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for a sustainable future

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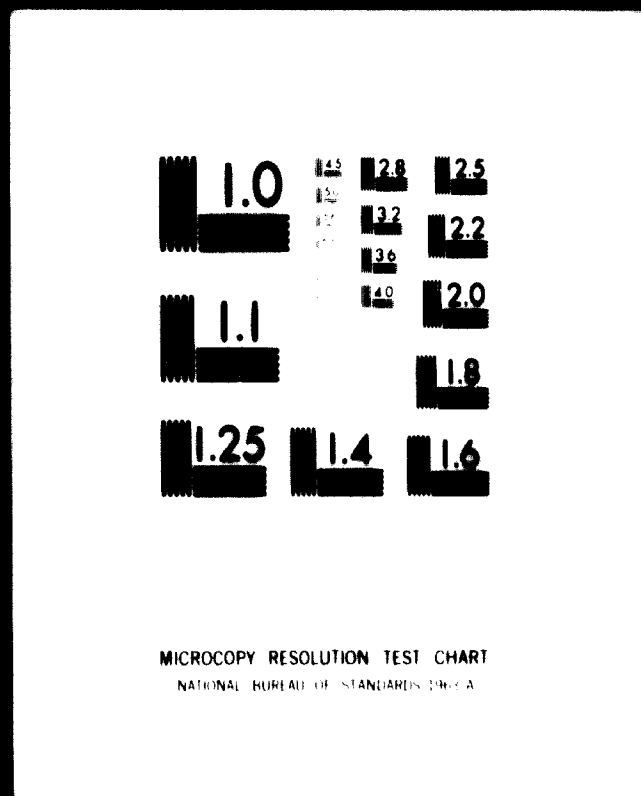
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Third Asian Meeting to Promote
Industrial Projects

Kuala Lumpur, Malaysia, 14-21 November 1973

Project Information Sheet

RELAY

COUNTRY

Republic of Korea

PROJECT

Manufacture of relays

Total Investment: US\$ 291,000

Capacity: 200,000 units per annum

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.

RELAYS

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 relays with an annual capacity of 200,000 units, value US \$110,000.

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 1969. 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 \$88,603,000 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 relays was 100,000 pieces, valued at US \$64,000. There is no local production.

In 1972 it is estimated that the domestic consumption will be 150,000 pieces worth US \$ 33,000.

Exports in 1972 are estimated at 50,000 pieces worth US \$25,000. There are no exports at present.

Target price per unit US \$0.55

Import price per unit is around US \$0.64

III. PHYSICAL ASPECTS

Location

Kuoi Industrial Estate, Korea or another convenient location.

Land and Buildings

Land: 12,000 square feet

Buildings: 3,000 square feet

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 m³/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	35,000	-	35,000
Machinery	-	175,000	175,000
Working capital	71,000	-	71,000
Total	115,000	175,000	290,000

A detailed financing plan will have to be worked out.

VI. ADDITIONAL RELEVANT INFORMATION

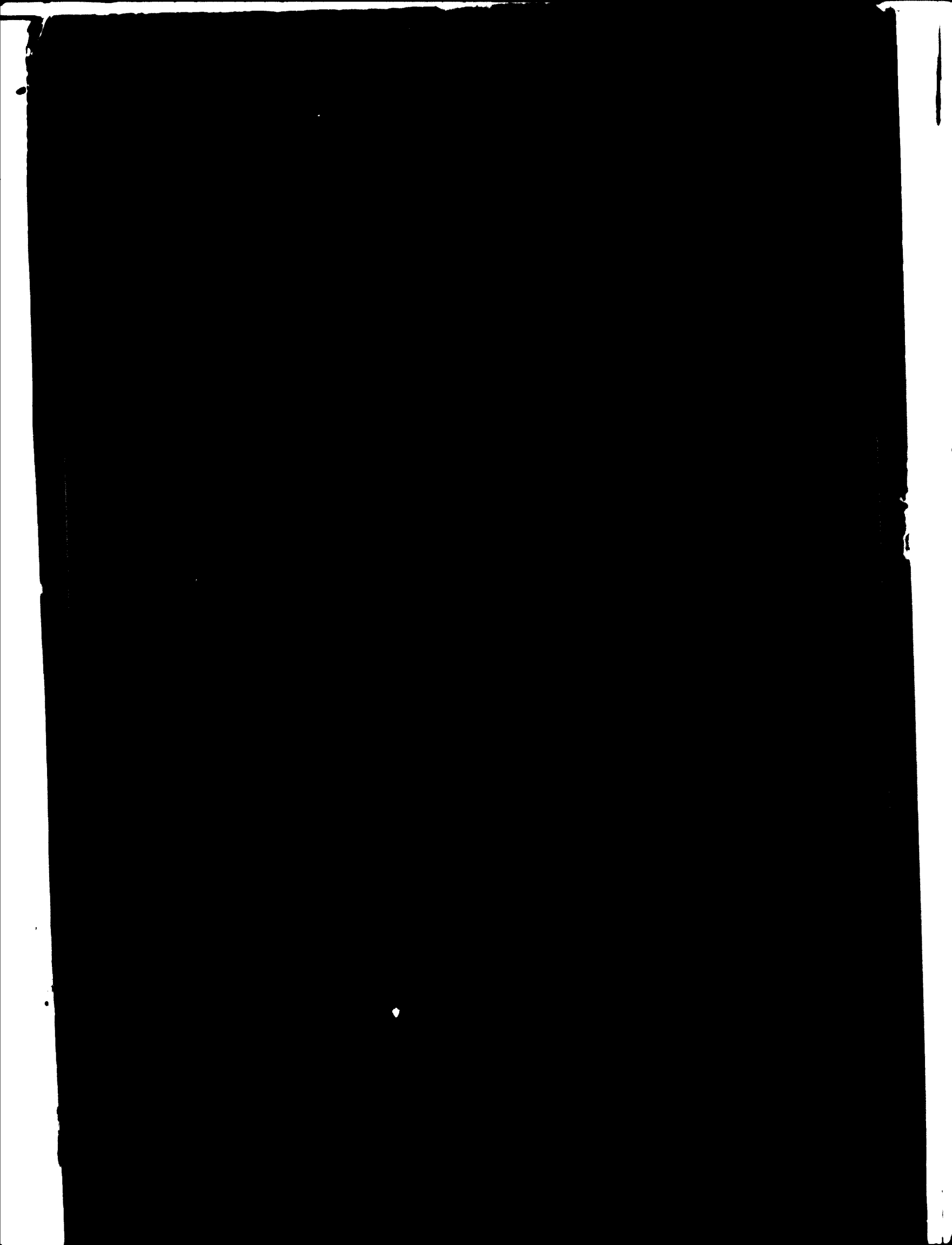
Legal Structure

Private Limited company

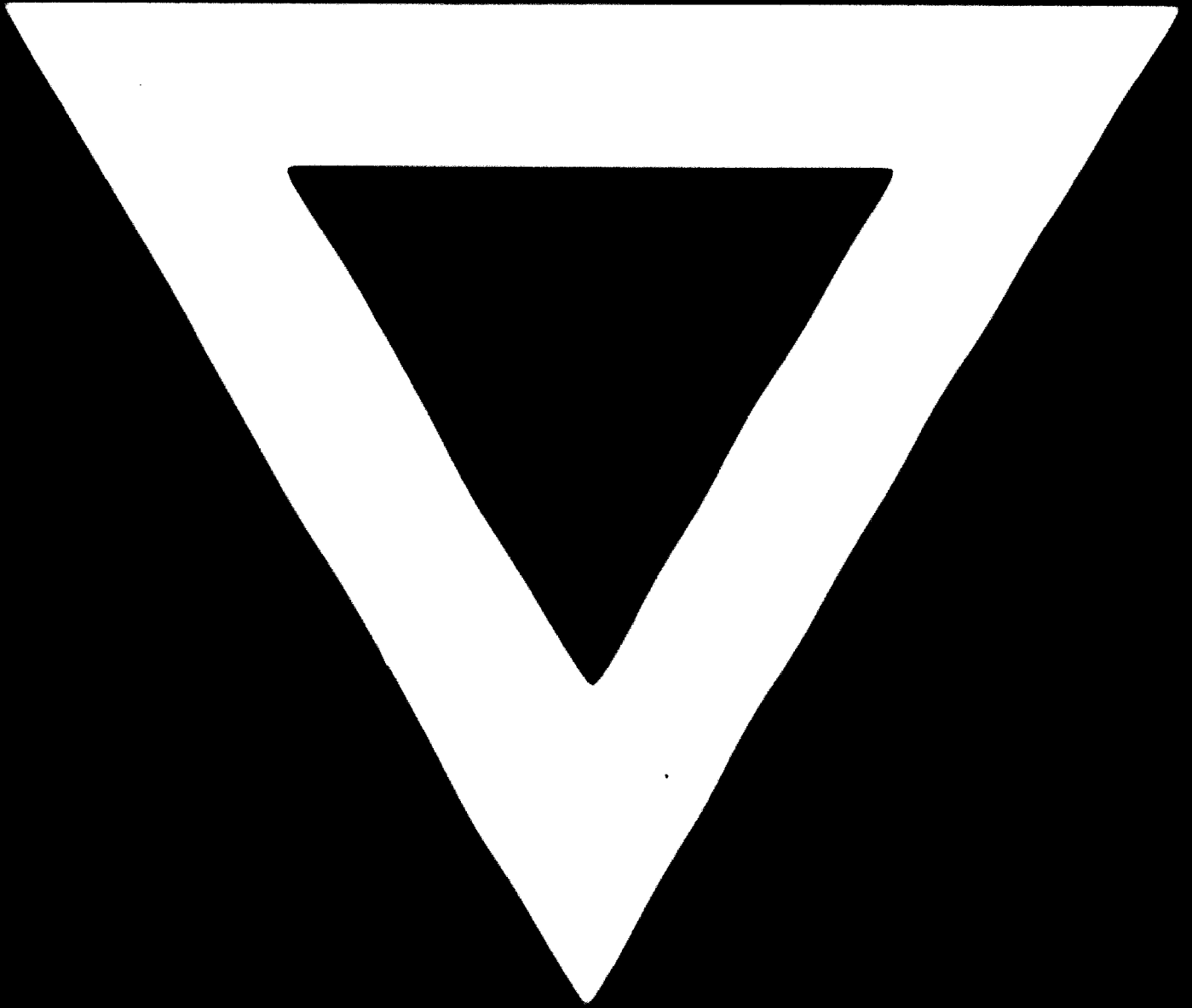
Documentation

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





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