FORUM

WHERE ARE THE MARKETS FOR FARM POPLAR ON THE NORTH COAST?

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Four recent studies have concluded that poplars (*Populus sp.*) would be a profitable farm enterprise in suitable locations on the North Coast.[1] A review of these studies suggests that they neglected important determinants of profitability and that the conclusions are inappropriate.[2]

Only one study, by Schaefer, attempted an assessment of market prospects. His survey of forty-five plywood firms in Australia found that none were prepared to accept poplar and the Australian Plywood Association was "dubious" as to its suitability for plywood. He suggested that the market prospects for poplar must be based on the hope that log imports would diminish and force structural and commercial plywood manufacturers to use poplar. Even then they might instead use *Pinus radiata.*

Despite these findings Schaefer proceeded with farm enterprise analyses basing his price for poplar on prices being paid for alternative species and the likely costs of plantation production. The three subsequent studies assumed similar prices without specifying markets. In view of the doubts about markets initially cast by Schaefer their subsequent neglect is unfortunate. Before the results of the studies can be accepted by landholders or for policy purposes, it is clear the question of markets has to be resolved.

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[1] OGILVIE, W. L., "Economic Aspects of Integrating Poplar Growing with Beef Production on the North Coast of New South Wales", *Aust. For. Res.*, 5 (1): 37–46, 1970; RAMASAMY, V. and SINDEN, J. A., "Flood Mitigation versus Poplar Growing as Alternative Public Investments: A Case Study", *J. Aust. Inst. Agr. Sci.*, 38 (3): 182–185, 1972; SCHAEFER, N. T., *Commercial Potential of Poplars on the North Coast of New South Wales* (University of New England: Research Series in Regional Development, No. 3, 1969); SINDEN, J. A., "Poplar Growing and Farm Adjustment on the North Coast of New South Wales", *Rev. Mktg. Agric. Econs.* 38 (3): 121–136, 1970.

[2] STANDEN, B. J., *The Economic Potential for Private Forestry on Agricultural Land on the North Coast*, (N.S.W. Department of Agriculture, Wollongbar Agricultural Research Station, 1972).

Existing veneer mills are geared to the production of face veneers from native scrub timber transported considerable distances and are not apparently equipped to handle the type of logs from poplar plantations. Existing equipment is designed to peel high value logs of highly variable size at a relatively slow rate. Poplar logs are of a uniform size with few faults and efficient peeling requires a high rate of throughput and recovery. For these reasons it seems that poplars for veneering would require the establishment of specialized mills close to the source of supply.

Is there potential for a specialized veneer mill to operate profitably, given expected product prices, and pay prices that would attract sufficient raw material? No studies which could answer this question appear to have been made in Australia. Costs for existing veneer mills bear no relationship with those for peeling plantation poplar. Any assessment of costs of peeling plantation poplar would first require a major design study.

Some veneer manufacturers and wood technologists doubt that a poplar veneer mill could be profitably established on the North Coast because of the economic pressures that veneer and plywood industry is under in Australia. The industry is sheltered behind high tariffs from imports but there is the feeling in the industry that this level of protection is under review and could be reduced to increase trade with countries such as Papua-New Guinea. Significant tariff reductions would place local manufacturers of structural and commercial plywood at a serious competitive disadvantage. These economic pressures and prospects are sufficiently real for some existing manufacturers to postpone replacement of obsolete machinery.

Even with the potential for a profitable veneer mill would the 2,500 acres needed to support a mill of sufficient size to achieve reasonable economies be planted? Most probably an integrated plantation-processing corporative venture would be necessary to assure sufficient raw material. The market for small growers would then depend on the policy towards outside purchasing.

Other aspects of poplar production needing clarification are the growth rate and yields attainable on the North Coast. A local basis for growth rate predictions was used only by Schaefer who used yields based on 8-year-old thinnings from sections of one plantation. Predictions would be more reliably based if observations on growth rates over mature plantations and on different sites could be made to check these early predictions.

A very recent phenomenon which threatens the main poplar species in N.S.W. is the rust *Melampsora medusae*. Its effects have yet to be determined but until they are, the profitability, indeed feasibility, of poplar growing on the North Coast will be cast further into doubt.

Before any more studies are made of the farm economics of poplar growing on the North Coast more favourable and substantial evidence should be available about such basic determinants of profitability as markets and growth rates. They are in sufficient doubt at present for poplar growing to be unacceptable to most landholders despite the urging of some economists.