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for a sustainable future

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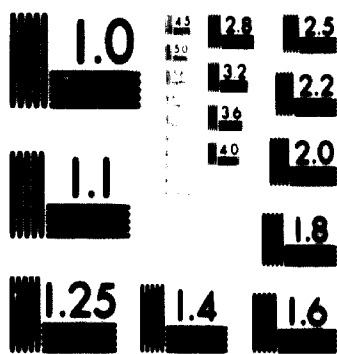
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MICROCOPY RESOLUTION TEST CHART
NATIONAL BUREAU OF STANDARDS-1963-A

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**Third Asian Meeting to Promote
Industrial Projects**

Kuala Lumpur, Malaysia, 14-21 November 1973

Project Information Sheet

TRANSFORMERS

COUNTRY

Republic of Korea

PROJECT

Manufacture of power transformers
Capacity: 14,000,000 pieces per year
Total Investment: US\$ 495,000

FOREIGN CONTRIBUTION REQUIRED

Equity
Suppliers Credit
Marketing

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.

TRANSFORMERS

I. INTRODUCTION

• The Project

It is proposed to manufacture deflection-yoke, fly-back and other power transformers for electronics products to substitute those now being imported and to promote export. Presently, the domestic production of transformers for export is very limited.

• 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 labour-intensive strategic export and import substitution 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\$88,503,000 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 transformers in Korea was 169.8 million pieces, worth US\$4.4 million.

169 million pieces were produced by many small manufacturers (US\$400,000) whereas 800,000 pieces (deflection yoke fly-back and other power transformers) worth \$4 million were imported.

It is estimated that the total domestic consumption in 1973 will be unchanged.

Ten million pieces worth US\$335,000 were exported in 1971. It is estimated that 23 million pieces worth US\$770,000 will be exported in 1973.

Prices: Present price (per 1000 pieces)	US\$2.60
Proposed price (per 1000 pieces)	32.40
Price of imported goods (per unit)	35.00 (FBT, DTT, etc)
Local competitive price (per 1000 pieces)	32.50

III. PHYSICAL ASPECTS

- Location

Kuro-dong Industrial Estate, Seoul

- Land and Buildings

Land 72,000 square feet

Buildings 36,000 square feet

- Labour

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

Technicians Maximum 92, Average 57, Minimum 40

Workers Maximum 39, Average 23, Minimum 14

- Raw Materials

A few main components are to be imported, but they are expected to be produced locally in one or two years time.

- Infrastructure

The plant will be located in an industrial estate.

- Utilities

Electricity US\$0.019/kwh

Water US\$0.034/MT

IV. ECONOMIC ASPECTS

• Importance

The electronics industry in Korea has a great potentiality as an export industry. Therefore, a sufficient supply of electronic components to secure abundant production of electronic goods is most desirable.

• 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>Foreign Exchange</u> <u>US\$</u>	<u>Total</u>
Land	24,000		24,000
Buildings	45,000		45,000
Machinery		250,000	250,000
Working Capital	129,000	47,000	176,000
	<u>198,000</u>	<u>297,000</u>	<u>495,000</u>

• Proposed Financing Plan

	<u>Local Cost</u>	<u>Foreign Exchange</u> <u>US\$</u>	<u>Total</u>
Equity	198,000	297,000	495,000

VI. ADDITIONAL RELEVANT INFORMATION

• Legal Structure

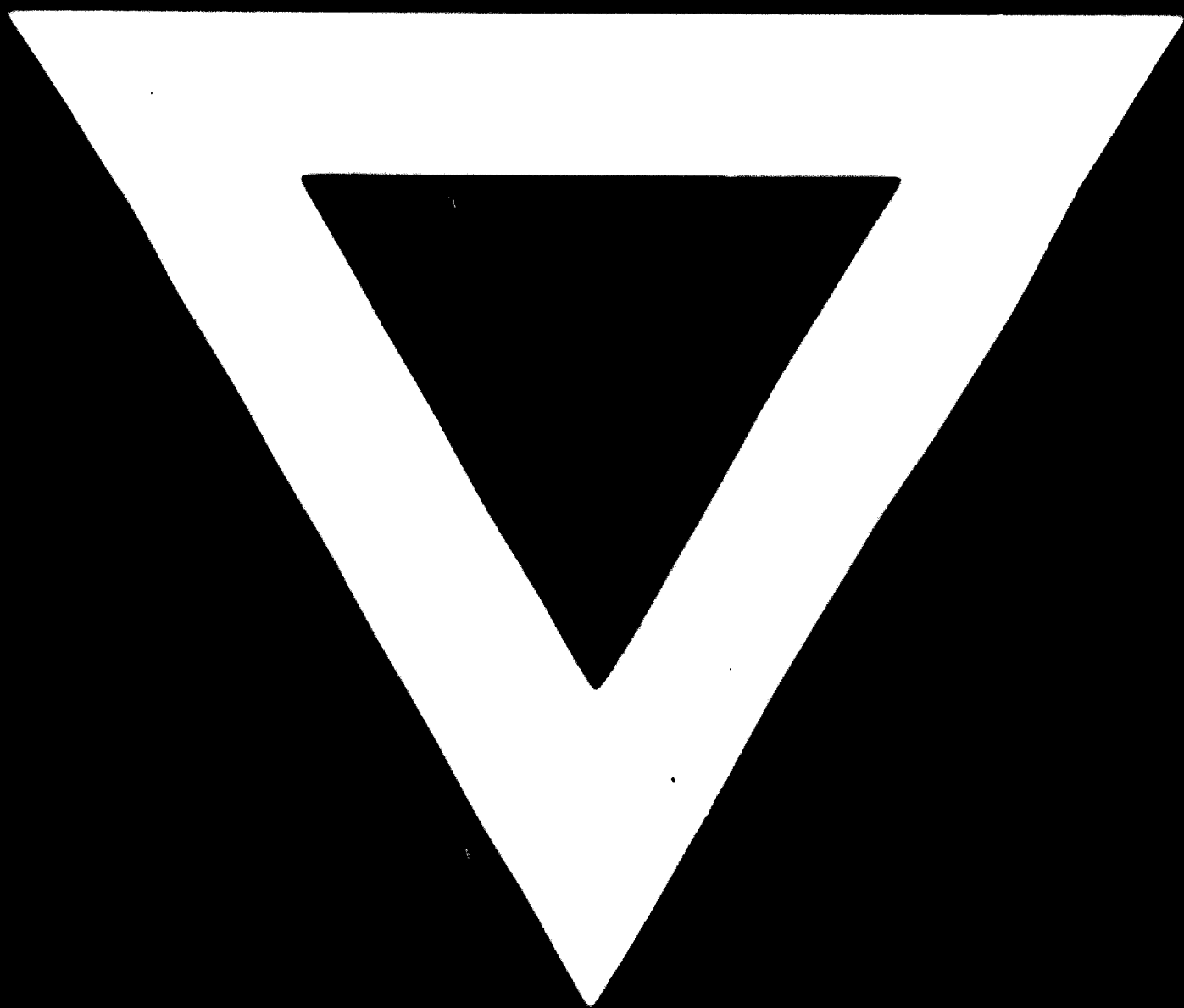
Private Limited Company

• Project Proponent

Fine Instrument Center, 188-5 Kuro-dong Youngtunpo-ku, Seoul.

This centre is a government-owned agency for the promotion of the electronic industry in Korea. The centre is in a position to supply further information.

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