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UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria
Tel: (+43-1) 26026-0 · www.unido.org · unido@unido.org

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TENTATIVE DATA ON STEEL WIRE-DRAWING PLANT 1/

presented by

the Project Promoters

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NOTE

This document consists only of a bare summary of information on the project; it is designed to provide for potential foreign investors no more than a profile upon which to formulate a preliminary assessment of interest in principle. It does NOT pretend to be a complete description or to limit in any way productive discussion, investigation or negotiation between interested parties.

Once they have expressed positive interest, foreign partners normally prefer to be involved in the detailed investigation of the project. The Tunisian National Centre for Industrial Studies as well as UNIDO under its Industrial Investment Promotion Programme will also be pleased to assist both local sponsors and foreign contributors with further elaboration and additional studies as required.

I. [illegible]

Société Tunisienne de Sidérurgie of El Fouladh is a company of mixed public and private sector ownership engaged in the manufacture of pig iron, steel and steel products.

The company desires to enter the field of steel wire-drawing. It plans to enter the field in two phases. In the first phase, it plans to have enough production to satisfy the Tunisian market, and in the second phase it plans to enter the export market.

The total investment envisaged is of the order of U.S.$4.8 million, including both the Tunisian and the foreign contribution.

The plant for steel wire-drawing can be set up as a division of Société Tunisienne de Sidérurgie, or can be incorporated as an entirely new company.

Production Plan

First phase: Year of first production 1970-71

Ordinary steel wire	5,000 tons per year
Highly elastic steel wire	3,000 tons per year
	8,000 tons per year

Second phase: This phase will be inaugurated after 1972 when the company would have acquired sufficient experience

Ordinary steel wire	12,000 tons per year
Steel wire for prestressed concrete	3,000 tons per year
Wire for springs	1,000 tons per year
	16,000 tons per year

[illegible]

A. Factory

		Dinars	$
1.	Equipment F.O.B. Stage I	750,000	1,5[illegible],000
	Stage II	250,000	500,000
2.	Construction ([illegible], erection and trials)	240,000	480,000
3.	Utilities (access routes, drainage, water, [illegible] electricity)	80,000	160,000
4.	Foundations and buildings	270,000	540,000
5.	Study and research expenses	50,000	100,000
6.	Contingencies	150,000	300,000
B.	**Supplementary Expenses**		
1.	Estimated interest	50,000	100,000
2.	Administrative cost	30,000	60,000
3.	Taxes	80,000	160,000
C.	**Starting Up Expenses**	240,000	480,000
D.	**Working Capital**		
	(All steel needed by the new plant will be supplied from the production of the iron works plant of the parent company. Therefore, it will not have any inventories of its own. Thus its working capital requirements will be lower) say	150,000	300,000
		2,340,000	4,680,000

II. FACTUAL DATA

A. Foreign contribution required

Supply of machinery and equipment with financing on the basis of a supplier credit of 10 to 12 years amounting to U.S.$2,4[illegible]0,[illegible]0.*

* If the supplier is [illegible] a [illegible] "mixed credit" of $1,200,000 will be [illegible] correspondent [illegible] credit.

B. Tunisian contribution

(a)	Medium-term credit	U.S. $	700,000
(b)	Working capital	U.S. $	300,000
(c)	Owner's own funds	U.S. $	1,400,000
	Total	U.S. $	2,400,000*

Local Sponsor

La Société El Fouladh

III. THE MARKET

Present Consumption:

Ordinary steel wire	**6,000 tons per year**
Wire for prestressed concrete	**3,000 tons per year**

Estimated 1971 Consumption

All kinds of wire other than spring wire	**10,000 tons per year**
Springwire	**3,000 tons per year**

IV. ADDITIONAL INFORMATION

Société Tunisienne de Sidérurgie El Fouladh has a capacity of 80,000 tons of steel per year. It began operations in 1966.

* **If the supplier is French an additional "Mixed credit" of $1,200,000 will be substituted for corresponding Tunisian credits.**


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