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THE FURNITURE INDUSTRY IN 1/

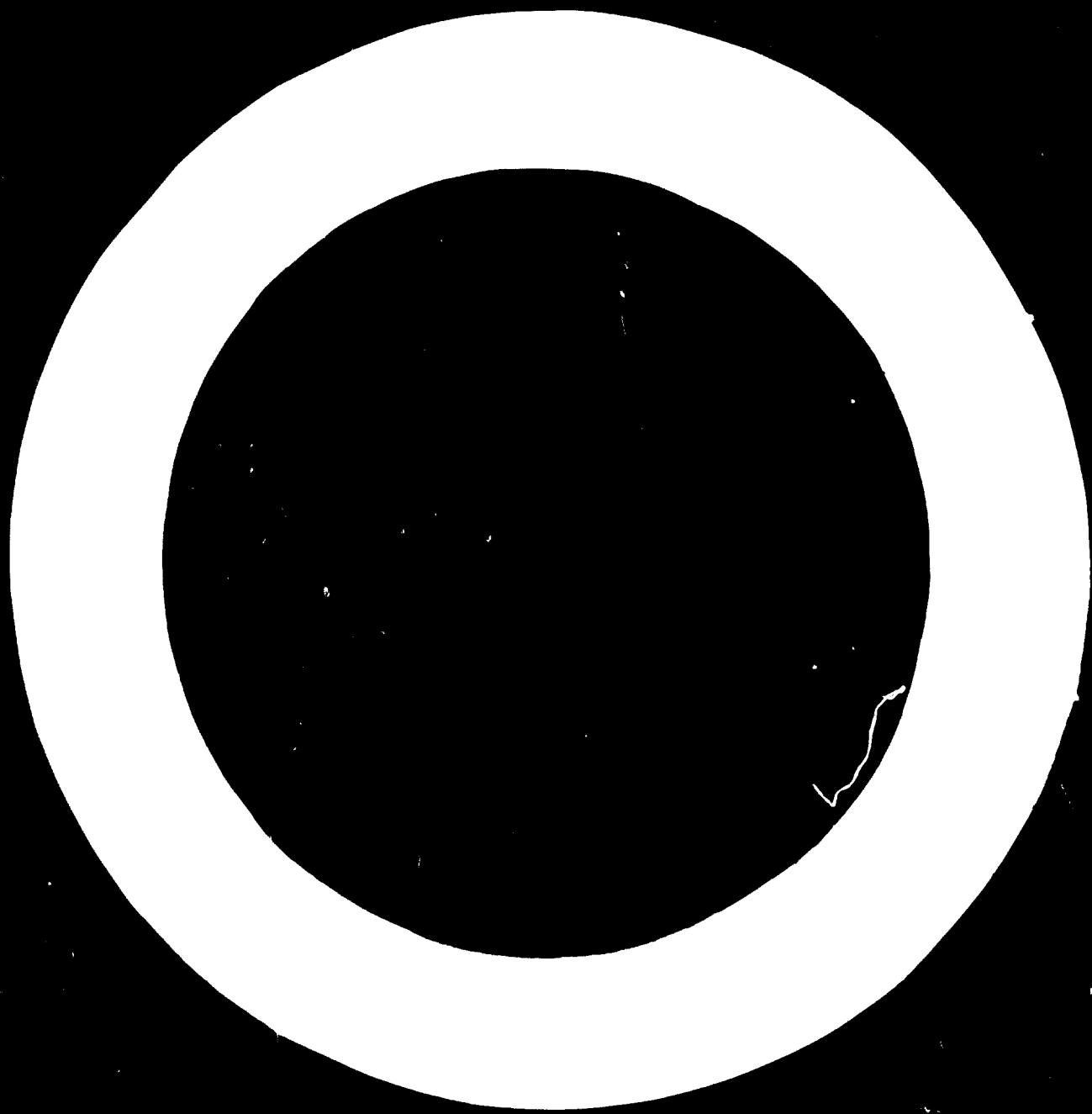
COSTA RICA

by

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To give an idea of the furniture industry in Costa Rica, it is first, necessary to give a general view of our economy, especially the recent creation of the Central American Common Market.

The possibilities of development based on industrial expansion will depend largely on the success of negotiations currently being carried out within this market.

The growth of the Central American economy has been due basically to the persistent volume expansion in agricultural exports and the improvement in the prices of many of the products such as coffee, bananas, meat and others. However, an economy as this one, based on the generosity of the land, dependent on the kindness of nature and the exportation prices which so often widely vary, is not a very stable one. For the underdeveloped countries to raise their standards of living it will be necessary for them to go through the stages of industrialization.

When one stops to analyze resources available, rate of population growth, literacy of the people etc., it would seem impossible that these countries in their smallness and poverty will ever succeed on their own. However, there are in my eyes some industries which offer greater potential because of the availability of raw materials and talent. These industries can be a definite source of strength for economic and general development of Central America. This is the case of the furniture industry.

Five countries, Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica, partake in the "TRATADO GENERAL DE INTEGRACION ECONOMICA CENTROAMERICANA". They have at present an accepted judicial and institutional frame with characteristics as complete as those of the intergrationalist movements, that have with such a great success, taken place among the European countries. In the case of Central America, the birth of integration took place in the midst of a mutual and accentuated isolationism. This aspect, however, has been fading and the aim of the countries involved is the partial liberation of individual isolation. The economic integration is favored by geographical and economical conditions. The establishment of different structures, like equalization of import duties, tax incentives for industrial development and others, provide an adequate comercial frame for the furniture industry but are at present a source of conflict and discussion.

Placing the furniture industry in the economic frame established before, I will point out some of the major elements of production problems.

WOOD:

The forest resources are as numerous as they are varied. Species as Cenízaro (*Pithecolobium saman*), Laurel (*Cordia alliodora*), Cedro Amargo (*Cedrela mexicana*), Cristóbal (*Platymiscium pinnatum*), Caoba (*Swietenia spp.*) etc. grow abundantly and disorderly. In Costa Rica 41% of the land is forest. In El Salvador 14.5%, however, here the available woods are not of the necessary quality for furniture products. In Guatemala 35% of the land is

forest (forest exploitation is very reduced being 77% of the forest tropical trees and 23% conifers). In Nicaragua 27.4% and in Honduras 40% of the land is forest, most of which is pines.

The variety and quantity of wood in Costa Rica appears in small sections. There is no control over harvesting of several species that are in the process of extinction as e.g. Mahoeary (Swietenia sp.) and others. Costa Rica, however, has recently passed a strong forestry law.

MANUFACTURING METHODS:

They are largely of the job-shop character, therefore a change should be made. As production increases, a complete shift to line manufacture or departmentalization by products should be made.

MACHINERY AND EQUIPMENT:

It is for the most part general-purpose, in line with manufacturing requirements. Some machines are approaching obsolescence. Most of the factories have bottlenecks and have improper utilization of machine time available.

PRODUCTION CONTROL:

It is the major element of operating weakness in most of the factories. This gives as a consequence a high in-process inventory and absence of any record concerning the whereabouts of the orders in process from their initiation to delivery at assembly.

ROUTING

It is seldom used and most factories do not use it in their process.

SET-UP COST:

It is excessive, resulting from the piece-meal methods, even when lots are not broken up during manufacturing.

SCHEDULING:

Sometimes non-existent; there are many furniture factories with piles of parts awaiting receipt of one or more components before the pieces can be assembled. These factories should use any of the conventional methods for improvement (i.e. Pert Method, Gantt charts, etc.).

QUALITY CONTROL:

Central America has a higher standard of labor education, but it's skills and interest in work varies, therefore, there should be some more emphasis on performance and strict tolerance.

PLANT LAYOUT:

As stated before, the traditional manufacturing methods are still largely of the job-shop character. Therefore, a slow turnover of machinery and work stations should be done, buying more automatized machinery.

PERSONNEL:

I believe that Central American manpower represents at present a great problem, only disciplined and trained men can in the future carry out the necessary changes with success. The lack of discipline and specialized knowledge brings as a consequence a 10 to 20 per cent turnover per year in the factories. In Costa Rica labor relations should be improved.

The recent emergence of new programs like training for entry level jobs, pre-vocational orientation, vocational education will help to provide the quality of workers that is so badly needed and also a better relationship between personnel administration and labor.

MARKET:

An adequate calculation of the power of consumption has not been made. The truth is that in Central America there is a furniture market in the early process of development. This type of industry is facing and will face the struggle of a changing "agricultural to industrial" society with higher power of acquisition. It is hoped, that with the aid of strong forestry laws, the aid of a bigger market (The Central American Common Market) and the personal efforts of the people, the furniture industry will play an important role in the raising of the standards of living of our people and in the growth of our economy.





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