

Meat Processing Plant Construction Project



Kimje Meat Processing Plant

Outline of Loan Agreement

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| Loan Amount / Disbursed Amount | 1,728 million yen / 1,386 million yen |
| Loan Agreement | October 1990 |
| Terms & Conditions | Interest rate 4.0%p.a. Repayment period 25 years (Grace period 7 years) |
| Final Disbursement Date | January 1996 |

Project Outline

Expansion works were undertaken at the meat processing plant in Kimje in Jollabukdo, southern Korea in order to respond to increases in the consumption of processed pork products, strengthen the capacity to control demand-supply of pork products, and simultaneously, to ensure a stable market outlet for small-medium and subsistence pig farmers.

Results and Evaluation

Since the project was completed in July 1995, production volumes of processed pork products at the plant have posted annual increases, with performance surpassing target levels. (Primary/secondary processing were respectively targeted to reach 24 tons/day and 26 tons/day; in 2000, the figures stood at 59 tons/day and 28 tons/day.)

In addition to contributing to stabilizing the supply of processed pork products through increased production, the plant also provides contracted farmers with supplies of pigs(for breeding), feed, medicine, etc., and provides services such as guidance on breeding. Moreover, in buying the entire volume of fresh pork, it has also contributed to stabilizing pork prices.

In regard to the plant's contracted farmers, the effect of providing a guaranteed market outlet for small-medium and subsistence pig farmers was inevitably limited since, against a background of outbreaks of foot and mouth disease, it was necessary to select the meat on the basis of strict regulations aimed at improving quality.

The plant's operation has been assigned to the meat processing branch of National Agricultural Co-operatives Federation, the operating condition of equipment is favorable and no particular problems have been identified in terms of operation and maintenance.