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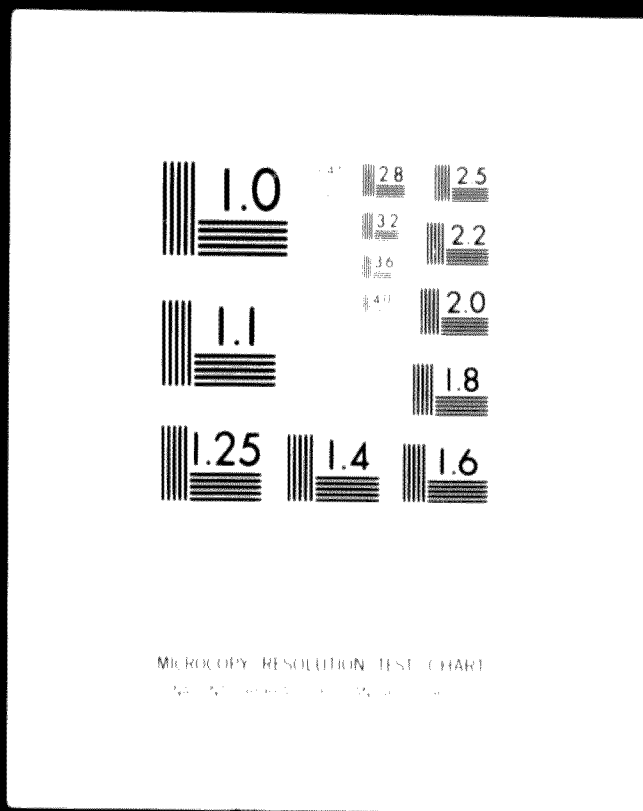
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United Nations Industrial Development Organization

PROJECT INFORMATION SHEET

IRA-13-71

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

SINGAPORE, 3-11 November 1971

MELAMIN AND UREA MOULDING POWDER

COUNTRY

Iran

PROJECT



Manufacture of melamin moulding powder, urea moulding powder, urea resin and formaldehyde resin.

Capacity: Melamin/urea moulding powder - 4,500 tons p.a.
Urea/formaldehyde resin - 5,500 tons p.a.

FOREIGN CONTRIBUTION REQUIRED

- Equity US \$1,200,000
- Suppliers credit US\$ 1,200,000
- Production 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.

MELAMIN AND UREA MOULDING POWDER

I. INTRODUCTION

. The Project

This project envisages the establishment of a new plant to manufacture melamin moulding powder, urea moulding powder, urea resin and formaldehyde resin mainly for sale on the domestic market. Iran is currently importing a total of 3,500 tons p.a. of melamin and urea moulding powder and 4,000 tons of urea and formaldehyde resin to cater to the domestic consumption. At present there is no domestic production of these commodities. For these reasons, in addition to exporting part of the production, the proponent proposes to establish a plant with capacities of 4,500 tons p.a. of melamin and urea powder and 5,500 tons p.a. of urea and formaldehyde resin.

. Foreign Contribution Required

The proponent estimates the total financial requirements to be approximately US \$6,000,000 out of which a foreign exchange component of US \$2,500,000 is being sought from abroad for the machinery and equipment to be imported. This amount, divided into equity participation of US \$1,200,000 and supplier's credit of US \$1,300,000 would represent the foreign contribution to the finances. Necessary technical know-how for the processing is also expected to be furnished by the foreign partner.

. Government Attitude

The project has been presented by the Industrial Credit Bank of Iran, an industrial development bank backed by the Government. This means that the project conforms with the Government's industrial policies and may therefore be given investment priority and granted incentives by the Government.

II. COMMERCIAL ASPECTS OF THE PROJECT

. Proposed Plant Capacity

Melamin and urea moulding powder - 4,500 tons p.a.

Urea and formaldehyde resin - 5,500 tons p.a.

. Domestic Market

The current domestic consumption is estimated at 3,500 tons p.a. of melamin and urea moulding powder and 4,000 tons p.a. of urea and formaldehyde resin, which are now all met by imports. The proponent expects that the surplus of the proposed production quantities will be exported.

. Prices of the Products

The prices of the proposed chemicals are:

	<u>US \$ per Ton Landed</u>
Urea powder	600
Melamin powder	750
Urea resin	175
Formaldehyde resin	70

The proposed prices of the products will be fixed in the same ranges as the above, for which tariff protection will be sought to eliminate competition by imports.

III. PHYSICAL ASPECTS OF THE PROJECT

. Location

Khozestan or Kazvin

. Land and Buildings

20,000 sq. metres of land and 8,000 sq. metres of buildings will be required.

. Labour

Both skilled and unskilled labour are available at wages ranging from US \$5.00 to US \$2.00 per day, respectively.

. Raw Materials

Urea is available locally at US \$0.12 per kg. from Shiraz which is at a distance of 500 miles from the proposed site. Methanol and melamin cellulose will have to be imported at international market prices.

. Infrastructure/Utilities

Necessary infrastructure facilities will be available. Utilities are also obtainable at the following rates: (US \$)

Fuel oil	0.03 per litre
Power	0.02 per KWH
Water	0.06 per 1,000 litres

IV. ECONOMIC ASPECTS OF THE PROJECT

. Motivation of the Project

The Government of Iran puts emphasis on the diversification of its economy in the oil sector to broaden industrialization. The project therefore will not only benefit Iran by the foreign exchange savings through import substitution and by increase of local employment, but will also represent a contribution to the government's industrial policy.

• Incentives

The following incentives will be granted to the project:

- Exemption of corporation tax for a period of 5 years;
- Free repatriation of foreign capital and profits;
- Duty-free import of machinery and equipment.

V. FINANCIAL ASPECTS OF THE PROJECT

• Composition of Investment

	<u>(US \$)</u>		
	<u>Local Cost</u>	<u>Foreign Exchange</u>	<u>Total</u>
Pre-investment costs	150,000	-	150,000
Assets:			
Land/Building	1,950,000	-	1,950,000
Machinery	-	2,500,000	2,500,000
Working capital	<u>1,400,000</u>	<u>-</u>	<u>1,400,000</u>
Total	<u><u>3,500,000</u></u>	<u><u>2,500,000</u></u>	<u><u>6,000,000</u></u>

• Proposed Financing Plan

	<u>(US \$)</u>		
	<u>Local Cost</u>	<u>Foreign Exchange</u>	<u>Total</u>
Equity	3,400,000	1,200,000	4,600,000
Loan	100,000	-	100,000
Supplier's credit	<u>-</u>	<u>1,300,000</u>	<u>1,300,000</u>
Total	<u><u>3,500,000</u></u>	<u><u>2,500,000</u></u>	<u><u>6,000,000</u></u>

VI. ADDITIONAL RELEVANT INFORMATION

• The Project is Presented by:

Industrial Credit Bank of Iran
 Promotion Department
 Teheran, Iran

• Proposed Legal Structure

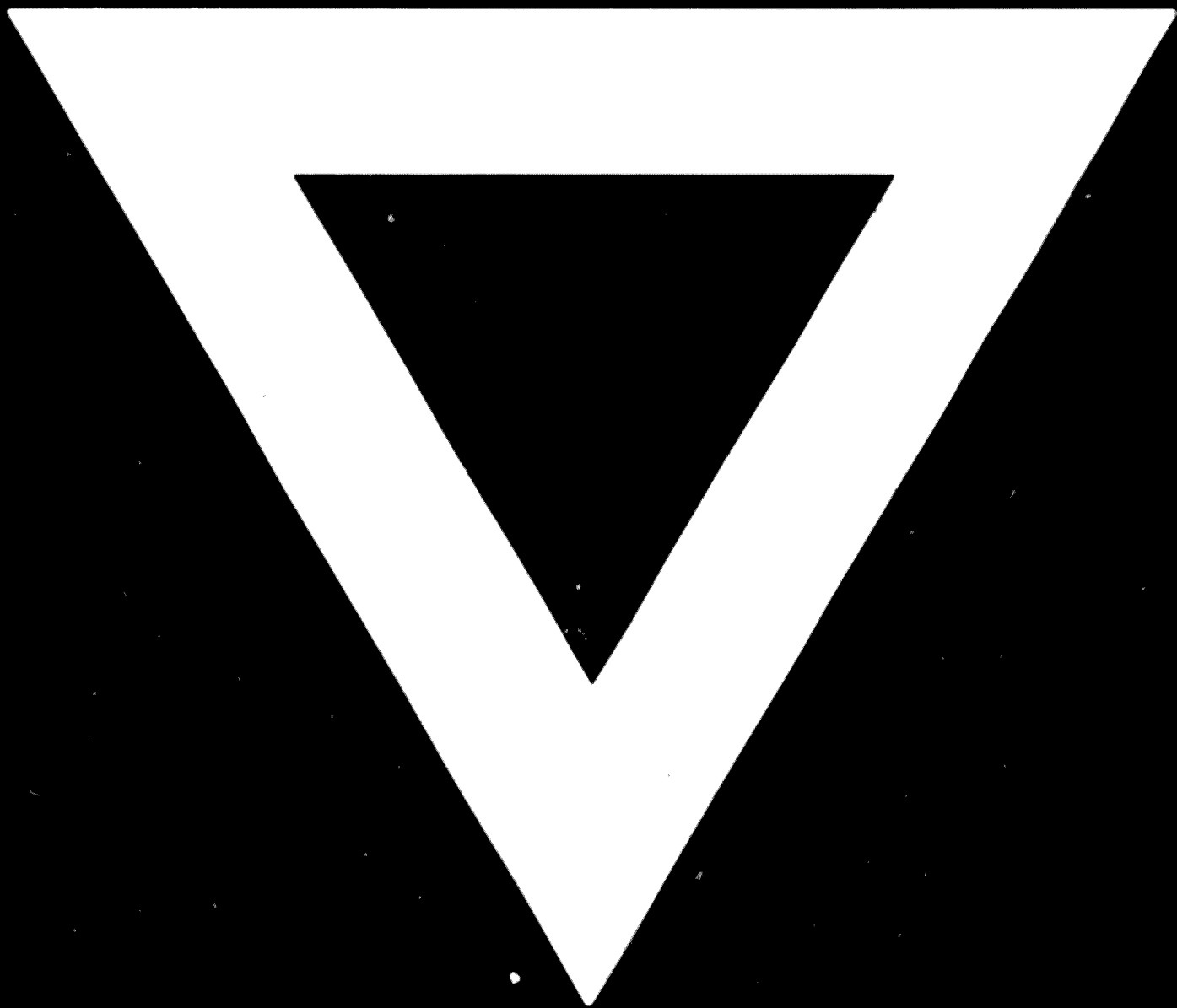
The project is being temporarily promoted by the Industrial Credit Bank, but will, however be ultimately superseded by a local private proponent. A private limited company will be incorporated for the implementation of the project.

• Documentation

A feasibility report of the project will be available at the Singapore Meeting for review by interested parties.



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