ACCC Newsletter

(A publication of the Asian Council on Construction and Contracting)

2nd Edition, December 2013

CHAIRMAN'S MESSAGE

It is with great pleasure that we issue the 2nd edition of the ACCC Newsletter, the official publication of the CACCI Asian Council on Contracting and Construction (ACCC). We hope that the newsletter will give you the opportunity to be informed not only of the recent activities of the ACCC but also of the latest trends and developments in the construction sector of selected countries in the Asia-Pacific region.

Allow me to also take this opportunity to thank our CACCI members who attended the breakout session of ACCC that took place in March 2013 in Cebu in conjunction with the 27th CACCI Conference. Your participation certainly contributed to a more productive and meaningful discussion of the issues at hand.

As I explained during the Cebu breakout session, the aim of ACCC is to share information, especially on business opportunities, and to find ways of cooperation between the members. In the years ahead, we should look for more opportunities for collaboration, given the continuing expansion in regional and international markets. We know that in countries like India and Russia, the construction sectors are growing and therefore present business opportunities. We should look for ways to cooperate because we have our own capabilities and capacities, allowing us to form strategic partnerships among ourselves.

With the continued and strong cooperation of our members from all CACCI member countries, we hope to make the ACCC play a role in achieving this important objective.

Cihan Candemir
Chairman
CACCI Asian Council on
Contracting and Construction

Inside this issue ......

ACCC Holds Another Successful Breakout Session at the Cebu CACCI Conference

The Asian Council on Contracting and Construction (ACCC) held a successful and well-attended breakout session during the 27th CACCI Conference on March 14, 2013 in Cebu City, Philippines.

Mr. Cihan Candemir, Chairman of the Asian Council on Constructing and Construction of CACCI and member of the Contracting Services Assembly of Turkey, started the session by giving a presentation on the world construction market – putting an emphasis in the Asia-Pacific and Middle markets - and about the international activities of Turkish contractors and the Turkish Contractors Association.

Mr. Candemir noted that the construction sector worldwide account for 11% of the global GDP. In terms of growth, he said that Asia and Latin America were the fastest growing regions in 2011 and 2012. China accounts for 41% of the construction market in the Asia Pacific. Looking forward, Mr. Candemir said that Asia and other emerging markets will see a continuing growth in contracting and construction due to rising populations, rapid urbanization, and strong economic growth. He predicted that by 2020, emerging markets will account for 55% of global construction, and that construction will make up 60.6% of GDP in emerging markets.

Mr. Jose Mari Cañizares, Senior Architect at J.M. Cañizares The Architect, provided a briefing on the Philippine construction industry and the investment opportunities it presents. He also discussed some of the projects he undertook in and the processes and procedures involved in bringing the projects into completion.

The presentations were followed by an open forum, during which the other delegates asked questions from the speakers, and shared their own comments and perspectives on the topics under discussion.

In his concluding remarks, Mr. Candemir stressed the need for members of the Asian Council on Contracting and Construction to find ways of cooperating and doing business with each other by forming strategic partnerships among themselves. He said that in the next years, countries such as India and Russia offer plenty of opportunities for the construction sector on which members can work together given their capabilities and capacities.

The ACCC is expected to hold its next breakout session in Kuala Lumpur during the 28th CACCI Conference to be held in mid-September 2014.

■

Above photos show Mr. Cihan Candemir from Turkey (top left photo) and Mr. Jose Mari Cañizares from the Philippines (top right photo) making their presentations, followed by discussions with the other delegates and later by a presentation of tokens of presentation to the speakers from the Cebu CCI officers.

The Global Construction Sector: A Global Perspective

Cihan Candemir

The following are excerpts from the transcribed presentation made by Mr. Cihan Candemir Chairman of the Asian Council on Constructing and Construction (ACCC)of CACCI and member of the Contracting Services Assembly of Turkey, during the breakout session of ACCC held in conjunction with the 27th CACCI Conference held on March 14-15, 2013 in Cebu City, Philippines.

I would like to give you some information about the global construction sector, putting emphasis on Asia Pacific and Middle East markets, as well as the international activities of Turkish contractors and Turkish Contractors Association. We are all focused on these markets because we are members of the Confederation of Asia-Pacific Chambers of Commerce and also because we are interested in the Middle East. We know that a lot of Filipinos are working in other regions and even in my company.

A Global Perspective

The construction sector worldwide accounts for 11% of the global GDP and therefore the sector has a significant impact on the economy of many countries around the world. It is also an important catalyst for economic growth and development.

The United States, the European Union, China and India account for some 75% of the expansion of the construction sector globally. You can therefore expect the construction sector growth rates in these countries to have a crucial effect on the global construction sector.

On the regional basis, all regions apart from Western Europe and the North America saw the growth of expansion of the construction sector at reduced levels in comparison with the figures in recent years. Asia and Latin America were the fastest growing regions in 2011 and 2012.

A Regional Perspective

In Asia Pacific, China accounted for 41% of the Asia Pacific market for construction. India, on the other hand accounted for only 10% of the total Asia Pacific construction market. India's growing economy, expanding population, and rising industry will help the country to exhibit significant development in the years to come. Japan, one of the world's leading markets, is predicted to experience an increase in construction spending towards 2015 due to the reconstruction efforts brought about by the heavy damage from the March 2011 earthquake and tsunami. Korea was the 8th biggest construction market with US$130 billion in 2011. In Southeast Asia, increase in construction growth is also expected.

This strongest growth in construction in 2012 was expected to be in China due to rapid infrastructure development to support a growing population, followed by India and Indonesia. Emerging markets outside Asia is expected to grow less slowly. If one looks at the Middle East, the expansion growth in construction is expected to extend much longer. Part of the growth will be led by the increase in infrastructure construction. In addition, Qatar is expected to be the fastest growing market in preparation for the FIFA World Cup in 2022, with the proposed expansion of railways, roads, water and other infrastructure.

Looking Forward

In the next decade, we will see a continuing shift for Asia and other emerging markets due to their rising populations, rapid urbanization, and strong economic growth – all strong drivers for construction. On the other hand, construction in most other countries will be constrained by large public deficits, obscured programs, population growth, and limited economic growth.

Overall, the output for global construction is to be dictated by the development status of countries around the world. For emerging markets, there should be good prospects for the construction sector. Overall by 2020, emerging markets will account for 55% of the global construction. Construction will make up 60.5% of GDP in emerging markets by 2020.

The Turkish Contractors Association

I would like to give you some facts and figures about Turkish Contractors Association. The Turkish Contractors

Continued on page 5

The Global

...Continued from page 4

Association undertook projects in Asia with total value of US$100 billion within the period from the late 1980s until the end of October 2012. The Russian Federation ranked first with 1,392 projects valued at US$38.4 billion, and Turkmenistan was second with 774 projects worth US$27.8 billion. In 2013, we expect Turkmenistan will be the first country in the Turkish contractors' portfolio.

In the previous period, Turkish contractors did not do so much work in the Asia Pacific. The total contract work was only US$114 million with 7 projects.

Projects in the Middle East totaled under 1,364 in number, with value amounting to approximately US$61.8 million, between the period of 1972 up to today.

International works totaling US$19.97 billion was undertaken in the Russian Federation in 2012 . Turkmenistan, Iraq, Kazakhstan, and Saudi Arabia are the four top earners. Total work in the Russian Federation, Turkmenistan, Iraq, and Kazakhstan accounted for nearly half of the total 2011 business of the Turkish contractors. Nearly one-fifth of the international works totalling US$26.6 billion in 2012 was undertaken in Turkmenistan. Iran, Russian Federation, Saudi Arabia, and Iraq were not too far behind.

Through the history of Turkish Contractors Association, we have worked for a hundred companies involving around 7,000 projects. Our total international business has reached some US$207.42 billion. Almost 90% of the works undertaken in North Africa, Eurasia, and Middle Eastern countries are done by the Turkish Contractors Association members.

Within the framework of experience in the international partnership, Turkish contracting companies are ready to cooperate with other countries.

The construction sector is very important for the Turkish economy. Turkish contractors are contributing a lot in the revenues to Turkey's income. Turkish contractors have experiences a continuous increase in its involvement in international business in the past and in the years to come. A nearly ten-fold increase was recorded from US$2.6 billion in 2002 to US$25.2 billion in 2007, a period of six years. However, in 2008 and 2009, due to the global economic crisis, international business showed a decline to US$24.6 billion and US$21.5 billion, respectively. The figure in 2010 was US$22.5 billion, and in 2011 it was US$20 billion. The international market for the Turkish contractors was realized as US$26.6 billion for 2012 and US$4.1 billion as of February 2013. These are the total contribution from the top 225 international Turkish contractors.

The Turkish Contractors Association (TCA) is a non-government, non-profit, independent professional organization established 1952. As of today the Association has 152 members which are leading construction companies in Turkey. In terms of business and expertise, our members ranked high both in domestic and international markets. Siome members of TCA are also members of similar organizations in other countries.

Our objective is to increase competitiveness of our members; to protect and promote the interest of our members; to encourage cooperation among our members; to build and enhance strategic alliance with public and private parties both within and outside of Turkey; to promote professional standards and business ethics; to provide counsel to government agencies on legal, economic, and technical issues related to construction industry; and to raise public awareness on industry related issues.

Some of the main activities of TCA include: Information and research development; strategic alliances; training; public relations; special activities; social responsibility projects; and publications.

The strength of Turkish contractors include credibility in partnerships; experience in various markets; and cost-effective services of the international standards. Turkish contractors are risk-takers, competitive and dynamic businessmen, and have experience in international partnerships.

Turkey is situated in a region that it is at the center of Eurasia, the Middle East and Europe. These regions are four hours flight from Turkey.

The members of Turkish Contractors Association are companies fulfilling certain legal, technical and experience-related criteria and have financial capability – all of which are reflecting international standards.

Thank you for your attention. ■

Mr. Cihan Candemir talks about the international activities of the Turkish Contractors Association (left photo), and moderates the discussions following his presentation (right photo).

The Future of Singapore's Construction Industry

BY Richard Warburton
Area Leader South-East Asia, EC Harris

Since the turn of the millennium the number of foreign workers in Singapore has grown by over 70% with recent Census figures suggesting there are now well over one million across the country, accounting for around 35% of Singapore's overall labour force.

This reliance on foreign workers has been necessary to help support economic growth particularly in the absence of local resources as Singapore nationals enjoy high levels of employment in other sectors. However, given the rate at which these figures have risen over the past decade, and the suggestion that the use of basic skilled foreign workers is suppressing wage levels for locals, it came as little surprise when the government announced plans to introduce a quota limiting the number of foreign workers who could be employed within Singapore over the coming years.

This quota is the latest in a series of measures (higher foreign worker levy, a reduction in Man Year Entitlement) designed to tackle this issue and whilst it may have a major impact on society as a whole, it could have particularly significant implications for several key industry sectors none more than construction, the biggest employer of such workers. Currently, the industry accounts for 38% of all work permit holders (excluding domestic workers) however with the new legislation limiting the number of permits firms can apply for, there is a concern that this could ultimately lead to a shortage of basic skilled labour at a time when workload remains steady.

Since the initial announcement concessions have been made to increase the length of time that existing basic skilled work permit holders can stay in Singapore from six to ten years, yet the reality is that with labour costs already creeping upwards, a quota on foreign workers in any form is likely to perpetuate this trend. On an average construction project across Singapore today, labour typically accounts for 30-40% of the overall cost and on the short-term these latest changes are anticipated to add a further 1% onto this figure. However, if basic skilled labourers begin to find themselves in increased demand over the coming years this percentage is likely to rise and further add to the 20% uplift on labour costs that has already been seen since 2010.

A catalyst for change. . .

In Chinese the two characters that make up the word 'crisis' represent "danger" and "opportunity" and in many respects this stands as an apt metaphor for how the new Foreign Worker quota, and the other fiscal measures, could affect Singapore's construction industry over the coming years. For whilst some firms will inevitably be concerned about maintaining their future competitiveness in the face of rising labour costs and limited manpower, other companies may use it as a stimulus to review how they deliver construction projects.

In Singapore productivity on construction projects is currently around 30% lower than in Japan and almost half as efficient as in the United States. These statistics underline that regardless of any changes in labour law or the make-up of the future workforce, there is significant scope to deliver efficiency improvements in the industry's overall performance levels. Enhancing the industry's productivity is a key focus of the Government particularly the Building and Construction Authority (BCA).

The challenge facing companies will be to try and identify the areas where they can achieve these improvements – in some cases a job redesign may suffice, however more often than not it may require a more fundamental transformation in how these businesses are structured to deliver major programmes of work.

Continued on page 7

The Future

...Continued from page 6

Some of the key areas the industry should focus on as it seeks to navigate this challenge include:

Focus on attracting the next generation into the industry:

The government's latest measure sends out a signal that the business community should focus on providing jobs for the local population. However, at just 2% Singapore currently enjoys its lowest unemployment figures in 14 years so the emphasis for the construction industry is less on creating additional jobs, and more on developing a long-term solution to enhance its reputation so it can compete with the more glamorous sectors such as financial services, when it comes to attracting the next generation of local workers. Economic incentives may be required however if a credible plan is in place the government could be prepared to support this push with financial backing.

Better training for existing workforce:

Singapore's BCA has recently launched their 'Multi Skilling Scheme' as part of their Construction Productivity Roadmap. The aim of the scheme is to create multi-skilled tradesmen rather than having labourers who specialise in one particular trade e.g. fixing steel reinforcement. By training each individual in a secondary trade, firms would have greater flexibility in how they deploy their available resources, enhance mobilization and reduce the number of labourers required onsite. Those labourers that complete the BCA's skills assessment would then qualify as 'higher skilled workers' which would reduce the foreign worker levy that firms would be liable for.

Ensure workforce includes experienced heads:

The need to mitigate costs on construction project could see some firms assign their quota of work permits to younger and cheaper labourers, yet this is potentially short-sighted as experienced workers are generally more productive. Employers should embrace the government's decision to allow them to retain skilled operatives in the workforce for an extra four years and use them to train and mentor less experienced colleagues especially those who are trying to develop a secondary trade to help them become more productive.

Use of pre-fabricated components:

The Singapore Government has already moved to support the development of pre-fabrication facilities in Singapore and the BCA's Construction Productivity and Capability Fund (CPCF) has provided significant funding for the construction of a 19,000m2 automated production hub. Pre-fabrication offsite can reduce the volume of labour required to complete some work elements by up to 50% and in some cases, also enables a better quality finish and more pleasant working conditions than if the job was completed onsite. However, there are only certain elements of a project where pre-fabrication can be employed and the capacity of existing pre-fabricated facilities remains slightly limited.

Increased use of technology:

The industry is increasingly moving towards more widespread use of technology particularly after the government' s recent decision to make the use of tools such as BIM (Building Information Modelling), mandatory on all government projects in the future. The elimination of waste and abortive works, standardization of design, new materials and innovative temporary support solutions all have the opportunity to deliver real efficiency savings.

The time is now…

Whilst phased arrangements have been made to ease the introduction of the quota, many of the approaches outlined above may take time and investment to implement and some may not deliver immediate benefits. On that basis it is crucial that the construction industry gets ahead of the legislative agenda and reacts to this challenge now rather than in two years' time when the new rules are mandatory for their existing workforce, and demand for construction work has returned in line with the expected economic upturn. The nature of the industry is such that new work goes out to tender all the time and whilst it's natural that firms want to prioritise securing a commission on these schemes, unless they plan ahead their ability to deliver new work could be severely compromised.

Source: Singapore Business Review

Double-Digit Growth Seen for Philippine Construction Sector in 2014

By Irene Fernando

Above photo shows the organizing officers, speakers and guests at the opening of the 23rd Philippine International Construction Equipment, Building Materials, Interior & Exterior Products Exhibition and Technology Forum (Philconstruct 2013) on November 6, 2013 at the SMX Convention Center in Manila.

The Philippine construction sector is expected to post a double digit growth in 2014 with at least 40 percent share in the first quarter's gross domestic product (GDP).

In the press briefing held during the opening of trade show Philconstruct on November 6, 2013, Philippine Constructors Association, Inc. (APC) President Augusto Manalo said the volume of work in construction both for public and private projects can amount to "around P400 billion" in 2014, contributing to almost half of the country's economic growth. "I think at least another 1.5 percent for the first quarter so at least 40 to 50 percent of the growth of the economy for next year," Manalo says.

The country's value of projects in construction is expected to gross at P380 billion this year, a P70 billion increase from last year's.

"The gross value in construction work (public and private) in the first half of 2012 was P232 billion," Manalo shares. "Then for the first half of 2013 it was P287 billion. So there's a growth of 23.7 percent growth." He added that with the number of projects lined up by the government and the private sectors, the construction sector can expect more growth.

PCA Executive Director Manolito Madrasto shared that 35 percent of the country's eight percent GDP growth in the fourth quarter can be attributed to the construction sector. The construction sector was also one of the biggest contributors to the country's industry's growth posting a 32.5 percent share during the first quarter.

"This year alone, in the infrastructure, our public works has spent around a little less P200 billion, and next year the projected amount is around P260 billion," Manalo adds. According to him, the private sector has also lined up a lot of committed projects, primarily in the power sector and in PPP (private-public partnership) projects. He cited Cavite-Laguna (CALA) Expressway and the NAIA Expressway as examples.

The construction sector's share of investment during the first half of 2013 reached 46.4 percent. This is the total registered investment which comprises of foreign, local, public, and private investments for this year, according to Manalo.

Just the same, the infrastructure spending between public and private sectors remains to be dominated by the private sector.

"As a growing country, it should be a 60 is to 40 percent sharing between the public and private sectors but there are some problems in the public sector as such that the 60-40 is leaning more on the private sector," he says. At present the sharing is 45 is to 55 percent in favor of private spending.

He added that the existing infrastructure and projected projects for 2015 to 2016 for public works can already be covered by the private sectors. "Now what is missing is on the area of transportation. That will be the one that will fan the fires for more investments in the country, both domestic and foreign," Manalo points out.

By 2015, PCA sees both foreign constructors and local constructors with 100 percent foreign equity to come to the country.

Globally, Asia continues to grow in the construction spending. Data from the Asia Construction Outlook (ACO) shows that Asia construction spending reached $2.8 trillion in 2012, accounting for "some 40 percent of global construction spending."

Source: Manila Bulletin, November 6, 2013 ■

Investment Opportunities in Nepal in Infrastructure

Development of infrastructure has been taken as the backbone of overall development of Nepal. From the very beginning of the planned development, this sector has been receiving high priority. As a result, some physical infrastructures have been built. Road, electricity, irrigation, water supply and sanitation, housing and urban development, environment, alternative energy and information technology are included in this sector. The LDC status of Nepal itself shows there is ample opportunity for investment in this sector.

The Government of Nepal has promulgated the BOOT Act to attract private sector investment in development sectors. Similarly, it has also initiated and completed various feasibility studies on establishment of 2nd international airport, metro railway in Kathmandu Valley, East-West Highway, Kathmandu-Pokhara Railway, etc. The urbanization in Nepal is in primary phase and stillunplanned. Urban housing shortage is expected to rise by 215,357 units every year between 2006 and 2020 (3,015,000 units in total) and, in Kathmandu Valley alone, demand of 40,300 units per year is expected by 2020.

Road transport has a predominant role in the socio economic development of Nepal because it is the only means for public transportation except for the limited air services to some parts of the country which are not affordable to all. The status of road development is not satisfactory. Nepal has a very low road density of 6.39 km per 100 sq km thus indicating poor accessibility to various parts of the country. Thousands of kilometers of good standard roads need to be constructed.

In sum, opportunities for development of infrastructure could be associated with: Construction of highways, fast track and expressways; Development of hydropower, both for domestic use and export; Development of tourism, both domestic and international; Development of trade and transit with neighbouring countries; Development of forest products, medicinal plant, wild life and pastures; Development of consulting and construction industries; Development of settlements and townships; Development of earthquake resistant design and technology; and Research and development aimed at indigenous and efficient construction.

Source: Federation of Nepalese Chambers of Commerce and Industry

Construction Sector in India: 2013

Construction industry of India plays an essential role in the economic growth of the country as it is the second largest contributor to the GDP (9 per cent), after agriculture.

Currently, incited by the boom in Indian real-estate sector, the growing construction sector in India is attracting a large number of global players. Adding to the growth are innovative construction technologies and sustainable building materials in the building-construction process.

Real-estate and Infrastructure:

The construction sector in India comprises of two segments: real estate and infrastructure.

While the real-estate sector comprises of residential (housing and development), industrial (industrial parks, factories and plants), corporate (offices and research centers) and commercial (malls, shops, showrooms and hotels); construction sector comprises of roads, railways, urban infrastructure (water supply, sanitation, schools, hospitals, universities and security), ports, airports and power.

Indian real-estate sector accounts for nearly 43 per cent of the construction spend.

Continued on page 10

Construction Sector

. . . Continued from page 9

Growth:

With the consistent attention given to infrastructure development and the increasing demand of housing in the country, building-construction process is increasing. As a result, the construction sector in India is growing at a CAGR (Compounded Annual Growth Rate) of around 11.1 per cent since the last eight years.

The construction sector of India has strong linkages with various industries such as steel, cement, paints, chemicals, fittings, fixtures and tiles. While in the short term it serves as a demand-enhancer; in the long run, it contributes towards boosting the infrastructure capacity. This is also evident from the fact that infrastructure construction accounts for the maximum share of 54.0 per cent of all construction and building activities. Industrial-expansion contributes to 36.0 per cent of overall construction activity, and residential and commercial 5.0 per cent each. As India goes aboard upon an accelerated drive for infrastructure formation, it becomes critical to enhance the capacity and capability of the construction sector.

Growth of the construction sector of India will give a boost to many other economic activities. It will stimulate substantial growth in the construction equipment industry as well as a host of other down-stream industries like steel, cement, paints, chemicals, fixtures and fittings, bricks and tiles, non-ferrous metals/ plastics/ glass, timber and wood-based products.

Employment:

The Construction sector provides direct/indirect employment to about 35 million people and is expected to employ about 92 million persons by 2022. Accordingly, almost 50 million additional jobs may be created in Construction in the next 10 years.

Source: Report Linker ■

Housing and Construction Industry of Pakistan

Housing and construction Sector is among the identified sectors by the Government of Pakistan as the driver of economic growth. A spurt in activity in this sector unleashes a chain reaction in other allied industries. It is also said that no less than 60 industries are linked to construction and housing sector.

Investment Potential in Housing sector

There is an annual shortfall of 270,000 housing units at present while the backlog of around 7.0 million units is in addition. The Prime Minister has issued a number of policy guidelines under "HOUSING FOR ALL" program for launching housing schemes for Government employees & provision of infrastructure to the housing development schemes. The Government has identified housing and construction as one of the major drivers of growth and has undertaken a number of measures to give impetus to this Sector which have helped reviving construction activities in the Country. Some of these include:

- Significant reduction in duties and taxes on import of building materials including steel & its products, Construction Machinery & Equipment
- Removing uncertainties from the real estate market by computerizing ownership documents
- Free Trade Agreement between Pakistan & China.

Huge investments are pouring in from international investors from UAE, Singapore, Malaysia, China etc. who have committed for US$ 43 billion on two islands of Bin Qasim, US$68 billion on a New City Project in Hawksbay, Karachi and are also executing mega housing projects in Lahore, Gwadar, Mangla & DHA Karachi and Islamabad.

The new home financing schemes by local and foreign leasing and financial institutions, through aggressive marketing, are playing an important role for the growth in this sector. Also, there are numerous infrastructure development projects in progress in the Country that include a

Continued on page 11

Housing

. . . Continued from page 10

large number of flyovers, underpasses, highways, tunnels, dams, roads and industrial projects which have lead this industry to surpass its past status and glory.

Ideal Investment Opportunities for Overseas Entrepreneurs to develop infrastructure

Every big city of Pakistan solicits Mass Transit System. The roads, highways and motorways all over the Country, specifically from Gwadar to Central Asian Republic Countries is another sector for investment on BOT basis. The Government is looking forward for investors to build these on BOT, BLT, BOOT basis. Overseas entrepreneurs have ideal opportunities to make joint ventures with Pakistani entrepreneurs to invest in these projects on turnkey basis for very lucrative returns.

Furniture Industry – another sector for investmnent

Government plans to set up a Sector Development Company on the recommendations of the Furniture Strategy Working Group "SWOG" to boost furniture industry. At present, quality furniture is being produced mainly at Chiniot, Gujrat, Peshawar, Rawalpindi and Karachi. Pakistan has the potential to export US$1 billion worth of furniture annually in the international market. Pakistan's furniture industry can be transformed from cottage to a modern industry through training, upgrading supplies and imports, setting up a woodworking institute including testing labs of international standards in Pakistan.

Gwadar – An investors' paradise

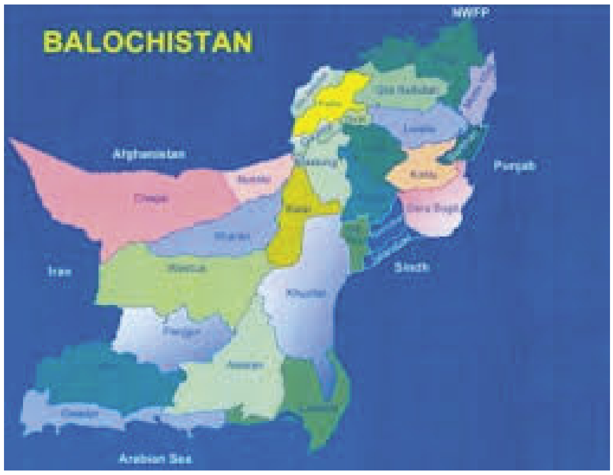
The land of Gwadar has its geographical importance, as after the development of the Port it will link the landlocked Central Asian Republics & Afghanistan with the rest of the world. It would also provide an alternate route to countries like China & Russia to directly access many Middle Eastern states.

The Government has initiated a number of key projects in Gwadar which would open new vistas for the economic development of Balochistan as well as Pakistan. Operation of Gwadar Port has already been awarded to Singapore Port Authority for 40 years. Some of the important projects initiated by the Government in Balochistan include construction of New Gwadar Airport, Gwadar-Khuzdar-Ratodero Road, Saindak Copper / Gold Mine, Kutchi Canal, etc. while the Makran Coastal Highway, Gwadar Deep Sea Port & Mirani Dam have already been completed & commissioned.

Work on Sonmiani Beach, the 4th Port of Pakistan, Extension of Coastal Highway from Gwadar upto Iranian Border have been announced by the Government to be commenced in the near future. Entrepreneurs from all over the world have immense opportunity to invest in infrastructure, Seaport, Airport and other industrial projects in the region.

Marble City Project at Buh (Balochistan) – Invest to modernize Marble Industry for exports

Pakistan, specifically Balochistan, is very rich in mineral wealth of various kinds of marble, onyx and granite. Low quantum of exports is mainly because of inexpensive primitive quarrying, finishing and polishing methods being generally adopted at present.



Realizing its potential for exports, the Government has established a MARBLE CITY on 600 acres of land located at 7 kilometers from Hub on Hub-Gadani Road under Lasbela Industrial Estate Development Authority "LIEDA". The 1 st phase of 300 acres has been sold out to 108 entrepreneurs. Infrastructure has been provided and factories over 70 plots are in advanced stage of construction.

Overseas investors have a unique opportunity to form joint ventures with local entrepreneurs to install Hi-Fi Plants and Machineries at MARBLE CITY to produce quality tiles, slabs and blocks at par with international standards for exports of this highly potential commodity, in great demand globally. Pakistan has several rare species of marble & granite of unmatchable quality in abundant quantities. Presently, marble is being exported to USA, UK, Italy, China, Middle and Far Eastern Countries etc.

Source: Build Asia ■

ANZ Report on Construction Opportunities in Asian Countries

In the Asian Century, Australian construction companies have many opportunities to work on major infrastructure projects — from airports to mining facilities, transport routes to skyscrapers. ANZ gives you direct insights into the factors shaping the "building of Asia".

Industry overview

Economies in emerging South East Asian countries are strengthening and improvements in sovereign balance sheets and positive demographic outlooks point to a long-term growth story. In these emerging markets, there is strong demand for infrastructure projects, which in turn generates demand for imported building and construction materials and services.

Australian construction companies looking to leverage this demand need to look beyond the favourable macroeconomic outlook, and pay heed to broader influences such as political stability, land availability and private sector interest. These issues will impact on the number of projects to get off the ground.

ANZ's presence in these emerging markets — as well as in established Asian countries like China and Singapore, where infrastructure projects continue apace — makes it easier to identify the most favourable projects and countries in which to do business.

Areas to watch

ANZ, in partnership with Business Monitor International (BMI), have identified a number of emerging South East Asian countries to watch. The following insights are taken from the article written exclusively for ANZ by BMI.

Indonesia — Buoyed by greater political stability and an improving business environment, Indonesia has been a text-book story of growth in recent years. The formation of government institutions to support infrastructure activities has driven the implementation of many successful projects. However, this commitment to invest in infrastructure projects is not guaranteed in the medium term. With an impending change in government, in which it looks likely that a more populist regime will come to power, it is difficult to state with certainty whether infrastructure investment will remain a priority of the new regime.

Malaysia — Construction and infrastructure activity in Malaysia has hit heights not seen in over a decade, thanks largely to the implementation of the 10-year economic plan, the 2011-20 Economic Transformation Program (ETP). The private sector is showing increased confidence in the government's ability to carry out the ETP, and there is more foreign direct investment in the local market. Yet the upcoming election may threaten this confidence. To lure voters in what will be a very close race to the polls, the ruling Barisan Nasional (BN) coalition is making populist policy promises that could require a cutback in expenditure in areas like infrastructure.

Philippines — The government announced its public-private partnership (PPP) program in 2010 to facilitate development projects at both the local and national level. However, progress has been slow, with only two projects awarded since then. A lack of regulatory clarity, plus the inability to complete preparatory and planning work, could take years to resolve – and potentially derail the entire program. As a case in point, the Ninoy Aquino International Airport Terminal 3 has been stymied by a contract dispute which has been ongoing since 2004. There is strong potential for the PPP to pave the way for great infrastructure projects — and hence create great opportunities for overseas investors and construction companies — yet work still needs to be done to shift the program from 'planning' into 'progress' mode.

Thailand — Since Yingluck Shinawatra became Prime Minister in 2011, her government has announced plans to develop around THB2.0 trillion (US$67 billion) worth of infrastructure projects in the next seven years. The focus will be on regional connectivity through roads, ports and high-speed rail; as well as ring roads and metro rail lines in Bangkok. However, it remains to be seen whether the Thai government will secure financing for these ambitious plans. Changes to PPP laws, which are expected soon, may help.

Vietnam — Vietnam has an improving investment climate for infrastructure. With its economy in the early stages of an upswing and a government committed to economic growth, the nation looks set to throw off many of the previous shackles that had held the country back from development. Once the government overcomes issues like excessive investment in certain infrastructure segments (i.e. roads, cement), slow land clearances, poor planning, high levels of corruption and a weak regulatory environment, it will really turn the country around.

Source: ANZ

■

Construction Opportunities in Qatar

Qatar plans to spend $200 billion in construction projects over nine years, including $140 billion in transportation infrastructure, as it prepares to host the 2022 World Cup, Deloitte said in a report.

The transportation infrastructure projects include a new airport, roads and a metro system to deal with the 400,000 fans expected for the month-long tournament.

Another $20 billion will go to tourism infrastructure as Qatar expects the number of tourists to reach 3.7 million annually by 2022.

The Deloitte report entitled 'Insight into the Qatar construction market and opportunities for real estate developers' examines the construction market in Qatar and assesses opportunities for real estate developers in the country.

Having been selected to host the FIFA World Cup in 2022 brought forth the opportunity for Qatar to position itself as a regional sporting hub. Qatar National Vision 2013 and programs such as Q2022 are focusing on leaving a legacy for Qatar in terms of football, infrastructure and economic development.

According to a recent study by Standard Chartered, Qatar's spending on the 2022 World Cup will only go up to $115 billion between now and 2022. The study says the spending would need to increase during 2013 following lower expenditure than expected in 2012, and added that many of the country's infrastructure projects should begin later this year.

"The government has already but out to tender a number of roads and sewerage development projects as part of a $20 billion program for the next five year," Standard Chartered said.

The Deloitte report looks into the government's strategy of promoting sustainable tourism with the purpose of attracting more tourists and visitors.

"Projects such as the Qatar-Bahrain causeway is an example of this strategy, as it will help drive regional tourist arrivals in Qatar," said the report.

Plans to construct new roads and a metro system have been put forth in order to support the anticipated influx of football visitors in addition to the airport expansion which is already underway.

In May, Qatar Railways Company awarded QR20 billion riyals of construction contracts to build the 216 kilometer-long Doha Metro linking Doha city center with many of the World Cup stadiums as part of a week of major property and infrastructure announcements.

Experts expects that the World Cup projects, which also include the construction of several sports stadiums that will host the tournament, will create alone about one million job opportunities, adding to employment opportunities to be created in other sectors.

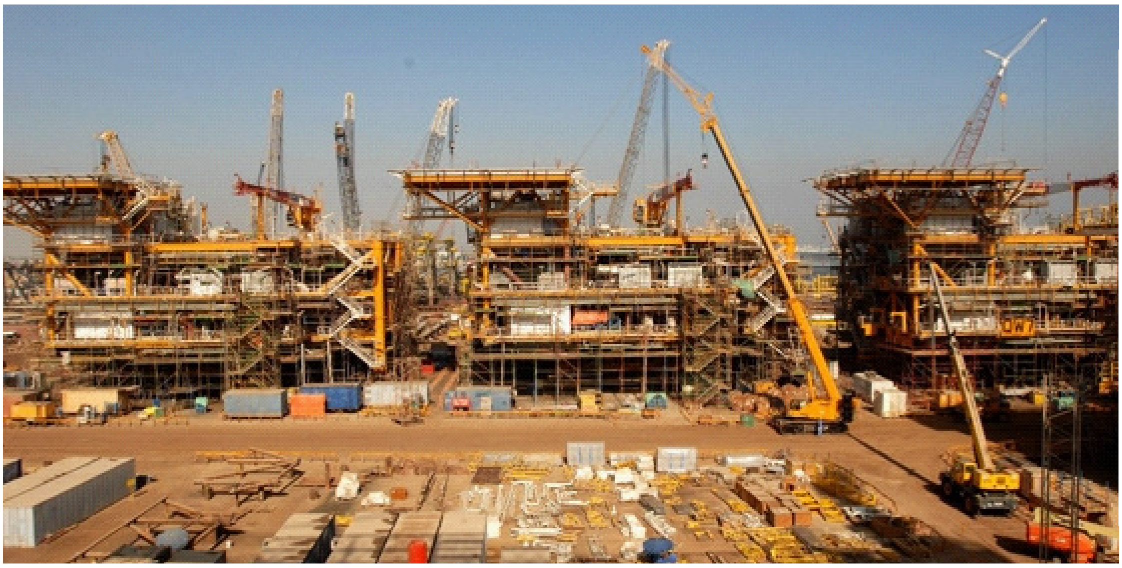
Deloitte experts expect this influx to also bring with it an increased demand for accommodation, with numerous worldwide chain hotels actively considering investments in the country.

Qatar Tourism Authority expects tourist arrivals to grow at a rate of 15.9 per cent compounded annually. This growth also creates opportunities for the development of commercial units, such as various shopping malls around Qatar.

The Deloitte report said Qatar was the third most active GCC construction market in 2012, with $10.4 billion worth of contracts awarded. Transport infrastructure dominated Qatar's construction sector, with four of the five biggest contracts awarded for major transport projects.

Source: Khaleej Times

■



Global Construction Industry Upbeat About 2014

Top construction executives around the world are optimistic revenues will increase over the next year, according to a recent report from Timetric.

Growth is expected to come from a number of different areas such as investments in IT infrastructure, public and private sector projects, more demand for sustainable construction and a growing number of pipeline projects globally.

The report published on May 14, 2013 The Global Construction Industry Survey 2013–2014: Market Trends, Buyer Spend and Procurement Strategies in the Global Construction Industry, is based on survey results from 126 senior construction industry professionals (C-level executives, directors and managers).

It found 53 per cent of survey respondents are more optimistic, 24 per cent are less optimistic and 22 per cent expect no change in revenue growth in the next 12 months.

Executives expect more mergers and acquisitions in 2014 because of slow recovery in the global economy, weak market conditions, larger companies looking to increase their global presence and increased pressure of rising costs on small and medium-sized construction companies.

Brazil, United Arab Emirates, China and Saudi Arabia are all forecasted to be strong markets for construction in 2014, but India was identified as the key emerging market because of infrastructure development in housing, roads, ports, aviation and power generation.

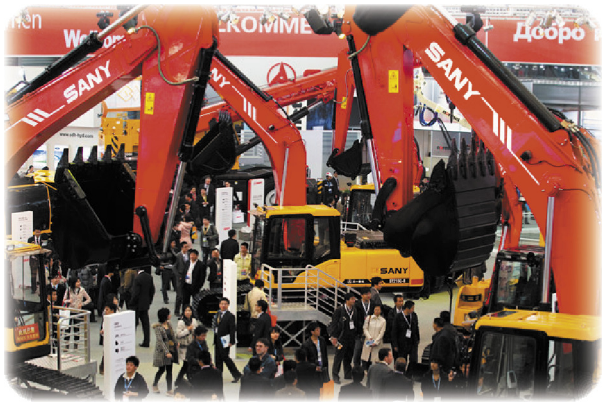
Canada, United States, Singapore and the United Kingdom were also noted as primary growth markets, while France, Italy and Spain are expected to have lower potential for growth.

Source: On-Site Magazine ■

Report on "Asia Pacific Construction Machinery Market Outlook to 2016 - China Leading the Industry Growth"

A Report entitled "Asia Pacific Construction Machinery Market Outlook 2016 - China Leading the Industry Growth" has been published by Research and Markets, leading source for international market research and market data

The Report focuses on various segments of the construction machinery industry in the Asia-pacific region, namely earthmoving equipments, construction vehicles, material handling equipments, construction equipments and others. These types of machinery are used in a wide range of applications, including building construction, surface mining and infrastructure projects, which include transportation and energy infrastructure construction.



The Report covers the following topics:

* Market size of Asia-Pacific construction machinery market, on the basis revenue

* The segmentation of Asia-Pacific construction machinery market on the basis of equipments namely earthmoving equipments, construction vehicles, material handling equipments, construction equipments and others and on the basis of countries segmented into China, Japan, India and South Korea

* Market size of construction machinery industry in China, Japan, India and South Korea on the basis of volume and value of sales

* Construction machinery market imports and exports in value and volume terms of China, Japan, India and South Korea

* The segmentation of construction machinery industry in China, Japan, India and South Korea on the basis of various construction machineries and the market share of major players in these segments

* SWOT analysis of China, India, Japan and South Korea construction machinery industry

Continued on page 15

Report

. . . Continued from page 14

* Market share of major players in the overall construction machinery industry of China, India, Japan and South Korea

* The trends and developments in China and India which had been a major factors affecting the industry on a whole

* The macro economic factors affecting the construction machinery industry of China, Japan, India and South Korea

* The market share of major construction equipment producers in the Asia-Pacific region

* The cause and effect relationship between macroeconomic and industry factors and Asia-Pacific construction machinery industry

* The future projections of construction machinery industry for Asia-Pacific region, for China, India, Japan and South Korea

* The company profile with detailed analysis of top three major construction equipment companies with their respective company profile, business overview and financial performance in the Asia-Pacific region.

Some of the products mentioned in the Report includes, among others: Cranes Machinery, Road Construction Machinery, Compacting Machinery, Concrete Machinery, Earthmoving Machinery, Motor Graders, Excavators, Wheel Loaders, Bulldozers, Pile Driving, Drillings Rigs Machinery, Tractors Machinery Market, Construction Cranes Machinery, Road Equipments Market, Tunnel Boring Machine, Foundation Work Equipments, Skid Steer Loaders, and Forklift Machinery.

Source: Research and Markets ■

Rapid Urbanization Spawns a Multi-billion Dollar Building Construction Industry in Asia-Pacific: Frost & Sullivan

The breakneck speed of population growth and urbanization in Asia-Pacific has given a thrust to economic activities in the region, inevitably leading to a boom in the demand for residential and non-residential building spaces. The Asia-Pacific market for building construction is expected to reach US$2.73 billion by 2025, growing at an average annual growth rate (AAGR) of almost 7.0 percent from 2011.

New analysis from Frost & Sullivan (buildingtechnologies.frost.com), Asia-Pacific Buildings Sector: Macro to Micro Implications of Mega Trends to 2025, finds that the top global Mega Trends will propel green development in Asia-Pacific's buildings sector. With an expected annual growth of nearly 30 percent from 2012, the size of the green buildings market is likely to reach US$1.20 trillion in 2025.

Most of the opportunities in the building construction industry will stem from the need to develop socio-economic concentration in mega regions and urban areas, support migration to major cities and urban areas, construct new cities, and redevelop existing cities.

Although the industry is on a high, there are several challenges to contend with. The buildings sector is identified as one of the highest consumers of energy and emitters of carbon dioxide. This energy inefficiency points to the growth of a green trend in the building sector and eventually, the development of eco cities, eco resorts, prefabricated buildings, light emitting diodes (LEDs), building management and services, and buildings policy reforms.

"Green buildings will become more mainstream in many countries in Asia-Pacific," said Frost & Sullivan Energy & Environmental Research Manager Melvin Leong. "They are likely to be one of the main tools in the drive to reduce energy intensity and carbon emissions. By 2025, 35-45 percent of green buildings revenues are likely to come from green retrofit of non-green buildings, and the rest from new green buildings."

Continued on page 16

Rapid *. . . Continued from page 15*

Building construction companies are expected to give priority to green buildings development in the construction of new eco cities and eco resorts. Subsequently, prefabricated buildings are also expected to rise in popularity, depending on the model, and contribute to the green projects in Asia-Pacific.

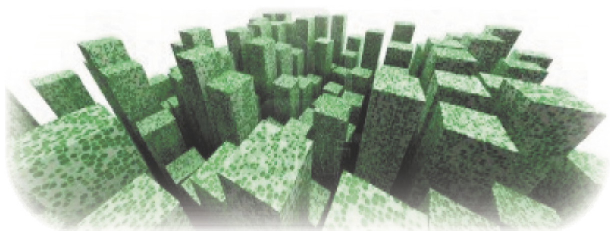
Green lighting is another important dimension of the green trend, and the LED lights for building applications will be developed with a focus on luminous efficacy. Further, the buildings sector development will witness the growing relevance of both facilities management and integrated buildings management service in the building' s lifecycle management.

"Over and above the industry trends, policy reforms will also go a long way in aiding the growth of the buildings market," noted Senior Consultant Vidhi Yaduvanshi. "The buildings sector will be fueled by policies on urban design and planning, renewable energy targets, and green growth frameworks such as environmental tax reforms, green accounting, environmental fiscal reforms, and green social enterprises."

About Frost & Sullivan

Frost & Sullivan (frost.com), the Growth Partnership Company, works in collaboration with clients to leverage visionary innovation that addresses the global challenges and related growth opportunities that will make or break today's market participants. For more than 50 years, it has developing growth strategies for the global 1000, emerging businesses, the public sector and the investment community.

Source: Newswire Today ■



About CACCI and ACCC

The Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI) is a regional grouping of apex national chambers of commerce and industry, business associations and business enterprises in Asia and the Western Pacific. It is a non-governmental organization serving as a forum for promoting the vital role of businessmen in the region, increasing regional business interaction, and enhancing regional economic growth. Since its establishment in 1966, CACCI has grown into a network of national chambers of commerce with a total now of 29 Primary Members from 27 countries in the region. It cuts across national boundaries to link businessmen and promote economic growth throughout the Asia-Pacific region. CACCI is a non-governmental organization (NGO) granted consultative status, Roster category, under the United Nations. It is a member of the Conference on NGOs (CoNGO), an association of NGOs with UN consultative status.

Membership in CACCI provides businessmen the opportunity for networking with his counterparts in other countries in the region and globally, participation in CACCI annual conferences and training programs, interaction in Product and Service Councils (PSCs) on various industry and service sectors, access to CACCI publications, and participation in policy advocacy work to create a policy environment conducive to private sector growth.

The Asian Council for Contracting and Construction is one of the PSCs under the CACCI umbrella. The PSCs have been formed with the primary aim of promoting greater business interaction among CACCI members who are in the same product or service line. The PSCs meet at least once a year, usually in conjunction with the annual CACCI Conference held in various member countries around Asia Pacific. Occasionally, officers and key members of the PSCs conduct teleconferences to discuss their activities for the year.

For more information on CACCI and the PSCs, please visit the CACCI website at www.cacci.org.tw.

Published by the Secretariat, Confederation of Asia-Pacific Chambers of Commerce and Industry
David Liu - Director-General
Amador R. Honrado, Jr. – Editor; Wendy Yang / Jacqueline Uy – Contributing Editors; Julia Hsu – Assistant Editor
14/F, No. 11, Songgao Road, Taipei 11073, Taiwan
Tel: (886 2) 2725-5663/4; Fax: (886 2) 2725-5665; Email: cacci@cacci.org.tw; Website: www.cacci.org.tw