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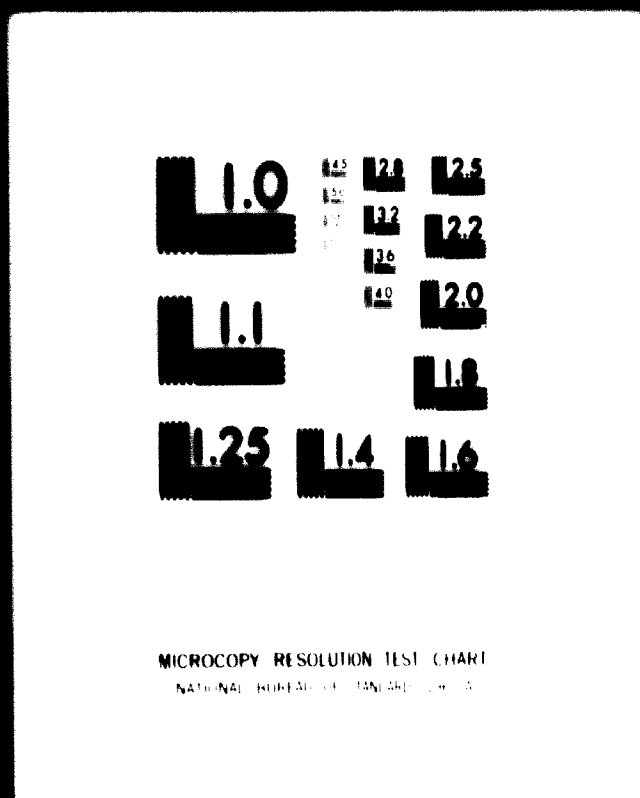
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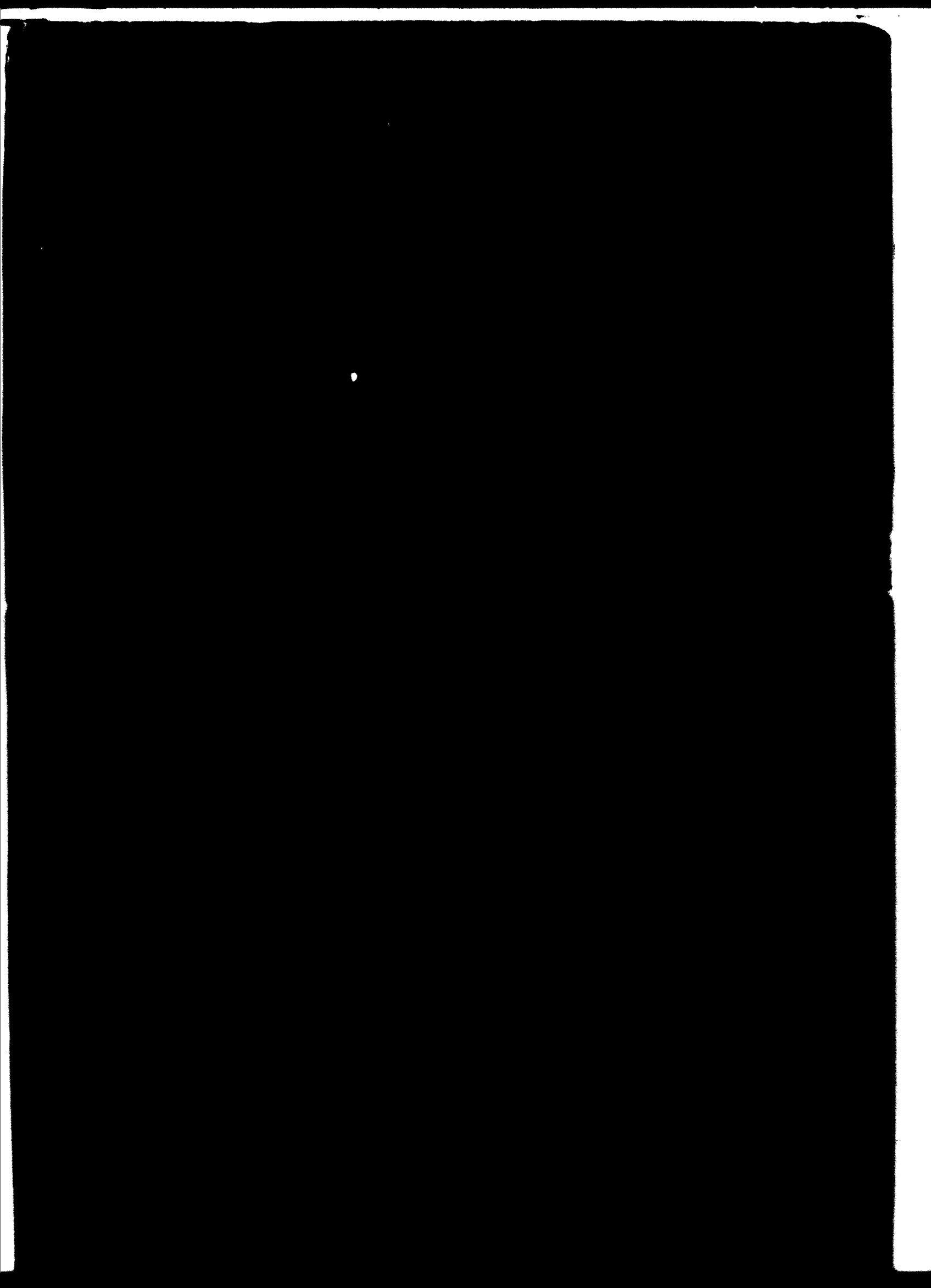
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Distr.
LIMITED

IPPD/KOR/28
18 September 1973

ORIGINAL: ENGLISH

United Nations Industrial Development Organization

**Third Asian Meeting to Promote
Industrial Projects**

Kuala Lumpur, Malaysia, 14-21 November 1973

Project Information Sheet

RESISTORS (VARIABLE)

COUNTRY

Korea

PROJECT

Manufacture of variable resistors,
excluding the carbon film type.

Annual Capacity: 13,000,000 pieces

Total Investment: US\$357,000

FOREIGN CONTRIBUTION REQUIRED

Equity: US\$214,000 - 60% or

Suppliers Credit: US\$164,000

Know-how

License

Marketing

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 (VARIABLE)

I. THE PROJECT

It is proposed to manufacture variable resistors, excluding the carbon film type, to meet the domestic demand for certain types of resistors not yet produced locally and to promote exports. The annual installed capacity is 12 million units.

Incentives

The promotion of the electronics industry in Korea was initiated by the Government in 1969. The electronics industry is highly emphasized as an export-oriented industry. An eight-year development plan promotes and supports the expansion of the production and the development of the necessary techniques.

Under the Foreign Capital Inducement Law, the following incentives are granted to export-oriented industries and import substitution projects:

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.

II. ECONOMIC ASPECTS

Exports of electronics products from Korea are expected to increase at a rate of over 30 per cent annually. The production volume target of the electronics industry in Korea is estimated to reach US\$2.5 billion in 1980, 25 per cent of the Korean total industrial production. Highly productive and low-cost labour will contribute to the competitiveness of the products.

III. COMMERCIAL ASPECTS

The total domestic consumption in 1971 was 4 million units, valued at US\$220,000.

In 1971, the local production was 1 million units, (US\$55,000) and imports 3 million units (US\$165,000).

For 1972, the consumption is estimated at 8 million units (US\$440,000).

<u>Prices (per unit)</u>	(US\$)
Present	0.055
Proposed	0.050
Import	0.050

IV. PHYSICAL ASPECTS

Location

Kuro-Dong Industrial Estate, Seoul or Kumi Industrial Estate,
Kyungsangnam-do, Korea.

Land

35,000 sq. ft.

Buildings

18,000 sq. ft.

Labour

All skills are readily available.

Wage rates were as follows in August 1971:

	(US\$)
Technicians	40 - 92
Workers (female)	23 - 39

Raw Materials

Most raw materials are imported from Japan. Some components are produced locally.

Infrastructure

Since the plant will be located in an industrial estate, all infra-structural facilities are available.

Utilities

	(US\$)
Cost of electricity:	0.019 per kWh
" " industrial water:	0.034 per MT

Machinery

Most of the required machinery should be imported.

V. FINANCIAL ASPECTS

(a) Estimated Composition of Investment

(US\$)

	<u>Local Cost</u>	<u>Foreign Exchange</u>	<u>Total</u>
Land	12,000	-	12,000
Building	24,000	-	24,000
Machinery	-	164,000	164,000
Working capital	<u>107,000</u>	<u>50,000</u>	<u>157,000</u>
Total	<u>143,000</u>	<u>214,000</u>	<u>357,000</u>

(b) Estimated Financing Plan

(US\$)

	<u>Local Cost</u>	<u>Foreign Exchange</u>	<u>Total</u>
Equity	36,000	-	36,000
Loan	107,000	50,000	157,000
Suppliers Credit	-	<u>164,000</u>	<u>164,000</u>
Total	<u>143,000</u>	<u>214,000</u>	<u>357,000</u>

VI. ADDITIONAL RELEVANT INFORMATION

Project presented by:

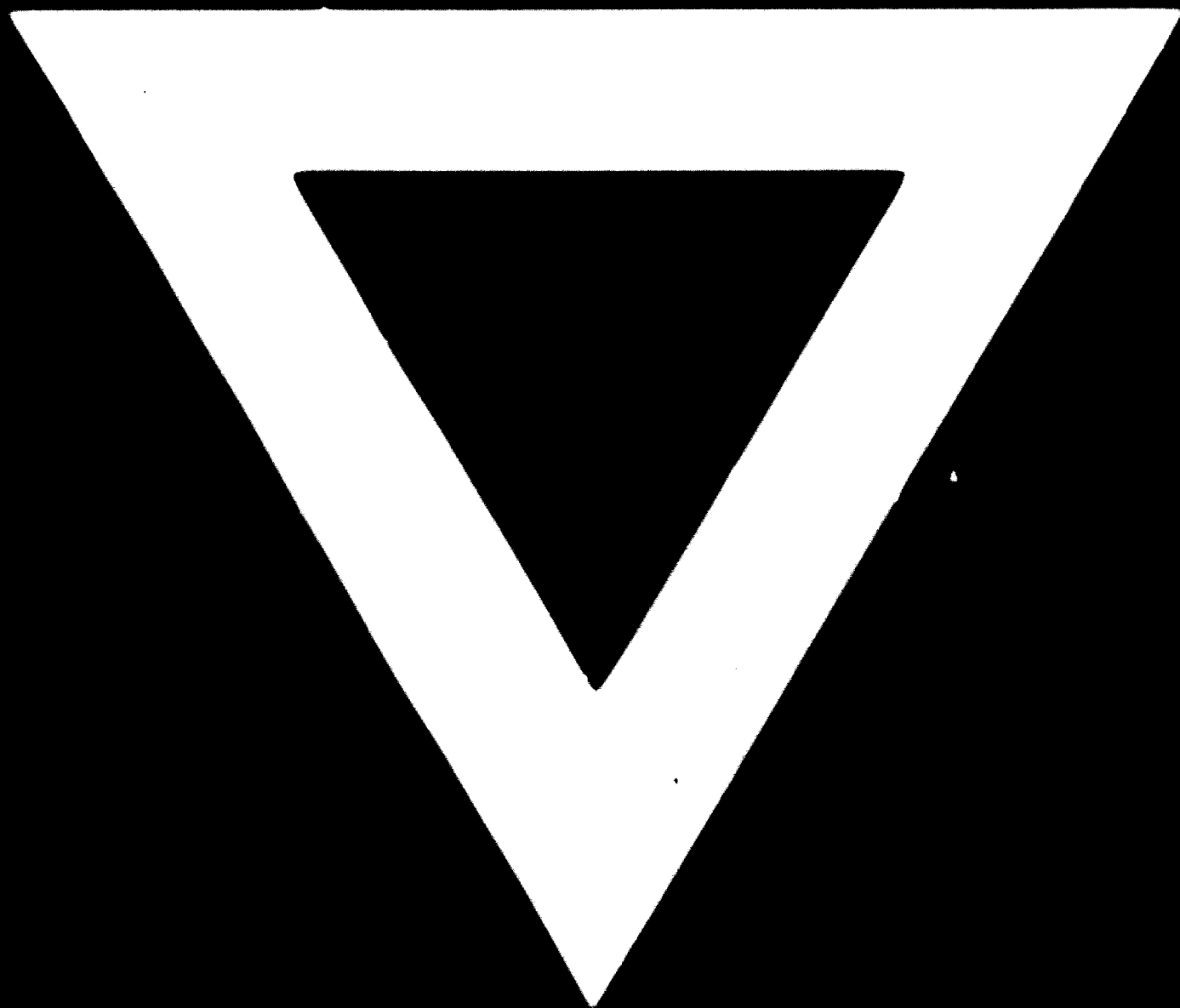
Fine Instruments Center (Government Agency
for electronics industry promotion in Korea)
188 - 5, Kuro-dong, Youngdungeo-Ku
Seoul, Korea

Proposed Legal Structure

Private company.



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