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Title : Private investment into water to double in Asia Pac over next 5 years
By : Rachel Kelly, Channel NewsAsia
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SINGAPORE: Even as the current credit crunch is causing the flow of funds to dry up around the world, private investment into Asia Pacific's water industry is expected to double in the next five years.

Private sector investment currently accounts for around 15 per cent of the investments into the infrastructure industry.

This should grow to the global average of 30 per cent in the coming five years, according to industry experts at KPMG who spoke on Wednesday on the sidelines of the Singapore International Water Week.

They are bullish on the sector and said the current environment presents high-value opportunities for investment.

Len Rodman, chairman, president & CEO, Black & Veatch, said: "There's probably not been a better time to buy than right now because the cost structure for many of the vendors and constructors has been reduced significantly.

"There is better access to labour and the commodities that go into projects. And some are seeing 10, 20, 30 per cent reduction in capital costs by doing projects now rather than the trend that occurred a year ago."

Experts at KPMG said that over the last five years, private investment into infrastructure in South Asia, East Asia and Asia-Pacific was some US\$166 billion. And out of this, five per cent was pumped into the water sector, which is around US\$9 billion.

The private sector is expected to increase participation into the water industry. However, some experts said that there is need for more innovative financial structures.

Sharad Somani, executive director, KPMG, said: "I think there is a lot of realisation in the private sector that they can add value in various parts of the value chain. What research and development has started showing is that membrane technology has improved.

"So if the private sector has to come in, we have to think of a lot of innovative solutions for them to participate in - like these projects."

One company that is actively investing in the sector is Japanese firm Toray. It has just announced a S\$10 million investment into a research and development facility in Singapore.

Toray has also signed a Memorandum of Understanding with Nanyang Technological University's Nanyang Environment and Water Research Institute to conduct membrane research in Singapore. - CNA/vm

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