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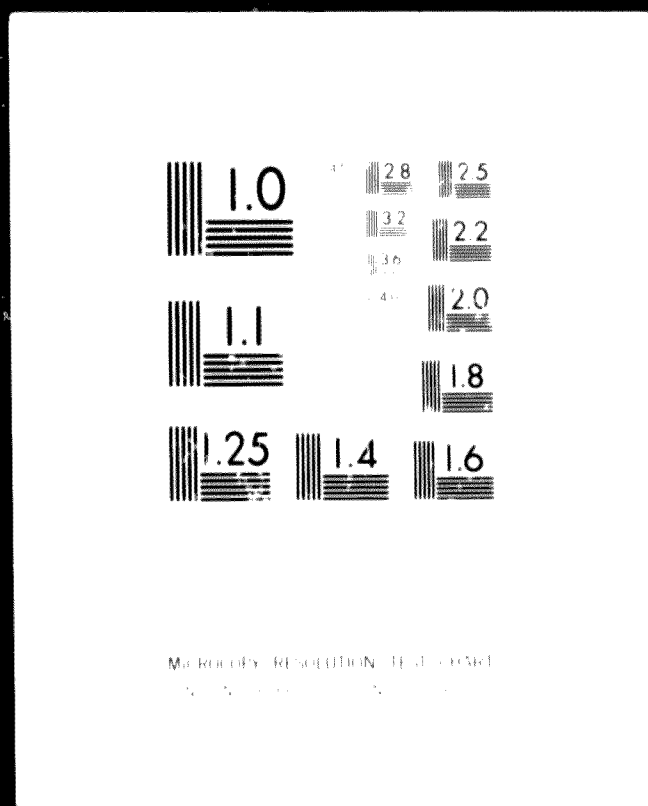
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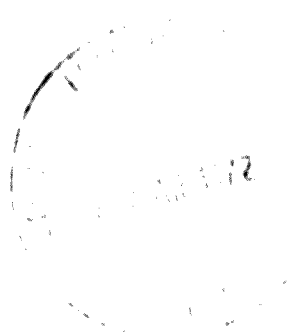


PROJECT INFORMATION SHEET

United Nations Industrial Development Organization

THA-14-71

SECOND ASIAN MEETING TO 1/
PROMOTE INDUSTRIAL PROJECTS-



SINGAPORE, 3-11 November 1971

COCONUT MILK

COUNTRY	Thailand
PROJECT	Industrial processing of stabilised, sterile, durable coconut milk.
	Total investment: US\$500,000
	Capacity: 3 million litres per annum
FOREIGN CONTRIBUTION REQUIRED	- Equity: US\$200,000
	- Loan, amount negotiable
	- Suppliers credit US\$100,000

1/ Sponsored by: The Economic Commission for Asia and the Far East (ECAFE)
The United Nations Industrial Development Organization (UNIDO).

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IMPORTANT NOTICE

The basic purpose of this meeting is to provide an Exchange or Market Place for the initiation of contacts on specific industrial projects between their proponents from the Asian countries and potential suppliers of capital, finance, equipment or know-how, as the case may be, from the industrialized countries.

This Project Information Sheet has been prepared as a basis for such contacts. Its purpose is not to present detailed information about the project but to provide the recipient with an outline sufficient to determine tentative interest in principle. Any further available information on the project will be furnished on request to interested parties at the Meeting.

Experience has shown that industrialists frequently prefer to carry out their own further investigations in detail into projects in which they are interested, but assistance from UNIDO in these matters can be rendered to the Asian country concerned on request.

This Information Sheet contains only the information supplied to UNIDO by the proponent of the Project. UNIDO can therefore take no responsibility for its accuracy.

COCONUT MILK

I. INTRODUCTION

The Project

The Applied Scientific Research Corporation of Thailand (ASRCT) has developed an industrial process to produce a stabilised, sterile durable coconut milk aliment. The organization, on behalf of an unidentified Thai sponsor, proposes to set up a processing plant with an annual capacity of 3 million litres of coconut milk, sold in bottles or cartons. Over 80 per cent of Thailand's six million families use at least 0.4 litres of coconut milk per week. Therefore, the total market volume is estimated at about 100 million litres per year and it appears that this is on the increase.

Foreign Contribution Required

ASRCT proposes that a foreign partner arranges for the equity, tentatively estimated at US\$200,000 and to grant a loan, the amount of which will be subject to negotiation. A supplier's credit of about US\$100,000 will be required to cover part of the cost of machinery and equipment.

Government Attitude

The project does not yet have a specific state promotional rating. When the Government accepts the investment application and grants promotional privileges, exemption from income taxes for five years can be expected. Furthermore, there will be exemption from import duty and business tax on machinery and equipment.

II. COMMERCIAL ASPECTS OF THE PROJECT

Coconut milk is traditionally produced in households by hand squeezing.

Consumption figures are only available for the Bangkok Metropolitan Area with 14,000 litres per day at a value of US\$3,500.

Coconuts and their products are not imported, as the country is self-sufficient in this respect.

It is expected that the consumption of coconut milk for human consumption will increase at an annual rate of at least 5 per cent, mainly due to improved living standards.

Coconuts and products therefrom have not been exported in the past.

Projected Price

US\$0.07 per package of 0.2 litres coconut milk.

(Households produce at US\$0.06 per 0.2 litres. Even though the industrial product is slightly more expensive, it has the obvious advantage of convenience, time saving and durability).

III. PHYSICAL ASPECTS

. Location

In the vicinity of Bangkok, Thailand.

. Land and Buildings

10,000 sq.m. of land and 2,100 sq.m. for buildings will be required.

. Labour

24 skilled workers are required at wage rates of US\$2 per shift each
60 unskilled " " " " " " " " US\$1.25 " "

. Raw Materials

The coconuts come mainly from Southern Thailand by boat (distance from plant 400-600 miles).

Estimated requirements are 7,500,000 nuts per year.

Cost (free plant) US\$50 per 1,000 nuts.

Total cost of raw material US\$375,000 p.a.

Benzoic acid US\$1,500 p.a.

Bottles (replacement) US\$3,750.

Caps, glue, labels US\$75,000.

Packing materials for pomace and others US\$2,500.

Crate replacements US\$375,

. Infrastructure

All infrastructural facilities such as road, water supply, power, waste water disposal etc. will be available at the selected site.

. Utilities

Fuel oil	total annual cost	US\$6,000
Electricity	" " "	US\$6,000
Water	" " "	US\$ 750

IV. ECONOMIC ASPECTS

• Importance

Thailand has no coconut surplus. Most nuts bought for households are used for milk extraction. By doubling the milk yield large quantities of coconuts can be freed for other purposes, e.g. copra. The ASRCT process also allows utilisation of all by-products, such as fibre, shells, pomace and water.

• Incentives

If investment privileges will be granted by government, the project will be exempt from income tax for a period of 5 years beginning as of the first year of operations. Exemption from import duty and business tax on machinery, parts and components will be a further concession to the project.

V. FINANCIAL ASPECTS

• Composition of Investments (Estimates - US\$)

	<u>Local Cost</u>	<u>Foreign Exchange</u>	<u>Total</u>
Pre-investment costs			
Assets:			
Land	120,000	-	120,000
Buildings	80,000	-	80,000
Machinery	-	200,000	200,000
Estimated Working Capital	100,000	-	100,000
Total	<u>300,000</u>	<u>200,000</u>	<u>500,000</u>

• Proposed Financing Plan

	<u>Local Currency</u>	<u>Foreign Exchange</u>	<u>Total</u>
Equity	-	200,000	200,000
Loan Capital	200,000	-	200,000
Suppliers Credit	-	100,000	100,000
Total	<u>200,000</u>	<u>300,000</u>	<u>500,000</u>

The proposed financing plan is open to negotiation and can be discussed at the Singapore meeting.

VI. ADDITIONAL RELEVANT INFORMATION

• Project Presented by:

Applied Scientific Research Corporation of Thailand,
196 Phahonyothin Road, Bangkok 9, Thailand.

. Legal Structure

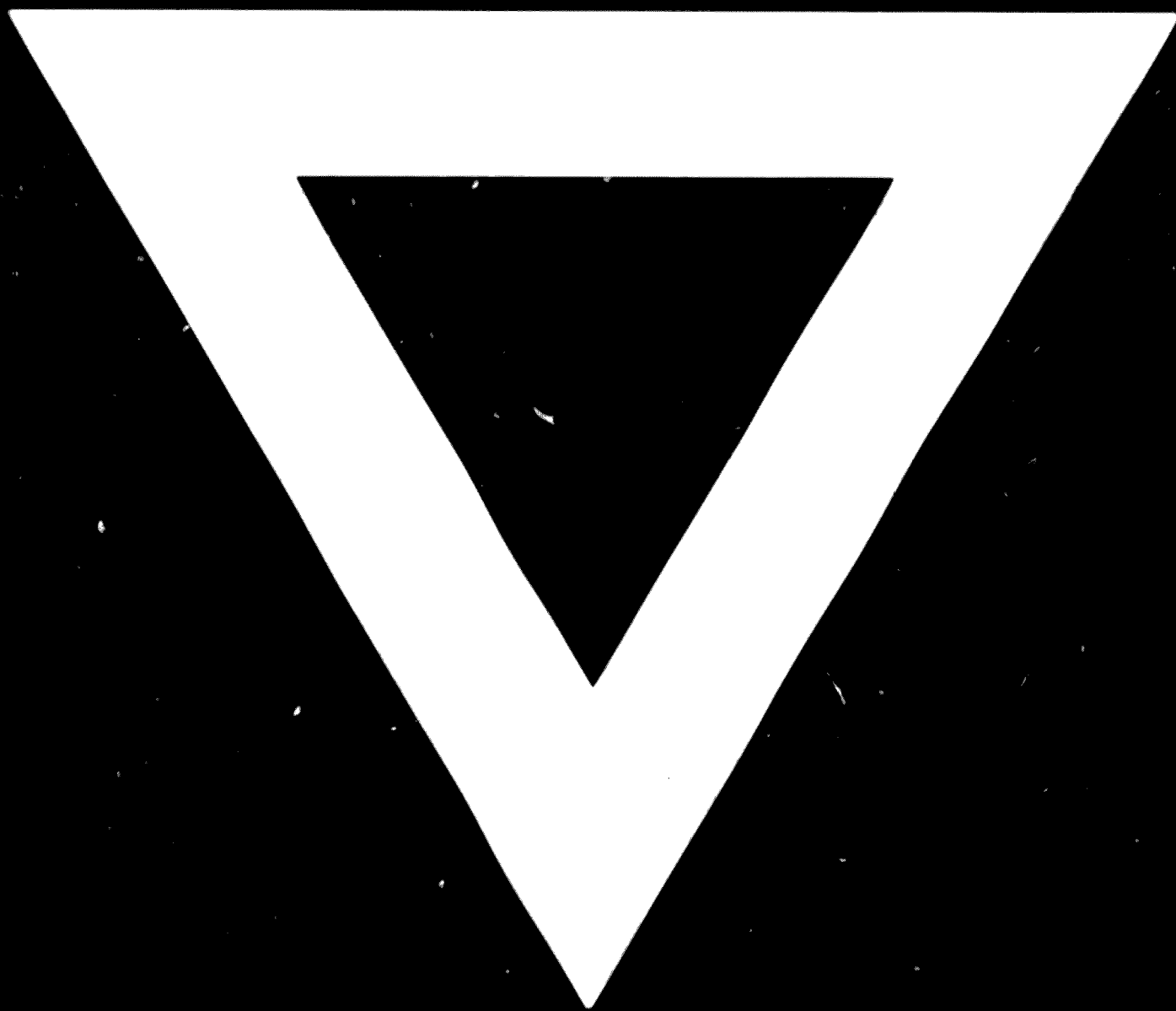
A joint-venture public or private company will be formed for the implementation of the project.

. Documentation

Report No.6 "Preliminary Study on Industrial Production of Stabilized Coconut Milk" by ASRCT, 1968 and Documentation on future supply of coconuts, compiled by Economic Evaluation, ASRCT, will be available for review at the Singapore meeting.



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