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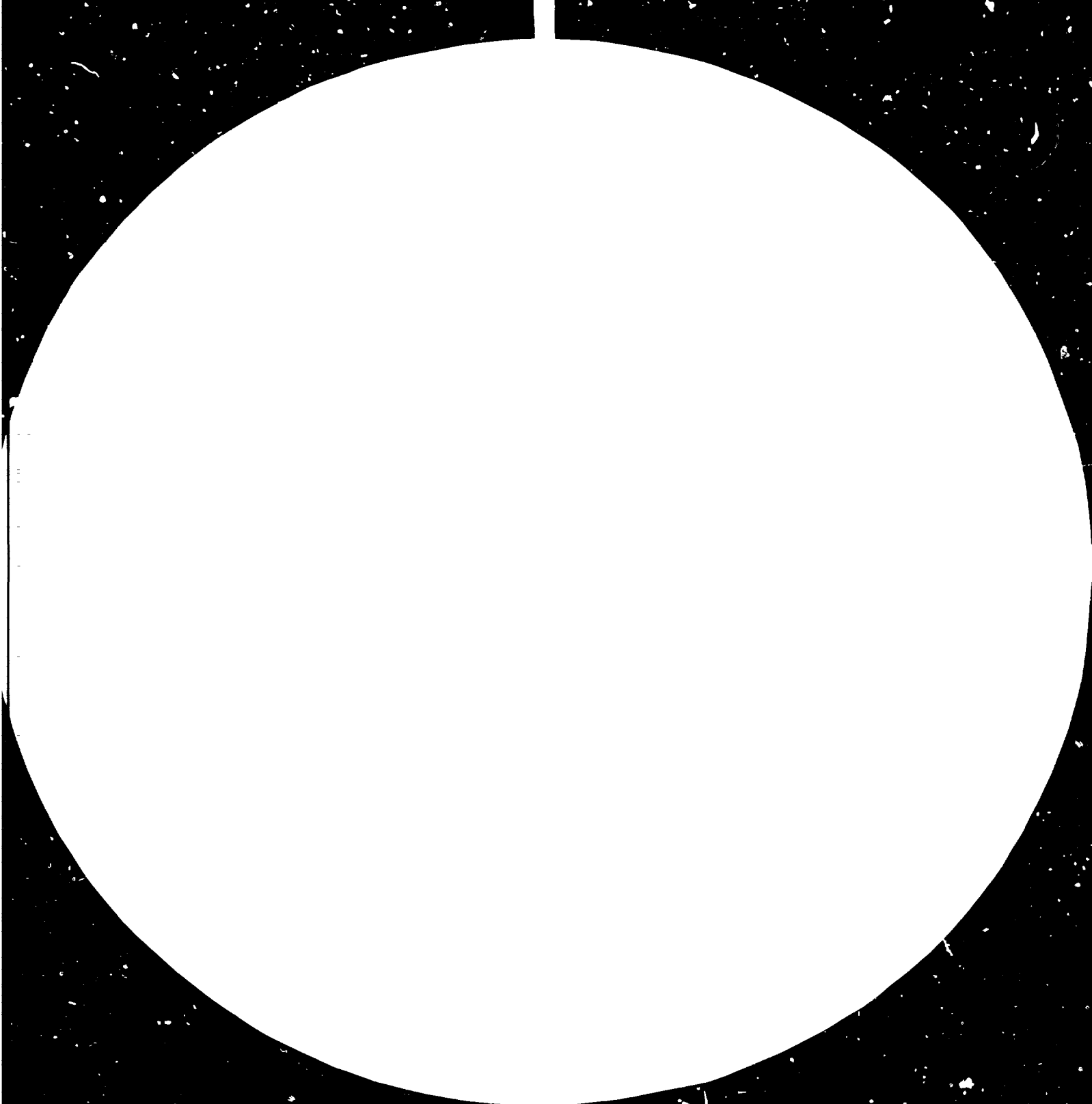
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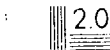
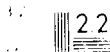
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THE FINNISH FURNITURE AND JOINERY INDUSTRIES AND THEIR  
POSITION IN THE NATIONAL ECONOMY \*

by

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1. A General Review

The forest industry is a major industry in Finland. The wood industry, pulp and paper industries and the furniture and joinery industries together account for about one-fourth of the value of the national industrial production.

Traditionally, the furniture and joinery industries have been regarded as part of the mechanical woodworking industry. Though this definition of branch, which is based on the raw material, is correct in general, it should, however, be understood that the furniture and joinery industries also manufacture products made of other raw materials than wood. Metals, fibreglass and plastic today are significant raw materials in the furniture and joinery industries.

The furniture and joinery industries accounts for about 1.8 per cent of the gross value of the industrial production.

The Finnish furniture industry accounts for 1.4 per cent of the gross value of the industrial production and 1.9 per cent of the total value added. It employs 2.8 per cent of the total labour force in industry. The wages and salaries constitute 49.9 per cent of the value added of the production compared with 41.0 per cent in the industry as a whole. In 1978 there were 347 establishments in the furniture industry. They employed about 15,000 persons.

The furniture industry used to be a domestic market industry. The exports of furniture have, however, increased very rapidly during the last decade. Exports in 1980 were 649 million marks (US\$ 174 million), which is more than one-fourth of the production.

The Finnish joinery industry accounts for 0.4 per cent of the gross value of the industrial production and 0.5 per cent of the total value added. It employs 1.0 per cent of the total labour

force. The wages and salaries constitute 66.0 per cent of the value added of the production. In 1978 there were 150 establishments in the joinery industry. They employed about 5,200 persons.

## 2. Production

The mean increase in the value of the production in the furniture industry has generally during the last decade exceeded the mean growth in the industry. The mean increase in the volume of the production was about 18 per cent per annum in the early 1970's. From 1974 to 1977 the volume remained almost unchanged. Since 1977 the volume of production has increased somewhat. The increase of productivity has been very small in the 1970's.

The mean increase in the value of the production of the joinery industry has been somewhat smaller than in the furniture industry. The mean increase in the volume of the production was about 6 per cent per annum in the early 1970s. Since 1974 the volume has somewhat decreased.

The Finnish furniture industry is rather strongly concentrated in the middle and southern parts of the country. The biggest establishments are situated in Lahti and its vicinity. The two biggest furniture factories in Finland - both in Lahti - are also the biggest ones in Scandinavia.

The joinery industry is somewhat more evenly distributed among the industrial parts of the country.

## 3. Raw Materials

The main raw material for the furniture industry is still birch. The second most common material is pine. Besides solid wood a considerable amount of veneers, plywood and boards are used as raw material. Fabrics and upholstery materials also constitutes significant items in the furniture industry.

The use of fibreglass and plastic has increased rapidly in recent years.

Steel sheets and pipes constitute the main raw material for the metal furniture industry.

The main raw material in the joinery industry is pine. Different kinds of boards and plywoods are also much in use.

#### 4. Structure of the Industry

There is a rather strong concentration of production to a few companies in the furniture and joinery industry. The five biggest companies account for about half of the total value added in the furniture and joinery industries. The total number of companies is rather large. It is rather easy to enter the industry because no great capital investment is necessary.

#### 5. Marketing

The marketing of furniture is organized rather unusually in Finland. The big manufacturers have their own retail chains. Some producers also have a few retail outlets.

About 20 years ago, several small manufacturers and furniture retailers formed a marketing company and its associates now have about a fifth of the domestic sales.

Independent retailers have a market share of about 30 per cent.

#### 6. Exports and Imports

The annual increase in the exports of furniture has in recent years been very substantial. Total exports in 1980 were 649 million marks (US\$ 174 million). Major export countries were Sweden, the USSR, the Federal Republic of Germany, Iraq and Norway.

Imports of furniture to Finland were in 1980 133 million marks (US\$ 36 million).

#### 7. Production Cost

The furniture and joinery industries are more labour intensive than industry in general. The raw materials constitute a smaller



cost factor than in industry on average. The cost of labour is still smaller than in industry on average.

#### 8. Profitability

The profitability was quite good in 1973 and 1974. Since then profitability has decreased considerably. For the smaller companies 1975 was probably generally the worst, since then profitability has increased. For the big companies 1976 was apparently even worse than 1975. At present the outlook is somewhat brighter.

#### Some Particulars About Finland

From 1155 to 1809 Finland formed a part of the kingdom of Sweden. Connected from 1809 with Russia, Finland was an autonomous country with the Emperor as Grand Duke until 6 December 1917, the date of Finland's Declaration of Independence. The Republican Constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of six years. Dr. Urho Kekkonen has been President for many years, and he was re-elected in 1978 for the period from 1 March 1978 to 1 March 1984.

Parliament, comprising 200 members, is elected by universal suffrage for a period of four years. The number of seats of the different parties in Parliament elected in 1979 is as follows: Social Democratic Party of Finland 52, National Coalition Party 47, Centre Party 36, Democratic League of the People of Finland 35, Swedish Party 10, Christian League of Finland 10, Finnish Rural Party 8 and the Liberal Party with 4.

#### Land

The area is 337,000 square kilometres (Great Britain's area is some 245,000 square kilometres and Italy's area is 301,000 square kilometres). Of the total, inland waters form 9.4 per cent of the land area (1970 figures) 2.7 million hectares (9.6 per cent) are cultivated and 19.1 million hectares (68.4 per cent) are covered by forests.

Ownership of the land (1970): The total land area was distributed among different owners approximately as follows: private at 60.7 per cent, state 29.4 per cent, companies, etc. 8.0 per cent, municipalities and parishes at 1.9 per cent.

#### Population

Number of inhabitants (1979): 4.8 million (Sweden 8.3, Switzerland 6.3, Denmark 5.1 and Norway at 4.1 million).

Density of population (1979): In South Finland 45.6, and in the whole country an average of 15.6 inhabitants to the square kilometre.

Distribution by area: 40 per cent of the population inhabit the rural areas, 60 per cent towns and urban districts. The largest towns are Helsinki (Helsingfors), the capital has 483,743 inhabitants, Tampere (Tammerfors) with 165,883 and Turku (Abo) with 163,903 inhabitants.

Employment (1979): Agriculture and forestry 12 per cent, industry and construction 34 per cent, commerce at 14 per cent, transport and communication 8 per cent and services 32 per cent.

Language (1979): Finnish speaking 93.6 per cent, Swedish speaking 6.3 per cent and others 0.1 per cent.

Education (1980): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640) and 16 colleges of university standard.

National Income (1979, in million marks): Gross domestic product at factory cost by industrial origin: agriculture 6,191 (4 per cent), forestry and fishing 7,198 (5 per cent), manufacturing 46,699 (32 per cent), construction 10,478 (7 per cent), trade, restaurants and hotels 16,307 (11 per cent), transport and communication 12,375 (9 per cent), banking and insurance 5,145 (4 per cent), ownership of dwellings 10,217 (7 per cent), services 29,808 (21 per cent), total 116,547.

Industry (1979) Gross value of industrial production 138,668 million marks, number of workers 396,020 salaried employees 133,650 motive power (1979) 7.6 million kw.

Finance and Banking

Currency: Since 1860, Finland has had its own monetary system. The monetary unit is the mark (Finnish markka). Since 1 November 1977 the external value of the mark has been officially expressed in terms of a currency index.

ANNEX I

STATISTICAL SUPPLEMENT

1. NUMBER OF ESTABLISHMENTS

	1960	1970	1975	1977	1978
Furniture	43	176	205	238	261
Mattresses etc.	..	..	7	11	13
Metal furniture	14	27	53	59	73
Furniture factories	157	203	265	308	347
Wooden articles	244	244	138	139	150
Furniture and joinery factories	401	447	401	447	497

2. GROSS VALUE OF PRODUCTION (million marks)

	1960	1970	1975	1977	1978	1979 <sup>x)</sup>
Furniture	79	278	885	1029	1141	1312
Mattresses	..	..	46	54	73	97
Metal furniture	13	47	322	356	403	496
Furniture factories	92	325	1253	1439	1617	1905
Wooden articles	64	221	429	604	619	631
Furniture and joinery factories	156	546	1682	2043	2236	2536
(US \$ million)	49	130	460	507	543	650

x) preliminary figure

3. VALUE ADDED (million marks)

	1970	1975	1977	1978	1979 <sup>x)</sup>
Furniture	131	462	537	600	695
Mattresses	..	17	20	34	47
Metal furniture	24	172	200	217	253
Furniture factories	155	651	757	850	994
Wooden articles	102	192	298	287	261
Furniture and joinery factories	257	843	1056	1137	1255
(US \$ million)	61	230	262	276	322

4. NUMBER OF PERSONS EMPLOYED 1979<sup>x)</sup> (1000 persons)

	Total personnel	Salaried employees	Wage earners
Furniture	11.3	1.9	9.4
Mattresses	0.5	0.1	0.4
Metal furniture	3.6	0.9	2.7
Wooden articles	5.2	0.8	4.4
Total wood	55.6	7.7	47.9
Total metal	156.6	44.2	112.4
Pulp and paper	49.0	11.4	37.6
Total industry	529.7	133.7	396.0

5. VALUE ADDED/WORKING PERSON (1000 marks)

	1973	1975	1977	1978	1979 <sup>x)</sup>
Furniture	25.7	39.8	47.2	55.4	61.4
Mattresses	7.9	37.2	31.1	76.5	103.6
Metal furniture	27.7	47.1	56.2	62.1	70.9
Wooden articles	26.5	27.9	49.9	52.2	50.6
Total wood	32.0	30.2	50.4	59.1	71.1
Total metal	30.5	49.6	61.4	68.6	76.8
Pulp and paper	49.2	75.4	70.5	102.1	135.4
Total industry	36.8	54.6	69.7	82.3	97.6

6. FIXED CAPITAL/WORKING PERSON (1000 marks)

	1972	1974	1976	1977	1978	1979 <sup>x)</sup>
Furniture	17.8	37.1	59.5	70	93	98
Mattresses	29.6	72.2	144.5	202	136	144
Metal furniture	14.8	28.9	56.8	61	75	74
Wooden articles	23.0	41.4	80.4	93	104	132
Total wood	41.4	70.0	138.2	155	184	188
Total metal	33.7	50.0	81.9	97	116	126
Pulp and paper	222.3	305.6	534.7	639	744	817
Total industry	79.8	116.3	212.5	245	296	326

7. SALARIES AND WAGES (1000 marks per employee per annum)

	1978	1979 <sup>x)</sup>
Furniture	29.7	31.1
Mattresses	27.9	34.5
Metal furniture	31.1	36.3
Wooden articles	30.1	33.4
Total wood	30.3	33.9
Total metal	37.9	41.6
Pulp and paper	41.0	47.3
Total industry	35.7	40.0

8. COST STRUCTURE (per cent of gross value of production, 1979<sup>x)</sup>)

	Raw materials, energy	Wages and salaries	Gross coverage
Furniture	47	27	26
Mattresses	51	16	34
Metal furniture	49	26	25
Wooden articles	60	27	13
Total wood	60	18	22
Total metal	50	27	23
Pulp and paper	69	11	20
Total industry	63	15	22

Gross coverage includes depreciations, interests, taxes and profit.

9. WAGES mk/h

	Furniture and joinery industry		Wood industry		Paper industry	
	men	women	men	women	men	women
1961	2.39	1.68	2.45	1.71	2.71	1.85
1970	5.15	4.01	5.23	3.97	5.81	4.49
1975	11.71	9.80	11.49	9.23	13.51	11.06
1977	14.12	12.15	14.54	11.98	17.25	14.11
1978	15.33	13.37	16.01	13.30	19.11	15.81
1979	16.52	14.40	17.65	14.73	20.54	17.08
1980	19.02	16.77	20.33	17.10	23.83	19.80
US \$	5.10	4.50	5.45	4.58	6.39	5.31

10. FURNITURE EXPORTS (million marks)

	1965	1970	1975	1977	1978	1979	1980
Sweden	3.9	26.1	52.7	123.9	126.9	168.9	166.2
Soviet Union	8.4	19.4	45.3	49.7	53.4	70.7	160.3
Germany (FRG)	2.6	7.9	23.9	37.4	55.3	65.8	79.1
Iraq	0.0	0.0	0.0	0.2	2.3	32.1	37.4
Norway	0.1	2.0	8.6	21.0	22.6	26.5	31.6
Netherlands	0.4	1.0	5.1	8.2	12.0	15.1	20.7
Total furniture exports	18.7	77.1	201.7	303.1	355.2	495.4	649.3
(US \$ million)	5.8	18.4	55.1	75.6	86.2	127.0	174.1

11. FURNITURE IMPORTS (million marks)

	1965	1970	1975	1977	1978	1979	1980
Sweden	6.3	18.7	50.4	34.6	30.5	40.3	48.3
Germany (FRG)	1.3	2.5	5.6	7.8	11.0	15.3	16.0
Italy	0.2	1.1	5.0	5.5	5.4	10.5	15.3
United Kingdom	0.5	1.8	5.0	5.8	5.1	6.3	5.9
Denmark	1.3	2.5	3.3	2.9	2.8	3.1	5.5
Poland				1.6	1.8	3.3	4.8
Total furniture imports	11.6	30.6	90.3	80.1	77.7	105.6	133.4
(US \$ million)	3.6	7.3	24.7	20.0	18.9	27.1	35.8

