



**TOGETHER**  
*for a sustainable future*

## OCCASION

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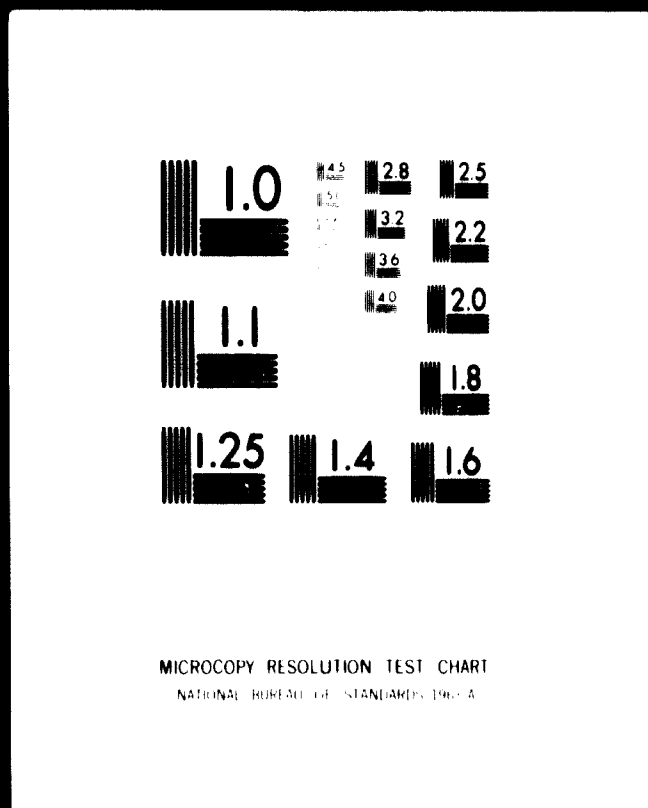
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Third Asian Meeting to Promote  
Industrial Projects

Kuala-Lumpur, Malaysia, 14-21 November 1973

Project Information Sheet

MANUFACTURE OF SHOES AND LEATHER GOODS

COUNTRY

Papua/New Guinea

PROJECT

Manufacture of Shoes and Leather Goods

Capacity: 50,000 pairs of shoes  
per annum  
3,000 handbags per annum  
7,500 small leather articles  
per annum

Total Investment: US\$143,000

FOREIGN CONTRIBUTION REQUIRED

Minority Shareholding (26-49%)

Supplier's Credit

Know-how

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.

MANUFACTURE OF SHOES AND LEATHER GOODS

I. THE PROJECT

It is proposed to establish a new factory for the manufacture of leather shoes, handbags and other leather articles. The plant will have an installed annual capacity of 50,000 pairs of shoes, 3,000 handbags and 7,500 small machine sewn leather articles. The estimated total investment (including working capital) is US\$142,800.

II. ECONOMIC ASPECTS

The project will create new jobs, contribute to the diversification of the economy as well as facilitate the utilization of local skills and resources.

III. COMMERCIAL ASPECTS

The average ex-factory price of shoes will be about US\$3.57 per pair. The prices of other items will depend upon sizes, etc. It is estimated that the total sales revenue will be US\$214,300 - 285,700 per annum. There is likely to be a loss during the first year but thereafter a profit of about US\$30,000 - US\$35,000 is expected.

IV. PHYSICAL ASPECTS

Land and Building

Land will be available in a suitable area and the necessary buildings will have to be constructed.

Raw Materials

The tannery at Lae will supply some of the required leather. Total inputs of leather, linings, etc. and packaging material will cost about US\$93,000.

Labour

General Manager	1
Plant Manager	1
Supervisors	4
Office Clerks	2
Salesman	1
Skilled Labour	14
Semi-Skilled Labour	30
Unskilled Labour	<u>10</u>
	<u>63</u>

Infrastructure and Utilities

All these are generally available.

V. FINANCIAL ASPECTS

<u>Estimated Total Investment</u>	(US\$)
<u>Fixed Assets:</u>	
Land and site development	10,700
Buildings and Ancillaries	35,700
Machinery and equipment, including delivery and installation	35,700
<u>Other Investments</u>	
Pre-investment costs/engineering training, etc.	21,400
Start-up expenses and contingencies	14,300
<u>Working Capital</u>	<u>25,000</u>
	<u>142,800</u>
<u>Financing Plan</u>	
Equity	53,600
Long-term loan	71,400
Supplier's Credit	<u>17,800</u>
	<u>142,800</u>

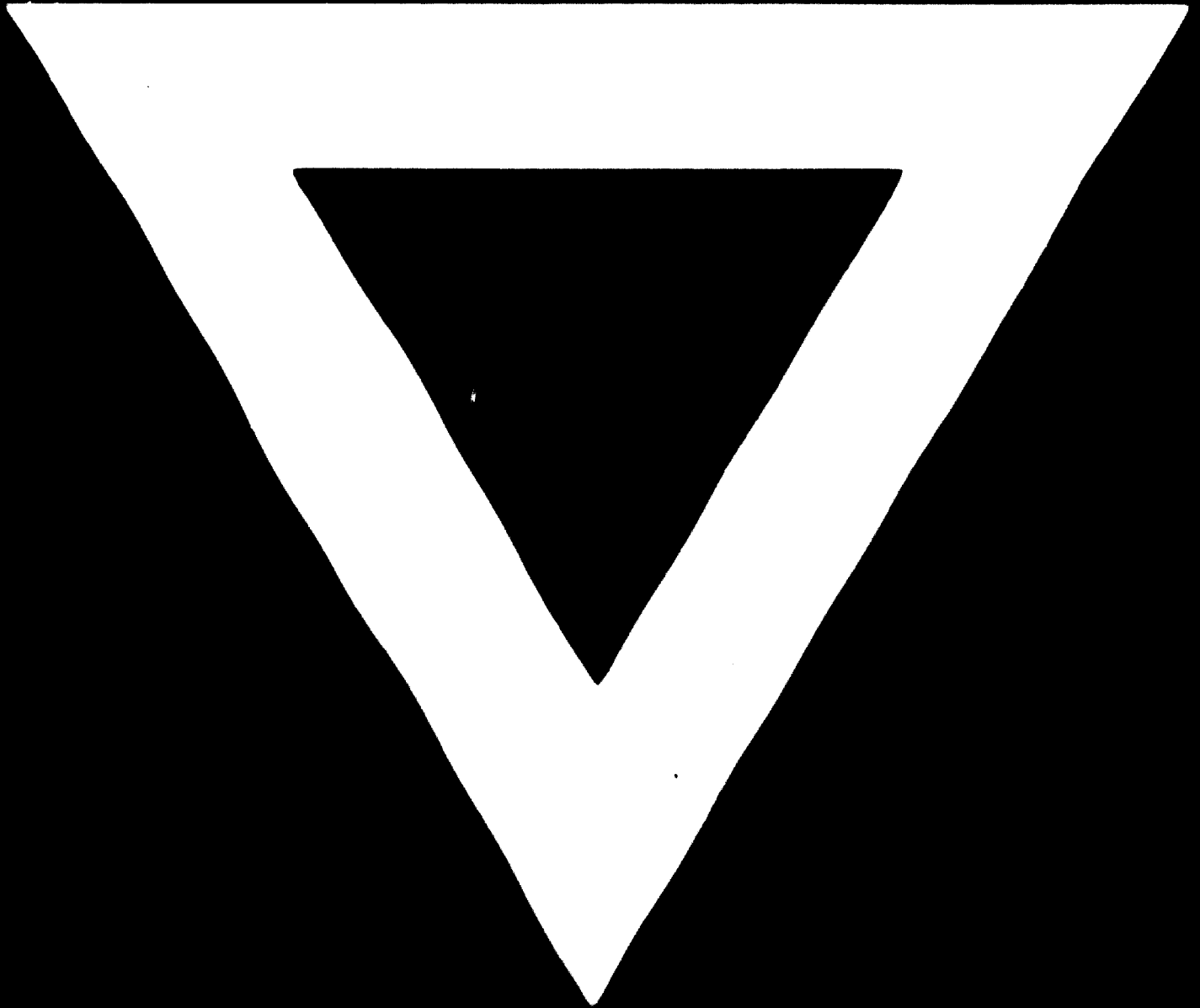
VI. OTHER RELEVANT INFORMATION

The sponsor is the Department of Foreign Relations and Trade, P.O. Box 612, Port Moresby, Papua New Guinea, Telephone: 2151.  
Cable Address: TRADIND PORT MORESBY.

The local partner for the implementation of the project will be the Investment Corporation of Papua New Guinea, a state owned enterprise. It is proposed that a company be formed in which the Corporation will subscribe 20% of the equity, leaving the partner to take 80%.



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