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THE MALTESE WOODWORKING INDUSTRY*

by

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BACKGROUND

Woodworking has been with the Maltese people since the time of the Phoenicians who required the skills of wooden boat-building to ply the Mediterranean and carry out trading activities. Later on the Knights of St. John established a regular ship-building industry in the Grand Harbour making full use of the local craftsmen and also adding to the Maltese people's knowledge of the woodworking trade, by supplying their expertise.

At present there are approximately 350 firms engaged in the production of furniture and joinery. Between them they employ about 3,000 workers. The majority of those firms are family concerns and work only on order that is, accepting different designs and dimensions for every single request. Only about 50 firms employ more than 25 workers.

The Furniture and Joinery Industry : An Introduction

Although it is possible to furnish a house fully, the styles available are limited. In contemporary furniture alone, much sought for by hotels, there is a shortage of different designs.

Because the majority of furniture produced in Malta is heavy, solid particle timber is still preferred to veneered board and blockboard. Furniture made from board materials is cheaper to produce and is more suitable for centrally heated premises, eg. hotels, because it is less liable to warp. There is no evidence in Malta as yet of the use of plastic materials in manufacture.

There is a shortage of skilled labour due mainly to past emigration and the rapidly increasing demand for furniture. This often has to be overcome by overtime work and poaching is sometimes resorted to. Unskilled labour is in reasonable supply but is slow-learning. Absenteeism is rife, especially in summer. Labour turnover is high because of the demand in other better paying industries, e.g. construction.

The larger firms are mechanized including a selection of automatic machines. The variety decreases as the size of the firm decreases so that a small manufacturer will have a few simple machines. The tendency here is to use a machine so long as it is operable even though it may be otherwise desireable and possible to replace it.

All firms in the industry appear to be family businesses. They are largely family managed and financed from within. Profitability runs high, making available a proportion of the capital needed should expansion be contemplated.

With few exceptions, premises are not designed for furniture manufacture. Some working space is cramped, some premises are multi-storyed, creating unnecessary handling, and in most cases, the layout of machines impedes the steady flow of work.

Productivity in both furniture making and joinery is low, varying between 1/7 and 1/3 of corresponding industrise in Western Europe. As the European per capita figures on which these rations are based refer to firms employing more than ten persons, while the bulk of Maltese firms employ less than ten persons, the figures are not strictly comparable and the situation may in fact be more favourable.

<u>Classification of Manufacturers</u>

<u>Standardised</u>

The production of a standard range of items made of components which can be used in different units. A few large firms fall into this category. They use modern machinery, effective production control systems and are market concious.

<u>Semi-standardised</u>

This includes firms who do not produce completely standard items but who are attempting to move away from one-off production. The majority of manufacturers employing between twenty and forty persons are partially standardised.

<u>Non-standardised</u>

These manufacturing units make furniture to order. Quality depends on the skill of craftsman. Repair work is also undertaken. Units of ten workers or less come under this heading.

<u>Handcraft</u>

Firms which make simple furniture from wood, cane, wrought-iron, etc., or household items such as upholstery, cloths, etc.

Subsidiaries

Examples are joinery businesses set up by property developers who found it difficult to contract our joinery work, contract furnishers employing craftsmen to supply expatriates and flat owners exclusively with simple furniture.

Home Demand

In general the demand for furniture in Malta at present is in excess of supply and this lessens the need for marketing information. However, as not all customers requirements can be satisfied locally, manufacturers may find themselves out of touch with trends.

Furniture has a low replacement rate and is classified as a consumer durable, that is, it competes with cars, washing machines and T.V. sets for consumer money. The market can be broken into two main sectors, the domestic sector and the contract sector.

The Domestic Sector

Furniture only.

Maltese Households

Demand is difficult to determine. Traditionally a couple will buy most of their furniture at the time of their marriage. Estimates of this amount spent vary from a weighted average of £M600 1/ over all income groups to a more conservative average of £M300 - 350. With 2,000 marriages per year, this signifies an expenditure on furniture of £M600,000 per year, to £M700,000 per year, increasing to about £M800,000 by smaller additional demand. (32% of total home demand).

Expatriates

Demand is virtually impossible to gauge. Most settlers bring out some furniture with them but questionnaire results show that they spend an average of £M240 on more furniture within two years of settlement.

Owners of holiday flats and villas

The furnishing of these premises is another important source of income. When investigating the average expenditure per bedroom and the

1/ One Maltese Pound (£M) = US$ 2.4

approximate number of new bed spaces, the results showed £M198 and 2,000 respectively, giving an estimated expenditure of £M400,000 (16% of total home demand).

The domestic sector (Joinery only)

This work is carried out mainly in new dwellings most of which are currently big, erected by the Government. Joinery at an average value of £M250 per dwelling brought total value of £M425,000 (17% of total home demand).

The Contract Sector (Furniture and Joinery) - Hotels

Total spending on this item was calculated to be £M508,000 (20% of total home demand) consisting mainly of initial furnishings (£M488,000). Most of this amount was spent abroad unlike Maltese household spending. This was due mainly to duty-free concessions on imported furniture, the tendency for foreign architects to contact foreign furniture suppliers, and the inability for local manufacturers to meet sudden demand for a large number of units. A small amount (£M20,000) is estimated for annual furniture replacement.

Export Prospects

The Mediterranean countries together with Western European countries and North America can be considered as potential export markets.

The demand for furniture in North Africa and the Middle East, though not large is expanding rapidly. These countries look towards Europe for their source. The oil producing countries are the major markets, their supplies coming mainly for UK and Germany. Except for Libya, the other (Middle East) oil states present transportation problems.

The furniture industry in Cyprus is still relatively underdeveloped and its demand is met mainly by imports. With its expanding tourist industry, its demand is likely to increase.

Western Europe produces large quantities of high value furniture. 80 per cent of the import-export furniture trade in Western Europe is between the countries themselves. If Malta could capture even a small percentage of those imports, the value of the earnings would be considerable.

The United States furniture imports are around US$133 million per year, some of this coming from Europe. As, however, the demand is for mass produced, relatively cheap furniture, this is not considered as a suitable market for Malta.

The Future of the Industry

Home demand was £M2.41 million in 1974. This increase should be met not by only employing more labour but by increasing productivity. The size of the firm is a relevant factor in determining the increase in productivity. If the large firms could increase their output by 50 percent, it could reach £M2.56 million leaving a surplus of £M150,000 compared with the estimated shortfall of £M300,000 registered recently.

Increasing Exports

Longer runs and increased mechanization should reduce unit costs and make prices competitive in the export market. The Libyan market should be explored fully, particularly for office furniture and contract work. Export to Western Europe should also be attempted. This should be done by concentrating on one market at a time, rather than dissipating efforts over many.

Cyprus and Persian Gulf States are potential markets once the transportation problems have been overcome, and efforts to normalise these shipping problems, appear promising to say the least.

Personal Export

This is another possibility. Some lines of furniture e.g. leather back and seat winged chairs, small semi-circular wall tables are peculiar to Malta. If these could redesigned to be dismantled and packed as hand luggage, advantage could be taken of the tourist trade for a new type of export.

Production Specialization

Firms employing ten workers or less can do little in this direction. They can at most invest in the 'universal' type of machine capable of performing several operations.

The medium-sized firms can increase their productivity by production aids. They should, however, retain their flexibility and produce a wider range of styles than at present. They may require assistance in the form of advice on how to organise themselves, particularly the layout of the workshops, the flow of work and the choice and use of machine tools. In some cases new premises may also be necessary.

The larger firms are generally geared to mass production, their problem is that of being sure of a constant market for volume production of standardised items.

Maltese manufacturers are entitled to use the advisory service of the Furniture Industry Research Associations (Maxwell Road, Stevenage, Hertfordshire, U.K.).

Design

The industry is in need of some good modern designs if its full potential is to be exploited. The initial impetus for this must come from abroad because of the industry's lack of experience with contemporary styles of furniture. The services of a well-respected designer are desirable.

It would be a self-defeating excercise to obtain the services of a designer for the industry on a co-operative basis and it is therefore recommended that managers should be encouraged to travel frequently to Trade Fairs, etc. overseas in order to expose themselves to new trends in design.

Some of the larger firms might find it worthwhile to engage designers for themselves. This can only be done if chief executives of furniture firms are prepared to travel so as to contact and engage suitable designers.

Efforts for Improvements

1. Bulk Buying

As all timber has to be imported to Malta, at present a small number of timber merchants (14) have the Maltese woodworker by the throat. All lumber sold is green, of low standard besides being stored and handled in an unprofessional manner and sold at a high price.

In order to do away with all this, the Government has completed plans for central buying and bulk shipping to meet all the island's requirements. This will result in the substantial lowering of timber prices, and the improvement of the wood quality thereby making Maltese wood products cheaper and better at home, and competitive on the world market. The central bulk buying set-up will be self financing and may also leave a margin of profit for Government without any significant reflection in the resultant reduction of the cost of timber. The first experimental consignment of timber has arrived from Brazil recently.

2. Central Kiln Drying Facilities

Presently all timber sold by the local merchante is green - approximately 30% moisture content. This is a main impediment to exports. Government has also announced the setting up of kiln drying facilities to solve all local woodworkers problems and possibly dry timber for neighbouring countries. The intended kiln will probably be the low temperature type. Pre-drying of the lumber by solar energy before kiln drying is also being considered, in view of the favourable Maltese climatic conditions.

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