



South East Asia, set to “build, build, build” new infrastructure using European innovations

Interview to Toonsuan Wong and Alma Madrazo, sector experts from Singapore and the Philippines

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South East Asia is currently one of the most dynamic regions in the world, with **construction and building projects flourishing** thanks to a healthy political environment and robust economic growth.

Singapore ranks #2 out of 137 countries in the World Economic Forum Global Competitiveness report **in terms of infrastructure capabilities** and is known to have one of the most efficient infrastructures in the world.

The Building & Construction Authority of Singapore projects a construction demand **growth of up**

to €22 billion per year in the next 4 years, with construction projects totalling 1.24% of GDP.



“It estimates that the construction contracts to be awarded in 2019 are expected to be between €24 billion and €28 billion, 60% of which will be from the public sector”. – Toonsuan Wong, Expert in the Construction & Building Technologies sector in Singapore

Construction activity will rely heavily on **public infrastructures such as railway and road transportation and non-residential constructions and on urban redevelopment** over the next decade and beyond.

What opportunities for European companies in the construction & building sector in Singapore?

The recently signed EU-Singapore Free Trade Agreement means more openings for European companies and closer ties with the local entities.

Foreign companies are encouraged to supplement the limited construction workforce, increase construction efficiency and productivity, and provide automated, sustainable, energy-efficient solutions that are more long-lasting, taller, safer and environmentally friendly.

Specifically, companies can contribute to the following areas: Design for Manufacturing & Assembly, including upfront design for ease of manufacturing and assembly, highly automated offsite production facilities, Smart Buildings, including sustainable operations and maintenance practices under the BCA's Green Building Scheme, and Integrated Digital Delivery, which allows for integrations of processes in the entire value chain production through smart technologies, advanced ICT and Building Information Modelling (BIM).

New construction projects are targeting the transportation, healthcare and housing departments, in both the public and the private sectors.



#2

Singapore ranks #2 in the Global Competitiveness report for infrastructure capabilities.



€22 bn/yr

Construction demand growth of up to €22 billion per year in the next 4 years.



1.24% GDP

Construction projects will total 1.24% of GDP, 60% of which will be from the public sector in 2019.



“The public infrastructure projects (funded and managed by the government) that EU companies will have opportunities in are: 1) Public housings, schools, offices, both new and in redevelopment. 2) Transportation, such as road work and related infrastructure (e.g. bus interchange hub). 3) Mass Rapid Transit (MRT), including tunneling work. 4) Utilities infrastructure such as water treatment plants, pipe laying, drainage, etc. 5) Hospital and other health care facilities. 6) Landscape and gardening”. – Toonsuan Wong, Expert in the Construction & Building Technologies sector in Singapore

Singapore is demanding **smart, efficient and green construction solutions**. Foreign companies that can cover this demand will find notable opportunities in:

- Smart buildings: all new generation buildings, be it developed by the government or private sector, are to be smart buildings.
- Materials and build technologies that support built-efficiency and productivity will have better opportunities.
- Better built environment technologies, such as noise and dust abatement technologies, construction site water re-use/re-cycle technologies,
- Build information modelling which can be used to plan and optimize fabrication processes of building components.

On the opposite side of the spectrum are the Philippines, where the rate of growth in construction output is expected to stabilise and remain at 5% per annum in 2020 and thereafter.

With the country's infrastructure ranked #97 out of 137 countries in the World Economic Forum Global Competitiveness report, the government in the Philippines is making efforts to support the construction sector.

The Build, Build, Build programme is meant **to boost construction development and investments in new infrastructure**.

The #1 priority is **transportation infrastructure**, which in turn will be a driver for urban

development and economic growth.



The Philippine government lined up 10 infrastructure projects worth P36 billion (€625 million) to roll out in 2019. Under the Build Build Build development programme of the President, these include 3 major road and bridge projects and 2 flood control projects by the Department of Public Works and Highways (DPWH), as well as 5 railway projects of the Department of Transportation (DOTr). - Alma Madrazo, Expert in the Construction & Building Technologies sector in the Philippines

To relieve traffic congestion and boost tourism-related expenditure, the Philippines government aims to **build more roads, bridges, highways, railways, airports, energy facilities and public transportation systems.**

This opens up **new opportunities for foreign companies**, who might be able to provide solutions that are not available locally, especially for the flood control and the railway projects. Project development, transaction advice and technical feasibility study services are also likely to be in high demand during the growth stage of the programme.

The main transportation infrastructure projects such as the five railways under the Department of Transportation are:

- €250 million Philippine National Railways North 1 (Tutuban to Malolos) Project.
- €50.5 million Mindanao Railway Project Phase 1
- €26.4 million Metro Manila Subway Project Phase 1
- €24.6 million PNR South Commuter Line (Solis to Los Banos) Project
- €81.6 million subsidies for the Manila Metro Rail Transit Line 3



€625 ml

The Philippine government lined up 10 infrastructure projects worth €625 million to roll out in 2019.



€433 ml

Main transportation infrastructure projects include five railways worth a total of € 433 million.



5.3% GDP

A forecasted 5.3% of GDP is to be spent on infrastructure projects in the next few years.

The Department of Public Works and Highways (DPWH) is scheduled to commence the implementation of two projects, including the Metro Manila Flood Management Project Phase 1 worth P2.2 billion (€38.2 million), and the Flood Risk Management Project in Cagayan, Tagoloan and Imus Rivers, which has a total project cost of P1.68 billion (€29.2 million). - Alma Madrazo, Expert in the Construction & Building Technologies sector in the Philippines

Besides transportation projects, the Philippines is also heavily investing into new sustainable urban development projects, including the New Manila Bay and the New Clark City, two projects in need of innovative construction & building technologies and Smart City solutions.

A forecasted **5.3% of GDP is to be spent on infrastructure projects** in the next few years.

European companies can provide machinery and equipment that will be useful in building construction, technology in flood control, and consultancy in project management for big-ticket infrastructure projects especially in railways because Philippine engineers have no experience in railway engineering. - Alma Madrazo, Expert in the Construction & Building Technologies sector in the Philippines

The Public-Private Partnership brought the private sector firms to the forefront of the construction sector. While the government prefers to build the physical infrastructure, the private sector has an opportunity to contribute to maintaining them.

Foreign companies can also tie up with local entities to do business in the Philippines and supplement solutions for the country's most pressing needs. The economy largely depends on funding from overseas for the development of new infrastructure, but it also has practical issues to overcome.

The issue now with the design of the subway is the lack of engineers with railway experience and the companies doing this have to get experts from other countries.

Providing this transportation infrastructure expertise can really help. - Alma Madrazo,
Expert in the Construction & Building Technologies sector in the Philippines

Both **Singapore and the Philippines** are growing markets to be reckoned with in the **construction field**. Opportunities abound and the time to make a move is now.

To help European companies operating in the [Construction & Building Technologies](#) [1] sector find the right opportunities in South East Asia, EU Gateway | Business Avenues organises a **7-day business mission in Singapore and the Philippines** from 3 to 9 November 2019.

More details about the mission and application information can be found [here](#) [2].



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