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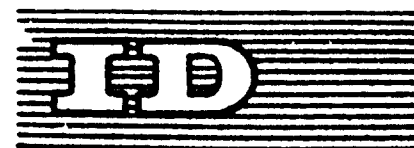
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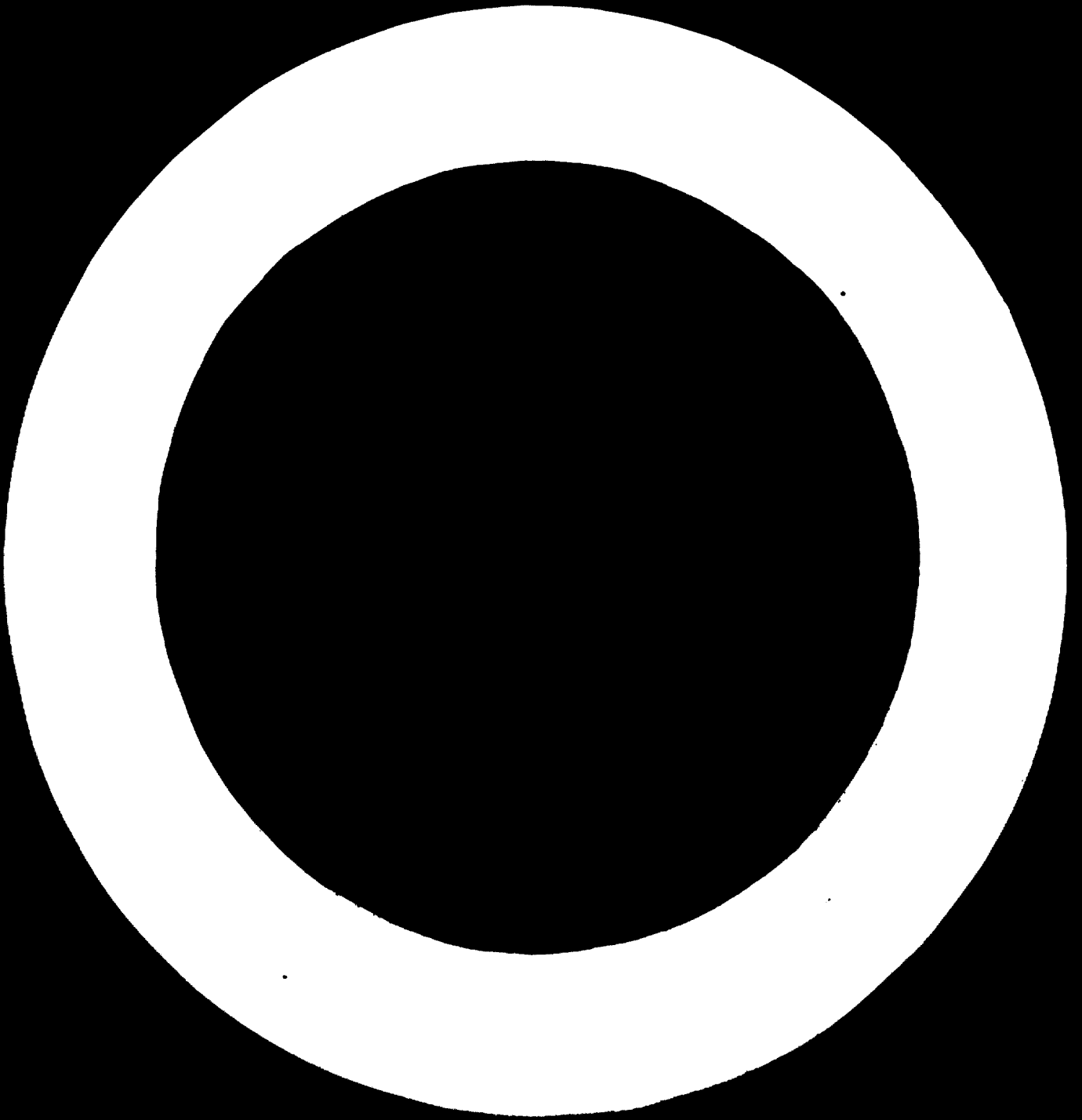
WOOD PROCESSING INDUSTRY IN CHILE<sup>1/</sup>

country paper prepared  
by

Mr. Jorge Humbser Elizade  
Manager  
Muebles Humbser S.A.  
Santiago, Chile

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This brief account of the wood processing industry in Chile is divided into four parts:

- A) Forests
- B) Sawmills
- C) Industries, and
- D) Auxiliary elements

#### A. - Forests

In general, there are natural and artificial forests in Chile. The first group comprises those producing native timbers such as: Lingue (*Parsea lingue*), araucaria (*Araucaria* - family Pinaceae); alerce (*Alerce* - *Fitzroya patagonica*), coigue (*Coigue* - *Nothofagus Dombeyi*, raulf (*Rauli*-*Nothofagus procera*). etc.

These forests cover a considerable area, presently estimated at 10,000,000 hectares, and located mainly in the central and southern Zones of the country.

The irrational exploitation of these forests has brought about, unfortunately, a scarcity of native timber which will be felt acutely in the coming years.

The second group of forests - artificial - represents an area of 6,000,000 hectares and practically have been reforested with pines (*pinus radiata*) which grow rapidly, cutting cycles being about 16 to 18 years.

#### B. - Sawmills

There are large mechanized sawmills in the south of the country, whose estimated production is 1,305,000 m<sup>3</sup>. The most decisive problems encountered by this activity are those of a socio-economic nature. However, the future of the sawmills is quite promising due to the increasing demand of consumer goods in Chile.

C. - Industries

There is a great number of industries which manufacture furniture, parquet, prefabricated houses, doors and windows.

Owing to the above-mentioned problems, operations are carried out with many difficulties, hampering, in addition, the development programs due to the uncertainty of the area to which the lumber concerns will be incorporated.

Labour problems impede, at present, hiring more personnel as well as delay the desired accelerated development of the industries.

In general, the current and small industries have their own production methods, machinery and commercialization system. Fortunately, an industrial integration movement is arising, in order to meet successfully the competition of the Andean Market, which is a challenge for Chile.

From a technical viewpoint, with the exception of very few modern equipment in each factory, the machinery, in general, is obsolete. The payment of high customs duties delays its modernization.

Future possibilities are plentiful since the purchasing power is continuously increasing. This fact will urge the lumber enterprises to absorb demand with low-cost and good quality products.

There are no problems with regard to designs, since the Chilean industry under existing export controls, delivers products of very good quality and taste.

D. Auxiliary elements

Under this item are those industries which produce auxiliary products used in the manufacturing processes.

These elements comprise particle boards, fibreboard and plywood.

In general, the country is well supplied with these products and future demand is expected to increase as they are valuable time-saving elements.

"ASIMAD"

The Asociación de Industriales de la Madera - ASIMAD - (Association of Lumber Industries), with the main office in Santiago, groups the lumber manufacturing sectors. This institution, organized 35 years ago, has brought forth before the government authorities the acute problems affecting this industry and has proposed solutions contemplating present and future activities, chiefly those related with furniture.

A matter continuously being considered with the Housing Ministry is the market competition which affects parquet, doors and windows by the use of other materials (plastic floors, and aluminium and iron frames for windows).

Solutions are, naturally, sought and a recent campaign has been made to intensify the use of lumber in the national industrialization plans in direct relation with the reforestation policy that is being implemented, although slowly.

The furniture market is related with the purchasing power of the public consumers and, therefore, its incrementation is being studied together with the government technical services, and economic policies will be carried out to stimulate purchases. Massive purchases will open a field for greater manufacture in series, with the consequent cost reduction of the product.

However, this is not the principal factor, since there are many others affecting costs which are not exclusive of the lumber sector. For instance, the percentage of manual labor employed in the manufacture of furniture is higher than in any other workmanship.

On the other hand, taxes render it impossible, until now, to obtain a substantial cost reduction.

Technical aspects

In this connection, it is necessary to point out that, because of the scarcity of modern dryers, factories face serious problems in grading raw materials in line with international requirements, therefore, dilatory methods must be applied.

In addition, the equipment is generally inadequate because some of the manufacturing industries are skilled in only basic types of products, which is entirely insufficient to meet the requirements of modern manufacturing techniques.

Despite all the problems exposed, the furniture industry in Chile manufactures first class products of different styles that are sent out to the consumers.

Finally, it must be noted that this industry is far from being monopolist since all the manufacturers compete among themselves.

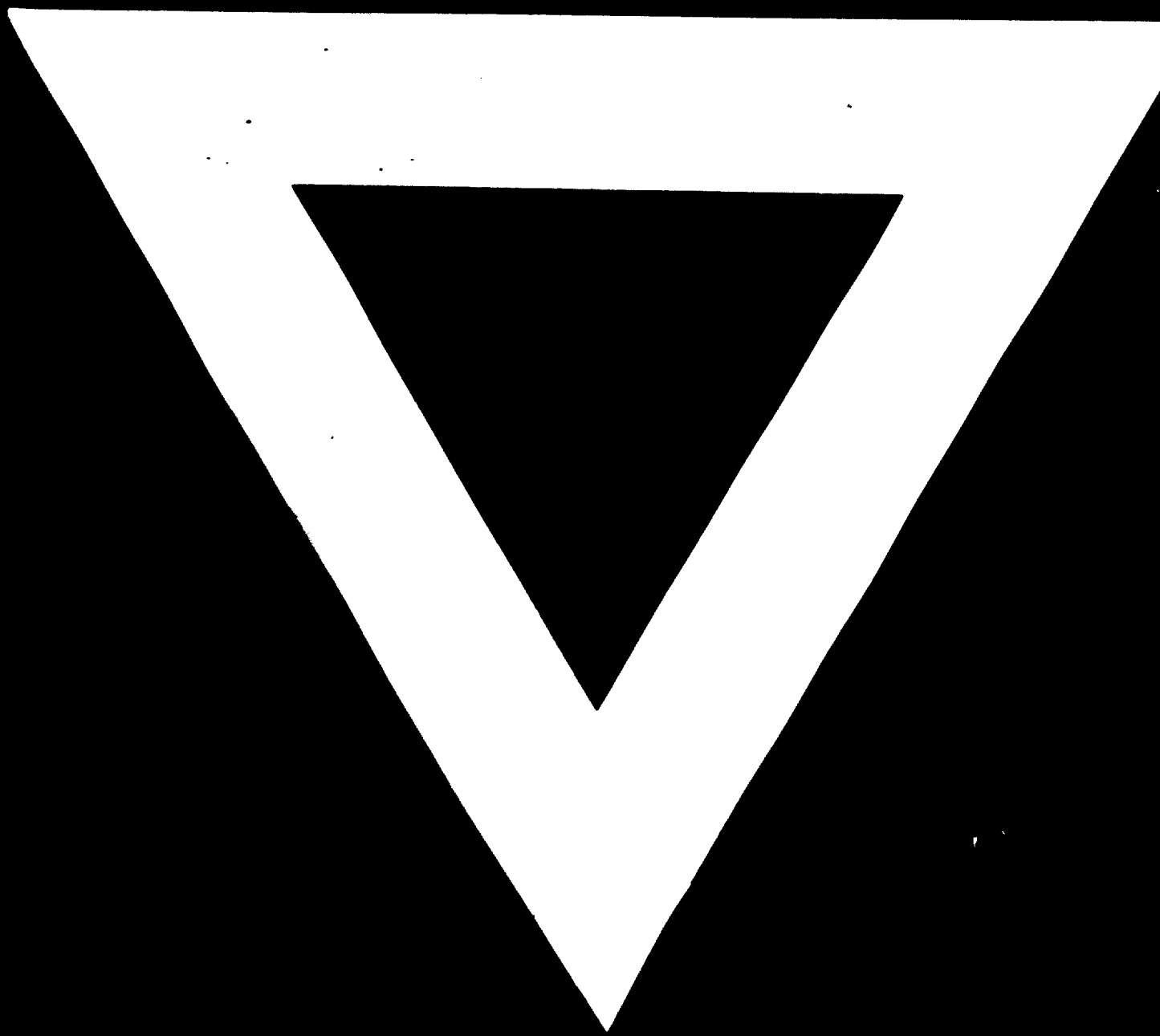
Considering that the raw materials come from different species, their prices suffer fluctuations which affect manufacturing costs every time that their elaboration process begins in the forest and ends in the factories.

In spite of all the adverse factors analysed above, which will be overcome in the future, the Chilean furniture industry maintains its effectiveness and has exported successfully overseas.

Summarizing, it can be stated that the lumber industry in Chile requires to modernize its equipment, so as to obtain greater production at lower costs. Also, considering the stage from the sawmills to the manufacturers, it is most important that the industry be provided with modern dryers to avoid lumber losses and to obtain a high quality product enabling competition in foreign countries.







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