millet farmer's production will increase as well because the machine will be shared and used by all finger millet producers. The machine would increase yield for the whole country of Nepal, but would not produce any larger finger millet farms because of the addition of the Cimbria De-Awner. This machine would not be the best to export to Nepal, but Nepal still needs the technology for finger millet for the above reasons. A better solution to Nepal's millet processing problem would be to purchase a machine from China for cheaper, less transportation, one that would have a smaller capacity and that would be made specifically for millets that would suit smaller millet farmers better.

Recommendations for Canadians

A recommendation to Canadian companies like Nexeed would be to, in the future, create a smaller scale machine that would be more affordable to the Nepalese millet farmers. If there were more affordable Canadian products, poorer nations would be importing a lot more of Canadian agriculture machines, for example, millet

processing machines, which a lot of poorer nations are in need of. Another recommendation to all Canadian companies that manufacture suitable machinery for foreign countries would be to start up a branch of their company somewhere in Asia. By doing this, Nepal would benefit from having access to these machines and Canada would benefit as well for it would be selling its machines to a whole new market in need of them.

Overall Recommendations

Overall, this product would not be quite as beneficial to Nepal as it was first thought to be. For one, it is too expensive for the average millet farmer in Nepal to purchase and make a good profit with it. A second reason is that the Cimbria De-Awner is most directed for the use of processing Canadian materials, and not specifically finger millet where as China produces more affordable machines specifically designed for finger millet processing. Finally, Nepal should look into purchasing a smaller scale millet machine from China, for example, one of the machines in Table 2. These machines would be more suitable for the small finger millet farmers. Possible after the purchase of the smaller machines, the farmers will make more profit, allowing them to finally purchase the Cimbria De-Awner from Canada.

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