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THE FURNITURE AND CABINETMAKING INDUSTRIES IN ECUADOR

Country paper

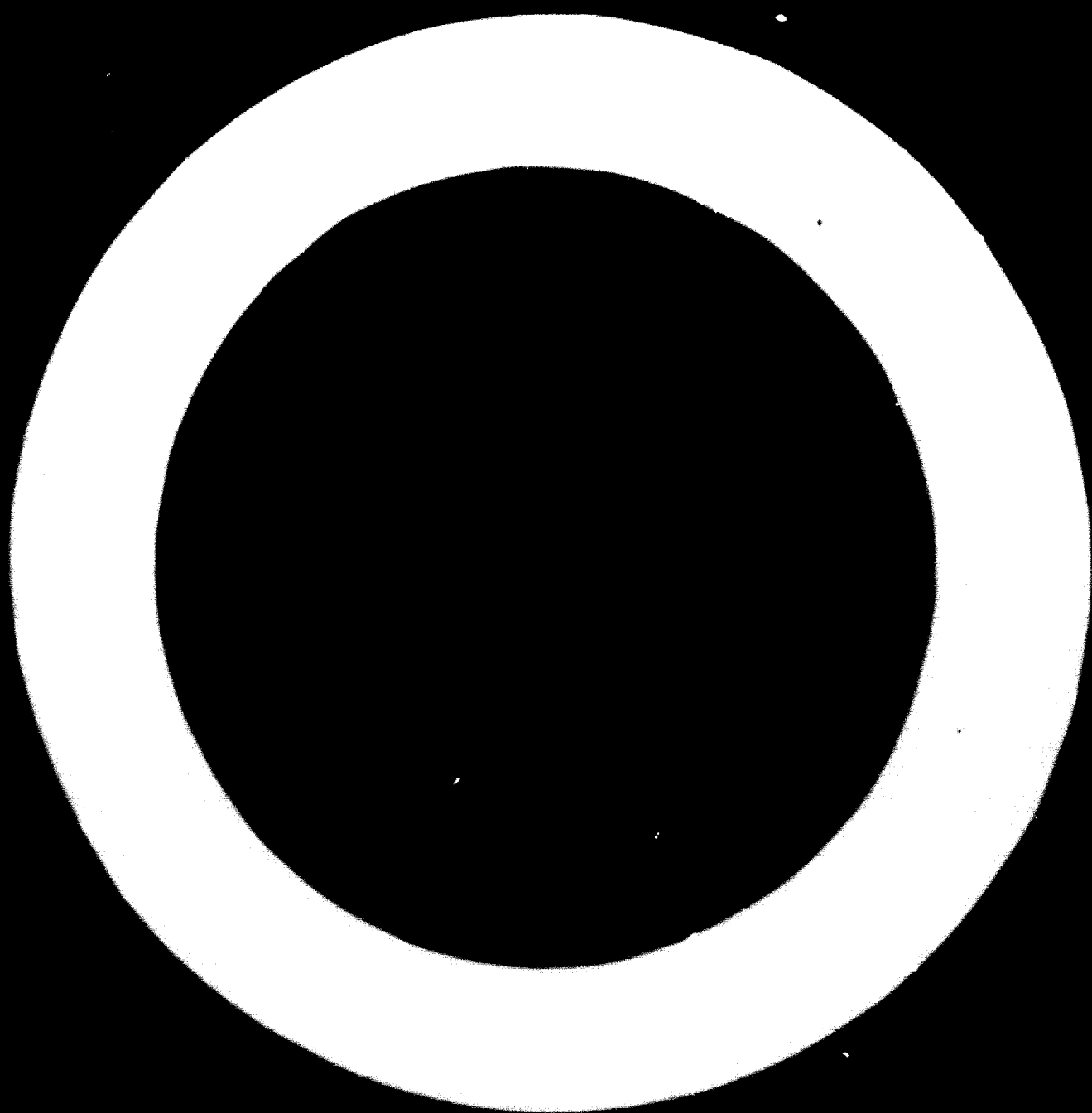
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Ecuador is located on the north-west coast of South America:  $1^{\circ}30'$  North latitude;  $6^{\circ}3'$  South latitude;  $75^{\circ}10'$  East longitude and  $81^{\circ}1'$  West longitude; with an area of 270,600 km<sup>2</sup>, including the Galapagos Islands. In spite of being on the equator, it has a very mild climate owing to the influence of the Humbolt Current, but above all because of the Andes which determine the formulation of very distinct ecological zones ranging from the hot humid and hot dry to the ice of the perpetual snows in the mountains, some 6,000 metres above sea level. Consequently we can claim that Ecuador has all types of climates in its small territory and the widest variety of landscape and vegetation in the world.

It has a population of 6,598,000 inhabitants, 24 % of whom live in the main cities: Quito, the capital, 2,850 m above sea level 575,000 inhabitants; Guayaquil at the mouth of the River Guayas, 879,000 inhabitants; Cuenca, 2,550 m above sea level 81,000 inhabitants; Ambato, 2,700 m above sea level, 80,000 inhabitants.

In general terms the population of Ecuador is 65 % rural and 35 % urban.

### The furniture industry

A successful diagnosis of this industry as well as the present cabinet-making industry would be difficult owing to the lack statistics and the fact that the manufacture of furniture has always been in the hands of craftsmen at a poor economical and technical level despite industrial skills. Consequently the following summary will be general, but realistic.

### Raw material

Almost 100 % of the materials come from natural woods in the hot zones of the country. Ecuador has about 16 million ha of natural woods for immediate use in various sections of the country, mainly on the north-west coast.

Despite the great forest capacity, there have been no detail inventories yet. It is estimated, however, that there are over 200 species, of which 20 are used in furniture and interiors.

The main species used in furniture are: Nogal (*Juglans Nigra*), Guayaacán (*Tabelinia Guayaacán*), Canelo Negro (*Nectandra Spp.*), Laurel (*Cordia allis-dora*), Bálsamo (*Humiriastrum procerum*), Roble (*Terminalia Spp.*), Amarrillo (Yellow Species unknown), Cedro (*Cedrella Spp.*). All these woods are of the highest quality.

### Processing

The material produced is processed in lumber yards and plywood factories, there being about 160 lumber yards in the country which handle about 600,000 m<sup>3</sup> annually. It is also estimated that a similar amount is prepared by hand, which will give a total of 1,200,000 m<sup>3</sup> of material.

The processing techniques are very primitive in most instances; only flour lumber yards can be considered modern and only two of them have totally integrated their production. Almost all lumber yards shut down during the rainy season as they do not have any modern means of bringing the wood in from the forest. Furthermore, the machinery and equipment used are usually rough and rudimentary which results in a large waste of wood and very often a low quality product. The lumber recovery per log is scarcely 40 % or 30 %. There are two plywood factories which produce 20,000 m<sup>3</sup> a year of which 3,000 m<sup>3</sup> are exported.

### Raw material quality

Most of the wood species used in the furniture industry have acceptable characteristics, however, only 2 % of the raw material is suitably treated for use in furniture, excluding plywood.

The main deficiency is excess humidity and the lack of preservation to prevent fungus and xylophagous insects. This is due to the fact that most furniture is made by craftsmen as mentioned above, who are unable to invest in expensive drying and preservative equipment. At present there are only

8 wood plants with kilns.

### Size and location of enterprises

Of the numerous workshops only four have reached an industrial level and of these only one can be considered really industrial. Its products are exported as furniture to the U.S.A. (5 % being sold on the domestic market and 95 % on export markets).

Most of these business are located in the main cities to be near to consumers and suppliers, as well as public utilities (electricity and transportation). Industrial integration is restricted by limited transportation, energy, techniques, etc.

### Design

Most companies follow foreign designs taken from imported catalogs; only a few of them have their own designers. There are a few companies that have specialized in a certain line (classic or modern), but there is not any line which could be called native.

### Labour

The lack of training is one of the restricting elements. Approximately 90% of the labour force relies on techniques being handed down; special centres, crafts are taught there. Recently the government organized proficiency centres, but the results remain to be seen. The work is mostly done with hand tools. The use of small machinery, electric or similar, is limited due to high costs. Furniture manufacturing is done in about 2,400 establishments in the urban areas of the country. Of these, 20 have 20 or more workers, of which only 7 have an annual turnover of 4,000 dollars; 5 sell about \$ 20,000 or \$ 40,000 per annum and 3 sell over 40,000 dollars a year.

The labour force comprises: 3,200 labourers; 1,200 unpaid relatives of the workers; 790 staff; 2,550 owners and partners, giving a total of 7,740 people.

### Consumers

The economically active population of the country is 1,293,550 (rural areas) and 825,700 (urban area) of the economically active urban population. 8 % have an income of over 1,440 dollars per year (annual per capita income: 220 dollars); from this fact we can conclude that the market for high-quality furniture is very limited. As a rule, in view of purchasing power demand is restricted to low-cost furniture. Unfortunately there are no statistics which would permit evaluation of annual sales volumes.

We can also say that prices are a little high when we consider the economic means and the quality of the goods. However, as a result of urban growth there has been a considerable increase in demand which is forcing crafts-men to use modern systems. Business is done directly to order or on contract. The companies that have sales reserves are very few and volume is directly related to the economic level of each company.

### Future prospects

The purchase of wooden goods is tending to increase considerably, even more so if prices are adjusted to the consumers' means. Ecuador's natural resources are large enough to provide raw material for a long time. Besides, offering an economic improvement in general, the recent discovery of oil in our Amazon zone and the new roads open up the enormous woods of the Amazon jungle with all its wealth. The opening of new regional markets through the Andean Pact offers us a good opportunity to develop our furniture and wood industry in general, since special terms have been granted to these industries in the pact.

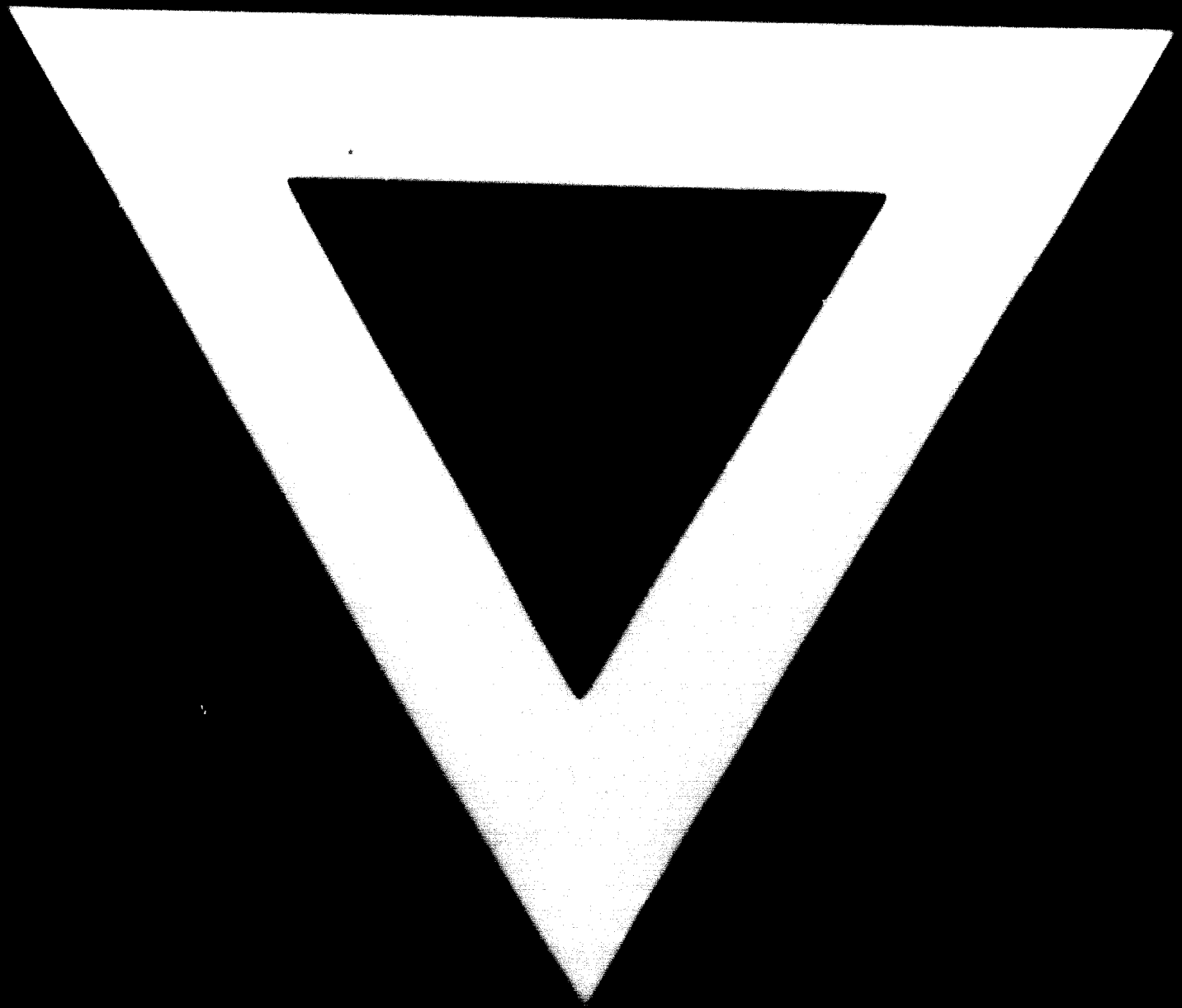


Need for technical assistance

As mentioned above the furniture industry in Ecuador has developed poorly. The organization and utilization of the valuable human and natural resources in this process would be a difficult task without qualified and efficient technical assistance at all levels of this industry, specially where engineering and production economics are concerned.

It is necessary to identify the needs of developing industries which can use the most workers possible, at the same time ensuring better participation of the individuals either by setting up co-operatives or worker-managed enterprises after they have been given proper training and effective technical assistance.





**15. 7. 74**