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The Furniture Industry of Panama^{1/}

by

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Introduction:

Panama is a small country considering its land surface (77.082 km²) and even smaller if its population (1,991.400 inhabitants on July 1st, 1979) and its density (24.4 inhabitants per km² on the same date) are considered. Through history, its main role since the Spanish Conquest has been its advantageous geographical position. This role continues through its relatively short independent life since 1903. Its role became more important when it was internationalized through the construction of the Panama Canal and its operation in 1914. This situation is used by the world commerce for communication, transportation and local sale of all types of articles, without ever producing any of these articles on our territory in an interesting profitable scale.

Problems facing the Industry:

We wanted to begin this monograph by presenting these two aspects so decisive and conclusive in the issue and development of the national industry in general and the wood furniture industry in particular. We say conclusive because:

- 1) The fact of being a country with a low population density greatly restricts the market which is the main aspect when talking about industry;
- 2) the existing facilities for importing products much more sophisticated than those that can be produced in our local environment, do not represent any encouragement for the beginning of local industry that would have to show its disadvantages to the consumers;
- 3) the fact of being a country with a short experience in manufacturing implies the scarcity of qualified labour. This situation becomes worse when considering that in our country there are only 15 to 20% of workers who have had a formal training in the field where they work and even though the industrialists have stated their permanent interest in sponsoring training courses

for their personnel or Personnel Exchange Programmes which, sponsored by them, will permit the workers to travel to different countries speaking the same language (Spanish and even Portuguese in our case), so they can see and learn modern manufacturing and finishing techniques. This programme has not, so far, found the support of the Government or international institutions with enough experience in this aspect;

- 4) the great international trade and an economy developed only on a commercial aspect and not on a manufacturing basis, have created a living standard relatively higher than that of the countries in this geographical area, because they are within their own national reality of a larger self-sufficiency. Consequently, our labour which is less qualified compared to that of these other countries paradoxically, earns higher salaries which represents a disadvantage in our attempts to compete on the international markets, considering that the local consumption is so low, and the raison d'être of any industry is to reach higher production levels for which it needs a market to consume its production;
- 5) within the specific field of the furniture industry, the only raw materials produced locally are solid woods, plywood, nails and screws. All other materials needed for the manufacture of wooden furniture are imported directly by the manufacturer or by local suppliers specialized in this field.
- 5) all industrial or manual machines and tools are imported.

In spite of all these problems facing the Panamanian wood furniture manufacturer, the industry has improved and has grown, encouraged by the fact that importation is increasing by more troublesome and expensive, mainly for types of furniture treated or immune to attacks by fungi and timber pests.

Range of products:

The furniture industry of standardized production in Panama can be classified as follows:

A. Popular furniture:

Mostly designs of poor meaning, with no aesthetic and functional value. These styles meet, more or less, the tendencies of the 1950's when these industries stopped being manual work shops to become industries. These designs have received small modifications to create a false impression of having been updated.

There are four main enterprises of bigger volume within this classification. They keep traditional mounting systems and they only produce residential furniture.

B. Middle Class furniture:

A more modern design in the line of the 1970's, straight lines, more functional, better aesthetic value. They give more importance to the way the look, but do not use the authentic surface finish process, nor is importance given to their construction or resistance; which considerations are of the utmost importance in a piece of furniture. Plastic laminated coatings are used more often for a fast production. In this group we could say that there is just one very young enterprise with a great production capacity, having three specific objectives:

- a- exporting to all the Central American countries.
- b- competing with the aforementioned group.
- c- Offering office furniture and popular kitchen furniture which is aesthetically pleasing and functional, which did not exist before. Its quality is more or less acceptable, according to the presently established concepts.

C. Good quality office furniture:

In this group we could classify two companies, one established now for 30 years and the other has 5 years' experience. Both produce for the local higher level consumer as well as for 90% of foreign companies establishing offices in Panama, specially banks. They have a standardized production, but of a lower scale than the above groups. They give utmost importance to the quality of the materials used. They take special care in the design, its aesthetic and functional aspects. Its interior and exterior are carefully finished.

Problems facing the Industry:

A more specific answer and orientation is needed to solve the problems listed below:

A. Wood drying:

all the national furniture industry works with local wood and we need technical methods, effective, fast and at reasonable costs to season the solid wood.

B. Preservation of the wood and its derivatives:

this is the second most important fact for the industry in Panama given that local weather conditions make the wood very sensitive (in a short time) to tropical pests. Considering that, it is more economic to preserve the materials before proceeding with its machining. Here again only methods of proven efficiency, fastness and reasonable costs should be considered.

C. Problems related to the locally produced plywood:

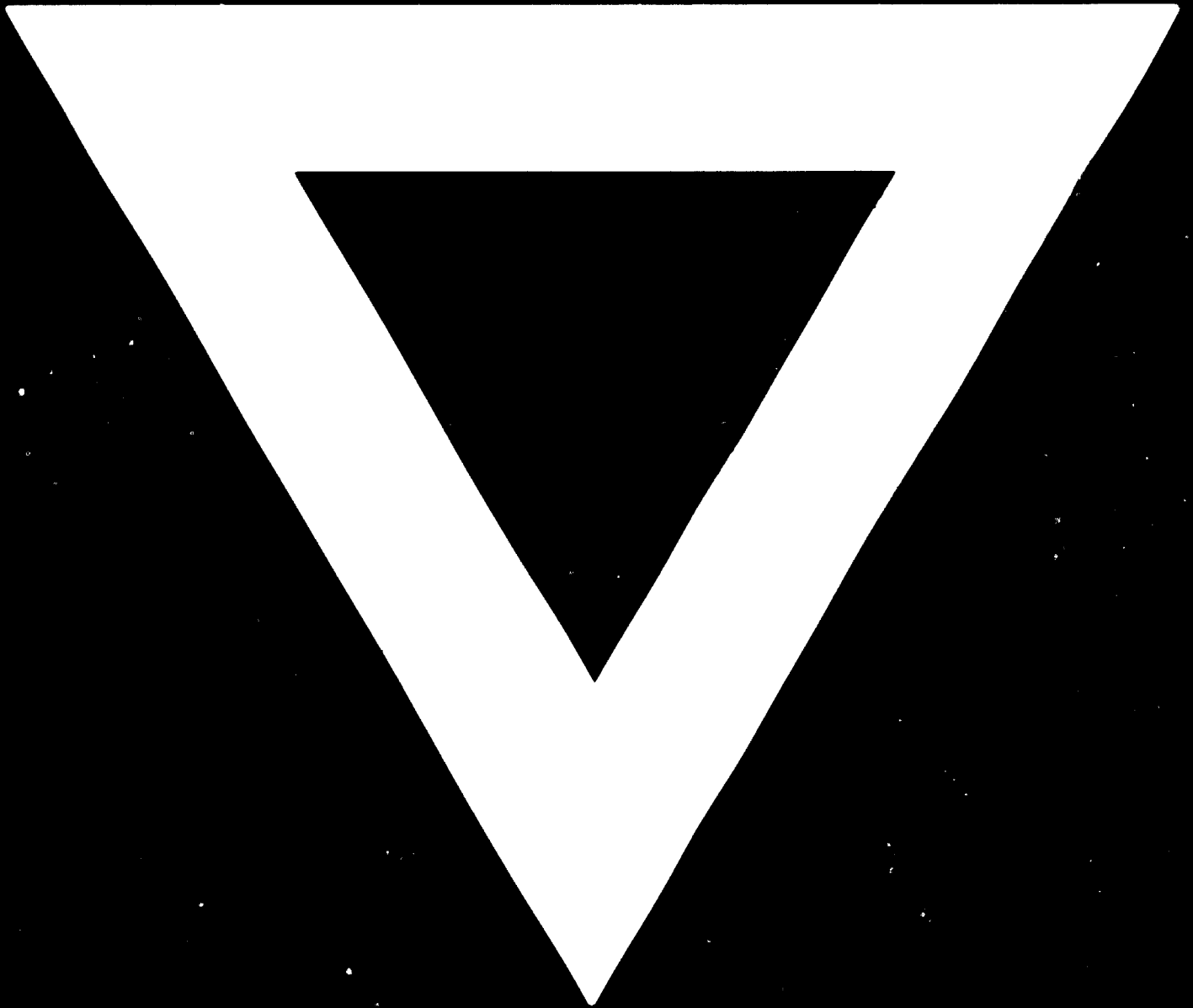
the basic problem and the more serious one which we face is the high level of moisture when the product is sold to the furniture manufacturer, which results in warping of an important percentage of the material which has to be thrown away.

D. Bending methods and folding of solid wood and plywood:

Presently in our industry, when a given piece of furniture needs bending plywood is eliminated as a raw material and solid wood is used. The required form is cut out of solid wood, not bent. This results in high waste of a scarce material and increases costs unnecessarily. However any practical advice given must be at a reasonable cost; proven efficiency and be able to be performed by a person of an average elementary education.



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