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THE FURNITURE INDUSTRY OF ARGENTINA 1/

by

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Introduction

In order to present a view of the furniture industry in Argentina, I believe it might be of interest to note some particulars concerning my country to give a more exact idea of the situation.

We are 14 flying hours from New York, 15 from London or Paris and 23 from Tokyo. We are far away from the traditional centres of culture, and our geographical position - the furthermost southern end of the South American continent - situates us at the end of all routes, not in the middle of them, making it necessary for travellers coming to my country to do so willfully and on special business.

Argentina has a surface area of 3,000,000 km^2 and a population of over 24 million, one third of which is concentrated in Buenos Aires and its surroundings. Distances from one city to another are great although the plane topography (the well-known Pampas) has made the construction of paved roads and railways easier (they are the best in South America), which satisfactorily connect the main centres.

All climates can be found: moderate in Buenos Aires, tropical in the northern regions and cold in the southern provinces (Patagonia). Our population is Caucasian, most of whom are descended from Spaniards (40%), Italians (40%), approximately 15% from other European regions and a slight portion of Indians (only 5%).

We are proud to say that we have the highest literacy rate of South America (95%). Our language is Spanish and the yearly per capita income is US$ 1,200.

We are exporters of vegetables and meat; thus food is cheap to buy.

Our average demographic rate of increase is the lowest of South America - only 1.3% yearly. This does not cause the problem of over-population, rather the opposite Considering the general features of our country, it is evident that it could perfectly well support a larger population.

We are actually producing 86% of our petroleum, 60% of our steel and are working hard to try to increase these percentages in the near future. Our political situation has been unstable during the last few years, which unquestionably caused difficulties in many aspects.

The Furniture Industry

We have approximately 10,000 workshops which manufacture furniture, each with an average of 10 workmen. Only 10% of them have more than 50 men and the biggest ones have 150 workers.

This shows that evidently a great part of the industry is still going through an age of craftmanship or at least partly craftmanship. A reason for this could be the fact that during many years the import of machinery for furniture manufacturing had been prohibited. This was at first due to the Second World War and later as the result of mistaken economic policies. Even though the traditional machines (e.g. band saws, planers, shapers, etc.) were produced in the country, there were no automatic machines available and our technology was 50 years behind.

In the last 5 or 6 years the import of such machinery has been allowed and after having visited the main International Fairs, as in Hanover and Milan, the most progressive manufacturers began to re-equip their factories and to put into practice the new techniques learnt. This modernising process is still continuing.

Argentina traditionally has a closer contact with Europe than with the United States. This is the reason why we have adopted the machinery and methods from Europe.

At the same time, new industries of chipboard and hardboard were established and the old factories of plywood were re-activated.

Naturally these more progressive, powerful and persevering manufacturers got very good results from their re-furnished factories and continued to gain ground very quickly - obtaining each time a more important part of the market.

The dimensions and importance of these new factories made it possible and necessary to apply studies of times and methods in a rational and modern form. They again, of course, got very good results.

However, this change from the artisanal workshop to mass production required great strength and produced difficult moments, until the new organization was ready and had reached the production level necessary to make this organization also economic.

There are very few technicians in this field of furniture manufacturing and generally they are self-taught or mechanical engineers with some years of training in the furniture industry. There are special schools which graduate very good craftsmen indeed, but they are not trained on automatic machines or the new techniques applicable for mass production.

The political instability I previously mentioned has caused a loss of capital, which has contributed to increase the difficulties of growth and progress.

The Argentine workman is intelligent. He learns quickly and adapts himself without difficulties to the production rhythm, which can be classified from acceptable to good. Union membership is compulsory for every workman and once the problems and initial fights that took place during the introduction of this system were solved, the relationship between workers and employers became actually cordial and most of the remaining troubles are due to political interests more than labour.

The Argentine workman is protected by a series of social laws, as for instance sickness payment (he gets his salary all the same if he cannot work due to sickness), a period of yearly vacations, an extra salary once a year which is equivalent to the payment he received for a whole month, an extra amount for his wife (if he is married) and for each son, retirement, assurance, medical and hospital services at no charge, protection against dismissal, etc. All these benefits require quite complicated paperwork, which is most often evaded by the small workshops. The total of these benefits involves about 30% of the payment the worker receives per hour.

There are very few women in the furniture industry. I personally believe that the old artisanal tradition is the only reason for this.

Taxes and duties regulations in Argentina are based on the customs duties, and basically on the profits tax, which are not paid by the ordinary workmen but by those who are at an upper level and have better salaries, and it is gradually increased in accordance with the income, reaching in the higher levels 50% of the profits obtained. Moreover, there is a sales tax, which represents approximately 12% of the whole production, but in the manufacturing process only.

Raw Materials

Only 50% of the solid woods are native; the rest are imported from Paraguay, Brasil and Bolivia especially. The woods most frequently used are the following:

Mahogany	-	Bolivia
Cedar	-	Argentina and Paraguay
Lenga	-	Argentina and Paraguay
Ivory Wood	-	Argentina
Brasilian Pine	-	Brasil

All these woods are taken from natural forests and their grading is quite defficient. They are brought to the industrial centres by truck or by railway. The distances from the forests to the places where these woods are to be manufactured are, in most cases, over 1,500 km.

Some manufacturers are establishing their own sawmills in the forests themselves to ensure their supplies, to be in a position to utilize the smaller better trees and, at the same time, to transport ready-cut pieces to their factories, thus avoiding the transport of defects and excess water.

There have been factories for hardboard, chipboard plywood, veneer, plastic rollings, vinyl, glues for some years now.

Prices are the same as those in the international markets and we have some difficulties with supplies. The tropical forests in the north will be exploited in the near future - perhaps in ten years.

I must point out that among the hundreds of different types of wood that we have, only a few of them are available for the furniture industry, since from one hectare of forest you will generally get from one to five trees of first quality, and a similar quantity of second rate; that is all.

Moreover, many of the forests which are actually being worked have already been worked before and the woods now obtained from them are of lesser value, because of their size and quality.

Wood prices have gone up in the last period and I am afraid that this situation will soon worsen.

Actually we are putting some re-forestation plans into practice, but only soft woods and some particular kinds such as goom trees are involved. However, none of these species could be used for the furniture industry to date.

It is my personal problem, and I believe also that of other manufacturers, to foresee and to plan quite carefully the maintaining of our wood sources for the next years. We must start working at once to determine which are the most convenient woods and begin to plant them immediately.

As I said before, there are five chipboard factories, one hardboard and many plywood, veneer, plastic rollings, glues, hardware, and so on.

The subsidiary industries offering the worst services are the manufacturers of finishing materials, for even though there are several manufacturers of lacquers, nitrocellulose lacquers, vinyl and foam, the information and advice given is very poor and, as regards some special materials, for example stains, it is almost non-existant. In view of these circumstances, each manufacturer of furniture gets his own stain and his own formula and generally obtains poor results.

We have leather of excellent quality and at lower prices than in the international market. The same is true also for plastics, foams, etc. Very good pieces are being manufactured in metal, and the chroming quality is excellent.

Design

The different fashions here in Argentina are based on European styles - particularly Italian. The Argentine models are modifications of international designs taken from the Italian magazines which are re-published in our country.

Our models and designs are well up to date and contests and exhibitions have recently taken place.

Trading

The furniture shops in Argentina are small and number perhaps 15,000, scattered all over the country, which requires great distribution efforts. The payments are not always punctual and the credits must be watched over carefully.

Argentina is in a very good position to export furniture, provided the manufacturers approach the problem seriously. The firm I belong to is at present exporting 30% of the production to the United States, Europe and Japan.

We have excellent leathers, very good woods and chromes and not extremely expensive workmanship.

I would like to mention that we have some associations of furniture manufacturers and one confederation which gathers them all together.

Conclusion

I personally consider that to achieve a good development of the furniture industry in my country it would be particularly useful to take the following steps:

1. Publishing of all new methods of mass production and further transformation of the factories to more economic levels.
2. Re-forestation, perhaps with quick-growing species. We have all climates available to choose the best ones for each species, and land prices are still low.
3. To call attention and the interest of all manufacturers of finishing products to make stains and special products for the mass industry of furniture.

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