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The Brazilian Furniture and its Export^{1/}

by

Virginia S. de Cavalho Borges
Industrial Designer
Arc Plus Planejamentos e Construcdes Ltda.
Curitiba

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Within the Brazilian government policies, aiming to reduce its foreign debit, the export of manufactured products has gained incentives through specific legislations and special credits to the manufacturers.

In the case of the furniture industry, according to Cacex (Carteira de Comércio Exterior - Chamber of Foreign Commerce), governmental office of support to export trade, the export of Brazilian furniture is a modest item in the list of products exported and has not even kept pace with the general increase of export of manufactured products. The Brazilian export of furniture was of the order of US\$ 17 million in 1977 and US\$ 18 million in 1978, including hospital furniture, upholstered and similar products and Brazil's participation was only 0,26% in the world's furniture market.

Although the furniture industry is expanding rapidly (average of 23% per year) the increase of Brazilian exports was only 6% from 1977 to 1978 and that item means only 0,14% of exported manufactured products.

The great potential of raw materials, analysing only the forest resources aspect, is an important point to be considered as a favourable incentive for furniture exports. Another point to be considered is that the majority of the furniture industries are Brazilian owned enterprises.

The attempts that have been made so far can be considered as attitudes, aiming at exports, taken by the businessmen to make use of the incentives given by Cacex, and the majority of our exports (nearly 40%) are to the United States market, next comes Latin America with 28% of our foreign business transactions in this field.

Our furniture industry that supplies the North American market is concentrated in the area of Rio Negrinho, in the State of Santa Catarina, South of Brazil.

That area has plenty of wood and labour. It is a very special area for it has availability of wood of good quality (Brazilian walnut), and it was settled at the beginning of the century by European technicians. Those were important factors in the development of the local furniture industry.

The majority of the furniture made there are turned and made of Brazilian walnut painted dark.

Another exporting pole is located in the North East but it has not yet acquired great importance.

With incentives from Sudene (Superintendência de Desenvolvimento do Nordeste) some industries manufactured products for export which are made of light colored wood, veneering and are of straight lines.

All types of furniture are exported to Latin America, and this causes the decentralization of export, both in respect to design as well as in areas of industrial concentration.

The reasons for such unimpressive data are several and different. The main reason seems to be the government incentives which do not cover the advantages offered by the unsophisticated and plentiful market. The present demand in the country still brings better profits for the competition is yet insignificant, the consumer is known and does not require much, and existing technical conditions are sufficient.

Attempts to export have highlighted the following problems: restriction on imports imposed by other countries, higher costs for packing and transport, presence of traditional competition on the market and great development in design.

The attempts, nevertheless, were more successful in the United States market than in the European one for the latter is more sophisticated.

The United States are today the biggest world importer of furniture. They import nearly US\$ 1 billion in furniture and Brazil's share has not reached 0,3%. Because of this Cacex has identified this country as a pilot market for the Brazilian product. The first action to be taken are in reference to transportation, in which the factor packaging is also included.

The Ministry of Industry and Commerce, with a group of specialists has programmed courses and a packaging manual for the Brazilian exporter, developing few resources to improve not only the quality of the product but also on order to reach the departure port, as well

as decrease the cost of freight to be paid.

Another incentive from the government is the research that has been developed by companies specialized on specific markets for the Brazilian exporter, giving him orientation about the rules, the limits of purchase volume, and specific aspects of each country in relation to the demand for furniture.

The inexperience in this field has contributed to the lack of success in recent attempts of Brazilian exporters in this field.

Parallel to this, the absence of a Brazilian design can be considered a rather important factor, for, instead of exporting furniture with Brazilian characteristics, we export American furniture design.

This way, the technology to be used has to be imported first, and then re-exported.

Because of the mere transposition of a process, some problems of veneering have shown up in pieces of furniture which were transported to places with temperature and humidity control, or the quality of unskilled labour - still an important factor in the low cost of our product - has contributed to a final result of limited quality; packaging almost does not exist on the home market and is, for many manufacturers, unnecessary. This attitude has contributed considerably for the failure of export for it is essential for the guarantee of a purchase of a product in good conditions for the importing country.

It seems that the main points to be improved are related to furniture design. Two alternatives have nowadays been presented: the first, having a short term return, which has been applied today and is based on the penetration of the foreign markets through products similar to the existing ones. The second, calling for results on a longer term but with more guarantee, is based on the development of a national design.

In the first case, to solve the actual problems it is necessary to have urgently not only the in-depth knowledge of the potential markets, which is being acquired, but also and mostly, the fast absorption of the necessary technology for obtaining that product.

In this case, the creation of technical schools is of utmost importance for the improvement of labour qualifications and correct production control. In the second case, the development of a design of purely national character, the results would be much surer, since local limitations of raw materials and processes can be taken into account.

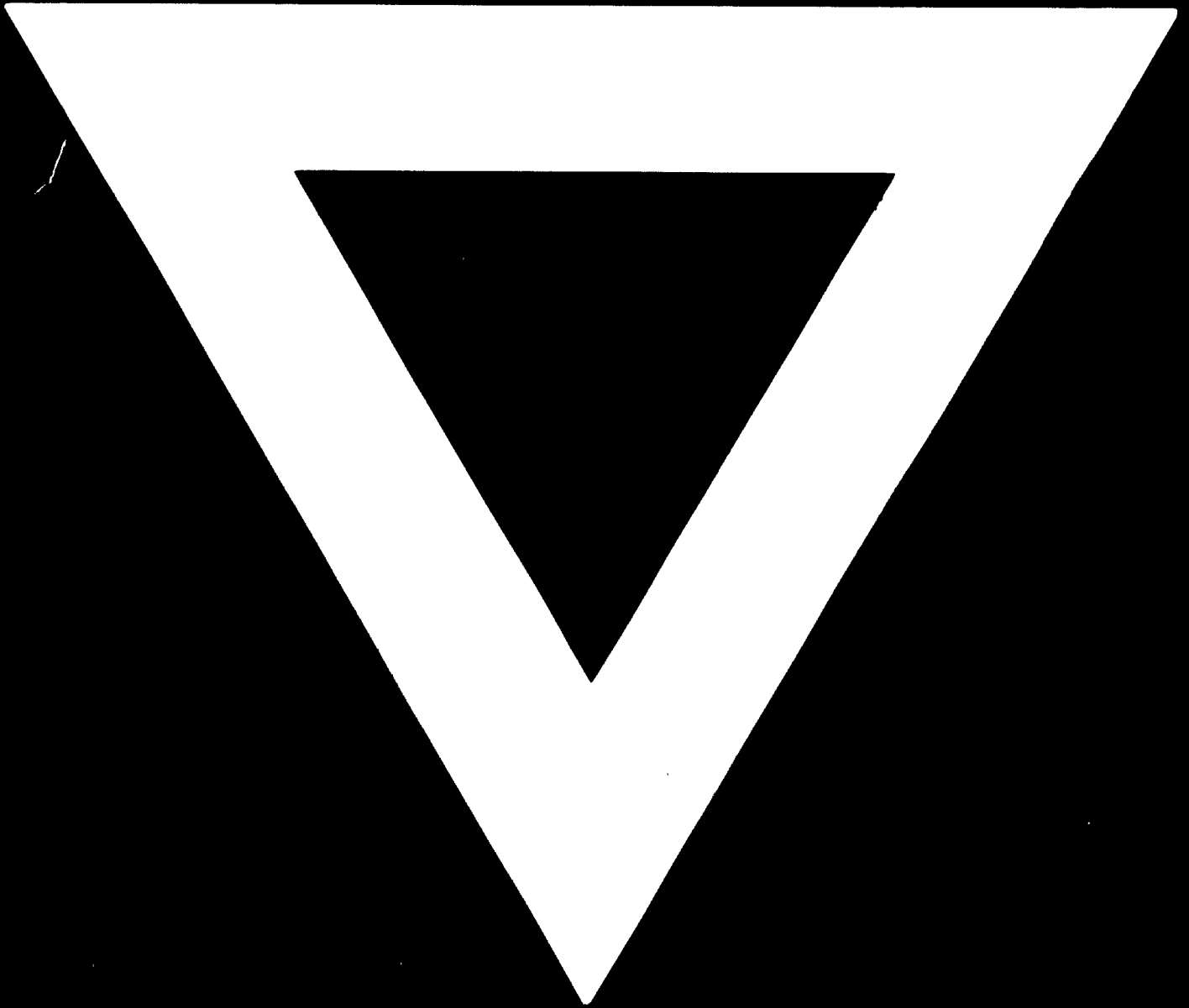
Here, the formation of specific technicians is necessary to render possible the use of alternative materials and production processes, within the possibilities presented by our natural resources as well as the abundance of unskilled labour that we have. Such studies, although without a specific government support, have already been carried out spontaneously as research at schools. The objective was cost reduction for sales on the local market.

The solutions ranged from the creation of groups of people from outside the industry to produce handcraft work, to the research on the production of cheaper panels for furniture construction, substituting particle board, or in search of raw fibres to substitute the synthetic products.

Here, not only our balance of payments can be increased just by the export of a competitive Brazilian product with its own characteristics, the trade deficit can also be reduced by the use of more adequate materials. The perspectives are quite promising, if we analyse the already existing potential capacities.

Then it will be only necessary to handle the reality before us, through the development of our own technology to obtain a Brazilian design, in the way that we talk about Japanese design, Italian design or Finnish design.

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