

# NEWSLETTER



Volume VI – March 2017

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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 VI of 2017. This publication is a compendium of relevant news, reports, and analyses on recent developments in the contracting and construction business in Asia Pacific countries.

The articles contained in this newsletter show large investment projects throughout the Asia Pacific region. Construction projects are adding to Australian and New Zealand economic growth, South Korea is investing in energy projects in Uzbekistan, more railroad lines are built from Iran to Central Asia and beyond, while the Subcontinent's construction projects are booming. Philippines and Vietnam market are enjoying similar prospects.

Large infrastructure projects are positively affecting employment and fueling sustained national economic growth.

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

**Amb. Victor Tseng**  
**Director General**  
**CACCI**

## Construction fuels growth (Australia)

**Australian Associated Press, February 21, 2017**

CANBERRA - The Reserve Bank of Australia said that the construction of non-residential buildings will likely provide a boost to economic growth by the end of 2018.

Non-mining business investment has failed to fill the gap left by declining mining investment in recent years, but when the RBA left the cash rate unchanged at 1.5% on February 7, it said business investment would continue "gaining momentum".

Analysts and economists queried the central bank's comments at the time, but the RBA has laid out its case in the official minutes from that board meeting.

The central bank says non-mining business investment rose 5% in the year to September, and recent data on approvals of non-residential buildings indicate a pick up.

"While non-residential building construction was likely to remain subdued in coming quarters, the increase in approvals over the past year across the range of sectors suggested that non-residential building construction would contribute to GDP growth towards the latter part of the forecast period," the RBA minutes said.

Household consumption growth was likely to remain subdued, the central bank also said, with consumers' perceptions of their own finances at an average level.

Spare capacity in the labour market is also weighing on wages, which is affecting consumption growth, the RBA said.

"Any increase in uncertainty that households have about their future income growth could lead to lower consumption growth, particularly for those households servicing sizeable debts," the minutes said.

Wages could still rise more quickly than forecast, the RBA said, "particularly if employees were to demand wage increases to compensate for the period of low wage growth in recent years".

Inflation is expected to gradually improve.

The RBA said conditions in the housing market were strengthening in Sydney and Melbourne, while increased supply and low population growth were weighing on rents and apartment prices in Perth and increasingly Brisbane.

<http://www.news.com.au/finance/business/breaking-news/construction-to-add-to-economic-growth/news-story/577c35e9ef9c76fe21fc4b8f0581a008>

## Construction expands in February (Australia)

**Prashant Mehra, Australian Associated Press, March 7, 2017**

SYDNEY - A strong pick-up in house building and engineering construction has helped lift overall building activity for the first time in five months.

The Ai Group and Housing Industry Association Performance of Construction Index (PCI) rose 5.4 points to 53.1 points in February, from 47.7 points the previous month.

A level above 50 points indicates an expansion in activity in the sector.

The February reading was the highest since mid-2016, and the first expansion since September.

The house building sub-index lifted 10.7 points to 60.9 points, while engineering improved 11.1 points to 53.9 points.

"There was a healthy lift in new orders for house builders with some additional expansion experienced among engineering constructors," Ai Group head of policy Peter Burn said.

The gains offset the decline in new orders in the apartment sub-sector and underwrote a solid lift in overall employment in the industry as businesses increased their capacity, he said.

Apartment building was the only sub-sector in the red, even though activity levels remain high by historical standards. The apartment building sub-index slipped 0.4 points to 46.1 points, indicating continued contraction.

"The gem in today's result - for manufacturers, suppliers, sub-contractors, builders and the many other market participants - is the relatively strong showing for detached housing," HIA chief economist Harley Dale said.

He said the latest reading supports the view that new home construction activity will hold up quite well in the short term, after which there will be a marked decline in medium-to-high density construction.

Employment and deliveries subindexes improved in February, while activity rose 7.4 points to 54.7 points.

Input costs also jumped 10.5 points to 76.1 points, while wages were slightly higher.

<http://www.news.com.au/finance/business/breaking-news/construction-expands-in-february/news-story/828048dbfe45cb653d65dd3c49678866>

## Uzbekistan & South Korea mull joint projects

Trend, AzerNews, February 1, 2017



BAKU - Uzbek President Shavkat Mirziyoyev and South Korean acting President Hwang Kyo-ahn exchanged congratulatory messages in connection with the 25th anniversary of the establishment of bilateral diplomatic relations, the Uzbek Foreign Ministry said.

President Mirziyoyev and President Kyo-ahn confirmed the commitment to the principles of trust.

"Uzbekistan aims at further strengthening of the trade, economic, financial, investment and technological cooperation with the Republic of Korea," President Mirziyoyev said.

"The large-scale joint high-tech investment projects in energy, chemical industry, textile industry, automotive industry, infrastructure, transport, e-government and telecommunications testify to the well-developed relations between Uzbekistan and South Korea," President Mirziyoyev added.

President Mirziyoyev said that South Korea has become one of the most reliable partners of Uzbekistan.

"Uzbekistan supports a peaceful and balanced foreign policy of the Republic of Korea, its efforts to ensure peace and security on the Korean Peninsula," the message said.

President Kyo-ahn said that the successful implementation of the construction project of the Ustyurt Gas Chemical Complex on the base of Surgil gas field in Uzbekistan can be cited as an example of fruitful cooperation.

"I hope that other ongoing joint projects in the petrochemical industry, as well as new projects in the future, will become another example of effective cooperation between the two countries," President Kyo-ahn said.

South Korea invested more than \$7 billion in the Uzbek economy. Currently, around 450 enterprises established with the participation of South Korean investors successfully operate in Uzbekistan.

More than 70 South Korean companies opened the representative offices in Uzbekistan.

[http://www.azernews.az/news.php?news\\_id=108282&cat=region](http://www.azernews.az/news.php?news_id=108282&cat=region)

## Iran-Azerbaijan railway construction launched

Kamila Aliyeva, AzerNews, March 3, 2017



BAKU - Iran has started laying rail tracks on the rail section Astara (Azerbaijan) - Astara (Iran), which is constructed in the framework of the North-South international transport corridor.

Governor of Iran's Astara Port Yunes Ranjkesh said that operations started to lay rail tracks connecting this border port to its neighboring city in Azerbaijan, IRNA news agency reported.

Ranjesh said in the first phase of the operation a 600-meter-long rail track was laid while grounds are to be prepared for the second phase, which complete the whole project in the Iranian side.

The Iran-Azerbaijan railway is part of a larger national development project called the North-South Corridor which is to be used for transfer of goods and passengers.

The Iran-Azerbaijan railway project will connect Iran to the Euro-Asian marketplace after its completion.

The North-South Corridor will connect the railways of Azerbaijan and Iran, which in turn will provide a wider transport connection between India, Iran, Azerbaijan, Russia, Turkmenistan and Kazakhstan.

Due to its location on the corridor and role as a transit country, Azerbaijan stands to gain substantially from the North-South project. Firstly, it will bring millions in foreign currency. Secondly, it will give an essential boost to the Azerbaijani non-oil sector. Thirdly, it should significantly improve the transport infrastructure of the region. And most importantly, it will open up access to the Arab Gulf countries for Azerbaijan in the future.

[http://www.azernews.az/news.php?news\\_id=109756&cat=business](http://www.azernews.az/news.php?news_id=109756&cat=business)

## Iran & Afghanistan railways will link in 2018

Trend, AzerNews, February 25, 2017



BAKU - Iran's and Afghanistan's railways will connect in early 2018, Hossein Ashouri, the Iran Railway Company deputy head for operation affairs, said.

Ashouri said Iran has constructed a railroad till border with Afghanistan, however the remaining railroad inside Afghanistan is expected to be ready by 2018, Mehr news agency reported.

He said infrastructure in Afghanistan is also ready, adding that two rail blocks are being built in the neighboring country's

territory.

The railway will have two tracks. Ashouri said sub-grade of one of the tracks has been laid by 50%, while the second track's sub-grade is only 25% ready. He added that connecting Iran's railways to neighboring countries' railroads is a priority for Iran.

Recently, Iran's railroad has been linked to Turkmenistan through the Incheburun border checkpoint, Ashouri said, adding the Islamic Republic railways will also be connected to Azerbaijan through the Astara border checkpoint within three months.

[http://www.azernews.az/news.php?news\\_id=109454&cat=region](http://www.azernews.az/news.php?news_id=109454&cat=region)



## Government support critical to sustain construction growth (Bangladesh)

**The Daily Star, December 18, 2016**

DHAKA - In conversation with Dr. Mohammed Mohsin, Chairman of Rahim Group.



Steel is considered to be the backbone of national development. In Bangladesh, the steel industry has witnessed an impressive growth over the last few years. It has all the potential to rise higher as the country is going through massive infrastructural development led by big infrastructure projects and growing rural constructions. Local steel industries are meeting almost all the requirements of steel in the construction of the Padma Bridge, the largest infrastructure project in the history of Bangladesh. Rahim Group is one of the leaders in the local steel industry. In a lively conversation with The Daily Star, Mohammed Mohsin, Chairman of Rahim Group, talked about the prospects and

challenges of the industry.

Mr. Mohsin started with the information that the current production capacity of local steel industry is more than the demand. He said, “We expected around 10 percent growth but that is not happening. Most companies have completed expansion that will soon turn to production. But the present demand falls short of our expectation.” Bangladesh's per capita steel consumption is only around 30kg, which is one of the lowest in the world. Per capita steel consumption in India is over 55kg and in European countries, it is more than 300kg, he cited. Still, he is hopeful that the demand will rise, as a good number of big infrastructure projects are in the pipeline.

About the ongoing expansion of his company, Mr. Mohsin shared that they are doing forward and backward integration. They are producing billet and chemical products such as ferrous alloys. Earlier, the country was totally dependent on imports for this chemical. Now, after meeting the local demand, Rahim Group is exporting it. At the forward end, his company is producing plates, which are supplied to shipyards, which comprises only 10 percent of the total demand. The rest comes from import. If there were some restrictions on import of plate, more local companies would have invested in producing plates, said Mr. Mohsin. Since Bangladesh does not have ores of raw materials, it is difficult for local industries to compete with foreign products. He made it clear that it is not necessary to put a ban on import of plates, but there are anti-dumping regulations in most countries to protect local industries.

Recognising the importance of making the steel industry green, Mr. Mohsin informed that they are gradually embracing green solutions. They process fumes, making them free of harmful particles. Through processing, they get various materials that are mainly used in the paint industry. They also do optimal processing of industrial waste, and the end product is used for landfills, which is less harmful for the environment. He also suggested introducing carbon trading in Bangladesh, which will give cash incentives to companies to invest more in making their industries green and sustainable.

Talking about the export opportunity of the steel products, he said that the country can export 30% of its steel bars to northeast India. But not much is happening in that front due to various direct and indirect bars imposed by the Indian authority. He urged the government to take up this issue with India in bilateral meetings. Except India, there is little opportunity for exporting steel bars in other markets. But Bangladesh can export value added items such as railings, precast manholes, and suspensor of cars that have great demand in foreign markets. If the government provides some incentives for exporting these products, the steel industry will emerge as a leading exporter, said Mr. Mohsin.

He also highlighted transportation hassles at the port as a major impediment. It usually takes 15-16 days to unload imported raw materials from the mother vessel. Foreign suppliers charge extra money for this unusual delay, which ultimately increases production cost.

When asked about the quality of steel products, Mr. Mohsin explained tongue-in-cheek that from advertisements, it now seems like the sole standard of a steel product is whether it is earthquake resistant or not. But the fact is that no steel is earthquake resistant. Quality steel only helps to reduce the deflection of a structure during an earthquake. However, he said that it's not only the steel or steel product to resist the impact of earthquakes. "It's the totality; the proper combination of each material that will be used for construction," he said. He urged consumers to look for reputed companies who have long years of experience in steel production. It requires a long production culture to make a quality product, he added.

In his concluding remarks, Mr. Mohsin shared that with proper knowledge and support of technology, Rahim Group wants to set the path of a new era of construction business. As steel is a growing industry, he thinks that with proper support from the authorities and consumers, it will sustain for a long haul.

<http://www.thedailystar.net/supplements/govt-support-critical-sustaining-construction-growth-1331371>



## Construction & tourism fuel New Zealand growth

**AFP, Borneo Bulletin, December 23, 2016**

WELLINGTON - New Zealand's economy exceeded expectations to grow 1.1% in the September quarter on the back of booming construction and record tourist numbers, official data showed.

The strong performance from July to September topped market forecasts of 0.9% and took annual economic growth to 3.0%.

Statistics New Zealand said 13 of the 16 industries used to gauge gross domestic product were positive, pointing to a broad-based expansion in economic activity.

The standout sectors were construction, up 2.1%, and transport, which surged 3.7% over the quarter.

"It is clear that the economy is still benefitting from the combination of high net migration, strong tourism flows and low interest rates," Capital Economics analyst Paul Dales said.

The strong economic activity was likely to spur New Zealand's stubbornly low inflation rate, easing pressure on the central bank to further cut interest rates from a record low of 1.75%, he added.

New Zealand recorded a record 3.45 million international visitors in the year to November 30, while net migration over the same period was an all-time high of 70,400.

Finance Minister Steven Joyce said it was a welcome boost for the economy as the rural sector, once New Zealand's biggest export, struggled.

"It's hard to overstate the importance of key service sector exports like tourism and education in New Zealand's economic success in recent years," he said. "They have taken up a lot of the shortfall as the dairy sector went through its downturn."

Joyce said New Zealand had one of the best growth rates in the developed world, with official forecasts predicting continued annual growth of about 3.0% until 2021.

<http://borneobulletin.com.bn/construction-tourism-fuel-strong-new-zealand-growth/>

## Approved construction projects soar to \$7.2 billion (Cambodia)

Hang Sokunthea, The Cambodia Daily, September 8, 2016

PHNOM PENH - The value of approved commercial construction projects more than doubled to \$7.2 billion in the first eight months of 2016, driven by a building boom in Phnom Penh and the clearance of an application backlog, an official said.

Weakness in residential projects, specifically the condominium sector, has been a drag on the industry, according to the Finance Ministry, but overall growth has continued due to larger multi-use projects in the capital, said Seng Lot, a spokesman for the Ministry of Land Management, Urban Planning and Construction.



*Laborers work at a construction site in Phnom Penh last August. (Photo: Pring Samrang/Reuters)*

In its report on the construction sector, the ministry said it approved 1,753 projects worth \$7.2 billion in the first eight months of 2016, compared to 2,305 projects worth \$3.3 billion in all of 2015.

Approval of the 133-story Thai Boon Roong Twin Towers, a mixed-use megaproject on the site of Phnom Penh's former Dream Land amusement park, anchored the figure, Mr. Lot said.

The \$1 billion trade center, announced earlier in 2016 by the local Thai Boon

Roong Group and Chinese contractor Kia Nip Group, is to feature office space, a cultural center, a hotel and shops on a five-hectare plot.

Another contributor was the approval of dozens of projects that had been stuck in the Land Management Ministry's pipeline, Mr. Lot said.

"It is also due to the clearance of a backlog of almost 100 building projects that the new minister, Chea Sophara, approved since he came to the office," he said.

Investor confidence in the country's steady economic growth and relative political stability also contributed to the \$7.2 billion figure, led by developers from China, South Korea and Japan, Mr. Lot said. Between 2000 and August 2016, foreign investment in 284 projects totaled \$4.2 billion, he said.

Condominium sales plummeted by 50% in the first six months of the year, while sales of units in gated communities dropped by 30%, a result of excess supply, the Finance Ministry said in a report late 2015.

The World Bank expected Cambodia's gross domestic product to grow by 6.9 percent in 2016, with the country's building boom bolstering the economy.

<https://www.cambodiadaily.com/second2/approved-construction-projects-soar-7-2-billion-117756/>

## **Hong Kong is the most expensive Asian city to build**

**Janet Li, South China Morning Post, March 6, 2017**

**HONG KONG** - Hong Kong is suffering from a severe shortage of construction labour, where 40% of registered workers are older than 50 years

Hong Kong, already the world's least affordable urban centre to live and work in, is also the costliest Asian city to get anything built, due to its severe shortage of construction labour, according to a survey by global design and architecture consultancy Arcadis.

Hong Kong's registered construction workers numbered 427,609 as of January, according to the city's Construction Industry Council website. Their productivity and number of working days are declining, as 40 per cent of registered workers are older than 50 years, according to data by Hong Kong's Construction Industry Alliance.



"The major reason is shortage of labour in Hong Kong," a persistent problem with no apparent and immediate solutions, said Francis Au, Arcadis' country head for Hong Kong and Macau, in releasing the International Construction Costs Index.

"Solutions based on migrant labour aren't acceptable to the local population at this stage. To stabilise the rising building costs, the government and the construction

industry will have to look into investing in initiatives and solutions that can increase industrial productivity."

Macau is Asia's second-most expensive city for building because of the massive number of casinos under construction, he said.

"We used to call those casinos money-printing machines," Au said. Unlike Hong Kong, Macau can import construction workers from mainland China and Hong Kong, which goes some way to alleviating the labour shortage and cap the costs.

For the remainder of this year, Hong Kong's construction industry workload can be sustained by upcoming mega projects such as the Hong Kong-Zhuhai-Macau bridge, and large housing programmes with 480,000 apartment units expected to be built over the next decade, Arcadis said.

## Construction costs

| Asia ranking | World ranking* | City                |
|--------------|----------------|---------------------|
| 1            | 2              | <b>Hong Kong</b>    |
| 2            | 5              | <b>Macau</b>        |
| 3            | 15             | <b>Singapore</b>    |
| 4            | 17             | <b>Tokyo</b>        |
| 5            | 21             | <b>Seoul</b>        |
| 6            | 27             | <b>Brunei</b>       |
| 7            | 35             | <b>Shanghai</b>     |
| 8            | 38             | <b>Manila</b>       |
| 9            | 39             | <b>Bangkok</b>      |
| 10           | 40             | <b>Taipei</b>       |
| 11           | 41             | <b>Ho Chi Minh</b>  |
| 12           | 42             | <b>Jakarta</b>      |
| 13           | 43             | <b>Kuala Lumpur</b> |
| 14           | 44             | <b>Bangalore</b>    |

\* New York is ranked No 1

Source: Arcadis

SCMP

Slower economic growth in China may cut construction costs by 2 to 3% points, he said.

"As China's state economic policy is to expand overseas, we can expect to see more Chinese funds go to other Asian countries such as the Philippines, Malaysia and Cambodia to fuel their infrastructure projects building," he said.

North of the border, mainland China will be home to three of the world's 10 priciest infrastructure projects of 2017, with President Xi Jinping's US\$150 billion "One Belt, One Road" signature programme topping the Arcadis survey.

India's US\$90 billion New Delhi-Mumbai Industrial Corridor is the world's second-most expensive public works project, Arcadis said. A US\$13 billion airport extension in Beijing and a US\$11 billion airfield in Chengdu round off the ninth and 10th positions on the Arcadis survey.

"Four out of the 10 highest-value construction projects in 2017 are in Asia," said Alan Hearn, Arcadis' head of Asia buildings solutions. "Among them are the

"One Belt One Road" initiative and the New Delhi-Mumbai Industrial Corridor. Mega projects like these are mainly funded by public-private partnerships that will continue to fuel the development of the construction industry in Asia."

With the Chinese economy expanding at the slowest pace in almost three decades, the government is relying on infrastructure spending to pump prime demand, generate jobs and spur spending in the world's second-largest economy.

India too is turning on the taps for public works, finally putting resources behind the push to enhance and improve the country's creaky telecommunications, transportation and logistics infrastructure to facilitate economic growth.

China has already spent more on public works than North America and Western Europe combined in the two decades between 1992 and 2013, according to McKinsey Global Institute's 2016 survey. The Chinese government will pump 1.8 trillion yuan (US\$261 billion) into roads and waterways, 800 billion yuan into new railway tracks and upgrades, and begin the construction of 15 major hydroelectric dams and power stations, according to the latest government work report delivered at the National People's Congress in Beijing.

New York's US\$20 billion Hudson Yards project is the sixth most expensive, and the Crossrail in London ranks eighth.

<http://www.scmp.com/business/china-business/article/2076442/china-has-three-worlds-10-costliest-construction-projects>

## **"Trump Tower" project to be continued in Batumi (Georgia)**

**Georgian Journal, November 16, 2016**

BATUMI - Trump Tower is going to be built in Batumi. After 6-month conservation, Silk Road Group, which owns the license for constructing this high-class residential complex, says the project will continue. InterPressNews agency has spoken to Giorgi Mari, the Head of Real Estate department of Silk Road Group, about the reasons why the project has been stopped and what are the company's future plans.

### **Did the Silk Road Group have a contact with Trump Org after the US elections?**

The Silk Road Group had an honor to congratulate the Trump Organization and the entire Trump family with this historic event. The Silk Road Group is confident that during the presidency of Mr. Trump United States and Georgia will further strengthen economic, business and cultural relations.

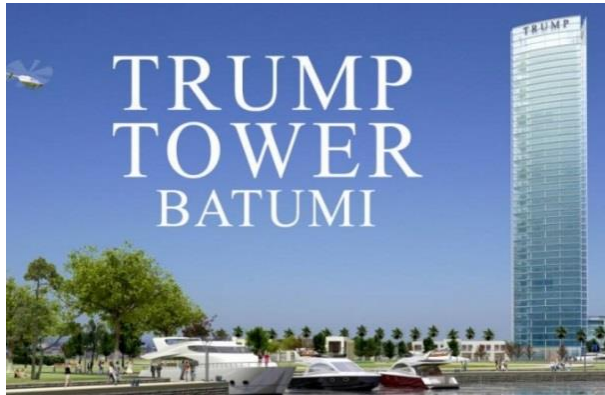
### **When was the Trump Tower project idea conceived, when was its implementation start and what is the scope of the project?**

The idea was born in 2010 in New York after the meeting of representatives of the Trump Organization and the Silk Road Group New York office, upon which the parties agreed on the development of the Trump branded joint projects in Georgia.

License for construction of the Trump Tower was given to the Silk Road Group in New York in March 2011 after concluding of a license agreement. The agreement was personally signed by Mr. Trump on behalf of the Trump Organization and George Ramishvili, the founder of the group, on behalf of Silk Road.



Construction of the Trump Tower Batumi was decided on a so-called Batumi Riviera site. Master Plan for the Batumi Riviera was completed in 2011. The plan perceives landscaping of the 6-hectare land owned by the Silk Road Group plus its adjacent 1.5 hectares, outfitting of the nearby beaches and reconstruction of the adjacent marine harbor into the modern yacht club. The centerpiece of the Batumi Riviera Master Plan is construction of a premier-class residential building of the Trump Tower.



In April 2012 Mr. Trump visited Georgia following an official invitation of the Silk Road Group. During his visit Mr. Trump had personally reviewed every detail of the Batumi Riviera Master Plan and examined the construction site, after which the project was officially presented to the public in the attendance of the government of Georgia. It was an unprecedented level of support for the Batumi Trump Tower project on behalf of Mr. Donald Trump.

Unfortunately, later on the Trump Tower project came to a halt, because, on the one hand, the prices for real estate in the region did not show the expected growth, and besides, the Silk Road Group has encountered unexpected resistance of the then government of Ajara, as the conditions set out in the project were not met, despite the fact that these details were part of a master plan approved by the government and presented in an exactly that arrangement to investors as in New York, so in Batumi. Due to this uncertainty implementation of the project has been put off.

**What is the future of this project and is its implementation planned during the next 4 years of the Donald Trump's presidency.**

As it is obvious, we have a 6-year consistent relationship with the Trump organization. We have been, together with the Trump Org., observing the situation. Following improvement of the real estate market and favorable investment environment in Georgia in recent years we can say that we have grounds for optimism and we are planning to go back to this ambitious project in nearest future.

This is the vein that is a foundation of our plans to implement the original idea and build the Trump Tower in Batumi. Of course, successful cooperation is a prerequisite of continuing working on many other ideas and projects with such a prominent partner as the Trump Organization.

I would like to finally note that the Silk Road Group and Silk Road Group Transatlantic Alliance continue to work actively for strengthening the economic, business and cultural ties with the United States of America.

<http://www.georgianjournal.ge/business/33079-qtrump-towerq-project-to-be-continued-in-batumi.html>

## Iranian construction grows strong

Financial Tribune, November 5, 2016



TEHRAN - Despite the challenges surrounding the drop in global oil prices and the Iranian government experiencing problems in financial cash flow due to years of sanctions, Iran's construction market is expected to continue a relatively steady growth at a compound annual growth rate (CAGR) of 6.1% from 2016 to 2020.

Combined with a population of nearly 80 million, and 64% under the age of 35, the country has the ingredients to become a major player in the global construction market, writes Erika Masako Welch from management consultancy Solidiance.

The total construction market in Iran is forecast to close at \$154 billion at the end of 2016, and expected to reach \$196 billion by 2020. The lifting of the sanctions in January 2016 have improved investor and consumer confidence over the past nine months, as many are optimistic that additional funds will pour into construction projects, consultancy.uk reports.

Construction growth has been primarily driven by the residential segment, accounting for 45% of the market, due to a severe shortage of housing stock. The demand stands at 1.5 million housing units per year, and the current market is only able to supply 700,000 units.

In 2009 alone, it was estimated that 750,000 additional units were needed each year, solely to cater to Iran's young couples embarking on married life.

Iran is expected to see growth not only from new housing development, but in renovations of existing buildings as well. In addition to upgrading old buildings for general safety and upkeep, many buildings across Iran require reinforcement and renovation in case of earthquakes.

The government has announced plans to provide 1.8 million loans over a period of six years, from 2014 to 2020, ranging between \$7,500 and \$18,700, to help pay for renovation and upgrade projects.

Despite a 3% CAGR in the construction market for overall growth between 2013 and 2015, according to the Central Bank of Iran (CBI), it should be noted that Iran experienced a 32% decline in the number of construction permits issued within urban areas in fiscal year 2014-15, compared to 2013-14. With the lifting of sanctions earlier this year, and foreign direct investment inflows expected to increase, this trend is expected to turn around.

With infrastructure playing a critical role in Iran's plans to attract FDI into the country, the government has prioritized infrastructure development in its strategic plans. The government is planning to nearly double the size of the country's 13,000km railway network to over 25,000 kilometers by 2025.

The country has also announced a number of construction projects for the development of dams, tunnels and industries. In 2014, and estimated 475 tenders, worth \$88.3 billion, were awarded. Projects included the construction of 745km of freeways, 5,626km of highways, and 2,970km of main roads across the country.

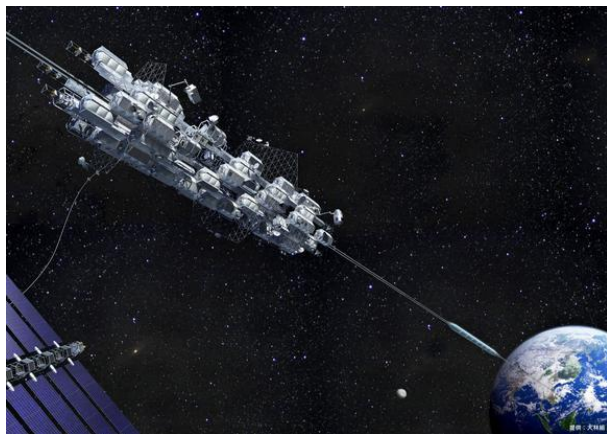
<https://financialtribune.com/articles/economy-business-and-markets/52917/construction-market-in-iran-to-see-strong-growth>

## Japanese builders aim at the stars

**Kosuke Terai, Nikkei Asian Review, March 11, 2017**

*Once the realm of science fiction, space development now has contractors seriously interested. A space elevator constructed of advanced materials is one future project envisioned by general contractors.*

TOKYO - With an eye to profiting from humankind's final frontier, Japanese construction giants are developing ambitious space technologies to supplant the Olympic building boom. And some of their projects are simply out of this world.



In February, an odd looking device was seen rolling around a highway construction site on Japan's southwestern island of Shikoku, stopping regularly to examine soil hardness. The machine was actually an autonomous rover, the product of a collaboration between Takenaka, one of the nation's largest contractors, its subsidiary Takenaka Civil Engineering & Construction and the Japan Aerospace Exploration Agency (JAXA). Designed for exploring the moon and Mars, it is currently

being tested to see if it can collect samples for space-based engineering and construction projects.

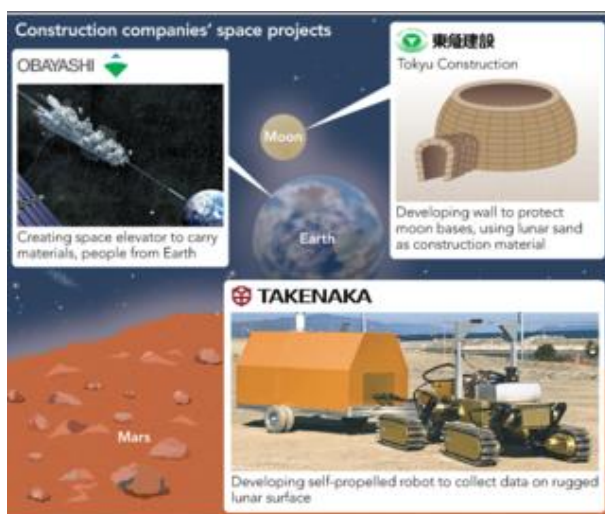
A prototype of the rover, dubbed Kenage, was developed in 2014 by JAXA and Ono Denki Seisakusho, a Japanese machinery manufacturer. It was able negotiate 30-centimeter obstacles and climb 45-degree slopes, but obviously lacked the capability to traverse more rugged terrain like the rocky, pockmarked surface of the moon. That's

when Takenaka stepped in. The original developers hoped to leverage the company's expertise in platform cars commonly used at construction sites to advance their goals.

Now, the rover has been equipped with ultrasonic sensors and GPS in order to detect and avoid obstacles, thus improving mobility over treacherous landscapes. Testing is also underway at different places around the world to assess the machine's terrestrial capabilities, as the developers would like to exploit more down-to-earth opportunities. "We hope technologies designed for space can also be used for our earth-based business," remarked Masahiro Sugata, a researcher who heads the new production systems unit at Takenaka's Research & Development Institute.

Currently, the biggest challenge still facing project engineers is making a rover that can deal with unexpectedly formidable obstacles. One idea is to integrate multiple robots into a single machine.

The trials in Shikoku proved that the rover can reduce soil inspection times by 15%. JAXA hopes to have a fully functioning version included on its moon missions slated for early next decade.



The idea of exploiting outer space for profit began in the free-spending days of Japan's bubble economy in the 1980s. At the time, some construction companies unveiled otherworldly plans, such as Shimizu's space hotel and moon base -- projects that were laughed off as little more than sci-fi dreams. Since then, new capabilities acquired from participation in numerous infrastructure projects as well as advances in information technology have made spaced-based business a distinct possibility.

Corporations involved in space projects also want to apply the fruits of their labors to infrastructure on earth. Takenaka believes its autonomous moon rover can be used for inspecting road bridges, many of which have complex inner structures that are time-consuming to check. The company is banking on robots to generate substantial savings in time and manpower when used for similar tasks.

Another large Japanese contractor, Tokyu Construction, is developing technology for manufacturing bricklike construction materials on the moon. Since any moon bases would be exposed to meteorites and high levels of radiation, the company figures that lunar facilities would require walls at least 10 meters high for protection. Launching materials from Earth to construct these walls would be impractical, hence the need for this futuristic technology, which would use sand mined from the lunar surface and a minimum of Earth-based materials to make the bricks.

Tokyo City University and Nitto Seimo, a fishing-net manufacturer, have joined the project, which launched last year and involves nearly 20 engineers and researchers. The team has been mixing lunar sand obtained from JAXA with materials found on Earth in order to find just the right blend. They anticipate a solution by late March. Like Takenaka, Tokyu hopes the new technology can be used for more earthly applications.

<http://asia.nikkei.com/Business/Trends/Japanese-construction-companies-hitch-their-fortunes-to-the-stars>

## Construction is booming (Pakistan)

**Dawn, November 18, 2016**

LAHORE - With the China-Pakistan Economic Corridor (CPEC), a new era of construction has begun in Pakistan and it is high time that more Chinese investors explore the country for investment and joint ventures, said Mr Wang Zihai, president Pakistan-China Joint Chamber of Commerce and Industry (PCJCCI).

Meeting with a delegation of Chinese investors, he stressed that Pakistan's construction sector was booming as many mega residential, industrial and commercial construction projects were underway in major cities.

The seven-member delegation of Shandong SKL International Trade Limited, led by Mr Shanfeng Xu, expressed its desire to construct an energy efficient mega-project on modern lines in Lahore. Mr Xu said China is keen to develop infrastructure facilities in Pakistan.

The delegation noted that construction style in Pakistan was conventional and energy inefficient. Using highly efficient technology, Pakistan could save construction and energy costs massively, they opined.

Faheem Khan informed that housing and construction sector has been identified as the driver of economic growth and this was quite encouraging for foreign investors.

<https://www.dawn.com/news/1296961>



## Philippines' constructions are booming

**Carlo S. Lorenciana, The Freeman, February 14, 2017**

CEBU - The construction boom is expected to continue its momentum on the back of sustained economic fundamentals, the national president of the Subdivision and Housing Developers Association (SHDA).

"The construction boom is a result of the good economic condition in our country," said Christopher Narciso, also president and COO of Taft Property Venture Development Corp, in an interview with reporters.

"The numbers speak for itself. The supply is far less than the new demand every year. There is also the backlog," the official said. "With those fundamentals alone, we will continue to have a healthy housing market," Narciso further said.

Property developers have asked the government to address the issues affecting them such as the bureaucracy and corruption.

Narciso noted that if these issues are addressed and that "better" industry initiatives are in place, the construction boom and the healthy real estate growth in general would surely be sustained.

"Of course there are other factors like the interest rates but that would sustain it or make it bigger," the SHDA president said.

In its 2016 report, Timetric's Construction Intelligence Center (CIC) noted the Philippine construction sector is expected to grow in the next four years, reaching \$47.0 billion in 2020 boosted by the residential and the infrastructure markets.

CIC "forecast the Philippine construction industry to rise from \$30.2 billion in 2015 to \$47.0 billion in 2020, at a compound annual growth rate (CAGR) of 9.22 percent," read the report entitled Construction in the Philippines-Key Trends and Opportunities to 2020.

The CIC report, which provides data and analysis on the global construction industry, also noted that the growth would root from infrastructure improvement, "favorable" public-private partnerships and the prolonged expansion of residential and commercial buildings.

The residential market is seen to account for as much as 33.9% of the industry's total value in 2020 - the largest contributor to the Philippine construction industry in the succeeding years, driven by the expanding middle-class population, urbanization of underprivileged areas and housing projects for low-and middle-income groups.

On the other hand, the infrastructure market is expected to be the second largest contributor and the fastest growth sector in the construction industry, the report said, noting the said market to reach \$14.7 billion in 2020 at a CAGR of 14.14%.

This is driven by government's ambitious infrastructure spending plan to develop high-speed rail links, highways and sea ports through PPPs.

<http://www.philstar.com/cebu-business/2017/02/14/1671975/construction-boom-continue>

## Skilled construction workers in demand until 2022 - DOLE (Philippines)

Mayen Jaymalin, The Philippine Star, January 2, 2017



*Electricians and other construction workers would be highly in demand in the next five years, the Department of Labor and Employment (DOLE) reported over the weekend. (File photo)*

MANILA - Electricians and other construction workers would be highly in demand in the next five years, the Department of Labor and Employment (DOLE) reported.

Dominique Tutay, DOLE's Bureau of Local Employment (BLE) director, said the country is not producing a sufficient number of skilled construction workers.

"On the average, the demand from the market for construction is 200,000, but the supply is only 80,000," Tutay said.

She further noted that of the 80,000 construction workers, only 24,000 are actively looking for employment.

"If you will deduct the 80,000 supply from the 200,000 demand, the result is the number that the market is looking for," Tutay pointed out. She identified the construction-related skills required by the local market as laborers, electricians, heavy equipment drivers and safety engineers.

According to her, the market needs not just any construction workers, but also those with the required specific skills and qualifications.

To address the shortage, Tutay said, the current supply of construction workers in the country must continue to undergo skills training.

She said the government is encouraging Filipino construction workers abroad to return and work in the country. She added some local companies have expressed intention to hire Filipino construction workers who were displaced as a result of the oil crisis in Saudi Arabia.

But unless the country produces enough of them, construction workers are expected to be highly in demand until 2022, Tutay said.

<http://www.philstar.com/headlines/2017/01/02/1658899/skilled-construction-workers-demand-until-2022-dole>

## Vietnam construction industry shows potential

**Vietnam Net, February 7, 2017**

HANOI - In real terms, the Vietnamese construction industry registered a growth rate of 9.1% in 2016, measured at constant 2010 US dollar exchange rates, according to latest report by ReportLinker, an award-winning market research solution.

This was preceded by annual growth rates of 10.8%, 7.6%, 5.9% and 6.4% in 2015, 2014, 2013 and 2012 respectively.

According to the report, this growth was supported by economic recovery, coupled with government investment in infrastructure and residential construction, and the increased issuance of building permits. In addition, the Socio-Economic Development Plan (SEDP) for 2011–2015, under which the government invested in the development of industrial facilities, supported review-period (2012–2016) growth.



The country's construction industry is expected to expand in real terms over the forecast period (2017–2021), due to investments in transport infrastructure, energy and utilities and affordable housing projects.

Additionally, government investment in public infrastructure and educational healthcare buildings as part of the 2016–

2020 Development Plan will support this growth.

The government is planning to increase the country's seaport capacity under the new master plan for seaport system development for 2020. Additionally, the government launched the 2020 Broadband Plan in January 2016, to support economic development and growth. Through this, the government aims to create investment opportunities, and ensure social and economic inclusion.

In real terms, the industry's output value is anticipated to post a forecast-period compound annual growth rate (CAGR) of 7.78%, compared to the CAGR of 8.33% recorded during the review period.

### **Key Highlights**

The construction industry is expected to benefit from the government's plans to improve living conditions in rural areas. In August 2016, the government launched a new rural building program for 2016–2020, with an aim to build schools, hospitals, roads, water-treatment facilities and other related infrastructure in rural areas by 2020.

Under Vietnam's Railway Development Strategy 2020, the government aims to increase the share of passenger and freight transport by railway from 0.5% of the total passenger transport market share and 1.0% of the total freight transport in 2015 to 13.0% in terms of passenger transport and 14.0% in terms of freight transport by 2020.

Accordingly, the Ministry of Transport (MOT) proposed a plan to develop the North-South railway infrastructure. It includes the construction of a dual-track broad-gauge line connecting Hanoi and Ho Chi Minh City, two express railway sections, and upgrades to the existing railway.

The government's focus on developing seaports with an aim to increase trade volume in the country is expected to drive growth in the infrastructure construction market over the forecast period. In 2015, the government announced Vietnam's new Master Plan for Seaport System Development 2020, to develop the country's port infrastructure.

The government aims to increase Vietnam's housing area per capita from 16.7m<sup>2</sup> per person in 2015 to 25.0m<sup>2</sup> per person by 2020. Consequently, the government is planning to build 1.0 million affordable houses by 2020. Accordingly, it launched various social housing programs such as the Housing for Poor Rural Families Program, low-rent housing for industrial zone employees and low-income urban social housing-local government.

<http://english.vietnamnet.vn/fms/business/172154/vn-construction-industry-shows-potential.html>

## Ho Chi Min City to build \$158m canal dyke

**Vietnam News, March 13, 2017**

HO CHI MINH CITY - HCM City has announced plans to invest VNĐ3.6 trillion (US\$158.4 million) in the construction of a levee along the canal complex of Tham Lương, Bến Cát and Nước Lên.



*Construction of a dyke along the canal complex of Tham Lương, Bến Cát and Nước Lên is expected to start this year and finish in 2019. (Photo zing.vn)*

The HCM City Anti-Flooding Centre said that it had submitted the blueprint for an embankment project along the 33km-long canal complex to the city's Department of Agriculture and Rural Development for approval.

The project is part of a larger one intended to manage the flooding risk in the city.

The Tham Lương, Bến Cát and Nước Lên canals form the longest canal route in the city, running through five districts: Gò Vấp, Tân Bình, Bình Tân, Bình Chánh and District 2.

A World Bank loan provides funding for the project. Construction of the dyke is expected to start this year and finish in 2019.

<http://vietnamnews.vn/society/372766/hcm-city-to-build-158m-canal-dyke.html#8PCZ7R6Y2sV9qsU5.97>

## Philippines attracts more builders

**Keith Richard D. Mariano, Business World Online, March 1, 2017**

MANILA – The Philippines is attracting more building and construction companies, according to an exhibition and event organizer, as infrastructure development accelerates in the country.

In a media briefing in Quezon City, Worldbex Services International announced that more than 1,000 companies joined The Philippine World Building and Construction Exposition on March 15-19.

Worldbex held the exposition in World Trade Center, Philippine Trade Training Center and SMX Convention Center in Pasay City to accommodate the bigger number of



building and construction companies. In comparison, the event attracted around 800 exhibitors last year.

“Basically, I think the Philippines is gaining attention in terms of growth -- that’s why a lot of companies are deciding to invest in the Philippines -- and I think we’ve been seeing a lot of moves in the construction industry,” Worldbex Managing Director Jill Ang said.

The event organizer partnered with Wilcon Depot, Inc. for the 2017 trade fair. The home improvement and construction supplies retailer, for one, sponsored the booth of the Philippine Institute for Interior Designers.

“The construction sector is one of the drivers of the economy,” Wilcon Senior Executive Vice-President and Chief Operating Officer Rosemarie B. Ong noted.

“That’s why you see the economy is growing and Worldbex, of course, is automatically gaining its grounds in terms of attracting more international exhibitors and local players as well,” the company official added.

Wilcon recently received a go-signal from the Securities and Exchange Commission to proceed with its initial public offering (IPO) of 1,393,906,200 common shares for a maximum of P7.92 billion to accelerate its expansion across the country.

In an updated prospectus, the company scheduled the offer period for March 20-24 and listing date for March 31.

Wilcon is looking to net P7.58 billion from the IPO. It intends to disburse P6.11 billion for store network expansion until 2021; P972.4 million for debt repayment until 2018; and P500 million for general corporate purposes until 2018.

The company plans to open 29 stores within the next five years in Cavite, Butuan, Zamboanga, Iloilo, Tacloban, Cabanatuan, Bicol, General Santos, Davao, Lucena, Isabela, Tagum, Tuguegarao and Surigao.

Wilcon has already secured 22 sites for the new stores, Founder and Chairman William T. Belo told reporters. The company also remains open to making acquisitions in the retail industry to grow its business.

<http://www.bworldonline.com/content.php?section=Corporate&title=phl-attracts-more-construction-companies&id=141429>

## **NGCP to start 20 projects (Philippines)**

**Aberon Voltaire Palana, The Manila Times, February 25, 2017**

MANILA - National Grid Corporation of the Philippines (NGCP), the country's sole system grid operator, announced that it would use the interim Maximum Allowable Revenue (iMAR) to fund the start of construction for 20 projects in its pipeline.

The 20 infrastructure projects the grid operator plans to start this year are expected to be completed in 3 to 4 years.

Among the planned projects are seven major undertakings, including the Calaca-Dasmarinas 500-kilovolt (kV) project, Hermosa-San Jose 500kV project, Pagbilao Extra High Voltage (EHV) project, Cebu-Negros-Panay 230kV backbone project, Mindanao 230kV backbone project, Luzon and Visayas voltage improvement projects, and Tuguegarao-Magapit 230kV project.

Last December 6, 2016, NGCP filed a Motion to the Energy Regulatory Commission (ERC) to implement its iMAR for project budgeting, which the ERC approved on December 19, 2016.

The ERC approval of the iMAR allows NGCP to use the old calculation system and amounts for capital expenditures pending the ERC's issuing the final determinant for the 4th Regulatory Period.

"The iMAR approved will go back in the grid as investment", Cynthia Alabanza, NGCP spokesperson and adviser for external affairs, said in a press briefing on Tuesday.

NGCP collects the MAR from its customers, which are distribution utilities and electric cooperatives that use the country's transmission facilities.

In turn, the power distributors compute the equivalent of these transmission charges to determine the transmission rate impact on the electricity end-users.

ERC approved MAR in 2015 was P43.078 billion, for 2016 it was initially given a P41 billion MAR but eventually given a P43.789 billion, and for 2017 the interim MAR is reenact of 2016, which ERC allowed NGCP to recover additional P 2 billion unrecovered 2016 MAR in 2017.

The application of NGCP for MAR forms part of the annual verification and adjustment of tariffs allowed under Republic Act No. 9136 or the Electric Power Industry Reform Act (Epira) of 2001.

NGCP earlier said the ERC's approval would allow NGCP to implement in a timely manner its capital expenditure programs and cover its operation and maintenance expenses for the calendar year.

NGCP is a private firm that since 2009 operates, maintains and develops the country's transmission network. It acquired the 25-year concession of National Transmission Corp. in an auction conducted by the Power Sector Assets and Liabilities Management Corp. in 2008.

<http://www.manilatimes.net/ngcp-start-construction-20-projects-year/312332/>

## Chinese investors eye aviation, port & construction (Sri Lanka)

**Diresh Jayasuriya, The Ceylon Chamber of Commerce, September 14, 2016**



Chinese investors are keen to invest in the aviation, port and construction industry sectors, Ambassador for China in Sri Lanka Yi Xianliang, said at a Business Forum at Kingsbury Hotel.

The Ambassador said that the visiting 45 member Chinese delegation will hold talks with Sri Lankan companies in this

regard. The investments will be by way of direct investments and also through joint ventures with Lankan companies.

This event was organised by The China Council for the Promotion of International Trade, The Ceylon Chamber of Commerce's China Business Council. CCC Chairman Samantha Ranatunga said that in recent years, Sri Lanka's economic partnership with China has developed extending beyond trade and tourism. "The two countries are on the verge of inking an FTA. This will open the vast Chinese market to Sri Lankan producers, manufacturers and exporters," he said.

"Sri Lanka is now gearing itself to leap forward in economic integration with the rest of the world and China would be an important partner in this endeavour."

"Due to series of promotional campaigns launched by Sri Lanka Tourism Chinese arrivals too have picked up which is encouraging."

"Sri Lanka has main three ports in Hambantota, Trincomalee and Colombo in the country and we are collaborating on Hambantota, Colombo and the airport with the Chinese government, a partnership with Sri Lanka," International Trade State Minister Sujeewa Senasinghe said.

"We have a master development plan for the country and we have laid a solid foundation for a great future" he said.

## **Volkswagen plant land to be divested**

The Board of Investment has signed agreements with Volkswagen who are in the process of establishing their plant in Sri Lanka through a local agent,” Board of Investment Chairman Upul Jayasuriya said.

“We have already started the land preparation for the plant and it is nearing completion. The land has been handed over and we are awaiting the Government Agent to give us the legal ownership. The plant will be established in due course,” he said.

<http://www.dailynews.lk/?q=2016/09/14/business/93080>

## **IFC & Mongolian Government promote green buildings**

**IFC, February 16, 2017**

ULAANBAATAR – IFC, a member of the World Bank Group, today signed a Memorandum of Understanding with the Ministry of Construction and Urban Development (MCUD) to jointly develop mandatory regulations and voluntary policies to encourage and promote green buildings in Mongolia. The partners will also generate awareness and promote knowledge exchange of sustainable buildings.

Mongolia is one of the most urbanized countries in Asia with 72 percent of its population living in cities. About 60 percent of urban residents live in gers or traditional tent dwellings. A significant number of buildings, new and old, still rely on inefficient household stoves or coal-based heating systems. These are economically inefficient and also directly contribute to severe air pollution in winter. Improving building designs through mandatory and voluntary measures can result in substantial benefits by reducing monthly utility bills, improving public health, and cutting down greenhouse gas (GHG) emissions.

“This cooperation recognizes a strong partnership between Ministry of Construction and Urban Development and IFC to promote energy efficiency in the building sector,” said Lkhamsuren Shukhert Vice Minister of MCUD. “With IFC’s support, we believe we will have a clear path of how to improve energy-efficiency regulations in Mongolia, based on market research and survey results in the coming months.”

MCUD is mainstreaming sustainable building in the construction sector. The Government of Mongolia aims to reduce heat losses from buildings by 20 percent by 2020 and 40 percent by 2030, compared to 2014 levels. Energy-efficient buildings will help the government achieve these targets.

“IFC and MCUD share a common belief that building efficiency makes sense for the environment and for business.” said Simon Andrews, IFC’s Country Manager for China,

Korea, and Mongolia. “Together with our key partners, we will pave the way for an energy-efficient building sector in Mongolia.”

IFC is widely recognized as the premier global-development organization in the building resource-efficiency space due to its extensive global experience in green-building regulations and facilitating access to finance for green-building owners and developers. IFC’s EDGE green-building certification is helping builders worldwide to implement energy-efficient technologies into their buildings, thus helping to save resources and reduce GHG emissions. Over these past years, IFC has successfully provided advisory services and implementation support for mandatory green-building/energy-efficiency regulations in several countries in the region, including Indonesia, Philippines, and Vietnam.

<http://ifcextapps.ifc.org/IFCExt/Pressroom/IFCPressRoom.nsf/0/D2F20F6586C57A86852580C900108274>

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