

The advantages of Canadian sellers in the used HDD market

Low dollar among factors making Canadian drills attractive to U.S. buyers

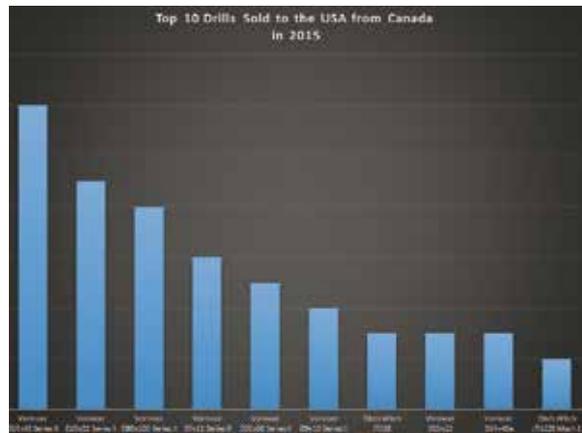
BY RENÉE MARTIN

Canadians have several distinct advantages when it comes to selling used HDD equipment into the USA. Surprised? Don't be. The current buying power of the U.S. dollar, the ease of export, and an increasing demand for pre-owned equipment make Canadian drills a viable and attractive option for American buyers.

While still turbulent, the U.S. economy has been strengthening, notably in the second half of last year. EDC Economics has forecasted that U.S. housing starts will grow by 24 percent in 2016 and the construction sector will be a main growth driver for the next three years. Google Fiber projects started slower than anticipated but expansion plans now include several cities. Poised to become a lucrative application segment, fibre and telecommunication cable deployment has created a noticeable bump in demand for mid-sized drills and a scarcity of inventory for urban-friendly mini-drills. Indeed, at HDD Broker, we have seen a 38 percent increase in used drill sales under 30,000 pounds compared to last year. American buyers are starting to look outside of their local territories to fill the need, particularly when they want to source harder-to-find, affordable units. The Canadian marketplace may help close the gap in inventory.

Certainly shopping in Canada is more affordable when you have U.S. funds to spend. While most Canadians cringe when they hear the USD/CAD exchange rates (0.74 CAD/USD at the time this was written), that same rate gives Americans substantial buying power in Canada. For example, a 2012 Vermeer D60x90 listed at \$348,933 CAD would have cost an

American buyer \$299,000 USD in January 2015, but only \$261,240 USD today – a considerable savings of \$37,760 USD. Funding has become easier too. American companies used to encounter obstacles obtaining financing when the equipment was located outside the USA, however some finance companies will now offer reasonable terms to U.S. buyers, contingent on serial number verification and site inspections. As a result, U.S. buyers with secured financing can readily broaden their search to Canadian options.



*Per HDD Broker Data: December 2014 to November 2015 inclusive.

Once a drill purchase has been made it needs to be imported into the States. Surprisingly, it is a fairly straightforward process, and arguably easier than shipping northbound into Canada because the U.S. importer does not have to contend with GST costs or Registrar of Imported Vehicle regulations. Indeed, a Canadian seller does not have to charge the buyer GST; it is considered “zero-rated” due to export. An experienced freight provider and a customs broker can help navigate the process. They can also determine the best tariff codes and generate documents that will often include commercial invoice, bill of lading and EPA

documentation. Provided the equipment was manufactured in North America it will qualify under the North America Free Trade Agreement (NAFTA) and will not be subject to duty (a certificate of origin or manufacturer's affidavit will need to be provided). Shipping costs can vary, but are generally around \$1,000 to \$3,000, depending on the distance and shipping lanes. Customs fees are usually no more than \$250 depending on the value of the drill. American buyers purchasing drills in Canada may therefore benefit from low-cost importation, no duty or GST, and relatively affordable shipping fees.

From a Canadian seller perspective, it makes sense to market your equipment broadly. But how do you reach the American marketplace? eBay and Craigslist can work well, or you can list on more industry-specific websites such as HDD Broker. Since most U.S. buyers will not be able to personally inspect the drill, be sure to provide full and complete details including relevant maintenance and owner history. Buyers will be particularly keen to see photos and video of wear items like the rack and chains, frame,

tracks, hydraulic pumps and motors, slides and bushing, and pipe. Many Canadian drills have higher hours due to idle time, so be sure to note this since some buyers will not be familiar with cold-weather operations.

With local inventory not entirely meeting demand, favourable exchange rates and straightforward border-crossing process, Americans are increasingly looking north to find equipment. Are you ready to sell? **GUI**

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