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Technical Course on Criteria for the  
Selection of Woodworking Machines

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WOOD PROCESSING INDUSTRIES IN PARAGUAY <sup>1/</sup>

by

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Paraguay has a surface of 406.752 square km. The population is about 2.6 million with 70 per cent being under the age of thirty.

By tradition, Paraguay is an agrarian society with six inhabitants per square km. and 38 per cent of the population living in urban areas.

Paraguay is a member of the "International Monetary Fund", "Interamerican R. B. of Development" and the "International Bank of Reconstruction and Development". During the year 1974, Paraguay imported about US\$ 40.000.000 of machinery and equipments. The wood industry was the most important with investments of about US\$ 30.000.000.

The exports of 1974 represented 169,8 millions US\$ and imports 171.4 millions US\$. The exports of wood during 1974 amounted to 24.694 million US\$. Since 1975 the export of timbers has been stopped.

The reserves of Paraguay in gold, US dollars and other foreign currencies in December 1974 totalled US\$ 32.828 millions.

The law of investments is No. 216/70 which covers the regulations for investments by outsiders.

The most relevant benefits of this law are (for the woodworking industry):

- 1) Liberalization of taxes on the exchange operations in relation with the transfer of capital;
- 2) Liberalization of taxes, duties and fees on the importations of equipment and machinery;
- 3) Reduction of 50 per cent on income taxes for a period of five years.

In Paraguay there are six plywood factories and one of them also produces chipboard. There are several sawmills in Pedro Juan Caballero and Alto Parana. Only a few of these sawmills are technologically up to date.

The Government, since 1973 banned the exportation of timbers and boards. Plywood, veneers and parts of furnitures are allowed to be exported. The

import of machinery is restricted.

In the country there are no iron or steel factories, therefore, the production of machines is very expensive with equipment being preferably imported from Argentina or Brazil.

At present nearly all the equipment imported comes from Brazil because that country consented to supply by a loan of US\$ 100 millions for purchasing goods of a capital nature. (Procedure is carried on through the Bank of Development of Paraguay).

Years ago there was a German loan for the purchasing of machinery through the Common Market but this credit has not been renewed.

There are in the country two or three shops which manufacture machines for woodworking but iron, steel, electric engines, blades and bearings are imported. The actual market in Paraguay does not produce very sophisticated machines and the only possibility in acquiring these kind of machines is outside the country. Paraguay actually produces about 100,000 kw of hydro-electric power and will duplicate this in the next months with the ending of construction of the second stage of the Acaray Dam.

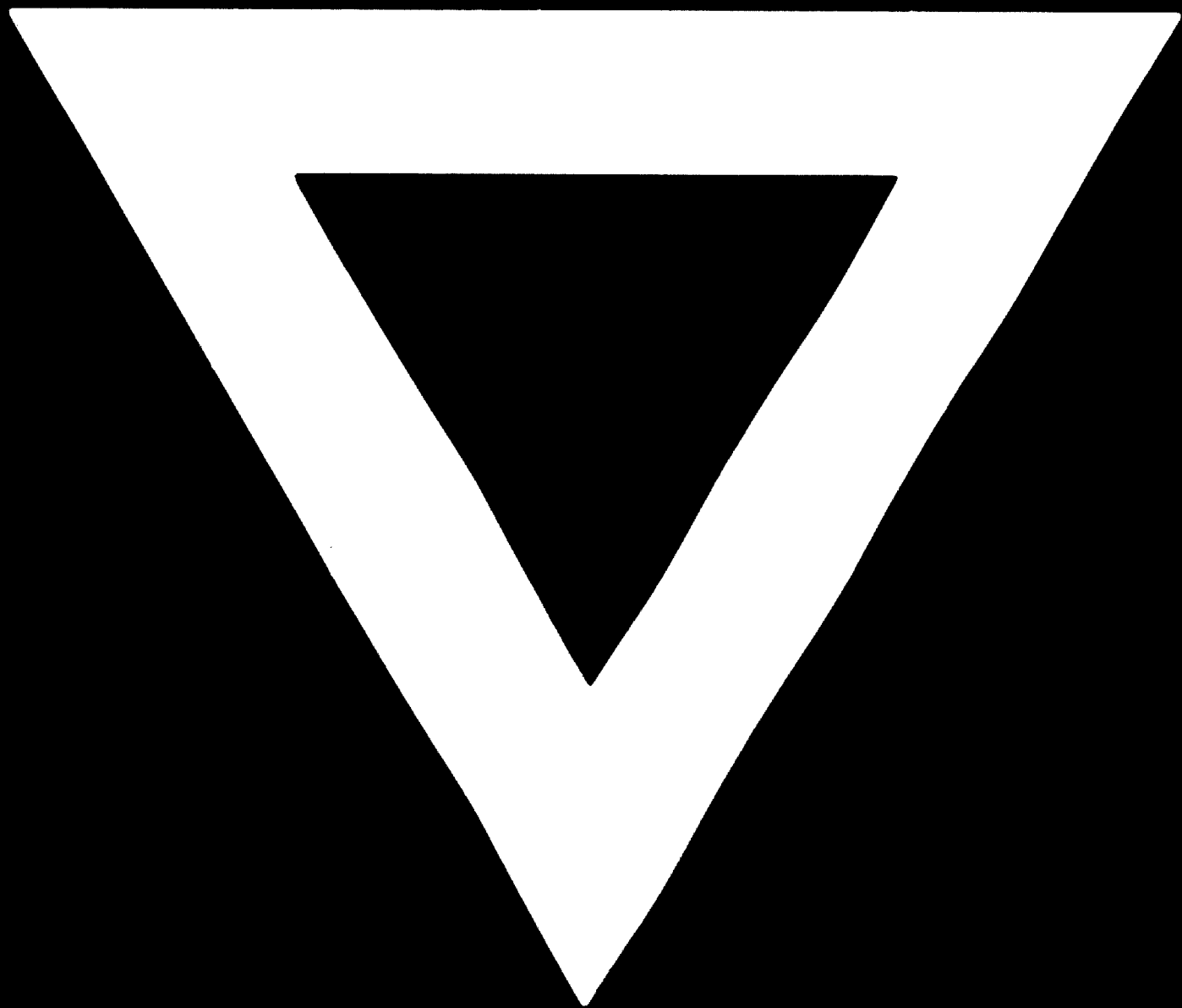
In the next five years the capacity will be increased up to 5,000,000 kw with the building of the Dam at Itaipu (a joint venture with Brazil with a total output of 12,000,000 kw).

The availability of energy and raw materials will make Paraguay a very industrialized country during the next few years.

We think that the requirements for know-how, machinery and equipment will soar considerably.



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