

# ACE Newsletter

**Architecture/Construction/Engineering**  
**North Texas Export Assistance Center**  
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## **Events**

### **CIHAC Exhibition**

EXPO CIHAC 16th Annual Exhibition and Technical Presentations, is the most prestigious event in Mexico and Latin America for the building, construction and housing industry. Organized by Centro Impulsor de la Construcción y la Habitación, Expo CIHAC 2004 will take place in the exhibitions and & conventions Centro Banamex, from Thursday, October 14 - Tuesday, October 19, 2004. Register soon for this exciting event.

## **Market Research**

### **Construction in Panama**

The construction sector in Panama showed double digit growth rates during the period from 1997-2000. The growth slowed down in 2001-2002 but prospects for 2004 continue to be positive due to the reactivation of the national economy.

In 1997 import duties for construction materials were significantly lowered from an average of 25% to a maximum of 10%. This situation created new demand for imported products and helped to lower construction costs.

In terms of government projects, the new bridge over the Panama Canal, as well as some of the long postponed developments in the reverted areas have helped the industry to generate positive growth in the past several years.

The construction sector has been positively affected by two major factors: the reduction in import duties for more than 300 building products in 1997, and the execution of a number of large projects in the private and public sectors, including shopping malls, special housing projects, tourist facilities, and needed highways.

The most important growth indicator of the construction industry is the production and sale of cement, as well as the index of industrial production of construction materials. The production of concrete in national plants grew steadily during the past decade with a projected growth rate of above 10% for 2003-2005.

The local market is supplied primarily by imports. Local production is limited to a few product lines, including cement, PVC pipe, galvanized sheets (zinc), aluminum tubing, windows, and some wood products.

Imports of building products face few regulations. There are no import license requirements or foreign exchange limitations. The U.S. dollar is legal tender in Panama. Panama City, the main urban center in the country, accounts for about 70% of total building product sales.

For more information on construction in Panama, please contact your local ACE specialist.

### **Energy Consumption in Hong Kong**

The market for building automation systems was estimated at USD21 million in 2003. In recent years, building owners and management companies have become more concerned about energy saving. Staff reduction in many companies also enhanced the use of building automation. However, there is still room for promoting energy conservation in Hong Kong. Future market opportunities will focus on the retrofit of commercial buildings and some new buildings in South West Kowloon and South East Kowloon. Another area of opportunity is schools and this market could be as sizable as USD91 million.

In Hong Kong, proprietary systems from the United States dominate the market. The long presence in the market, user-friendliness and advance technology of the U.S. systems, the users' preference for quick solutions are all the reasons for their receptivity.

Open systems products have yet to find a real market niche in Hong Kong. Industry experts, however, forecast its growth to be up to 10% in five years' time, when users are convinced that using open systems can save them maintenance cost because there are more choices for replacement parts.

For more information regarding energy in Hong Kong, please contact your local ACE specialist.

## **Booming Economy in Ukraine**

Almost 14 years after separating from Russia, Ukraine is slowly transforming itself into an emerging market economy with 47 million people. More than 300 U.S. companies are represented in Ukraine and these companies were careful to perform due diligence before beginning operations in this new market, a good portion of which is still controlled by wealthy oligarchs. Old-to-market and new U.S. entrants alike carefully explore and develop local market channels for sales, joint ventures, and investments. U.S. companies are quick to explain that the benefits of working in this new economy and the hazards that still exist. Because of its diversified economy, ranging from a strong agricultural sector to manufacturing facilities for IT products, and because of its stable currency with no restrictions on repatriation of foreign profits, Ukraine is likely to sustain future improvements in FDI, GDP, wages, and overall population lifestyle and welfare. In parallel to U.S. companies coming to explore this new market, Ukrainian executives and officials have also shown a marked increase of interest in visiting the U.S. and buying from U.S. companies, to the extent, that the Commercial Office in Kiev took 15 delegations to major trade events in the U.S. in the past year.

## **Egypt's Construction Industry**

The construction industry is one of the most important sectors of Egypt's economy. It accounts for about 8% of total Egyptian employment and contributed in 1998-99 about 6% to the GDP. There are about 100 different industries linked to the construction industry. Earthmoving equipment is a major sub-sector in Egypt's substantial construction industry. It witnessed a remarkable boom in 1996 until 1998 with sales of about 4,000 units annually, both for new and used equipment. As of the end of 2000, this sub-sector started to show signs of weakness for various reasons. This sector witnessed a remarkable boom in the mid-nineties with an average growth rate of 20%. The boom in the market began in 1994, when the Government of Egypt (GOE) adopted a comprehensive reform program that encouraged private sector investments in real estate related to tourism and build & operate infrastructure projects such as marine ports, airports, and power plants. The situation changed from the end of 1999 to date due to a number of reasons. However, industry sources report a slight movement in this sector as of the end of 2002. U.S. brands capture a 50% market share of the new and used equipment. Demand for used equipment is increasing because of cheaper prices. Custom tariffs of 5% in addition to 10% sales tax, and 3% service tax is applicable on earthmoving equipment.

For more information about the construction industry in Egypt, contact your local ACE specialist.

## **Construction Chemicals in Thailand**

Demand for construction chemicals is recovering along with Thailand's overall economy and rising demand for residential and commercial high-rises. The construction chemical market is expected to grow at 10% per year for the next few years. Because U.S. imports are best known for their performance quality and product innovation, their competitive strength lies in higher price, and higher quality markets serving the following construction applications: grouts, waterproofing, fireproofing, and coating. In terms of product types, high quality cold-applied products, acrylic, and epoxy/resin are the best sales prospects.

## **Construction in the UAE**

In 2003, the UAE architectural, construction, engineering services (ACE) industry experienced an overall increase of 8 % over the previous year. This growth was stimulated primarily by direct investment in oil & gas, commercial and residential real estate and infrastructure projects including power and water utilities. The UAE market for the sale of ACE services was estimated at US \$292 million in 2003, an increase of 8 % over 2002. The average annual sale growth during the next three years is estimated at 11 %.