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## OCCASION

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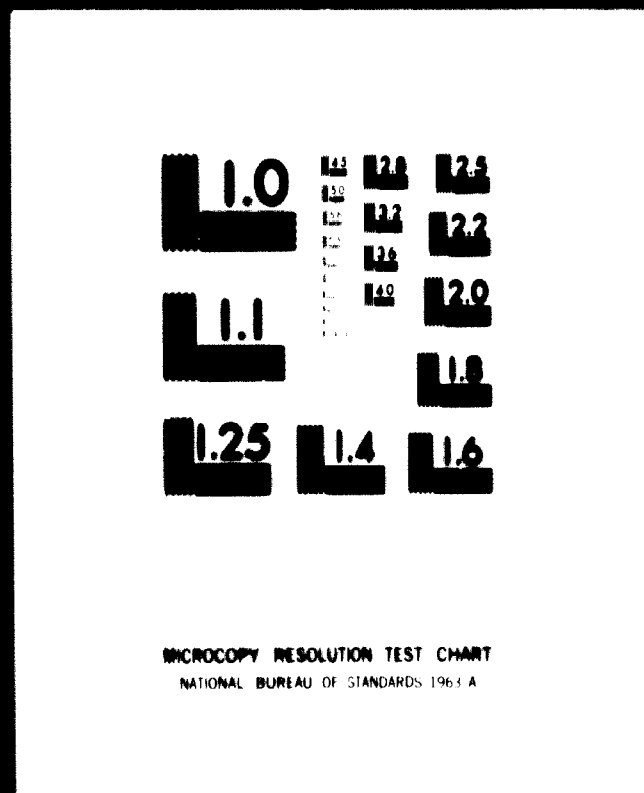
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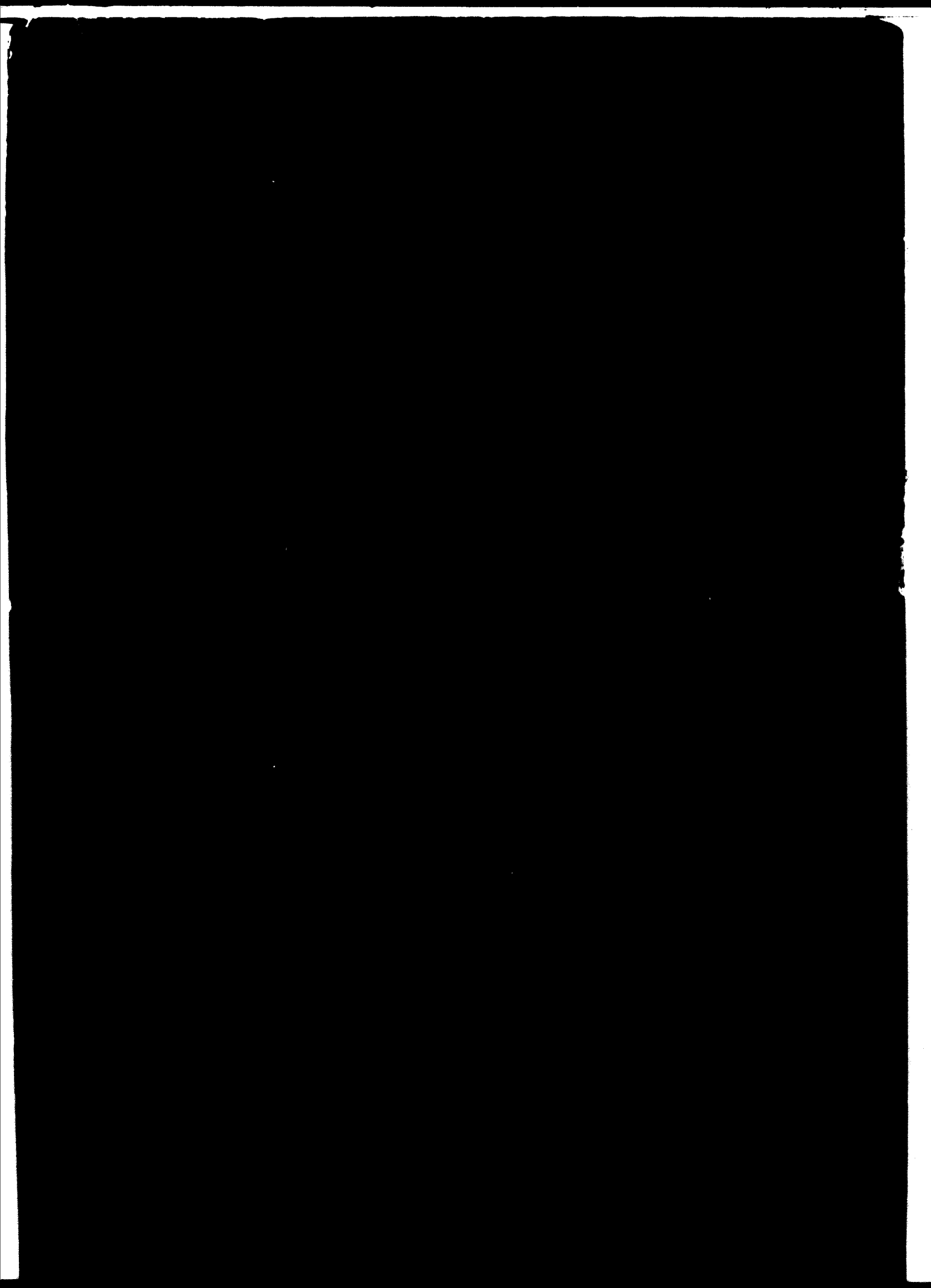
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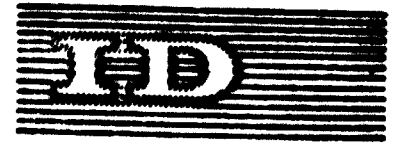


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Third Asian Meeting to Promote  
Industrial Projects

Kuala Lumpur, Malaysia, 14-21 November 1973

Project Information Sheet

SHOE MANUFACTURE

**COUNTRY**

Philippines

**PROJECT**

Shoe Factory - For Export

Total Investment: US\$3 million

Capacity: 7,500 pairs per day

**FOREIGN CONTRIBUTION REQUIRED**

Equity Participation (Up to 40%)  
Loan

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Sponsored by: The Economic Commission for Asia and the Far East (ECAFE) and  
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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

### I. THE PROJECT

It is proposed to establish a factory, at an estimated investment of US\$3 million, with a capacity of 7,500 pairs per day operating on a one-shift per day basis. The factory will produce 2,000 pairs for men and boys and 5,500 pairs for ladies and girls. The project will be located in the Marikina, Rizal (Greater Manila Area), and will be a modern fully mechanized factory.

This project is granted a number of incentives such as: duty free importation of machinery and equipment and tax credit on imported raw materials, exemption from export tax and reduced income tax.

### II. COMMERCIAL ASPECTS

1. With a daily production of 7,500 pairs, it is estimated that the factory will produce 1.5 million pairs in the first year, and 2.3 million in the second and following years of its operation.
2. The entire production, except for about 10%, will be for exportation. At present only about 200,000 pairs are exported per year. Due mainly to favourable labour conditions and high potential demand, a sharp increase of the volume is envisaged. The proponents who have been engaged in the shoe business since 1910, have experience and beneficial connexions abroad, mainly in the USA.

The following are the proposed ex-factory prices.

For men US\$5 - 9 per pair

For boys US\$ 3 - 5 per pair

For ladies US\$ 3 - 7 per pair

For girls US\$ 2.50 - 5 per pair

The average price is estimated at US\$7 per pair for men's shoes and US\$4 for ladies shoes.

Local prices per pair are estimated at US\$5 - 12 for men and US\$4 - 10 for ladies.

III. PHYSICAL ASPECTS

(a) Location

Marikina, Rizal (Greater Manila Area)

(b) Land/Buildings

2 hectares land available.

Covered area estimated at 10,000 sq. metres.

(c) Labour

Adequate labour skills in the new manufacturing techniques will be available with 60 to 90 days on-the-job training. The number to be employed will be about 700. Wages are estimated as follows:

Unskilled: \$1.50 to \$2 per day (8 hours)

Skilled: \$2.50 to \$3 per day (8 hours)

(d) Raw Materials

About 65% of the raw materials will have to be imported. The main items required are as follows:

Upper leather	US\$0.80 per sq. ft.
Leather lining	US\$0.35 per sq. ft.
Leather sole	US\$1.00 per pair

	<u>Imported</u>	<u>Local</u>
	<u>US\$ per sq. ft.</u>	
Upper leather	0.80 f.o.b	0.77
Lining	0.35 f.o.b	0.39

(e) Infrastructure/Utilities

There is already adequate infrastructure in this district. Electricity is available at US\$0.018/kwh. Total cost of utilities is estimated at US\$0.03-0.05 per pair of shoes.

IV. ECONOMIC ASPECTS

The project is labour intensive and will contribute to foreign exchange earnings. It is already registered with the Board of Investments.

V. FINANCIAL ASPECTS

(a) Investment

	<u>US\$</u>
Land	150,000
Buildings	500,000
Machinery	1,545,000
Equipment	104,000
Contingencies	240,000
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	2,640,000
Working Capital	360,000
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<b>Total</b>	<b>US\$3,000,000</b>
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(b) Proposed Financing

	<u>US\$</u>
Loan	2,250,000
Equity	750,000
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<b>Total</b>	<b>US\$ 3,000,000</b>
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VI. OTHER RELEVANT INFORMATION

(a) Project Proponent

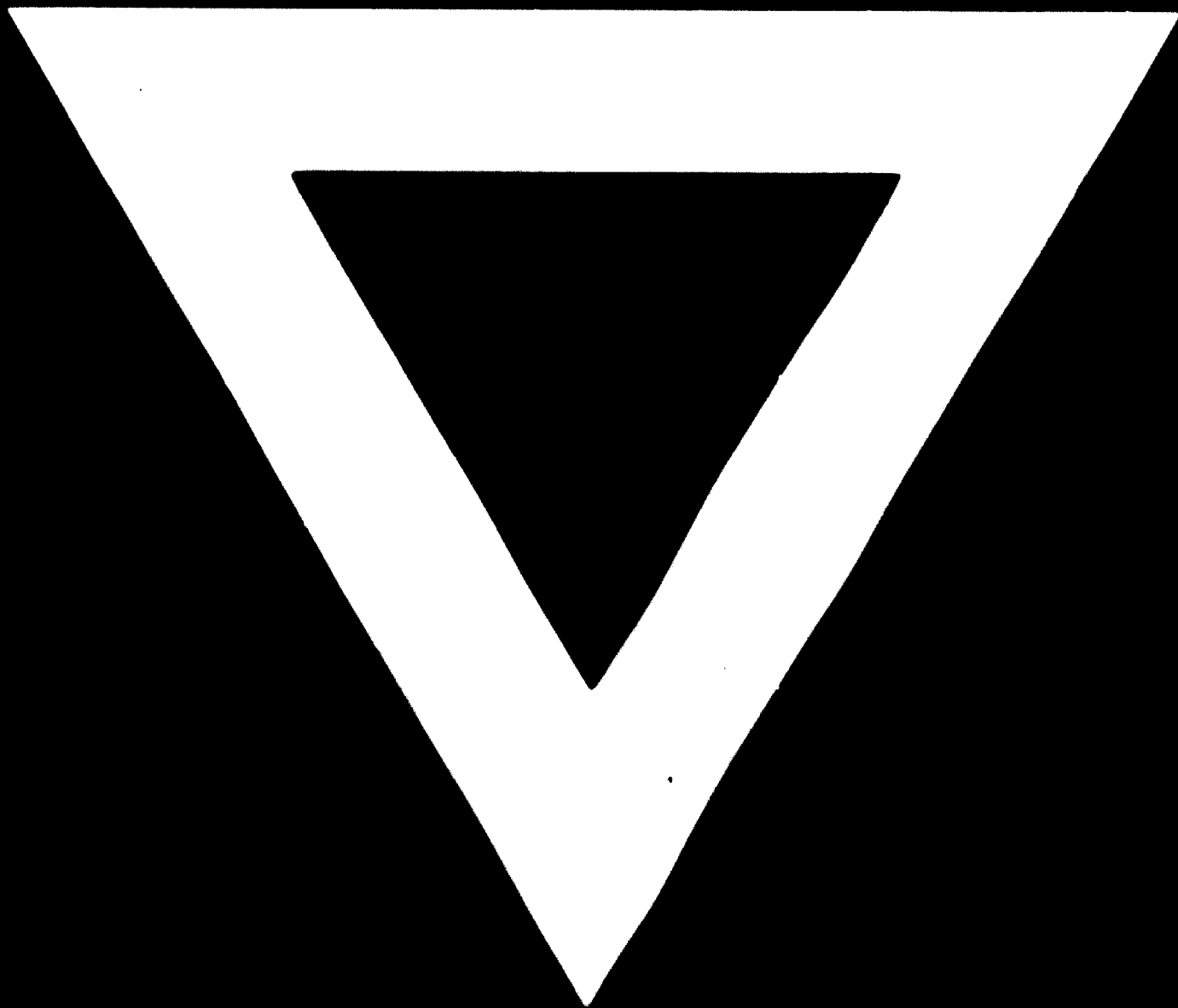
Sta. Ana and Sons Co. (SASCO), Inc. P.O. Box 44, Queson City, Philippines. Members of the Sta. Ana family, who own the total stock of the company, have been engaged in the shoe business for more than 50 years. The company operates a non-mechanized shoe factory with a capacity of about 20% of the projected new plant. This factory will continue to operate by concentrating on the manufacture of specific labour intensive items.

The authorized capital of SASCO is 10 million Pesos (US\$1.5 million) of which US\$410,000 is subscribed and US\$150,000 is paid up.

(b) Documentation

Financial projections have been prepared will be made available to parties interested in the project.

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