FORESTRY SECTOR : QUESTION #4

A) What advantages does the Canadian sector have over the US forestry industry for exporting to Mexico?

Background:

Supply of Wood:

Canada-

Canada has a relatively large supply of wood compared to either the United States or Mexico. While the annual harvest is approaching the Allowable Annual Cut limits, with improved economic conditions, many marginal areas would become accessible through reduced real cost of logging in remote areas, or with an improvement in technology.

There is considerable possibility for increased harvests of hardwoods. The harvest cut was less than the Allowable Annual Cut by 40 million cubic metres.

United States-

The United States Pacific Northwest will be perhaps limited in terms of total timber harvestable as a federal inter-agency committee has recommended that 3.4 million hectares be withdrawn from the commercial fibre base. This is expected to result in the decrease in annual harvests by 43% of 1985-1989 average.

The US harvests will come increasing from private lands and not public lands, this is particularly true for hardwoods. By 2010, the softwood plantations of southwestern United States will become harvestable. This could result in a decline of the total harvests of the United States in the interim.

Mexico-

Mexico's forestry sector suffers primarily from the structure of land tenure, Ejidos,- farms the size of small commercial plots and due to the Mexican lore of business having no right to this land, it will be very difficult to get full productive use out of these lands. In addition, this land holding system precludes long term contracts and thus creates significant uncertainty in the value of output. No significant changes in Ejidos system is expected soon. The yields of wood is very low, as low as 1.24 cubic metres per hectare per year. Deforestation is as a significant problem for the sector.