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RESTRICTED
MARCH 1986

Liberia.

MANAGEMENT DIAGNOSIS AND INDUSTRIAL REHABILITATION IN LIBERIA

(RP/RAF/85/609/11-70/316)

Terminal Report Prepared
for the
Government of Liberia
National Investment Commission

by

M. Gabbay, UNIDO Consultant

3.6

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1. SUMMARY

This report on Management Diagnosis and Industrial Rehabilitation in Liberia gives an account of the survey that was undertaken by the UNIDO Consultant between 17 January and 7 March 1986 in order to determine the reasons for the great difficulties facing Liberian Industry and which has brought a lot of concerns to the brink of collapse.

The main causes for this state of affairs, namely the shortage of off-shore funds to pay for raw materials and supplies and the unreliable electricity supply, are outside the scope of this survey and it is assumed that this situation will be resolved as it is vital for the survival of all enterprises depending on them.

With the hope that this will be done, recommendations are made that will revitalize and rehabilitate the enterprises by providing management with better tools and techniques through development and consultancy.

2. INTRODUCTION

2.1 Background

Liberian industry has been for some time now experiencing serious difficulties which are assuming crisis proportions. The Liberian Government and UNDP have requested UNIDO to undertake a diagnosis and rehabilitation programme for eventual financing by the World Bank and other possible donors.

A two months mission by a UNIDO Consultant was arranged, to undertake this task with the high-level staff of the National Investment Commission (NIC). The Consultant arrived in Monrovia on 16 January 1986 and after a meeting with the Chairman of NIC Mr Philip T. Davis and the Chief of the Monitoring Unit, Mr Patrick Smith, Mr Charles Cyrus of the NIC Monitoring Unit was designated as Counterpart.

On the first afternoon, pending the preparation of a list of companies to be included in the initial survey, the consultant visited four small businesses engaged in industrial activities, accompanied by members of the NIC Small and Medium Enterprise extension services unit. Subsequently, based on a list supplied by NIC, the Liberian Chamber of Commerce, the Liberian Manufacturers Association, random calls on factories or enterprises in every district of Monrovia visited during the following weeks, some 40 surveys were conducted, as listed in Appendix 1.

2.2 Objective

The first objective of the consultant was to establish a clear diagnosis of the production and productivity situation in the large and medium size establishments in Liberia.

Based on this diagnosis, the next objective was to draw a comprehensive rehabilitation programme and to prepare the work of a technical unit which would be attached to the National Investment Commission.

Finally, after consultations with the World Bank representative and eventual donors, to harmonize this revitalization and rehabilitation programme with the aims of the "Structural Adjustment Loan".

3. DIAGNOSIS

3.1 Industrial Survey

Notes on all the establishments visited betwwen 17 January and 5 March 1986 are given in Appendix III. All the information gathered during the visits and in subsequent further enquiries, when necessary and time permitting, is included in these notes with further relevant documents and reports on some of the companies given in Appendix IV, V, VI, and VII.

Whilst everyone concerned did everything possible to help with transport in very difficult conditions (vehicle breakdowns with no funds for repair, shortage of fuel, etc) this proved a handicap and some of the visits were shorter than they need have been.

In spite of this and thanks to the cooperation of NIC, the UNIDO Project CTA, and UNDP, an almost exhaustive survey of the Monrovia industrial activity has been undertaken. In view of the time limitations this had to be cursary at times but enough to get a good feel of the situation.

3.2 Productivity Estimates

Based on observations of activity during the visits, after allowing for power cuts which are very frequent at this time of the year, and/or based on production figures supplied by the management, the productivity of each company was estimated as shown in Appendix I.

As can be seen, the average of these estimates is

36%

This is a generous estimate as it does not take into account the production levels which could be expected with a more intensive utilization of resources, e.g. 3 shift work instead of 1 or 2.

On the other hand, ten of the enterprises visited had either closed down, ceased activity or were dormant, pending re-organization or re-financing. If these and the small enterprises visited the first day are taken off the calculations, the productivity of the remaining enterprises can be estimated at

50%

This low level of productivity can be ascribed to the following causes:

3.2.1 Unreliable power supply, frequent cuts, more often than not without any warning, during the 3 to 4 months of the dry season, resulting in wasted materials, men-hours and a lower output. Only companies with very large margins of capacity or financial resources can survive these conditions.

3.2.2 Shortage of Materials. The lack of off-shore funds and the increasingly greater difficulty experienced in arranging payments for imported materials is causing alarm and despondancy amongst the manufacturing community. This was the most frequently mentioned problem facing management and could well be the cause of further shut-downs.

There must be a limit, even with an overseas parent company, to credit and credit extensions obtainable. If, in some cases this appears limitless, there may be an undisclosed reason.

3.2.3 Banking facilities are almost non-existent and the banking system is not functioning properly, resulting in inefficiencies and lack of liquid resources. Overdraft facilities which most businesses need in order to utilize their capital resources to the full are not available, even when warranted.

3.2.4 Lack of, or inadequate, management information such as budgetary control production planning and control, product costing, market forecast, break-even point, etc. Without these tools, management can only grope in the dark, base decisions on hunches or guesses, with often disastrous results.

3.2.5 Limited market, non-realization of export predictions due to either poor conception of the project or a change in economic circumstances.

The market is also sometimes lost to competition from imported goods not subject to excise tax whereas manufacturers have to pay it.

3.2.6 Poor maintenance of equipment, absence of preventive maintenance and lack of spare parts. This is sometimes aggravated by overloading and/or abuse of the equipment e.g. using it for purposes for which it was not intended.

3.2.7 Overstaffing resulting in poor performance by international standards. This is the commonest reason for cases of low productivity in Developing Countries. Even with lower wages, the cost of labour can be higher through overstaffing. The situation is made even worse when selection of personnel is based on favours rather than merit or suitability for the job. This lowers the morale of the qualified work-force and staff.

4. RECOMMENDATIONS

4.1. Technical Unit

A Technical unit should be set up within NIC to provide advisory services, consultancy and training for the selected companies in need of assistance.

The composition and make-up would depend on funds available for such a project but, in general, its function would be to:

4.1.1. Assist Liberian management in the installation of modern management techniques in their enterprises such as production programming and control, product costing, budgetary cost control, break-even analysis, sales analysis and forecasting, worker motivation and the introduction of incentive schemes.

4.1.2 Provide consultancy services to firms in need of it and using the technique known as "Action Learning", give managers specific tasks or projects to undertake themselves with regular visits and On-the-spot-consultancy, allow them to learn by 'doing' and by their own mistakes. Periodic monitoring by the Consultant can prevent the latter from getting too costly.

4.1.3 Provide courses and seminars on the above topics so as to have the greatest impact on Liberian Management, and in particular, providing courses in Entrepeneurship to help and encourage Liberians to set up their own businesses. A number of donor countries or agencies are very interested in contributing to such programmes as a small input can have a great impact.

4.2. Project Appraisal and Evaluation

A number of projects in Liberia have not come up to expectation or worse still have not survived the first few years of existence. The most common cause for this is inadequate pre-feasibility and feasibility studies.

Unido regularly organizes seminars on the Preparation and Evaluation of Industrial Projects to ensure that only viable projects are launched and non-viable ones are recognized as such in the early stages and either abandoned or modified. NIC could at the same time acquire a computer with the COMFAR software for project evaluation which could also be used for storing data on the companies being monitored.

4.3 Technician Training

There is a great shortage of qualified Liberian Technicians for machine shops, maintenance, cold-room operation and maintenance, saw-milling, saw-doctoring, to name but the ones in greatest demand.

Taking the long view, the greatest impact on the future development of the Liberian Industry could be made by providing the necessary support to the Monrovia Vocational Training Institute or by arranging training schemes for these technicians.

4.4 Companies Requiring Assistance

A list of companies in need of assistance and worthy of rehabilitation, together with fields in which help is required is given below:

Mensurado Oxygen and Acetylene Plant - Plant maintenance, Management Development, Technician Training

Parker Paints - Production Control, Management Training Assistance in the procurement and installation of a 1 gallon tin filling machine.

Modalco - Assuming that this company can be revived, Marketing, Merchandising, Cost Control and Product Costing

Liberia Glue Industries - same as Modalco.

Liberia Polyvinyl Industries - Marketing and assistance in finding new outlets and new applications in agriculture and land reclamation.

M.I.C. - Management Training, Budgetary Cost Control

LIFAICO - Training of Mechanics for Maintenance Workshops and training of cold room personnel

MEZBAU - Assistance in the procurement and installation of a new extruder (Appendix V)

Liberia Steel Products Corporation - Planned Maintenance and assistance in the procurement and installation of a hot tar dipping plant if a permanent market can be ensured.

Mettalloplastica - Budgetary Cost Control, Product Costing, Marketing

Timber Industry in General - By all accounts, a very good job of rehabilitation has been achieved at Greenville (Yona International), Bomiwwod (Gopa -Consultants), and the LWMC (Printz Development Enterprises). These forrestry concessions and saw-mills were in a very bad state when taken over by the present management and are now bringing in badly needed foreign currency from the export of logs and the production of ply-wood and cut timber.

In order to get the utmost value from the exploitation of Liberian forests, one of the country's main resources, every effort should be made in repeating this exercise in the other neglected concessions, with emphasis on the production of timber and ply-wood rather than just logs. This will require technicians and specialists and is the field in which the greatest impact can be made in order to redress the situation

5. CONCLUSION

The Liberian Industry is going through a very severe crisis. Some of the enterprises have collapsed, others are in the process of collapsing. The main causes, viz. power cuts and off-shore funds shortages are outside the scope of this report. They have been the subject of numerous investigations, reports and recommendations on the part of the World Bank, UNDP, and bi-lateral aid agencies, and it is assumed that these two vital factors will be taken care of before the recommendations above can be considered.

The survival of most of the companies visited depends on this. The sectors that are not so affected by these factors namely fisheries and timber industries are the ones that can generate the necessary resources to get the rest of the country out of trouble.

With effort, goodwill and co-operation on the part of all concerned, there is no reason why Liberia could not become the 'Singapore' of Africa by the end of the century.

APPENDIX I

CHRONOLOGICAL ORDER OF VISITS TO ENTERPRISES

	Date:		Estimated Productivity
1.	17/1	J.B.T. Carpenty Shop - Tubman Blvd., Monrovia	20%
2.	17/1	Nimba Wooden Industrial Co. Congo Town	20%
3.	17/1	BADDOO Poultry, Somalia Drive	NIL
4.	17/1	LEVAN STEEL, Somalia Drive	40%
5.	20/1, 4/2	Parker Paints	33%
6.	20/1	Liberia Glue & Latex Foam Industries Inc.	CLOSED
7.	21/1	LP Industries (PVC Pipes)	25%
8.	22/1	Mesurado Oxygen & Acetylene Plant	CLOSED
9.	22/1	Mesurado Soap Plant	CLOSED
10.	22/1	Mesurado Detergent Plant	CLOSED
11.	22/1	Mesurado Aluminium Fabrication Plant	NO ACTIVITY
12.	22/1	Mesurado Garment Industries/Domestic Appliances	CLOSED
12a.	22/1	MOBALCO - Food Processing	CLOSED
13.	24/1, 29/1	M.I.C.	20%
14.	24/1, 27/1, 6/2	Mesurado Fishing Compound and LIFAICO	10%
15.	24/1	LIPCO	45%
16.	2/1	METALUM Note: Potential Capacity of buckets x 3	80%
17.	27/1	MEZBAU	70%
18.	27/1	Liberian Steel Products Corporation	70%
19.	28/1	National Food Manufacturing Corporation	80%
20.	28/1	Metalloplastica (Liberia) Ltd.	50%
21.	29/1, 30/1	Industrial & Chemical Corporation	25%
22.	29/1	LIMACO (Match Manufacturers)	80%
23.	29/1	Liberia Battery Manufacturers Corporation	40%
24.	29/1	Monrovia Breweries - 1 shift (capacity 3 times higher)	70%
25.	29/1	ERA Industrial Complex Inc.	50%
26.	29/1	MANO MFG Co. (MANCO) Bleach, candles, Insecticides	60%
27.	30/1	LIPLAFCO - Liberia Plastic Footwear Corp.	45%
28.	31/1	Liberia General Industries (Cosmetics and Soap)	40%
29.	31/1	MOTIFCO - Tile Factory	70%
30.	31/1	LUNA Nail Factory	NO ACTIVITY

31.	3/2	Monrovia Tobacco Corporation	60%
32.	3/2	UNIPAC Corugated carton mfts.	40%
33.	3/2	VAANG-AHN Enterprises Ltd. - Toilet paper & napkin MNFTS.	50%
34.	3/2	CEMENCO Liberia Cement Corporation	40%
35.	6/2, 7/2	Monrovia Slanghter House	40%
36.	6/2, 7/2	ITALIAN - Liberian Fishing Enterprise	60%
37.	7/2	C.F. Wilhelm Jantzen (Furniture) Ltd.	50%
38.	14/2	Union Glass Corporation	-
39.	21/2	Rainbow Industries	40%
40.	22/2	Firestone Rubber Plantation, Latex Plant	N.A.
41.	22/2	Firestone Brick Mnfrg. Plant.	N.A.
42.	1/3/86	A.Z. Corporation Cube Sugar Plant	-
		AVERAGE PRODUCTIVITY	36%

LIST OF PERSONS CONTACTED
(Not including Enterprise Management and Personnel)

National Investment Commission (NIC)

Mr Philip T. Davis	Chairman
Mr Patrick Smith	Director, Monitoring Unit
Mr P.E.Norman	Director SME

Ministry of Planning and Economic Affairs

Ms Ward	Deputy Minister
Mr Sumbo	Head of Industril Section

Ministry of Commerce, Industry and Transportation

Mrs Josette Dennis	Assistant Minister

Bureau of State Enterprises

Harold J. Arensmeyer	Public Administration Service Consultant

Liberian Manufaturers Association

Mr Osman Gindi	Executive

UNDP

Francis Bain	Resident Representative
Jorgen Lissner	Deputy " "
Sven Berthelsen	UNIDO JPO

UNIDO

K.D.Khosla	CTA (DP/Lir/80/007)
Thakor N. Desai	Project Appraisal S.A.

World Bank

John C. Kendall	Resident Representative

EMBASSIES AND BILATERAL DONORS AND AGENCIES

Egon Kochanke	Charge d'Affaires FRG
Edward Costello	Senior Economist US AID
Jean Thomas	French Ambassador
MMsYaffa Ari	Counsellor Israel Embassy
A. Ibbott	British Embassador
Alfons Aeby	Swiss Charge d'Affaires
P R Mohan	TDA India
L Dominici	French Trade Commissioner

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Emanuel L Shaw II	President, Emanuel Shaw & Co
Willie Belleh	Subah Belleh & Associates
Harold Monger	" " "
M. Avalon	Tahal Consulting Engineers
Heino P. Helle	Chief Consultant, BOMIWOOD

APPENDIX III

NOTES ON FACTORY VISITS IN CHRONOLOGICAL ORDER

Following a meeting with the Chairman of NIC and the Chief of the NIC Monitoring Unit, the Consultant was given a list of Companies the Government was interested in rehabilitating, as follows:

GOL Managed:

- MESURADO Toilet Soap Industries
- West Africa Soap (Laundry) Production Corporation
- Mesurado Synthetic Detergent Industries Inc
- Mesurado Oxygen Supply Co.
- Mesurado Textile (Ready Made Garments) Industries Inc.
- Parker Paints

Privately Managed:

- Tow Trailer Inc. (Wheel-barrows and Agricultural Trailers)
- Liberia Glue Industries (Industrial Adhesives)
- Liberia Polyvinyl Industries (PVC Pipes)
- MODALCO (Farina and Fufu Manufacturer)

The list may have been out-of-date as only two of the above were found to be in activity:

Parker Industries Inc (Returned to previous owners)
Liberia Polyvinyl Industries Inc.

Of the remainder, in the State Owned sector, the garment factory had closed down in 1979 and the premises leased to an Electrical Appliances Assembly enterprise which has recently closed down and the others had practically ceased operation as detailed below.

In the private sector, two of the companies were dormant --factory closed, equipment in store, owners operating from their home. The trailer factory must have closed down some time ago as only a few walls remained.

Following a visit to Ms Anna M. Tarr, Assistant Secretary General of the Liberia Chamber of Commerce and Mr Osman Gindi, an official of the Liberia Manufacturers' Association a comprehensive list of the remaining manufacturing units was established. Just in case any important establishments had been missed out, the districts being visited were combed out and cold calls were made on the management of any largish structure that appeared to be involved in an industrial activity.

20/01/86 PARKER INDUSTRIES INC. , Paynesville

Paint and Tin Container Manufacturers. Liberian owned. 60 employees. Approximate current sales $100,000 per month.

Received by the Financial and Administrative Manager Mr Kamara Watson and the late founder's son, a US graduate chemical engineer. The business had been mismanaged and neglected during state ownership and resumed activity after reverting to the owners in April 1985. The management is well motivated and they hope to get into full production soon. Their reputation for good quality was lost in the years 1980-84 and they are struggling to regain it, with considerable success so far.

The capacity of the factory is 30,000 gallons per month but the level of current sales is 10,000 gallons per month. They are experiencing difficulties in obtaining supplies in time for production. They import their raw materials through a confirming house in London with which they have a long established relationship but their credit facilities are exhausted and Banks are refusing to extend them in view of the situation.

They are using lacquered tin plated cans for the emulsion (water based) paints eventhough the tendency now is to use plastic containers. This is understandable since their can making plant is two-thirds idle. They do sell some empty cans but not enough to use up the spare capacity.

They are using the services of Management Consultants Emanuel Shaw & Co to introduce controls.

At the time of the first visit the factory was idle owing to a power cut. A second visit was arranged when activity was back to normal, on February 4, 1986. Mr Parker Jr took the Consultant and his NIC Counterpart Mr Cyrus around the factory. The method of stamping colour names on labels was examined as it was causing a bottle-neck and an improved method suggested. The lack of safety devices on the power presses was pointed out (especially as some existed but were not being used) -- is a finger or limb worth less in a developing country? An operator was also seen using solvents to clean lids without protective gloves or barrier cream; this causes dermatitis. Mr Parker made a note of these points.

The 1 gallon tins are filled by hand and this reduces the capacity of the plant considerably as it is a limiting factor. An automatic or semi-automatic filling, weighing and labelling machine with facilities for stamping the colour name would be a small investment which would greatly increase the capacity of the factory.

This should be treated as a matter of priority as soon as the supply and marketing problems have been solved.

20/01/1986 LIBERIA GLUE & LATEX FOAM INDUSTRIES INC.

This is a semi-dormant Liberian owned company. The factory had been vacated as the owner could no longer afford the rent. He received the Consultant and Mr Cyrus at his home.

The company was established by Mr Yabman Dukuly in 1977 and had 25 employees. Pending an improvement in the situation, Mr Dukuly is importing finished goods so as to retain his customers. He is looking for new premises to re-install his equipment consisting of mixing tanks, weighing and filling devices and storage drums, at present in temporary stores.

They use 3 sizes of adhesive containers -- 1 pint, 1 quart and 1 gallon. Some of the containers are produced by Parker Paints. The annual sales, based on figures given by Mr Dukuly are:

240 Tonnes of Neoprene
392 Tonnes of PVA (for the furniture industry)
40 Tonnes of Bitumen
10 Tonnes of PVC (for the Shoe Industry)
and small quantities of ACD

21/01/1986 LIBERIA POLYVINYL INDUSTRIES INC. (PVC PIPES)

Met the Sales Manager Mr Mohamed Dagher and taken round the factory by the Production Manager Mr Tambwe Mutombo Tumba.

The equipment consists of one Extruder with dies for extruding ½ inch to 6inch pipes (they have even tried 8" but with thinner walls), and a grinder for recovering scrap PVC.

They can only work 2 weeks at maximum capacity for every 2 months of sales, i.e. 25% of potential capacity due to market limitations. They cannot compete with the factory in Abidjan on price and the weak currency of Sierra Leone makes exports to that country unattractive.

They had 5 Tonnes of Polyethylene raw material in stock which could be used for the manufacture of perforated pipes for drainage or for irrigation pipes but there is no demand in Liberia yet. At an interview the same day with the General Manager Mr Youssef Wazni to discuss the prospects, the main difficulty appeared to be payment by customers. To introduce what is after all a new line in Liberia, they are forced to give credit and accept post-dated cheques which are converted into coins on the due date. Coins cannot be used for the payment of Raw Materials and they are forced to find US Fund cheques for which they have to pay a 6% premium. This adds to their manufacturing costs and was not allowed for in the project evaluation.

22/01/1986 MESURADO INDUSTRIAL COMPLEX

The General Manager of the Mesurado Group arranged for someone to take the Consultant and Mr Cyrus of NIC round this industrial complex which must have been one of the most important ones in Monrovia but now presents a very depressing and desolate aspect.

Mesurado Oxygen Supply Co

The plant was almost at a stand-still at the time of the visit for want of spare parts. Output had dropped to 5 cylinders per month and the yard was full of empty cylinders waiting to be filled. They were desperately trying to satisfy emergency cases only such as hospitals and clinics. It appears that since then, as the lack of Oxygen cylinders reached crisis proportions someone had to physically go to Europe with cash in hand to procure the spares required and the plant has resumed production and deliveries are being made by order of priority.

The Acetylene plant was also down owing to poor maintenance of the equipment and production is intermittent at only fraction of capacity. The French company "L'Air Liquide" started negotiations with the Mesurado Group in November 1985 with a view to taking over the oxygen and acetylene plant. They have a plant in Abidjan and were studying the possibility of extending their activities to Liberia. They came back in January 1986 to do a financial and technical audit but so far have not come back with any proposals.

The rehabilitation of the Oxygen and Acetylene plants should be treated as a matter of top priority, of vital importance to Liberia.

Mesurado Toilet Soap Industries

The soap plant has not been operating for months and presented a dilapidated aspect. It is very doubtful wheteher it will ever go into production again the cost of reconditioning some of the plant might prove prohibitive.

Mesurado Synthetic Detergent Industries Inc.

The same remarks can be made about this plant as in the previous one. It would need a new Homogenizer and the rest of the plant looks very neglected.

Observations on the rest of the Industrial Complex.

There was some activity in the Aluminium Fabrication shop where Aluminium doors and windows are assembled from extruded and anodized aluminium which is imported in lengths or in kit form ready for assembly. The various machines and presses were stopped at the time of the visit, owing to a power cut, and a new generator imported from Germany at a cost of $70,000 could not be installed for lack of funds.

Altogether a very depressing state of affairs. The whole group is in a state of collapse, with all the equipment rapidly deteriorating. Raw materials and their containers, packaging materials and other stores are corroding, eroding, rotting. The garment factory was ransacked in the April 1979 riots and not rehabilitated since. Part of the building was being used for detergent packing. It had been leased to a Domestic Appliances manufacturer who has since closed down.

The Mesurado group has, for some time now, been looking for foreign investors to either use the land and buildings or to restart some of the operations, like in the case mentioned above. Lengthy negotiations took place with a German/Canadian group to take over the soap and detergent operations but these broke down at the time of signing the agreement. The group has since started operations in the Free Trade Zone under the name of Rainbow Industries.

Apart from the laundry soap plant which can continue to be used, and the oxygen and acetylene plant which must be kept going until alternative manufacturing facilities come on stream, the complex can only be used as a shell for new installations.

22/01/1986 MODALCO - MOSES L. DAVIS & CO LTD

The factory, nextto the owner's house, where food used to be processed and packed has closed down owing to financial difficulties and the machinery is lying idle. The main lines were Fufu and Farina made from Liberian cassava, rice meal, baby cereals (from plantain), snacks such as cassava and plantain chips, peanut bars; palm butter, palm oil (packaging only) and palava sauce.

This factory could easily be rehabilitated, the equipment and premises just need a good clean down. The reasons for the financial failure would have to be investigated first, however, to ensure that the enterprise is viable. What is required is a market study and product costing.

24 and 29/01/1986 M.I.C. (Furniture Manufacturers)

This used to be one of the largest furniture manufacturers in Liberia, with show-room all around Monrovia. There was no activity at the time of the visit. During the period of power cuts the working hours are 6 pm to 11 pm. Mr Fouad Gandour stated that the main problem apart from that caused by power cuts is the conversion of LPAs (a payment voucher used by the Civil Service) into cash to pay suppliers and keep the factory going. Duty and excise demands are also crippling them financially.

They are closing down most of their show-rooms. The demand for household furniture has dwindled, they no longer have large contracts from institutions and hotels. They used to manufacture office arm-chairs using the bases of those damaged by fire or riots but can't procure any more bases.

They make spring interior matresses from imported springs and materials. They are also installing a small plastic foam plant (batch) to make foam matresses and for upholstery. They are fabricating their own foam-cutting machine (not a very safe one), to save money.

The premises are leased. Most of the workmen in the furniture and upholstery departments are not employees but work under contract whenever work is available, this leads to low morale and is probably the cause for the lack of motivation.

If this company survives the crisis, there is scope for management training and the introduction of controls.

24 and 27/01/1986 LIPCO (AND LIPFOCO)

Mr Osman Gindi, who was interviewed, is also an official of the Liberia Manufacturers' Association. LIPCO has 90 employees and is engaged in the manufacturing of furniture and plastic foam (continuous process). Turnover of furniture has declined form \$1 million in 1984 to \$½ million in 1985. Contracting business, an important part of sales, has ceased through lack of funds. At present the market is very limited and there is a great possibility of interrupting production at the end of 1986 if conditions do not improve.

The foam plant capacity, as can be expected from this type of equipment, is enormous and only limited by the storage capacity of the factory and the working capital available for the materials. Half an hour's operation is sufficient to fill the whole factory.

Lipco started a domestic appliances assembly operation in June 1984 in premises leased from the Mesurado group(formerly a garment factory) but closed it down in December 1985 when government withdrew its support. The equipment is now idle.

One of the reasons given for the decline in furniture sales is the competition from organized operators and small businesses with no overheads selling at prices which Lipco cannot match.

27/01/1986 LIFAICO -LIBERIA FOOD & AGRICULTURE INDUSTRIAL CORP'N.

This is the company that has taken over what used to be the Mesurado Fishing Complex. They recently signed a lease agreement (\$1 million per annum rental less \$200,000 to be spent on repairs and re-conditioning). Details of the facilities leased are given in Appendix VI which also covers the Shrimping extension proposals based on 5 or 10 Shrimping trawlers.

Lifaico is part of the Franco-Swiss group BELRIOT. The Liberian Administrative Manager, Mr Marcel Bertin arranged a visit of the facilities on 27 January, followed by several interviews with the Chairman Dr Bruthus on 6, 25 and 28 February.

Shrimp packing was in progress on the day of the visit. Sorting by size, weighing and packing prior to quick-freezing. Only one of the ice-making plant, the smaller one of the two, is operational but is in a great state of disrepair, a number of buckets are corroded and leaking resulting in stained blocks.

The laboratory is operational and regular tests are undertaken to ensure absence of contamination and check quality.

The fish-net shed is for mending damaged nets only and this is done by hand by one man. The trawler piers and quays are in a very dilapidated condition. Of some 20-odd shrimpers that were used by Mesurado only three remain operational and were at sea at the time of the visit. The others are in an advanced state of corrosion and by all accounts only fit for the scrap yard.

Only one of the 3 operational shrimping trawlers makes its own ice, the others have to take ice (crushed) from the ice factory at the time of sailing. The trawlers stay out 10 to 15 days. Capacity details are given in Appendix VI. The figures on pages 9 and 10 of that Appendix are based on trawlers of greater capacity than existing ones.

The re-fueling pier with a fuel tank of 63,500 gallon capacity is still serviceable.

The Mesurado fishing complex had 1000 employees and had a very good export market for shrimps. LIFAICO emp oys 138 currently and 3 new boats have been ordered from Dashwood in England which are due for delivery in March 1986 together with 3 Italian boats on a lease agreement due to arive from Dakar at the same time.

In addition, they are considering the use of a fishing trawler of 60 Tonnes per day capacity to reduce the importation of fish into Liberia, currently 2 to 3,000 Tonnes per month. Their aim is to eventually stop the importation of fish altogether as Liberia can be more than self-sufficient in fish. This project is of vital importance to the economy of Liberia and has the full support of the President. The Belriot group is operating at a considerable loss so far and will not entertain further investments until they can see some returns from the shrimp trawlers.

They also had a plan to install a meat packing operation tied-up with cattle raising in an abandoned farm that used to belong to the Mesurado group but this has been shelved for the time being pending the results of the shrimping operation.

27/01/1986 MEZBAU (manufacturers of Electrodes, Roofing sheets and Aluminium doors and windows)

Managing Director Mr Bauchau, Honorary Consul for Belgium. The aluminium sliding doors and windows are made from imported anodized aluminium and plate glass.

The fabrication and assembly shed for these is next door to the show-rooms and offices; the corrugated roofing sheets are made in a shed next to the electrode factory, outside town.

The main customers for the welding rods are the mines. At present the production capacity is 250 Tonnes per annum, limited to this figure by the capacity of the extruder which also limits the range of electrodes which can be manufactured. The oven is capable of coping with 600 tonnes per annum for which there is a demand. Details of the machine that will allow this increase in capacity are given in Appendix V.

The raw materials for the electrode factory are rolls of wire of various gauges, powders for coating the electrodes and packaging materials. The quality conforms to international standards and is strictly controlled.

The corrugated roofing sheets are made from imported rolls of various gauges and the corrugating machine has a much greater capacity than the market demand. It is therefore used only as and when required, using the same operators from the electrode factory, during maintenance periods in the latter.

This is a very well managed company where a small input would more that double the output. The extra production would be sold to Bong Mining and Lamco who are currently having to import the electrodes Mezbau are not in a position to supply. The imported price is $30 per packet which costs $15 to produce. This would allow the cost of the extruder and brushing machines ($150,000) to be recovered in two years.

Credit facilities were available from European Banks but have been withheld in view of the negative experience on previous loans; they will only be restored if better guarantees can be arranged. The World Bank is setting up MIGA (Multilateral Investment guarantee Agency) within the next year, to guarantee non-commercial risks (i.e. political risks). This might be a solution if a less protracted one cannot be found.

27/01/1986 LIBERIAN STEEL PRODUCTS CORPORATION

Manufacturers of galvanized corrugated steel culverts and roofing sheets. They import galvanized sheet steel rolls and use bitumen (hot tar) to coat some of the culverts. The machinery is in poor condition although serviceable, through intensive use or overloading, and in need of replacement parts.

They have an important contract for a road construction project (hot tar coated culverts) and have devised a crude method of dipping the culverts using an old tanker cut in half, fired from a dug-out, underneath. It takes a day to heat-up the tar into which the culverts are dipped manually and placed on planks on the ground to cool and dry.

This is a Liberian enterprise which needs help and encouragement.

28/01/1986 METALUM (LIBERIA) LTD

Received by Mr Khalil A. Mourad, General Manager. They are manufacturers of galvanized buckets and aluminium roofing sheets. The capacity of the factory is 1000 Tonnes per month but current production is averaging 250 tonnes per month.

The buckets are made from imported galvanized sheet steel, rods (for handles) and steel bands, using specialized power presses, stamping presses, bending machines, etc. The operators are well trained and operating at a fairly high tempo. The present level of production is 400 buckets per day but the capacity on a one shift basis is 1200 buckets per day. They make 300 to 400 bundles of roofing sheets per day, mostly of light gau-aluminium, coloured as well as natural.

An NIC monitoring report given in Appendix IV gives further details on this company.

The main problem facing the owners is the lack of foreign exchange to pay the suppliers of Raw Materials. If transfers cannot be made soon, they will have to stop production, resulting in 80 employees out of work.

28/01/1986 NATIONAL FOOD MANUFACTURING CORP.

Manufacturers of Maggi cubes under license with raw materials imported from Nestle, Switzerland. The factory was established in 1983 and production commenced in July of that year. The majority shareholding is Lebanese with contracted-out Swiss management. The factory Manager is Mr Depierraz.

They import a single flavour of 'Maggi' in powder form in palletized cardboard containers of approximately 1 cu.m. each. There are three lines of cube forming and packing machines into which the powder is fed after seiving. The cubes are placed in cartons (polythene lined) of 4500 cubes each (approx. 18 kilos). They tried to buy the packaging material locally but the suppliers could not meet their standards. The gauge of the polythene was never constant and quality and delivery was unreliable. They could not get UNIPAC to make double-corrugated cartons to their specification and the ones submitted failed the rigourous trials. As poor packing can be very expensive they now buy all their supplies from Europe.

The Maggi factory in Sierra Leone somehow manages without paying any duty on imported materials and their costs are considerably lower.

They have 50 employees working 3 shifts, 6 days per week. The Liberian consumption of Maggi Cubes per capita is the highest in the world: 11.5 per head per month compared to, say, Nigeria's 6.6 per head per month. The current production is 900 tonnes per annum i.e. 50,000 cartons of 18 Kg each (4500 cubes @ 4gms).

The laboratory facilities are up to Nestle standard. They do a moiture test using drying ovens, and samples of factory sweepings etc. are regularly sent to Switzerland for biological tests. The machinery is on lease.

They have successfully trained Liberians to take over shift management. They have a good selection method for employees, with secondary school education as a minimum supplemented by test for litteracy and numeracy.

28/01/1986 METALLOPLASTICA (LIBERIA) LTD.

Received by Mr Adil M. Zaidan, Managing director. The factory was established in 1965, as plastic manufacturers (injection moulding, blow moulding and extrusion) and went into bankruptcy twice. The present M.D. who was Manager at the time bought the plant from the previous owners.

They have 7 injection presses up to 2½ kg capacity, the largest one being used for coca-cola crates (50 per hour with 1 operator who also prints transfers in white on red plastic). The crate mould has facilities for altering and stamping date of manufacture on the crate so as to keep track of them. The injection moulding machines were well maintained and the moulds of good design and quality (no flash).

They have 30 to 40 employees working 2 shifts (8am to 9pm non-stop). Only 3 out of the 7 machines were in operation, through lack of orders. Altogether they are working at less than 50% of capacity. In the extruder section only 2 out of 4 machines were in use, making polythene tubes which are either sold in roll form or converted into bags, some of which are printed. The rubber plantations are large users of polythene film. In injection moulding, however, a new machine was imported specially for making latex bowls for the plantations but has never been used as Firestone has imported two container-loads of plastic bowls which will take care of requirements for some time to come.

Of the 4 blow-moulding machines for making bottles, only one was in use. The main problem facing the owner is the shrinking market and the difficulty in making transfers for buying the raw materials. The overhead costs cannot be recovered without making the price per unit prohibitively high.

If the situation does not improve they may have to close down and ship the machinery to another country.

29/01/1986 LIMACO (Manufacturers of Safety Matches)

Received by Mr Y. Mignari, General Manager. This company was established in 1972 and has 50 employees working on 1 shift. It is part of a French group owning 14 match factories in Africa. 80% of the material used in the factory is Liberian and only 20% (paper, phosphorus, paraffin etc.) is imported. The main raw material is a type of Liberian poplar. It arrives in blocks of 50 to 80 cm length which are de-barked by hand and 'spiral-shaved' to the required thickness. They use the off-cuts and the wood waste as fuel to feed a converted boiler, fuel-oil being used as an emergency only. They generate their own electricity and have a 250 gal. tank for fuel.

The annual production is 20,000 cartons of 120 dozen boxes, i.e. 1440 match boxes of 50 + or - 3 matches each. Of these, 16000 cartons are sold annually in Liberia at $75 per carton ex-factory and 4000 to Guinea who pay cash in US $ in advance.

The main problem, of which NIC has been notified and has intervened to stop it, is the dumping by Czechoslovakia of matches at $14 per carton which does not even cover the $10 excise and $8 tax per carton which LIMACO pays Liberia. The total cost per carton, according to the G.M. is $65 and they must continue to be protected if they are to stay in business.

29/01/1986 LIBERIA BATTERY MANUFACTURERS CORPORATION

The owner, Mr Daliwa was away at the time of the visit. Received by the Sales Manager. The number of employees is currently down to 10 employees working 10.30 pm to 5 am. Normally the working hours are 8 am to 4.30 pm.

They import all casings but not lead for the grills and connections which are made from re-used lead which they melt into ingots themselves.

They have anew Australian/US plant for making the 'Rhino' batteries including an oxygen generating plant of U.S Manufacture. A subsequent visit to get further details could not be arranged through transport difficulties.

29/01 and 4/02/1986 MONROVIA BREWERIES

Brewers and bottlers of Club Beer and Guiness Stout under license and bottlers of soft drinks. Received by Mr G. Hoeklin.

This is a Swiss owned brewery with a capacity of 300,000 Hectolitres per annum on a 3 shift basis. Current annual production of beer including Guiness stout is 100,000 hectolitres. In addition, 200,000 hectolitres of soft drinks are produced annually.

The beer bottling plant in use at the time of the visit has a capacity of 20,000 bottles per hour and there are plans to replace the other line by a modern machine of 30,000 bottles per hour capacity making a total of 50,000 bottles per hour if the situation warrants it. Further details are given in Appendix IV (NIC Monitoring Unit reports).

29/01/1986 ERA INDUSTRIAL COMPLEX INC.

Manufacturers of Paints and Mattresses (Sifco Mattresses)

Received By Mr Ashok Kumar General Manager. The raw materials for paint, including the colour cards are imported from Spain where they have a parent company. The total number of employees is 60 working 1 shift.

The main problem facing management is the transfer of offshore funds to pay for raw materials and supplies. The duty-free privileges they used to enjoy have now been reduced to 50%.

The plastic foam for mattresses is made using a 5 component small batch mixer.

29/01/1986 MANO MANUFACTURING COMPANY (MANCO)

Received by Mr Fady Fadel, Vice-President, who is a Chemistry Graduate. USA. Their main products are household bleach, Isopropyl Rubbing Alcohols, insecticides in aerosols, using imported materials (cans, propellents, etc) except for the plastic cap which is made on their own injection moulding machine.

They also have a blow moulder to make plastic bottles, the screw caps being made on their injection moulder.

They also manufacture candles on a machine which has a capacity of 400 carton per day of30 bundles of 8 candles each, i.e. a total of 96,000 candles per day.

They have a good relationship with their suppliers, ICI for example does not charge a deposit for empty cylinders as is customary, but here again cash conversion into transferable currency has become the biggest problem and they have told both the Ministry of Commerce and the Ministry of Finance that they will have to close down if transfers cannot be effected soon.

They have a good hold on the Liberian bleach and candle market and manage to keep their prices below those of competition.

30/01/1986 ICC - Industrial & Chemical Corp. (Lib) Inc.

Received by Mr Errol C. Francis, Executive Production Director. Blenders and bottlers of alcoholic beverages from imported materials. This is a Liberian and Dutch partnership that is working very well, the factory is tidy and well managed.

75%, in value, of the raw materials are imported but if Union Glass starts production soon, this will drop to 50%. They are currently buying back and re-using gin bottles to save imports. The capacity of the plant is 12,000 bottles per day but current production is only 3,000 bottles per day

They used to employ 110 but with improved equipment and reduced activity this has dropped to 70. The new plant was installed two years ago. The range includes imported Scotch Whisky, and miniature 'Kontiki' cocktail bottles. They bottle schnapps, Roma (Italian bitter aperitif), other cooked wines made from concentrated grape juice, alcohol, etc. and gins in various size of bottles.

Further detail are given in the NIC Monitor unit report in Appendix IV

30/01/1986 LIPLAFCO - LIBERIA PLASTIC FOOTWEAR CORPORATION

Received by Mr Nabil A. Ezzedine. There are two French injection moulding machines on which plastic slippers, sandals and the straps for rubber foam sandals are made. The soles for the rubber foam sandals are stamped out of a sheet on a clicking press. They are then drilled and the straps inserted by hand using an ingenious device, faster than machine insertion.

There are 23 employees. The plant capacity is 7000 pairs per day but the current production level is 3 to 4,000 pairs only. The main problem appears to be sales. Competition from the Ivory Coast where there are 46 plastic footwear factories is affecting them. They bring out new models constantly in novel designs and colours which command very high prices ($30 per pair) which some Liberian women are prepared to pay.

They also suspect that a lot of sandles are smuggled into the country by road and not subject to duty or excise tax.

LIPLAFCO is part of a group of family owned companies with factories in Uganda, East Africa, West Africa but each operates independently of the others. Their main difficulty here is transfer of funds to pay for raw materials. They heard of US confirming houses with their own agents in Liberia collecting coins from customers and arranging transfers at premiums varying from 6 to 20%. If they have to pay the latter figure business would become unprofitable and they would have to close down.

31/01/1986 LIBERIA GENERAL INDUSTRIES

Lebanese owned company manufacturing toilet soap, packing and marketing vaseline products, talcum powder, deodorants, hair pomades, perfume in small bottles (for export to Ghana), all from imported materials. They tried to have blow-moulded jars and caps made at Metalloplastica but found their prices 40% above those of imported goods, even after supplying their own tool which is now lying idle. Besides, the quality of the jar made locally of which some samples were shown, was not acceptable. This could be due to bad setting or wrong material used: the locally made jar was soft and could not pass for gla. s as the imported one did.

The toilet soap is made from imported soap chips which are consolidated into bars, cut by hand and tableted on hand presses to be packed in polythene bags by hand. The interview took place in candle light but they have bought a generator which was being installed.

31/01/1986 MOTIFCO - MODERN TILES FACTORY & TRADING CORPORATION

Received by Mr Ghassan A.H. Basma, Managing Director. They make terrazzo type of tiles from imported marble chips, other stone chippings, white cement and 20% local black cement as backing material, purchased form Cemenco, their neighbour. Whenever there is a demand, they also make slabs, mosaic steps for stair cases, etc.

There are 30 Liberian employees and 3 expatriate craftsmen and managers. Here again off-shore funds are the main problem. 90% in value of the raw materials are imported and have to be paid in hard currency. They had duty-free privileges in the years 1978 to 1983 and started paying duty and excise tax in 1983. However, competitors or contractors are sometimes allowed to import some materials for special projects duty-free which cuts into their market.

The machinery (grinding, casting, polishing, etc.) is Italian and in good condition. They have a good stock of spare parts and replacement parts. The white cement is bought direct from Denmark and the other raw materials, mostly of Italian origin, bought through a London confirming house which costs them an extra 15% but allows them 120 days for payment. If off-shore funds were readily available, they would buy from Italy direct and save 15%.

31/01/1986 LUNA NAIL FACTORY

The management of this factory has been taken over, since July 1985, by Rasamny Bros. Corp. They had hoped to start production in February 1986 but still have a large stock of 3½" and 5" nails from the previous owners.

The equipment is of Korean origin and the installed capacity is 6000 tons of nails per annum, produced 298 tons in 1983, 485 in 84, and the current sales 2000 cartons per month (each containing 56 boxes of 1 pc of nails) i.e. 51 tons per month, or 10% of capacity.

There are 13 machines,maintained by a Korean employee, and all materials are imported -- wire in coils of various gauges, inner and outer cartons.

Rasamny Bros. are also Shell agents and general merchants and importers (Colgate-Palmolive, Gillette and Shell products). They also have a Butane Gas filling plant. The butane is imported in large special containers which is used to re-fill empty butane containers. Their main problem is again finding off-shore funds; the conversion of coins into transferable funds commands a 16% premium.

3/02/1986 MONROVIA TOBACCO CORPORATION

This company was established in 1971 and the majority shareholding transferred to the British-American Tobacco Company (BAT) in 1977.

Received by the General Manager Mr A.D.A. M'Cormack. The production potential is 1 million cigarettes per 8 hour day at normal efficiency plus 940 kg of shag tobacco. The company employs 58 Liberians (1980,45) and 4 expatriates (1980, 2).

The tobacco is treated at their other plant in Guinea and arrives in Liberia already blended, cut and conditioned, in polythene lined cartons.

Some local tobaccos are sent to Guinea for blending, as follows:

20,000 lb	in	1983
40,000 lb	in	1984
59,000 lb	in	1985 representing 8% of tobacco used.

Further details given by the General Manager are shown in Appendix VII.

3/02/1986 UNIPAC - Corrugated Carton Manufacturers

Received by Mr B.T.Kalra, General Manager. This factory has a capacity of 2 million square meters of corrugated cartons per annum but is operating at 40% of capacity. They import 800,000 square meters of corrugated sheets per annum, and have equipment to cut, score and print (2 colours) them. They also have a machine for stamping out dividers from corrugated cardboard and two stiching machines (staples) which are the only ones they can use on the generator when there is a power cut.

They have exclusive rights for manufacturing cartons in Liberia but find that a number of importers who, in theory, should not be allowed to do so, are competing with them. Their main difficulty, however, is offshore transfers to pay for their raw materials.

3/02/1986 VAANG-AHN ENTERPRISES LTD. Paper Converters

The Factory is at Bensonville. Received by Jamil S Rajeh, the General Manager of "Servo", an associated company importing GM cars and trucks. The factory in Bensonville manufactures 2-ply toilet tissues in rolls of 200 sheets, from imported jumbo rolls, kitchen towels of the same quality paper, and embossed dinner napkins in packs of 50.

The factory was built in Bensonville to create employment but this has added to the cost of production as the market is in Monrovia and the Raw Materials have got to be transported from Monrovia. This could have been avoided at the time of the project appraisal if a proper factory location exercise had been conducted.

One shift of 15 days is sufficient for a month's supply. The present level of production is 2500 bags of toilet rolls (48 rolls per bag) per month. Mr Rajeh complained about competition from imported toilet rolls which are narrower and loosely rolled to appear larger than they really are, but this could not be corraborated by a search in Super Markets. He also complained of duty-free import of toilet rolls through abuse of privileges by mines, embassies and institutions, well in excess of their requirements which somehow find their way to the market place through wholesalers.

3/02/1986 CEMENCO - LIBERIA CEMENT CORPORATION

Received By Mr Horst Wallwitz, the General Manager and shown round the plant by Mr Einar Hanserud, the Works Manager. This is not an integrated cement factory as the raw materials (lime stone, silicium, aluminium oxide, iron oxide, quartz, clay, etc) are not available in economic quantities in Liberia and in any case the energy requirements could not be met under present conditions.

They therefore import clinkers from Spain or Belgium in 20,000 ton loads (in bulk, on ships which often have a higher capacity but is limited to this amount because of the maximum draft allowable at Monrovia docks) which sometimes costs more than necessary in transport for the reason given in brackets.-- If the Monrovia port facilities were improved by dredging it would reduce the cost per ton. Tipping lorries are used to transport the clinkers and the other raw material (Gypsum) from the ships to the factory, in sheds.

The clinkers and gypsum can be stored for a year, if necessary, but must be under cover during the rainy season. The proportions used are 96% clinkers and 4 to 5% gypsum. The plant capacity is 220,000 of cement in 50 kg bags per annum, on a 3 shift, 300 days basis. In 1979 136,180 tons were produced, in 1982 this dropped to 71,400 and in 1985 the figure has gone up to 90,000 tons.

The process consists of blending and crushing the clinkers with the gypsum. Crushing is done by rotating drums with steel balls and the cement that is not fine enough to go through the screens is re-circulated. It takes about 5 passages through the drums to convert the mixture into cement.

The whole process is sealed and filters (except for the one which was damaged at the time of the visit) ensure that no cement dust escapes into the factory.

The cement is blown into two storage silos each of 1200 ton capacity, and remains there until used for filling the 50 Kg bags. The storage capacity, i.e. 2400 tons represents 6 days' production.

The bags used are self sealing (valve type, no stitching required) and made of 4 ply craft one of which is waxed to make the bags water resistant. These are imported from Austria. As soon as a customer's lorry, which has gone over the weigh-bridge for tare checking, comes alongside the loading bay, filling of the bags commences, and the lorries are loaded by means of a conveyer belt. The lorries go over the weigh-bridge again, as an additional check.

There has been a few cases of fraud in the past, but this has stopped since the installation of TV cameras and recorders and the weigh-bridge check.

There is a warehouse for a buffer stock of cement bags on pallets (25 bags per pallet = 750 Kg), but obviously it is more economical to load cement bags straight onto the customer's transport, so the pallet loads are used in emergencies only.

The price of Cemenco bags has evolved as follows:

1977	$2.85 per bag
1980	$3.40 and 3.90 per bag
1982	$5.60 and 6.00 per bag
1986	(current price) $6.50 per bag.

Owing to the time constraints it was not possible to examine more closely the product costing on which these prices were based but this should be done in subsequent projects as this is of vital importance to the Liberian economy.

6/02/1986 MONROVIA SLAUGHTER HOUSE

Received by the Manager, Mr James Monroh. This visit was arranged in order to find out whether there were any satellite industries such as tanneries or glue factories. This is not the case as the number of heads slaughtered is very small, and the skins are used as food.

The premises belong to the government but are leased to the present operators who employ around 30 people. The slaughter house is in a bad state of disrepair, the air conditioners, power-saws, etc. have long ceased to operate. The aerial gantries and conveyor rails are still used and serviceable.

They charge $20 per head of cattle and $5 per smaller animal (goat, sheep, etc.). The slaughtering is done by suspending the animal by one leg, whilst still alive, and the slitting of the throat is undertaken by a moslem, in conformity with the ritual. They used to have a humane stunner or electrodes in the case of pigs but this practice has ceased.

The maximum of heads per day is 50 (22 on the day of the visit). Carcasses are examined by two Ministry of Agriculture inspectors (FAO trained), and skinned after separating the head and the fore-feet. The skin, head, fore-feet and offals are bundled together and sold separately, to be consumed as food. The carcasses are immediately delivered to waiting butchers as there are no re-frigerated store-rooms. There is no treatment or processing of meat except cutting and sorting. The cattle is mostly imported by road from neighbouring countries. On the day of the visit the herd was from Mali, mostly bullocks in very good condition.

7/02/1986 ITALIAN LIBERIAN FISHING ENTERPRISE

Received by the General Manager, Mr Nicolas Formusa, who is also President of Italtimber Corporation which has exploiting rights (400000 acres of virgin forest) in Yekepa.

The power was off on the day of the visit and they were using their own generator which is not powerful enough for all their requirements.

The company employs 105 Liberians and 10 expatriates. They have 4 trawlers producing (according to Mr Formusa) 200 tons of fish per month and 20 tons of prawns. As these are, presumably, prawning trawlers, these figures could do with further verification. Liberian waters are very rich in prawns which are much more valuable than fish.

They have several cold rooms in which they store the frozen fish, and sell direct to the retailers and the public. They also have one refrigerated van which they were using for additional storage capacity.

7/02/1986 C.F.WILHELM JANTZEN (Furniture) LTD

Received by Ismail El-Ali, the General Manager. This company was established in 1906 and the last owner, Mr Jantzen retired in 1985 and sold it to the present owners.

At present they employ 75 people. They have impressive show-rooms, with the only escalator in Liberia, and a well equipped factory adjoining it. There is a drying kiln and an efficient boiler using scrap wood and saw dust to supply steam and heat for the factory processes. Local timbers are used which are treated in the drying kiln and stored before processing to prevent warping. They imp ort veneers, glue, fittings and accessories for the factory and some office furniture,pedestal chairs, steel and certain types of plastic furniture, fish tanks, carpets and curtains for the show-room.

The new owners are finding business increasingly difficult. The turnover has dropped to $150,000 per month which they hope to be able to maintain. Their main problem is the shrinking market for quality and prestige furniture.

There is still an air of tidiness and efficiency under the new management.

14/02/1986 UNION GLASS CORPORATION

A visit to this new glass factory could not be arranged but according to the information given by the Marketing Manager the building has been completed for some time now and 5 German Engineers have erected the machinery but were being held up by the lack of oxy-acetylene bottles to install the pipework.

Since then Mesurado have managed to supply them with some and if all goes well they should be in a position to commence trials in April 1986. They are in the market for glass shards (broken glass) at $28 per ton and this could be a good base for setting up a new business.

They will be using sand for raw material quarried from a Government concession, but this is only 2 meters deep. The equipment for quarrying it is already on site.

The factory capacity is 60 tons per day on a 3 shift basis. There are 1600 large bottles per ton or 2300 small ones. They will be supplying the Liberian market and the IvoryCoast has expressed interest in importing bottles.

21/02/1986 RAINBOW INDUSTRIES

Received by Mr Klaus Hoffer, Managing Director. The factory is located at the Free Zone (LIFZA) and was set up recently by a Germano-Dutch company with Head Office in Hamburg, using old equipment but perfectly suitable for this size of operation.

They have three years' grace to reach their target for exports but are finding the competition from the Ivory Coast tough. Prices may soon go up in Guinea which may allow them to enter that market.

The laundry soap capacity is 600 tons per month on a 3 shift basis and that of Detergent 250 tons per month on the same basis.

LEC are supposed to give them priority in power supply and have given them a schedule of unavoidable power shedding which is not always adhered to causing disruptions and material losses in production. Furthermore, five motors damaged by electrical fluctuations have had to be re-wound so far at considerable cost.

They have 115 employees and the management, apart from the M.D. and 3 expatriate technicians, is Liberian.

They are the largest consumers of local palm oil in the country and receive 12 tons (1½ truck-loads) per day or 300 tons per month. There is a 15% excise tax on the sales price of detergents which they produce but not on that imported by traders. When they first started, 400 tons per month of laundry soap was imported which they could not compete with, on price. They nearly had to close down but installed some new machines to convert to palm oil of local manufacture.

They are operating at 40% of capacity and their Head Office has given them till April 1st 1986 to show that they can survive. This situation is also aggravated by the difficulty in arranging transfers to pay for imported raw materials.

Mr Hoffer was full of praise for LIFZA, one of the best Authorities in Liberia according to him, and really trying their best to attract and keep investors. Many projects are abandoned at the last moment when investors get cold feet on their return home.

26/02/1986 PRINTZ DEVELOPMENT CORPORATION

This company was established with offices in LIFZA, in June 1985 to take over the exploitation of the Liberia Wood Management Corporation LWMC. The forests are North and North-West of Monrovia, the nearest point a 2 hour drive away and there was no time to arrange a visit. The information was obtained from the M.D. Mr Benzvi and his assistant.

At present 1,500 cubic meters of logs are cut per month and stored at LIFZA pending export. This will increase to 2 and later to 2½ thousand meter cubes per month.

A saw-mill is being erected and is to come on stream in a few months. The export of sawn timber, however presents a lot of difficulties as there are a greater variety of African trees of different characteristics. To match the very high quality requirements and stringent specifications would require additional experts and technicians.

1/03/1986 A - Z CORPORATION Sugar Cube Factory

At the request of Mr Khosla, UNIDO CTA of the Small Business Extensions Project attached to NIC, a visit was arranged on Saturday mid-day to the A-Z Corporation's Sugar Cube Plant situated in what used to be the Beckwood Hodge Engineering Workshop and Offices.

The factory is very well appointed, in its own grounds with pleanty of room for expansion. After the closing down of the Engineering works, the lease was taken over by A-Z who bought the buildings and all the facilities and modified them to convert crystal sugar into cubes and dominoes for their supermarket.

There are three lines of machines (Elba - Made in Holland) for forming the cubes which are dried in infra-red tunnels. The hoppers above the cube forming machines are filled by means of a moveable Archimedes Screw (powered), the crystal sugar is suitabley moistened (the whole process is automatic and controlled by push button and instrument pannels at the side of each machine), and the cubes formed by the machine, of the right consistency i.e. not too dry and not too wet, are placed on a wire mesh conveyor which takes them though the tunnel, advancing the length of a dominoe or cube each time a row is laid on the conveyor. At the end of the drying tunnel an operator picks up one layer at a time, the shape of the carton to be filled, using a special device which holds the cubes up by means of vaccum during transportation. The layer of cubes or dominoes is dropped into the box when the vaccum is interrupted; it takes 3 layers to fill each box.

The boxes are placed in cartons, manufactured by themselves form imported corrugated card-board. In the old machine shop they have a stamping machine for cutting out cartons and astaple stitcher which works on compressed air. There is also a special machine for forming the sugar boxes and glueing the sides automatically. This one is situated at the end of one of the tunnels, near the box-filling post. The stamped out cards for the boxes are imported ready printed and only require forming.

The cartons hold 25 kilos of cube sugar each, in boxes of ½ or 1 kilo. The sugar cubes are manufactured and stored in refrigerated rooms. The factory only worked a short while and operations were stopped some 6 months ago, and at least 10 tons of manufactured cubes, in cartons of 25 kilos has been kept in stock in refrigerated rooms ever since, at what must by now be an astronomical cost, if the rent, cost of refrigeration and capital tied up is taken into account. The owners are anxious to find a new use for these machines and the factory space.

This is a very good example of a white elephant. The cause of it, from the information that was gathered, was that whereas the feasibility study had been based on a very high price differentials enjoyed by cube sugar at the time, soon after production started, cube sugar was imported from Europe at normal price differentials.

Currently teh price of Crystal sugar in Monrovia Super Markets is $1.37 per 2 Kg bag, and that of Cube Sugar 41 cents per ½ Kg box and Dominces 88 cents per 1 Kg box.

It is doubtful whether these specialized machines and installations, in pristine conditions, can be adapted to manufacture something else, but this problem will be discussed with UNIDO Agro-Industrial specialists to see if they can suggest anything.

MONITORING DEPARTMENT

NATIONAL INVESTMENT COMMISSION

MONROVIA - LIBERIA

IMPLEMENTATION OF INCENTIVES AND CONCESSION AGREEMENT BY MONROVIA BREWERIES INC.

Historical Perspectives

Monrovia Breweries, Inc. a joint Liberian and Foreign (Swiss and British) business venture entered into an incentive agreement with GOL on May 27, 1957 for a period of sixty-three (63) years to manufacture club beer and other non-alcoholic beverages such as lemonade, mineral water, etc. The terms of the contract were:

(i) Duty free importation of all raw materials for the production of club beer and other non-alcoholic beverages.

(ii) Exemption from the payment of all licences.

(iii) Exemption from the payment of all taxes except excise and income taxes.

With an initial capital investment of 2.7 million, the corporation commenced commercial production of club beer and other non-alcoholic beverages in 1961.

On December 31, 1962, the corporation entered into another agreement with GOL for the importation of all initial machinery & equipment, building and construction material which it no longer enjoys.

In May 1970, another agreement was entered into for the manufacturing of guiness stout to supplement the agreements of May 27, 1957 and of December 31, 1962, which provided among other things:

(i) Duty exemption on all machinery & equipment and construction materials.

(ii) Duty exemption on raw materials as allowed under the 1957 agreement.

(iii) Duty exemption on spare parts of machinery & equipment for the production of guiness stout for a period of five (5) years.

(iv) Permission to recruit foreign technicians.

(v) To maintain protective tax of $2.57/gallon on stout, beer and other non-alcoholic beverages imported.

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In 1980, the corporation undertook a major expansion program to increase its output and to improve on certain major machinery and equipment. The terms of the agreement were as follows:

(i) 90% duty exemption on approved list of building materials, machinery & equipment for a period of two (2) years.

Investment

The corporation commenced operation with an initial capital of $2.5 million for the production of beer and other non-alcoholic beverages in 1961. The Monrovia Breweries Inc. is still enjoying investment incentives entered into with the Government of Liberia which is due to expire on May 27, 2020, The corporation has had several extension/expansion since its inception and has been ~~graving~~ growing gradually. Its sales increased from $2.9 million in fiscal year 1971 to $12.3m. at the close of 1978.

Investment since its inception up to present in land/building, machinery & equipment and working capital amounts to approximately $13.6 million. The company undertook a major investment in 1979 to increase its output from 150,000 hectoliters (club beer - 100,000 hectoliters, stout 50,000 hectoliters) to about 450,000 hectoliters. The expansion program was estimated at about $7.7 million. The company claims to have made continuous new investment since 1960 and major replacement of obselete machinery & equipment in 1972 and 1979/80/81 respectively valued at $6.74 million. However, there were no records from Ministry of Finance nor the sponsor to justify these claims.

Financial Performance

The company commenced operation with an initial equity capital of $6,000 from the sale of 30,000 shares. The company's sales have increased from a few hundred thousand dollars during its initial stages to $12.3 million at the close of fiscal year 1978. It accumulated net profits up to the end of fiscal year 1978 amounted to $5,807,310 out of which a total amount of $1,377,000 has been distributed as dividends to shareholders and the balance amount of $4.4 million re-invested into the business.

Below is a comparative summary of the company's financial picture during the past six fiscal years:

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Yearly Cost Behavior (%)

Year	1976/1977	1977/1978	1978/1979
Sales	100.0	100.0	100.0
Cost of Goods Sold	44.4	40.6	44.4
Gen. & Adm. Exp.	47.7	43.0	40.1
Net Profit	8.9	16.4	15.5

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Comments

Cost of Goods Sold - remains relatively constant for 1977/79 which indicate that the cost of raw material remains constant over the years.

General & Administrative Expense - reflects a marginal decrease which implied economic of scale, and a sign of good profit margin. It also implied the firm ability to meet direct/fixed changes.

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	1976/77	1977/78	1978/79	1979/80	1981/82	1982/83
Sales	$ 8,556	10,021	12,338			
C.O.Gs	3,804	4,073	5,483			
Interest on loan	176	228	77			
Depreciation	918	691	740			
Excise Tax	1,434	1,717	2,146			
Income Tax	873	1,427	1,928			
Deductable Provisions	597	251	55			
Net Income	754	1,634	1,909			
Less Share Capital Increase	600	600	1,600			
Disposable Income	154	1,034	309			
Plus Earned Surplus B/F	421	454	188			
Total Disposable Income	575	1,488	497			
less Dividends	120	300	450			
Capital	—	1,000	—			
Earned Surplus at end of yr.	455	188	47			

Note: The audited financial statements for 1980/82/83 were not made available by the sponsors nor would it be obtained from the Ministry of Finance .

Machinery & Equipment

The company claims to have made continuous investment since 1960 with major expansion on building and replacement of machinery & equipment valued at $10 million (ten million dollars) up to present, of which no breakdown was given. However, records from the Duty Free section of the Ministry of Finance shows values for machinery and equipment at $444,513.43 and $313,890 for 1983 and 1984 respectively.

Efforts made in obtaining further information on purchase and/or value of replaced machinery and equipment from both the Ministry of Finance and the sponsors proved frutile.

Production

The company's brewing capacity prior to 1978 was 150,000 hectoliter (club beer - 100,000 and stout - 50,000). However, because of the growing demand for the company's products, the Monrovia Breweries, Inc. proposed an expansion program aimed at trippling its current brewing capacity to *450,000 hectoliters at that time.

As per the questionaire received, the company claims that due to the heavy increase of excise tax on its products, production has declined considerably since 1979/80. Below is a summary of the company's production and the brewing capacity achieved during the periods 1979 - ~~1978~~. 1983

Monrovia Breweries Inc.

Brewing Capacity (1979 - 83)

Year	Production Level (HL)	(%) Brewing Capacity As Per Proposed Cap.
1979/80	180,309	40
1980/81	178,782	39
1981/82	132,298	29
1982/83	122,607	27

1HL = 100L

* Note: Brewing Capacity = 180,309HL ÷ 450,000HL = 40%

Assuming that up to present, the Monrovia Breweries Inc. is the only producer of beer in the country, the rate of imported beer to local production is 1 to 3 (i.e. local production as a percentage of the total market is about 85%.) It can safely be concluded that because of the heavy excise tax levied on beer, the importation of beer will continue to rise steadily.

GOVERNMENT OF LIBERIA REVENUE POSITION

The Monrovia Breweries, Inc. already enjoys duty exemption to the extent of 100% on its raw and auxilliary materials, spare parts for machinery and equipment which is due to expire in 2020.

Revenue gained (i.e. consular and stamp fee paid) to GOL from the import of raw and auxiliary materials valued at $1,522,676.40 during 1983 is in the neighbourhood of $159,881.02 as compared to a loss of $304,535.28 during the same period. Gains to GOL from the import of machinery and equipment (spare parts) valued at $444,513.43 during the same period amounted to $46,673 as compared to a loss of $66,677.

In 1984 up to September, revenue gained to GOL from the import of raw and auxiliary material valued at $1,460,633.12 amounts to $174,687.24 as compared to a loss of $380,452.41 during the same period. Revenue gained from the import of spare parts for machinery and equipment valued at $313,890 is about $32,962.36 as compared to a loss of $45,315.96 during the same period.

A comparative analysis of GOL revenue position above as a result of the duty free situation reflects a net loss to GOL as shown below:

1983

	Raw Materials	Spare Parts (machinery & equipment)
Loss (100% duty)	$304,535.28	$66,677
Gains (consular & stamp fees)	159,881.02	46,673
Net Loss to GOL	$144,654.26	$20,004

1984

Loss (100% duty)	380,452.41	45,315.96
Gains (consular & stamp fees	174,686.24	32,962.36
	$205,766.17	12,353.60

The company claimed to have paid excise tax as reported by the questionnaire to the tune of $8.7 million for the period 1983/84 up to September. However, records from the Ministry of Finance (Division of Customs & Excise) revealed that excise tax paid by the company during the same period is

Employment

The questionaire reports as claimed by the company a total workforce of 267 persons of which 258 are Liberians. However, a review of the records of the Ministry of Finance revealed a total workforce of 219 persons up to September 1984. Of the total workforce of 219, 9 are expatriats. Due to the very important aspect employment formed in determining the level of incentive and/or concession companies enjoy, a review of the company's payroll for the years 1983/84 is highly necessary.

OBSERVATION

1. The Monrovia Breweries, Inc. entered into investment incentive agreement with GOL on May 27, 1957 for a period of 63 years. The agreement extends to a level of 100% duty exemption on raw and auxiliary materials, spare parts for machinery and equipment etc.

2. As indicated by the company's financial records, it has continued to make high profits since its inception. It sales rose from a few thousand dollars to $12.3 million at the close of 1979. There are indication that the company's sales have grown steadily since then.

3. The performance of the company has been very good over the years as it continues to make considerable profits.

4. No annual report and/or audited financial statement has been submitted to the NIC since 1979, which is a violation of the contractual agreement.

5. The company claims to have in its employ a total labour force of 267 as against 219 reported by the Ministry of Finance.

6. The company claimed to have made continuous new investment in fixed assets valued at about $10.0million for which no breakdown was given in the returned questionaire.

7a. GOL Revenues: Revénue lost to GOL as a result of the duty exemption for 1983 - 1984 (Sept) outweights the gains. (i.e. $414,202.62 ÷ $796,983.65 = .525). Hence net revenue lost is in the tune of $382,778.03 covering the same period.

b. Excise claimed to be paid by the company during 1982/83 is stipulated at $8.7 million as against $______ reported by the Ministry of Finance. It also report corporate tax payment for 1982/83 valued at $571,000 as against $______ reported by the ministry of Finance.

8. Although the company heavily depended on borrowed capital to financed its operation during the past, it is now a financially sound entity. Of the initial investment cost of $2.5 million with which the company commenced operation, only $6,000 was contributed as equity.

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RECOMMENDATION

Although the purpose of granting investment incentive is to assist infant industries to get establish and/or to assist going concessions that are financially ill to stand sound, but not to continuously assist entities that are financially feasible in carrying out their own operations. As a measure ~~in~~ to curbing that continued reliance of entities on GOL investment incentives for perpetual financial and economic stability and/or assistance, we recommend the following that:

1. The commission should consider reviewing/revoking the investment incentive contract for these entities that have continued reliance on the incentive agreement under the pretex of poor financial position, ~~for~~ economic and financial strength.

2. Investment incentive agreement should be revoked/concelled for companies/entities which do not complied with their contractual obligations.

3. GOL should review the existing contract/agreement with M.B.I for possible solution for a short-term since the company is financially sound to shoulder its own operational cost. (MBI has enjoyed 100% exemption since 1957 along with several other extension, which is due to expire in 2020.) In order words, she has already enjoyed the incentive period for 27 years.

ANALYST: Stephen K. Stubblefield

Monitoring Report
on
Metalum (Liberia) Ltd

Historical Prospective:

Metalum (Liberia) Ltd a limited liability Corporation, entered into an Investment IncentiveContract with GOL in 1978 to produce galvarnized roofing sheets, galvarnized iron bucket and basin. The Incentives were:

1. 90% duty exemption on machinery and equipment for a period of five (5) years.
2. 90% duty exemption on raw materials for a period of five (5) years.
3. Income Tax Holidy for a period of five (5) years.

As alleged by the Sponsors, the Project didn't commence production in 1979 due to the late arrival of machinery and equipment, the riot of April 14, 1979, and the April 12th 1980 Revolution.

Upon the expiration of the first incentive period, Metalum got an extension of its Contract in 1981 for the same product lines, and the following incentives were granted:

1. 2 year duty exemption on machinery and equipment.
2. 5 year duty exemption on raw materials.
3. 5 year Income Tax Holiday.

The total Incentives period enjoyed by Metalum (Liberia) Ltd is ten (10) years; which by far exceeds the maximum period of seven (7) years required under the Code. Besides these levels of incentives enjoyed by the Enterprised, it has enjoyed full market protection for its products during 1978 - 1981.

Investment:

As per the feasibility studies submitted to the NIC, the Project was to be financed through a bank loan of about $250,000 at an interest rate of 15% payable over a five (5) years period.

Share Holders:

The major shareholders of the Company are:

Name	Nationality	%share
Mr. Selman Aboul Hosn	Lebanese	32.7%
Aref Abne Hosn	"	32.7%
Mr. Antoine Abou Sleiman	"	.2%
The Salomon Brothers Corp. Inc.	-	34.4%
	Total	100.0%

NOTE: 1984: shares of $500/each for a total sum of $992,000/are presently available for sale. Out of the total authorized capital of $9,500,00/ (3000 shares of 5000/each) 40% shares have been reserved for issue to the Liberian public and/or Government

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As per the monitoring questionnaire returned in 1982/83, total capital invested includes equity of $508,000, loan of $489,614 and $711,243 with interest rates of 12.5% and 19% respectively. The level of loan has increased by 30% thereby increasing the debt equity ratio to 4.1:1 exceeding the maximum debt equity ratio of 3:1 set by the Code. The total invested capital up to December 31, 1984 is about $4.0m.

a) Machinery & Equipment

According to the original proposal the company was to spend $21,000 for machinery and equipment; instead actual amount of $633,724 was spend in 1980 as per the records of the Ministry of Finance. Additionally an amount of $34,809 and $8,186 was spend on machinery and equipment during 1981/82 respectively as per the files of the Ministry of Finance.

b) Raw Materials

The CIF landed cost of raw material differs from one gauge to another. (i.e. 0.11m-BWG26). In the analysis an average cost has been used to give some realistic impression to the cost facts involved. Similarly, the mark-up on factory cost differs in terms of gauges. (i.e. 0:11m=16.65% BWG26-10.04%) However an average markup of 15.14% has been utilized. A similar cost analysis has been employed is determining the cost of galvanized buckets and basins. The CIF cost of material for buckets and basins vary from $599.41/mt to $586.88/mt; total landed cost is $617.74/mt to $605.21/mt. See chart below:

Roofing Sheets

	0.11mmx	0.14mm	BWG34	BWG32	BWG28	BWG28	BWG26
Material Costing	2.5x81	x2.5x81	x2.5x81	x2.5x81	x2.5x81	x20x8	x35x81
Sheets/mt	515	420	340	271	177	132	140
Bundles/mt/ 20 sheets	25	20	16.5	13	8.5	6	7
CIF/mt-US$	777.00	732.00	691.00	553.00	524.00	519.00	510.00
Con. Fee 1.5%	11.66	10.98	10.37	8.30	7.86	7.79	7.65
L/C operating cost charge at 6%	46.62	43.92	41.46	33.18	31.44	31.44	30.60
Transfer charge3%	23.31	21.96	20.73	16.59	15.72	15.57	15.30
NPA/sheets at 750/mt	7.50	7.50	7.50	-	-	-	-
NPA Coil at $10.30 /mt	-	-	-	10.30	10.30	10.20	10.20
Handling 3%	23.31	21.96	20.73	16.59	15.72	15.57	15.30
Landed Cost/mt	889.40	838.32	791.79	637.96	605.04	599.37	589.15

Material Costing	Buckets & Basins BWG28 x40"	BWG26 x40"	1MM GRsheets	8MM GIwire
CIF cost/mt ($)	519.00	505.00	610.00	508.00
Con. fee 1.5%	7.79	7.58	9.15	7.92
L/C Charges 6%	31.16	30.22	36.60	30.48
Trans. Charges 3%	15.88	18.16	18.30	18.24
NPA charges at $10.30/mt	10.30	10.30	10.30	10.30
Handling 3%	15.58	15.16	18.30	30.48
Landed cost	599.41	583.52	702.65	586.88
Warehouse cost of material	10.00	10.00	10.00	10.00
Transport	8.33	8.33	8.33	8.33
Total material cost/mt	617.74	601.85	720.98	605.21

The total raw material cost from 1980-1984 is calculated at $7.08m for roofing sheets and $3.4m for bucket and basin based on an average landed cost of raw material as per the cost analysis. This information was checked against that of the Ministry of Finance.

Product and Production Capacity

The products of the company are galvanized roofing sheets (gauges of: 0.11m, 0.14mm, 34, 32, 28, and 26), buckets (28cm, 30cm, 38cm, 50cm) and basin predominently for local consumption.

The install capacity of the plant is 30,000 metric tons for roofing sheets and 24,000 dozen for buckets and basins per year on a single shift basis of eight hours.

a) Production schedule for roofing sheets

	1980	1981	1982	1983	1984	1985
Products/mt	454	1,117	3,361	3,223	2,943	3,200
Value(000$)	405	1,053	3,038	2,809	2,796	3,400 (estimate)

b) Buckets and Basins

Products in doz.	-	434	6,532	8,970	9,100	9,000
value (000)	-	17	267	421	480	522

c) Capacity utilization as against install capacity (%)

Year	Roofing Sheets	Buckets & Basins
1980	1.5	-
1981	3.7	1.8
1982	11.2	27.2
1983	10.7	37.4
1984	9.8	38.0
1985 (estimate)	10.6	37.5

Coments:

The company has not been able to achieve atleast 25% of its install capacity since its establishment. A review of our files, Commerce and Finance Ministries and interview with the Sponsor indicates that the low production in 1980/81 was an attribute of the April 12, 1980 coup and the opening of the market for imports of similar products by government. Other impeding factors as alledgedis the general economic situation, which cannot be overemphasised.

The total market requirement for roofing sheets is estimated at 16,000mT/annually depending on the condition & growth of the construction industry (Note - this market requirement includes both galvanized and aluminum roofing sheets).

Export

No export has been persued since the establishment of the firm. Major amongst reason given by the Sponsor is the problem of foreign exchange; weak currency situation of the neighbouring countries, low market demand of the company's product, and the lack of proper protection against import.

Employment

The company proposed to employ 21 Liberians in 1980, however only 9 Liberian were employed. In 1981, 26 Liberians and 4 expatriate were employed. Similary in 1982, total Liberian employed sum up to 40 and five expatriates. The enterprise now has seventy (70) employees of which 65 are Liberians as per the payroll of March 1985.

Sales

Though the market situation has not been quite favourable as anticipated in the feasibility study, the enterprise sales has grown steadily overthe years from 1980-1984. Below is a summary of the campany's sales from 1980-1984:

Figures in $(000)

Year	1980 $	1981 $	1982 $	1983 $	1984 $
Products/Roofing Sheets	465.75	1,210.95	4,393.50	3,323.50	2,315.40
Buckets & Basins	-	19.55	307.05	495.65	552.00
Total	$465.75	1,230.50	4,700.55	3,819.15	2,867.40

Financial Incentives and Revenue to GOL

a) Financial incentives granted the company up to 90% included machinery and equipment, raw material and spare parts. However, the level of duty exemption during 1981-1984 on machinery and equipment should be $146,000, instead the project enjoyed incentives up to the tune of $405,230.25 which is 64% higher than the expected level. The raw materials used in the production of zinc is 100% duty free.

b) Revenue to GOL

The Sponsor claimed that revenue (excise tax, trade levy, consular fee and port charges etc) to GOL during 1980-1984 is as follows:

Year	1980	1981	1982	1983	1984
Value ($)	16,846.43	20,013.75	112,397.40	154,595.85	149,562.98

Against the information from the Ministry of Finance and NPA, the Sponsor claim was overstated by 5% in 1980-1982.

The total actual revenue to GOL over the period 1980-1984 is calculated at $451,572.17.

Raw Material

Raw materials used by the company are all imported, they include galvanized iron sheets, coils, bans and aluminum coils etc.

Envision Expansion Program

The enterprise envisaged the installation of a galvanizing plant for cold rolled steel sheets and wire. It is estimated that the project will attract a local value added contribution of atleast 25%. The expansion program if implemented will employ about 75 persons of which 72 will be Liberians.

The expansion program will also cover the production of(1) Agriculture hand tools, rakes, shovels and head pans, (2) steel drum of 200 litres and smaller capacity of palm oil recycling, and (3) wheel barrows and etc.

Past Financial Performance

Below is a comparative analysis of the company's financial picture during the past five years. In this analysis, the analyst has considered the provisional financial statement for 1984.

Operating Performance

Year	1980	1981	1982	1983	1984
	$	$	$	$	$
Sales Rev.	289,297	1,274,665	3,440,321	3,742,381	3,726,155
Cost of good sold	244,494	1,089,014	2,942,433	3,025,302	3,028,639
Gross profit	44,803	185,651	497,888	717,079	679,515
Gen.Adm.Exp.	127,921	201,938	382,724	507,050	421,195
Net profit & loss	(83,118)	(16,287)	115,164	210,050	258,320

Yearly Cost Behavior

Sales Revenue	100.0	100.0	100.0	100.0	100.0
Cost of Goods sold	84.5	85.4	85.4	80.8	81.3
Gross profit	15.4	14.6	14.5	19.2	18.7
Gen. Adm. Exp.	(44.2)	(15.8)	11.1	13.5	11.3
Net profit (loss)	(28.7)	(1.2)	3.4	5.7	7.4

Comments:

Sales: has increased by nearly 200% from 1980-1981 and has gradually increased over the remaining period 1981-1984.

Cost of Goods sold: remains relatively constant from 1980-1984, though there has been a marginal decline of about 2%-3% over the same period; an indication that either cost of raw material is rising or the productivity of direct labor is declining.

Note: As per the cost analysis, the value of raw materials has been declining since 1980 upto present. (see breakdown).

General and Administration Expense: this attracted a high deficit in 1980 and 1981 which reflects an unfavourable sales of the enterprises during the period. It also implies that the company did not adopt a good cost saving measure (direct costing) during the operational periods.

Net Profit/(loss) attracted a loss which accounted for about 28.7% and 1.2% of sales during 1980-1981 respectively. Profit appreciated as of 1982-1984 with an increase of 135%, 40% and 22% percent during the same period.

1980-1981 indicates low profit margin and/or the inability of the firm to meet direct charges relative to its cash flow position, hence value added dropped to about 12.5% during that period.

Note: The company only presented a provisional financial statement for 1984. It was further indicated that the balance sheet for 1984 is still in progress.

METALLUM (Liberia) LTD.
BALANCE SHEET (as of December 31, 1980-1983

YEAR	1980	1981	1982	1983
ASSETS				
CURRENT ASSETS				
Cash and Bank	-	30,483	77,752	546,716
A/C Receivable and Prepayment	2,575	313,228	219,613	225,057
Due form Affiliate	-	-	414,887	511,541
Inventories	568,585	1,803,180	1,797,939	1,505,517
Total Current Assets	571,160	2,146,891	2,510,191	2,788,839
FIXED ASSETS	816,482	783,899	720,114	636,257
OTHER ASSETS				
Pre-operating Expense	15,780	11,835	7,890	3,945
Total Assets	1,403,422	2,942,625	3,238,195	3,429,033
LIABILITY AND EQUITY				
Current Liability				
Accounts payable and Accrual	231,661	1,790,356	1,687,388	1,468,797
Due to Affiliates	974,879	47,510	-	-
Current Portion/long term debts	-	229,850	660,834	104,871
Total	1,206,540	2,067,716	2,348,222	1,573,668
Long term Liabilities				
long term debt	-	466,314	366,214	1,142,150
SHAREHOLDER'S EQUITY				
Stated Capital	280,000	508,000	508,000	508,000
Accumulated Deficit	(83,118)	(99,405)	15,759	-
Retained Earnings	-	-	-	205,215
Subtotal	196,882	408,595	523,795	713,215
Total Equity and Liabilities	1,403,422	2,942,625	3,238,195	3,429,033
LIQUIDITY RATIOS				
Current ratios	1.7:1			
Quick ratios	0.9:1			
Debt/equity ratios	4.2:1			

Comments on Balance Sheet

1. There is no Balance Sheet for the period of December 31, 1984, hence a provisional statement was used in the analysis.

2. Debt to Equity Ratio - The company has a debt/equity ratio of a 4:1 which is higher than the maximum of 3:1 set by the Code.

3. Current Ratio - The company has current ratio of 1.7:1 which seem favourable. This implies that the company is liquid enough and might be able to meet its current obligations. That company, if the ratio is maintain will be in the position (liquidity) upon short notice to meet all or some of its obligation.

4. As per the balance sheet, the company did not report any retain earnings during 1980-1983, which indicates that the company might have sustained hugh accumulated losses during said period.

OBSERVATION

1. There are three firms engaged in the products of roofing sheets: namely Mezbau, International Aluminium (both product of aluminum roofing sheets). of these companies along with import make up the total market requirement for roofing sheets.

2. The company's has an install capacity of 30,000 metric ton for roofing sheet and 24,000 dozens for buckets and basins which is about thrice the size of the Liberian market. At present only 10.6% and 38% for roofing sheets and basin respectively of this capacity is utilized.

3. Total post audit investment in the company upto Dec. 31, 1984 is $4m.

4. The company does not have any Liberian participation.

5. A review of the financial statement shows that the company sustained losses in 1980/1981, and made profits from 1982-1984.

6. The company has in its employ a total of 75 person, 5 of which are expatriates. It also envisaged the employment of additional 75 persons, 3 of which will be expatriates after the expansion program.

7. There has been no export since the establishment of the enterprise. The Sponsor however claim that the weak currency of the neighbouring countries has been a major problem.

8. Metallum (Liberia) Ltd. has a standing Investment Incentive Agreement with GOL which will expire in 1986. The total number of years will have been ten (10) years by 1986.

9. The company has not submitted any annual report to the NIC since its establishment.

RECOMMENDATION

In an effort to streamline and carefully monitor the activities of companies which are recipients of GOL Investment Incentive package, the secretariat recommends the following:

1. That a proper market protection against import of similar products be provided the company by GOL,

2. That atleast 25% equity participation for Liberian be made available by the company within a given timelimit for implementation.

3. That the company be denied any additional expansion/extention request by GOL. The company will have reaped in access of the maximum period of 7 years period provided under the Code by 1986. (i.e. (10) ten years)

4. That the company provides the NIC its annual reports covering the period (1980-1985) and thereafter.

Kollie S. Thomson

A MONITORING REPORT ON THE INDUSTRIAL & CHEMICAL CORPORATION (ICC)

BRIEF HISTORY

The Industrial and Chemical Corporation (ICC) entered a Concession Agreement with the Government of Liberia on December 11, 1981 to manufacture Gold Medal Gin and Henkes Aromatic Schnapps.

INCENTIVES GRANTED

1. 90% duty exemption on approved imports of machinery and equipment for a period of two (2) years and spare parts for three (3) years;
2. 90% duty exemption on approved imports of raw materials for a period of three (3) years;

ICC commenced operation in 1982 with initial Fixed Capital Investment of about $194,000.00 (ONE HUNDRED NINETY-FOUR THOUSAND DOLLARS) $160,000.00 (ONE HUNDRED SIXTY THOUSAND DOLLARS) in fixed assets and $34,000.00 (THIRTY-FOUR THOUSAND DOLLARS) in working capital.

Below is a breakdown of ICC Investment Size:

INVESTMENT SIZE		($'000' U.S.)	
Fixed Assets		$160,000.00	
Machinery/Equipment	$40,000.00		
Building (warehouse/Factory	85,000.00		
Vehicles (2)	35,000.00		
	160,000.00	TOTAL	
Working Capital		34,000.00	
ADM. wages/shares	18,795.00		
Salaries & wages (Direct Labour)	15,205.00		
	34,000.00	194,000.00	TOTAL

Plus benefits ($ 1.00 x 25 x 300 working days/annun)

The Sponsors and their percentage of ownership are given below:

Sponsors	Nationality	% Shares
Mr. Percy Williams	Liberian	30
" Errol Francis	"	20
Henkes Distl. Holland Ltd.	Dutch.	50

EMPLOYMENT

Presently, ICC has within her employ seventy-five (75) persons. Seventy-four are Liberians and one (1) is an expatriate (British).

The salaries range from twelve thousand ($12,000.) dollars to $300. Three Hundred Dollars per annum.

Excluding the expatriate, Sponsors claim that all other employees are Liberian. However, there has not been a thorough investigation about the actual number of Liberians (native) there are some naturalizedLiberians.

It can not be known whether sponsors have trained Liberian nationals in all skills required for the production of Gold Medal, Henkes Aromatic Schnapps etc.

PRODUCTION/PRODUCTION CAPACITY

The Company presently produces a variety of alcoholic beverages ranging from Gin to Tonic Wines. The factory is located on the Paynesville - Gardnersville Freeway where it is accessible to water, electricity and other basic facilities.

The factory operates on a one (1) eight hour shift six (6) days a week. The production process includes, purification and distillation of water to required standards, blending and agitation of concentrates, and bottling.

There are two (2) blending tanks in which Gin and Schnapps are blend alternatively.

Current capacity is approximately five hundred (500) cases

Per month at which production level is not being achieved, only 50% is actually utilized per month. This is due to the market size.

PRODUC[illegible] 1983 ($000' US)

PRODUCTION	QTY		/PRICE		TOTAL
GIN/48	19,226	x	$ 55.00	=	1,057,430.00
SCHNAPPS/48	3,706	x	70.00	=	259,420.00
BRANDY/24	93	x	36.00	=	3,348.00
					[illegible]

PRODUCTION - 1984 ($000' U.S.)

PRODUCTION	QTY.		UNIT/PRICE	TOTAL
GIN	9,958	x	55.00	$ 547,690.00
SCHNAPPS	5,098	x	70.00	356,860.00
BRANDY	868	x	36.00	31,248.00
GO-GO*	10,545	x	16.00	168,720.00
ROMA*	2,451	x	17.00	41,667.00
BLACK EAGLE*	970	x	15.00	15,035.00
				1,161,220.00

Sponsors are seriously exploring the possiblity of exporting to the Republic of Guinea in the near future.

* These brands are new and were produced after the expansion.

OPERATING PERFORMANCES	1981	1982
Net Receipt/Sales	392,302.25	1,344,558
Cost of Goods Sold	145,550.87	299,842
Operating	246,751.38	1,044,716
Operating Project	13,992.26	99,160

% Analysis (Yearly Cost Behaviour) of Sales

	1981	1982
Sales	100	100
Cost of Goods Sold	37	22
Operating Expenses	63	77
Operating Profit	04	08
	1983	1984
Sales	N.A.	100
Cost of Goods Sold	N.A.	20
Operating Expenses	N.A.	80
Operating Profit	N.A.	40

INDUSTRIAL & CHEMICAL CORPORATION, LTD

BALANCE SHEET (AS OF DECEMBER 31, 1982)

	1982			1981	
		$.76,641.00		14,796.56	
eceivables	241,232.00		144,624.66		
Allowance for bad debts	6,388.00		723.12		
		234,844.00		143,901.54	
tories		364,986.00		236,253.63	
CURRENT ASSETS					
l Assets	450,582.00			173,305.00	
Accumulated Dep.	49,458.00	401,124.00		16,842.08	
					156,462.92
					6,313.52
l Assets	$ 1,077,595.			551,414.65	
LITY & OWNERS EQUITY					
Payable		876,141.00		414,010.39	
gage Payable		–		–	
s from Partners		71,984.00		69,744.02	

TOTAL LIABILITIES

OWNERS EQUITY		
Corporation, Stock and.		
Contributed Capital	50,000.00	5,000.00
Corporation owned		
surplus or retained earning	79,470.00	(17,375.35)
Total Liability & Owners Equity	1,077,595.00	506,329.76

		1983			1984
CASH			3,738.94		74,333.24
A/C Receivables		63,336.54		63,180.90	
Less: Allowance for bad debt	2,940.00			-	63,180.90
Inventories		60,396.54			
OTHER CURRENT ASSETS					
Fixed Assets		658,650.61		569,307.17	
Less Accumulated Dep.		176,876.33	481,774.28		
Other Assets			97,948.35		
Total Assets		643,858.11		598,275.85	
LIABILITIES OWNERS EQUITY					
A/C Payable		443,191.98		1,222,766.62	
Mortgage Payable		23,496.86		49,983.70	
Loan from Partners		45,083.70		45,679.44	
TOTAL LIABILITIES					
Owners Equity					
Corp. Stock & Contri. Capital		50,000.00		50,000.00	
Corporation Earned					
Surplus Retained Equity		207,859.05		153,057.62	
Total Liabilities & Owner's Capital		1,769,631.59		1,521,487.38	

EXPANSION PROGRAM

I.C.C. requested additional Incentives to undertake an expansion program for the mixing, blending and bottling of whisky, brandy, rum and wine for the local market. The incentive requested were:

1. Import exception on machinery, mobile equipment such as pick-ups, heavy-duty trucks etc. spare parts and auxiliary equipment for a period of five (5) years;
2. Import duty exemption on raw and auxiliary materials and packaging materials for a period of five (5) years;

The expansion program envisaged by I.C.C. is the improvement on its existing facilities and diversifications of its product line by introducing new lines of products such as brandy, whisky, fortified wines and rum.

The investment cost of this expansion is approximately five hundred fifteen thousand (\$515,000.00) dollars.

LIST OF RAW MATERIALS

RAW MATERIALS

Ethanol Alcohol
Rum Essence
Gin Essence
Carmel flavouring & colouring
Gin concentrate & Schnapps concentrate
Whisky vatted malt
Whisky grain spirits
Bottle washing detergent caustic soda agent
Labels
Sealing tapes
Brown & white Sugar
Molasses

The I.C.C. has enjoyed Investment Incentives from the GOL for a period of three (3) years and has partly lived up to its contractual obligations.

The NIC has not receive a copy of an annual report, the balance sheet for 1983 - 1984 does not state the actual level of financial performances. The actual level of employment (both Liberians and expatriates) does not seem to correspond with the questionaire, and sponsors have not augmented training facilities for Liberians.

A MONITORING REPORT ON THE OVERVIEW
IMPLEMENTATION OF INVESTMENT INCENTIVE
GRANTED NATIONAL MANUFACTURING COMPANY

By: Kollie Thompson
Senior Statistician

Brief History:

The National Food Manufacturing Company (NFMC) is a seventy-five (75%) owned foreign entity which is collaborated with a Swiss multi-national corporation - the Nestle World Trade Corporation.

Presently, NFMC is engaged in the manufacturing of Maggi Bouillon Cubes.

NFMC applied for Investment Incentive from the GOL through the NIC for the production of Maggi Bouillon Cubes.

On July 14, 1981 the following investment incentive were granted for the production of maggi cubes:

1. 90% duty-exemption on raw auxiliary materials not produced in Liberia for a period of five (5) years;

2. 90% duty exemption on machinery, equipment and spare parts for a period of fifteen (15) months;

3. Exemption from Corporate Income Tax for a period of three (3) years;

The proposed capital investment for NFMC was estimated at Two Million Eight Hundred Thriteen Thousand Dollars ($2,813,000.00) of which $980,000.00 was proposed for equity while bank loans totaled One Million Eight Hundred Thirty-Three Thousand Dollars ($1,833,000.00).

Of the $980,000, $735,000 was expected to be provided by the Bazzi Brothers Sponsor.

According to research done by NIC's analyst, only 4% ($29,400) of the $735,000 of the proposed equity represents actual personal equity and 96% is provided by local and overseas banking institutions.

From the Questionaire sent NIC, 75% of NFMC's equity shares are owned by the Bazzi Brothers, leaving 25% opened to Liberian participation.

The Sponsors and their percentage of ownership are given below:

Name	%Share	Nationality
Ghazzi Bazzi	41%	Lebanese
Faissal Bazzi	30%	"
Mohammed Bazzi	2%	"
Kaled Bazzi	2%	"
(Open)	25%	Liberian participation

EMPLOYMENT

The Sponsors proposed to increase the work-force by eight (8) of which all will be Liberians.

Products/Production Capacity:

NFMC is engaged in the production of maggi bouillon cubes. The installed capacity per annum is 1,296 tons valued at $3.2 million dollars per eight hours shift per annum. The manufacturing process is non-sophisticated. The major raw material component imported is bouillon powder. This comes along with rolls of wrapping materials and a combination of paper.

The bouillon powder goes through a mechanical process at predetermine temperature.

At the moment, NFMC utilizes only 65% of its investment capacity. 65% is 842.4 tons, valued at 2.08 million dollars. The Questionaire states that sales for 1983 was valued at $690,000. and $3,300,00 for 1984.

Actual sales in 1984 exceeds the expected sales by $1,220,000. NFMC forecasts 4.07 million dollars sales for 1985, 5.5 million for 1986 and 6 million in 1987.

Sales value and Revenue to GOL:

A check with the Finance Ministry's Excise Tax Division shows that NFMC has paid revenue for the 1983 and 1984. Below is a breakdown:

	Revenue 1983 (In'000 US Dollars)
Sales	$ 690,000
Excise Tax claimed to have bee paid	56,000
Actual Excise Tax on sales	34,500
Actual Excise Tax paid	22,528
Period covered	Oct. to Dec.
Total Excise paid to GOL	57,028

	1984
Sales	3,300,000
Excise Tax claimed to have been paid	163,000
Actual Excise Tax paid to Finance	61,846.35
Actual Excise Tax on sales	165,000
Period covered	Jan. to Sept.
Total excise paid to GOL	$226,846.35

Expansion programme:

Another proposal was submitted to NIC in August 1982 for an expansion of its existing facilities including the establishment of a baby food manufacturing plant and the packaging of sugar cubes.

After thoroughly reviewing this proposal, NFMC was granted the following on April 5, 1983 with respect to the manufacturing of baby foods:

1. 90% duty-exemption on all machinery and equipment planned

3. 90% duty-exemption on Special raw and auxiliary materials such as chemicals and additives only for baby foods excluding those already approved ffor production by the Liberian Diary Products Ltd.

NFMC has expressed its intention to undertake a 7.1 million dollars expansion programe comprsing two (2) stages: stage 1 involves the packing and bottling of sugar and vegetable oil respectively and also the processing of imported wheat and maize into wheat flour, cornflour, cornmeal, etc.

The investment size of this Project is 7,133,000 dollars and this will generate employment for 125 persons of which ten (10) will be expatriates.

Stage II will commence after the fifth (5th) year of operation and will involve an additional investment of 5,000,000 (5m) and will cover at least 10,000 acres of farmland for the cultivation of maize flour, sugar cane and other three crops that will be locally processed. Thus, the total work-force will increase to 675 persons.

<u>Raw Materials</u>:

Presently, there are only two (2) major raw materials imported: Maggi Mass and Alufoil.

The other raw materials such as plastic and cartons could be purchased locally.

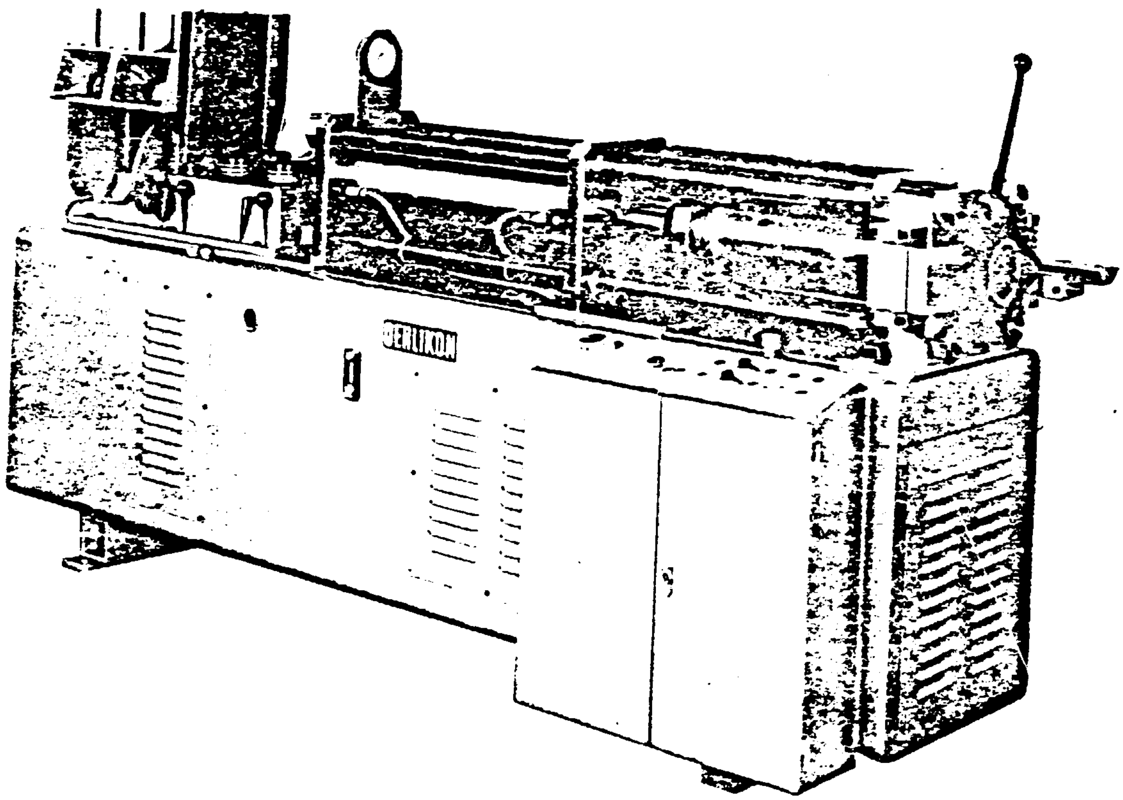
<u>Financial Statement</u>:

NFMC has operated for only two years (2) and therefore could not produce copy of their financial statement for the specified five (5) years.

APPENDIX V.

DETAILS OF EXTRUDER REQUIRED TO INCREASE CAPACITY OF ELECTRODE FACTORY FROM 250 to 600 TONNES PER ANNUM.

Total Cost $150,000 including preparation machine not shown.



Hydraulische Elektrodenpresse, Modell OERLIKON CEP 140

Hydraulic electrode extrusion press, model OERLIKON CEP 140

Presse hydraulique à électrodes, modèle OERLIKON CEP 140

OERLIKON WELDING INDUSTRIES OERLIKON BUEHRLE LTD.

HYDRAULIC ELECTRODE EXTRUDER, MODEL OERLIKON CEP 140, WITH INTEGRATED AUTOMATIC WIRE FEEDER

DESCRIPTION

General

The CEP 140 is a new horizontal, concentric type electrode extrusion press with integrated automatic wire feeder. An extremely wide range of length and diameter combinations can be processed. This, and the short loading and changeover times, make this extruder highly suitable for the economic manufacture of coated welding electrodes and brazing rods, particularly when special types are involved, or market volume is limited.

In large production facilities, the CEP 140 can be the ideal solution where short runs of special electrodes are required as complementary to high capacity types. The added flexibility obtained by installing a press of this capacity range can considerably relieve pressure on the main production line and decisively improve productivity and cost-effectiveness.

Design features

A universal machine bed accepts the wire feeder, hydraulic cylinder and flux cylinder. The latter components, together with the breechblock, are joined by 4 tie-rods.

This front-loading extruder is equipped with a newly-designed bayonet-type cylinder breechblock, all parts of which can be exchanged individually.

The heart of the hydraulic system is the radial piston pump with combined pressure-delivery regulation. This provides variable extrusion speed without the necessity of complicated mechanical linkage. Noise levels during operation are extremely low.

Separate, electronically controlled 3-phase motors power the accelerator and drive roll sets, the gearing of which is housed in a low-maintenance dry gearbox. Speed selection is therefore infinitely variable and again, mechanical adjustment systems have been eliminated.

OERLIKON WELDING INDUSTRIES OERLIKON BUEHRLE LTD.

HYDRAULIC ELECTRODE EXTRUDER, MODEL OERLIKON CEP 140

Horizontal electrode extrusion press with integrated automatic wire feeder

SPECIFICATIONS

Max. extrusion force	65 tons	
Max. hydraulic pressure	215 bar	(3050 psi)
Specific pressure on flux	800 bar	(11360 psi)
Flux extrusion rate, max.	3 liters/min.	(183 cu.in./min.)
Flux cylinder: bore dia.	108 mm	(4.25")
length	600 mm	(23.62")
Diameter of main wire guide tube	35 mm	(1.38")
Capacity of flux cylinder	5 liters	(305 cu.in.)
Wire diameter range	1.5 - 12 mm	(1/16" - 1/2")
Wire length range (Longer lengths with magazine extension optional)	200 - 600 mm	(8" - 24")
Wire speed, max.	270 m/min.	(885 ft/min.)
Standard wire magazine capacity	ca. 100 kg	(ca. 220 lbs.)
Total installed rating	8 kW	
Dimensions: (extruder with wire feeder)		
Height of wire axis over floor	1.0 m	(3'4")
Length	ca. 2.8 m	(9'2")
Width	ca. 1.0 m	(3'4")
Height	ca. 1.5 m	(4'11")
Net weight (without hydraulic oil)	1900 kg	(4200 lbs.)

OERLIKON WELDING INDUSTRIES OERLIKON BUEHRLE LTD.

ELECTRODE EXTRUSION PRESS, MODEL OERLÍKON CEP 140, WITH INTEGRATED AUTOMATIC WIRE FEEDER

Specification of one set of accessories (per wire diameter)

a) Press

			Part No.
*5	Coating dies	Ø 1.5 - 5.5 mm	EM 800 020 ff
		Ø 5.55 - 9.5 mm	EM 800 055-5 ff
		Ø 9.55 - 16.2 mm	EM 800 095-5 ff
		Ø 16.2 - 25.0 mm	EM 407 586
4	Wire guide tubes	Ø 1.5 - 5.0 mm	EM 304 177 ff
		Ø 6.0 - 8.0 mm	EM 304 176 ff
		Ø 9.0 - 12.0 mm	EM 304 178 ff
	For wire diameters 1.5 - 9.5 mm (3/8"):		
*4	Conical wire nibs	Ø 0.82 - 9.65 mm	EM 800 208-2 ff
*4	Cylindrical wire nibs	Ø 0.84 - 9.70 mm	EM 800 408-4 ff
2	Nib holders		EM 407 219
	For wire diameters above 9.5 mm (3/8"):		
*2	Wire guides		EM 407 300 ff

b) Wire feeder

*1	Set of wire guides, each consisting of 1 piece:	in	EM 407 245-T ff
		center	EM 407 255-T ff
		out	EM 407 265-T ff
*1	Set of 4 feed rolls (2-grooved) of one of the following wire diameters:		
	Wire-Ø 1.5 - 7.0 mm		EM 303 576-9
	Wire-Ø 8.0 - 10.0 mm		EM 303 579-1
	Wire-Ø 12.0 - 12.7 mm		EM 304 389
8	Pick-up rings, knurled		EM 406 208

IMPORTANT!

* When placing an order, please specify the actual bore or wire diameters, tolerances and coating thicknesses.

APPENDIX VI

DECEMBER 9, 1985

LIBERIA FOOD AGRICULTURE INDUSTRIAL COOPERATION

L I F A I C O

MONROVIA

LIBERIA

INFRASTRUCTURE AND EQUIPMENT

FISHING DEPARTMENT

LIFAICO

FISHING DEPARTMENT

I - SHIP

- 7 Trawlers consisting:
- 5 under lease agreement
- 2 to be delivered under the same lease agreement.

II - INFRASTRUCTURE

- Docking facilities
- Syncrolift

III- SHORE

A) - 2 Blast freezers (quick freezing)
   - Capacity 1.5 tons every 25 hours each.

B) - 3 Plate freezers (horizontal) good condition.

C) - 2 Cold stores:

   - [illegible].
   - 1.200 tons fully operational.

D) - 2 Temporary cold rooms 100 tons and 30 tons.

E) - 1 chill room at + 5 °C in the processing room to handle 20 tons of fish.

F) - 18 small cold stores located almost all over the country for fish distribution.

G) - Several workshops

- electrical
- refrigeration
- auto machanic
- radio
- carpentry etc.,.

All repair and maintenance facilities for ships freezing available.

H) - Ice making plant

I) - Laboratory chemical treatment by sodium bysulfate.

F) - Packaging : Manuel in 2 Kg. carton

- Waxed outside for local market
- Waxed on both sides for top quality cellophane

K) - Net factory

L) - Fleet of vehicles from 1979

M) - Offices with facilities

N) - Fuel tanks-steel capacity : 63500 gallons

IV - New equipment to be purchased in Europe

- Amount : 6,000.000 USD
- 100 percent credit (Lease purchase agreement)

a) European Bank

b) European Insurance

- Duration of payment : 10 installments for 7 years
(Grace period 6 months after delivery)

a) 5 Freezing shrimps trawlers : USD $ 5,000,000.00

- Length overall	23 m
- Waterline length	21 m 20
- Beam munlded	7 m 00
- Draught	3 m 20
- Crew	9 men

b)	Dryer for fish 2 tons/Daily	USD	200,000.00
c)	5 refrigerated trucks 6 M/T	-"-	400,000.00
d)	5 pickups(2/IT)(3/2T)	-"-	100,000.00
e)	5 cars for services	-"-	50,000.00
f)	Spare parts	-"-	100,000.00
g)	Fees plus bank charges	-"-	150,000.00

V - Average annual catch per boat

a) <u>SHRIMPS</u> : <u>PANDALIS</u> <u>BOREALIS</u>

- 6 months	= 3,75 M/T per month	=	22.50 M/T
- 4 months	= 6,00 M/T per month	=	24.00 M/T
- 2 months	= 6,75 M/T per month	=	13,50 M/T
Total catch per boat annually		=	70 M/T
10 boats X 70 M/T per boat		=	700 M/T annually

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PERCENTAGE IN EACH SIZE

- U	- 15	:	30 %
- 16	- 20	:	21 %
- 21	- 25	:	4 %
- 25	- 30	:	7 %
- 31	- 35	:	11 %
- 36	- 40	:	10 %
- 41	- 50	:	6 %
- 51	- 60	:	4 %
- 61	- 70	:	2 %
- 71	- 4P	:	2 %
- TI	- TI	:	3 %

B) FISH

- 3 M/ T PER MONTH PER BOAT
- 30 M/T PER MONTH PER 10 BOATS
- PRICE: $ 500 M/T

C) ICE PLANT : 10 T/24H/MONTHLY = 200 M/T
BLUES OF 25 KILOS

VI - PERSONNEL

a) - Crews (Ghaneans - Liberiains)
b) - NUMBER OF PEOPLE EMPLOYED
by Mesurado fishing group : 500
- by LIFAICO Actual 125
- before April 1986 400

- Trawlers stay away : 25 working days
- Fishing ground : 1 day away

VII - PERIOD OF FISHING

- Maximum June - July - August - September - October - November
December.

- Minimum : January - February - March - April - May
Contact by radio with office 24 hours over 24 hours.

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VIII - ESTIMATED CHARGES PER MONTH AND BOAT

a) - Fuel : Price per gallon : $2.02 per gallon
1 gallon = 4.55 Liter

- Consumption : 14 gallon per hour = 64 hours
- Fuel per month and per boat = $17.000

b) - Salaries per month and per boat :

- Salaries plus charges	: $2,500 (including 1000.00 Captain)
- Lubricants	340
- Food	160
- Home Captain	200
	$3,000.-

c) - Repairs - Maintenance Vessel	800.-
d) - Materials and supplies	400.-

Total : Monthly charges per boat $21,000.00

IX FIXED CHARGES PER MONTH

a) - Salaries	27,000.00
- Processing Plant	27,000.00
- LCS cold room	19,000.00
b) - Water & Light	
- Processing Plant	8,000.00
- LCS Cold room	17,000.00
c) - Repairs and maintenance	
- Processing Plant	6,000.00
- LCS Cold room	3,000.00
- MFC Depots	3,000.00
d) Rent	
- MFC Depots	2,000.00
e) Commercial and Banking Charges	900.00

EXTRA CHARGES

- Salaries expatriates (2)	6,000.00
- Lease boat (5) plus Facilities	60,000.00
- Public Relation	15,000.00

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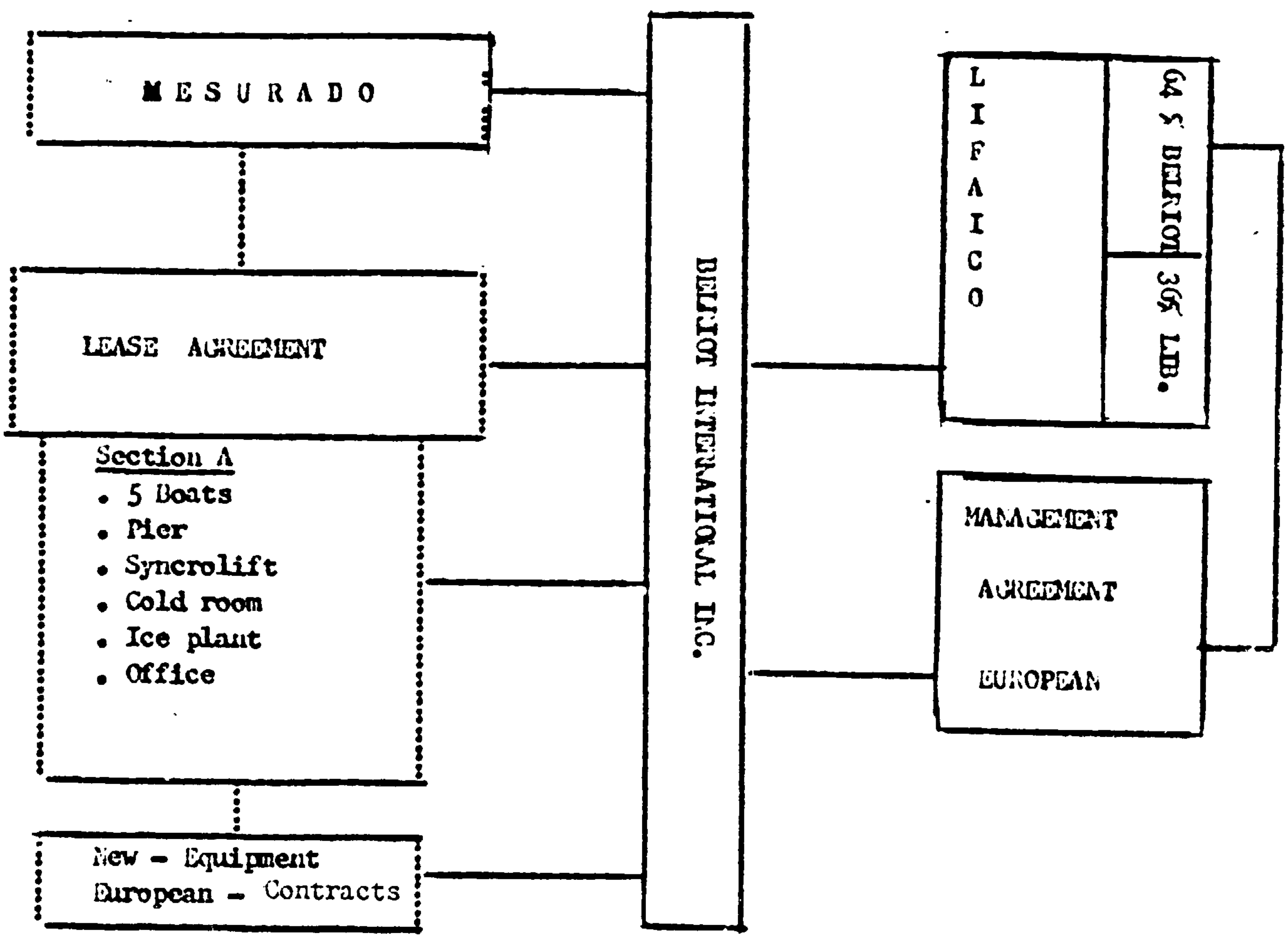
FISHING PROJECT

LIFAICO / BELRIOT



a) NECESSARY INVESTMENT

- US DOLLARS $ 650,000.-

- Establishment expenses: $150.000.-
- Working Capital:................................ 500,000.-
- Processing Plant : $85.000.-
- Salaries Vessels (5) 110.000.-
- Lease Agreement : 240.000.- (4 Months)
- Repairs and maintenance $50,000.-
- Travel 15,000.-

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SECTION - A / LEASE AGREEMENT

5 VESSELS

ESTIMATED AND OPERATIONAL CASH FLOW

	MONTH $	YEAR $
I. - SOURCES		
- Shrimps Sales : 7 T X $ 10,000.- X 5	350,000	4,200.000
- Fish Sales 6 T X $ 500.- X 5	15,000	180.000
- Ice Plant 200 T X $ 140.-	28,000	336,000
TOTAL SOURCES	393.000	4,716.00
II - USES		
- DIRECT CHARGES VESSELS		
• Salaries	$ 14.500	174.000
• Fuel & Lubricants	85.000	1,020.000
• Repairs & Maintenances	4.000	48.000
• Material & Supplies	2,000	24,000
TOTAL	$ 105.500	1,266.000
- FIXED CHARGES		
• Salaries (Plant & Cold Room)	46.000	552.000
• Repairs & Maintenances	12.000	144.000
• Water & Light	25.000	300.000
• Rent (Depots)	[illegible],000	24,000
SUB - TOTAL	85.000	1,020.000
- Salaries Expatriates	6,000	72,000
- Banking Charges	1,000	12,000
SUB - TOTAL	92,000	1,104.000
TOTAL USES	197.000	2,370.000
III - RESULTS (SOURCES - USES)	195.[illegible]00	2,346.000
• Less : (-)		
• Lease Agreement :	60.000	720.000
• Public Relation :	15,000	180,000
TOTAL (LESS)	75,000	900.000
IV - NET CASH FLOW	$ 120,500	1,446.000

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SECTION A & B/LEASE AGREEMENT
10 VESSELS
ESTIMATED AND OPERATIONAL CASH FLOW

	MONTH $	YEAR $
1 - **SOURCES**		
• Shrimps sales	1,000.000	12,000.000
• Fish sales	30,000	360.000
• Ice Plant	20,000	240.000
TOTAL SOURCES	1,050.000	12,600.000
2 - **USES**		
- Direct Charges Vessels		
• Salaries	29,000	348.000
• Fuel & Lubricants	170,000	2,040.000
• Repairs & Maintenances	8.000	96,000
• Materials & Supplies	4,000	48,000
TOTAL	211,000	2,532.000
- FIXED CHARGES		
• Salaries	46,000	552,000
• Repairs & Maintenances	12,000	144,000
• Water & Light	25,000	300,000
• Rent (Depots)	2,000	24,000
SUB-TOTAL	85,000	1,020.000
• Salaries Expatriates	6,000	72,000
• Banking Charging	1,000	12,000
TOTAL	92,000	1,104.000
TOTAL USES	303,000	3,636.00
3) - RESULTS : SOURCES - USES	$ 747,000	9,711.000
LESS (-)		
- Lease Agreement	60,000	720.000
- Public Relation	15,000	180,000
- Payment Contract	100.000	1,200.000
TOTAL(LESS)	- 175.000	- 2,100.000
4) - NET CASH FLOW	+ 572.000	+ 2,889.000

APPENDIX VII

THE MONROVIA TOBACCO CORPORATION

SALIENT DATA

1.	Year of Incorporation	1971
2.	Transfer of majority Shares to BAT	February 1977
3.	Commercial production under BAT	From October 1977
4.	Total area of Factory Compound	39,402 square feet
5.	Total covered area of Factory Building	15,588 square feet

6. Production Potential

Cigarettes 1,030,000 working at normal efficiency for 8 hours per day.
Shag Tobacco 940 kgs working at normal efficiency for 8 hours per day.

7. Major Indicators of Performance

	Key Area	Unit	1980	1981	1982	1983	1984	1985 Estimate
7.1	Production Volume							
	Shag Tobacco	Kg.	128,430	126,400	143,900	180,880	184,060	197,030
	Cigarettes	1000	15,460	11,180	17,402	41,986	121,040	118,740
7.2	Sales Value	$000	2,469	3,467	3,947	5,279	5,937	7,290
7.3	Selling Prices							
	Shag Tobacco	$1/kg	16.50	24.25	24.25	24.25	24.25	24.25
	Cigarettes RSFT	$1/1000	17.50	20.60	18.00	18.00	18.00	18.00
	LSFT		-	-	-	-	29.00	29.00
7.4	Government Levies	($000's)						
	Excise Duty		717	1,400	1,588	2,029	2,095	2,855
	Customs Duty		61	167	121	108	142	103
	Taxation		-	-	-	-	106	386
			778	1,567	1,709	2,137	2,343	3,344
7.5	Profit/(Loss)	$000	(4)	(162)	370	593	414	420
7.6	Level of employment							
	Liberians		45	45	35	45	59	58
	Expatriates		2	3	2	3	4	4
			47	48	37	48	63	62

THE MONROVIA TOBACCO CORPORATION

A. LEAF OPERATIONS

1. Planting commences in March and crops are harvested and firecured by end August.

	1983	1984	1985	1986
a) Total registered farmers	72	170	170	202 (Estimated)
b) Acreage covered	25	47	59	70 "

2. Extension Services provided to farmers include:
   a) Seedlings from MTC's seedbeds
   b) Fertilizers
   c) Cash loans for barn construction for fire curing of the tobacco.

	1983	1984	1985
3.. Crop purchases	21,000 lbs	40,352 lbs	56,906 lbs

4. Number of MTC's staff stationed in Ganta:
   1 Leaf Superintendent
   8 Leaf Instructors

B. PRODUCTION & SALES

Production	Machinery Capacity	Current Utilization
Shag Tobacco	312,000 kg per annum	197,030 kg
Cigarettes	255.6 Mns per annum	118.740 Mns per annum

Projected Sales Volumes 1986 - 1990

	Shag Tobacco	Cigarettes
1986	210,000 kgs	150 million
1987	222,000 kgs	152 million
1988	233,000 kgs	163 million
1989	242,000 kgs	169 million
1990	253,000 kgs	174 million

New Products

In November 1984 we introduced two new products on the Liberian Market, these are Gold Dollar Special and Gold Dollar Menthol. Performance todate has been satisfactory for Menthol but still well below budgeted volumes for Gold Dollar Special.

	1985 Budget Volumes	1985 Actual/Est Volumes
Gold Dollar Special	42 millions	10.258 millions
Gold Dollar Menthol	30 "	27.087 "

Growth of the two brands as can be seen from the above figures will mean that capacities for both Cigarettes and Shag Tobacco will remain under utilized even after 1989/1990.

C. PERSONNEL & STAFF DEVELOPMENT

Six employees attended Training Courses and attachment with associated Companies during the year. Plans for recruitment of Liberian Marketing Manager and Factory Manager already in progress.