



TOGETHER
for a sustainable future

OCCASION

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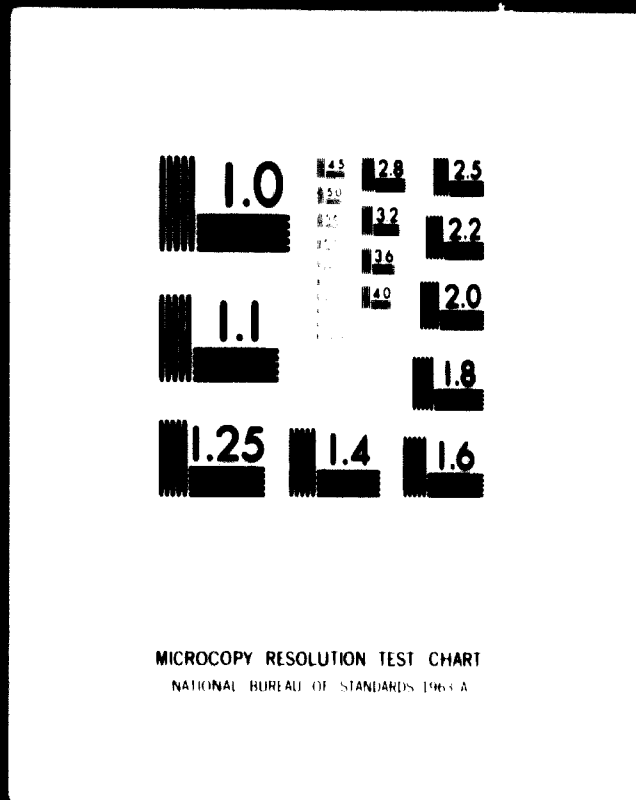
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Third Asian Meeting to Promote
Industrial Projects

Kuala Lumpur, Malaysia, 14-21 November 1973

Project Information Sheet

SHOE MANUFACTURE FOR EXPORT

COUNTRY	Philippines
PROJECT	New Shoe Factory For Export Capacity: 6,000 pairs per day Total Investment: US\$2.5 million
FOREIGN CONTRIBUTION REQUIRED	Know-how and Management (Equity and marketing are optional).

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

14.73-5755

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

1. THE PROJECT

The project is for the establishment of a factory to manufacture ladies and mens shoes for export. The proponents of this project specially require foreign know-how and technical management. No financial contribution is sought. However, if potential partners so desire, they may participate in the equity up to 40%. There may also be a need for assistance in marketing. A potential investor who is equipped with know-how or a shoe manufacturer with outlets in international markets would be of great interest. The plant will be located in the Export Processing Zone in Marivetes.

Incentives

There will be permission for duty free importation of machinery, equipment and raw materials, reduced income tax for five years as well as government assistance in procuring and training the required labour force.

II. COMMERCIAL ASPECTS

The output will be 6,000 pairs per day, on a one-shift basis, 80% of which will be ladies shoes. The annual output will be about one million pairs in the first year of operation, increasing to 1.8 million in the third and following years.

The total production will be exported mainly to USA and Canada since these two countries have already trade ties with the Philippines. At present exports of shoes amount to 200,000 pairs per annum. The proposed price is US\$3 to \$6 per pair.

III. PHYSICAL ASPECTS

(a) Land and Buildings

Adequate land is already available. The buildings will cover about 10,000 sq. metres.

(b) Labour

The factory will employ about 400 people in various skills at the following rates:

Skilled labour US\$12.50 - 15.00 per week

Semi-skilled and Unskilled labour US\$7.50 - 10 per week

(c) Raw Materials

It is estimated that nearly 90% of the necessary raw materials will be imported. The main items are:

	<u>Requirement per pair</u>	<u>Cost/Unit US\$</u>	<u>Cost/Pair US\$</u>
Upper leather	1.5 sq.ft.	0.75	1.13
Lining	1.0 sq.ft.	0.55	0.55
Other Components	-	-	14
Total imported			1.82
Local components			.26
Total raw material			<u>US\$2.08</u>

(d) Infrastructure and Utilities

The necessary services are available in the Export Processing Zone.

IV. ECONOMIC ASPECTS

The project is important because of its labour intensity and the contribution it will make to foreign exchange earnings. It is already registered at the Board of Investments and will be granted the incentives referred to earlier in this data sheet.

V. FINANCIAL ASPECTS

	<u>US\$</u>
(a) <u>Investment</u>	
Land/Site development	180,000
Buildings	305,000
Machinery/Equipment	1,505,000
Installation/Miscellaneous	170,000
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Working Capital	2,260,000
	240,000
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Total	US\$2,500,000
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The equivalent of US\$600,000 will be required in local currency and the rest, in foreign currency.

(b) <u>Financing</u>	<u>US\$</u>
Equity	700,000
Long-term Loan	1,800,000
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	US\$2,500,000
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VI. OTHER RELEVANT INFORMATION

(a) Project Proponent

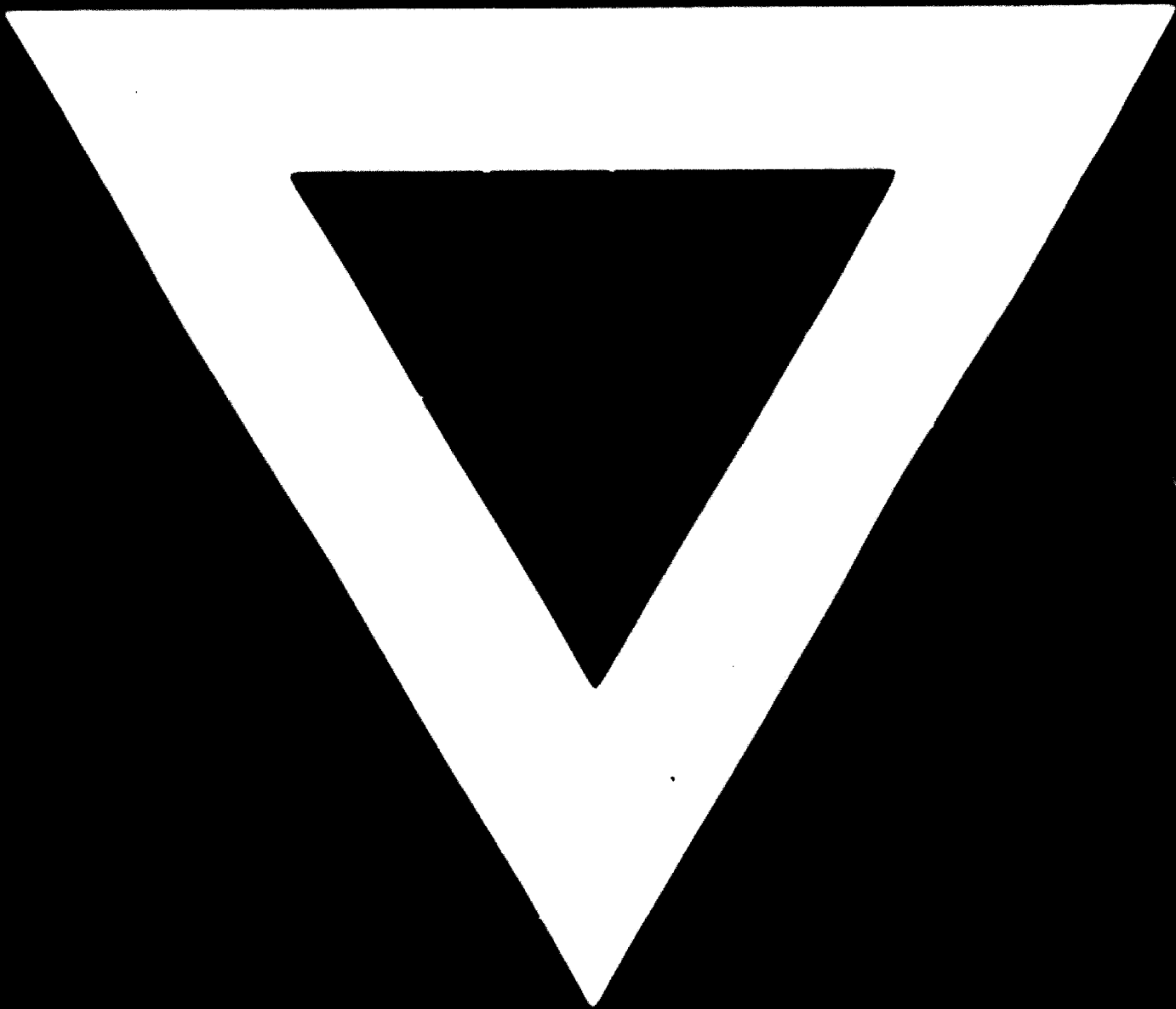
Lotus Export Specialists, Inc., 2543 Tejeron Street, Sta. Ana, Manila. The Company has an authorized capital of US\$5.4 million, 25% of which is subscribed and US\$345,000 paid up. Its main activity is export, but the Company also operates a factory manufacturing lighting fixtures and various gift articles. About 85% of its products are exported to USA, where it has links with department stores.

(b) Available Document

A complete project study report was submitted to the Board of Investment, and is available for reference at the Meeting.



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