



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.

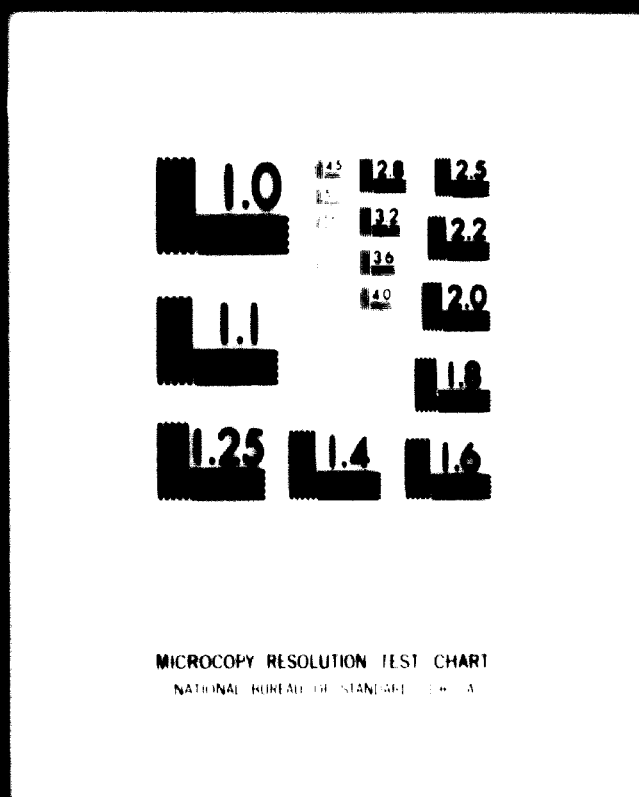
CONTACT

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

02057



24x
C



02057



United Nations Industrial Development Organization

Distr.
LIMITED

IPPD/KOR/26
29 August 1973

ORIGINAL: ENGLISH

Third Asian Meeting to Promote
Industrial Projects

Kuala Lumpur, Malaysia
14-21 November 1973

Project Information Sheet

VARIABLE CAPACITORS

COUNTRY

Republic of Korea

PROJECT

Manufacture of variable capacitors

Annual Capacity: 5,100,000 units

Total investment: US\$ 429,000

FOREIGN CONTRIBUTION REQUIRED

Equity

Suppliers Credit

Know-how

Marketing

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

14.73-6032

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.

VARIABLE CAPACITORS

I. INTRODUCTION

The Project

The electronics industry in Korea is rapidly expanding with a high export share. It is expected that exports of electronics goods will increase at an annual rate of more than 30 percent. Under a long-term plan it is intended to set up a number of factories to produce components now being imported, to partially meet the increasing domestic demand and to provide for exports. It is intended to manufacture variable capacitors, mainly of the types not currently being produced locally. The proposed plant capacity will be 5,100,000 pieces per year.

Government Attitude

The encouragement of the electronics industry was initiated by the Government in 1969. The labour-intensive electronics industry is highly emphasized as a strategic export and import substitution industry and an eight-year development plan was established to assist in expanding its production and to develop the necessary techniques. In 1971, Korea exported US\$ 88,603,000 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.

II. ECONOMIC ASPECTS

Importance

The electronics industry in Korea has a large export potential. A sufficient supply of electronics components to secure the increasing production of electronics products is most desirable. It will contribute to the export target of the Third Five Year Economic Development Plan.

Incentives

A number of incentives are granted under the Foreign Capital Inducement 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 5% 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.

III. COMMERCIAL ASPECTS

The total domestic consumption of variable capacitors in 1971 was 1,000,000 pieces (valued at US\$ 156,000). Thereof 430,000 pieces (US\$ 64,000) were locally produced and 570,000 pieces (US\$ 92,000) were imported. It is estimated that the domestic consumption in 1972 will be 2,600,000 pieces (US\$ 400,000).

Exports in 1971 were 6,000,000 pieces (value US\$ 1,150,000) and the export target for 1972 was 7,800,000 pieces (US\$ 1,500,000).

Price (Average, US\$ per piece)

Present 0.148

Proposed 0.145

Import 0.162

Local competition 0.145.

IV. PHYSICAL ASPECTS

Location

Kuro-dong Industrial Estate, Seoul

Land and Buildings

Land : 66,000 square feet

Building: 32,000 square feet

Labour

Workers of all skills are readily available.

Wages per month as of August 1971

Technicians : Maximum US\$ 92, minimum US\$ 40, average US\$ 57

Workers (female) : Maximum US\$ 39 minimum US\$ 17, average US\$ 23.

Raw Materials

Most raw materials will have to be imported from Japan. The majority of the parts are produced locally through assembly of imported materials.

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 mt

Machinery

Almost all machinery required should be imported.

V. FINANCIAL ASPECTS

Estimated Investment

	<u>Local Cost</u>	<u>US\$ Foreign Exchange</u>	<u>Total</u>
Land	22,000		22,000
Building	40,000		40,000
Machinery		200,000	200,000
Working Capital	110,000	57,000	167,000
	<u>172,000</u>	<u>257,000</u>	<u>429,000</u>
	-----	-----	-----

Financing Plan

A detailed financing plan should be worked out in close cooperation with the foreign partner.

VI. ADDITIONAL RELEVANT INFORMATION

The Proponent

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

Local Structure

Private Company.

Documentation

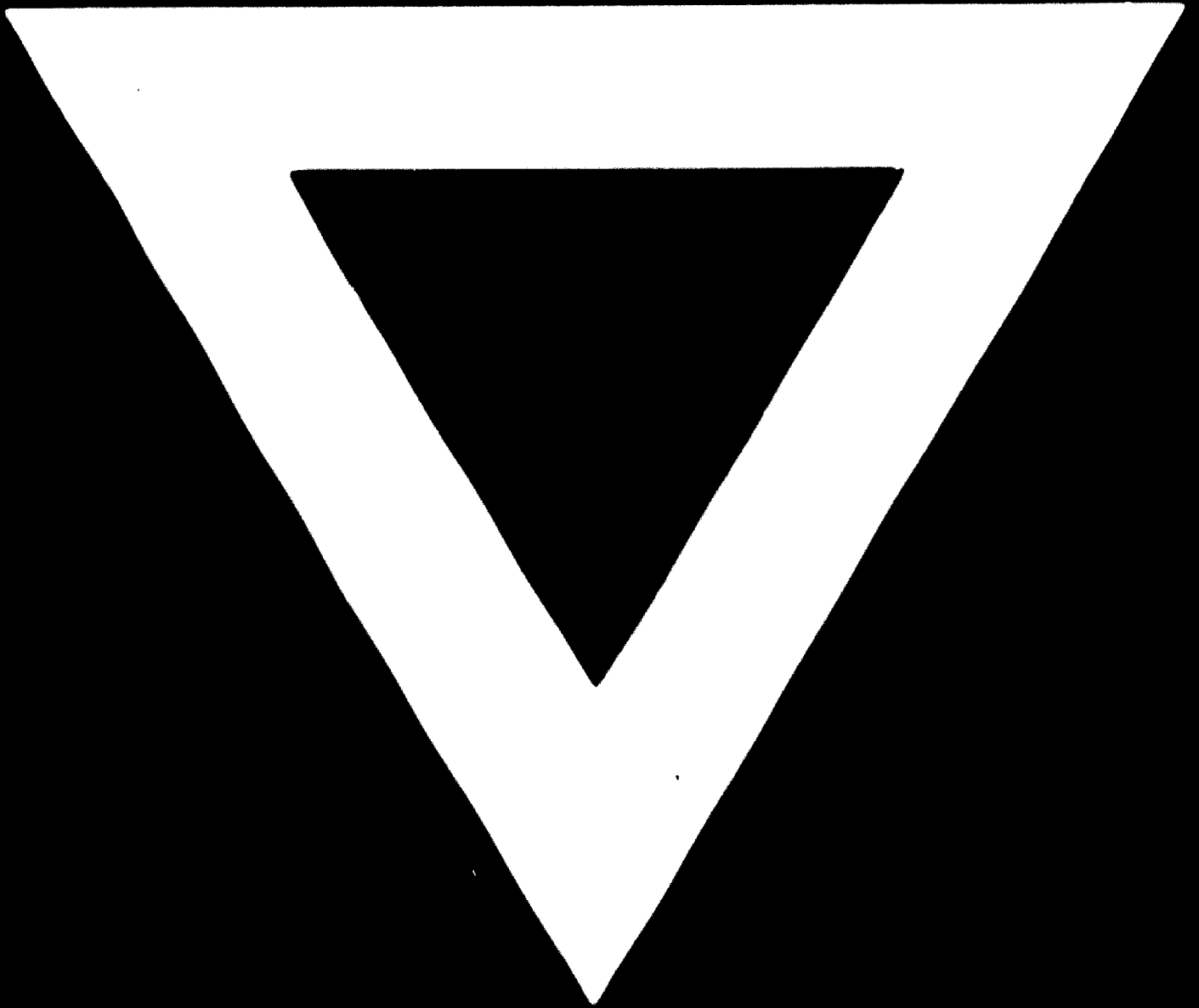
General surveys on the electronics industry in Korea prepared by local research institutes are available.

General Comments

This project represents one of the factory construction plans prepared on the basis of local demand and export estimates in the next years and submitted to the Government by the Fine Instruments Center.



B - 348



80.11.21