



TOGETHER
for a sustainable future

OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.



TOGETHER
for a sustainable future

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

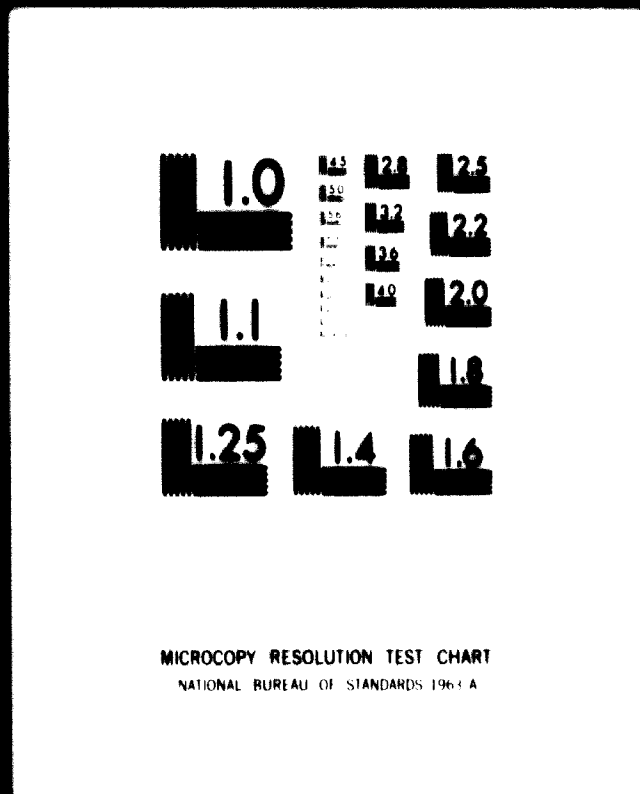
CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org

1 OF 1

02048



24x
C



02048



United Nations Industrial Development Organization

Distr.
LIMITED

TRA/18 Rev.1
27 August 1973

ORIGINAL: ENGLISH

Third Asian Meeting to Promote
Industrial Projects

Kuala Lumpur, Malaysia, 14-21 November 1973

Project Information Sheet

FORGED HAND TOOLS

COUNTRY

Thailand

PROJECT

Manufacture of forged hand tools
Capacity: 350,000 units per annum
Total Investment: US \$450,000

FOREIGN CONTRIBUTION REQUIRED

Equity, amount negotiable
Loan, amount negotiable
Know-how
Management
Marketing

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

id.73-6034

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.

FORGED HAND TOOLS

I. THE PROJECT

The Applied Scientific Research Institute of Thailand (ASRCT) on behalf of an unidentified Thai sponsor proposes to set up a modern manufacturing operation for hand tools, annual capacity 350,000 units on one shift basis. Presently, chongkoes (a local hoe) are manufactured, but most other tools are either imported or made in numerous small blacksmiths' workshops.

The project envisages the manufacture of only a few items of forged tools (spanners, hammers and pliers) in its initial stage, subsequently expanding the production to cover a wider range of hand tools. The plant could also form a nucleus for a Thai forging industry, capable of producing in its later stages forged components for agricultural equipment and automobile assemblies.

Foreign Contribution Required

ASRCT invites a foreign partner to participate with license, equity and loan, amounts negotiable, production know-how, management and marketing assistance.

Government Attitude

The manufacture of the following products is classified as government promoted industries: carpenters' and blacksmiths' tools, agricultural tools and implements. The project will have the effect of import substitution and the products may to a certain extent be exported to neighbouring countries. Incentives are accorded only after reviewing the relevant application, but Government support can safely be expected.

Incentives

Incentives are to be negotiated with the authorities and are granted under consideration of individual conditions of the project (negotiable are tax holidays, duty-free import of machinery and equipment, repatriation of capital and profits, etc.).

II. ECONOMIC ASPECTS

Market

The annual import of hand tools amounts to nearly US\$ 10 million with an estimated growth rate of 5%.

For the specific items to be manufactured, the proposed plant's capacity is equivalent to an estimated 20% share of the local demand.

There are opportunities for export to nearby countries and to industrialized high labour-cost countries.

These opportunities may well attract investment in a joint venture from a major tool company currently manufacturing in high labour cost areas.

Prices

The proposed selling prices of tools to be manufactured compared with actual retail prices of imported tools are shown in the following tables:

<u>Description</u>	<u>Factory price to distributor</u> US\$	<u>Retail price of imported tools</u> US\$
Open ended spanner (set of 6) 6 x 7 to 17 x 19	0.90	1 - 6.50
Ring spanner (set of 3) 6 x 7 to 22 x 24	2.70	2.75 - 11.25
Claw hammer 1½ lb.	1.50	2.50
Ball pein hammer 1½ lb.	1.00	1.50
No. 7 combination pliers ½ lb.	0.40	0.50 - 0.70

III. PHYSICAL ASPECTS

(a) Plant capacity

350,000 units (on one shift basis) comprising:

90,000 sets of spanners

100,000 hammers

160,000 pliers

(b) Location

In the vicinity of Bangkok.

(c) Land and Buildings

4,300 m² of land. 1,000 m² buildings.

(d) Labour

Labour is readily available.

Wages

Factory workers: 45 men at US\$ 0.20 to 0.325 per hour each
(first year)

Administrations: 6 men at US\$ 1,500 - 4,000 per annum each.

(e) Raw Materials

Raw materials such as ordinary steel and wooden handles are available within a radius of 75 miles from the factory. Special steel has to be imported.

Prices: light alloy steel US\$ 0.35 per kg.

medium carbon steel US\$ 0.20

wooden handles: US\$ 0.50 - 1.00

(f) Infrastructure

Bangkok, as the industrial and commercial centre of Thailand has excellent rail, road and water transport facilities to all parts of the country.

(g) Utilities

Estimated cost: Fuel 45 tons US\$ 0.03/liters = 1,350 US\$ per year.

Electricity 1,440,000 Kwh/1.25 cents = US\$ 18,000 per year

V. FINANCIAL ASPECTS

Composition of Investments

	<u>Local Cost</u> US\$	<u>Foreign Exchange</u> US\$	<u>Total</u> US\$
Pre-investment costs	10,000	-	10,000
Assets:			
Land	54,000	-	54,000
Buildings	72,500	-	72,500
Machinery	-	217,350	217,350
Estimated working capital	90,000	-	90,000
Total	185,500	217,350	444,350

A detailed financial plan has not yet been prepared and is open for negotiation.

Profitability estimate for the third year of operation

	<u>US\$</u>	<u>US\$</u>
Sales revenue		353,000
Material	101,000	
Labour	31,700	
Overhead	70,300	
Administration	32,500	
Depreciation	33,300	
Gross receipt tax	26,300	
	<u>296,600</u>	<u>296,600</u>
Business tax		-
Net Profit		<u>56,400</u>

= 12.7% on invested capital

VI. ADDITIONAL RELEVANT INFORMATION

Project presented by

Applied Scientific Research Corporation of Thailand (ASROT), 196 Pahonyothin Road, Bangkok 9. Tel: 791121-20 (acting on behalf of a domestic entrepreneur).

Legal Structure

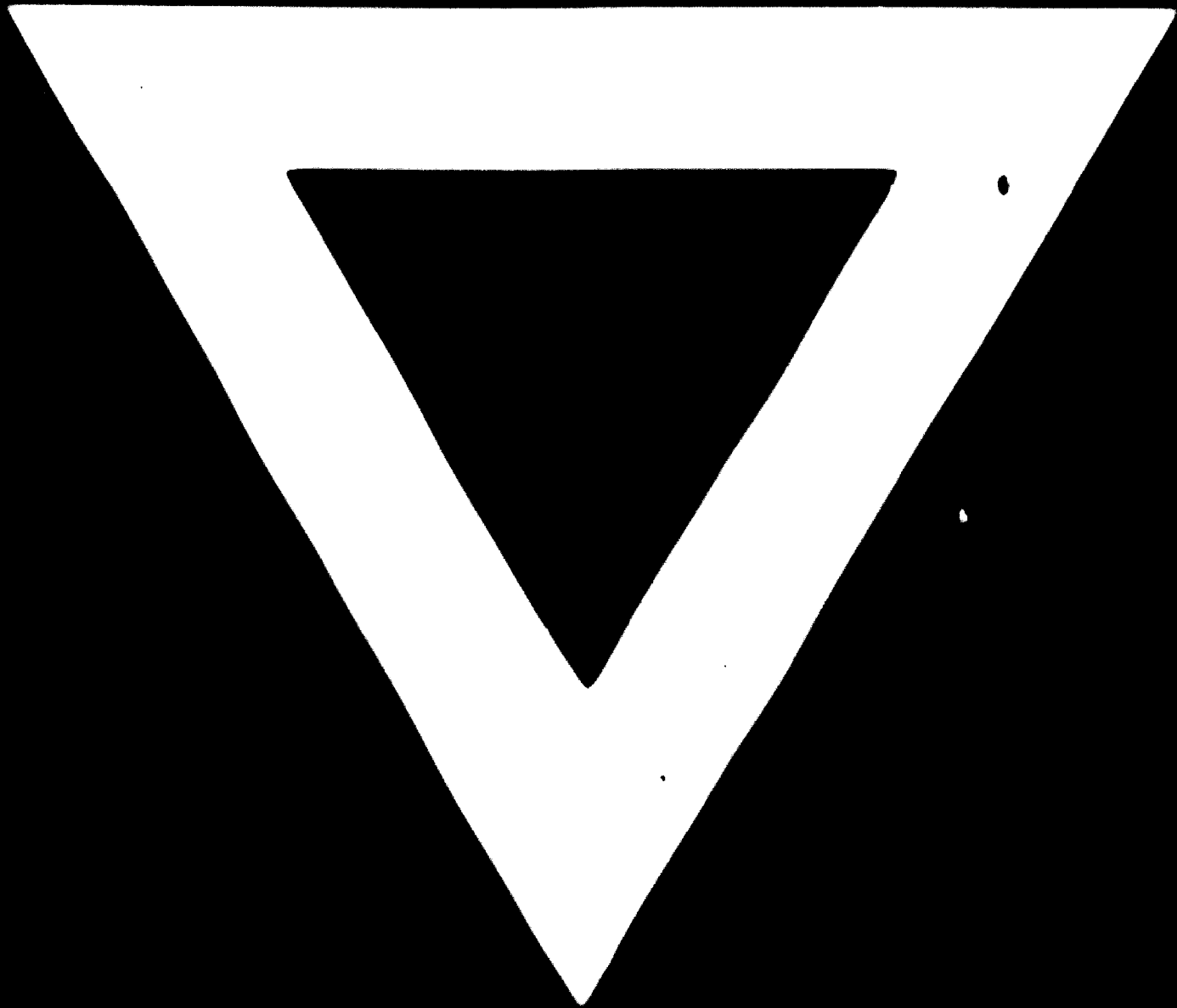
A private joint-venture limited company will be established.

Documentation

The "Study of Manufacture of Firm and Artisan Hand Tools in Thailand" carried out by P.O. International Management Consultants Ltd. London in 1972 can be made available to interested parties at the meeting.



B - 346



80.11.21