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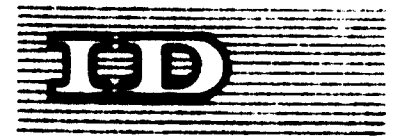
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Technical Course on Criteria for the
Selection of Woodworking Machines

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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 Foz de Iguazú, Argentina for transboarding. This increases the cost of exporting a great deal. Although it has 400,000 sq. kilometres, it only has two million inhabitants, mostly engaged in agriculture. More than one third of its surface is covered by tropical woods, such as mahogany. Approximately 150,000 people depend on the exploitation of lumber and wood processing industries for their livelihood. Normally wood and lumber are 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 export.

There are four veneer and plywood industries. There are more than two hundred small and several medium sized furniture manufacturers. Manufactured furniture consists of home furniture and office furniture. Designs are usually copied from other countries. At present Spanish Colonial is popular. The technical level of the industry in general is very poor, using traditional tools and equipment. Automation practically does not exist. The equipment installed in a typical factory includes: a bandsaw, plain planer, thickness planer, circle saw, dowel borer, spindle moulder and a band sander. The main technological problem is lack of trained management and personnel. There is one particle board plant and several floor parquet industries. The door and window frame industry is represented by several manufacturers. Almost all of these are situated in the capital city.

In the last five years there has been an increased interest in developing the furniture industry. Taking into consideration several large projects such as new hotels, banks, offices and the large hydro-electric projects such as Itaipú and Yacyretá. The problems are always the same, lack of technology, capital, and the high cost of complementary materials needed.

Even though there is abundant and excellent timber available in the country, the wood processing industries suffer other problems such as:

- First and foremost is the fact that Paraguay is a small under developed country and the internal market for her products is very limited. Consequently, efficient mass production has not evolved 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 and quality control systems;
 - the properties and qualities 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 packaging and shipping industry.
- Internal and external shipping costs are high because of poor highways and the high cost of transportation equipment.
- We have inadequate participation in International Trade fairs and poorly prepared commercial attachés in our embassies.
- Perhaps most important of all are the heavy import duties on the complimentary materials such as glass, iron, formica, glue, lacquers, hardware, sandpaper and upholstery material, which are not produced in Paraguay.

There is no local manufacturer of wood working machines. Machinery can be imported with no restrictions through representatives of European firms. I would estimate that the total value per year of imported machinery, mainly from Italy and Germany, is from three to four million dollars. This machinery pays about 50 - 80 per cent of its value in import duties. The main problem is that there is no maintenance service for this

machinery, also few personnel in the industry are trained for machine maintenance.

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: First of all, the wood processing industry has become 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.

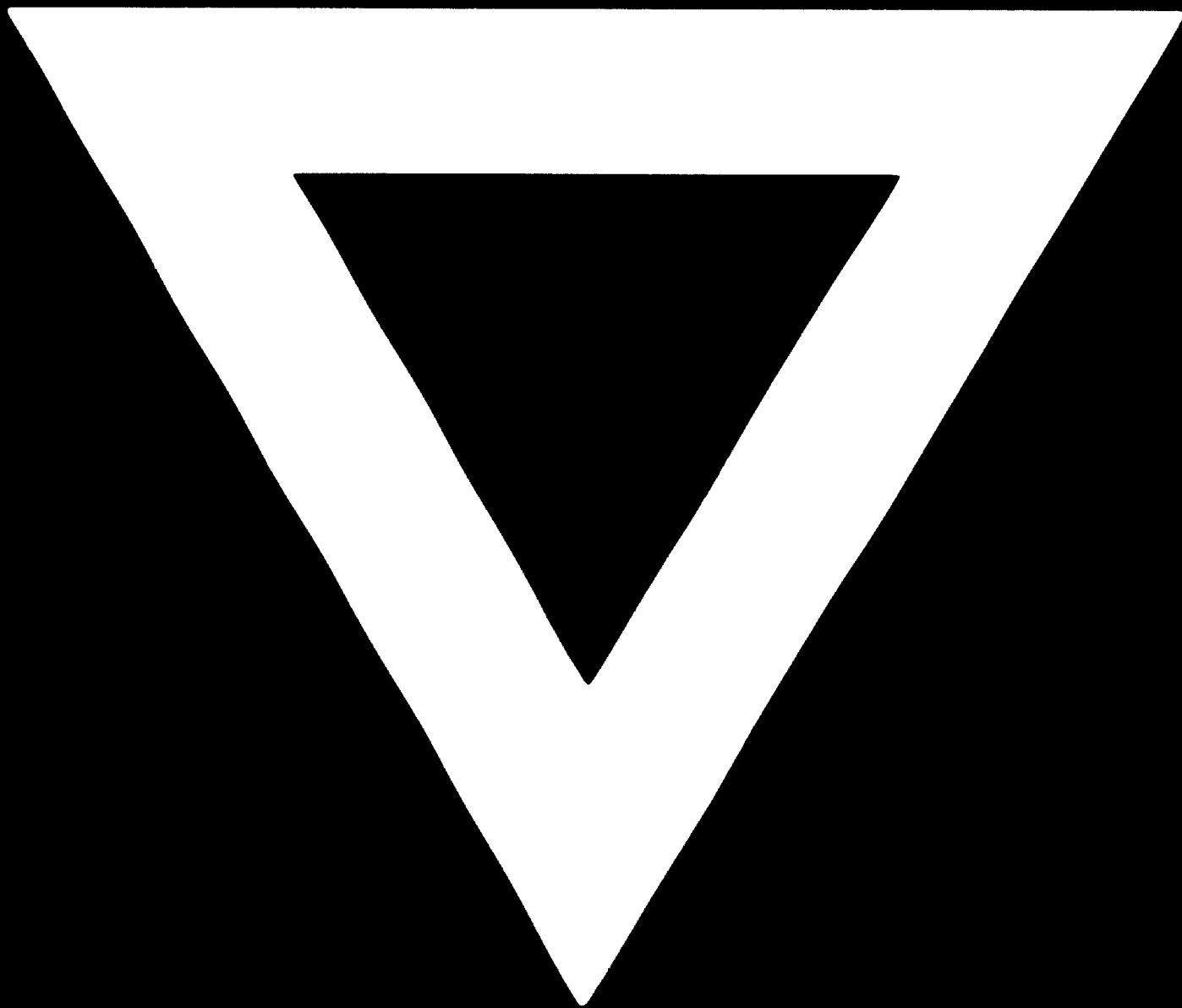
An Export Promotion Centre encourages preparation for exporting. Technical Assistance is provided in many fields, such as reforestation by organizations such as the United Nations.

There has been an improvement and extension in the highway system. Studies are being made on reducing shipping costs, as well as lowering the duties on exporting goods, and the import duties on the necessary complementary materials.

The commercial banks are authorized to extend low interest, long-term loans to industrialists to provide working capital.

Taking into consideration all these facts, I feel that there will be no progress and Paraguay will not change her underdeveloped status, until her industries can efficiently produce and compete in the world market.

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