



TOGETHER
for a sustainable future

OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.



TOGETHER
for a sustainable future

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

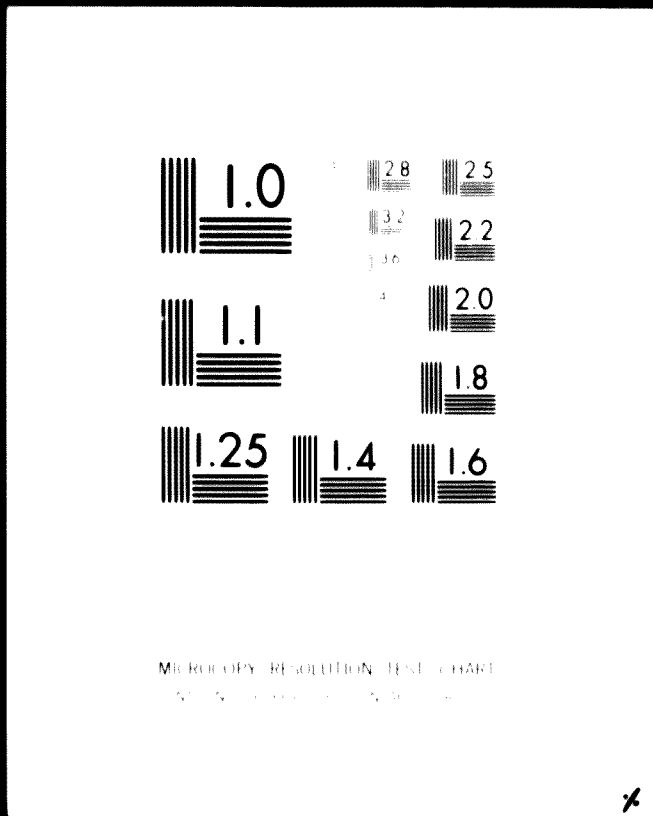
CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org

1 OF 1

01018



24x
E



01018



PROJECT INFORMATION SHEET

United Nations Industrial Development Organization

PHI-01-71

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

SINGAPORE, 3-11 November 1971

LEATHER SHOES

COUNTRY	Philippines
PROJECT	Manufacture of leather shoes Total investment: US \$3 million Capacity: 7,500 pairs per day
FOREIGN CONTRIBUTION REQUIRED	- Equity - Loan - Suppliers credit

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

id.71-7401

187

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.

LEATHER SHOES

I. INTRODUCTION

. The Project

This project envisages the manufacture of men's, women's and children's leather shoes from largely imported raw materials for re-export of the product to the USA, Canada, Australia and Europe. The proponent operates a shoe-making factory producing approximately 20% of the whole process which will be converted by employing a conveyor system, into a fully mechanized factory with foreign collaboration in order to produce internationally saleable products.

. Government Attitude

The Government of the Philippines has already agreed to implement the project by foreign collaboration from the view-point that it will contribute considerably to the country's balance of payment because re-export after value has been added to the imported raw materials.

. Foreign Contribution Required

Out of the total investment of approximately US \$3 million, a foreign exchange component of approximately US \$2 million covering the machinery imported will be needed in the form of equity, loan or suppliers credit. This is, however, left open for future negotiation.

II. COMMERCIAL ASPECTS OF THE PROJECT

<u>Proposed Production Capacity</u>	<u>Pairs per day</u>
Women's shoes (including for youth)	5,500
Men's shoes (including for youth)	<u>2,000</u>
Total	7,500

- Domestic Market

The domestic market for leather shoes is about 20 million pairs per annum, most of which is presently met by domestic production.

The projected consumption is as follows:

	<u>Million Pairs</u>
1972	25
1973	27.5
1974	30
1975	33
1976	36

- Export

The present export of leather shoes is about 68,000 pairs of men's shoes and 144,000 pairs of women's shoes per annum, which is projected to increase to 596,000 pairs and 1,584,000 pairs respectively by 1975.

- Prices of the Product

Proposed price:	5.00 to 9.00 per pair for men
(ex-factory) US \$	3.00 to 5.00 per pair for young boys
	3.00 to 7.00 per pair for women
	2.50 to 5.00 per pair for young girls
Local competition:	5.00 to 12.00 per pair for men
(ex-factory) US \$	4.00 to 10.00 per pair for women

III. PHYSICAL ASPECTS OF THE PROJECT

- Location

The area of Mariveles Bataan and Philippines is sanctioned by the government as a foreign trade zone where preferential status, such as duty-free import of capital equipment and raw material, is adequately given to industrial undertakings for export.

- Land/Building

15,000 square metres of land and 12,000 square metres of coverage are considered to be necessary.

- Labour

Adequate labour skills will be available if 60 to 90 days training is given and the wages range as follows:

Unskilled \$1.50 to \$2.00 per person per day (8 hours)
Skilled \$2.50 to \$3.50 per person per day (8 hours)

- Raw Materials

About 60 per cent in value of the entire raw materials is to be imported.

a) Locally available raw material (price - at site)

	<u>US \$</u>
Shoelasts	1.00 per pair
Shoe threads and cords	0.80 per cone (6 yards)
Tacks and nails	0.70 per kilogramme
Corrugated box for packing	0.30 per piece
Glue starches and other adhesives	0.80 per gallon
Tapings and other bias seam tapes	0.002 per yard
Cobra skins	0.70 per skin
Cowhides finished grade 4	0.40 per square foot
Caraboa skins finished grade 4	0.25 per square foot
Motlotprene shoe pad cushion foam 1/8"	0.10 per sheet
Eyelets and other tack brass	0.50 per gram

b) Raw material to be imported (price - f.o.b.)

	<u>US \$</u>
Kidskins, cowhides, grade TR finished leathers	0.70 per square foot
Calfskins, TR grades finished leathers	0.90 per square foot
Other finished leathers, TR grades	0.45 per square foot
Lining leather of lambskins, goatskins or cowhides	0.30 per square foot
Split leathers for lining counter-pockets	0.18 per square foot
Other fabric or man-made materials for uppers	3.00 per yard
Finished leather for sole, bendsole of prime grade	0.70 per square foot
Composition rubber sole	2.50 per sheet
In-sole materials, man-made strippings	0.75 per sheet

	<u>US \$</u>
Texon in-sole materials	2.30 per sheet
Counterboards for tuckparts	0.13 per pound
Buckrams and other boxtoe materials	1.20 per yard
Cotton ducks and other doublers	0.60 per yard
Miscellaneous shoe bindings, ornaments and buckles	0.15 per pair
Shoe dressing, waxes and polishes	7.50 per gallon
Foam sheeting for linings, tricot lining	1.14 per yard

- Infrastructure/Utilities

Railway, road and waste water disposal are available. The port of Manila is at a distance of 100 miles from the site. Power, water and fuel oil are available at concessional rates.

IV. ECONOMIC ASPECTS OF THE PROJECT

- Incentives

Various incentives, including exemption of import duty on the capital equipment, are available subject to the Government's Act R.A. No. 5186 (Investment Incentives Law) and R.A. No. 6135 (Export-oriented Industries Law)

V. FINANCIAL ASPECTS OF THE PROJECT

- The proponent roughly estimates the total investment will be about US \$3 million. However, a detailed investment plan is left open for future negotiation between the proponent and a prospective foreign collaborator.

VI. OTHER RELEVANT INFORMATION

- The project is presented by

STA. Ana and Sons Co. (SASCO) Inc.
926 Aurora Blvd., Quezon City
Philippines
Postal Address: P.O. Box 44, Q.C., Philippines

- Proposed legal structure

The proponent prefers the collaborator's equity participation up to 40 per cent of the total equity to incorporate a private limited company under joint venture.

- Documentation

A feasibility study report approved by the Board of Investment will be available at the Singapore meeting.



C-771



82.05.03