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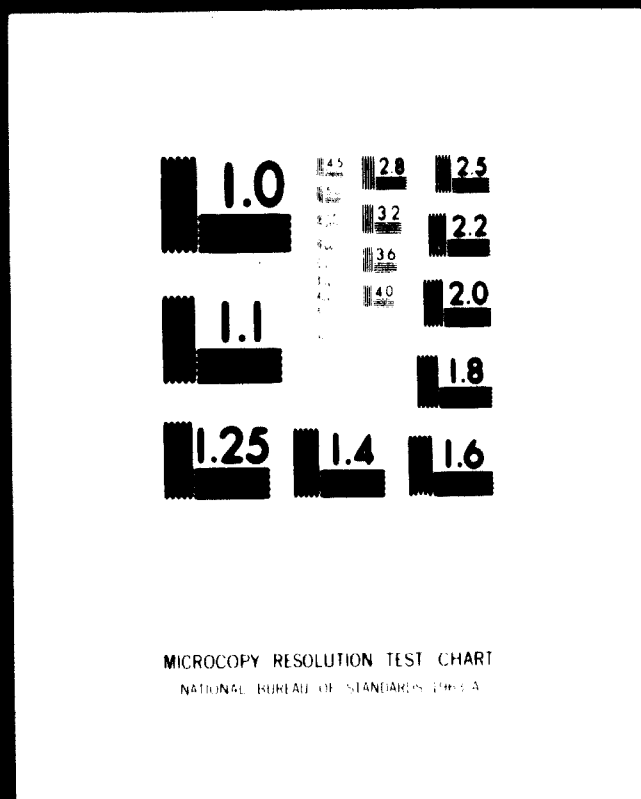
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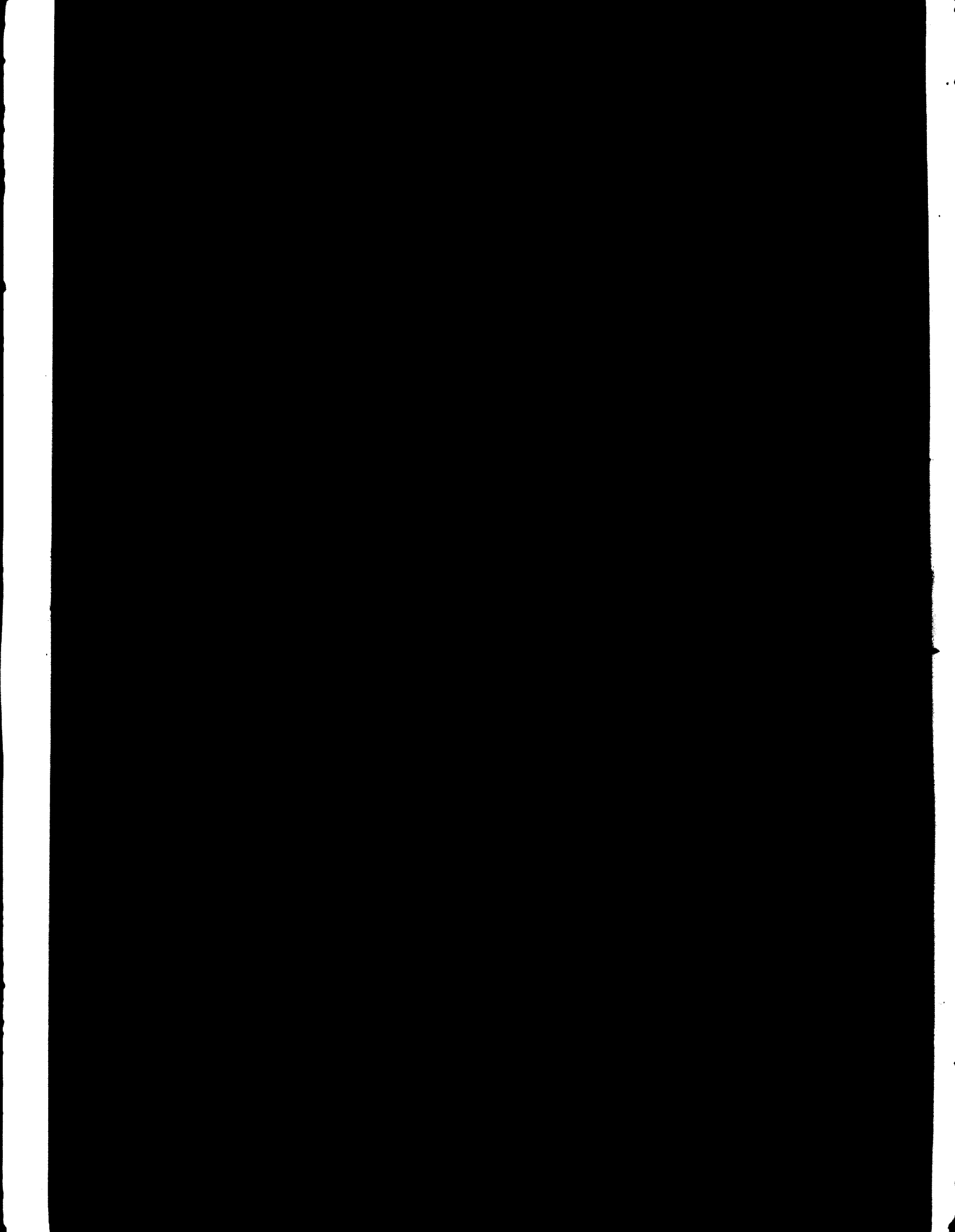
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THE WOOD PROCESSING INDUSTRIES IN PARAGUAY

by

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Paraguay is a landlocked sub-tropical country situated in the centre of South America. Exports must either go overland to Paraná, Brazil or down the Paraguay River to Buenos Aires, Argentine, for transporting. This increases the cost of exporting considerably. Although it has 400,000 sq. kilometers, it has only two million inhabitants, most of whom are engaged in agriculture. More than one third of the country's surface is covered by tropical timber, much of which is hardwood. Approximately 150,000 people depend on the timber exploitation and wood processing industries for their livelihood. Normally timber is second in importance of exported goods.

Though numerous, the wood processing industries in Paraguay are small-scale. Sawmills exist throughout the country which work at one third of their capacity for lack of customers. The industries do not have the capital or the technical knowledge to expand. Another difficulty is the kind of demand for our products. For example, the Argentines prefer to buy logs rather than boards.

There are three veneer and plywood industries, plus more than 200 small and medium sized furniture manufacturing plants. Almost all of them are situated in Asunción, the capital city. There is one pressed-agglomerated wood manufacturer and several parquet floor industries.

The door and window frame industry is also represented by several manufacturers.

Even though there is abundant and excellent timber available in this country, the wood processing industries suffer from numerous problems.

- First and foremost is the fact that Paraguay is a small underdeveloped country and the internal market for her products is very limited. Consequently, efficient mass production has not developed and costs are high.
- The natural solution for this problem would be to develop the export market. However, there are many problems associated with this step:
 - There are no set standards or quality control systems.
 - The properties and qualities of wood are just beginning to be studied.
 - Wood is not kiln-dried because of lack of dryers.
 - There is little originality in furniture design.
 - Industries are small and not set up to export.

- There is a lack of industrial planners, technical personnel and trained workers.
- There is no packing and shipping industry.
- There is credit available from numerous sources to import equipment to enlarge the industries, but there is none to provide working capital.
- The sources of electric power are expensive.
- Internal and external shipping costs are high because of poor highways and the high cost of transportation equipment.
- The unstable political and monetary system of neighboring countries discourage exporting.
- We have inadequate participation in International Trade Fairs and poorly prepared Commercial Attaches in our Embassies.
- Perhaps most important of all are the heavy import duties on the complementary materials such as glass, iron, formica glue, lacquers, hardware, sandpaper, upholstery material, that are not produced in Paraguay.

At the present time the following measures have been taken or are under study by the Government and the people associated with the wood processing industries in order to export the products of the latter.

As a matter of information, the wood industry has been decreed a privileged and high priority industry. Numerous institutions have been set up to improve and aid industry in its development, often with the help of foreign technicians.

Along with others, the wood processing industries have benefited from the studies and work of the National Institute of Technology and Standards, which in addition to other things has studied wood drying systems.

An Export Promotion Center encourages preparation for exporting. Technical assistance is provided in many fields such as reforestation by organizations such as the United Nations.

There has been an improvement and attention in the highway system.

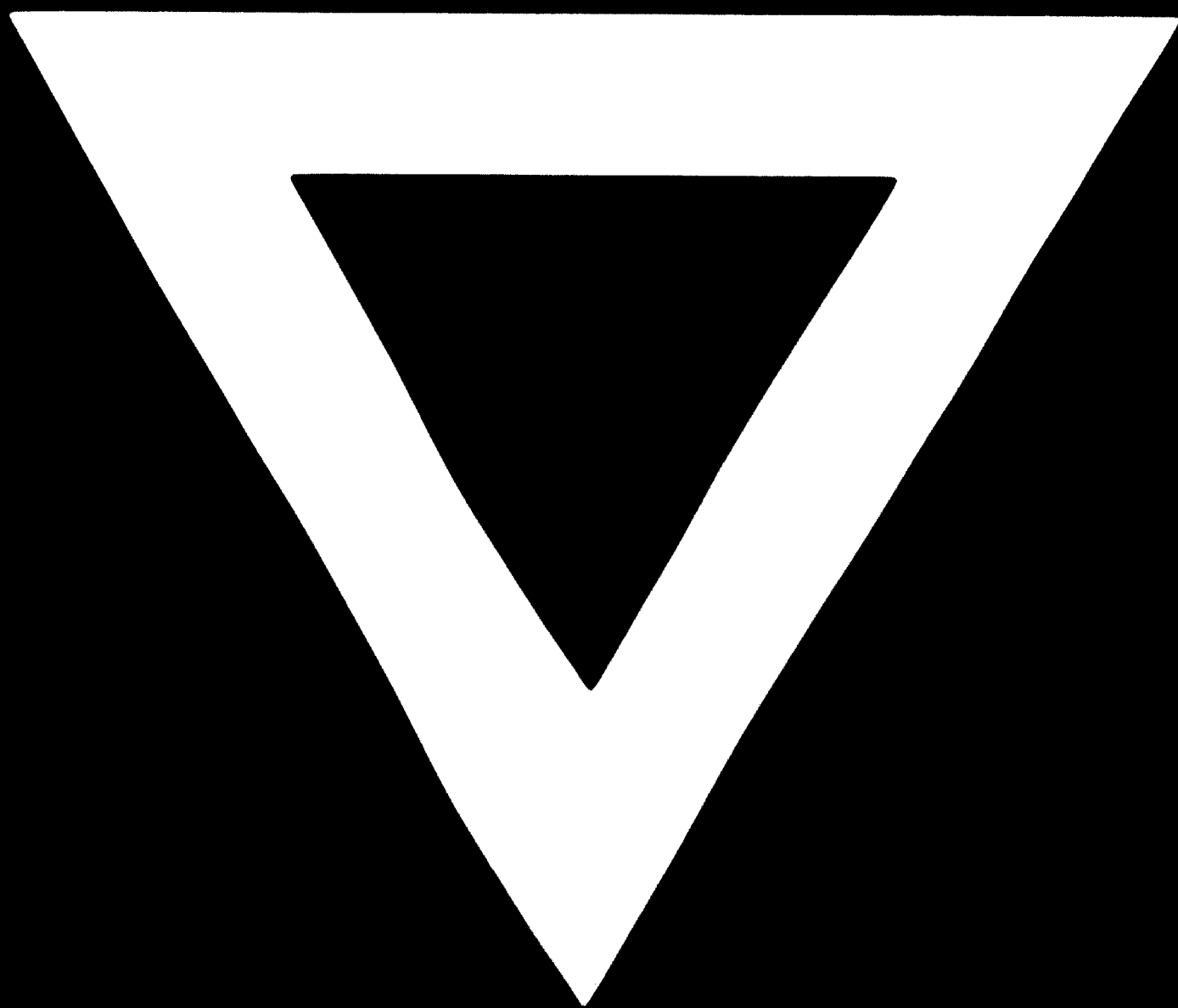
Studies are being made on reducing shipping costs, as well as lowering the duties on export goods, and the import duties on necessary complementary materials.

A project is under study where the commercial banks will be authorized to extend low interest, long-term loans to industries to provide working capital.

Taking into consideration all these facts, I feel that there will still be little progress and Paraguay will not change her underdeveloped status, until her industries can efficiently produce and compete in the export markets.



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