

PUBLICATIONS

1992

FIELD DAY REPORT - 1992

**Texas A&M University Agricultural Research and
Extension Center
at Overton**

**Texas Agricultural Experiment Station
Texas Agricultural Extension Service**

Overton, Texas

April 30, 1992

Research Center Technical Report 92-1

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DEVELOPING NEW MARKETS FOR TEXAS HARDWOODS

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Background. Industry is not aware that Texas markets exist for National Hardwood Lumber Association (NHLA) graded lumber production. Thus, high quality hardwoods are marketed for use in lower valued products, greatly reducing potential stumpage price values paid to timberland owners.

The objective of this study was to show there is a demand for NHLA graded lumber by Texas' cabinet and furniture manufacturers and that they would purchase Texas produced NHLA lumber if it met quality requirements. The purpose was to stimulate the development of new NHLA lumber production mills in East Texas.

Research Findings. A survey questionnaire was mailed to over 600 Texas' cabinet and furniture manufacturers to identify the demand for Texas produced NHLA graded lumber. Information was requested concerning the species purchased, machining and drying requirements, location from which they were currently purchasing their lumber and if they would buy Texas produced NHLA graded lumber. They were also asked to provide employee and payroll information and project their future demands for such material.

Ninety-six companies returned the survey. Only six surveys were returned because of no forwarding address. Thus, most of the 642 contacted companies were still in business despite the current poor economic conditions in Texas.

The average number of people employed by those firms reporting was 35 during the year 1985 and 37 for 1990. Assuming that those companies reporting represent the normal distribution of all companies, this industry employs around 24,000 people with an annual payroll of 317 million dollars. They purchase around 334 million board feet of kiln dried NHLA graded lumber and dimension stock annually. The demand for rough versus finished lumber is about the same.

The major species purchased are red and white oak and ash. They also use gum, walnut, beech and basswood. All these species are grown in East Texas. However, Texas walnut is usually rejected due to color and defects. Most firms projected an increased use of the most popular species. Only seven firms projected a decrease for a particular species. A majority of respondents projected increased demand of 5 to 15 percent for oak and ash by the year 1995. Twelve firms projected increased demand of 51 percent or more.

Sixty-six reporting firms said they would purchase NHLA graded lumber produced in Texas. Only three firms said they would not buy Texas produced NHLA graded lumber. Most firms, however, specified that the quality and price would have to be competitive. Prices paid for oak and ash by the reporting companies are certainly in a range to allow excellent competition from East Texas producers. The required quality can also be achieved by those who understand hardwood sawing for grade and proper kiln drying techniques.

Application. Results of this study suggests that there is a need to expand current NHLA graded lumber production in East Texas. Currently only a few small mills are producing this type of hardwood lumber. Adding new mills will have a significant economic impact on helping to revitalize East Texas rural communities. New employees will be needed to help run the mills, to locate the required high quality trees, to harvest and haul the logs to the mills and to deliver the final product to cabinet and furniture plants. In addition, timberland owners will receive significant stumpage price increases for their high quality hardwoods. The study results have been presented to key leaders, chamber of commerce personnel and local industrial development council members at Palestine, Jasper, Mt. Pleasant and Marshall.

Further research into the feasibility of new hardwood sawmills is needed. Many questions concerning start-up and operating costs, efficient size of operation to capture economics, institutional barriers, and specific marketing challenges need to be addressed to insure the success of these suggested new businesses.