

Industry Updates

For the period April 14 - April 25, 2008

KPMG Philippines weekly Infrastructure, Government & Health Care news summary

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Infrastructure, Government & Health Care



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BUILDING CONSTRUCTION

Construction sector targets opportunities in Vietnam

The construction industry is looking at forging new business partnerships in Vietnam to take advantage of that country's "booming infrastructure sector," the Department of Trade and Industry (DTI) said in a statement. The Philippines is participating in the Vietnam International Construction and Building Exhibition on June 25-27 in Ho Chi Minh City.

DTI's Center for International Trade Expositions and Missions targets to bring eight companies engaged in construction and engineering design and services, building technologies, building and decorative materials to represent the country in Vietnam and in a business mission to Cambodia. So far, three firms have signed up for the event: Icoast Manufacturing Group (misting system), EZ Rocks (manufactured stones for wall cladding), and TMC International (marble). Building contractors and consulting firms are also expected to join the delegation.

Source: *BusinessWorld . The Economy . April 24, 2008.*

TRANSPORTATION

UK firm takes over FedEx Subic facility

Subic Bay Metropolitan Authority (SBMA) has forged an agreement with UK-based Stratospheric Airship Technologies (SAT) which has committed to invest \$ 500 million for aircraft manufacturing by taking over the facilities of logistics giant FedEx, which is leaving Subic Bay freeport to transfer its regional logistics hub to China. SAT legal counsel Atty. Inky Reyes said that SAT UK Ltd. managing director Bryn Lloyd Williams and SBMA administrator Armand C. Arreza signed the memorandum of agreement last Friday.

According to Reyes, SAT is not going to replace the Asia Pacific hub operations of FedEx but rather transform the facility into an aircraft manufacturing hub. The airships are designed to become communication platforms.

This will be SAT's first entry into the country although but it has operations in Spain, India, Sri Lanka and Malaysia.

Source: *Manila Bulletin . Reported by Bernie Cahiles-Magkilat . April 14, 2008.*

ICTSI cautious on expansion

Port operator International Container Terminal Services Inc. (ICTSI) is taking a cautious stance on its expansion initiatives as the global macroeconomic scenario makes it difficult to predict how long the current economic slowdown will last, the company top official said.

"Were cautious because of whats going on right now," said ICTSI chairman and president Enrique K. Razon Jr. in an interview with reporters following the companys annual shareholders meeting yesterday.

He, however, said the company remains open to acquisitions should anything interesting crop up. ICTSI is looking at Africa, Middle East, Latin America, Eastern Europe and Asia as sites for future expansion.

ICTSI is setting aside P10 billion this year for the construction of a new multi-user container terminal at the Port of Buenaventura in Colombia, as well as the acquisition of new equipment. The programmed capital budget is slightly higher than the P9.9 billion spent last year which went to the expansion of operations in Manila, Poland, Brazil and Madagascar, and the acquisition and rehabilitation of new terminals in Ecuador, China, Syria, Georgia, Colombia and Davao.

Source: *Philippine Star* . Reported by Zinnia B. Dela Peña . April 18, 2008.

Finance department finalizes buyout scheme for MRT3

The Department of Finance (DOF) is now finalizing a buyout scheme for its take over of the build-lease-transfer contract of the Metro Railway Transit 3. Banks and financial institutions have already submitted financing proposals for the government but the DOF has yet to decide on the matter. The DOF is studying which fund-raising mode would be least costly for the government.

The National Government has been studying ways on how to restructure the payments owed to the Japanese operator of MRT-3 Tespi Corp., a subcontractor of Sumitomo Corp. It wants to prepay its obligations ahead of schedule instead of paying \$2 billion until 2025 or the end of the contract. An earlier study estimated that the government could save \$1 billion from the early buyout of MRT3 or half of the remaining payments due until 2025.

Under the proposed buyout or refinancing deal, the government would take over the project and again offer it to new investors.

Source: *Philippine Star* . Reported by Iris C. Gonzales . April 25, 2008.

HEALTHCARE

German traders keen on medical tourism, maritime personnel development

A German trade mission informed President Arroyo that German businessmen are interested in investing in medical tourism, maritime personnel development and microfinance in the Philippines. The business mission was headed by Dr. Gerhard Zeidler, honorary consul general of the Philippines in Baden-Württemberg and Hesse, two of the biggest of the 16 federal states of Germany. Zeidler, who is also president of an international company that certifies to the quality standard of hospitals and wellness centers all over the world, said he "offered our services" to check on the countrys major hospitals and help them to qualify as International Organization for Standardization (ISO)-certified hospitals.

In offering his company's hospital-certification services, Zeidler said tourists want to be assured that the countries they visit have ISO-certified hospitals. The certification assures patients of the quality standard of the technology and services offered by the hospital. According to Loredanna Hess, honorary vice consul general of the Philippines in Baden-Württemberg and Hesse, Zeidlers company will start certifying 16 major hospitals, most of them in Metro Manila.

Source: *Business Mirror* . Reported by Mia Gonzalez . April 15, 2008.

ASSOCIATION/NOT FOR PROFIT ORGANIZATIONS

Study seeks to improve access to microfinance in Mindanao

The Mindanao Microfinance Council will map out areas on the island, with specific focus on the autonomous Muslim region, where small-scale business financing could be promoted in the near term. Jeffrey R. Ordoñez, the council's executive director, said the baseline study would also determine if microfinance beneficiaries were able to improve their lives.

Presently, there's a large disparity between loan exposure in the Autonomous Region in Muslim Mindanao (ARMM) and the rest of the regions. Total loans disbursed in the autonomous Muslim region amounted to P104.4 million, based on the report of the Microfinance Program Committee. However, ARMM's total loan disbursement is a pittance compared with the P2.21 billion disbursed in Northern Mindanao, P1.35 billion in Caraga, P1.22 billion in the Davao Region, P1.07 billion in Soccsargen (Region 12), and P740 million in the Zamboanga Peninsula.

Source: *BusinessWorld*. Reported by Joel B. Escovilla. April 24, 2008.

Feedback

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