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DOTr eyes award of Bulacan airport project by year-end or early 2019

SMC likely to clinch the deal

By: **Miguel R. Camus - Reporter** / @miguelrcamusINQ Inquirer Business / 05:56 PM September 18, 2018



The plan for a P700-billion Bulacan Airport presented by the San Miguel Corporation to the Department of Transportation. (PHOTO FROM SMC PROPOSAL)

Conglomerate San Miguel Corp. (SMC) could bag the 50-year concession to build and operate a new international airport in Bulacan province by the latter part of the year or early 2019.

Reuben Reinoso, undersecretary for planning at the Department of Transportation (DOTr), signaled in a press briefing on Tuesday that the DOTr and SMC were entering the final round of negotiations over the concession agreement of SMC's P700 billion project, dubbed the New Manila International Airport, which was conditionally approved by the board of the National Economic and Development Authority (Neda) last April.

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Following the latest round of talks last September 6, 2018, Reinoso said SMC subsidiary San Miguel Holdings Corp. submitted the revised concession agreement on Monday. He said there will be another meeting on September

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international airport in Bulakan, Bulacan province, about 50 kilometers north of Metro Manila. It will have up to six parallel runways and can handle over 100 million passengers per year. SMC had earlier said the airport, which is being positioned as an alternative to the congested Ninoy Aquino International Airport (Naia) in Manila, could start operations in about six years.

Reinoso said they hope to fine-tune key issues in the contract, including the definition of what may constitute a material adverse government action and potential compensation to the proponent in case laws are changed.

In a separate occasion, Finance Secretary Carlos Dominguez III suggested the execution of joint and several liability agreements between SMC and SMC Holdings to ensure funding for the massive airport proposal. He added that the government also wanted a closer look at the Bulacan Airport's impact on its asset and investments in Clark, Pampanga, which has its own international air gateway about 50-km away from SMC's proposed site.

Once negotiations are done with the DOTr, SMC's Bulacan Airport offer will go through the Neda approval process for the Swiss challenge, a type of bidding that allows other groups to submit rival offers. SMC Holdings, as original proponent, carries a distinct advantage in that it can match a better offer and win the project.

Reinoso explained that they were currently working on the Swiss challenge terms, including the bid parameters, performance standards and risk allocation matrix.

The SMC's Bulacan Airport offer is among the projects that the DOTr said it would welcome under its multi-airport strategy. This was to address capacity constraints in Naia, the country's busiest airport and a gateway to Manila. The DOTr separately awarded Naia Consortium, a group of seven conglomerates that wants to operate and modernize Naia for a period of 15 years, an original proponent status. It said a Swiss challenge for that proposal could also be held before the end of 2018.

The DOTr had also issued "no objection" to the Cavite government's proposal to build an international airport on reclaimed land in Sangley Point, Cavite. Officials had said the latter would still need to secure approval from the air safety regulator and to finalize the legal framework of the project.

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