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THE FURNITURE INDUSTRY IN MEXICO \*

by

L.F. Equihua Zamora \*\*

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\*\* Teacher of Industrial Design, National University of Mexico,  
C.U. Mexico 21 D.F.

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These notes aim at offering a brief image of the development of the furniture industries in Mexico. Information was obtained from a study by The National Chamber of Transformation Industries and from statistic information of the Agricultural Ministry.

### Number of Plants

Furniture industry has developed around Mexico's greatest markets, such as Mexico City, Guadalajara, Monterrey, and the so called "Border Band" with United States of America.

In 1970 Mexico had 3,594 factories, giving employment to over 28,774 workers, technicians, office workers, etc.; the total capital invested was 828 million pesos (US\$ 66,301 million) and gross product obtained was 1,446 million pesos (US\$ 115,696 million).

In 1970 the furniture industry required inputs having a total value of US\$ 59 millions. These inputs may be classified as follows:

- 1.- Wood
- 2.- Textiles
- 3.- Plastics, synthetic products and paints
- 4.- Metal products
- 5.- Other raw materials.

The quantity and value of the above inputs is shown in Table 1.

QUANTITY AND VALUE OF INPUTS  
1970

PRODUCT	QUANTITY	VALUE Million Dollars (before devaluation)
Veneer	401 404 000 M <sup>2</sup>	629.76
Boards	1 170 455 M <sup>2</sup>	3,325.00
Plywood		
Caoba	70 783 M <sup>2</sup>	246.64
Plywood		
Pine	304 309 M <sup>2</sup>	731.92
Caoba	228 575 M <sup>2</sup>	1,235.12
Pine	811 033 M <sup>2</sup>	2,303.20
Other Plywood not specified	378 555 M <sup>2</sup>	1,099.52
Other wood not specified	22 097 888 M <sup>2</sup>	5,571.20
<b>Wood Total</b>		<b>15,142.56</b>
Berra	1 055 902 Kg	103.92
Cotton	387 041 Kg	127.28
Polyester	343 562 Kg	539.52
Tapestry Yarn	260 232 M	526.56
Other yarn not specified	864 031 M	2,018.40
<b>Textiles Total</b>		<b>3,315.58</b>
Synthetic foam	27 707 M <sup>3</sup>	1,112.88
Plastic sheets	89 460 M <sup>2</sup>	480.16
Synthetic glue	377 450 L <sub>2</sub>	333.28
Plastics	95 775 M <sup>2</sup>	259.60
Oil paints	830 848 L	780.16
Varnish plastics, synthetic	387 431 L	361.04
<b>Products and Paints Total</b>		<b>3,326.56</b>
Wire	991 204 Kg	312.00
Nails	168 206 Kg	81.44
Chromium	403 440 Pieces	80.72
Angular iron (Accessories)	602 919 Kg	114.16
Iron work	280 659 Pieces	557.84
Tube	1'467 614 M	544.44
Springs	426 191 K	183.68
<b>Metalic Products Total</b>		<b>1,879.20</b>
Lac	497 699 L	569.68
Sand paper	2'220 248 Pieces	219.44
Glass	378 555 M <sup>2</sup>	1,099.52
Mirrors	23 587 M <sup>2</sup>	385.44
<b>TOTAL</b>		<b>2,274.72</b>
Other raw material, not specified.		19,385.60
<b>Total Value</b>		<b>45,344.00</b>

Timber Industry Development

As we are talking of wood furniture industry we present a general view of the timber industry's development.

Timber is one of the natural renewable resources of Mexico which occupies a preponderant place in the national economy.

Benefits derived from its correct industrialization would be translated in richness and better work opportunities for the country.

Table 2 shows the timber stock of Mexico.

T A B L E 2

	SURFACE HECTARES	STOCK IN M <sup>3</sup>
Coniferous	21 063 135	1 601 496 180
Broadleaved	8 635 445	335 431 328 (Cold and moderate climate, timber species)
Sub Total	29 698 580	1 936 927 508
High Trees	2 396 880	291 662 658
Medium Trees	12 811 621	311 079 302 (Tropical and sub- tropical climate, timber species)
Sub Total	15 208 501	1 102 742 460
T O T A L	44 907 081	3 039 669 968

In 1975, 6.2 millions M<sup>3</sup> were obtained and processed industrially; technicians believe the above stock might enable an extraction of a quantity four times greater, in other words we could exploit a percentage of 0.88% which translated to cubic meters would be 27 280 000 M<sup>3</sup>.

Thus we can observe the existence of an inhibition in the offer development, which in addition to the growth of demand has produced price elevation and the blocking of the internal market's development.

For our purpose it is important to point out two main forms of the wood used in furniture.

1. -Solid woods
2. -Panels
  - 2.1. Plywood
  - 2.2. Particleboard
  - 2.3. Other wood based panels.

Solid wood has been used traditionally and development of its technology has yielded good results in Mexico.

In the field of wood based panels the industries are blocked because of the slow development of adequate technology; machinery and tooling are expensive, as well as all the accessories needed; giving as a result low quality and small production; all these factors may have produced the consumers resistance to furniture made from panels.

#### Production Trends

Seeking for solutions furniture industries have carried out some investments and changes, with the objective of increasing their possibilities on the international market; as a result productivity was increased and the cost decreased.

This may be observed that between 1965 and 1970 the labour needed to produce one piece of furniture decreased from 2.3 to 1.5 units, while the capital invested rose from 48.2 units per piece of furniture to 53.3 units.

The furniture industry's development has shown a dynamic ascent, the total gross value of production rising by 132% from US\$ 49.77 million in 1965 to US\$ 115.6 million in 1970.

When comparing the growth of the furniture industry to that of all industry over the period 1965 - 1970 it appears that all industry increased by 74.7% (i.e. 11.7% annually), while the growth of the furniture industry was 132.4% (i.e. 13.3% annually).

#### Market Situation

The major part of the production is consumed in the internal market and the lesser is destined to foreign trade (see Table 3).

TABLE 3

Comparative Tabel Internal - Foreign Consumption

	INTERNAL	FOREIGN	TOTAL
Million Dollars	105.81	1.46	107.28
%	97.3	2.7	100

The internal market has had a dynamic growth as we have seen; there are various reasons, which indicate the permanency of this tendency.

One of these reasons is the yearly rate of demographic growth, which is one of the highest in the world; being 3.4 to 3.5 per cent for the country as a whole, while the net increase of population in the industrial areas is 7 to 12 per cent.

Additionally and in spite of the adverse conditions, the average Mexican's purchasing power has been reinforced because of governmental economic measures.

There are some other facts that indicate a demand growth, for example, the new governmental organizations whose objectives are to supply and promote housing development and facilities.

The foreign market consists of the United States, because of its proximity; also Canada because of its relative proximity and a few European countries, as indicated in Table 4 below.

TABLE 4  
FOREIGN - TRADE

	TOTAL EXPORTS	EXPORTS TO U.S.A.	EXPORTS TO CANADA	EXPORTS TO EUROPE	EXPORTS TO OTHER COUNTRIES
1965	1461	1337	57	0.96	60.5
1966	1638.6	1521.2	36.2	42.90	38.2
1967	1843	1767.8	27.2	0.32	47.6
1968	2605.3	2522.6	9.1	0.24	73.36
1969	3240.3	3041.6	100.8	0.16	97.76
1970	3064.2	2926.4	90.4	0.40	46.9
1971	3510.4	3308.7	116	0.48	85.28
1972	3939.6	3665.2	74	0.16	200.3
1973	2518.8	2237.5	174.5	0.16	106.6

Thousands of US Dollars.

The next Table (5) shows the relationship between total Mexican exports and total furniture exports.



T A B L E 5

	TOTAL EXPORTS (1)	FURNITURE EXPORTS (2)	2 AS A PERCENTAGE OF 1
1970	102 506.16	332.16	0.3
1971	109 069.36	378.9	0.3
1972	133 221.12	445.3	0.3

Thousands of US Dollars.

The furniture industry exports have generated for Mexico from 1967 to 1972 foreign currency earnings of US Dollars 18.88 millions, i.e. US\$ 2.7 millions per year, in spite of the fact that they only represent 3 per cent of all exports, but if their rate of growth is compared, there is an important difference: total exports have grown by 30 per cent and furniture exports by 34.1 per cent.

This brief review of the furniture industry's development and situation permits the general conclusion that it is a relatively new and promising industry. Internal demand will continue to exceed production capabilities and exports will give furniture a strategic new dimension.

However there are several points that may be placed as part of a development policy. Among these can be listed:

- a) Obtention of better raw materials as timber (for example well dried wood);
- b) The search for a development balance among industries; we have primitive crafts workshops and modern automated industries;
- c) This balance implies the preservation of the advantage of both production ways. Aesthetics, character, tradition, quality, mass-production must exist alongside one another;
- d) The use of professional design, as a vital production factor in order to obtain a national originality.

To-day some furniture products are copied from foreign models and fashions adapted to the Mexican industry's capability. The result is a low quality production.

To copy models and fashions is an old problem in Mexico, it is the result of the loss of Mexican values and ideas. Mexican climatic conditions and cultural characteristics must be taken into consideration.

For example we have in the furniture stores of the tropical regions, furniture covered with long hair tapestry or plastic sheets such as polyethylene, these regions have most part of the year high temperatures.

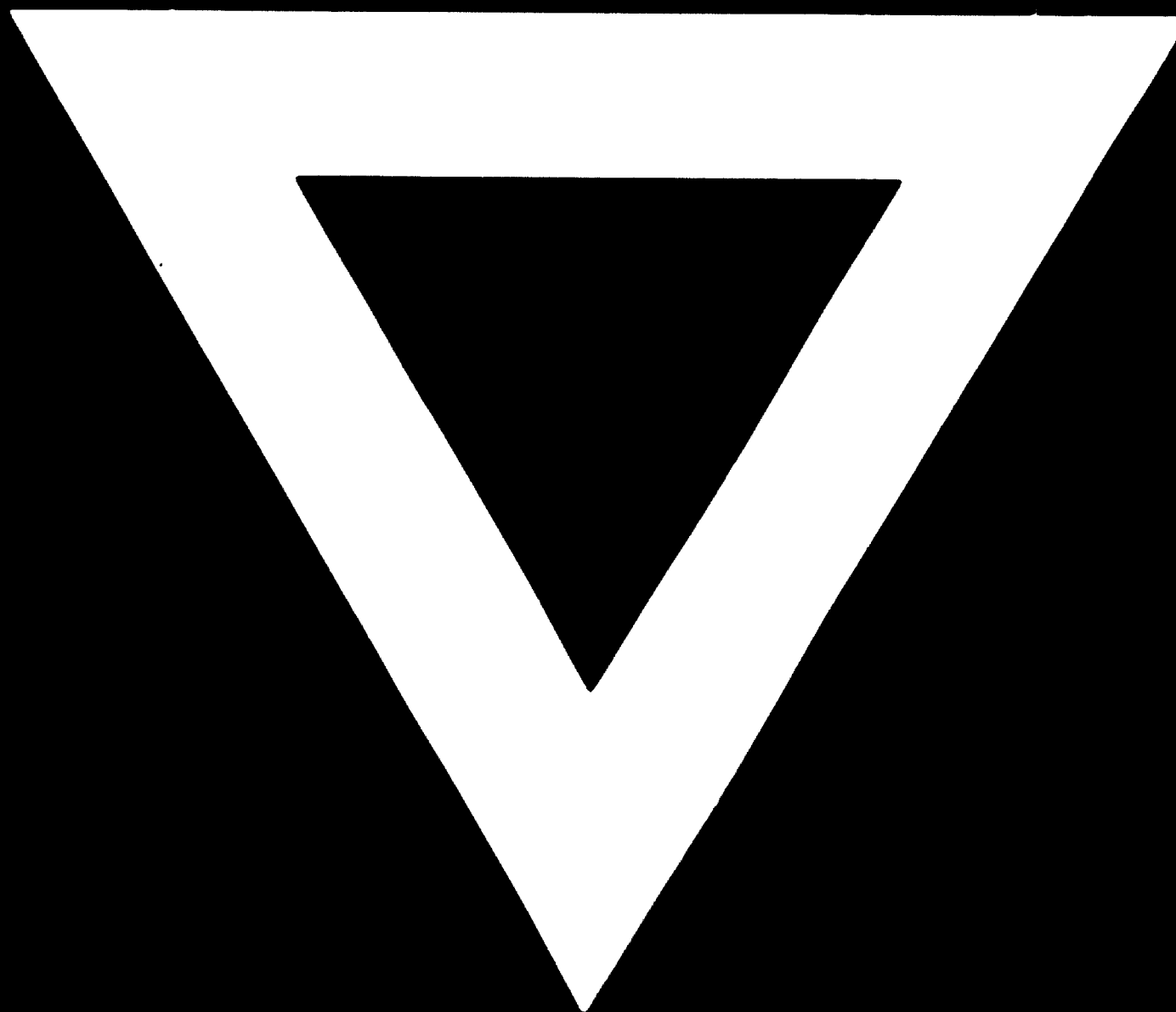
e) It is also important to improve the production's techniques in order to obtain better quality and quantity, while bearing in mind that Mexico is one of the countries with a large unemployed labour force that must be used.

f) If we want this labour force to be a factor of industry's development, we have to train them in the use of modern technology, machinery and tools.

g) The industries' internal management should also be improved by the use of some of the recent techniques developed in management, layout planning, marketing, and other topics.



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