06657

Distr.
LIMITED

ID/WG.209/11
11 August 1975

ORIGINAL : ENGLISH

United Nations Industrial Development Organization

Seminar on the Furniture
and Joinery Industries

Lahti, Finland
11 - 30 August 1975

SITUATION OF THE FURNITURE AND CABINET 1/
INDUSTRY AND ITS PERSPECTIVES - HONDURAS

by

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id.75-6754

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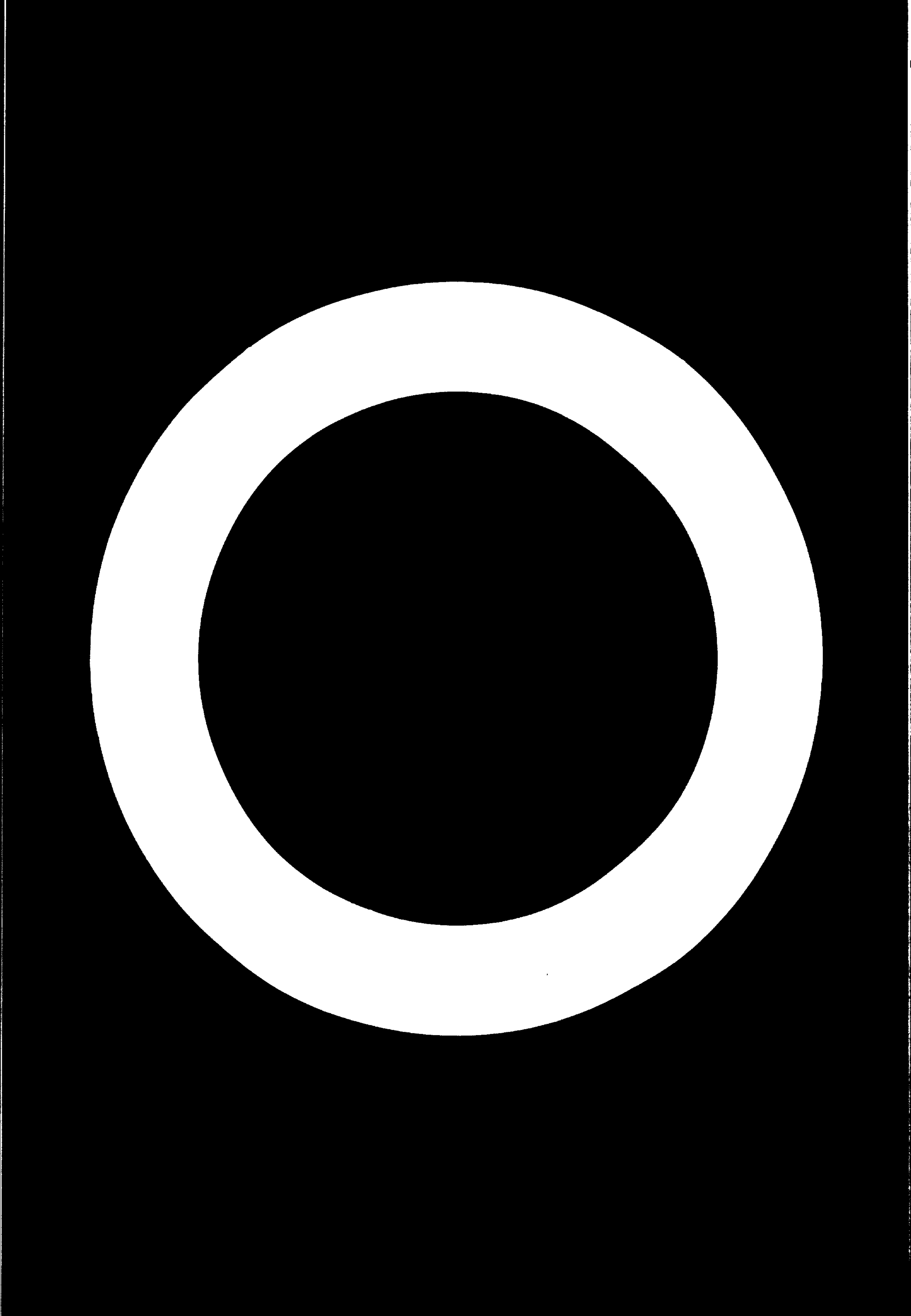

SECONDARY INDUSTRY

In the wood industry of Honduras there are a number of firms which are involved in the secondary industry of the business, all of which are dedicated to the promotion of wood either as a finished or unfinished product such as: furniture components, cabinets, moldings, frames, doors, windows, etc. In other words these firms concentrate on utilising wood either in green or dried form in the manufacture of their products.

HISTORICAL DEVELOPMENT

The wood industry utilises a volume of approximately 40% of tropical hardwood and 60% of pine in the form of raw material. The utilisation of the forest has been concentrated in the pine species due to the homogeneous composition of the resources and its location within the road infrastructure of the country. Of the operating sawmills, only one, located in Dulce Nombre de Culmí, carries out a selective cutting programme of tropical hardwoods, in such species as mahogany, cedar and walnut. The country has a limited number of factories and workshops which manufacture various types of furniture and other secondary products. CONTESSA is the most important manufacturer and in its size it is followed by Maderas Industriales, International Wood Products, Muebles Galicia and the Cooperativas CAHIL and CIDAS (See Annex No.1).

INSTALLED CAPACITY

The total installed capacity of the secondary industry is 29.5 million Lempiras, of which 20.6% of the capacity originates from national raw material in the form of sawn lumber. The distribution of products is as follows:

Installed Capacity
(Million of Lempiras)

	Amount	No.of Industrial Firms
Mouldings, tool handles, sticks, boxes, etc.	5.8	12
Plywood	9.7	3
Furniture	14.0	25
TOTAL	29.5	40

The installed capacity of sawn lumber is in the order of 143.2 million Lempiras.

PRODUCTION

The estimated production of the secondary industry in 1974 was 18.4 million Lempiras. The detail per product is shown below:

PRODUCTION ESTIMATES OF THE LUMBER INDUSTRY IN 1974
(Million of Lempiras)

Product	Amount	Percentage
Moldings, stick, tool handles, boxes, etc.	3.5	19
Plywood	6.5	35
Furniture (See annex)	8.4	46
TOTAL	18.4	100

At present there is low utilisation of the raw material, since the country only uses 18.4 % of its production in the secondary industry with the rest being exported. (See table No.1, Annex 2)

It is important to note that the production of the secondary industry is directed to the national market and very little is exported to the international market, with the exception of 49% the production of plywood that it is exported.

TECHNOLOGICAL ASPECTS

a) Equipment

The installed equipment of the plants, even though it has been recently installed, has been purchased out of bids made in the United States or has been selected by the head offices of the firms now operating in the country.

With few exceptions, we can say that the applied technology for the manufacture of this equipment (mouldings, circular multiple saws, etc.) is obsolete and in general is 15 years older than new equipment available from the European manufacturers. This old equipment is behind the times when compared to the modern automated techniques which are needed, particularly in the field of export business.

In other words, having to depend on the use of this antiquated equipment as well as being behind in the field of wood technology, is proving to be an obstacle to the development of the country's wood industry. Furthermore, the prices and operating costs of the American equipment for an equivalent yield is at least double that of the European equipment.

b) TECHNICAL DEVELOPMENT OF THE PRODUCTS

From amongst the subsidiaries of the foreign firms who apply the programs received from their head offices, there does not exist any planning for the technical development of the products in the rest of the industry.

Only in two cases did we find products developed to the level of prototypes as samples for export. There is very little programing and development of the products and the manufacturers have no understanding of this important part of the business, also there does not exist any initiative to investigate the possible utilisation of other non-traditional species in the traditional products.

c) LABORATORIES AND INVESTIGATION

A laboratory for industrial sampling of the non-traditional tropical hardwoods does not exist, but perhaps laboratory services can be obtained from San Jose, Costa Rica and Guatemala (ICAITI). Only in isolated cases these services have been made use of.

d) ACCESS TO TECHNOLOGY AND EQUIPMENT

In the private sector there is little information on technology and equipment. There is only one file of firms that has offered sawmill equipment (40 firms). There is no representation of equipment manufacturing firms, only equipment traders.

e) TRANSFER OF TECHNOLOGY

The country should create a center which could be used for the collection of information on existing technology, define policies and criteria for the selection of said technology (equipment, methods and services), relative to the development of the wood industry. This "Information Unit" could be located within an official organism of the state, using the support of UNIDO, SIECA, private industry and also the services of the University.

OTHER ELEMENTS AND COMPONENTS OF THE FURNITURE AND CABINET INDUSTRY AND ITS AVAILABILITY

PARTICLE BOARD

There is no particle board industry in Honduras, only in Guatemala and it supplies the interior market only. It is not used in the manufacture of furniture due to the low selling cost of the furniture being produced.

FIBREBOARD

There is no fiberboard industry either national or regional and this type of material is not used in the construction of furniture in Honduras.

DECORATIVE PANELS

Their use is limited to plywood sheathing on some furniture which is being imported from Nicaragua, Germany and Italy.

GLUING

There are two firms in the country which manufacture a gluing compound but some factories prefer to import this product due to its higher quality and durability. The existing factories (Kativo and Hulera Sula) are attempting to increase their capacity and improve the quality of their products.

TEXTILES AND MATERIALS FOR TAPESTRY

All of this material is imported from the United States.

FOAM It is manufactured locally and of good quality. The plant is located in San Pedro Sula (Foam de Honduras).

SYNTHETIC LEATHER

It is mostly imported from the United States even though some is produced in Central America but the quality is not up to standard.

HARDWARE

All imported from United States, Europe and Japan.

PAINTS

There is a local manufacturer and the industry is satisfied with its product. We foresee that with our eventual entry into the international markets the furniture industry may require a better quality paint but this can be solved by negotiation with the local plant (KATIVO) at the appropriate time.

MARKETS

INTRODUCTION

Based upon observation, we can say that due to the diversified production of each of the plants, whether they are small, medium or large, none of them concentrate on a speciality product as is done in other countries, but it is apparent that they must eventually direct their efforts towards studying the possibilities of specialisation on some specific end uses of furniture for use in the home, office, hospitals, schools etc.

TOTAL MARKET

The market in Honduras for wood manufactured products consists of furniture and diversified end uses. It is very small and its profitability is very limited due to its purchase capacity and the non-existance of markets for our products. Nevertheless, imports have decreased and exports have increased after the local market demand has been supplied.

The only statistical data available is that shown on Annex 3 Table.

INTERNATIONAL MARKETING

Introduction

Many times, since the United States is so close by, it has been thought primarily to export to that country where the demand for high quality furniture and tropical woods exists. Unfortunately, the requirements for this market are so demanding that it is not recommended to try to enter it since the volume required cannot be covered by the plants presently operating in our country.

FURNITURE EXPORT

Before embarking on the exportation of furniture from the country it is recommended that a complete market study of potential market areas be carried out. The cost of such study should be shared by Government and private industry. In Honduras we do have the advantage of knowing the value of our wood in the regional and caribbean markets and therefore this helps us in our sales programs.

INTERPRENURIAL LIMITATIONS

The small furniture industry is traditional and due to its conservative mentality and shyness as a trader it displays a negative attitude towards the international market; the reverse, however, can be said of the larger industry because of its aggressiveness.

O U T L O O K

In March of 1975, Lic. Mario Acevedo, BID Consultant, made the following comments concerning the industry:

"The designs which the Consultant found in the market are not national but instead they are copies of other countries, taken out of magazines and being mostly of american design.

It is believed that Honduras has a fair future for development in the industrial design of furniture because of its traditional cultural background.

The Mayan culture in its manifestations in Copán, left the country an invaluable richness which has been carried on from generation to generation in the area of design by craftsman, manufacturers and carvers. These can be developed even further. Honduras respects its traditional Mayan design carvers and craftsman and no doubt they can serve as the basis for the manufacture designs in future international markets.

It is important to note that in setting a price for the finished product, there are three basic components involved; the availability and cost of raw material, design and quality.

In the case of an exclusive product which has both design and quality, the manufacturer can set the price he wishes, however, he must always be aware of competition when following this pattern.

The Consultant considers that in order to be fully cognisant of the furniture industry in Honduras, it is necessary to keep in mind the problems which curtail its development and which are cited as follows:

Coniferous or pine manufactured furniture:

- Sufficient material duly finished, should be available. In other words the sawn lumber which is produced should be dried and treated with a preservative.

- Marketing surveys require to be carried out.

- The lack of interprenurial aggressiveness.

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Tropical hardwood manufactured furniture:

- Honduras possesses a large reserve of hardwood forests, which at present is not being exploited due to the lack of access facilities but studies are now being carried out in that direction. The Canadian International Development Agency is making a study to determine the availability of raw material as well as identifying possible industrial projects.
- The furniture industry has supply problems of tropical hardwoods which tends to restrict expansion of the existing plants.

In view of the above, the outlook for the development of the furniture industry should be based upon the effort which the country puts towards making available raw material to the industry over the next year or two.

At present there are two projects under way for the installation of industrial plants in the hardwood forest reserve which are expected to be operative within a period of 15 to 20 months. The estimated investment for these projects is Lps. 40,000,000 and the production is directed towards the manufacturing of plywood and particle board to produce finished doors integrated, kitchen furniture, office and home furniture and prefabricated houses.

It is important to note that these projects are intimately related to the global scheme which the Government of Honduras has designed for the exploitation of its tropical hardwood forest

ANNEX N°

LIST OF THE PRINCIPAL FURNITURE FACTORIES OF THE COUNTRY

NAME	PLACE
- Cooperativa CAHIL	Tegucigalpa
- Cía. de Cabos Caribe S.A.	"
- Muebles y Decoraciones Galicia	"
- Fábrica de Cajas y Cestas de Madera	"
- Muebles Yojoa	"
- Fábrica de Palillos El Hatillo	"
- Fábrica de Puertas y Ventanas Miraflores	"
- Fábrica de Interiores de Madera	"
- Carpintería Moncada	"
- Carpintería Díaz Ramírez	"
- Tropical Plywood S.A.	"
- Maderas Curadas Lardízabal	"
- SCANCRAF de Honduras, S.A.	"
- Fábrica de Cajas Industriales	"
- Cooperativa CIDAS	San Pedro Sula
- Fábrica de Muebles Solem	" " "
- Fábrica de Muebles Herrera	" " "
- Maderas Industriales	" " "
- Fábrica de Muebles CONTESSA	" " "
- Muebles ALI	La Ceiba, Atlántida
- International Wood Products	Lago de Yojoa
- TIMBA	Tela, Atlántida
- Danlí Industrial S.A.	Danlí, El Paraíso

ANNEX Nº 2

HONDURAS: DEMAND OF BROADLEAVE TIMBER BY FURNITURE COMPANIES

(In Thousands of Board Feet)

	BROADLEAVES		CONIFERS		TOTAL VOLUME CONSUMED
	Monthly	Yearly	Monthly	Yearly	Conifers and Broadleaves
General Total	246.0	2.952	112.0	1.344	**4.296**
Total Tegucigalpa	66.0	792	35.0	420	1.212
1. Fab. Interiores de Madera	6.0	72	1.0	12	**84**
2. CAHIL	40.0	480	20.0	240	**720**
3. Yojoa	5.0	60	1.0	12	**72**
4. Galicia	10.0	120	3.0	36	**156**
5. Fab. Puertas y Ventanas	5.0	60	10.0	120	**180**
Total San Pedro Sula	180.0	216	77.0	924	**1.140**
1. Contessa	70.0	840	15.0	180	1.020
2. Maderas Industriales	35.0	420	20.0	170	540
3. Solex	20.0	240	25.0	300	**540**
4. Ideal	15.0	180	4.0	36	216
5. CIDA	10.0	120	5.0	60	180
6. Herrera	20.0	240	3.0	36	276
7. CAPRI	10.0	120	5.0	60	180

A N N E X Nº 3

HONDURAS: EXPORTATION OF LUMBER AND TIMBER

(In Tons and Thousands of Lempiras)

	1968		1969		1970		1971		1972		1973	
TIMBER												
a) Conifers	10.578	1.278.8	11.354	1.471.2	8.469	1.100.3	5.914	773.2	6.801	964.5	10.627	2.091.2
b) Broadleaves	2.311	735.1	1.075	388.8	4.203	544.1	3.806	500.1	2.241	452.7	1.002	295.1
SUB-TOTAL	12.889	2.013.9	12.429	1.860.0	12.672	1.644.4	9.720	1.273.3	9.042	1.417.2	11.629	2.389.3
LUMBER												
a) Conifers	276.205	25.782.8	270.764	27.359.5	221.035	29.404.4	270.056	35.824.0	343.229	50.866.3	392.301	73.972.1
b) Broadleaves	4.331	694.6	4.715	891.1	4.258	889.7	4.055	1.083.3	5.262	1.668.5	4.023	1.735.6
SUB-TOTAL	280.536	26.477.4	275.479	28.250.6	225.293	30.294.1	274.111	36.907.3	348.491	52.534.8	396.324	75.707.7
GRAND TOTAL	293.425	28.491.3	287.908	30.110.6	237.971	31.938.5	283.831	37.180.6	357.533	53.952.0	408.053	78.097.0

SOURCE: Census and Statistics

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