

## Sector briefing

# Transport infrastructure sector in the Philippines

## Why the Philippines?

**Key investments in transport infrastructure through public-private partnerships (PPP) are poised for roll-out in 2011 and 2012.** The Philippines is determined to catch up on much needed investments in transport infrastructure. The government targets to roll out twelve (12) major infrastructure development projects within the next two years. These include those in rail, roads and airports with a total estimated value of USD 3.5 billion.

**The need for expanded transport and road infrastructure is widely recognized and thus prioritised by the government.** The same is true with rehabilitating and/or upgrading existing infrastructures. Government is very keen on successfully implementing the identified infrastructure projects– setting aside budgets for right-of-way acquisitions for several projects and establishing the PPP Centre with initial funds to support project development and monitoring.

Investments in infrastructure is expected to boost and sustain growth in other sectors such as construction and tourism, at the same time encouraging greater participation in other PPP pipeline projects in agriculture, education, health and power and energy.



See the UKTI website for [general information about the Philippines](#). The 'Doing business' guide includes an overview of the economy, business culture, potential opportunities and other relevant issues.

## Opportunities

**The Philippines is open for business under new management.** Infrastructure 2010 in November launched the government's list of at least fifty (50) PPP projects, and prioritised key infrastructure projects. The Aquino administration is committed to its PPP initiatives and in doing things in an honest, clear and transparent manner.

For 2011, five (5) projects are targeted to be bid out namely: O&M for Metro Rail Transit Line 3 (MRT3), O&M Light Rail Transit 1 (LRT1), Daang-Hari South Luzon Expressway Link, Ninoy Aquino International Airport Expressway (NAIA) Phase II and the North Luzon Expressway (NLEX) – South Luzon Expressway (SLEX) Link.

### Rail

In 2010, in-city light rail LRT 1 & 2 and MRT 3 transported 13M, 5M and 13M passengers respectively, on a monthly average. Apart from upgrading and rehabilitation, there is the obvious need for expansion.

Four (4) of the twelve (12) PPP projects for roll-out in the next two years are in the rail sector. This includes O&M contracts for LRT 1 and MRT 3, LRT 1 South Extension Project and the LRT 2 East Extension Project. These rail projects amount to USD 2.12 billion.

The Philippine National Railways (PNR) reported an over 200% increase in ridership from January-November 2010 owing to efforts in rehabilitating and modernising its commuter line. Plans to upgrade remaining sections and privatise operations are underway and are being developed.

Other rail projects in the offing are the Main Line South Upgrading and Modernization, and the Development of the Mindanao Railway System.

### Airports

There are four (4) airport PPP projects scheduled for roll-out in 2011-2012, namely: the New Bohol Airport Development, O&M of Laguindingan Airport, Puerto Princesa Airport Development and the New Legaspi (Daraga) Airport Development. The estimated total value for these projects is USD 371 million.

Beyond 2012, around USD 111 million worth of airport projects are to be pursued namely the Kalibo Airport Upgrading, NAIA Terminal 3 Upgrading and Full Operationalisation, and the Balabac Airport Development. The two (2) other major project plans being developed that is the Privatization of NAIA and the Diosdado Macapagal International Airport (DMIA), and the Mactan-Cebu International Airport Development Project.

### Ports

The Philippine Ports Authority (PPA) is in the process of detailing its plans and prioritising its project list. While project costs have yet to be determined, the PPA has already identified three (3) for rollout in 2012. These include the Development of the Port of Davao (SASA), South Harbor Expanded Port Zone (SHEPZ) Development and the Bulk Terminal Project at the Northwest Portion of South Harbor – Port Area, Manila.

The concessionaire for the Manila North Harbour has just completed its master plan for modernization, which also opens up opportunities for supply chain requirements in products and services. Other opportunity areas are the Expansion of the North Harbour and the Development of the New Cebu Port.

### Roads

The Philippine arterial road network composed of 6 circumferential and 10 radial roads was proposed in the late 1960s. While all radial roads have been finished, circumferential roads remain incomplete.

Four (4) PPP road development projects were identified for rollout in the next two years, of which three (3) are slated to be bid out this year. These four (4) projects include the Ninoy Aquino International Airport Expressway (NAIA) Phase II and the North Luzon Expressway (NLEX) – South Luzon Expressway (SLEX) Link, CALA Expressway Manila Side section, and the Daang-Hari South Luzon Expressway Link. The total value of these projects is USD 981 million.

Other PPP pipeline projects are listed for implementation in the medium-term. This list of eleven (11) projects involve new, as well as extensions of existing expressways, including a skyway connector. Estimated value of these projects is USD 4.2 billion.

### Market Opportunities

The Philippines' PPP projects offer numerous opportunities for UK products, services and expertise. These can be accessed by participating in the bidding process or tapping supply chain opportunities through direct supply or partnerships.

Opportunities can be categorized into two main areas, which are; Infrastructure that includes planning, construction, maintenance and equipment; and, Specialist Expertise in project management, consultancy, financing and insurance.

UK expertise in PPP is well recognized in the market and this is drummed up by support activities to key implementing agencies. Other activities, promoting UK private sector capabilities in the infrastructure sector are also being finalized. These intend to pave the way for UK companies to enter the market to participate in the bidding process and/or tap supply chain opportunities in the identified and planned projects.

### **Beyond 2012**

In the medium-term, apart from the identified sector-specific projects, a pipeline of related opportunities is expected to emerge. This is linked to significant steps taken in the country's open skies policy and the development of an integrated national transport plan. Local private sector investments in air and construction for leisure, coupled with decisive government support eg release of budget for the rehabilitation of vital smaller airports and seaports, attest to the viability of opportunities that lie ahead.

If you have any questions about opportunities in the local market, get in touch with the contacts listed at the end of this report.

Business opportunities aimed at UK companies are added daily to the UKTI website. These leads are sourced by our staff overseas in British Embassies, High Commissions and Consulates, across all sectors and in over 100 markets. You can [search for opportunities by sector or country](#), or register to receive business opportunity alerts on a regular basis.

## **Major events and activities**

### **PPP Mission to Manila (joint w/ Jakarta)**

Contact: Joyce Guzon and Rachel Gancia

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Time: Autumn 2011 (Date TBC)

For details of events related to this country or sector, [use the events search on](#) the UKTI website or [register to receive regular updates](#). New export events are added daily.

UKTI's [Tradeshaw Access Programme \(TAP\)](#) provides grant support for eligible Small & Medium Sized Enterprises (SMEs) to attend trade shows overseas.

## **UKTI contacts**

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## Next steps - how UKTI can help

British companies wishing to develop their business in the local market are advised to undertake as much market research and planning as possible in the UK. UKTI's local team, with its wide local knowledge and experience, can provide a range of services to British-based companies wishing to grow their business in global markets.

This can include:

- Provision of market information
- Validated lists of agents/distributors
- Key market players or potential customers in the local market
- Establishment of interest of such contacts in working with you
- Arranging appointments
- Organise seminars or other events for you to meet contacts and promote your company in the local market

This work is available via our [Overseas Market Introduction Service \(OMIS\)](#) a chargeable service which assists British-based companies wishing to enter or expand their business in overseas markets.

To find out more about commissioning this work, or accessing other UKTI services and specialist advice, please visit the UKTI website to find [contact details for your local UKTI office](#).

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