



REPORT G5176/1
MARKET STUDY

DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA ONTARIO

MARKETING STUDY OF CANADIAN
FORESTRY MACHINERY AND EQUIPMENT
IN THE SOUTHEASTERN UNITED STATES

DATE: . 23 AUGUST 1982

SUMMARY

1. The Department of External Affairs, Ottawa, Ontario commissioned Sandwell International Incorporated to conduct a marketing study of forestry machinery and equipment in the southeastern United States to determine potential markets for Canadian manufactured equipment.
2. The availability for harvesting of large volumes of southern pine timber and its rapid regeneration rate have attracted the forest products industry to the southeastern United States. This area should sustain continual industry growth until the year 2000.
3. High taxation rates on timberlands and ownership speculating in timber values have changed the character of typical timberland ownership in the last ten (10) years. The typical landowner now employs intensive silvicultural management practices, such as pre-commercial and commercial thinnings, pruning, and artificial regeneration with genetically superior trees, in order to maximize the yield and quality of their timber. These silvicultural methods have generated a need for small, highly mobile, multi-purpose harvesting machines.
4. Harvesting methods have also changed in the last ten years because of the lack of available personnel, the high costs of labor, and the desirability of higher production rates. Timber is now being harvested as whole stems and transported to a log processing area to select the maximum yield of each stem. The average diameter of a harvested tree has decreased because new technology has made practical the utilization of smaller sized trees and because present silvicultural methods produce more smaller trees.
5. The stumpage costs for southern pine timber are expected to increase significantly during the next ten (10) years. The combination of smaller trees, high labor costs, and increasing stumpage costs will affect the harvesting equipment selection. Smaller mobile equipment with shearing devices, accumulation attachments, and other labor saving devices will be required. Conversion equipment must be capable of processing small logs at higher speeds and convert, more efficiently, timber with more taper.
6. No reasons were found why Canadian manufactured forestry machinery and equipment could not obtain an increased market share in the southeastern United States. While there are no import quotas on machinery or equipment, there is a duty assessment on some classifications. The favorable exchange rate between the Canadian and American currency will more than pay for the duty assessment where it is applied.