

# **Seamless Infrastructure Network**

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# OUTLINE

- **Vision and Challenges**
- **Lighting of Airports**
- **The Role of “Pocket Open Skies” in Competitiveness**
- **Accelerating the Development of the Strong Republic Nautical Highway**
- **Reducing the Cost of Exporting a Container from the Philippines**
- **Key Priority Infrastructure Projects**
- **Consultations / Research Studies**
  - **Port Policy: Regulation vs. Revenue-Generation**
  - **Strategic Studies on Batangas-Clark-Subic as Logistics Corridor**



# Vision and Challenges

- The vision is a seamless, cost-effective, modern infrastructure network that includes inter-modal and multi-modal transport systems, vital transport infrastructure to promote agricultural productivity, trade, tourism and competitiveness of industrial and service sectors.
- The first challenge is to prioritize implementation of key infrastructure projects that can immediately increase the country's competitiveness.
- Second challenge is to provide the policy framework that promotes competition and a regulatory environment that promotes productivity and competitive costs.



# 1. Lighting of Airports

- **Based on discussions with some airlines, following airports require lighting and/or navigational equipment for night operations:**
  - Lumbia
  - Kalibo
  - Caticlan
  - Zamboanga
  - Tagbilaran
  
- **Some airlines may be amenable to advancing the cost of such investment provided that the same will be set off against their landing fees**



## 2. Air Transport Policy

- Implement “Progressive Liberalization Policy”
  - **1994 - 1995: One air talk per month (bilateral)**
  - **2000 - 2007: One air talk per year (bilateral)**
  - **Entitlements fully utilized for key markets: Macau, Malaysia, Thailand, Taiwan and Hong Kong**
  
- Issue EO 500-B
  - **Critical for continued spectacular growth of DMIA**
  - **Reciprocity defined in terms of economic benefits not seats**
  
- Join the ASEAN Open Skies for capital cities in 2008
  - **The agreement allows flights between ASEAN capital cities**
  - **This will connect Manila to the regional hubs of Singapore, Thailand and Malaysia and to the rest of the world**
  - **Philippine government has not announced its policy**



### **3. Accelerating the development of SRNH**

- **Issuance of EO 170-C “allowing CHA-RO as a RORO service” (not only self-driven trucks but also containers on chassis)**
- **Issuance by DPWH of an Administrative Order (AO) “designating all RRTS routes as part of the national road network”**
  - DPWH must be fully involved in the RRTS development – both in the construction and maintenance of roads that are part of the RRTS – and to ensure the road-RORO port connection
- **PPA to fast-track the development of RORO ports under the Central Nautical Highway**



## 4. Cost of Exporting a Container

- The cost of exporting a container (20-footer) from the Philippines, contrary to the \$1,336 presented in the WB-IFC Cost of Doing Business Report, is only \$319 based on a CRC-EDC-PCCI Study.

COST ITEMS	WB-IFC Report	CRC-EDC-PCCI Study
Inland Transportation	112	39
Documentation	193	42
Customs clearance & technical control	37	45
Ports & Terminal Handling	994 *	193
TOTAL	\$ 1,336	\$ 319

\* Figure may include domestic transshipment cost of about \$400 per 20-foot container from Cebu to Manila.



## 4. Cost of Exporting a Container

- **Our cost is comparable with other ASEAN countries**

ITEM	PHILS	THAI	INDO	VIET
Terminal Handling Charge	95.87	74.00	95.00	60.00
Cargo Handling	51.54*	37.00	33.75	79.00
Port charges/Wharfage	5.82	21.74	0.0	1.60
Customs & Security Fee	45.00	37.00	23.13	50.00
Documentation	42.00	16.00	20.00	12.50
Trucking	39.00	44.00	35.00	48.00
Miscellaneous	40.00	37.00	12.50	1.88
<b>TOTAL</b>	<b>319.23</b>	<b>266.74</b>	<b>219.38</b>	<b>252.98</b>

\* Figure reflects only the cost of arrastre. Stevedoring cost is embedded in the THC.



## 5. Priority Infra Projects

- **LRT 1 North Extension (LRT1-MRT3 loop)** – **FS to be submitted to NEDA ICC by July 25 07; Mobilization of consultants for DE**
- **SLEX 1, 2 and 3** - **On-going civil works and ROWA; to be completed Aug 2008**
- **STAR 2** - **41% physical accomplishment; to be completed Mar 2008**
- **C5 (NLEX-SLEX link)** - **On-going DE and ROWA; to be completed in 2009**
- **Subic-Clark-Tarlac Expressway** - **Clark-Tarlac 91% complete (will be completed in Nov 2007); Clark-Subic to be completed Jan 2008**
- **Clark Airport (PTB)** - **On-going civil works, radar installed, FS for the masterplan to be undertaken**
- **Subic Port Development** - **Terminal 1 (100% complete); Terminal 2 (92% complete, The terminal will be completed in August 2007)**
- **MRT 7** - **Swiss challenge stage lapsed; NEDA requested original proponent to comply with certain requirements**
- **EDSA Rehabilitation** - **Almost 100% complete; Remaining activities include the upgrade of bridges and construction of elevated walkways**
- **CALA Toll Road** - **Project will be tendered for BOT; WB-IFC interested to fund the project. PIC prepared the FS**
- **LRT South Extension** - **Project will be tendered for BOT; WB interested to fund the project. LRTA to source government counterpart fund**



## **6. Thought Leaders' Consultation**

- **PPA's conflicting roles as port developer and regulator inhibit sound port development and efficient operations, often leading to low port utilization and high cargo-handling costs.**
- **Conflicting roles are incompatible with policies of privatization and competition in a market-driven economy.**
- **The role of PPA as a revenue arbiter and generator burdens shipping costs, weakens privatization, and slows national development.**
- **Eminent persons should review PPA Charter to enable and balance private port development and operations while PPA regulates to promote the public interest.**



## **7. Strategic Studies on Logistics**

- **There is a need to undertake a strategic study on Batangas-Clark-Subic as Logistics Corridor.**
- **Regional hub ( Cosco at Sangley Point)**

**Thank You!**