

CONSTRUCTION SERVICES

BASIC INDUSTRY INFORMATION

Product/Service Coverage

- General construction
- Specialized construction activities

Major Exporters of Construction and Related Engineering Services (POCB-registered companies) :

A.M. Oreta & Co., Inc.	Makati Development Corp.
Aboitiz Construction, Inc.	Megawide Construction Corp.
Asian Construction and Development Corporation	Meralco Industrial Engineering Services Corp.
Atlantic, Gulf & Pacific Co. of Manila, Inc.	Modair Manila Co. Ltd., Inc.
Crimson Group, Inc.	Nikkeru Plan Maintenance Solution, Inc.
D.M. Consunji, Inc.	Philipps Technical Consultants Corporation
D.M. Wenceslao & Associates, Inc.	PLD Construction & Development, Inc.
DATEM, Inc.	R.C. Ramos Const. Corp.
DCCD Engineering Corp.	R.D. Interior Junior Const.
Dreamwork Const., Inc.	Shinryo (Phils.) Co., Inc.
EEI Corporation	SOWA Construction, Inc.
EGB Construction	SPCastro, Inc.
Filipinas Dravo Corp.	Sta. Clara International Corp.
Hedron Construction and Development Corporation	Sumisetsu Philippines, Inc.
J.V. Angeles Const. Corp.	Taikisha Philippines, Inc.
JQ International Const., Inc.	Taisei Philippine Const., Inc.
Kinden Phils. Corporation	Thermaprime Drilling Corp.
Kinetic Phils. Electrical Construction, Inc.	Whessoe Philippines Construction, Inc.

World Leader in Geothermal Capabilities

As of 2018, the Philippines ranks 3rd leading country in the world in geothermal capabilities. It has developed the industry expertise, technology, skills, and best practices creating a positive and balanced outcomes for the environment, business, and society. Geothermal powerplants of Papua New Guinea and Kenya were developed by Philippine companies with geothermal drilling skills and expertise.

Demographic Sweet Spot

The Philippines' best-selling point is its young workforce. With a median age of 25.7 years, Filipinos are still the youngest among the five (5) founding members of the ASEAN. As of **2021**, our population of **110.6 Million**, largely young and technology savvy, continues to grow at a rate of about 1.4%, providing exciting opportunities for further economic growth.

CONTRIBUTION TO THE ECONOMY

- Construction was the top growth driver of the Philippine economy, growing at annual average of 10.3% in the last five (5) years before the pandemic. This growth was led by the Duterte Administration's BUILD BUILD BUILD Program that embarked on the biggest and boldest infrastructure spending in history, growing at double-digit growth in 11 out of 14 quarters prior to the pandemic.
- **Total construction demand is around 17% of the Gross Domestic Product, 37% to Gross Capital Formation, and 9.8% to total employment of the country, based on data from the Philippine Statistics Authority (PSA).**
- Per the Department of Labor and Employment (DOLE), the total employment in the Construction Industry as of **May 2021** is at **4.4 million**.

OPPORTUNITIES

While the Philippine economy is still in a recession, the trajectory of recovery is clearly pointed upwards.

The government is stimulating the economy by adding **40% more infrastructure budget in 2021** to make up for lost economic activity, and has actually spent 26% more in the first quarter of 2021, recognizing that construction has the highest multiplier effect to the economy, and providing one of the highest employment opportunities for Filipinos amidst pandemic growth in many industries.

- Government expects completion of 24 infrastructure flagship projects (IFPs) worth PHP 194.78 Billion, generating more than 300,000 jobs by 2022 before the end of President Rodrigo Duterte's term.
- There are **64 Public-Private Partnership (PPP)** projects in the pipeline worth PhP7.255 Trillion (USD149.3 Billion) as of 31 May 2021 and **16 upcoming contracts in Railways** as of August 2021.
- 100% Foreign participation is allowed in foreign-funded government infrastructure projects under PPP, Build-Operate-Transfer (BOT), International Competitive Bidding (ICB) or those employing proprietary technologies, and PCAB-Quadruple A category license.

The construction industry is one of the highest per unit investment generator of direct and indirect employment, producing close to 4,000 jobs per PhP1Billion investment. Investments in the manufacture of construction materials (i.e. non-metallic mineral products, manufacture of iron, steel, rubber, and plastics) and equipment are highly viable.

Industry Structure

Number of Construction Companies by Size

Category	Contracting Fiscal Year 2020-2021
AAAA	40
AAA	530
AA	229
A	1,217
B	2,738
C	1,874
D	6,222
TRADE/E	3,075
GRAND TOTAL	15,925

Source: PCAB

Major Players (AAAA Construction Companies):

Atlantic Gulf & Pacific Company of Manila, Incorporated	Huawei Technologies Phils. Inc. (Dutch)
C.M. Pancho Construction, Incorporated	J.C. Rodriguez Construction Corp.
China Wuyi Company Ltd. (Chinese)	J.E. Manalo & Co., Inc.
Commscope Technologies Philippines, Inc. (American)	JGC Philippines, Inc.
D.M. Consunji, Inc.	MAC Builders
DMCI Project Developers Inc.	M.E. Sicat Construction, Inc.
D.M. Wenceslao & Associates, Incorporated	Makati Development Corporation
DATEM, Inc.	Megawide Construction Corp.
DDT Konstruct, Inc.	Meralco Industrial Engineering Services Corp.
DMCI Project Developers, Inc.	MGS Construction, Incorporated
EEL Corporation	New San Jose Builders, Inc.
E.C. De Luna Construction Corporation	Pacific Concrete Products, Inc.
E.M. Cuerpo, Inc.	Premium Megastructures, Inc.
Equi-Parco Construction Co	R-II Builders, Inc.
F.F. Cruz & Company, Incorporated	St. Gerrard Construction Gen. Contractor & Dev. Corp.
First Balfour Inc.	Sta. Clara International Corp.
Fluor Daniel, Inc. - Philippines	Sunwest Construction and Development Corporation
FODC-First Orient Development & Construction Corporation	Ulticon Builders, Inc.
Hilmarc's Construction Corporation	United Power Systems Philippines, Inc.

The Philippines has been a major corporate exporter of technical and managerial expertise in construction since the 1970s, contributing largely to the economic development of Filipinos, bringing foreign exchange earnings and huge employment opportunities.

Related Laws:

Foreign Investments Act of 1991 (RA 7042)

Foreign Investment Negative List (FINL) Related to Construction

- Up to 25% Foreign Equity
 1. Contracts for the construction of defense-related structure (Sec. 1 of CA 541)
- Up to 40% Foreign Equity
 1. Contracts for the construction and repair of locally-funded public works (Sec. 1 of Commonwealth Act No. 541; Letter of Instruction No. 630; Executive Order No. 65), except:
 - a. Infrastructure/ development projects covered in R.A 7718; and
 - b. Projects which are foreign-funded or assisted and required to undergo international competitive bidding (Sec. 2[a] of R.A. 7718
 2. Ownership of private lands (Art. XII, Sec. 7 of the Constitution; Sec. 22 of CA 141; Sec. 4 of RA 9182; Executive Order No. 65)
 3. Ownership of Condominium units (Sec. 5 of RA 4726; Executive Order No. 65)

Contractors' License Law (RA 4566) – mandates the creation of Philippine Licensing Board for Contractors (PLBC) to issue, suspend, and revoke licenses; investigate violations under the Law.

Presidential Decree No. 1746 - creates the Construction Industry Authority of the Philippines (CIAP); abolishes the PLBC and created the Philippine Contractors Accreditation Board under its jurisdiction and supervision performing the powers of PLBC for those engaged in the contracting business in the Philippines.

Types of Licenses Issued by the Philippine Contractors Accreditation Board (PCAB):

- Regular License
Regular License with Annotation – Quadruple A (AAAA) Platinum License and Quadruple A Gold License (CIAP Board Resolution No. 8, Series of 2015)
- Special License

Government Support:

- Incentives under the CREATE Law for preferred activities listed in the 2020 IPP including Infrastructure and LGU-PPP Projects; State-of-the-Art Engineering, Procurement and Construction (EPC); and Services Exports (for overseas construction services).

DTI-Initiated Projects

- **The Philippine Construction Industry Roadmap 2020-2030** – The Construction Industry Roadmap currently being implemented by DTI-CIAP envisions a total construction growth value of PP130 Trillion by 2030 and an 80% increase in available jobs from 3.9 M low-skilled to 7.1 highly-skilled workers in 2030.