



**TOGETHER**  
*for a sustainable future*

## OCCASION

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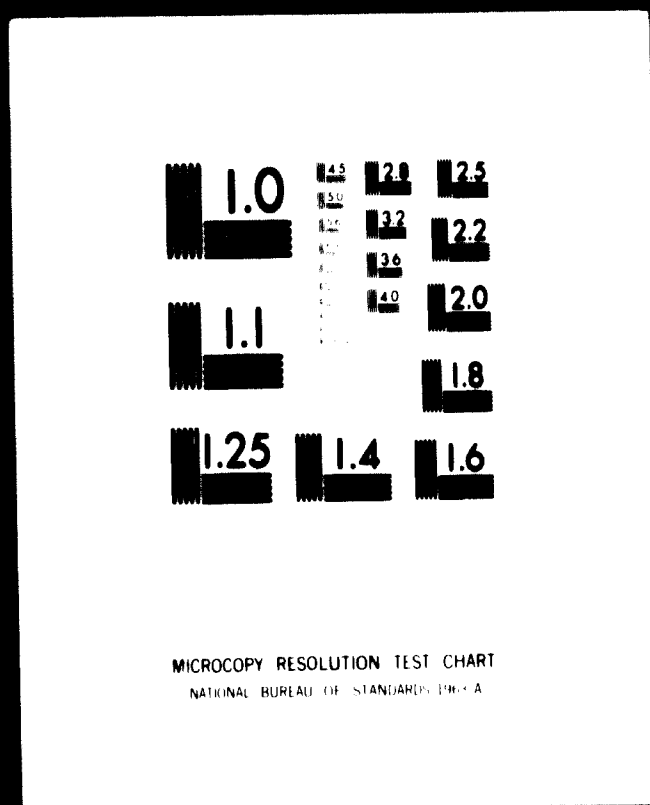
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Third Asian Meeting to Promote  
Industrial Projects

Kuala Lumpur, Malaysia, 14-21 November 1973

Project Information Sheet

MINIATURE MOTORS

COUNTRY

Malaysia

PROJECT

Production of Miniature Motors  
Annual Capacity: 200,000 units  
Total Investment: US\$ 284,000

FOREIGN CONTRIBUTION REQUIRED

Know-how  
Marketing  
Equity

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.

MINIATURE MOTORS

I. THE PROJECT

The project aims at the manufacture of miniature motors for use in precision instruments such as airborne and shipboard control systems, computer peripherals, recorders, business machines, etc.

At present, there is no manufacturer of these motors in Malaysia. The purpose of submitting this project at the forthcoming promotion meeting is to encourage foreign firms to establish a factory in Malaysia catering mainly for the Asian and European markets.

Foreign Contribution Required

A foreign partner is expected to supply the technical know-how to provide outlets on foreign markets and to participate in the equity of the company to be formed. (Majority participation acceptable).

II. ECONOMIC ASPECTS

Maximum assistance is given by the Malaysian Government to projects which contribute to the diversification of the industrial section, which create new employment opportunities and which earn foreign exchange. In addition to various other incentives such as duty free import of capital equipment, raw materials and components, exemption from income taxes for up to 10 years can be granted to the project.

III. COMMERCIAL ASPECTS

Capacity

The proposed capacity is 200,000 units per annum on a single shift basis.

Market

Almost the entire production is intended to be exported to Asian and European countries.

Prices

The proposed average ex-factory unit price is estimated at US\$ 3.72 which is expected to be substantially lower than the unit estimated at in developed countries due to lower labour costs, utility rates and generous tax incentives.

IV. PHYSICAL ASPECTS

Location

For the location of the proposed plant Malaysia offers some attractive fully serviced industrial estates. There are also a

number of free trade zones designed to allow free imports of raw materials and component parts as well as re-exports of finished products.

The Government has also instituted a Licensed Manufacturing Warehouse system where all the facilities granted at the Free Trade Zones may be available to manufacturing projects located elsewhere in Malaysia.

#### Labour

There is a large reservoir of labour who generally speak English and have at least a lower secondary education.

<u>Post</u>	<u>Wages</u> <u>US\$/day</u>
Unskilled	2
Skilled	4

It is expected that the following personnel would be needed for the project:

<u>Post</u>	<u>No. Required</u>	<u>US\$</u>
Professionals	9	300-800/month
Skilled workers	83	2-4/day
Unskilled workers	4	1-2/day

#### Raw Materials

Wires and laminated sheets can be obtained locally. For imported raw materials, the Malaysian Government offers complete duty exemption if the products are re-exported. Export products are also exempted from sales taxes.

#### Infrastructure

Malaysia offers good road and rail facilities. There are four major ports, two in Peninsula Malaysia and one each in Sabah and Sarawak. The port of Singapore can also be reached easily by road and rail. Containerisation facilities are available at Port Klang and Butterworth.

Malaysia is also on the international jet routes of the world. There are daily air cargo services from Kuala Lumpur to all the major cities in the world and the air cargo rates are among the lowest in the world.

The country has a complete educational system up to post-graduate levels and technical training in various trades and disciplines are available in universities and institutes of technology.

Utilities

Electricity: about US\$0.02 per Kwh

Water: about US\$0.40 - US\$0.80 per 1,000 gallons

Land and Building

About 3 acres with factory building of 10,000 sq. ft. floor area are required. Average building cost is US\$5.00 per sq. ft. while land rates charged are in the region of US\$0.20 - US\$0.60 per sq. ft. for industrial sites.

V. FINANCIAL ASPECTS

Investment

A rough estimate is shown below:

	<u>US\$</u>
Land	40,000
Factory building	50,000
Plant and machinery	56,000
Other equipments	3,000
Pre-operation expenditure	15,000
Working capital	<u>120,000</u>
Total:	<u>284,000</u>

Proposed Financial Plan

To be determined.

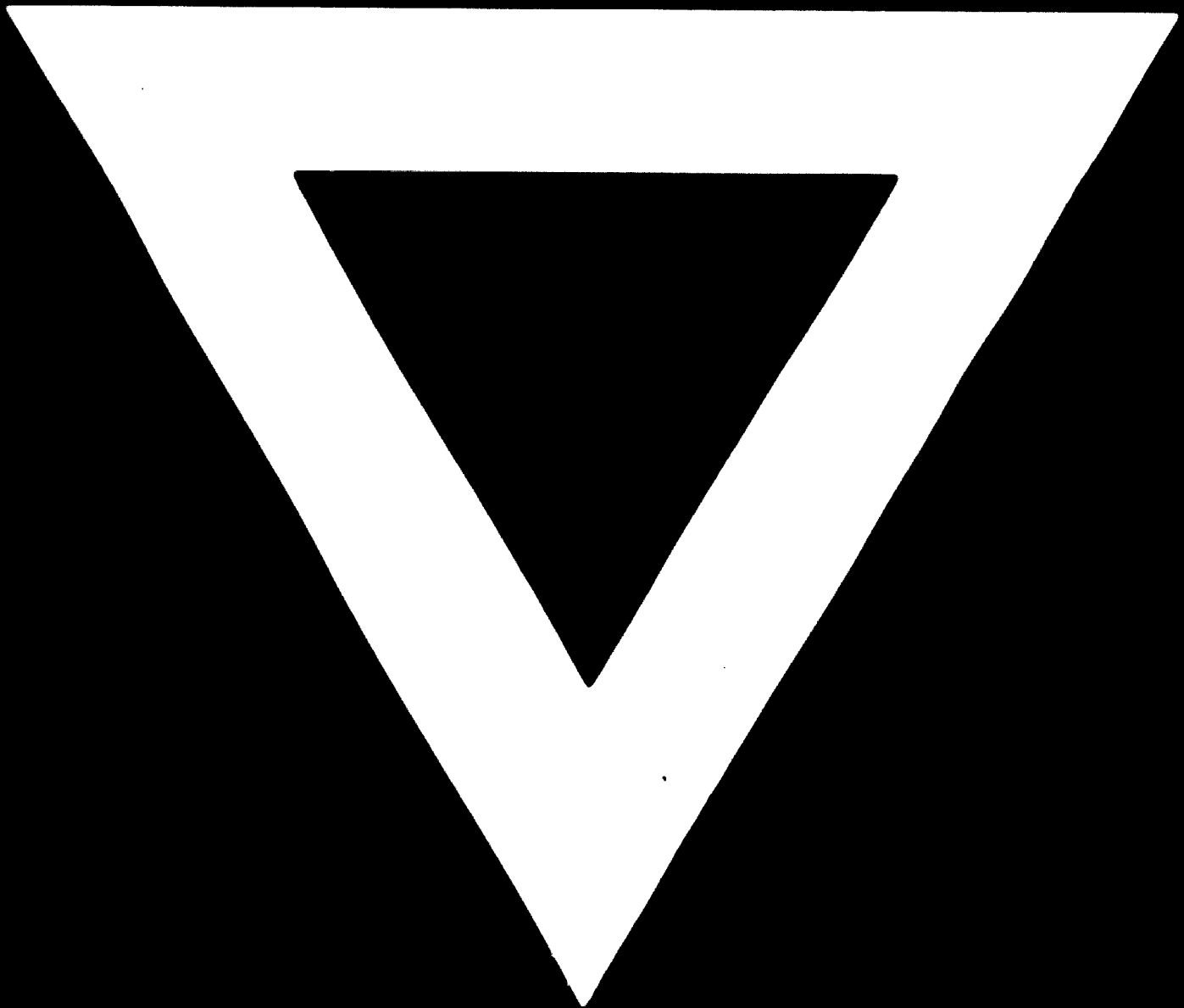
VI. OTHER RELEVANT INFORMATION

Proponent

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