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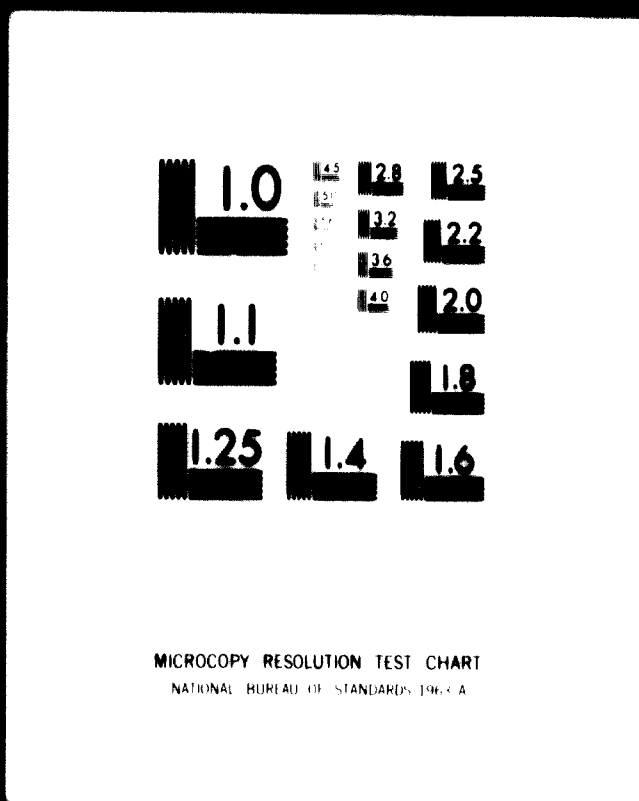
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1 OF 1

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Third Asian Meeting to Promote
Industrial Projects

Kuala Lumpur, Malaysia
14-21 November 1973

Project Information Sheet

INDONESIA

COUNTRY

Korea

PROJECT

Vacuum Tubes

Capacity : 8,000,000 pieces per year

Total Investment: US\$ 411,000

FOREIGN CONTRIBUTION ENGLISH

Equity

Suppliers Credit

Know-how

Sponsored by: The Economic Commission for Asia and the Far East (ECAFE) and 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.

VACUUM TUBES

I. INTRODUCTION

The Project

The electronics industry in Korea is rapidly expanding with a high export share. It is expected that exports of electronics products will increase at an annual rate of more than 30 per cent. Still the domestic production of some components is not sufficient to meet the growing domestic and foreign demand. Under a long-term plan it is intended to set up a number of component factories to substitute for those components now being imported, to meet partly the increasing domestic demand and to provide for exports. It is proposed to set up a factory for the manufacture of vacuum tubes with an annual capacity of 8,000,000 pieces per year.

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 was initiated by the Government in 1969. The electronics industry is highly emphasized as a labour-intensive export industry. 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 products, 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.

II. ECONOMIC ASPECTS

Importance

The electronics industry in Korea contributes greatly to the country's exports. It is necessary to have a sufficient supply of electronics components to secure the increase of exports and, thereby, make an important contribution to the export target of the Third Five Year Development Plan.

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 per cent reduction of those 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.

III. COMMERCIAL ASPECTS

The total domestic consumption in 1971 was 5,000,000 pieces, value US\$ 3,500,000. The sources of supply for this quantity were local production of 1,000,000 pieces (US\$ 700,000) and imports of 4,000,000 (US\$ 2,800,000). It is estimated that in 1972 7,000,000 pieces (US\$ 5,000,000) will be absorbed by the domestic market.

5,762,000 receiver tubes were exported in 1971, value US\$ 3,517,000. An estimate expects that 9,000,000 vacuum tubes will be exported in 1972 (US\$ 6,000,000).

These are production facilities with an annual capacity of 10,000,000 pieces in existence now.

<u>Price</u>	US\$
Present	0.068 per piece
Target	0.062 per piece
Import	0.70 per piece

IV. PHYSICAL ASPECTS

Location

Kuro-dong Industrial Estate, Seoul

Land and Building

Land	42,000 sq. ft.
Buildings	21,000 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
(female) : maximum 39, minimum 17, average 23

Raw Materials

About 60 per cent of the required raw material has to be imported.

Infrastructure

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

<u>Utilization</u>	<u>Unit</u>
Electricity:	0.019/kwh
Water	0.034/m/ton

Machinery

Most of the required machinery should be imported.

V. FINANCIAL ASPECTS

<u>Estimated Investment</u>	<u>Local Cost</u>	<u>Foreign Exchange</u>	<u>Total</u>
Land	14,000		14,000
Building	28,000		28,000
Machinery		200,000	200,000
Working Capital	<u>122,000</u>	<u>47,000</u>	<u>169,000</u>
	164,000	247,000	411,000

A detailed financing plan will have to be prepared jointly with the foreign partner.

VI. ADDITIONAL RELEVANT INFORMATION

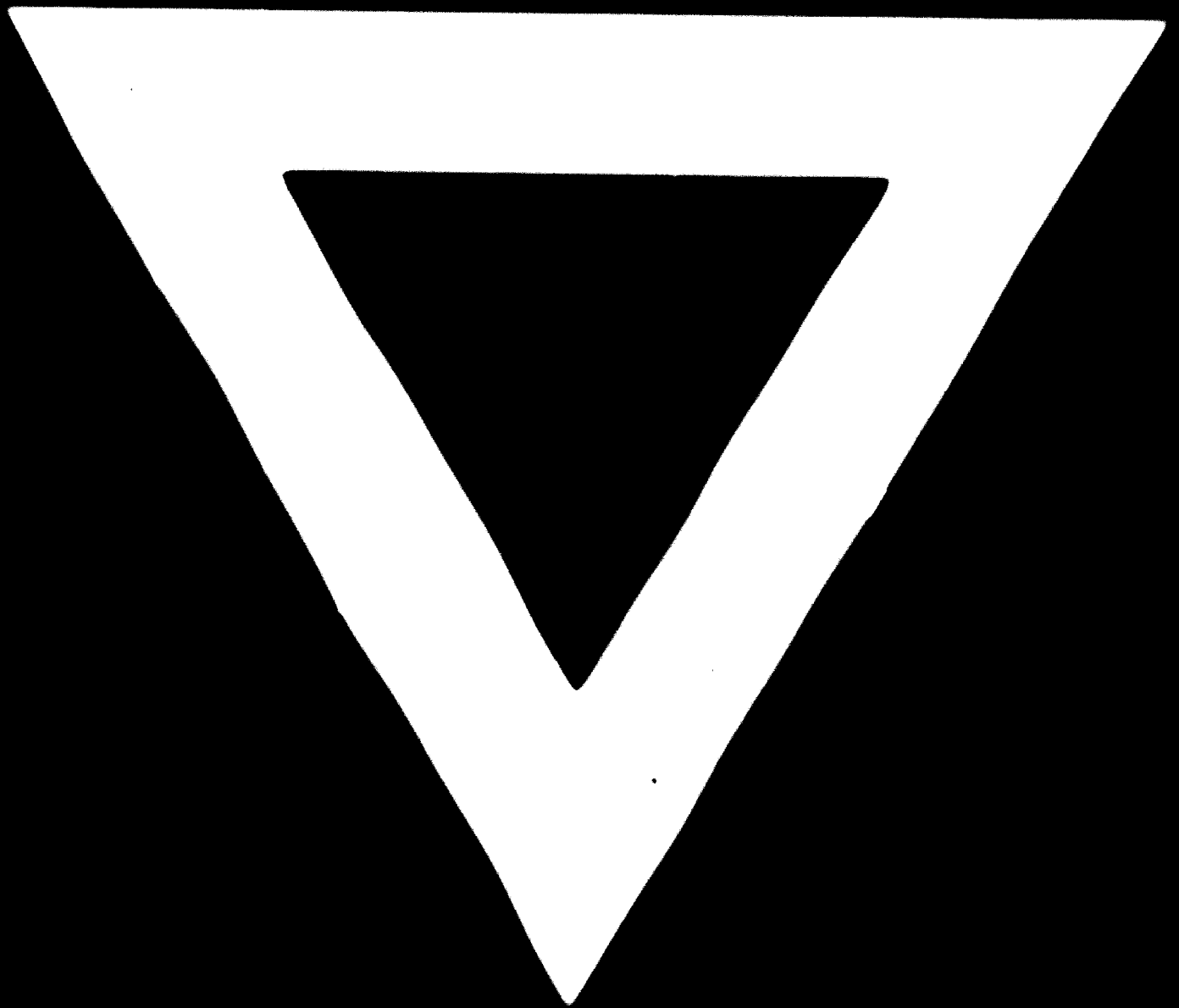
Legal Structure

Private Company.

Documentation

General surveys on the Korean electronics industry, prepared by local research institutes are available.

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