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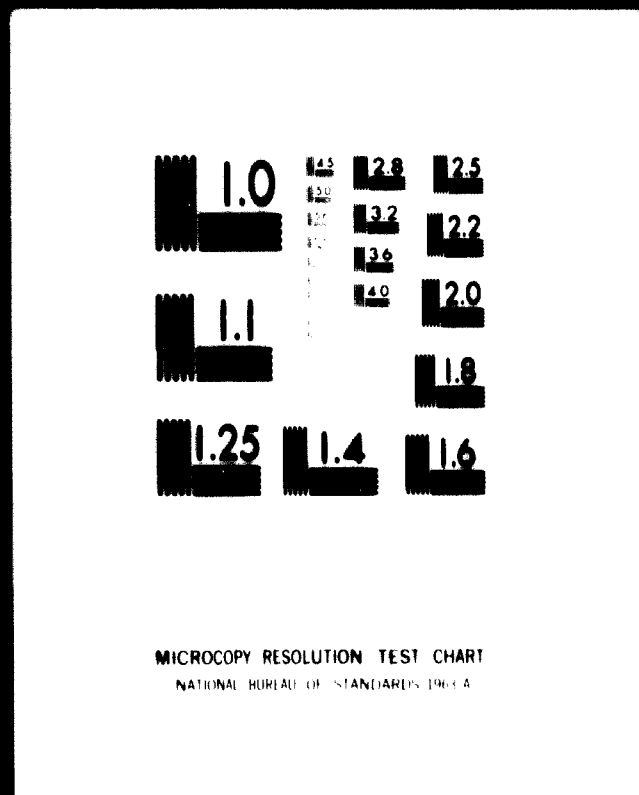
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Third Asian Meeting to Promote
Industrial Projects
Kuala Lumpur, Malaysia, 14-21 November 1973

Project Information Sheet

MAGNETIC HEADS FOR TAPE RECORDERS

COUNTRY	Republic of Korea
PROJECT	Manufacture of magnetic heads for tape recorders Capacity: 1,200,000 pieces per year Total Investment: US\$ 610,000
FOREIGN CONTRIBUTION REQUIRED	Equity Know-how/Licence

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

MAGNETIC HEADS

I. INTRODUCTION

The Project

The electronics industry in Korea is rapidly expanding. Under a long-term plan it is intended to set up a number of component factories to substitute for those components now being imported. It is proposed to establish a factory for the manufacture of magnetic heads for tape recorders with an annual capacity of 1,200,000 pieces.

The Proponent

Fine Instruments Center, Seoul, (Government Agency for the promotion of the electronics industry in Korea).

Government Attitude

The encouragement of the electronics industry in Korea was initiated by the Government in 1959. The electronics industry is highly emphasized as a strategic export industry and an eight-year development plan was made to assist in expanding its production and to develop the necessary techniques. In 1971 Korea exported US\$88,503,000 worth of electronic components, second only to textile exports. Therefore, the Korean Government considers the prospects of this industry very positive and it will grant full support to electronics firms. A number of attractive incentives will be granted (see IV).

II. COMMERCIAL ASPECTS

In 1971 the total domestic consumption of magnetic heads was 400,000 pieces, worth US\$200,000. The entire quantity was imported. It is estimated that the domestic consumption in 1972 will be 500,000 pieces, worth US\$240,000. There are no exports at present. It is estimated that 600,000 pieces, worth US\$210,000, will be exported in 1972. The target price per unit is US\$0.40. The present import price per unit is about US\$0.50.

III. PHYSICAL ASPECTS

Location

Kumi Industrial Estate, Korea, or another convenient location.

Land and Buildings

Land: 15,000 sq. ft.

Buildings: 9,000 sq. ft.

Labour

Workers of all skills are readily available. Wages per month, US\$ as of August 1971:

Technicians:	Maximum 92, Minimum 40, Average 57
Workers:	Maximum 39, Minimum 17, Average 23

Raw Materials

Raw materials will have to be imported mainly from Japan.

Infrastructure

The plant will be located in an industrial estate. Therefore it has easy access to all infrastructural facilities.

Utilities

Electricity	US\$0.019 per kWh
Water	US\$0.034 per m ³ /ton

IV. ECONOMIC ASPECTS

Importance

There are about 200 electronics firms in Korea with a limited range of products. The planned target is to expand the local supply to substitute for imports. Therefore, key component factories are required, also for the purpose of increasing the value added.

Incentives

A number of incentives are granted under the Foreign Capital Inducement Law to export industries and import substitution industries with foreign investment components. They include: exemption for five years from corporation tax, income tax, property tax and property acquisition tax. A 50% reduction of these taxes for the ensuing three

years is allowed. Customs duties on capital goods to be imported for investment purposes and on raw materials for the manufacture of export goods are exempt.

V. FINANCIAL ASPECTS

Estimated Investment

	<u>Local Cost</u>	<u>US\$ Foreign Exchange</u>	<u>Total</u>
Land	10,000	-	10,000
Building	40,000	-	40,000
Machinery	-	370,000	370,000
Working capital	<u>190,000</u>	<u>-</u>	<u>190,000</u>
Total	<u>240,000</u>	<u>370,000</u>	<u>610,000</u>

A detailed financing plan will have to be worked out.

VI. ADDITIONAL RELEVANT INFORMATION

Legal Structure

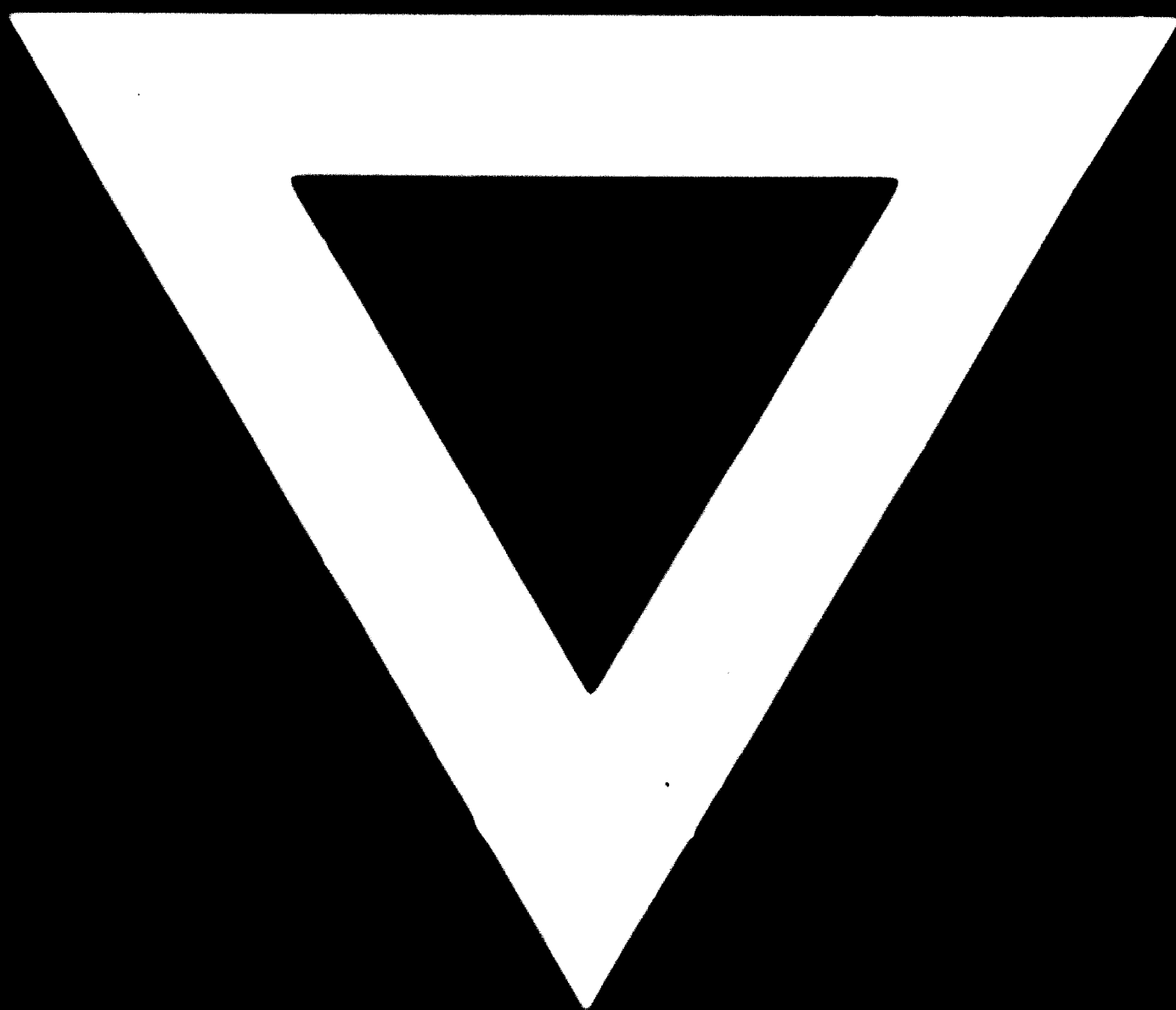
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Documentation

The Fine Instruments Center, Seoul, is in a position to supply further information.



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