East Asia & Pacific
Private Investors
in Infrastructure
Perception Survey

Report of Findings
June 2004

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East Asia & Pacific
Private Investors in Infrastructure

Perception Survey

The World Bank

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I. Background

The aim of this survey was to develop a broader understanding of the attitudes and perceptions of business executives whose companies are currently investing, or considering investment, in infrastructure projects throughout developing countries in the East Asia and Pacific (EAP) region. Key objectives included:

- To gauge the level of interest in infrastructure investment (power and gas, telecommunications, water and sanitation, and transportation) in the EAP region among a sample of infrastructure companies from Asia, Australia, Europe, New Zealand, and the US.
- To identify the evaluative criteria companies use to assess whether a country is appropriate for infrastructure investment.

This study represents only the views of operators in the private sector. Based on issues that emerged, it may be worth exploring similar issues with: government, portfolio investors and others in the financial sector, legal and regulatory experts, and civil society.

II. Methodology

In order to meet the objectives, 50 in-depth interviews were conducted with executives from 48 infrastructure companies. The original sample frame, from which the study’s sample was randomly chosen, came from a number of sources:

- Private Participation in Infrastructure database (drawn from a variety of public domain information sources) provided most names for the sample frame. Companies chosen from this database also had to have a company website to allow for cross checking information from data base and identifying appropriate interviewees;
- World Bank Group staff
- JBIC staff

Appropriate individuals (e.g., working in areas related to investment in developing countries in East Asia & Pacific) were identified in 89 of the original 111 companies in the sample frame. Out of these, 50 agreed to be interviewed (as stated above.) Independent consultants conducted all interviews, and interviewees were assured anonymity and confidentiality. The interviews consisted of a lengthy qualitative discussion followed by a short quantitative component, in which respondents were asked to rate certain aspects of investing. Interviews were done by telephone except those in Japan, which were done face-to-face.

1 Two companies requested that two individuals be interviewed.
III. Key Findings

A number of findings emerged from the survey regarding respondents’ attitudes toward and assessments of the current investment environment for infrastructure development in East Asia and the Pacific.

**Overall enthusiasm for the region as an investment opportunity**

Respondents were positive in their assessments of the East Asia/Pacific infrastructure market overall, with responses ranging from guarded optimism to a fairly high level of excitement. While the majority of respondents expressed substantial concerns about the region, these risks were outweighed by the potential benefits associated with the region’s current economic and market growth and potential. Findings from the study suggest, however, that respondents’ enthusiasm for the region, along with their ultimate intent to invest in a particular country, is contingent upon improvements in a number of key areas that inform the predictability of the investment process (e.g., regulatory and judicial reform, increased transparency, etc.). Local investors (within their own countries) appear marginally more confident about investing in infrastructure than regional investors. Regional investors appear marginally more confident than global (Western) investors.

**Projections of increased investments in the region going forward**

Consistent with this generally positive assessment of the current and future regional environment, the overwhelming majority of respondents reported that they expect their companies to increase their total sector investments in the region in the next two years. Increased levels of investment in the region were expected by representatives of both Western and non-Western companies and across all sectors and levels of previous investment.

**Importance of predictability in assessing specific investment opportunities**

Although economic growth and market potential define the region’s attractiveness for investors, respondents identified predictability as the primary criterion for evaluating investment opportunities in specific countries. Confident in the region’s renewed economic stability and market potential, respondents are nonetheless realistic in their recognition of the uncertainty and instability that continues to characterize the region on various other levels (e.g., political, regulatory, judicial, currency), which has the potential to influence the ongoing viability of specific investments. Although many of these factors are outside the control of both the investor and their government/business counterparts in the country, respondents repeatedly stressed the importance of identifying those areas in which instability can be reduced and developing appropriate strategies for increasing the predictability of the overall investment environment.

**Growing sense that foreign investors are not welcome by local governments**

Respondents in the study repeatedly expressed concerns about their current relationships and interactions with government officials throughout the region, reporting a growing sense that foreign investors are not welcome by many governments in the region. Respondents’ inability to understand the attitudes and motivations of government authorities and, therefore, to predict the ongoing viability of their investments appear to discourage specific infrastructure investments.

**Consistency among all groups in assessing regional opportunities**

Investors across the globe (regardless of country location, business sector, or level of past investment) are remarkably consistent in their assessments of the overall regional environment, the primary strengths and weaknesses of specific investment opportunities, and the factors that contribute to successful investment in the region.
IV. Overall Assessment of the Regional Investment Environment

Respondents were positive in their assessments of the EAP infrastructure market overall. Although they repeatedly expressed substantial concerns about the region (e.g., past losses during the 1997 crisis, inconsistent regulatory and judicial practices, contractual issues, corruption, etc.), these risks were offset by the potential benefits associated with the region’s current economic growth and emerging market potential. For the majority of respondents, the region represents an investment opportunity “that cannot be missed.” Even the most serious worries and concerns are treated as problems that could potentially be addressed during the investment process, rather than as insurmountable obstacles to investment.

In this context, respondents’ overall enthusiasm for the region is based primarily on perceived economic growth and market potential, while the ultimate decision to invest in a particular country is contingent upon the comparative predictability of the investment process. For most respondents, the key question in assessing the region is not if they will invest, but when and where the obstacles will be overcome so that they can invest.

“I'd describe it as vibrant and booming right now.”

“We're extremely favorable in our assessments of the region as a whole, which has recently exhibited a high level of economic resilience. It's less and less dependent on the economic cycles of the rest of the world, and more and more dependent on strong domestic markets.”

This generally positive assessment of the region was consistently reported across all respondent groups, regardless of company location, business sector or past level of investment.

**Indicators of an improved investment environment in EAP**

Research indicates that enthusiasm for the EAP infrastructure market is driven primarily by the region’s sustained economic growth and market potential, along with ongoing improvements in a number of key areas, including:

- Proven and sustained economic growth (centered around, but certainly not limited to, the current Chinese economic boom);
- Steadily increasing demand across sectors;
- Sustained population growth;
- Under-penetrated markets;
- Significant regulatory reform in many countries (in response to the 1997 crisis), although virtually all respondents agree that the situation is still far from perfect;
- A productive, well-educated, and affordable labor force;
- Increased availability of funding/developing capital markets; and
- Increased transparency in government policy-making and implementation.
IV. Overall Assessment of the Regional Investment Environment (continued)

Level of satisfaction with recent investments in the region

In addition to their general observations of sustained economic growth and emerging market potential throughout the region, respondents’ positive assessments may also be informed by a fair level of satisfaction with their companies’ recent investments in countries in the EAP region. (Note: Western companies are less satisfied than those investors closer to their investments in the East.)

“We were quite fortunate that we went in at the right time in Indonesia, when the market was under-penetrated.”

“In Vietnam we were the first to go in… the locals couldn’t do it. It’s tougher now on foreign players coming in but we still have a relative advantage over other outside investors… if you can get in early you have an advantage.”

“We invested fifteen months ago in Indonesia and we’ve made a capital gain of thirty percent. We participated in the market at the point of rapid increase in cell phone usage.”

“We’ve had a few bad bets in China as has everyone who’s invested there. I think you have to accept that as part of business practice. That’s where good credit analysis comes in. We’ve been able to insure that our losses were minimal.”

Continued Opportunities in the Future

The majority of respondents reported that they expect the region’s economic growth and market potential to improve steadily over time, increasing its appeal for both Asian and Western investors across market sectors. Virtually all respondents – including those who are currently reducing their investment level in the region in response to strategic business concerns – fully expect the EAP region to play an important role in their overall investment portfolio in both the short- and long-term future.

“Over the next 15 years or so, this will be a very dynamic part of the world.”

“Even with the... losses following the East Asia crisis of 1997, it is still perceived to be a region of extremely high potential going forward, with tremendous growth potential.”
V. Commitment to Increased Investments in the Future

Consistent with this positive assessment of the current and future regional environment overall, the overwhelming majority of respondents (approximately 80%) reported that they expect their companies to increase their total sector investments in the region in the next two years.

As the chart illustrates, increased levels of investment in the region were expected by representatives of both Western (67%) and especially East Asian (88%) companies. This finding suggests that the Western investors have more of a wait and see attitude toward future investing, but when the ‘increase’ rating and ‘sustain’ rating are added together, it is interesting to note that there is little difference between Western and Asian responses. Increased levels of investment in the region were expected across all sectors and levels of previous investment as well.2

“It’s really a no-brainer for anyone in the power sector. The timing is ideal. For the next 20 years, there will be a very strong need for utilities to go along with the developing infrastructure throughout the region.”

“There’s a lot of opportunity in the area right now. We’ve been timid since ‘97 and are ready to begin reinvesting with the improvements and new stability in the region.”

It is interesting to note that qualitative findings indicate that Japanese interviewees have more interest in their own home market than in the markets of developing countries in EAP. This differs from their counterparts in the West where markets are viewed as quite saturated. The Japanese interviewees regard developing country markets as places to gain experience; however if their own market opened up more, they report that they would return to their preferred place of business.

VI. Moving Beyond the 1997 Crisis

The East Asia Crisis of 1997 had a significant impact on respondents’ overall assessments of the region and their specific business practices in the following years. Many reported the development of a more cautious, conservative approach to investment in the region, characterized by an emphasis on advanced planning and analysis in evaluating specific investment opportunities.

“We do due diligence. That’s always the key when investing here.”

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2 It should be noted that a small number of those respondents who expected to decrease or suspend investments in the region during the next two years still evaluated EAP as an attractive investment environment. In almost every one of these cases, decreased investment was attributed to internal strategic factors (e.g., a temporary emphasis on domestic or core business markets) and not to a negative assessment of or caution regarding the EAP market.
“It made us understand that there’s no certainty and that we have to be very careful in the decisions that we make.”

**VI. Moving Beyond the 1997 Crisis (continued)**

“Everybody thought they were in the power business, but they were in fact in the currency-speculation business. Lenders are now requiring protections from governments and are much more concerned about taking risks.”

Current investors in the region may move more slowly and more cautiously than in the past, but their commitment to future investments seems to be on an upward trajectory.

“It has made us much more conservative, but I’d characterize our investment model as cautiousness – more than a desire not to invest.”

Many reported that the crisis has actually had a positive impact on the region on many levels, resulting in regulatory and currency reforms, that have actually improved the overall investment environment. Investors from the EAP region reported that the aftermath of the crisis has also increased investment opportunities for them with the sudden retreat, and increased caution, of Western investors.

**VII. Importance of Domestic Conditions in Investment Appeal**

Conditions within the country being considered for investment play a dominant role in respondents’ investment decisions; more so than global and regional economic factors and the economic conditions of the investor’s home country. The importance of global and regional conditions is generally restricted to the ongoing need to anticipate and calculate risks related to global crises (the 1997 East Asia crisis is never far from mind) and has a level, if any, impact on specific investment decisions.

“Sure we look at global trends. But it comes down to a particular country and the deal.”

“For us, the most important factor is the state of the economy in the country in which we invest. Is the business viable there? That is the key. The other factors are less important.”

**VIII. Ongoing Concerns about the Region**

In spite of their general enthusiasm for the EAP region, respondents identified a number of serious, ongoing concerns about the region. These concerns generally relate to the inconsistent judicial and regulatory environment across the region, as well as recurring problems with government authorities and domestic business partners. Virtually all respondents stressed the need for continuing improvements to the region’s judicial and regulatory systems. The most frequently mentioned concerns included:

- Lack of respect for contracts;
- Currency instability;
- Regulatory and judicial inconsistency;
- Political instability;
- Difficulty in identifying and securing competent and trustworthy domestic partners;
- Recurring problems with government authorities;
Increasingly restrictive partnership regulations (inhibiting operational control of investments); and
- Ongoing corruption.

**VIII. Ongoing Concerns about the Region (cont’d.)**

Attention to these factors plays an important role in respondents’ assessments of the appeal of specific countries and the viability of specific investment opportunities. Respondents repeatedly described an emerging “ethos of selectivity”, in which companies are often enthusiastic in theory, but slow to act in practice, carefully examining the overall investment landscape and waiting patiently for the right deal in the right country.

“We’ve been successful in the past because we’ve been extremely selective.”

**IX. Importance of Predictability in an Investment Environment**

In discussing the positive and negative factors that inform their assessments of specific countries and investment opportunities, respondents repeatedly stressed the importance of predictability in defining an attractive investment environment. Confident in the region’s renewed economic stability and market potential, respondents are nonetheless realistic in their recognition of the uncertainty and instability that continues to characterize the region on various other levels (e.g., political, regulatory, judicial, currency), which has the potential to influence the ongoing viability of their investments. Although many of these factors are outside the control of both the investor and their government/business counterparts in the country, respondents repeatedly stressed the importance of identifying those areas in which instability can be reduced and developing appropriate strategies for increasing the predictability of the overall investment environment. The responsibility for understanding and addressing these issues belongs both to the investors themselves and their government counterparts. For investors, this has resulted in a complex, interrelated strategy designed to increase the predictability of investments at all levels, including:

- Rigorous credit analysis;
- Careful advance reviews of local market, political, judicial, and regulatory environments;
- Identifying and nurturing long-term relationships with competent, trustworthy, domestic business partners;
- Ensuring the availability of start-up finance;
- Working to improve relationships with government officials (along with

**Importance of Country-Related Factors**

*Please tell me how important each factor is when determining whether a country is appropriate for investing, on a scale of 1-6, 1 meaning ‘not important at all’, 6 meaning ‘extremely important’."

<table>
<thead>
<tr>
<th>Importance of Country-Related Factors</th>
<th>Mean Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political stability</td>
<td>5.0</td>
</tr>
<tr>
<td>A strong legal system</td>
<td>5.0</td>
</tr>
<tr>
<td>Predictable government institutions</td>
<td>4.8</td>
</tr>
<tr>
<td>Reliable courts</td>
<td>4.7</td>
</tr>
<tr>
<td>Independence of tariff regulation system from political decisions</td>
<td>4.7</td>
</tr>
<tr>
<td>A growing economy</td>
<td>4.5</td>
</tr>
<tr>
<td>Low level of corruption</td>
<td>4.4</td>
</tr>
<tr>
<td>Stability of exchange rate or availability of hedging instruments</td>
<td>4.1</td>
</tr>
<tr>
<td>Availability of guarantees from government</td>
<td>3.9</td>
</tr>
<tr>
<td>Availability of official bi-/multilateral agency guarantees</td>
<td>3.7</td>
</tr>
<tr>
<td>The cost of borrowing</td>
<td>3.6</td>
</tr>
<tr>
<td>Quality and volume of foreign direct investment in country</td>
<td>3.5</td>
</tr>
<tr>
<td>Government responsiveness</td>
<td>4.7</td>
</tr>
<tr>
<td>Competitive selection process</td>
<td>4.5</td>
</tr>
<tr>
<td>Ability to dispose of assets</td>
<td>4.4</td>
</tr>
<tr>
<td>Opportunity for public/private partnership</td>
<td>3.8</td>
</tr>
<tr>
<td>Availability of local finance</td>
<td>3.7</td>
</tr>
<tr>
<td>Availability of complementary government investments in the sector</td>
<td>3.7</td>
</tr>
</tbody>
</table>
IX. Importance of Predictability in an Investment Environment
(cont’d.)

The first chart demonstrates the importance of predictability in respondents’ investment decisions. Consistent with the qualitative reports, respondents clearly rate non-commercial factors (e.g., political, legal, judicial, regulatory), which increase the predictability of their investment decisions, above purely commercial considerations (e.g., economic growth, cost of borrowing, availability of guarantees).

In addition to these country-related factors, respondents also rated the importance of an additional list of business-related factors in their investment decisions. In terms of these business-related factors, as seen in the chart above, it appears that it is most important to investors to maintain a level of control over their investments.

X. Country Distinctions

In spite of the common regional attributes identified by the research (e.g., steady economic growth, high-potential markets, persistent regulatory concerns, etc.), many respondents expressed reluctance to describe EAP as a single, unified region. Respondents repeatedly stressed the importance of regarding each country as a distinct investment environment, with its own unique risks and benefits, when considering investment opportunities.

“For a start, we don’t see it as being one homogenous region. We see it as having many dimensions. Indonesia is not the same as China, nor are its growth prospects the same. Every country has to be evaluated on its own.”

“There’s really a lot of variation from country to country -- huge variation, actually.”

For some investors, the 1997 East Asia crisis serves as a prism for assessing a specific country’s attractiveness as an investment environment. Countries that were able to honor or satisfactorily renegotiate contracts during the crisis are generally viewed positively when considering future investments, while those countries that abandoned or were unable to honor contractual commitments are viewed with mistrust or suspicion.

Population size and growth emerged as another critical factor used to differentiate countries and to assess investment opportunities. Respondents repeatedly listed China and Indonesia, with their vast, under-penetrated consumer markets, among the region’s most attractive investment prospects, despite serious concerns regarding contractual restraints and the overall regulatory environment. For many respondents considering investments opportunities in the region’s two most populous markets, the question was not “Should I invest?” but “How can I not invest?” with the enormous potential benefits easily outweighing the conspicuous risks of investment. Consistent with this high-risk, high-benefit philosophy of investment, respondents reported that smaller countries are rarely considered for current infrastructure investments, even if the regulatory environment and infrastructure are more favorable for outside investors.

The table at right presents respondents’ rankings of countries in the region, in terms of their attractiveness for infrastructure investment. As the table illustrates,

<table>
<thead>
<tr>
<th>Country</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>18</td>
</tr>
<tr>
<td>Thailand</td>
<td>16</td>
</tr>
<tr>
<td>Indonesia</td>
<td>14</td>
</tr>
<tr>
<td>Vietnam</td>
<td>11</td>
</tr>
<tr>
<td>Malaysia</td>
<td>11</td>
</tr>
<tr>
<td>Philippines</td>
<td>4</td>
</tr>
<tr>
<td>Laos</td>
<td>3</td>
</tr>
<tr>
<td>Mongolia, Fiji, Cambodia, Taiwan, Singapore</td>
<td>1</td>
</tr>
<tr>
<td>Cambodia</td>
<td>1</td>
</tr>
</tbody>
</table>

*Which two countries, at the most, do you consider the most attractive under the conditions of new expenditure in East Asia & Pacific?*  

3 Not all respondents provided two answers. The numbers reflect the number of times that a country was mentioned by all respondents who answered the question. The question was open-ended and optional. Some respondents listed more than two, some listed fewer, than their own.
X. Country Distinctions (continued)

respondents’ interest is limited to five key countries (China, Thailand, Indonesia, Vietnam, and Malaysia). Smaller countries or countries with mature sector markets (including the entire Pacific area) were rarely mentioned.

China

For most respondents, China is more than an individual country. The country’s dramatic economic growth and largely untapped markets represent the entire region for many investors; far exceeding both the potential and the risks provided by other countries.

“China is the engine for the region.”

“China is on its own, and then there’s the rest. China is unique in that its growth has doubled...compared to everywhere else. We think this is sustainable, but we recognize that it’s a risk.”

Respondents’ attitudes toward China range from exuberance to fear, even more than in other countries in the region. Virtually all respondents agreed that the country offers extraordinary opportunities for investors who are prepared to absorb the risks. Given the projected growth for China in both the short- and long-term future, many respondents reported that a fear of not investing, and consequently forfeiting potential benefits over time, exceeds their fears associated with the risks and obstacles of investment in the country.

“China, we hope will come out strongly. Can it materialize? Size is critical. So we have to go with China on size, but not yet on delivery.”

Respondents’ fears and misgivings regarding China are pronounced and recurrent, particularly at the local level. Many interviewees reported that the environment for foreign investment is improving at the central government level, with ongoing adjustments in officials’ openness and expertise. Respondents repeatedly expressed concerns regarding interactions at the local level, however, where experiences are much more inconsistent and government officials are much more difficult to work with on projects. Respondents complained about this comparative lack of consistency and control in their negotiations and ongoing interactions with provincial governments.

Other commonly mentioned concerns included:

- Inconsistency of regulatory and judicial practices;
- Difficulties in securing competent local partners;
- Excessive competition;
- Restrictive partnership rules (inhibiting operational control of outside investments); and
- The general lack of government responsiveness to the needs of investors.

“We have serious concern about the legal and regulatory frameworks and the difficulty in adherence to contractual obligations. The local partners are tough. They discard you once the capital is through.”

“There are no viable opportunities for us in the short term in China. The investment cost is so cheap because they don’t need outside technology. There’s really no way for us to operate there competitively right now.”
X. Country Distinctions (continued)

For most respondents, China is considered to be a long-term proposition. Invest now, they say, and the rewards will be critical relationships and footing for future opportunity.

**Thailand**

Among those countries that respondents identified as one of the most attractive investment environments, Thailand generated the most consistently positive observations among all respondent groups. In addition to the vibrant economy and open consumer markets, respondents were particularly optimistic about the country’s sophisticated approach to foreign investment. Respondents with investment experience in the country also described Thailand in positive terms, in large part because of its past record in seeing through contracts during the East Asia crisis. Other factors contributing to Thailand’s appeal included:

- The quality of local partners;
- Institutional stability;
- A well-structured infrastructure (particularly in the power sector), with strong potential growth;
- Joint purchase agreements with neighboring countries (e.g., Laos);
- History of honoring and fairly renegotiating contracts;

> “They’ve demonstrated a willingness to work with us to reach new terms that are fair to both parties, not simply using change as an excuse to abandon earlier agreements.”

- A pro-business Prime Minister that “runs the country like a company”.

It should be noted that few respondents reported anything negative about Thailand in terms of its investment potential. In sharp contrast to the conflicting or ambivalent assessments of other high-potential investment markets in the region, most respondents either spoke positively about Thailand or said nothing at all. The only negative experience associated with the country involved frustrations with local partners lacking requisite political connections.

**Indonesia**

Unlike Thailand, Indonesia generates a range of conflicting reactions from respondents. Its population and growing demand are obvious assets that engender investment interest from both Western and non-Western investors from all business sectors. Other factors contributing to Indonesia’s current appeal for investors include:

- Consistent improvement of macro indicators;
- Low penetration in the telecommunications sector, with huge potential for market growth;
- Demand exceeds supply in the power sector;
- A large, steadily growing middle class; and
- A positive record of honoring contracts (among select respondents), particularly during the 1997 crisis.

> “Indonesia seemed disastrous during crisis, but they came through and paid us. It worked out well with a lot of good will.”

In spite of Indonesia’s strong market potential, however, respondents repeatedly identified a variety of interrelated factors that limit its attractiveness for investors, including:

- Political instability (heightened by the prospect of the forthcoming national election);
- Weak legal system;
X. **Country Distinctions** (continued)

- Poor record (again, selectively) in honoring and renegotiating contracts;
- Widespread corruption;
- Absence of a stable legal framework;
- Lack of experience and capacity needed at the government level (along with confusion among respondents regarding the rationale and motivations for restrictive or unfair government activities); and
- Absence of payment guarantees from the government.

“**Overall, the opportunities don’t match the risk. We just have less understanding of who they are and why they do things.**”

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**Indonesia** (continued)

- Widespread corruption;
- Absence of a stable legal framework;
- Regarding the rationale and motivations for restrictive or unfair government activities;
- Absence of payment guarantees from the government.

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**Vietnam**

Respondents viewed Vietnam attractively for making infrastructure investments. Although Vietnam was mentioned less frequently and spontaneously than China and Indonesia during the discussions, respondents’ observations regarding the country were consistently positive overall. Most indicated that Vietnam is moving in the right direction in terms of creating an appealing environment for foreign investment, with the regulatory control and judicial consistency provided by the government viewed as a key strength by many respondents. The problems that currently exist in the country are regarded as no worse than in other high-growth markets in the region and respondents indicate that signals of greater openness are emerging. Other positive aspects of investing in Vietnam include:

- Low sector penetration (particularly in the telecommunications sector);

“**The infrastructure there is very primitive.**”

- High-quality, low-cost labor force;
- Incentives for foreign investors (e.g., tax holidays);
- Comparatively stable government (albeit communist and controlled); and
- A sense of predictability.

Several of the Japanese respondents reported a specific cultural affinity for Vietnam and described the country as a particularly attractive infrastructure investment.

Despite the generally positive assessment of Vietnam overall, some respondents cautioned that government openness to outside investment appears to be decreasing, due to the elimination of incentives previously provided to foreign investors. Similar to their observations about China, a few respondents expressed confusion regarding the government’s apparent commitment to limit or restrict investments that would benefit the country.

“**They’re going through a process of transformation in Vietnam. They’re now trying to cut back on the types of incentives for foreign investment that they provided in the initial round. I’m not sure that we will make another investment there because of that.**”
X. Country Distinctions (continued)

Malaysia

Respondents were divided in their assessments of Malaysia as an investment environment, although not nearly as divided as in the case of Indonesia. Several respondents noted the country’s well-developed supportive infrastructure, which provides an excellent foundation for ongoing development in various sectors, as well as the comparative transparency of public institutions and the investment process itself. Others cautioned, however, that the country suffers from its own successes and progress; the maturity of its infrastructure markets reduces the opportunity for investors to produce significant revenues. The importance of “being well-connected” in negotiating investment contracts in Malaysia was another criticism. In the words of one respondent, “Know who is more important than know how”. In this context, respondents reported that identifying and securing influential partners is crucial in Malaysia.

Philippines

The Philippines, like Indonesia, received a wide range of reactions from respondents, some quite positive, but most quite negative. However, unlike Indonesia where there is a huge growing population, only a few respondents consider the Philippines one of the most attractive places to invest in the EAP region. Positive aspects of the country, from an infrastructure investment standpoint, include:

- Contracts were respected (in select cases) during the 1997 East Asia crisis;
- A relatively well-educated, English-speaking consumer/labor base;
- High-quality, low-cost labor force; and
- Regulated infrastructure system.

However, these positive observations were easily outweighed by a number of serious concerns:

- Political instability;
- Widespread corruption;
- Cronyism;
- Lack of transparency;
- Poor legal protections;
- Poor overall record of honoring contracts during the 1997 crisis, along with ongoing contract difficulties;
- Terrorism threats;
- Disappointment with the performance of President Arroyo; and
- Lack of clarity regarding the future direction of the country.

“It carries the look of a country approaching catastrophe.”

Many respondents reported that the environment for foreign investment in the Philippines has actually worsened rather than stabilized or improved in recent years; an observation that dramatically distinguishes the country from the other, more commonly mentioned, countries in the study.

Myanmar

Myanmar’s appeal is limited by the current political situation and harsh restrictions on outside investments, eliminating the country as an option for the majority of Western investors. A few Japanese respondents identified several factors that, if current restrictions were eased, might make the country an attractive investment option:

- English speaking population;
- Enormous growth and projected market demand; and
- Complete lack of current infrastructure.
Xi. The Making of a Successful Infrastructure Investment

Following their experiences during the 1997 East Asia crisis, and continued uncertainties in developing countries in the EAP region, respondents repeatedly stressed the importance of taking active steps to minimize investment risks before the negotiation process beings.

“You just have to do your homework.”

“The problems are when people don’t invest enough time and energy in coming over here and getting to know the right people. They either make decisions hastily and find the wrong people or they just throw up their hands and give up and leave. It takes a lot of time to do it right.”

In this context, respondents identified the following key ingredients to a successful investment strategy:

- Rigorous credit analysis;
- Careful advance reviews of local market, political, judicial, and regulatory environments;
- Working to ensure greater contractual certainty;

“We’re never sure of our contracts – we live with constant insecurity.”

- Identifying and nurturing long-term relationships with competent, trustworthy domestic business partners;
- Focusing on markets with adequate demand and capacity for payment;

“Sometimes, countries want power plants before they need power plants.”

“It always comes down to the customer’s ability to pay.”

- Ensuring the availability of start-up finance;
- Providing competitive pricing;
- Working to improve relationships with governmental officials;
- Exercising discipline at all levels of the investment process (e.g., patience and sustainability in weathering market and regulatory uncertainties to a willingness to leave projects when expectations are not met); and
- Cultural adaptability.

In addition to the analysis that is required before moving forward with an investment, respondents identified competent and trustworthy local partners as a crucial factor in successful investments in the region. The right local partner assists investors in navigating government bureaucracies, while providing a cultural comfort level that many respondents regard as one of their greatest weaknesses.

“We must become more indigenous and tap into local capabilities more than in the past in terms of partnership and sub-contracting.”

“We’ve suffered here because our people haven’t always respected the local culture.”
XI. The Making of a Successful Infrastructure Investment (cont’d)

Respondents cautioned, however, that partnerships are often extremely frustrating and complicated in practice. Research indicates that investors would rather not cede control, but they said that success is unlikely without these relationships. Joint partnership in the region inevitably means sharing control and, in the worst cases (e.g., the increasingly restrictive partnership guidelines in China), losing control altogether; effectively eliminating investment options for some foreign companies.

It should be noted that, although the importance of partnerships was not included as a part of the formal interview guideline, the issue emerged spontaneously in discussions as one of the most critical factors in ensuring a successful investment.

XII. Sector Distinctions

Broadly speaking, respondents from all sectors shared similar priorities and perceptions in their discussions of infrastructure investment in the EAP region. As described above, representatives from all business sectors shared enthusiasm for and commitment to future investments in the region, along with the desire for increased predictability (e.g., clear and consistent regulatory and judicial systems, greater contractual certainty, reduced corruption, etc.) in all areas of the investment process. Respondents from all sector groups also emphasized the need for rigorous advanced analysis in planning for infrastructure investments in the region, along with the importance of identifying and nurturing competent, trustworthy partners.

Despite the general uniformity of opinion expressed across sectors, a few notable sector-specific differences emerged during the research. These are discussed below.

Power

Because of the size and extensive timelines for their investments, power sector respondents reported a greater desire for government support. This included:

- Appropriate tariff regulation;
- Guarantees (e.g., government commitments, political risk insurance);
- Additional financial support to meet payment obligations in very large projects;
- Clearance for materials imports; and
- Greater availability of permits and licenses from the public sector.

“We need greater transparency and predictability, especially in the power sector, where investments and risks are huge.”

Because of the size of power projects, some respondents spoke of the potential for regional financing of power projects or the involvement of multi-lateral development institutions in mitigating risk. BOTs are considered extremely difficult, if not impossible, without appropriate government support.

Respondents indicated that due to the abandonment of power investments in the region by many large Western investors, as a result of the East Asia Crisis and domestic crises at home (e.g., Enron), greater opportunities have emerged for local and regional investors. Other respondents expressed concern regarding current reforms of the power sector in China, with its restrictive partnership regulations and increased emphasis on domestic funding – a trend that has, at least in the short run, effectively eliminated China as an investment option for some foreign power sector investors.
XII. Sector Distinctions (continued)

Telecommunications

Telecommunications respondents reported less concern about the instability and inherent risks associated with the region than did representatives from sectors requiring more long-term investments. Given the sector’s focus on providing direct services to the general population, telecommunication respondents are drawn to countries with an emerging middle class with the ability to pay for newly introduced wireless and mobile telephones and other devices. Although the need throughout the region is described as potent and growing, competition is considered extremely tight, and prices continue to drop. Respondents from private sector telecommunication companies are currently focusing their investments in the wireless business, with less emphasis on more cumbersome, expensive, and time-consuming investments in land-line development.

“In the land-line business, weak economies are very unattractive. Development of land-line is less attractive as a business but it is a fundamental element of infrastructure development. Private sector has little interest in this.”

Other commonly cited concerns among telecommunications respondents included:

- The need for a level playing field in competing with local bidders;
  
  “We don’t want to compete with government owned incumbents.”

- Greater government support in increasing tariffs;
- Increased sector regulation, with an independent regulator preferred by some respondents; and
- Concerns regarding the over-availability of licenses.

  “For us, a dampener is that, while governments are more open to foreign investment, they’ve become greedier in terms of licensing.”

Transportation and General Infrastructure

With the expansive size and time-lines that generally characterize their investments, respondents from the transportation sector repeatedly emphasized their sensitivity to risks associated with foreign exchange rate exposure. Respondents indicated that investment risks in the region could be mitigated through:

- Strong local partners;
- Contractual assurances;
- Increased availability of local finance;
- The emergence of debt markets for longer-term instruments in local currency;
- Increased government support for BOTs;
- Assistance/guarantees from multi-laterals or even governments themselves; and

  “Governments need to take some risk, for instance, buying land for roads.”
XII. Sector Distinctions (continued)

Transportation and General Infrastructure (cont’d.)

- Training/educating more experienced counterparts in the public sector.

“There has to be an enhanced program to provide institutional training to various transport agencies to get them to appreciate the framework in which we have to work when planning this kind of investment.”

Water

Respondents reported that investments in the water sector are particularly challenging in the current political environment, with a perceived backlash against privatization and private sector participation in the water sector.

“Our core business in the US and EU produce lower profits but they’re in well regulated markets where things are assured.”

Despite these concerns, however, water sector respondents report vast needs for water investment in developing countries in the region, along with a substantial profit potential for investors, if proper safeguards are maintained.

Some respondents cautioned, however, that inadequate government investments in the sector threaten the success of many investments. Respondents reported the need for greater government assistance in providing soft loans/grants to ensure that the water supply reaches the self-financing stage, as well as honest assessments of water needs before investments are pursued.

“There tends to be a gap between expectations and the reality of what is needed.”

Respondents also indicated that the involvement of multi-lateral institutions might be required to mitigate the substantial risks associated with water investments in the region – to take the ‘sting’ out of risk.

XIII. Relevant Players

Role of Government/Public Sector

Respondents were divided in their assessments of government and other public sector officials in the region. On the positive side, respondents generally reported that most governments have begun to improve the quality of their interactions with outside investors and the overall predictability of the investment environment in their countries. Many believed that governments in the region are finally “starting to get it”. In many situations in which they have experienced problems with governments, respondents were sympathetic to the full range of factors that inhibit the consistency and responsiveness of government authorities, and most presuppose (and take pride in their ability to navigate) a strenuous negotiation process, characterized by ongoing disruptions and re-negotiations.

Respondents repeatedly reported, however, that even the best governments in the region still have a long way to go. Many respondents expressed a growing sense that outside investors are not welcome by many governments, perhaps, they said, a result of a high level of national pride in these countries. Japanese interviewees expressed this concern to a greater degree than their counterparts in the West. Several respondents expressed confusion over recent
XIII. Relevant Players (cont’d.)

Role of Government/Public Sector (cont’d.)

attitudes and policies (e.g., elimination of financial incentives, restrictive partnership regulations) that appear to actively discourage outside investments.

“We’re pretty pragmatic, so we always expect them to act badly, and we struggle to understand how they act. In most cases, we don’t like what they do, but at least we understand it. It’s more troubling when we’re not comfortable that we understand why they act the way they act.”

Respondents reported that their growing inability to understand the attitudes and motivations of some government authorities – and to predict the ongoing viability of their investments – might discourage specific infrastructure investments. If the region is to continue to attract investors, survey findings indicate that governments must play a more assertive and aggressive role in understanding and working with investors.

“We demand transparency. We’ll walk away without it.”

“Our expectations are that they would try to work with us and understand our needs. They should, of course, protect the country’s interest and consider that first, but they also have to understand our needs in investing there.”

“They need to make things clearer for us. They should make things fair, both for themselves and for potential investors.”

“Regulatory difficulties, bureaucracy and corruption are risks that can be handled if a country makes things clear.”

Specific suggestions for improvements by governments included:

- Increasing the transparency of their policy decisions;

  “We demand transparency. We’ll walk away without it.”

- Encouraging continued reforms in regulatory and judicial practices;

  “Defending the legal framework is my biggest expectation.”

- Providing additional incentives and guarantees; and

- Developing a fairer, more cooperative style of negotiating and re-negotiating contracts.

  “We’re never sure about our contracts. We live in constant insecurity.”
XIII. Relevant Players (cont’d.)

Official Agencies (Bi-laterals, Multi-laterals, and Export Credit Agencies)

The role of official agencies in regional infrastructure investments arose spontaneously throughout the interviews, even though it played only a very minor role in the interview discussion guideline. A large number of respondents identified specific needs in the region that might be filled by official agencies. Respondents expressed either positive views toward the official agencies or no views at all; no negative opinions were stated. All respondents with past experiences with official agencies (e.g., partnerships) were positive in their assessments of those experiences and their attitudes toward the potential value of future interactions.

Apart from those few respondents with direct past experiences with official agencies, most respondents were unclear in their overall expectations of the potential role of official agencies in the infrastructure investment process, suggesting the need for increased education about and exposure to multi-lateral and bi-lateral partners in the region. Despite this general lack of clarity and specificity, however, several respondents identified a number of areas in which official agencies could add value to their investments. Respondents were often confused, however, as to whether their recommendations conformed to the actual role/capacity of available multi-lateral agencies. Although a number of specific official agencies were mentioned (e.g., JBIC, ADB, World Bank, IFC, and MIGA), respondents did not distinguish between different organizations in making their recommendations.

“Foreign investors aren’t terribly welcome in infrastructure projects, so financial aspects should be dealt with by international organizations.”

Specific suggestions for official agency involvement in the investment process in the region included:

- Mitigate risks/provide guarantees;
- Provide education, training, and capacity enhancement to potential investment partners in the region;
- Educate government and other public sector officials regarding the needs and constraints of investors, including an orientation regarding the potential benefits of foreign investment;
- Provide education and orientation for investors regarding the evolving investment environment, including relevant cultural issues that inform interactions in the region;
- Focus energy and resources on helping governments improve their legal and regulatory environments;

“The multi-laterals need to focus on the regulatory and legal environment. Our business needs greater surety in this area.”

- Encourage and help countries develop local currency and debt markets;

“They need lots of encouragement from Official agencies. It would mean long-term debt stability.”

- Help foreign companies navigate the challenges of developing and sustaining productive, healthy partnerships. As reported earlier in the findings, these partnerships are considered one of the most critical aspects of a successful investment in a developing country, yet many companies enter these relationships

4 Although as noted, the interview guideline was not designed to elicit respondents’ assessments of official agencies.
XIII. Relevant Players (continued)

Official Agencies (continued)

- with great trepidation, either because of previous difficulties or because they fear losing control over a significant investment.

“We’ve gotten really burned by some partners.”

- Help to resolve disputes. In negotiating contract disputes, investors reported that they would welcome outside “mediation” from institutions that have credibility and gravitas.

“We expect more help from JBIC, ADB, and the World Bank in case we have problems.”

“The World Bank should come in as a referee…”
XV. Appendices

Appendix A: East Asia & Pacific Infrastructure Interview Guideline

East Asia & Pacific Infrastructure Flagship Study
Perceptions of Investors
Qualitative/Quantitative Interview Guideline
February, 2004

Interviewee name ______________________________________________

Interviewee title ______________________________________________

Interviewee company ___________________________________________

Location of HQ (nationality of Corporation) ________________

Industry Sector ________________________________________________

Total capitalization of your sector investment portfolio in developing countries in East Asia
(less than US $10 million, US $10-100 million, more than US $100 million)
________________________________________________________________

Countries in East Asia and the Pacific\(^5\) where you have or had investments ______________

And in which country in the region does your company have its largest investment currently?
____________________________________________________________

Introduction:

Thank you for participating in this study. Before we get started I’ll very briefly review the purpose of this call. I am
an independent consultant who has been commissioned by the World Bank to conduct interviews assessing the
attitudes and opinions of business leaders concerning private sector investment in infrastructure in East Asia and the
Pacific. Our team will be interviewing about 50 business leaders like yourself from four primary infrastructure
sectors (telecomms, gas and power, transport, and water and sanitation) – and the findings will be reported in a
large flagship study that is currently underway sponsored by the Asian Development Bank, Japan Bank for
International Cooperation, and the World Bank. I want to reassure you that your participation is completely
confidential. Neither your organization nor you will be identified. Findings will be presented in the aggregate. We
plan to send you an executive summary of our research findings.

Finally, there is a short quantitative section at the end of this interview which we’d like to conduct with you. If you
think you are running out of time at any point, please tell me and I’ll skip over to that section.

Do you have any questions before we begin?

\(^5\) Cambodia, China, Fiji, Indonesia, Kiribati, Lao PDR, Malaysia, Marshall Islands, Micronesia, Mongolia, Myanmar, Palau, PNG, the
Philippines, Samoa, Solomon Islands, Thailand, Timor Leste, Tonga, Vanuatu, and Vietnam
A. **Infrastructure Investment In Developing Countries: A Broad Look**

1. Let’s talk about the global factors that may engender interest in investing in infrastructure in developing countries. To what degree do the factors below ultimately ‘matter’ when it comes to making a decision to consider investing:

   - The global economy
   - The overall economic picture for emerging market countries in general
   - The state of the economy/affairs in your own country
   - The state of the economy/affairs in the particular country in which you may invest.

B. **General Environment for Investment in Infrastructure in East Asia and the Pacific (15 minutes)**

I’d like to begin by asking you some general questions about your perceptions of the developing countries of the East Asia and Pacific region in terms of growth and opportunity for investment in infrastructure. (Interviewer note: Please probe issues that arise that are specific to the particular sector in which the interviewee’s company belongs.)

** (Very important issue to see views of where the region is headed) How would you describe the current business/investment environment in developing countries in East Asia and the Pacific? In which direction is it headed? (PROBE: Will it become more or less attractive, or about the same in the future/)

1. What are the most positive aspects of East Asia & Pacific in terms of being a conducive environment for investment in infrastructure? (LIST TOP TWO)
   __________________

2. The least attractive aspects? (LIST TOP TWO)
   __________________

3. What are the advantages/disadvantages to investing in this region as compared to other geographical regions (if any)? Do you expect this to change in the coming years? If so, how?

4. Which two countries in East Asia & Pacific do you consider the most attractive currently in terms of infrastructure investment? (Interviewer, list below) What attributes do these countries have that lead you to say this?
   __________________

5. And which two countries that are on your radar screen do you consider the least attractive for infrastructure investment in the region? (Interviewer, list below) Why do you say that __________

6. (BRIEF) To what degree, if any, does the 1997 East Asia crisis affect the way you consider infrastructure investments in developing countries in East Asia & Pacific today? (e.g., delay of new projects? Scale down of projects? Overall hesitation? More focus on guarantees? Etc.)

7. In your company, how would you describe the level of interest/enthusiasm toward investing in infrastructure in developing countries in East Asia & Pacific currently? Has that changed over the past few years? If so, why?

8. Are there things that should be done on a regional basis to encourage and support more investment in infrastructure in the developing countries there?
C. Evaluating Whether A Country Is Appropriate Place for Investment in Infrastructure

(Note to interviewer: some of the following subjects may overlap with previous discussion. Do not go thru issues again but make sure to have interviewee answer the questions below that require you to record exact answer.)

1. Let’s start with ‘why’ your company may pursue an infrastructure investment in a particular country. What is the primary reason for your company investing in a developing country? (Interviewer: record exact answer)

   If not said, probe the following reasons and their level of importance:
   - Diversifying investment portfolio across many countries
   - Expanding core business beyond home markets
   - Seeking higher returns than possible in home market

   What other reasons would your company invest in a developing country?

2. Based on your experience, which factors make your company’s infrastructure investments in developing countries in East Asia most successful? (Interviewer note: For those who have not invested, ask which factors might they expect to lead to successful investments.)

3. In which developing country/ies in East Asia & Pacific has your company had the most success with its infrastructure investments? Why do you think that is? (What was taking place outside of the country? Inside the country? Critical factors?)

4. In contrast, in which developing country/ies in East Asia & Pacific has your company had the most difficulty with its infrastructure investments? What were the challenges that existed? Were they surmountable? By whom?

5. (Note to interviewer: Below is a list of issues that may have emerged in the previous discussion in this section. If they do not emerge naturally, they should not be forced into the discussion. However they are listed below so you know the kinds of things that may come up.)

   - Government and legislative processes (bureaucracy)
   - Corruption
   - Regulatory framework (e.g., independence of regulatory agencies from political interference)
   - Local government effectiveness
   - Government responsiveness
   - Ability to exit/liquidate/sell investment
   - Ability and/or desire to partner (What is involved in choosing joint venture partners: local, foreign, state and private?)
   - Political risk
   - Court System (and dispute resolution mechanisms)
   - Availability of guarantees from the private insurance market
   - The country’s economy
   - Availability of local finance and/or guarantees from government and/or multilateral agency
   - Legal framework
   - Labor rates
   - Human capital (skilled/educated workforce)
   - Education
   - Environmental regulation/requirements
   - Quality and volume of FDI in that country
   - External events taking place in the sector
6. When you consider governments’ role in the dynamic of infrastructure investment, do you think that governments in developing countries in East Asia have become easier or more difficult to deal with? In what way? What do you attribute that to?

7. What are your expectations from governments? To what degree are/have your expectations been met? Under what circumstances are they generally not met?

8. What advice would you give to governments to help them attract more investment? What must they ensure to companies like yours?

9. What are your expectations from the public sector in general when you make an infrastructure investment in a country?

D. Quantitative Section (5-10 minutes)

In conclusion I am going to ask you some ‘closed ended’ questions so that some of the issues from this exploration can be quantified for reporting purposes and potentially tracking over time. This will only take a few more minutes.

1. I am going to read to you a list of business reasons for investing in developing country infrastructure projects. Please tell me the two that your company considers most important (interviewer, read and rotate:)

   A. Diversifying your investment portfolio across many countries
   B. Expanding your core business beyond home markets
   C. Seeking higher returns than are possible in your home markets
   D. Other __________________________(identify)

2. Overall how satisfied are you with your infrastructure investments in developing countries in East Asia in the past two years on a scale of 1-6 with 1 meaning you are very dissatisfied and 6 meaning you are very satisfied?

   1 2 3 4 5 6 Not applicable/no investments

3. I am going to read to you a list of factors that may influence your decision to invest in a developing country in the region. Please tell me how important each factor is when determining whether a country is appropriate for investing, on a scale of 1-6, 1 meaning not important at all, 6 meaning extremely important. (READ AND ROTATE)

4. Political stability

   1 2 3 4 5 6 Don’t know/refused

5. A strong legal system

   1 2 3 4 5 6 Don’t know/refused
6. Low level of corruption
   1 2 3 4 5 6 Don’t know/refused

7. Stability of exchange rate or availability of hedging instruments
   1 2 3 4 5 6 Don’t know/refused

8. Reliable courts
   1 2 3 4 5 6 Don’t know/refused

9. Independence of tariff regulation system from political decisions
   1 2 3 4 5 6 Don’t know/refused

10. A growing economy
    1 2 3 4 5 6 Don’t know/refused

11. The cost of borrowing
    1 2 3 4 5 6 Don’t know/refused

12. Availability of guarantees from government
    1 2 3 4 5 6 Don’t know/refused

13. Availability of multi-lateral institution guarantees backing up government guarantees
    1 2 3 4 5 6 Don’t know/refused

14. Predictable government institutions
    1 2 3 4 5 6 Don’t know/refused

15. Quality and volume of foreign direct investment in country
    1 2 3 4 5 6 Don’t know/refused

I am going to read to you a list of business related factors that may influence your company’s decision to pursue a business investment in a developing country in the region. Please tell me how important each factor is when determining how attractive a particular investment would be on a scale of 1-6, 1 meaning not important at all, 6 meaning extremely important. (READ AND ROTATE)

16. Opportunity for public/private partnership
    1 2 3 4 5 6 Don’t know/refused

17. Freedom to exercise management and operational control of investment
    1 2 3 4 5 6 Don’t know/refused

18. Government responsiveness
    1 2 3 4 5 6 Don’t know/refused
19. Availability of local finance

1 2 3 4 5 6 Don’t Know/Refused

20. Competitive selection process

1 2 3 4 5 6 Don’t know/refused

21. Ability to dispose of assets

1 2 3 4 5 6 Don’t know/refused

22. Availability of complementary government investments in the sector (e.g., transmission grid complementing electricity generation)

1 2 3 4 5 6 Don’t know/refused

E. Conclusion

1. Do you expect your company to increase, sustain or decrease your total sector investment portfolio (infrastructure) in developing countries in the region in the next two years? (Interviewer, please ask follow-up as to the reasons for this decision.)

   1. Decrease
   2. Sustain
   3. Increase
   4. Don’t know/refused

2. Would it be acceptable for a World Bank specialist in your sector to call you with follow-up questions related specifically to this sector? (Interviewer, please make it clear that the World Bank specialist will not have seen the interview notes because these discussions are confidential and anonymous.)
Appendix B: All Companies Contacted for EAP Infrastructure Investment Perception Survey, 2004

### Energy:
1. AES Power Co
2. Amoseas Indonesia
3. Asea Brown Boveri
4. China Light and Power
5. Duke Energy International
6. Edison Mission Energy
7. (EGO)
8. Electricite de France
9. Electricity Generating Company Ltd
10. First Philippines Holding Corporation
11. Fortum Corporation
12. Gas Malaysia
13. Korea Electric Power Company
15. Meralco Philippines
16. Mitsui Co., Ltd.
17. Petro China
18. Petroleum Authority of Thailand
19. PowerGen
20. RWE Group
21. Shell
22. Singapore Power
23. SinoLink Worlwide Holdings
24. Statkraft
25. Tokyo Electric Power Company
26. Tractebel Asia
27. Unocal
28. Xiniao Gas Holdings

### Transportation and General Infrastructure:
1. Alstom
2. Bechtel Enterprises
3. Ch Karnchang
4. Cheung Kong Infrastructure
5. DeMat
6. EGIS Projects
7. Hitachi Singapore
8. Hopewell Holdings Limited
9. Hutchison
10. ICTSI Philippines
11. IJM
12. Kumagai Gumi Co., Ltd.
13. Macquarie Bank
14. Maersk/APM Terminals
15. Malaysian Resources Corporation Berhad
16. New World Infrastructure
17. P&O Ports
18. Road Builder Berhad
19. Siemens
20. SNC Lavalin
21. Sunway Holdings Incorporated

### Telecommunications:
1. Ayala Group
2. Bayantel
3. Benpres Holdings
4. Cable and Wireless
5. China Mobile
6. Digital Telecommunications Philippines
7. Elektrindo Nusintara
8. France Telecom
9. Indosat
10. Jasmine International
11. Korea Telecom
12. Lockheed Martin
13. Marubeni Corp.
14. Millicom International Cellular
15. NTT
16. PT Telekomunikasi Indonesia
17. Samart Thailand
18. Shinawatra Satellite
19. Singapore Telecom
20. Singapore Technologies Telemedia
21. SK Telcom
22. Telecom Malaysia
23. Telecom New Zealand
24. Telenor
25. Time Engineering Berhad
26. Verizon International (ex Bell Atlantic)
27. Vodafone

### Water:
1. Biwater
2. Cascal
3. China Water Company
4. Earth Tech
5. Hyflux
6. Suez Environment
7. Thames Water (TPJ – subsidiary in Indonesia)
8. United Utilities
9. Veolia
10. Waste Management Siam

### Transportation/Gen. Infrastructure (cont'd.):
22. Tabung Hajj Technologies
23. United Engineers Berhad
24. YTL Power Services Berhad