

The Basics of Marketing Cash Hay



Growing forage as a cash crop offers producers an opportunity to achieve higher net returns from their existing land base. Whether selling to local feeder markets or exporting internationally, cash hay has become an increasingly profitable enterprise.

Market Opportunities

Manitoba hay has earned a strong reputation in both domestic and international markets. Dairy operations in Wisconsin, North Dakota, and South Dakota continue to seek high-quality hay and have proven to be dependable customers willing to pay premium prices, even with added transportation costs.

Benefits of Producing Cash Hay

Producers considering cash hay can expect several economic and agronomic advantages:

Economic Benefits

- Higher potential returns compared to grain production on the same land base
- Opportunity to increase profitability without expanding acreage
- Access to stable and growing international markets

Agronomic Benefits

- Improved soil fertility through perennial forage growth
- Reduced weed pressure
- Enhanced soil structure and long-term land health

Preparing for Cash Hay Production

Before entering the cash hay market, it is essential to conduct thorough research to ensure your operation aligns with current market demands and logistical realities. The following steps will help you evaluate opportunities and make informed decisions.

Market Research and Industry Contacts

- Consult multiple hay brokers to assess current conditions in the U.S. market.
- Speak with timothy processors to understand export potential in Japan and other international markets.

Crop-Specific Considerations

- **Alfalfa:** Review transportation costs and regulatory requirements for shipping into U.S. dairy regions.
- **Grass or Alfalfa/Grass Mixes:** Explore opportunities in the horse-hay market, both within Manitoba and in other provinces.
- **Timothy:** Given its strong performance in Asian markets, determine whether a domestic processing facility is located nearby or whether shipping to a distant plant is economically viable. Clarify available selling terms before committing.

Local Market Opportunities

- Assess feeder cattle and beef cattle markets in your region.
 - Feeder operations may purchase high-quality timothy, grasses, or alfalfa/grass blends.
 - Beef producers wintering cows may be interested in lower-quality hay.
- Local sales can reduce transportation costs and simplify logistics by avoiding long-distance hauling arrangements.
- Consider cereal and timothy straw to sell either as horse and dairy cattle bedding and feed or to ginseng producers.
- Whatever you decide, try and line up buyers ahead of time, a practice that is highly recommended by those in the business.

Is Cash Hay Right for Your Operation?

Cash hay production can be a profitable and a strategic addition to a farming enterprise, but it also comes with unique challenges. Understanding both the advantages and disadvantages will help determine whether this enterprise aligns with your goals, resources, and management capacity.

Advantages

- Provides an effective option for enterprise diversification
- Requires fewer crop inputs compared to annual crops
- Leaves residual nitrogen after stand termination
- Generates higher returns per acre than many cereal crops, reducing the need for additional land
- Protects soil from wind and water erosion
- Distributes workload more evenly throughout the growing season

- Creates summer employment opportunities for older children or seasonal workers
- Offers strong potential for high financial returns

Disadvantages

- Requires significant initial investment in specialized equipment
- Involves a steep learning curve, increasing the risk of early mistakes
- Demands longer and more intensive summer work hours
- Current crop insurance programs do not fully cover export-grade alfalfa
- Harvest windows are narrower and more weather-sensitive than grain crops
- Poor growing conditions can reduce hay quality, making the crop harder to market
- Lower-quality forage must be used or marketed each year, requiring a consistent outlet

Tips for Finding Customers

Successful hay marketing begins with producing a high-quality product and building strong market visibility. The following strategies can help expand your customer base:

Marketing and Outreach

- Focus on producing and protecting top-quality hay—your most effective marketing tool.
- Consider working with hay brokers, who often have extensive market knowledge and can secure better prices while handling transportation logistics.
- List yourself on as many online seller directories as possible. Manitoba Agriculture offers an electronic listing through local advisors.
- Search online for domestic and international buyer lists and contact potential customers directly.
- Access the World Dairy Expo buyer list in Madison, Wisconsin.
- Advertise in local, provincial, and international farm publications.
- Promote your hay through personal outreach—calling prospects, attending forage events, and networking locally.
- Use local or U.S. auction marts to sell hay and build new contacts.
- Strong business practices are essential for maximizing returns and maintaining long-term customers.

Pricing and Transparency

- Know your production and shipping costs to set accurate prices.
- Monitor market prices through brokers, newspapers, online listings, and industry contacts.
- For U.S. sales, quote prices in U.S. dollars per imperial ton, including delivery details and loading terms. Pre-priced loads sell more quickly than negotiable ones.
- Always deliver exactly what you promise—honesty builds repeat business.

Risk Management

- Check customer credit history and payment reliability.
- Request advance or partial payment by certified cheque when appropriate.
- When using a broker, compare commission rates but also consider reputation and reliability.
- Verify that brokers are financially stable and committed to long-term business relationships. Certified-cheque advance payments can reduce risk.

Shipping to the United States

Exporting hay to the U.S. requires careful planning and an understanding of transportation options.

1. Commercial Transport

- Often the most economical option, especially when truckers seek back-haul loads.
- Potential drawbacks include limited truck availability, reluctance to haul hay due to fire or load-shift risks, and requirements for tarping open loads in the U.S.
- Some truckers may not load/unload or may be unreliable with timing.
- Always check references to avoid service issues.

2. Rail and Piggyback Options

- Direct rail shipment is usually too costly unless delivering to major distribution centres.
- A piggyback system—shipping a loaded trailer by rail to a hub, then trucking it to the final destination—can be cost-effective for long distances.

3. Hauling Your Own Hay

- Owning or accessing a tractor-trailer allows for personal delivery and direct customer interaction.
- Farm-plated vehicles cannot back-haul, making long-distance trips less economical.
- Check if duty is charged on hay entering the U.S.
- Pre-travel requirements include:
 - Mileage log book (maximum 11 driving hours per day)
 - Fuel log book
 - Amber fuel (purple fuel carries fines up to \$2,000)
 - Required permits
 - U.S. currency (recommended)
 - Additional medical insurance (recommended)

For detailed U.S. driving regulations, consult the Federal Motor Carrier Safety Administration at www.fmcsa.dot.gov.

Permits Required to Haul Hay in the U.S.

DOT Number

Required by each state's Department of Transportation to ensure safety regulations are met. Must be displayed on vehicle. No fee for farm-plated vehicles. Minnesota: 651-291-6150; North Dakota: 701-250-4346.

IFTA Registration

International Fuel Tax Agreement requires all carriers to register. Registration decal must be displayed on vehicle; registration must be carried in cab. Annual fee of \$65 and \$4 per set of decals. Phone: 204-945-3194 in Winnipeg or 1-800-782-0318.

Liability Insurance

Manitoba minimum is \$1 million on tractor trailer units carrying non-dangerous goods. Some states require proof of liability insurance and additional coverage. Contact your MPIC agent.

Manitoba Safety Inspection

Vehicles must be safety inspected in Manitoba. Contact your MPIC agent for inspection outlets.

Medical Examination and Certificate

Certificate forms available from the Manitoba Trucking Association, 25 Bunting St., Winnipeg, R2X 2P5. Phone: 204-632-6600.

Minnesota Hay Permit (over-width/overweight loads)

Annual fee of \$24 U.S. per bale type, or \$20 per trip (five days). Phone: 651-405-6000.

North Dakota Hay Permit (over-width/overweight loads)

Permit only required for out-of-dimension loads. Seasonal fee of \$50, or \$20 per trip. Phone: 701-328-2621.

NAFTA Certificate

Cost of \$25 per year. Requires services of a customs broker; check the yellow pages.

Drug Testing Card

Required by truckers to cross the U.S. border. Call 204-633-7439 in Winnipeg for information.

Permits Required by the U.S. Bioterrorism Act

To protect the country from threat of international terrorism, the U.S. Bioterrorism Act, which took effect December, 2003, requires the following:

- If you are brokering hay, or shipping your own hay, you must register with the U.S. Food and Drug Administration (FDA) under the Registration of Food Facilities regulation. Phone: 301-575-0156. Website: www.fda.gov/oc/bioterrorism/bioact.html E-mail: furlis@fda.gov
- Whether you are a broker or an individual shipping your own hay, you must also give prior notice to the FDA before you ship. Use contact information above.

Please note that the above information was accurate at the time this publication was printed, but may be subject to change.

U.S. Highway Regulations

- Over-dimension loads must be flagged with 18-inch square flags (red, orange or yellow).
- Mirrors must extend past load width.
- Each row of bales must be strapped from front to back.
- Night hauling of round bales or over-width loads is not permitted.
- In Minnesota:
 - Round bales must be hauled with flat sides facing front and back.
 - Over-width loads are only permissible at certain times of the year.
- Maximum gross vehicle weight is 80,000 pounds.
- Contact the Department of Transportation for each state you will be travelling through for further details on transportation regulations specific to that state.

Contact Us

This fact sheet was developed by the Manitoba Agriculture Livestock Specialist.

For more information, contact the department:

Online: www.manitoba.ca/agriculture

Email: agriculture@gov.mb.ca

Phone: 1-844-769-6224