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The Furniture Industry in Jamaica in Mid 1979^{1/}

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The Industry in Perspective

The furniture industry in Jamaica may be described as traditional in the sense that it is one of the oldest craft industries in the country. The precursor of the present day Small Furniture manufacturer is the traditional Cabinet maker who made on a bespoke basis items of household furniture such as chairs, tables, beds, dressers, etc. for the people in his community. The well-to-do cabinet makers sought to increase their output beyond that required by individual community members with the advent of large furniture retailers such as Courts Brothers Jamaica Ltd. These retailers possessed no manufacturing facilities of their own and were interested purely in marketign furniture and other household items which they bought outside. Through the line-purchase mechanism which these companies had the financial resources to support, they were soon to become the vehicle through which the Small householder obtained his furniture.

A shift in the disposal pattern of furniture therefore took place with the advent of the large retail houses that were able to finance credit to consumers. The consumer sought to take advantage of what appeared him/her as very favourable credit terms rather than deal with The Cabinet maker who typically demanded a down payment on acceptance of an order and total settlement on or before delivery.

The cabinet maker on the other hand sought to mechanize his operation in order to cope with the larger volume requirements of the retailers. The small furniture manufacturer of today was thus born. Because of low productivity these small manufacturers often find the prices offered by the large retailers hardly remunerative.

The third phase in the development came when industrial investors came on the scene. These industrial investors were not craftsmen or even manufacturers themselves. They were people who had business acumen and some capital and wished to earn a profitable return on their money. They proceeded to set up medium sized furniture manufacturing plants and employed whatever skills they saw as necessary for enterprise success. They often set up their own retailing outlets in addition to selling to the large independent retailers. They were geared to supply the furniture needs of the middle and upper income groups in the country. Whereas they were numerically far fewer than the small manufacturers the output of their plants accounted for some 35% of local production.

Most of the skilled workers in the industry started out either as craftsmen themselves or as apprentices of craftsmen.

Designing of furniture as a profession is essentially non-existent. Designs used in the middle and upper income segments of the market are antique reproductions copied from furniture books and magazines. Designs used for the lower income segments are arrived at by modifying the more traditional designs to put them within the lower income price bracket.

With the mass emigration of professionally and technically skilled people which has been taking place since 1975/74, the bottom has been knocked out of the traditional middle and upper income market. Rising unemployment and inflationary price increases have constructed demand in the lower income market. The industry in mid 1979 can therefore be described as being in a state of crisis.

Current problems

The furniture industry in Jamaica in mid 1979 is characterised by the following features:

1. A severe decline in domestic consumption,
2. A resultant substantial cutback in production and employment,
3. Incipient efforts at moving into production for export to compensate for contracted domestic demand,
4. Inadequate kiln drying facilities to provide the seasoned lumber required for export production,
5. Low levels of efficiency in plant and machinery, labour and material utilization, which militate against export competitiveness,
6. Inadequate tooling and tool servicing facilities.

Future prospects:

Mayfair Furniture Company Ltd., Jamaica Heritage Furniture Manufacturing Company Ltd., Kraftsman Ltd. and Rattan Craft Ltd. together possess in excess of 65% of the installed furniture production capacity in the country. Jamaica Heritage and Kraftsman went in receivership in the first half of 1979 and both Mayfair and Rattan Craft underwent severe retrenchment.

The future viability of all four companies hinges on their making a successful change in production orientation from one geared essentially for domestic production to export production. The demands of export production are of course a lot greater than production for domestic consumption. The domestic market is protected from extra-regional (i.e. Carriibbean Common Market) imports and there is no real competition from regional sources. Factors such as price, quality, and delivery deadlines which bear heavily on production for export, hardly count in the domestic market. Naturally, manufacturers which grow up in such a protected situation will always shy away from exporting with all its headaches and concentrate on production for domestic consumption. As a result they never develop the discipline and efficiency required for successful export production.

There is no immediate prospect of the slump in domestic demand changing. The major furniture manufacturers are therefore faced with a stark choice: either to go out of business or gear themselves for export. Two of the four elected the former route and two are attempting the latter. What is more, the two companies which went into receivership have recently been sold intact to new owners who are prepared to face the export challenge.

In so far as exports are concerned, there is no shortage of markets. Substantial demand existing in the United States, Canada, Britain and West Germany for Jamaican made furniture. The only problem with exporting arises from the inadequacies of local production.

The next three to five years will therefore mark a transition in the orientation of the Jamaican furniture industry. The government is doing its part to facilitate this transition in the furniture as well as others manufacturing subsectors by according the highest priority in the allocation of scarce foreign exchange to exporters and on other forms of assistance such as financial and technical through its various agencies.

Future needs:

In order to bring about the desired turnaround in production orientation, manufacturers will require assistance in the following

areas:

1. Technical assistance aimed at improving plant productivity to the levels required to compete successfully in export markets as well as the timing and development of technical personnel in the industry.
2. Provision of licences to import necessary raw materials, equipment and supplies in good time to meet export requirements.
3. Provision of adequate tool servicing facilities, probably as an addition to an existing toolroom.
4. Ministerial intervention to have the wood-drying kiln installed at the institute of craft rendered fully operational in order to ensure adequate supplies of the seasoned lumber required for export production.

No doubt UNIDO is best equipped to be of help in the matter of technical assistance, and this is an area in which the need is almost insatiable. More specifically, the need is for marketable designs for export, notwithstanding the fact that manufacturers are hoping to produce designs specified by foreign importers. There is also need for training and practical in plant assistance in areas such as production management, plant layout, waste reduction, machinery maintenance, etc.



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