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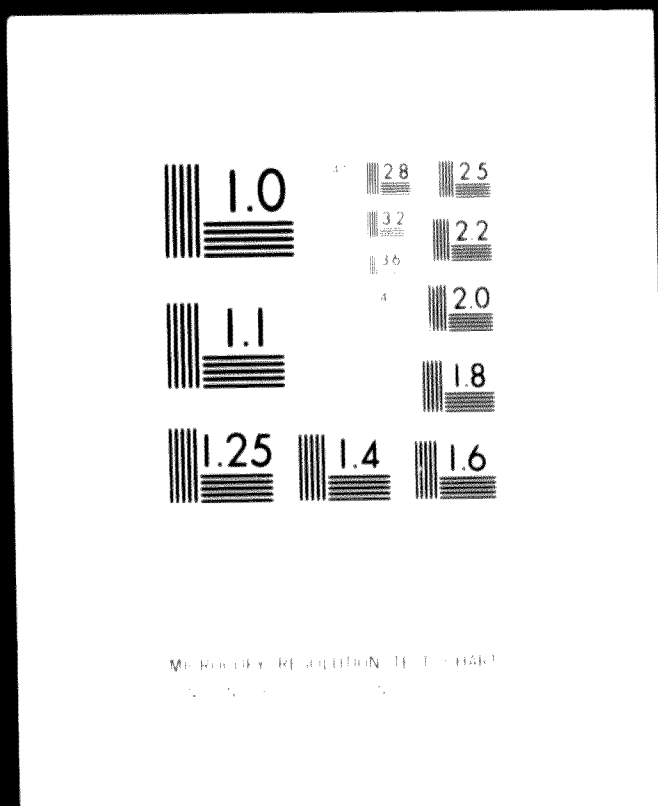
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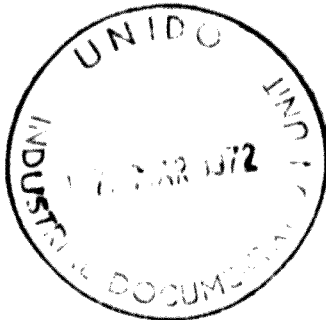
PROJECT INFORMATION SHEET

PAK-29-71

United Nations Industrial Development Organization

SECOND ASIAN MEETING TO
PROMOTE INDUSTRIAL PROJECTS^{1/}

SINGAPORE, 3-11 November 1971



SPECIAL STEEL WIRE

COUNTRY	Pakistan (West)
PROJECT	Manufacture of special steel wire from high carbon steel wire rods. Capacity: 1,200 tons per annum Total investment: \$840,000
FOREIGN CONTRIBUTION REQUIRED	- Equity - Loan - Suppliers credit (\$340,000) - Technical know-how

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

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.

SPECIAL STEEL WIRE

I. INTRODUCTION

. The Project

This project envisages to manufacture from high carbon steel wire rods, special steel wire for sale to various industries, manufacturing card clothing, wire healds, ring travellers, springs, jute spinning pins, musical strings, hosiery needles, etc. for which substantial processing units already exist in the country.

. Government Attitude

The total domestic requirement of special steel wire is presently met by imports. The government will therefore adopt a favourable attitude to the project, by reason of its benefit as an import substitution.

. Foreign Contribution Required

Out of the total investment of \$ 840,000, a foreign exchange component of \$ 340,000 will be needed in the form of equity, loan or suppliers credit. The foreign associate will also be required to supply technical know-how.

II. COMMERCIAL ASPECTS OF THE PROJECT

- Domestic Consumption

The total domestic consumption of special steel wire is estimated at approximately 1,000 tons per annum, valued at \$ 1,300,000 all of which is met by imports mainly from Japan and Europe, as no manufacturing unit exists in the country.

- Proposed Production Capacity

1,200 tons of wire per annum at 100% capacity.

- Prices of the Product

Proposed Price: \$ 950 per ton ex-factory

Imported Price: \$ 1,000 per ton at site (including 100% import duty, port charges, inland freight etc.)

III. PHYSICAL ASPECTS OF THE PROJECT

- Location
Sheikhupura, Punjab, West Pakistan
- Land/Building
It is estimated that 4 acres of land and 25,000 sq. ft. for the building will be needed.
- Labour
Both skilled and unskilled labourers are available with wages at \$ 2.50 and \$ 1.25 per person per day respectively.
- Raw Materials
The raw material, high carbon steel wire rods of 5.5 mm. diameter is to be imported. The present price, on an average, is \$ 500 per ton at the proposed plant site after import duty of 100%, inland freight and bank charges are paid.
- Infrastructure/Utilities
Railway and trunk roads run through Sheikhupura. Necessary utilities such as power, water, natural gas and fuel are available at the site.

IV. ECONOMIC ASPECTS OF THE PROJECT

- . Incentives
 - a) There is no restriction on the remittance of current profit to the original country of investment.
 - b) Foreign capital in approved industries may be repatriated to the extent of the original investment to the country of investment, as per regulations valid at the time.
 - c) Any part of profit accrued from foreign investment and ploughed back into approved industrial projects with the government's approval may also be treated as investment for repatriation purposes.
 - d) Appreciation of any capital investment under (b) and (c) may also be treated for repatriation purposes. Repatriations will be subject to exchange control regulations in force from time to time.

- e) Import duty on capital machinery and their component parts has been fixed at 50% ad valorem of which 30% is to be paid against customs clearance and the rest is payable by installments over two years.
- f) Depreciation is allowed at 25% on new plants and machinery. Extra allowance is also permissible at 50% and 100% of the normal rates for double and triple shift working.
- g) Two years tax holiday is granted to a new industrial undertaking of this type in West Pakistan.

V. FINANCIAL ASPECTS OF THE PROJECT

- The total cost of the project is roughly estimated at \$ 840,000 of which a foreign exchange component of \$ 340,000 will be needed in the form of equity, loan or suppliers credit to be provided by the foreign associate for the import of machinery. The remaining \$ 500,000 will be raised by the proponent from local financial sources. Details of the financing plan are left open for future negotiation with the associate of this venture.

VI. ADDITIONAL RELEVANT INFORMATION

- Proposed Legal Structure
A public limited company will be incorporated for the implementation of the project. In case the foreign associate participates in equity, he will nominate a director (or directors) in proportion to his share capital.
- Project presented by
I.A. Khan and Company
Gangaram Building
Shahrah - I - Quaid - I - Azam
Lahore, Pakistan



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