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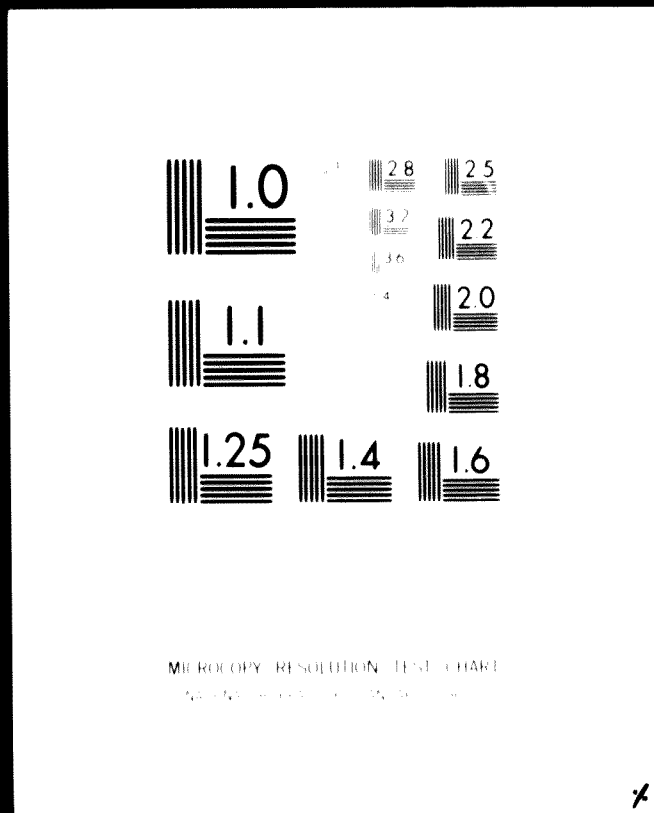
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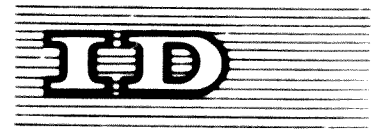


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PROJECT INFORMATION SHEET

United Nations Industrial Development Organization

THA-02-71

SECOND ASIAN MEETING TO  
PROMOTE INDUSTRIAL PROJECTS<sup>1/</sup>



SINGAPORE, 3-11 November 1971

TANNERY

COUNTRY	Thailand
PROJECT	Expansion and modernization of production capacity of an existing tannery Investment: negotiable Capacity: up to 200 hides per day
FOREIGN CONTRIBUTION REQUIRED	Equity and/or loan Suppliers credit Export marketing assistance Know-how

<sup>1/</sup> 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.

TANNERY

I. INTRODUCTION

. The Project

The existing private tannery is Thailand's second largest producer of leather and the largest exporter of leathers from buffalo and cowhide for shoe uppers, soles, leather goods, upholstery and linings. The company intends to expand and modernize its manufacturing facilities of presently 150 - 200 hides per day in accordance with latest developments to twice the present output.

. Foreign Contribution Required

The foreign partner is expected to supply equity and a loan or suppliers credit for the necessary machinery. Know-how of production and export marketing assistance will also be required.

. Government Attitude

The project is included in the Second National Development Plan and will enjoy its incentives because of the export-oriented character. Its inclusion in the Third Plan (1972-1975) depends on further increase of the company's exports.

II. COMMERCIAL ASPECTS OF THE PROJECT

. Total Domestic Production

Buffalo leather 100 tons per day - Price US\$ 185 per ton ex-factory

Cow leather 25 tons per day - Price US\$ 340 per ton ex-factory

The local demand is expected to increase at the rate of 10% per annum over the next five years.

The company is currently exporting 250,000 sq. ft. per month at US\$ 0.25 sq. ft. FOB, some of which is produced by other tanners and only sold by the company.

Only small quantities of leather are imported at US\$ 0.50 plus 50% duty per sq. ft.

III. PHYSICAL ASPECTS

. Location

30 km south of Bangkok, Thailand.

. Land

Present factory real estate is 1 acre, improved with buildings and almost completely used. 5 additional acres adjoining the factory have been acquired.

. Labour

Presently 70 workers. Labour readily available. Unskilled labour is being trained by company personnel.

Wage rates: Unskilled US\$ 40.00 per M/M  
Skilled US\$ 75.00 per M/M

. Raw Materials

95% of the hides from domestic resources, bought through local dealers balance imports.

Buffalo hides US\$ 187.00 per ton  
Cow hides US\$ 340.00 per ton

Most chemicals and finishing products such as dyes are imported.

. Infrastructure

Harbour and highway are within easy reach. Waste water disposal problem should be solved in co-operation with the foreign partner, and the government will assist in solving the problem.

. Utilities

Electricity price US\$ 0.025 per kwh Own water supply. Fuel oil US\$ 0.0.35 per liter.

IV. ECONOMIC ASPECTS

. Importance

The project has been included in the Second National Development Plan. Application for promotion under the Third Plan (1971 - 1975) will be filed.

. Incentives

Repatriation of capital and profits will be guaranteed. Thailand is presently negotiating with the European Common Market Authorities for the same import duty treatment as the ECM countries.

V. FINANCIAL ASPECTS

No details of necessary investments or financing plan have been considered so far. Their preparation will be subject to further and detailed discussions with the potential foreign partner.

VI. ADDITIONAL RELEVANT INFORMATION

- Project Presented By  
Thai United Tanning Industry Co., Ltd.  
485 Rama IV Road  
Klongton  
Bangkok 11, Thailand
  - Legal Structure  
Any desirable and necessary form under Thai corporate law could be adopted.
  - Documentation  
Feasibility and market studies should be made jointly with the foreign partner.
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