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*for a sustainable future*

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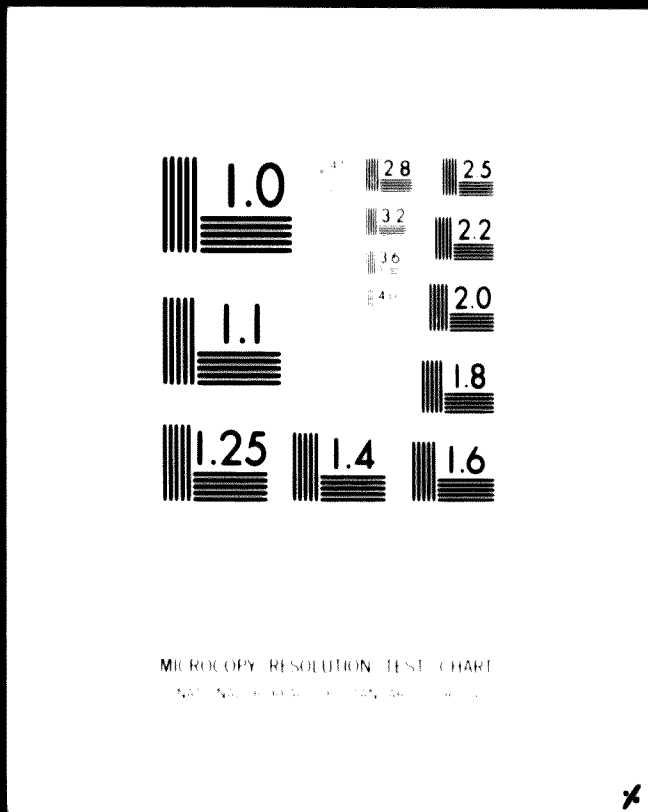
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# 1 OF 1

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PROJECT INFORMATION SHEET

United Nations Industrial Development Organization

PHI-17-71

SECOND ASIAN MEETING TO  
PROMOTE INDUSTRIAL PROJECTS

SINGAPORE, 3-11 November 1971



01022

MACHINE TOOLS

COUNTRY	Philippines
PROJECT	Manufacture of small-size machine tools, namely lathes, shapers, and drill presses Total investment: US \$800,000 Plant capacity: 17,000 units p.a.
FOREIGN CONTRIBUTION REQUIRED	- Suppliers credit of US \$465,000 - Technical know-how

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

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481

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.

MACHINE TOOLS

1. INTRODUCTION

. The Project

The proponent envisages the construction of manufacturing facilities for the production of selected, small-size machine tools most commonly used in the Philippines, especially small lathes, shapers and drill presses. All local demands have been met by imports, so far.

. Foreign Contribution Required

A suppliers credit of US \$465,000 and technical know-how. The total investment amounts to US \$800,000.

. Government Attitude

The project is eligible for incentives, as a "pioneer enterprise", under the existing Investment Incentives Act R.A. 5186, as through import substitution a saving of foreign exchange can be achieved.

II. COMMERCIAL ASPECTS OF THE PROJECT

- Proposed Plant Capacity

(in units per annum)	Small lathes	9,000
	Shapers	2,200
	Drill presses	5,800

- Domestic Consumption

(in units per annum)

	<u>Past Imports</u>			<u>Projected</u>	
	<u>1966</u>	<u>1968</u>	<u>1970</u>	<u>1972</u>	<u>1976</u>
	7,846	4,253	5,536 <sup>1/</sup>	21,000	27,000

<sup>1/</sup> First half-year of 1970 only.

It is estimated that 40 per cent of the total machine tools so far imported are lathes, 25 per cent drill presses, 10 per cent shapers, the balance being other types of machine tools.

- Prices

	<u>Current selling prices, in US \$ equivalent</u>	
Drill press	720	landed
Shaper	1,720	
Lathe	8,710	

### III. PHYSICAL ASPECTS

- Location  
To be selected under the next stage of the project feasibility study, possibly in a suburb of Manila.
- Land  
1 hectare, expected to be available.
- Building  
3,000 sq. m. of floor area.
- Labour  
Available at project site.
- Raw materials

<u>Local</u>	<u>Imported</u>
Steel or ductile iron casting	Bearings
Shafting	Gears
	Motors
- Infrastructure and Utilities  
Available at project site.

### IV. ECONOMIC ASPECTS

- Importance

Project's contribution to the build-up of the engineering industry sector in the Philippines.

Foreign exchange savings expected to be in the magnitude of US \$1,500,000 p.a.

New employment opportunities and labour income estimated at US \$200,000 p.a.
- Incentives

The project is eligible for inclusion in the "pioneer area of investment" and, therefore, for the various investment incentives provided under the present Investment Incentives Act R.A. 5186, especially tax exemption on imported machinery, exemption from all taxes under the Internal Revenue Code except income tax on a gradually diminishing percentage, from registration up to 31 December 1981, etc.

V. FINANCIAL ASPECTS

- Composition of Investment

(rough estimate in US \$)

	<u>Local Cost</u>	<u>Foreign Exchange</u>	<u>Total</u>
Pre-investment	6,000	15,000	21,000
Assets			
Land )	160,000	-	160,000
Building )			
Machinery	-	465,000	465,000
Working Capital	<u>154,000</u>	<u>-</u>	<u>154,000</u>
Total	<u>320,000</u>	<u>480,000</u>	<u>800,000</u>
	=====	=====	=====

- Proposed Financing Plan

Subject to further discussion

Equity	200,000	-	200,000
Loan capital*	120,000	15,000	135,000
Suppliers credit	<u>-</u>	<u>465,000</u>	<u>465,000</u>
Total	<u>320,000</u>	<u>480,000</u>	<u>800,000</u>
	=====	=====	=====

\*To be raised from local financial sources.

VI. ADDITIONAL RELEVANT INFORMATION

- Project Presented by

Board of Investments (BOI)

6805, Ayala Ave.

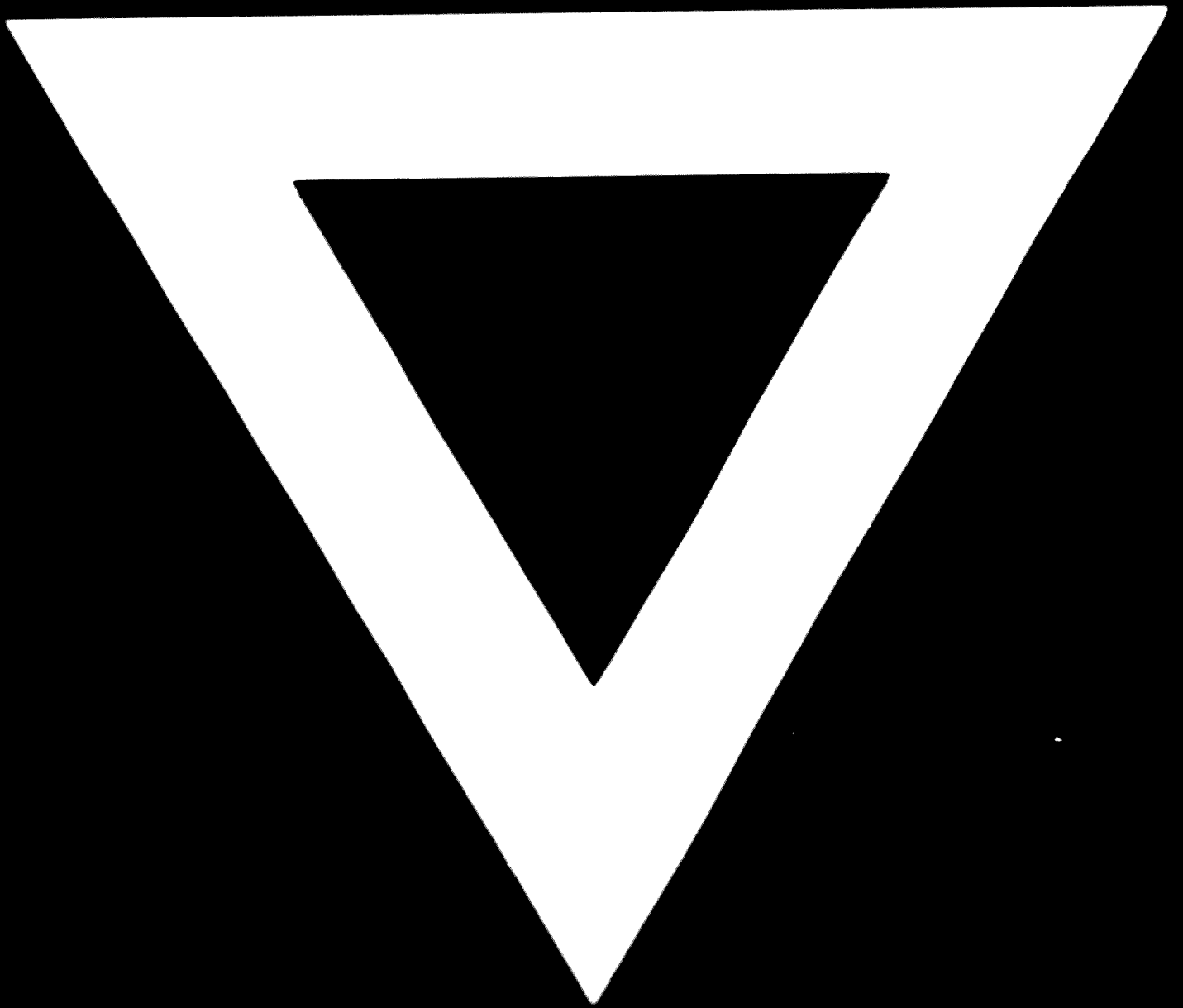
Makati, Rizal

Philippines

BOI is acting temporarily as the proponent, with the understanding that a local, private proponent will take over the promotional activities involved, as soon as available.



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**82.05.03**