

NEWSLETTER



Volume VIII - June 2019

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Message from the Director General

My dear colleagues:

It is a pleasure to present to you the “Asian Council on Contracting & Construction” newsletter, volume VIII of 2019. This publication is a compendium of relevant news, reports, and analyses on recent developments in the contracting and construction business in Asia Pacific countries.

This newsletter shows large infrastructure projects in Central Asia in the areas of transportation and energy where basic infrastructure is necessary to sustain economic growth. Even the ADB is offering loans to develop energy sources all across Asia, from Mongolia and the Philippines to Armenia, while Turkey goes ahead with a nuclear plant.

Basic civilian construction is driving growth in Bangladesh’s apartment construction while Manila’s metro is about to being launched. From the north of Asia, Russia has established stronger transportation links with China and is experiencing a construction surge already on its 6th year.

Infrastructure investment is promoted and construction’s growth is evident in most countries.

We hope that this newsletter helps you appreciate the importance of contracting and construction in the national economy. Enjoy your reading!

Ernest Lin
Director General
CACCI

Project monitoring & administering solution:

Infrastructure projects are critical to national development

Good quality infrastructure is the backbone of an economy. To deliver it under cost and on time is always the challenge because of the innumerable obstacles like delays, cost overruns, administrative bottlenecks, bad tracking, sloppy implementation, besides personal frictions, among the thousands of many other problems that impede success.

Fortunately, there is an innovative technological solution to facilitate and overcome projects' challenges: a cloud/web based Project Monitoring Solution, [PROMOTE](#), in S-a-a-S (Software-as-a-Service) mode that nowadays is actually monitoring \$8 billion worth of projects.

What is [PROMOTE](#)?

It is a cloud/web based Project Monitoring Solution geared towards infrastructure projects (buildings, highways, railways, airports etc.), construction, engineering, manufacturing, power, telecom, fertilizers & chemicals, water supply, oil & gas refinery, water supply & sanitation, etc.

Moreover, the solution brings in project financiers like banks and multilateral funding agencies such as ADB and JICA, in the monitoring and administering in timely, quality and cost-effective manner a large project.

[PROMOTE](#) brings transparency, accountability and efficiency in the project execution life cycle as it allows stakeholders remain informed because players can track projects' physical & financial progress with geo-tagged photos/videos, delays, hindrances/bottlenecks, quality issues and do predictive analysis etc. to avoid time & cost overruns and ensure project's time-bound implementation.

[PROMOTE](#) is ready and easy-to-use, requires simple training, can be put to use within 24-48 hours, allowing users the option to monitor their projects in service mode without requiring any investment in H/W, S/W, technology, training, support & maintenance etc.

[PROMOTE](#)'s value proposition is clear:

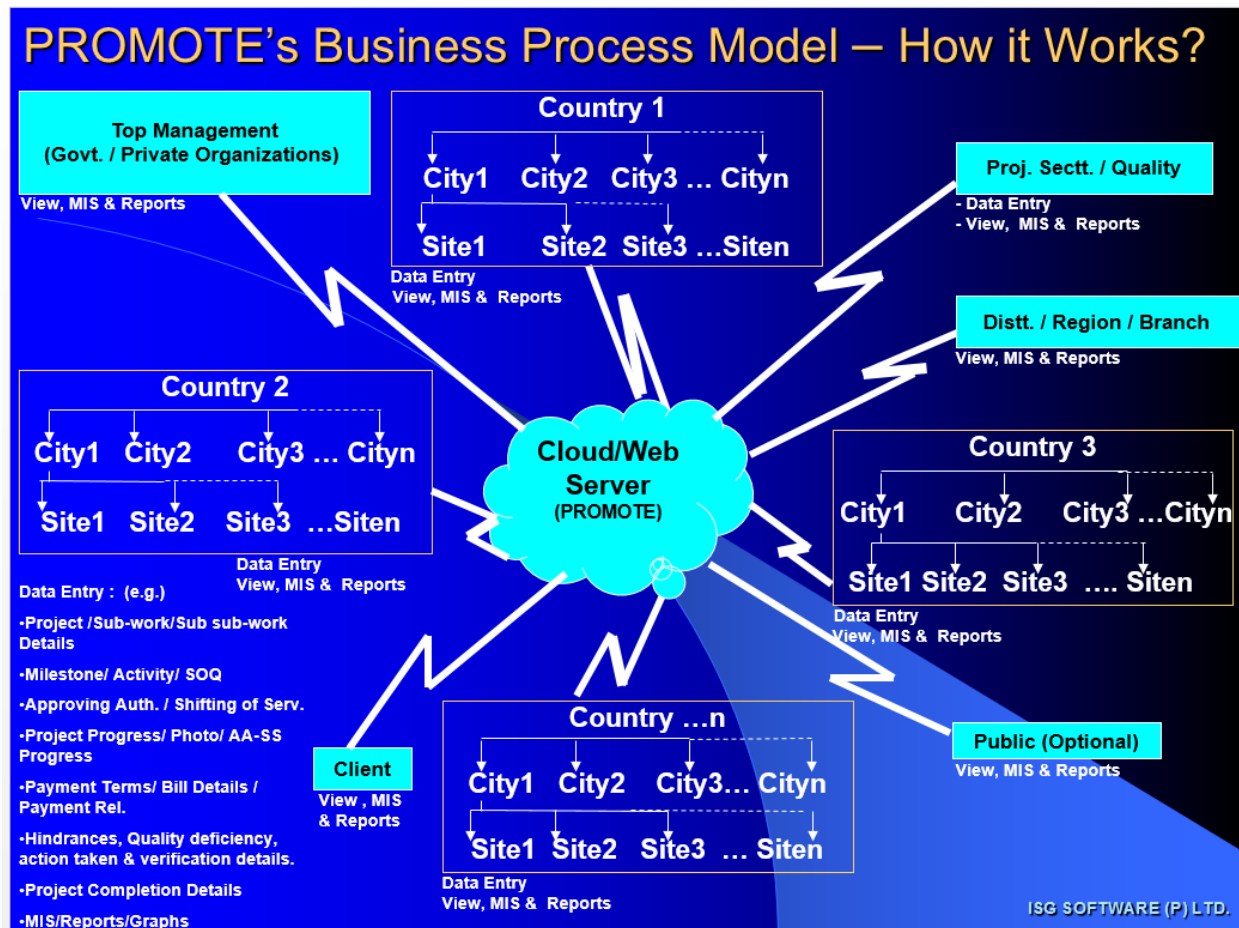
- Enforces discipline in project execution life cycle
- Boosts project delivery capacity and efficiency
- Gains competitive advantage
- Increases revenue and customer loyalty.

How does it work?

PROMOTE is deployed on cloud / web server for use. Authorized users are given simple group training to use the system independently by 24x7x365 with the help of their respective user-id and password.

They can do data entry and regular data-updating of their projects into the system, query the information, print various MIS/reports/graphs and also receive auto-generated SMS & Emails alerts related to their respective projects independently. Each level user is able to handle projects based on the access rights/privileges as per user's jurisdiction. Top management users can see details of entire organization's projects. Customer support remains available to users through phone / email during agreement period.

PROMOTE's Business process model



PROMOTE is being successfully executed in many projects in India and Indonesia, and in different industries such as industry and fertilizer, infrastructure projects, fiber-optics, and even airports, among many other markets. For more details please visit www.isgsoftware.com or write to isg@nda.vsnl.net.in

European Parliament: Trans-Caspian pipeline would serve European interests

Azernews, Trend, 5 April 2019



Trans-Caspian Pipeline, which envisages transportation of Turkmen gas to Europe through Azerbaijan, would serve European interests, Trend reports citing the European Parliament.

European Parliament said that Ashgabat desperately needs to boost its gas revenues and find new markets.

“Two pipeline routes are promising in this respect. The first is the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline, potentially connecting to energy-hungry South Asia. A second option is a Trans-Caspian pipeline connecting with the Southern Gas Corridor, currently under construction between Azerbaijan and southeast Europe. Such a route would also

serve European interests by diversifying gas suppliers and reducing dependence on Russia.”

The August 2018 Caspian Sea Convention removed some of the legal barriers by clarifying the status of the Caspian and giving littoral states the right to construct pipelines under their own territorial waters, said the European Parliament.

Turkmenistan is studying the possibility of bringing its energy products to the European market. To this end, a 300-kilometer gas pipeline will have to be laid along the Caspian seabed to the shores of Azerbaijan.

Turkmenistan has declared its readiness to supply Europe with an annual volume of up to 40 billion cubic meters of gas.

Uzbekistan joins China-Kazakhstan-Turkmenistan-Iran railway corridor

Azernews, Trend, 5 April 2019



Uzbekistan joined the China-Kazakhstan-Turkmenistan-Iran railway corridor, Trend reports with reference to the press service of Kazakhstan Railway.

"The flow of containerized cargo has increased, especially to Uzbekistan and through the Bolashak station to Iran, with the accession of Uzbekistan, the corridor becomes significantly shorter," first deputy chairman of Kazakhstan Railways, Kanat Almagambetov said at a meeting of railway administrations of these five countries in Almaty.

Kazakhstan Railway said that the volume of traffic along the China-Kazakhstan-Turkmenistan-Iran corridor in 2018 was 1,000 TEU (container in 20-foot equivalent). "For the development of transit cargo from China to our countries and in other directions, it is important to develop acceptable tariff and other conditions," said Almagambetov.

During the negotiations, the importance of timely delivery of goods to increase transportation was noted. In this regard, special attention is paid to meeting the demand for fitting platforms. The parties pledged to jointly provide the full amount of shippers with rolling stock.

At the meeting, issues of attracting additional goods to the Iran-China route, the organization of regular container services and the establishment of tariff conditions along the China-Kazakhstan-Uzbekistan-Turkmenistan-Iran corridor for 2019 for loaded containers were discussed. It is also reported that since April of this year, a regular feeder service is launched on the route Aktau - Alat.

Following the meeting, the parties also agreed on integrated tariff rates.

The total length of the route China-Kazakhstan-Turkmenistan-Iran is about 10,000 kilometers. The total travel time is about two weeks, which is twice as fast as by sea, which takes 25-30 days.

The China-Kazakhstan-Turkmenistan-Iran railway route is part of the North-South international transport corridor and the first logistics solution for speedy cargo delivery from the East China coast to the markets of the Persian Gulf. In Turkmenistan, based on the needs of suppliers and carriers, there are two routes from Serkhetayak: to Serakhs, to the southeastern border with Iran, or to Akyayl and from there to the north of Iran.

The creation of this transport and transit corridor became possible after the construction of the international railway Kazakhstan-Turkmenistan-Iran. The road was opened in December 2014 with the participation of the heads of state of Kazakhstan, Turkmenistan and Iran.

Russia proposes to build nuclear power plant in Kazakhstan

Azernews, Abdul Kerimkhanov, 4 April 2019



Russia and Kazakhstan have lived for centuries in friendship and mutual understanding, and today the relations of the two countries in all spheres of life are reaching a new qualitative level.

The President of Kazakhstan, Kassym-Jomart Tokayev, arrived in Moscow on April 3. This official visit was his first foreign visit as head of state.

Vladimir Putin, following talks with Kazakh President Kassym-Jomart Tokayev, Russian President Vladimir Putin said that Moscow had offered Nur-Sultan the construction of a nuclear power plant, RIA Novosti reports.

“We are proposing to switch to new forms of interaction. I mean first of all the possibility of building a nuclear power plant in Kazakhstan using Russian technologies,” the Russian leader said.

The Russian President also noted the active bilateral cooperation between the two countries in the oil and gas sector.

Putin expressed gratitude to Tokayev for having arrived in Russia with his first official foreign visit, and stressed that the talks were held in accordance with the traditions established under Nursultan Nazarbayev.

Following the talks, the two leaders adopted a joint statement. Putin noted that the document reflects the intention to strengthen strategic partnership.

In turn, Tokayev promised to continue the strategic course in relations with Russia.

He noted that his visit has a deep symbolic meaning because it emphasizes the special nature of relations between states.

Following the consultations at the highest level, the Joint Statement of Kazakh and Russian Presidents was adopted. In addition, a number of cooperation documents were signed.

Agreement between the Government of Russia and the Government of Kazakhstan in the field of gas supply to the Baikonur complex;

A joint action program between the Ministry of Industry and Trade of Russia and the Ministry of Industry and Infrastructure Development of Kazakhstan in the development of industrial cooperation;

Bilateral cooperation plan between the Ministry of Industry and Trade of Russia and the Ministry of Digital Development, defence and aerospace industry of Kazakhstan in the field of industrial and scientific and technical cooperation.

Diplomatic relations between Kazakhstan and Russia were established on October 22, 1992.

The trade turnover of Kazakhstan and Russia amounted to \$ 17.6 billion in 2018. This is 7.2% higher than the previous year.

According to the figures for January-November 2018, Russia ranks first in terms of imports to Kazakhstan. Russia's share among the countries supplying products to Kazakhstan is 37.3%.

TAP lays first offshore pipes in Albanian waters

[Azernews, Trend, 5 April 2019](#)



First ever offshore pipelines of the Trans Adriatic Pipeline (TAP) in Albania were successfully pulled ashore on March 30, Trend reports citing TAP AG consortium.

The pipeline head reached kilometre point 0, where the offshore joins with the onshore section.

“For this operation, TAP’s engineering, procurement, construction and installation (EPCI) contractor for the offshore section of the project, Saipem, used its pipelay barge Castoro 10. Steel pipes were welded together on board the vessel, which was located 1.4km from the beach. The welds were then tested and the pipeline was lowered onto the seabed. The first 1.8km of welded pipe was pulled ashore at the landfall near Fier,” reads the message.

Saipem’s 139-meter long and 36-meter wide Castoro 10 pipelay barge now continues to lay pipes in Albanian shallow waters, to be followed by fibre optic cable installation and backfilling offshore and at the landfall, said TAP.

TAP marked the start of construction works for the offshore pipeline section in October 2018.

TAP’s offshore section, linking the Albanian and the Italian coasts, is 105 km long.

The pipes will be laid on the Adriatic seabed: 37 km in Albanian territorial waters, 25 km in Italian territorial waters; and 43 km in international waters.

The deepest point of the pipeline will be more than 810 metres beneath sea level. Approximately 9,000 pipes, with a 36-inch diameter, will be used, weighing approximately 100,000 tons in total.

TAP project, worth 4.5 billion euros, is one of the priority energy projects for the European Union (EU). The project envisages transportation of gas from Azerbaijan’s Shah Deniz Stage 2 to the EU countries.

Connecting with the Trans Anatolian Pipeline (TANAP) at the Greek-Turkish border, TAP will cross Northern Greece, Albania and the Adriatic Sea before coming ashore in Southern Italy to connect to the Italian natural gas network.

The project is currently in its construction phase, which started in 2016.

Once built, TAP will offer a direct and cost-effective transportation route opening up the vital Southern Gas Corridor, a 3,500-kilometer long gas value chain stretching from the Caspian Sea to Europe.

TAP shareholders include BP (20%), SOCAR (20%), Snam S.p.A. (20%), Fluxys (19%), Enagás (16%) and Axpo (5%).

Bangladesh's construction sector looks to thrive on higher demand

The Daily Star, Staff Correspondent, 24 February 2019



The construction sector passed a good year in 2018 and looks to perform even better this year on the back of speeding up of implementation of major infrastructure projects.

“2018 was good for us as there had been no sharp increase in the prices of raw materials,” said Munir Uddin Ahmed, president of the Bangladesh Association of Construction Industry (BACI).

Prices of raw materials such as cement, stones, sand, and bricks were more or less stable, he said.

However, steel prices rose sharply in the year compared to 2017 before getting stable.

Steel consumption exceeded 55 lakh tonnes last year up from 40 lakh tonnes a year ago on the back of fast-expanding development

activities as well as fast-tracking of implementation of mega projects.

“The steel sector has benefited from expanding economic activities. The growth was good in 2018 as the use of steel products increased,” said SK Masadul Alam Masud, a former chairman of the Bangladesh Auto Re-Rolling and Steel Mills Association (BARSMA).

Cement sales rose to about 33 million tonnes in the year, the highest on record, from about 30 million tonnes posted annually in recent years.

Cement consumption grew 12% in 2018, way ahead of 8% to 10% average annual

growth recorded in the last decade, said Md Shahidullah, vice president of the Bangladesh Cement Manufacturers Association.

“The demand and supply of bricks are growing at 3 to 5% per year, which is satisfactory,” said Mohammad Azad Hossain, an official of the Bangladesh Brick Manufacturing Owners' Association. There are about 7,000 brickfields in Bangladesh, each producing 30 lakh pieces of bricks per year.

Liakat Ali Bhuiyan, first vice-president of the Real Estate & Housing Association of Bangladesh (REHAB), said last year was better for the real estate sector compared to 2017.

But in the last few months of 2018, the sector did not perform well compared to other months in the year, said Toufiq M Seraj, managing director of Sheltech (Pvt.) Ltd.

“The demand for building materials is very high at the moment because of a large number of government projects as well as individual usage,” he said.

The banking sector has bumped up its lending to the construction sector on the back of the government's mega project implementation spree.

As of September last year, credit flow to the construction sector stood at Tk 80,000 crore, up 20.24% from a year earlier, according to data from the central bank. The sector accounted for 9.44% of total outstanding loans in the private sector.

The sector also faces challenges.

Although Bangladesh is self-sufficient, or close to it, in cement and billets, it still requires imports of raw materials for these

products. The prices of industrial raw materials globally are projected to remain flat year-on-year. However, the projected depreciation of the taka is likely to lead to increased costs for construction materials.

“Given the projected depreciation of the taka and steady prices of industrial raw materials, construction costs in Bangladesh are likely to rise in 2019,” said the Asian Infrastructure Investment Bank (AIIB) in January.

Masud of BARSMA hopes that the steel sector's growth will be repeated in 2019 as there is no hint of panic in the international market.

“But at home, bank interest rates are out of our control. The dollar price is showing an upward movement and if the current trend continues, there may be an unstable situation.”

“As the election is now over, there is political stability. So, we expect the market to be better this year than last year,” said Alamgir Shamsul Alamin, president of REHAB.

Seraj of Sheltech said because of the downward trend of the bank interest rate, inquiries from customers have gone up.

“This will pick up until June. If the budget takes some business-friendly measures, the sector will get better.”

Mainuddin Monem, deputy managing director of Abdul Monem Limited, the country's leading construction firm, said there should be more progress in terms of implementation of projects in the construction sector. “More financing, skilled human resources, and technology transfer are needed.”

BACI's Ahmed hopes 2019 would be even better for the construction sector as the

government has been implementing a number of major projects.

He called for cutting value-added tax and other taxes slapped on the imports of construction raw materials as well as the tax on imports of capital machinery. Because of the high tax and VAT, construction firms can't make much profit and sometimes even operate at a loss, he said.

Ahmed said there should be a provision of domestic preference in the public tenders for infrastructure development so that local firms

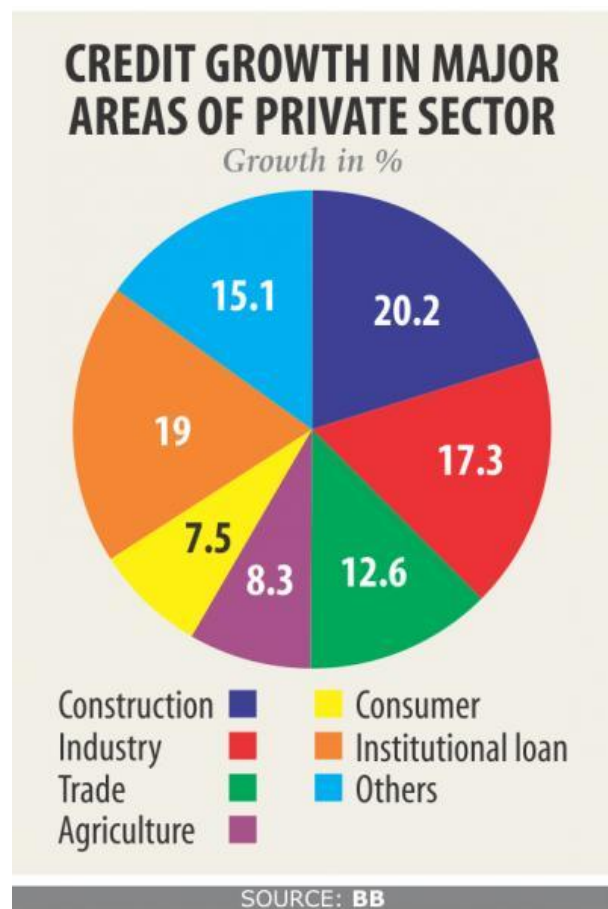
can compete with foreign firms while bidding for a project.

There should be a provision for price adjustment for local construction firms if the tenure of a project goes past 18 months like it is done in the case of foreign firms, said Ahmed.

The BACI chief called for the application of VAT calculator formulated by the National Board of Revenue and published on its website, instead of the traditional method.

Construction financing soars in Bangladesh

[The Daily Star, AKM Zamir Uddin, 17 February 2019](#)



The banking sector has bumped up its lending to the construction sector on the back of the government's mega project implementation spree.

As of September last year, credit flow to the construction sector stood at Tk 80,000 crore, up 20.24% from a year earlier, according to data from the central bank.

The segment accounted for 9.44% of the total outstanding loans in the private sector.

“Construction financing has been rising for the last two years as the government is implementing a number of mega infrastructure projects,” said MA Halim Chowdhury, managing director of Pubali Bank.

The mega infrastructure projects now under implementation are: Padma bridge, Rooppur nuclear power plant, Payra deep seaport, Dhaka-Chattogram elevated expressway, Dhaka metro rail, and Karnaphuli River Tunnel.

Banks too are keen on lending to the sector as the default loan ratio is low, Chowdhury said, adding that credit is being offered to contractors who have bagged the government's work orders for infrastructure projects.

Lenders are also enjoying 10 to 13% interest from their loans to the construction sector in contrast to 8 to 10% from the agriculture and other major sectors.

“In most of the cases, contractors adjust their loans soon after they get funds from the government, which helps banks earn quick profits,” Chowdhury said. Construction financing also registered the highest growth among the major sectors, according to data from the Bangladesh Bank.

As of September, credit growth to the industrial sector stood at 17.30%, trade and commerce 12.6%, agriculture 8.3% and consumer at 7.5%.

Lenders also get an exuberant commission from contractors as they have to require bank guarantee to secure deed from tender floated by the government, said Md Arfan Ali, managing director of Bank Asia.

After securing the deed, contractors need advance payment guarantee from banks to proceed with the projects, which also offer a robust commission to lenders.

The credit tenure of construction financing is between 1 and 2 years, so it helps banks get their money back at the earliest, Ali said.

“Construction financing has appeared as a blessing for lenders at a time when the private sector credit growth has been on a downward trend,” he said.

Financing for infrastructure projects will soar in the years to come as the government will implement a host of projects to enable Bangladesh to become a developed country by 2041, said Faruq Mainuddin Ahmed, managing director of Trust Bank, which has already disbursed significant amount of infrastructure loans.

Construction of largest business headquarters in the region started by TBC Bank in Georgia

[The Financial, 19 December 2018](#)

The Financial - Tbilisi Business Center is a new project of TBC Bank, which will soon be constructed in the vicinity of Lisi Lake. This will be a complex where not only will TBC Bank's head office be located, but also a laboratory of innovation, a cultural hub, restaurants, fitness clubs and special spaces available for children. USD 70 million is going to be invested in the first

stage of the project. Construction of TBC's modern innovative complex will be completed by 2026.

The unique architectural project first prepared by UN Studio in 2014 proposes a transition from the traditional closed and introverted working model previously favoured in the banking sector, towards a flexible, open and responsive system.



“It provides a cultural hub that will act as a catalyst for the development of a new area of the city, promoting socio-economic development through the creation of a financial knowledge centre and innovation platform.

The location acts as a key driver within the design. Within the natural setting of the Lisi Lake resort, the TBC Business Center merges work, culture and nature, which all become an integrated part of the green journey from the Georgian capital through local landscapes,” the company said.

The new head office will become the main calling card for TBC Group, which will merge brand values, vision and philosophy of the future.

This will be the first time that this kind of complex has been built in Georgia. The construction process of Tbilisi Business Center was launched at TBC Bank's 26th year anniversary.

“This will be quite a serious building of an international level equipped with all modern technologies. It will be a place where young people can start their laboratories and startups, which we are actively promoting. We are starting to build Tbilisi Business Center according to the 20/80 principle, where 20% of the surface area will be allocated to buildings and 80% to greenery and recreation,” said Mamuka Khazaradze, Co-Founder of TBC Bank.

"Its uniqueness lies in the fact that more than 2000 people will start working in Tbilisi Business Center. This is a unique place and building but the main thing is that people will be able to use the space for their own interesting activities. TBC Bank is doing a lot of good work and after completing the construction we will offer many more innovations to the public, our country, and customers," said Vakhtang Butskhrikidze, General Director of TBC Bank.

According to Badri Japaridze, Deputy Chairman of TBC Bank, the project has a stepwise significance for the Bank as well as for the Group as a whole. “We are creating a completely new standard, which involves the use of the best technologies and at the same time combining elements of traditional Georgian architecture in a completely modern building. In this regard it is a gradual occasion, and we want this place to be the centre of attraction for businesses where people will find everything they need for starting and developing business.”

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Mumbai could lose 2,370 trees to infrastructure projects

[Hindustan Times, Steffy Thevar, 4 April 2019](#)

Based on the projects, the agencies proposing them have given an estimate of the number of trees that might have to be cut or transplanted.



Of the 2,370 trees likely to be affected, 804 could be cut, the remaining 1,566 would be transplanted.(HT File)

The city may lose 2,370 trees for various development projects, as the Brihanmumbai Municipal Corporation (BMC) starts the process to clear 14 pending proposals.

These proposals were pending as the Bombay high court (HC), in October 2018, asked the BMC's tree authority committee to stop working until it appoints independent expert members.

The BMC submitted a list of these experts to the court. While the high court is yet to approve the experts' appointment to the panel, the civic body put these proposals in the public domain.

Based on the projects, the agencies proposing them have given an estimate of the number of trees that might have to be cut or transplanted.

Of the 2,370 trees likely to be affected, 804 could be cut, the remaining 1,566 would be transplanted. Of the total, 836 trees will be affected for construction of six stations for the Metro 2B line, a depot at Mandale and the construction of the Metro route between ESIC Nagar, Andheri, to Nanavati Hospital, Vile Parle; 842 trees for the construction of a hospital at Kandivli (West); 133 trees for building a cycle track along water pipelines, which is BMC's pet project named 'Green Wheels along Blue lines'; 201 trees to build flyovers at Borivli, Versova and Vikhroli; 147 trees to build a drainage system at Kandivli; 67 trees to improve road infrastructure at Bhandup; 37 trees for a sewage treatment plant and pumping station at Powai Lake; 43 trees to build staff quarters for conservancy workers at Chembur and 64 trees for a private building construction at Chembur.

Citizens could have filed suggestions and object to these proposals until April 5.

You can either send an email to the garden department at sg.gardens@mcgm.gov.in or send a letter to the office of Tree Authority, VJB Udyan, Byculla.

The BMC finally cleared four names to be appointed as experts on the panel, and it is now rushing to clear as many proposals possible.

Activist Zoru Bhatena had earlier filed a public interest litigation (PIL) challenging the validity of the tree authority, as it was functioning without independent experts. "First, the high court needs to clear these names and lift the stay on the committee. Also, now these names have been cleared, we will see many such proposals which will affect thousands of trees across the city."

Construction on Indonesia's mega deep water gas project started in March

[The Jakarta Post](#), [Stefanno Reinard Sulaiman](#), 30 January 2019



*Deputy Energy and Mineral Resources Minister
Arcandra Tahar (JP/Dhoni Setiawan)*

Construction on a long-awaited mega gas project, the Indonesia Deepwater Development (IDD), is to begin in March, as a revision of the plan of development (PoD) is nearly completed.

Energy and Mineral Resources Deputy Minister Arcandra Tahar said that the discussion on the PoD with contractor Chevron had reached the final phase.

"The PoD revision will be completed this quarter, so the onstream phase could be expedited," Arcandra said, adding that the project would still apply the cost-recovery scheme until the contracts expired.

Arcandra could not disclose the revised project cost, but he said the initial project cost was more than US\$18 billion.

The IDD project is located mainly in the Kutei Basin, which covers an extensive area of onshore Kalimantan, extending into ultra-deepwater territory in the middle of the Makassar Strait, according to a report from energy think tank Wood Mackenzie.

In an effort to make the IDD viable, the government has decided to exclude the Makassar Strait Block from the project. The Makassar Strait block will be auctioned separately, and the IDD only contains two blocks -- Ganai and Rapak.

"We will also amend the production-sharing contracts (PSC) in line with the decision to

cut out Makassar Strait from the IDD project,” he said.

The IDD, before the Makassar Strait block was excluded from the project, was

expected to produce 1,230 million standard cubic feet per day (mmfcd) of gas and 50,750 barrels condensate per day (bcpd) by 2023. (bbn)

LRT construction cost could be 10 times lower, Indonesia VP says

[The Jakarta Post, 22 January 2019](#)



A worker checks railway tracks in March at a construction site for the Greater Jakarta light rapid transit (LRT) project in Cililitan, East Jakarta. (JP/P.J.LEO)

Vice President Jusuf Kalla has called on engineers to find a way to lower the construction cost of the light rapid transit (LRT) system, because the cost of the elevated projects was 10 times higher than if the lines were built on the ground.

“According to information from the Transportation Ministry, the cost would have been 10 times lower if the LRT was not

constructed on an elevated structure,” Kalla said in Jakarta, as quoted by Kontan.co.id.

Kalla was speaking before dozens of engineers at the Grand Ballroom of Hotel Kempinski in Jakarta.

A number of cities had LRT tracks on the ground, he said, citing as examples Istanbul, Seattle and Madrid.

The Vice President also criticized that the LRT in Jakarta was being built close to an elevated toll road, which would hamper efforts to expand the toll road. “The toll road

could not be expanded, because the LRT pillars are constructed just next to the road,” he added.

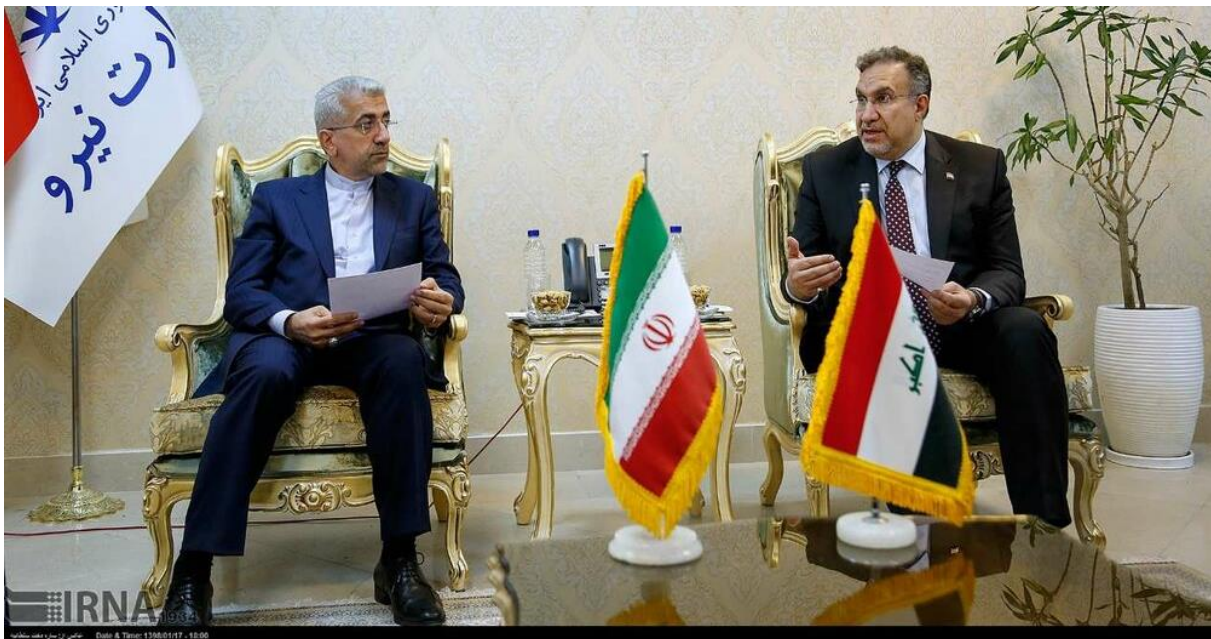
Therefore, he called on the engineers to find more effective and cost efficient ways for infrastructure construction.

Indonesia has three LRT projects: One in Palembang of South Sumatra, another in

Jakarta and a third in Greater Jakarta. The construction of the 23-kilometer Palembang LRT project, which is now in operation, cost Rp 10.9 trillion (US\$766 million), while the 42.1-km Greater Jakarta LRT project is estimated to cost Rp 31 trillion and the 5.8-km LRT Jakarta is expected to cost Rp 6.8 trillion. (bbn)

Iranian and Iraqi ministers confer on energy and economy co-op

[Tehran Times, 7 April 2019](#)



During the two-day stay of an Iraqi high-ranking delegation in Iran, the Iraqi ministers met their Iranian counterparts to discuss different areas of cooperation between the two neighbors.

Iraqi Prime Minister Abdul Mahdi arrived in Tehran at the head of a high-ranking economic and political delegation. He was accompanied by ministers of oil, finance, foreign affairs, planning, commerce, energy as well as national security advisor, army

chief of staff, deputy interior minister, and a number of parliamentarians.

The visit came after Rouhani's landmark visit to Iraq in March which marked the signing of several memorandums of understanding for expansion of cooperation in key sectors and meeting with top political and religious figures.

Iran to export 1500 MW of electricity to Iraq

After his meeting with Iraqi Minister of Electricity Louay Al Khateeb, Iranian Energy Minister Reza Ardakanian announced that Iran will export 1500 megawatts (MW) of electricity to Iraq, IRNA reported.

Iran's electricity is now exporting to Iraq and relative down payments have been made in due course, he said.

Al-Khateeb, for his part, described prospects of Iran-Iraq cooperation in the field of electricity as positive.

"We are optimistic about developing electricity industry in cooperation with Islamic Republic of Iran," he noted.

About the export of gas and electricity from Iran to his country, the Iraqi official said, "We will continue imports from Iran until Iraq' gas sector and power plants achieve self-sufficiency."

Energy imports from Iran are temporary and will last almost two or three years, he pointed out.

Iran, Iraq agreed on joint development of 2 oil fields

During a meeting between Iranian Oil Minister Bijan Namdar Zanganeh and his Iraqi counterpart Thamer Ghadhbhan, the two sides agreed on the joint development of Naft Shahr and Khorramshahr joint oilfields, Shana reported.

Speaking in the meeting which was held during a visit to Energy Industries Engineering and Design Company (EIED), an affiliate to Oil Industries' Engineering and Construction Company (OIEC), the Iranian minister said that there are massive potentialities for expanding Iran-Iraq cooperation in oil, gas, refining and petrochemicals areas, and Iran is ready to offer its capabilities to the Iraqi oil industry.

He added that Thamer al-Ghadhbhan, during the visit to EIED, learned about the capacities of the company, and it was decided that a joint partnership be established between OIEC and a similar company in Iraq in order to develop joint capacity utilization.

The official further said that Iran had a lot of potentialities in the oil, gas, refining and petrochemicals sectors, adding: "Given the lack of development in the petrochemicals and gas industries in Iraq, there is a bright perspective for cooperation between the two countries."

He also said that Iran's gas dues from Iraq stood at \$1 billion already.

Incentives for doing business in Iraq

Iran's Minister of Economic Affairs and Finance Farhad Dejpasand said Iranian traders will be provided with plenty of incentives to expand their presence in the Iraqi market, Mehr News agency reported.

Dejpasand made the remark after a joint meeting with Iraqi ministers of planning and finance in Tehran.

"During the meeting with the two Iraqi ministers, we conferred on customs issues, facilitating business activities, the need for insurance, and joint ventures between the two countries," he added.

Iraq is Iran's second largest trade partner, said Dejpasand, adding however that the volume of trade and economic transactions between the two countries is not desirable given the countries' backgrounds, histories and cultures.

The Iraqi minister of planning, for his part, said the presence of nine ministers and a large number of Iraqi businessmen who have accompanied the Iraqi prime minister

on this trip to Tehran reflects the interest of Baghdad in increasing the level of trade and economic exchanges with the neighboring country.

The Iraqi minister of finance also said that he would discuss with Iranian authorities the barriers and problems that exist for the development of trade transactions between the two sides.

Joint committee to be set up for industrial co-op

On the sidelines of his meeting with Iraqi Trade Minister Mohammad Hashim Abdul Majid Jasim, Iranian Industry, Mining and Trade Minister Reza Rahmani said a joint committee is to be set up between the two countries for following up the issues of cooperation, IRIB reported.

The Iraqi minister for his part said that his country welcomes Iranian investors in implementation of different projects in his country.

Banking relations to be facilitated

Governor of the Central Bank of Iran (CBI) announced that Iran-Iraq banking relations will be eased to lubricate transactions between the two countries' businessmen.

Making the remarks on the sidelines of his meeting with the Iraqi Finance Minister Fuad Mohammed Hussein in Tehran, Abdolnaser Hemmati said that regarding the ever increasing trade transactions between the two sides and Iran's exports of gas and oil to Iraq besides Iranian private sector's exports to the country, the exports volume from Iran to Iraq has increased recently up to \$12 billion per year.

There are some banking difficulties about which negotiations were made with the Iraqi minister and as accorded, to ease Iranian tradesmen's activities in Iraq the impediments will be removed soon, CBI governor said.

Meanwhile, Iranian President Hassan Rouhani and Iraqi Prime Minister Adil Abdul-Mahdi agreed on the future visit of Hemmati to Iraq.

The trip is aimed at finalizing and implementing financial and banking agreements between Iran and Iraq.

Hemmati had visited Iraq last year to talk on using local currencies between the two countries.

(Source: staff & agencies)

Tehran construction material prices rise 52% YOY in autumn

[Financial Tribune, 30 January 2019](#)

The general price index of construction materials for residential units in Tehran saw an increase of 4.94% in Q3 compared with Q2, and rose by 31.97% when compared with Q1

The general price index of construction materials for residential units in Tehran jumped 52.8% during the third quarter of the current fiscal year that ended on Dec. 21 (autumn) compared with last year's corresponding period.

According to the Statistical Center of Iran's latest report published on its website, the index stood at 331 during the period.



Tehran Construction Material Prices Rise 52% YOY in Autumn

The figure indicated an increase of 4.94% compared with the second quarter of the current year, which ended on Sept. 21 (summer), when the index stood at 315.4 and rose by 31.97% when compared with the first quarter, which ended June 21 (spring), when the index stood at 250.8.

Construction work on Mohmand dam started, says Faisal Vawda

Dawn, 19 December 2018

The project will be completed within five years through local funding and the Public Sector Development Programme. File photo

The federal government announced that construction work on the much-awaited Mohmand dam project began in January 2019.

Minister for Water Resources Faisal Vawda, while addressing a press conference in Islamabad along with Chairman Water and Power Development Authority (Wapda) retired Lt Gen Muzammil Hussain, said the dam will be constructed through local funding and around Rs17-18 billion would be spent from the annual allotment of the Public Sector Development Programme (PDSP) over the next five years.

Vawda said the 54-year-old project would now be materialised with the collective efforts of the PTI government led by Prime Minister Imran Khan and Chief Justice of Pakistan Mian Saqib Nisar Chief, who will be invited as chief guests to the inauguration ceremony.

He said the chief justice took a personal interest in the project and helped remove obstacles standing in the way of its commencement.

Faisal Vawda said the nation would hear more good news in the future and those politicians "who pushed the nation into darkness would not be spared".



German Ambassador in Pakistan Martin Kobler and representatives of Chinese Embassy also called on Vawda and showed a keen interest in investing in the hydropower project of Mohmand dam, according to a press release.

The Wapda chairman regretted that no mega project could be initiated after the construction of Tarbela dam in 1967, resulting in the energy and water crisis in the country.

He said Mohmand dam would not only store 1.2 million acre-feet water but also generate 800 MW hydel electricity besides irrigating 18,000 acres land. The project would also help protect Mardan, Charsadda, Peshawar and other areas from floods during monsoon season.

The chairman said the Indus Cascade had the potential of generating over 30,000 to 40,000 MW hydel electricity. Replying to a question, he said Wapda had completed mega projects like Mangla and Tarbela dams, along with 15 small dams including Khanpur and five barrages in the past.

Neelum Jhelum project was completed during the stipulated time while all three units of the Tarbela Fourth Extension project were fully functional, he added. He said Golan Gol and Kacchi Canal projects, which had been abandoned in the past, were being executed by Wapda.

The chairman said the prime minister and the steering committee had resolved the issue of funding while the chief minister had helped settle the land acquisition issue of the project.

To another question, he said the first phase of the Dasu dam would be completed by 2022 to 2023.

Regarding Kishanganga and other disputed projects by India, Water Resources Secretary Shamail Ahmad Khawaja said the attorney general office was reviewing the report of the World Bank.

Construction of Metro Manila subway's first three stations set to begin - DoTr

Business World, Denise A. Valdez, 25 February 2019



The Department of Transportation (DoTr) has sealed the design and build contract for the first three stations of the Metro Manila Subway Project, which broke ground on February 27.

In a statement, the department said it signed last week the deal for the first phase of the project with the Shimizu Joint Venture, which is composed of Shimizu Corp., Fujita Corp., Takenaka Civil Engineering Company Ltd. and EEI Corp. “The Shimizu Joint Venture will be pursuing the design and build of the subway’s partial operability section, which consists of its first three underground stations (Quirino Highway, Tandang Sora and North Avenue), tunnel structures, the Valenzuela depot, and the building and facilities for the Philippine Railway Institute,” it said.

On their Web sites, members of the group said they’ve been involved in several

transportation projects, such as stations for the Tokyo subway line in Japan for Fujita as well as the Metro Rail Transit and Light Rail Transit in the Philippines for EEI.

Last week, DoTr officials went to Osaka, Japan to inspect the tunnel boring machines which will be used for construction of the subway. Transportation Secretary Arthur P. Tugade had said that he wanted the boring machines at the groundbreaking ceremony, “para makita ng mga tao na ito totoo na na ‘to [so people will see that the project will go ahead].”

While the public will have to wait till 2025 for full operations of the 36-kilometer subway, the government targets partial operations — covering the first three stations — in three years.

The completed system will have 14 stations from Mindanao Avenue in Quezon City to

the Ninoy Aquino International Airport in Pasay City, making for a 40-minute ride from end to end. It will also have a provision for a 5-kilometer extension and two additional stations to eventually link to LRT-1. The DoTr said it also wants to connect the Metro Manila Subway to the common station being

built on North Avenue, Quezon City and to the Makati City Subway.

Last March, the governments of the Philippines and Japan signed the first tranche of the P355.6-billion loan for the Metro Manila Subway Project. — Denise A. Valdez

Construction sector expecting at least P40 trillion of building works

Business World, Janina Lim, 19 February 2019

The Construction Industry Authority of the Philippines (CIAP) has approved a 10-year road map which projects domestic construction spending of at least P40 trillion in the 10 years starting 2020, with the maximum estimated at P130 trillion.

“This was presented to the board of CIAP and the board unanimously approved the road map. This will be launched in Clark March 28 during the Philconstruct,” Rowel S. Barba, supervisor of the CIAP, told reporters on the sidelines of a construction and infrastructure business-to-business event hosted by the German-Philippine Chamber of Commerce and Industry in Pasig City.



Barry G. Paulino, Philippine Constructors Association (PCA) executive director, said targeted total spending for the industry under the road map “is a minimum of P40 trillion and maximum of P130 trillion in the ten years.”

Data from the Philippine Statistics Authority indicate that construction spending in 2018 totaled P625.23 billion, up 15.9%.

The government has set a target of spending at least P8 trillion for big-ticket infrastructure projects up to 2022, when President Rodrigo R. Duterte will have ended his six-year term.

The road map, to be implemented starting 2020 through 2030, was prepared by the Reid Foundation and commissioned by the CIAP and the PCA.

Mr. Barba, also the Trade Undersecretary of the Competitiveness and Ease of Doing Business Bureau, said the objectives are expected to be bolstered by continuous infrastructure projects under the “Build, Build, Build” for public infrastructure while residential and hotel projects are expected to drive construction spending from the private sector.

Mr. Paulino said the road map identified a number of strategies to achieve these goals. Among these is the legislation of a master development plan for “Build, Build, Build” to achieve continuity even amid administrations turn over.

“What is happening is that our country, whenever there is new president, (will review) the projects that took three years to plan and come up with a set of new programs. That happens every six years... We are challenging the government to legislate some sort of the infrastructure development program because other countries do so,” Mr. Paulino added.

PCA members’ current contracting capacity represents about 80% of the domestic total. The group has 33,000 contractors, including 140 major firms.

“There is a good momentum now and we have to continue that momentum beyond the present administration,” Mr. Paulino said. — Janina C. Lim

10-year construction roadmap launched in the Philippines

[Manila Times, Tyrone Jasper C. Piad, 29 March 2019](#)

A 10-year roadmap for the country’s construction industry was formally launched by the Philippine Constructors’ Association (PCA) in Clark, Pampanga.

PCA President Morris Agoncillo said the Construction Industry Roadmap 2020-2030 would help in boosting the construction sector, setting spending and job generation targets amid the aggressive infrastructure drive in the country.

“This [roadmap] that we closely worked on with the Department of Trade and Industry (DTI)-Construction Industry Authority of the Philippines (CIAP) and other stakeholders, lays down the foundation in transforming the industry to be a global partner in building nations,” Agoncillo said in a statement.

“As we mark our 75th anniversary in 2020, we again find ourselves in a historic opportunity of helping build a stronger and more resilient nation, especially in a world

that is changing faster than ever before,” he added.

Commissioned by the board of CIAP and PCA and unanimously approved on February 18 this year, the guide sets construction spending of P40 trillion to P130 trillion starting 2020 in the hope of continuing the current government infrastructure program even after the term of President Rodrigo Duterte. It is also eyeing to train more human resources in the construction sector, especially the younger demographics.

Trade Undersecretary Rowel Barba earlier said employment generation was seen to grow by as much as 20% or 800,000 at most during the 10-year period. The current

workforce of the sector is around 4 million, he said.

Barba added there will be focus on building residential properties to address the housing problems in the country. A portion of the spending will be for the development of tourism infrastructures to boost the industry, he said.

Meanwhile, the Build, Build, Build program is one of the flagship programs of the current administration. Last year, it helped boost the gross domestic product. The construction sector was the only industry that posted double-digit growth at 15.9%. The government earmarked P8.4 trillion for infrastructure spending for the period 2017 to 2022.

Philippines’ DTI: Construction industry needs 7 million workers

Business Mirror, Samuel P. Medenilla, 6 March 2019

Private companies are requesting for an additional 3 million construction workers to sustain the country’s Build Build Build (BBB) infrastructure program.

Citing the initial estimate of the Department of Trade and Industry-Construction Industry Authority of the Philippines (DTI-CIAP) for its construction road map, Research, Education and Institutional Development (REID) Foundation Vice President Ronilo M. Balbieran said the country will need around 7 million construction workers to meet its manpower needs.

This is higher compared to the estimates of the Department of Labor and Employment (DOLE) that the construction industry is in need of 800,000 to 1 million construction workers.

Currently, Balbieran said the country has a pool of 4 million employees.

He said the additional construction will be necessary especially once the government’s BBB program becomes fully implemented.

In a Senate hearing, the National Economic Development Authority (NEDA) revealed 46 of the 75 flag-ship infrastructure BBB projects are now “technically under implementation.”

This includes the Luzon Spine Expressway Network, which the Department of Public Works and Highways (DPWH), said would is expected to reduce travel time from Bicol region to La Union from 26 hours to just 9 or 10 hours once completed.



Workers out on a break at a construction site in Bonifacio Global City, Taguig.

To address the shortage, the Technical Education and Skills Development Authority (TESDA) committed to increase the number of its graduates with construction-related skills.

Balbieran stressed the need to provide the said graduates with the up to date skills and the necessary training.

“We emphasize here that the 7 million must have modern set of skills and technology in order to handle complexities of future construction projects,” Balbieran said.

Balbieran said this together with their other recommendations will be contained in the DTI-CIAP construction road map, which they expect to release by March 26, 2019.

Other salient points of the road map includes the proposal for a government legislation for the government 5% of its budget for infrastructure spending as well as the creation of a 30-year construction master plan.

“The road map will be broad stroke of the strategic plan of what we should accomplish. By April to November, we will be sitting down with government agencies to provide the necessary detail for this,” Balbieran said.

Russia completes construction of first-ever rail bridge to China

The Moscow Times, March 21, 2019



hlj.gov.cn

Russia has wrapped up construction of its first rail bridge to China, connecting the two countries across the Amur River, Russian media reported.

Construction of the 2,200-meter bridge between Nizhneleninskoye in Russia and Tongjiang city in China began in 2014, underscoring Russia's Eastern pivot amid deteriorating ties with the West. China completed construction of its section across what it calls the Heilongjiang River in October 2018.

Russia has installed the final steel beam into its section of the bridge, China's Heilongjiang administration website was quoted by the RBC news website as saying.

Russia's Trade With China Up 22%

"This means that the first railway bridge between the countries has been successfully connected," the administration said.

Construction work is expected to wrap up in full this July, the project's chief engineer was quoted as saying by Russia's state-run media.

The bridge is expected to serve as an international goods transportation channel with an annual shipment volume of 21 million tons when it opens later in 2019.

Russia grows at fastest pace in 6 years on construction surge

Bloomberg, Alexander Avilov / Moskva News Agency, 4 February 2019



Russia's economy grew at the fastest pace in six years in 2018, outstripping economist estimates, as construction got a boost from the World Cup and the start of natural gas project in Siberia.

Growth accelerated to 2.3%, the most since 2012, after construction surged, the Federal Statistics Service reported in its first estimate. The majority of analysts polled in a Bloomberg survey forecast growth of 1.9% for the year and the highest estimate was for 2.2%.

Economists have questioned whether the pace of growth is sustainable and how much of it was artificially boosted by one-off factors such as the start of Novatek PJSC's \$27-billion Yamal LNG project. The 2018 football World Cup also appeared to provide a boost to the restaurant and hotels sector, which expanded 6.1%. Very little of the impact is filtering through to consumers, who are

struggling amid stagnant incomes and rising inflation.

"We can for sure pretend that this growth is good, but, in fact, we need faster growth, especially after several years of recession," said Anton Tabakh, the chief economist at Moscow-based credit assessor RusRatings. "It's obvious that the consumer isn't feeling much benefit."

Russia is still punching well below its weight compared to emerging-market peers and its own performance before recession struck in 2015. Putin promised after his election last year to bring growth to a level that exceeds the global average of 3.7% by the end of his six-year term.

Economic growth is expected to slow this year and the central bank warned that first-quarter numbers may come in below expectations after investment activity weakened in December.

Sri Lanka wins record foreign investment in oil project

Ceylon Today, AFP, 19 March 2019



Sri Lanka announced that an overseas joint venture had committed \$3.85 billion to a new oil refinery – the single largest foreign investment in the country's history.

The Board of Investment of Sri Lanka said construction would begin this weekend on the refinery and storage facility jointly financed by Oman's Ministry of Oil and Gas and a Singapore-registered company.

Deputy International Trade Minister Nalin Bandara said he expected the refinery, which will eventually produce 200,000 barrels a day, to be fully operational within four years.

"This is the biggest single foreign investment (in Sri Lanka's history)," he told reporters in Colombo.

It is more than double the next largest foreign investment -- a \$1.4 billion land reclamation project next to Colombo port.

Oman will fund 30% of the new oil project while Singapore-based Silver Park International, which is majority owned by a business interest in India, will finance the rest.

It is being constructed near the port of Hambantota, which was leased to a Chinese State-owned enterprise in 2017 for 99 years after Sri Lanka was unable to service a loan from Beijing.

The circumstances surrounding China's acquisition of that port, along one of the world's busiest shipping lanes, generated concern in neighbouring India and beyond over Beijing's expanding presence in the Indian Ocean.

Bandara said new lines of cash pouring into the region showed foreign investors were not deterred by that experience.

"The latest investment shows that companies in other countries too are interested in going to Hambantota," Bandara said.

Sri Lanka attracted a record \$2.37 billion last year in foreign direct investment, up 38% compared to the previous year, official figures show.

Several major proposals were put on ice late last year as Sri Lanka reeled from a constitutional crisis, with rival factions of Government claiming the right to rule the country.

Turkey's STAR refinery to export \$500m in petrochemical raw materials per year

Daily Sabath, Istanbul, 26 March 2019



Located in the Aliağa peninsula in the Aegean province of İzmir, the SOCAR Turkey Aegean Refinery (STAR) was opened in October 2018.

All tests on the State Oil Company of Azerbaijan Republic's (SOCAR) Turkey Aegean Refinery (STAR) have been completed and the refinery will start working on full capacity soon, according to the General Manager of STAR Refinery, Mesut İlter, who said the refinery will be exporting around \$500 million of petrochemical raw materials per year.

The largest single-location real sector investment in Turkey, the \$6.3-billion STAR facility, located in the Aliağa peninsula in the Aegean province of İzmir, is poised to be one of the biggest petroleum and gas

operations in Europe, the Middle East and Africa.

"Once the refinery reaches full capacity, it will meet all [of] Petkim's [petrochemical company] need for raw materials. Until the second petrochemical plant planned to be built by SOCAR Turkey is launched, we will export about \$500 million worth petrochemical raw materials annually," İlter told Anadolu Agency (AA).

He recalled that the STAR Refinery was inaugurated at a ceremony attended by President Recep Tayyip Erdoğan and his Azerbaijani counterpart İlham Aliyev on Oct. 19 of last year.

İlter expressed that the refinery, with a capacity for processing 10 million tons of crude oil annually, was commissioned gradually, saying that, while increasing capacity, improvements should be made in terms of both logistics and supply sources.

According to İlter, currently, the refinery is fully active and will have reached full capacity in a very short period of time.

"It will process 7.5-8 million tons of oil in the rest of this year and will process 10 million tons of oil in full capacity next year. Once the refinery reaches full capacity, it will meet Petkim's need for raw materials. Until the second petrochemical plant planned to be built by SOCAR Turkey is launched, it will export about \$500 million worth petrochemical raw materials annually, corresponding to some 700,000 tons of petrochemical raw materials. After the construction of the second petrochemical plant is decided and put into operation, it will be meeting the needs of this facility," he said.

Given Turkey's growth and import data in Turkey's fuel oil sector, there is always a need for new refineries, according to the STAR Refinery general manager, who emphasized that it is crucial to make potential new refinery investments with petrochemical integration.

Indicating that Turkey imports \$17 billion worth petrochemical goods on an annual basis, İlter said that Petkim meets 20% of Turkey's overall petrochemical production.

The total output of STAR is expected to decrease Turkey's current account deficit by \$1.5 billion per year, by substituting refinery imports with domestic production. Turkey meets the majority of its oil and natural gas demand through expensive energy imports, which is a major expense on the country's budget.

Pointing out that a refinery investment to be made with petrochemical integration will

close the gap in fuel oil and petrochemical sectors, İlter stated that Turkey consumes some 2.2 million tons of gasoline a year versus its production of 5 million tons, and imports the rest. "Therefore, instead of building a refinery to export gasoline, it is much more important to make an investment that will reduce imports in petrochemicals. Actually, this is what makes STAR Refinery valuable," he added.

Underlining that these investments are needed in order to offset Turkey's foreign trade deficit, İlter stated that even if Turkey does not see any economic growth, these investments are necessary in order to close this deficit. He continued, "However, we believe that economic growth will continue in the upcoming period."

Highlighting that they believe in the Turkish economy, state institutions and consumers, he said that they, therefore, are continuing investments continuously. "I think the economy will grow by 3-4% in the next decade. Economic growth might decline on a yearly or periodical basis. However, given the historical data, Turkey has grown by an average of 5% in the past decade.

Therefore, as Turkey can take rapid action against economic changes, I think this is a temporary process. I think that growth figures will be positive at least as of the second half of 2019," he concluded. The largest foreign direct investor in Turkey, SOCAR has invested around \$15 billion in the 11 years since it began investing in Turkey after it acquired the country's leading petrochemical company Petkim in 2008 for \$2 billion.

Turkey's Akkuyu nuclear plant tracks progress one year on

Hurriyet Daily News, Ankara, Anadolu Agency, 6 April 2019



A one-year milestone in the construction of the Akkuyu nuclear power plant (NPP) is indicative of the successful cooperation between the partner countries to the plant; Russia and Turkey, the plant's project company, Akkuyu Nuclear announced on April 5.

On March 8, the laying of the foundation for the first reactor of the NPP was completed in line with the International Atomic Energy Agency's safety standards and Turkey's national requirements, according to the company.

Currently, works are in progress for the second unit, which received its limited work permit on Nov. 20. This next stage will involve obtaining the main construction license to lay the foundation for the second unit.

In addition, the operating company is awaiting the operation permit from the

Ministry of Transport and Infrastructure of Turkey to begin construction of the Eastern Cargo Terminal that will provide equipment to the plant.

Progress has already been made for the third reactor with the submission of the necessary documentation for the unit's construction license to the Turkish Atomic Energy Authority.

Anastasia Zoteeva, chief executive officer of Akkuyu Nuclear, a subsidiary of Russian state atomic energy corporation Rosatom, hailed the plant's activities during the first year of construction as a success noting that 70% of the plant's entire site is ready, and the remaining works will be finished by the end of the year.

Nonetheless, she cautioned that there is a lot of work ahead.

"Works planned for 2019 include the establishment of foundations for the technical and nuclear infrastructure of units 1 and 2, under the effective license and permits granted. We rely on our Turkish partners working together with us on site. These first active year results prove we can do things efficiently together. As Rosatom, we believe the ability to speak common

languages is of great value, and the Akkuyu project dynamics is also evidence of this," she said.

The intergovernmental agreement was signed between Russia and Turkey in May 2010 for the plant that will consist of four VVER-1200 power units with total installed capacity of 4,800 megawatts.

Vietnamese real estate attracts foreign investors

[Business Business Forum, Anh Phuong, 3 April 2019](#)



Vietnamese real estate in 2019 will attract a huge amount of foreign capital, say many experts.

In the first two months, foreign investors poured US\$8.5 billion into Vietnam, increasing by 2.5 times over the same period of 2018, according to Ministry of Planning and Investment. Nearly US\$500 million came from the real estate sector, accounting for nearly 6% of the total capital. In 2018, Vietnam attracted more than US\$30 billion of FDI, of which more than US\$6.5 billion was invested in real estate, accounting for 21.3%, ranking second in FDI attracting sectors.

Mr. Nguyen Tran Nam, former Deputy Minister of Construction, predicted that in 2019, the real estate market will receive a strong cash flow, and there will be stable movements in the different segments, in

which the affordable segment continues to be the dominant type of market. In addition, the supply of the market will be according to the plans and strategies of enterprises, so there will be no excess supply and prices will continue to be stable. Speculation has decreased markedly, there will be mainly customers who have real needs.

According to economic expert Dinh The Hien, investment should be spread in areas which will see high population density in the future and booming accommodation service. Population density is the key factor which determines the rise and fall of real estate value. It is not necessary to be an area with a large population, but it may be an area with a large density of tourists and temporary residents.

However, this form is mainly for investors who have strong capital capacity and must wait a long time for these real estate projects to generate profit. Otherwise, investors should channel their investment cash flow into the existing urban projects such as 1-2 room apartments and officetel for rent, which will bring long-term stability. Particularly for those who want to seek high profit value from buying and selling quickly, the best

option for them is definitely the segment with land plot under VND2 billion.

In addition, according to some experts, new types of real estate applying 4.0 technology such as timeshare vacation, room accommodation service Airbnb, coworking office and officetel will continue to compete with traditional types and will attract large amounts of investment in the coming time.

Mr. Le Hoang Chau, President of Ho Chi Minh City Real Estate Association, said that the new trend is Chinese investors getting involved in buying and selling, and transferring Vietnamese real estate. This will bring huge resources for the development of the market; however, it is necessary to have strict control over this matter.

The report by Jones Lang LaSalle (JLL), the leading U.S. group of professional real

estate management and investment services, revealed that Chinese real estate investment in Vietnam market spread across all segments, from houses, office for rent, industrial zones to tourism real estate. It is forecast that the M&A deals in the real estate sector of Chinese partners will continue to be active, especially in the housing market. The most popular is Dai Phuoc Lotus project - the acquisition of VinaCapital and China Fortune Land Development (CFLD) from China, Thu Thiem River Park between Hong Kong Land and CII, projects adjacent to Long Thanh International Airport between CFLD and Tin Nghia Group, the South Hoi An Casino project being acquired by Chow Tai Fook Group (China) with US\$4 billion. The general data also showed that the flow of capital from China into Vietnam has a strong year-on-year growth, and has especially boomed in the last six years.

Vietnamese PM inspects construction of HCM City's metro line No.1

Vietnam News, 13 April 2019

HCM city - Prime Minister Nguyen Xuan Phuc and leaders of some ministries and agencies inspected the construction of Metro Line No.1 in HCM City on April 12.

Linking Ben Thành Market in District 1 with Suoi Tien Tourism Park in District 9, Metro Line No.1 is the first of eight metro lines planned in the southern metropolis, with a total length of 220km and accumulated funding of nearly VND25 trillion.

The project, construction of which began in April 2012, includes four bidding packages using official development assistance (ODA) loans from the Japan International Cooperation Agency (JICA).

By now, up to 63.49% of the workload has been fulfilled. The construction is expected to be completed in 2020 and the metro line, also the first of its kind in Việt Nam, is set to open to the public the following year.

PM Phuc lauded the efforts made by ministries and agencies, authorities of HCM City, and officials and workers at the construction site during the implementation of the project.



Prime Minister Nguyen Xuan Phuc inspects the Ben Thanh-Suoi Tien Metro No.1 project in HCM City on April 12. - VNA/VNS Photo Thong Nhat

He described the project as a vivid manifestation of the strategic partnership between Vietnam and Japan, which marked the 45th anniversary of their bilateral diplomatic ties last year.

The PM used the occasion to thank the Japanese government, embassy, and consulate general, as well as the JICA for their support in implementing the important project.

He said the Vietnamese Government had worked with competent agencies to allow HCM City to take charge of adjusting total estimates of the project, thus ensuring resources for the construction.

PM Phuc expressed his hope that the project would go smoothly, meeting requirements of safety, quality, and progress.

Ground clearance

Later the same day, PM Phuc had a meeting with leaders of HCM City on the implementation of special policies and procedures to shorten times for the compensation, resettlement, and handover of land during ground clearance for infrastructure development in the city.

A report showed that in the first quarter of 2019, the city's GRDP grew 7.64%, with the service sector making up 63.1% of the economic structure and the agriculture sector only accounting for 0.6%.

HCM City's budget collection was estimated at over VNĐ98.36 trillion (US\$4.24 billion), up 7.18% year-on-year and reaching 24.65% of the yearly estimate.

Leaders of the municipal People's Committee proposed a number of special mechanisms and procedures to save time in ground clearance for local projects.

They held that it is necessary to clarify the stages of the procedure and the specific agencies responsible for it; allocating time for completion of the work in each stage; and defining the maximum time for the conclusion of compensation, support, resettlement, and handover of sites.

Addressing the working session, PM Phúc lauded the city's performance so far this year, noting that the city has taken the lead in applying technology and improving labour productivity.

However, he pointed out that FDI poured into the city had yet to match its potential, while foreign investment in processing-manufacturing remained modest. The PM requested the city work harder in administrative reform to optimise its role as the region's connection point.

In addition, the PM asked the city to pay greater attention to raiding drug trafficking rings to uphold social order. PM Phúc directed the city to seek ways to remove obstacles hindering development and take on its pioneering role in building a smart and creative city.

Regarding the city's proposal on special mechanisms and procedures to shorten times for the compensation, resettlement, and handover of land for local projects, the PM said that the Government supported the city.

He assigned the Ministry of Natural Resources and Environment to collect ideas from other ministries and sectors before debating the matter at the upcoming government meeting to serve as a foundation for the Government to issue a resolution helping the city pilot the special mechanisms.

On the occasion, the PM also visited the smart city operation centre in HCM City. – VNS

ADB supports 275 MW power plant to boost energy access in Sumatra, Indonesia

[ADB, 22 March 2019](#)

Jakarta - The Asian Development Bank (ADB) signed a private sector financing package to support the construction of a 275-megawatt combined-cycle gas turbine power plant in Riau province in central Sumatra, Indonesia, to help secure the country's energy future and provide communities with more affordable and reliable electricity.

The financing consists of a \$70 million A loan from ADB's ordinary capital resources and \$82 million B loan from Sumitomo Mitsui Banking Corporation and MUFG Bank, with ADB providing a partial risk guarantee (PRG) to the participating commercial banks. The International Finance

Corporation (IFC) will provide \$50 million for the Riau Natural Gas Power Project in the first-ever cofinancing of an infrastructure project by ADB and IFC in Indonesia.

ADB will also administer a \$20 million loan from the Leading Asia's Private Sector Infrastructure Fund (LEAP), supported by the Japan International Cooperation Agency. Established in March 2016, LEAP's mandate is to help fill financing gaps and increase access to finance for ADB-supported infrastructure projects in Asia and the Pacific.

"ADB's involvement in the project has helped secure long-term commercial bank financing necessary for any large-scale infrastructure investment, which has remained a challenge in Indonesia," said Infrastructure Finance Division Director for Southeast Asia, East Asia, and the Pacific at ADB's Private Sector Operations Department Mr. Jackie B. Surtani. "ADB's role as a lender and provider of PRG to the project's B loan lenders will enable the project to mobilize a significant amount of long-term debt."

The project is being implemented through PT. Medco Ratch Power Riau, a special purpose vehicle partially owned by PT. Medco Power Indonesia, a leading developer and operator of small and medium-sized independent power producers (IPP) in the country, and Ratchaburi Electricity Generating Holding Public Company Limited, Thailand's largest IPP.

"ADB's role was key in getting this transaction closed from the negotiation stage of the power purchase agreement to the structuring of the financing package," said PT. Medco Power Indonesia Chief Executive Officer Mr. Eka Satria.

The plant is expected to provide stable and reliable power to the domestic grid, amounting to about 1,445 gigawatt-hour annually. The use of combined-cycle gas-fired power generation will improve the environmental sustainability of the current energy mix in Sumatra by displacing diesel and coal as fuels for electricity generation.

ADB supports private sector solar power development in Mongolia

[ADB, 20 March 2019](#)

Ulaanbaatar - The Asian Development Bank (ADB) and the Leading Asia's Private Infrastructure Fund (LEAP) signed an \$18.7 million loan with Sermsang Power Corporation Public Company Limited (SSP) and Tenuun Gerel Construction LLC (TGC) to build, operate, and maintain a 15-megawatt solar power plant supplying electricity to Mongolia's central grid system.

The loan agreement for the Sermsang Khushig Khundii Solar Project marks ADB's first cofinancing with LEAP in Mongolia's renewable energy sector. The Canadian Climate Fund for the Private Sector in Asia provided a technical assistance grant to offset first mover costs and to catalyze the financing of ADB's first private sector solar power project in Mongolia.

“This project uniquely incorporates climate-resilient technical solutions from the private sector to accommodate Mongolia’s cold and dry climate,” said Director General of ADB’s Private Sector Operations Department Mr. Michael Barrow. “The project also benefits from the transfer of operational knowledge and advanced technology from Japan and Thailand in developing and operating solar power plants.”



Photo of the 15-megawatt Sermsang Khushig Khundii solar power plant in Tuv aimag (province) Sergelen soum (county), Mongolia.

The solar power plant is located in the Khushig valley at Tuv aimag (province) Sergelen soum (county). It will supply electricity to the Central Energy System, which delivers power to an area accounting for over 80% of the country’s energy demand.

The solar project will generate clean electricity totaling 22.3 gigawatt-hours annually in Mongolia, while lowering the country’s carbon emissions by 26,400 tons per year. It will help the government increase the share of renewable energy in total installed capacity from 12% in 2017 to a targeted 20% by 2023 and 30% by 2030. Shifting to cleaner energy sources will also reduce electricity imports, improve Mongolia’s energy security, and mitigate air pollution. The energy sector is dominated by coal-fired power plants and currently accounts for over 60% of the country’s greenhouse gas emissions.

TGC is owned by Sermsang Power Corporation Public Company Limited (SSP) in Thailand, Sharp Energy Solutions Corporation (SESJ) in Japan, and AMOE Solar LLC and SH Energy Solution LLC in Mongolia.

“For SSP, this project is not only an important milestone for investment in renewable power projects in Asia, but also reflects our philosophy in developing ecologically sustainable projects,” said SSP CEO Mr. Varut Tummavaranukub. “We are honored to be trusted by ADB for this milestone transaction.”

“With ADB’s and LEAP’s support, we are excited to equip the Mongolian central area with clean energy and contribute to the reduction of greenhouse gas emissions through this landmark project,” said SESJ Senior Executive Director and TGC Chair Mr. Tatsuya Satoh.

LEAP was established in 2016 to fill financing gaps and increase access to finance for ADB-supported infrastructure projects in Asia and the Pacific. The fund is supported by the Japan International Cooperation Agency and is managed by ADB's Private Sector Operations Department.

The Canadian Climate Fund for the Private Sector in Asia (CFPS) was established by the Government of Canada in 2013 to provide blended concessional financing and technical assistance grants to private sector climate change mitigation and adaptation projects in Asia. The CFPS is administered by ADB under the Clean Energy Financing Partnership Facility.

Sermuang Power Corporation Public Company Limited, established in 2015 and based in Bangkok, Thailand, is a renewable energy producer and distributor in Asia that is committed to sustainable power production, as well as promoting a clean environment for a better future.

Sharp Corporation, parent company of SESJ, founded in 1912 and headquartered in Sakai City, Osaka, Japan, is a leading global electronics manufacturer. It is dedicated to contributing to the culture, benefits, and welfare of people worldwide through the use of its unique and innovative technology.

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. In 2018, it made commitments of new loans and grants amounting to \$21.6 billion. Established in 1966, it is owned by 68 members—49 from the region.

ADB & ArmPower sign loan to expand private sector-developed power generation in Armenia

ADB, 4 March 2019

Yerevan - The Asian Development Bank (ADB) signed a \$44 million loan with ArmPower CJSC, a special purpose company owned by Renco Power (owned by Italian Renco Spa and Simest Spa) and Siemens Project Ventures (part of German Siemens Financial Services), to help expand and diversify power generation sources developed by the private sector in Armenia.

The assistance will finance a state-of-the-art 250-megawatt gas-fired combined-cycle cogeneration power plant with annual production of up to 2,000 gigawatt hours. The facility will be the country's first greenfield project-financed power plant.

It will also create local employment during the construction and operation of the plant while boosting sector efficiency and reliability by helping to partially replace aging power generation assets with modern facilities.

"ADB's support for diversification of primary energy sources in Armenia will allow the country to replace aging power plants and generate power more efficiently," said ADB Principal Investment Specialist for Private Sector Operations Ms. Sonali Tang. "ADB's financing will establish a precedent for future financing of similar private sector projects in Armenia by boosting investor and lender confidence."

"This project represents the largest greenfield project finance in the history of Armenia," said Renco Chief Executive Officer Mr. Giovanni Rubini.

Along with ADB, German development finance institution Deutsche Investitions- und Entwicklungsgesellschaft mbH, the International Finance Corporation (IFC), IFC's Managed Co-Lending Portfolio Program, and the OPEC Fund for International Development will provide cofinancing for the project. ADB's participation will further strengthen the project's environmental and social standards and support reductions in greenhouse gas emissions in the country.

The loan supports the energy policy of the Government of Armenia, which highlights the role of the private sector to advance energy security through the diversification of energy sources. This project also

complements ADB's earlier financing to Armenia's private sector power distribution company, Electric Networks of Armenia, to further improve the efficiency of the electricity sector.

ADB has been working with Armenia since 2005 and has approved over 30 loans totaling \$1.49 billion and 36 technical assistance grants totaling \$19.1 million. ADB has been increasingly balancing its portfolio by working with both public and private sectors. The share of nonsovereign operations in Armenia has grown rapidly in recent years, reaching 31% of the bank's overall operations in the country.

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Founded in 1966, the Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI) is a regional non-governmental association principally composed of the national chambers or associations of commerce and industry in Asia and the Western Pacific. Its current membership of 29 countries and independent economies cuts across national boundaries to link businessmen and promote economic growth throughout the Asia-Pacific region. CACCI holds Consultative Status in the Roster Category of United Nations' Economic and Social Council (ECOSOC)

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