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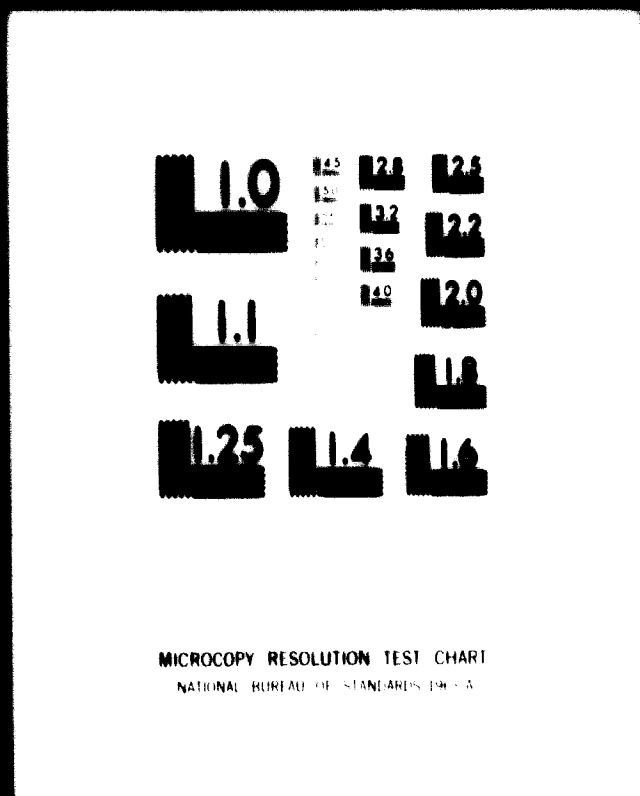
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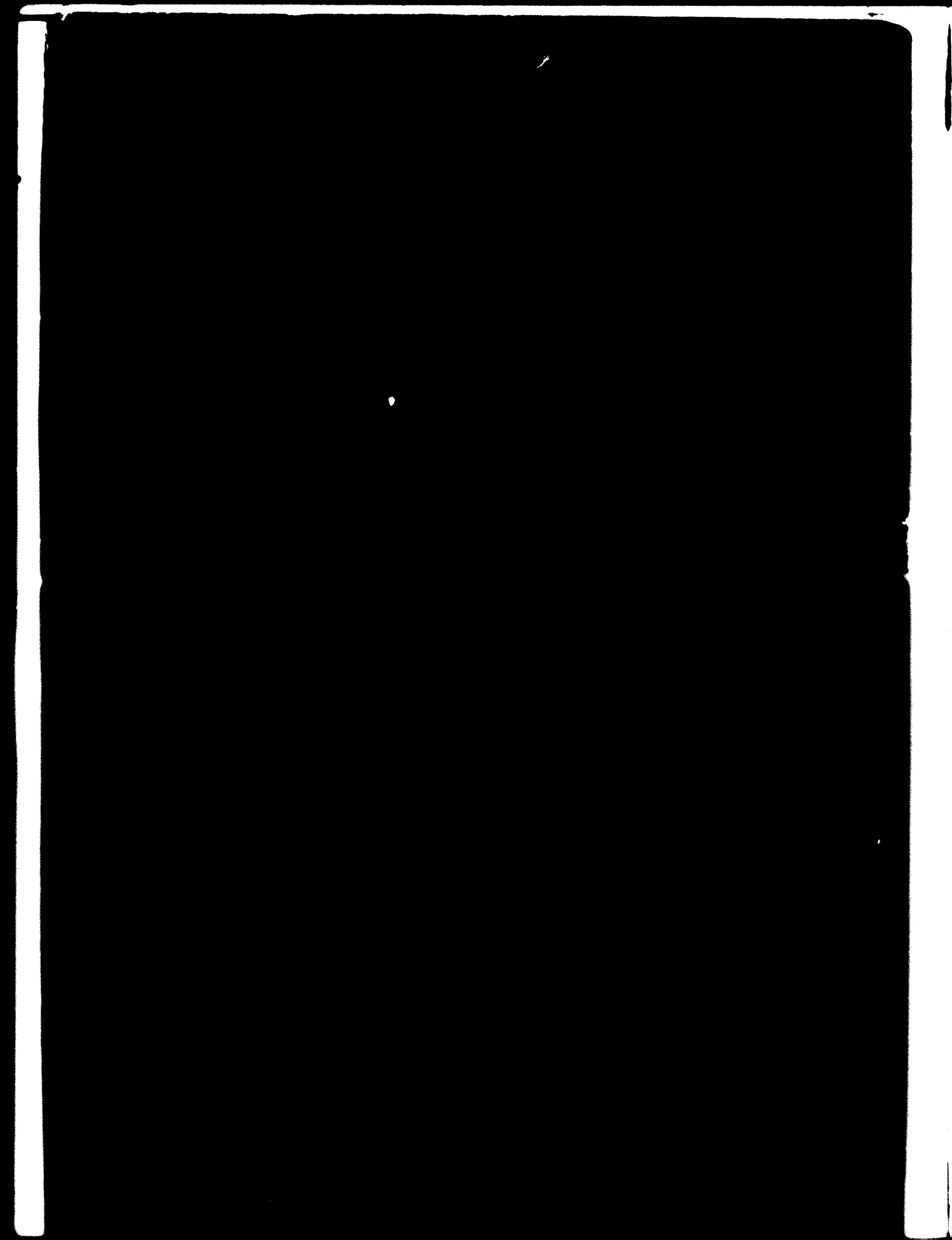
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Third Asian Meeting to Promote
Industrial Projects

Kuala Lumpur, Malaysia, 14-21 November 1973

Project Information Sheet

RESISTORS (FIXED)

COUNTRY

Republic of Korea

PROJECT

Manufacture of fixed resistors
Capacity: 120 million pieces per year
Total Investment: US\$ 875,000

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.

RESISTORS

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 fixed resistors with an annual capacity of 120 million pieces.

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\$88,503,000 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 fixed resistors was 40 million pieces, worth US\$278,000. Thirty million pieces, worth US\$198,000 were produced locally. Ten million pieces were imported. The consumption in Korea is estimated to double in 1972 to 80 million pieces, value US\$500,000. Exports in 1971 were 71 million pieces, value US\$291,000. Export projection estimated for 1972: 120 million pieces, value US\$500,000.

<u>Prices</u>	<u>US\$ per 1,000 pieces</u>
Present price	7.00
Target price	6.30
Import price	8.00

III. PHYSICAL ASPECTS

Location

Kumi Industrial Estate, Korea, or another convenient location.

Land and Buildings

Lands: 30,000 sq. ft.

Buildings: 20,000 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:	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 m ³ /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 Investments

	<u>US\$</u>		
	<u>Local Cost</u>	<u>Foreign Exchange</u>	<u>Total</u>
Land	15,000	-	15,000
Buildings	70,000	-	70,000
Machinery	300,000	318,000	618,000
Working capital	<u>172,000</u>	<u>-</u>	<u>172,000</u>
Total	<u>557,000</u>	<u>318,000</u>	<u>875,000</u>

A detailed financing plan will have to be worked out in close consultation with an interested foreign investor.

VI. ADDITIONAL RELEVANT INFORMATION

Legal Structure

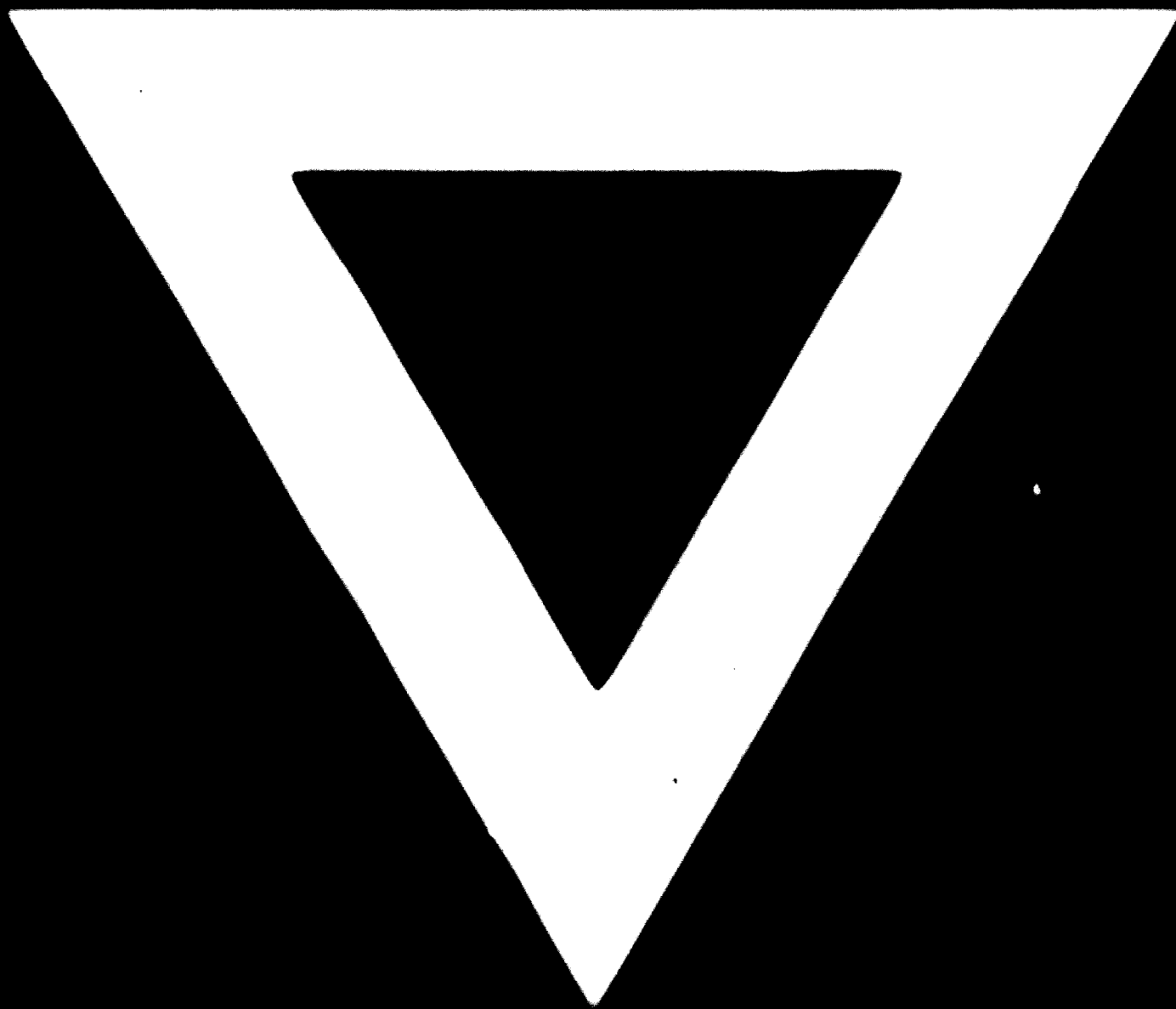
Private limited company

Documentation

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



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