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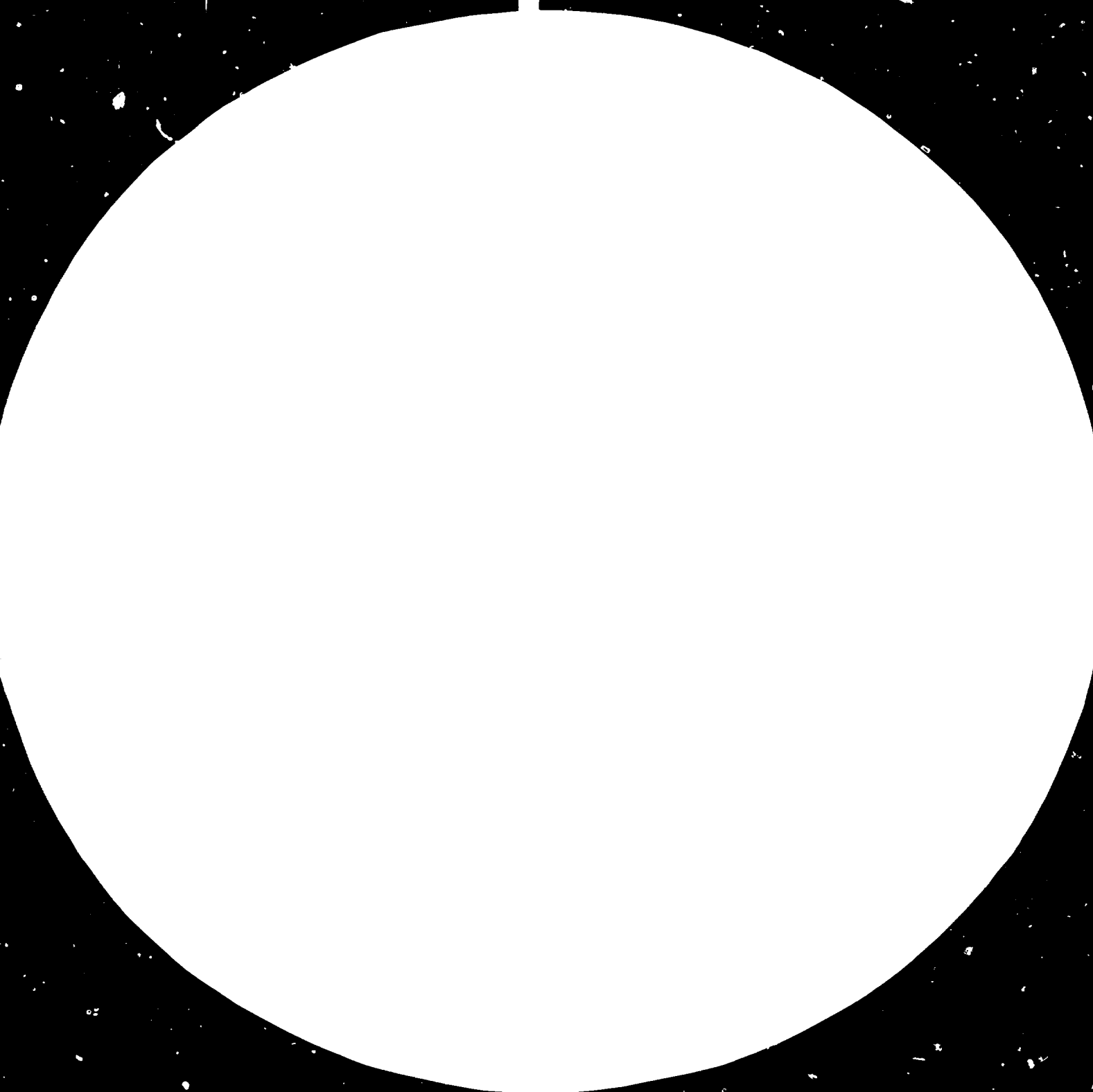
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THE WOODEN FURNITURE INDUSTRY IN ARGENTINA *

by

Ricardo Del Alamo **

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** Owner/Manager, Comidex, S.R.L.

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The wooden furniture industry had its origin in a mainly artistic activity which dates from old times: carpentry. This artistic past gave such a radical impulse to the sector's activity in our country that it would be almost impossible to analyze the present situation of this sector without a previous and deep analysis of that basic influence, which is indeed the root of the whole range of structures so far developed within the wooden furniture industry.

The fact that wood is a relatively mild material for carving, transformation and manufacturing, allows for the development of elementary processes, with the mere use of some primitive tools and a regular manual skill.

At the beginning of this century and taking advantage of this favourable situation, lots of amateur carpenters began struggling through this activity, increasing, little by little, their skills. For some this was due to a constant practice, and for others, to the knowledge obtained from close contacts with real artisans who, in spite of being a small number, were willing to share their activity in a developing country which lacked all types of manufactured products.

These carpenters, predecessors, and in many cases ancestors by consanguinity, of present business men dealing with this activity, began working in an environment that offered them an excellent stock of wood, obtained either from forests located in the north of the country or supplied by neighbouring countries (Paraguay and Brazil). These species were highly appreciated since they were almost similar to the ones imported from Europe.

Nevertheless, the quality of furniture manufactured in the country does not completely satisfy intermediate and high level consumers who still buy their pieces of furniture from importers who get them mainly from European countries.

The huge flow of European immigrants that established themselves in our country at the beginning of the century, brought with it a great number of artisans who gave a strong impulse to this activity, encouraging a competitive market that led to the necessity of accurate designs, good quality materials and better manufacturing systems.

That was the starting point for the transformation of artisans into businessmen and the appearance of the first factories that manufactured furniture in series, with a certain level of standardization.

This standardized production, although not widespread at the beginning, greatly increased levels of production and consequently, the size of the few factories that introduced this production system, adding, at the same time more handwork. This evident lack of knowledge and experience which was remedied little by little with the passing of time.

Groups of workers of this sector were able to improve their lot, through many hours of work spent in factories; and later formed part of an important human group, which, represented a sample of the labouring natural condition, characteristic of the Argentine people. They gradually left their jobs as subordinates in order to build their own workshops where they put into practice the knowledge acquired during many years of work.

These workers, who turned to be owners of factories, changing their condition from subordinates into independents, represent the great majority of the group from which the present generation of businessmen of this area has directly descended. That is why it is very common to find at present a large number of small and middle sized enterprises devoted to furniture manufacturing, which show a lack of solid structures and organization, low technical levels and a slow development, mainly arising from a mentality which admits improvisation as its principal component.

Due to that, in a country like ours, with almost 30.000.000 inhabitants, not more than a hundred furniture manufacturing factories may be considered to be in an eminently good level, although it is true that the situation has changed during the last four years, thanks to facilities given for the import of any sort of goods. This has allowed us to import machines which had been almost impossible to introduce before, because of high taxes.

The country's economy suffered a radical change during the years 1973 to 1976; the local market is still not sufficiently buoyant and industrial development not as accelerated as modifications in production structures would indicate. To this we must add the impossibility of exporting goods due to officially established exchange rates that placed the Argentine peso at a high level in relation to foreign currency. The result was that prices of local goods when sent to foreign markets, were not at all competitive. Nevertheless, this governmental strategy which was temporary and absolutely necessary to stop the constant increase of inflation rate of the 1973 to 1976 period (more than the 200 per cent/annually), has allowed us to achieve a positive stability.

Consequently, considering the present possibilities of acquiring new machines and equipment, the medium term reactivation of local demand and the possible opening of new foreign markets derived from a gradual modification of exchange rates, to which we should add regional agreements of free commerce (one of them, with Uruguay, is due to be signed shortly). It is clearly seen that we must put special emphasis on an essential and very important factor, in order to obtain an adequate level of development, namely the training of entrepreneurs.

All efforts should be directed in that sense, to create a class of businessmen with an accurate knowledge and education for their tasks, able to select their staff among specialists in each branch and achieve an adequate co-ordination of all the factors, resulting in a highly productive group with a solid basis.

This training of the sector should aim at the following basic points: the close contact of local businessmen with those of industrialized countries similarly developed, frequent visits to industrial plants with high levels of technology, and rationalization in the use of new raw materials and components, the study of new marketing techniques and a deep knowledge and accurate handling of the industrial relations area. The training must always take into consideration the particular conditions of our country in regard to raw materials, machinery and marketing.

All these characteristics exercise an important conditioning factor towards the activity, that is why a brief comment of each one, would be of greatest interest.

- (a) Raw materials: The use of wood obtained from natural forests, without an adequate reforestation, made the country's reserves decrease almost completely, especially those woods used in carpentry. Consequently the products now prevailing on the market are mainly particle boards (nine factories exist) and plastic sheets (seven factories), materials which are practically used for all types of furniture, and have replaced solid wood and wood based panels.
- (b) Machinery: All the imported machinery, especially from Europe which represents the highest level of technology for all those enterprises which have introduced them, is not necessarily the ideal equipment for our environment; for all these machines are specially designed for a level of production which surpasses the possibilities of our market demand, resulting in all cases, in a considerable excess capacity. There exists a shortage of machinery suitable for intermediate levels of production which uses the technology necessary for our market.
- (c) Marketing: The Argentine Republic has a surface of about 2.800.000 square kilometers with a north - south extension of 3.700 Km. and an east - west extension of 1.400 Km. and has a

population about 30.000.000. Some 50 per cent of the persons are concentrated in the area surrounding the capital (Buenos Aires), 20 per cent distributed between two great cities (Rosario, distance of 300 Km. from the capital, and Córdoba, some 700 Km. from the capital), and the rest, a 30 per cent, distributed all over the rest of the country. This population distribution makes it necessary that certain marketing techniques are used in order for Argentina to face with success the respective commercial action plan.

After this brief outlook of the general situation in Argentina, we must conclude that the sector is still in an embryonic condition, needing the technical aid of either national or international official entities, which, together with the initiative of the private sector, would allow us to reach an accelerated development rate that will lead, after many years to the level desired for the sector.



