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for a sustainable future

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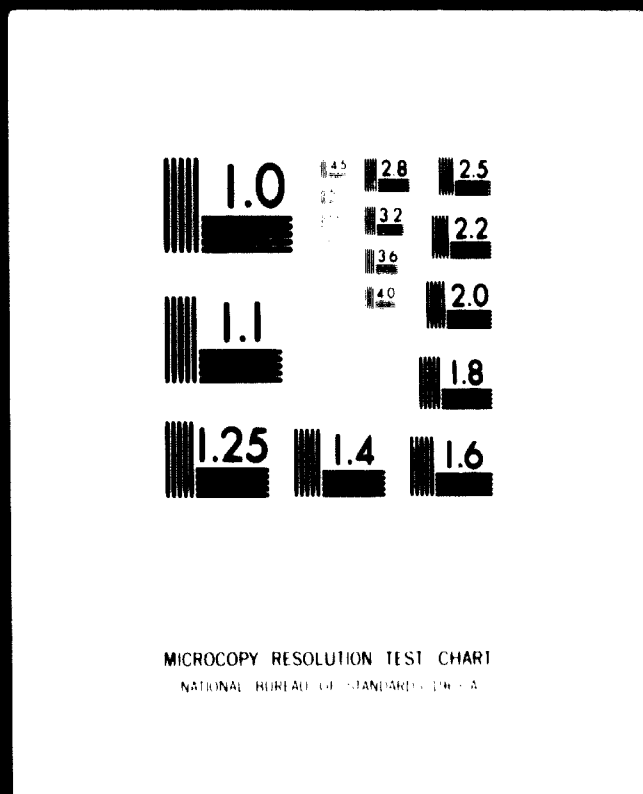
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ENGLISH

Third Asian Meeting to Promote
Industrial Projects

Kuala Lumpur, Malaysia, 14-21 November 1973

Project Information Sheet

DRY BATTERIES

COUNTRY

Republic of Korea

PROJECT

Improvement of existing dry batteries
manufacture

Capacity: 63,000,000 pieces per year

Total Investment: US\$ 410,000

FOREIGN CONTRIBUTION REQUIRED

Know-how

Licence

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

id.73-6063

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.

DRY BATTERIES

I. THE PROJECT

The proponent is the largest manufacturer of dry batteries in Korea. The present installed capacity is 63 million pieces per annum. However, advanced technical know-how is required to improve the quality and to compete in the export markets. An expansion of the manufacturing facilities may be envisaged at a later stage.

Incentives

A number of interesting incentives are granted under the Foreign Capital Inducement Law to export 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 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.

II. ECONOMIC ASPECTS

Encouragement of the electronics industry in Korea was begun by the Government in 1969. The electronics industry is highly emphasized as an 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 million worth of electronic components, second only to textile exports. Low-cost labour makes this labour-intensive industry particularly interesting.

III. COMMERCIAL ASPECTS

The total domestic consumption was 43,000,000 pieces in 1971, value US\$ 4,300,000. The relevant figures for 1972 were 55,000,000 pieces and 1973 (estimated) 70,000,000.

Domestic production 1970: 46,000,000 pieces; 1971: 64,000,000 pieces.

Imports are minimal.

The export target for 1973 is estimated to be 55 million pieces.

The total installed capacity in Korea is approximately 110,000,000 pieces p.a.

The average prices (ex-factory) are between US\$ 0.05 and US\$ 0.058.

IV. PHYSICAL ASPECTS

(a) Location

Kumi Industrial Estate

(b) Land and Buildings

Land: 1.2 million square feet

Building: 430,000 square feet

(c) Labour

Workers of all skills are readily available.

Wages (per month, US\$)

Technicians: Maximum 92, minimum 40, average 57

Workers: Maximum 39, minimum 17, average 23

(d) Infrastructure

The plant, being located in an industrial estate, has convenient access to all infrastructural facilities.

(e) Raw Materials

Some chemicals will have to be imported from Japan. Metal components are readily available.

(f) Utilities

Electricity US\$ 0.019 per KWH

Water US\$ 0.034 per M³/T

V. FINANCIAL ASPECTS

The total investment has been US\$ 410,000 so far.

Should there be a necessity for a later production expansion, an additional investment and financing plan will be subject to negotiation.

VI. OTHER RELEVANT INFORMATION

Project presented by:

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

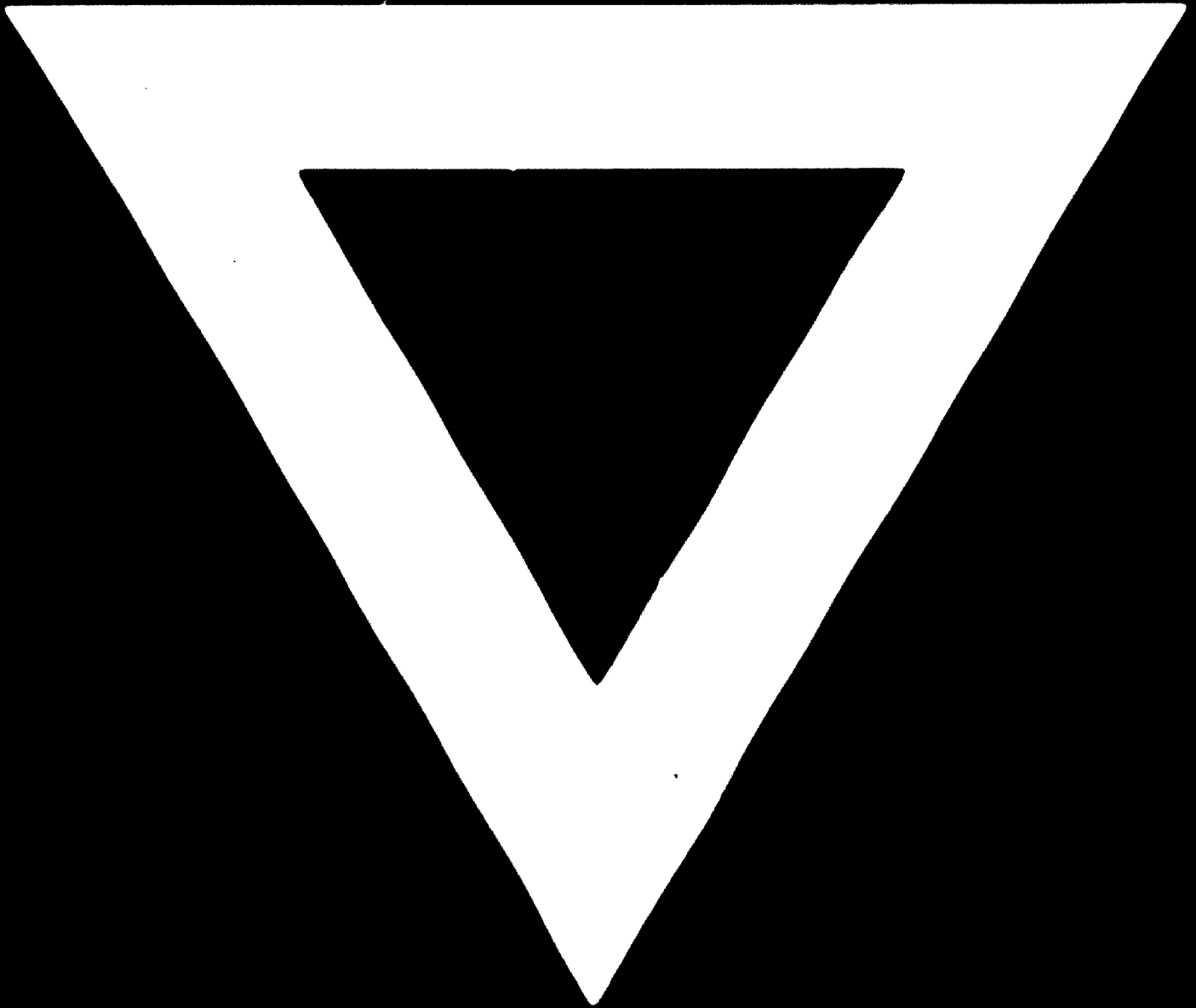
Proposed legal structure

Private limited company.

Documentation

Available from FIC, Seoul.

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