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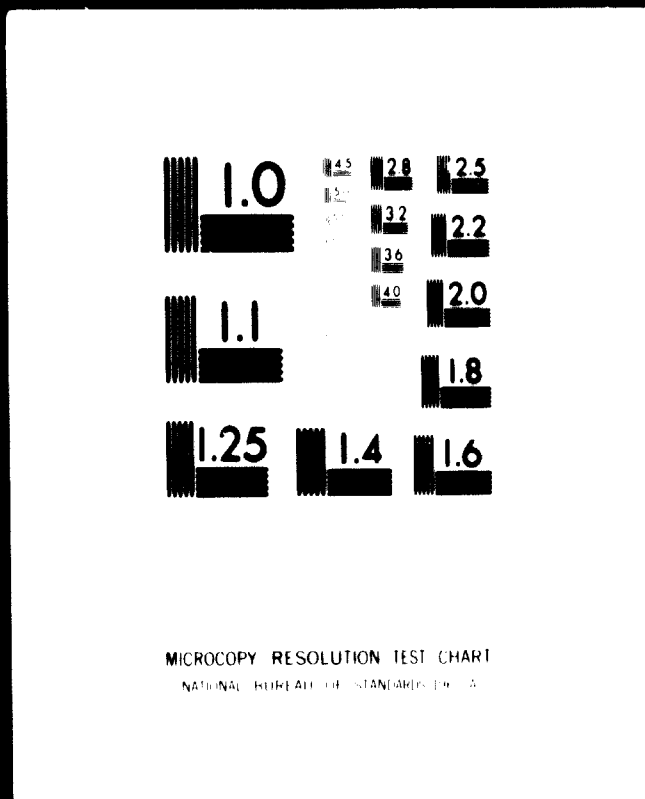
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Third Asian Meeting to Promote
Industrial Projects

Kuala Lumpur, Malaysia, 14-21 November 1973

Project Information Sheet

MEAT PROCESSING

COUNTRY	Philippines
PROJECT	Meat Processing Capacity: 3,000 tons per annum Total Investment: US\$ 1,300,000
FOREIGN CONTRIBUTION REQUIRED	Financing Technical 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.

MEAT PROCESSING

I. THE PROJECT

The proponent, a subsidiary company of an existing cattle ranch, intends to establish a meat processing plant with the following production programme:

Processed meat	Ham, frankfurters, bacon, sausage
Frozen meat	Choice cuts such as steaks and tenderloin
Canned meat	Vienna sausages, pork luncheon meat, corned beef and others.
By products	Entrails and other parts as tails, heads, hides, etc.

II. ECONOMIC ASPECTS

The project proposal is a dollar saving industry. It will contribute to sound development of the economy on a self-sustaining basis. It will promote diversification of industry.

At full capacity, the net annual foreign exchange savings is US\$ 5.4 million net of foreign loan amortization and dollar component of costs. The expected contribution to government revenues in the form of taxes and licenses is US\$ 272,000 per annum.

In terms of employment, the project proposal will directly employ 177 persons with an annual payroll of about US\$ 150,000.

The proposed project is included in the 6th Investment Priorities Plan (IPP) of the BDI which grant incentives to firms engaged in such activity. Among these incentives are:

Exemption from duty and compensating tax on importation of capital equipment, tax credit on domestically manufactured capital equipment, accelerated depreciation, etc.

III. COMMERCIAL ASPECTS

<u>Capacity</u>	<u>Tons Per Annum</u>
Processed and frozen meat:	2,500
Canned meat	500

The production of canned meat will start in the 4th year when the processing plant is expected to have attained full production.

Market

The total production is designated to be sold on the domestic market which at present is largely dependent on imports.

The average meat consumption in the Philippines for the years 1967-70 was 20,725 tons, supplied half from local and half from foreign sources.

Taking into account an annual population growth rate of 3.2% and a 3% annual growth rate in personal income, the projected production is considerably below a 10% share of estimated total demand.

Prices

The proposed prices for the main products compared with average prevailing prices are shown below:

	<u>Proposed Price/Kilo</u>	<u>Prevailing Price/Kilo</u>
	US\$	US\$
<u>Processed Meat</u>		
Ham	2.21	2.95
Frankfurters	0.66	1.02
Bacon	0.73	2.00
Others	0.59	n.a.
<u>Canned Meat</u>		
Sausages	0.13/tin can	0.17/can
Luncheon meat	0.46/tin can	0.35/340 gm can
Corned beef	0.28/tin can	0.33/340 gm can
Others	0.18/tin can	n.a.

Estimated Profitability

It is estimated that, when operation at full capacity, the project will yield a net profit (before tax) of US\$ 400,000 out of a sales volume of US\$ 5.4 million.

IV. PHYSICAL ASPECTS

Location

General Santos City, Cotabato

Land

Pesos 300,000 = US\$ 44,000

Building

Pesos 2,000 = US\$ 294,000

Labour

Total employment 177 persons

Rates

	<u>US\$/Day</u>
Skilled	2.21
Semi-skilled	1.76
Unskilled	1.32

Utilities (at full capacity)

Power	24,000 kwhr/day (Own 1,200 KVA electric generator)
Steam	7,900 lbs/hr
Fuel	1.3 million gallons
Water	300 gallons/min. (Own deep well)

Raw Materials (at full capacity) Live Weight/MT Price/MT LW
US\$

Hogs	4,781	471
Carabee	2,025	164
Cattle	1,620	266

These requirements can be met easily by the cattle and carabao hog production in General Santos and adjoining provinces.

Indirect Raw Materials and Supplies (at full capacity)

	<u>Kg</u>
Starch	24,200
Pepper (local or imported)	1,600
Vegetables protein (imported)	87,820
Spices and ingredients (local or imported)	1,000,000
Casing (imported)	1,735,000
GL-750 and GL-006 (imported)	54,250
Tin cans: (Available locally at an average price of US\$ 0.019/tin can)	
	<u>Qs</u>
	5
	12
	8
	6
	<u>Pcs</u>
	1,420,000
	293,000
	1,280,000
	586,000

V. FINANCIAL ASPECTS

(a) Composition of investment

	<u>US\$</u>
Land/Building	340,000
Machinery/Equipment	690,000
Organisational expenses	40,000
Working Capital	<u>230,000</u>
Total	<u>1,300,000</u> -----

(b) Financial Plan	US\$
Equity	370,000
Foreign Loan	700,000
Local Loan	<u>230,000</u>
Total	<u>1,300,000</u> *****

VI. OTHER RELEVANT INFORMATION

Proponent

Mindanao Meat Products, Inc., General Santos City, Cotabato, Philippines.

The main partners of the company are:

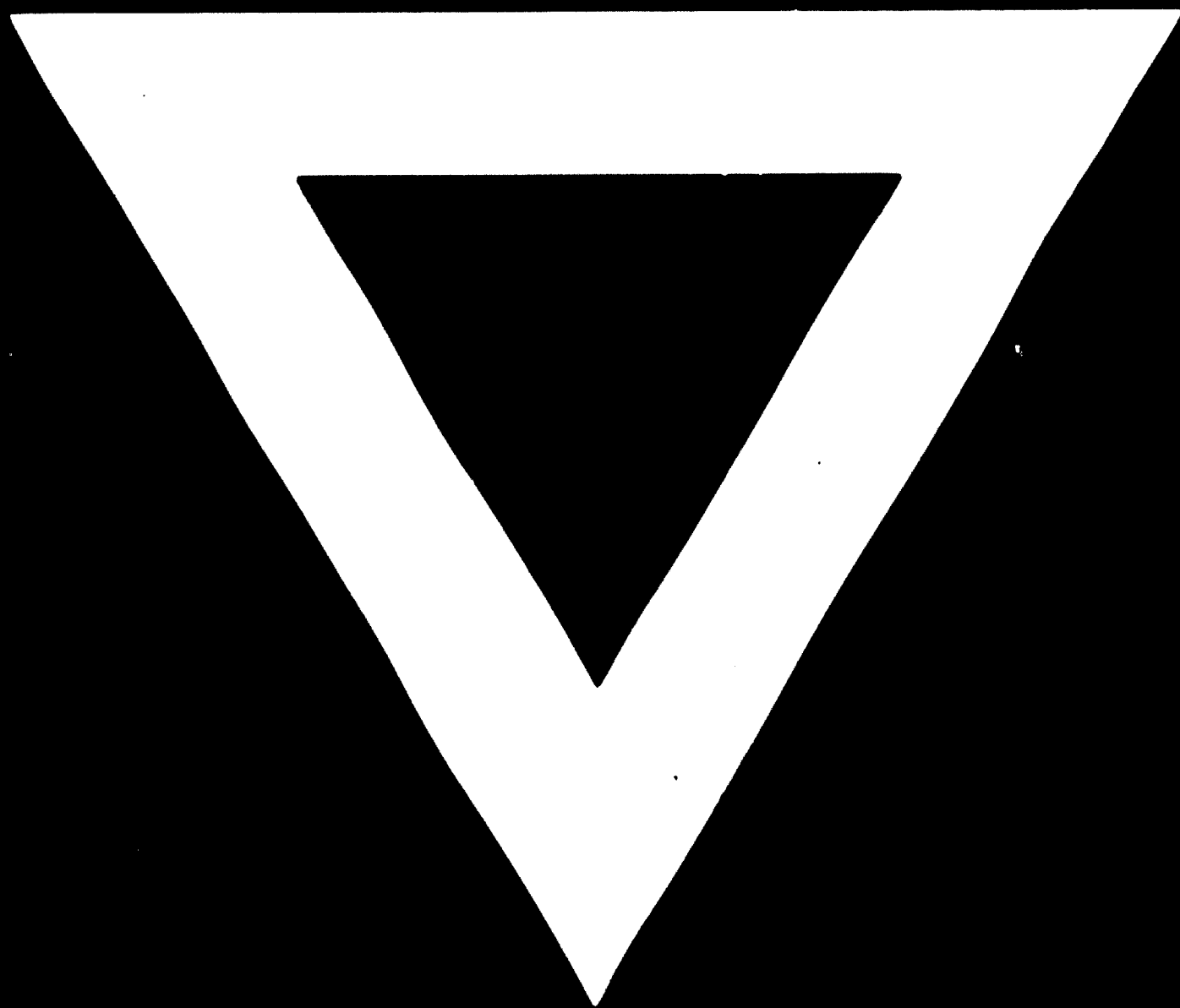
Antonio Nocom, an experienced businessman, being an active principal officer of the following corporations: General Manager of Ansa Cattle and Crop Farm; President of Ansa Commercial, Inc.; Treasurer of Firestone Ceramic, Inc. and International Foundry and Machine shop.

Celso de las Alas, a lawyer by profession: member of the board of directors of Role International Service Corp.; Kwong Ming Hong, Inc. and Safety Services, Inc.

Manuel Pytoz, a business administration graduate; General Manager of Sincere Insurance Co., Inc. and Swedish Steak and Chicken House, Inc.



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