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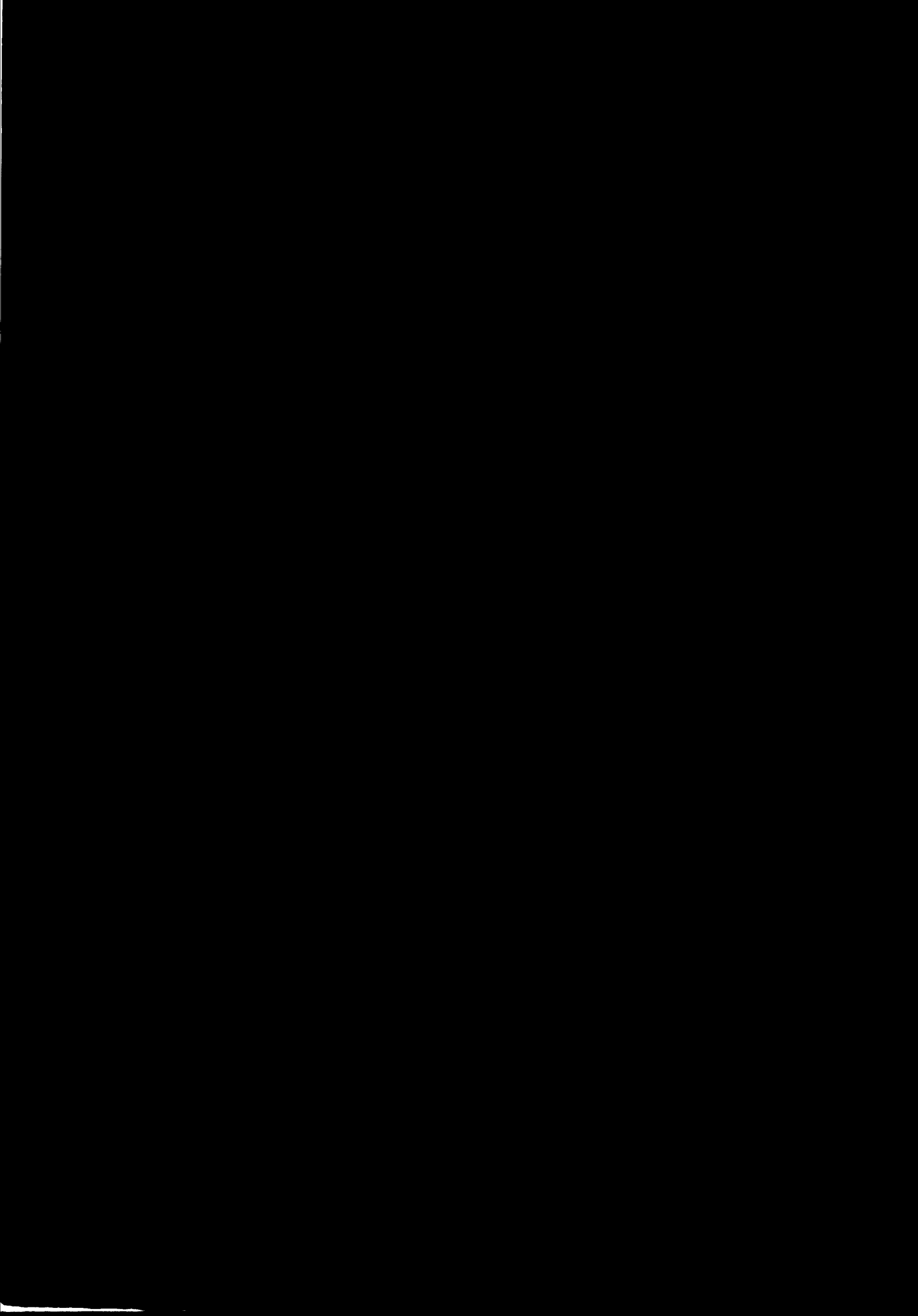
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United Nations Industrial Development Organization

Dist.
LIMITED

ID/WI.226/33
10 August 1976

ORIGINAL: English

Technical Course on Criteria for the
Selection of Woodworking Machines

Milan, Italy, 17 - 26 May 1976

POTENTIAL AND PROBLEMS FACING THE WOOD PROCESSING
INDUSTRIES IN CYPRUS ✓

by

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1. Cyprus in brief.

1.1. Area

Cyprus is the third largest island in the Mediterranean after Sicily and Sardinia. The island has a maximum length of 150 miles from east to west and a maximum width of 60 miles from north to south. Its total area is 3,572 square miles (9,251 sq.km.) and is similar in size to Lebanon or of Norfolk and Suffolk combined in the United Kingdom, or of Puerto Rico, or of the land of Hesse in the Federal Republic of Germany, or of Dordogne in France.

1.2. Population

The estimated population of Cyprus in 1971 was 639,000. The population density is 179 persons per square mile. 77.1 % of the population are Greeks, 18.2 % are Turks, and 4.7 % other minorities. The Greek population of the Island belongs to the Greek Orthodox Church and the Turkish population to the Moslem Religion. The economically active population in 1971 was 273,000.

1.3. Geography

Two mountain ranges are running along the northern coast (Kyrenia Mountains) and the other covering most of the south west of the island (Troodos Mountains) guard the central plain of Mesaoria which has fertile soils. The northern range is built up of limestone mountains and reaches a maximum height of over 3,000 feet while the southern one consists of igneous rocks and reaches a height of 6,400 feet at its highest point, the peak of Mount Olympus.

1.4. Industrial Training

To meet the growing needs of industry for managers and skilled personnel the Cyprus Government has given special attention to industrial training by establishing the following institutions:

a) Technical Schools: Two types of technical schools have been established in Cyprus. One type provides a four - year vocational training programme and aims at supplying local industry with skilled workers and craftsmen and the

other type provides a six - year education and technical training supplying the industry with technicians. The programmes of both types of schools are based on current requirements of industry and provide a growing source of technical and skilled workers.

b) The Cyprus Productivity Centre: The Centre was established in 1963 as a Government of Cyprus - United Nations Development Programme joint project with the primary aim of promoting a rapid and significant increase in productivity by providing vocational training to workers in industry and training in the techniques of modern management to supervisors, foremen and managers.

c) Higher Technical Institute: The agreement between the Government of Cyprus and the United Nations Development Programme for the establishment of the Higher Technical Institute was signed in 1968. The purpose of the Institute is:

i) the training of Technician Engineers in the fields of Civil Engineering, Electrical Engineering and Mechanical Engineering for the needs of the local industry and Technical Teachers and Instructors for the Island's Technical and Vocational Education;

ii) The up-grading of in-service industrial and educational (Technical, Education) personnel through part-time courses in the same fields as above, and

iii) the up-grading of in-service industrial personnel in engineering fields by offering specialized short courses according to the needs of the industry.

1.5. Manufacturing

In the manufacturing sector substantial progress has been achieved in the last decade and especially in the five years. Value added in manufacturing increased from £C 17.3 million in 1967 to £C 27.6 million in 1972 at constant factor cost, thus attaining an average compound rate of growth of about 9.8 % during this period. This rate is above the average rate of growth of the economy as a whole. The contribution of the manufacturing

in the Gross Domestic Product at current factor cost was £C 32.5 million or 12.3 % in 1972.

The major industries from the point of view of employment and value added are those producing foodstuffs, beverages, clothing and footwear. Other industries of some size are printing, furniture, metal products, bricks and tiles and cement manufacture.

2. Timber

The indigenous timber is the Cyprus Pine which is an excellent quality timber for joinery and building in general. It is a redwood conifer and it is also ideal for rustic pine furniture.

2.1. Imports of timber

All other kind of timber is imported. In 1974 the total imports of Conifer lumber, sawn lengthwise was £C 1.6 million and the main countries were USSR and Sweden. The same year there were imports of non-conifer lumber of £C 0.8 million mostly from Ghana, Singapore and Thailand.

2.2. The imported timber is usually air dried to a moisture content of 20 per cent. The local pine is available either air dried to a moisture content of not more than 30 per cent or kiln dried to a moisture content of 10 - 13 per cent.

3. Manufacture of Wood

In Cyprus there are a total of 150 establishments engaged in the manufacture of wood of which only 25 are big.

The total production in 1975 was £C 2.7 million compared to £C 5.5 million in 1973 i.e. just before the Turkish invasion.

The total number employed in this industry was:

1973	812
1975	455

In percentage terms this sector employed in 1973 2.2 per cent of the total employed in the manufacturing industry.

The value added by the wood industry in 1973 was £C 785.000.

The wood manufacturing industry comprises sawmills and plants producing wooden flooring, baffels and drums and baskets.

Among the sawmills there is one big concern which utilizes the local timber. This is a public company with 51 per cent of the shares owned by the Government and the rest owned by the general public.

The above company's operation comprises the following units:

- a) a sawmill with an output of 13.000 m³ per annum
- b) kiln drying units with an output of 5000 m³ p.a.
- c) wood particle board with an output of 20.000 m³ p.a.
- d) wood veneering plant with an output of 6000 m³ p.a.

Early in 1976 a new factory started production of plywood and block boards but there are no details available yet.

4. Furniture making Industry.

The furniture industry is still at an infant stage comprising mainly small firms, the largest of which employ 50-100 employees. The latest statistical data available (1973) show that the total number of furniture making establishments were 682 of which 135 were classified as big i.e. employing over five persons. The number of persons employed in the industry is 1.624 in the big establishments and 1.228 in the small ones. The gross output of the industry in 1973 was £C 5.341 million. The value added by the furniture industry in 1973 was £C 2828 million. The contribution of the furniture industry to the gross domestic product in 1973 was £C 2.697 million.

4.1. In a typical furniture factory the following equipment is usually installed:

Band Saw

Planer

Radialarm Saw

Tilting arbor Saw

Thickness planer
Wood turning Lathe
Spindle Moulder tenoning machine
Router
Veneer Guillotine
Veneer Splicer
Glue mixer
Glue Spreader
Hydraulic press
Edge gluing machine
Boring machine
Belt Sander
Air Compressor
Lacquering equipment
Upholstering equipment

4.2. Incentives for Industrialization

Government offers no special incentives for industrialization except by protecting the local industry by heavy import duty on all imported furniture and very low import duty on fittings and no duty on all raw materials imported for the manufacturing of furniture to be exported.

4.3. Problems facing the industry

Because of the stage of growth of the industry the problems faced are basically problems of organization which cover all the fields, i.e. management, production, sales, finance and personnel.

But there are also problems resulting from the size of the local market which do not allow the local manufacturers to specialise in a particular item thus exploiting the full capacity and time both of his machinery and his employees. On the other hand this in times of economic recession allows the employer to switch from one line of product to another because of the wide technical background of his employees.

5. Exports

The statistical data for exports for the last three years show an upward trend, in spite of the problems facing Cyprus, because of the Turkish invasion. The following table shows the total exports of the wood working industry.

Year	Manufacturers	Furniture	Total in £0
1973	93.800	19.300	113.100
1974	16.300	29.000	192.000
1975	363.500	99.700	463.200

6. Wood working Machinery

6.1. There are no local manufacturers of wood working machines.

6.2. All woodworking machines are imported and in 1974 the estimated total import was £0 695.000 compared to £0 525.000 in 1973.

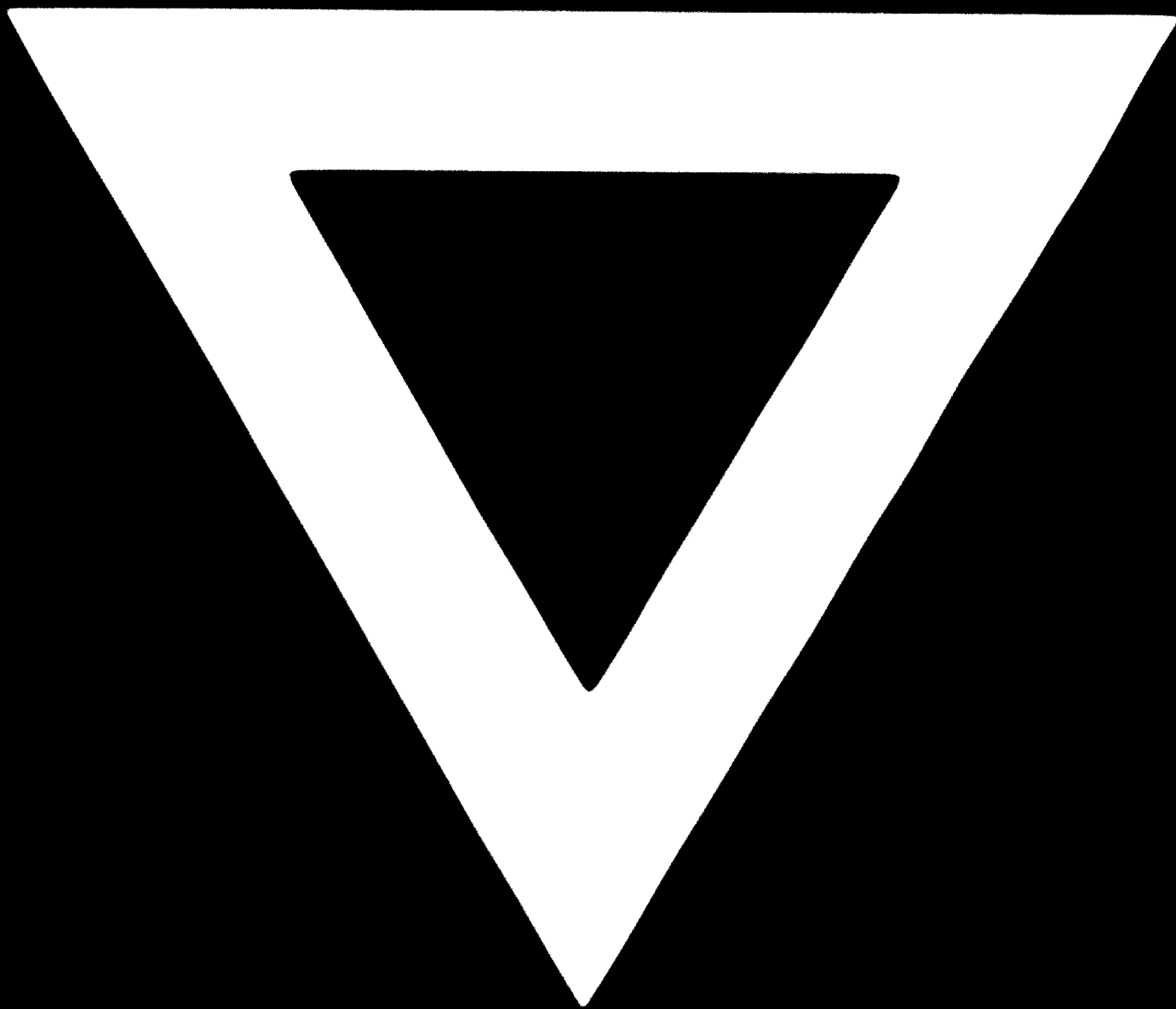
In 1974 30.5 per cent of the total imports were imported from Italy, 29.9 per cent from the Federal Republic of Germany, 23.0 per cent from Austria, 3.7 per cent from the U.K. and 12.9 per cent from other countries.

6.3. Actually there are no restrictions on importation. However, the Ministry of Labour and Social Insurance may reject a machine which is not up to the expected standard as far as safety to workers is concerned.

6.4. The after sales service is considered to be very poor.



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