

# Interview: Raul Manlapig, Principal Managing Director, Arup, Philippines

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*Raul Manlapig, Principal Managing Director of Arup, Philippines, talks about the current rapid growth of the country's economy, how the company's sustained presence in many countries around the world provides for a good understanding of the local market and swift adaptability to market conditions and business trends, and why sustainability is at the heart of what Arup does.*

**The Philippine economy is growing at a rapid pace, making it attractive for foreign investors. Yet, to what extent have you seen the country's growth reflecting in more investment in infrastructure?**

The growth of the Philippine economy is being fuelled by strong domestic consumption and increase in investments. Large business groups such as Ayala, San Miguel, Metro Pacific, The Lopez Group, Aboitiz, SM Holdings, the Gokongwei group to name a few have diversified into other sectors such as power, infrastructure communication, mining, water & healthcare. These diversification moves have increased their investments over the past couple of years.

Also, a recent World Bank economic update indicated that public spending grew to an equivalent of 16.8 percent of GDP with infrastructure showing the highest increase. However, despite the increased public spending, infrastructure spending only accounted for 2.5 percent of GDP, which is below the SE Asia average of about 5 percent of GDP. There seems to be a lack of foreign direct investments due to unattractive terms compared to other SE Asia nations. The lack of FDI is a big challenge to the government in successfully implementing strategic infrastructure projects and is seen to weaken our economic competitiveness.

It is obvious that we are not seeing the same pace of growth in infrastructure investment compared to investments in private led projects in manufacturing, power generation, real property development, etc.

Rapid urbanization in say, for example, Metro Manila with an estimated population of 12M has put a strain on its public infrastructure systems such as connectivity, energy, water, waste disposal, sanitation, drainage, hospitals and so on. The government will need to address this swiftly, and the key to this is being able to attract private sector interest in partnering with them.

**Sustainability and green solutions are high on the agenda today. In the Philippines too, we see new projects such as the energy-efficient Zuellig building and larger policy guidelines such as the Green Building Code in Makati City. Overall, is the city ready to go green?**

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I would like to think so, but there remains a lot to be done in terms of education and establishing regulations and standards. Developers in the Philippines are paying increasing attention to energy-efficient projects. For the city to go green we must not forget that it would also need to educate its citizens on ways how to reduce their individual carbon footprints. Arup has been at the forefront of sustainable building design and the concept of sustainability is very clearly embodied in our mission to "shape a better world". Our founder Sir Ove Arup believed that our work should be both sensitive to the environment and also have a social purpose. We have pushed the boundaries of design with projects such as the Beddington Zero Energy Development in the UK, the Samsung Green Tomorrow in Korea and Hong Kong's ZCB (Zero Carbon Building). Sustainability is at the heart of what we do.

**When you speak to your colleagues in the United Kingdom, what are the specificities you would point to on running an Arup affiliate in the Philippines?**

Understanding the local culture is very important wherever we do business. While we are a global company we have a vast local knowledge of the Philippines because we have been here for the last 23 years. Similarly, Arup has been in Japan for more than 20 years, in Hong Kong over 35 years and in Singapore since 1968 to cite a few examples. Our sustained presence in many countries around the world allows us to have a good understanding of the local market and adapt swiftly to market conditions and business trends.

We employ a large number of local people providing the firm a greater opportunity to reach out to our local clients. In most cases leadership is also from the locality, just like me being the first Filipino Principal to manage the firm in the Philippines. As the geographical leader, I also give advice to my colleagues on doing business in the country, particularly when offering specialist services. We normally call on expertise from around the world to bring our global network of resources to local projects. This is actually one of the firm's strengths: we make global service available locally.

**You came in at a time where you, almost literally, had to pick up the pieces. How did you get started in your new role?**

Indeed. The effects of the Asian Financial crisis was still lingering when I took over our Manila office in 2000 and there was political uncertainty due to impeachment trial of former President Estrada coupled with several large casualty bombing incidents in Metro Manila. In a way the office had been used to such turmoil in the past. When we set up the office in 1991, it was just a few years after the non-violent EDSA Revolution, which restored our democracy. During the transition government, some of our colleagues from the UK literally experienced the coup d'état while they were attempting to conduct business here.

I had been with Arup for five years before taking on the new role so I had a good understanding of the visions and values of the firm; for example, quality of work, taking a holistic approach in delivering projects, ensuring that we remain a humane organization, our commitment in dealing with clients in a straight and honorable manner, that we have social usefulness and that we are able to provide reasonable prosperity for our members. I simply incorporated this philosophy into my everyday work.

**What do you consider Arup's biggest success in the Philippines?**

I would consider our ability to incorporate innovation into what we do as our biggest success in the Philippines. Projects like the fully removable Malampaya Concrete Gravity Structure and the 212meter twin tower St. Francis Shangri-La Place residential condominium that used the Arup Damped Outrigger System™, are examples of innovation that we do at Arup. We are also proud to have introduced the Arup brand of consulting engineering to the market where we continue to offer

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services that are available from around the firm and not limiting ourselves to what can be done by our local office only.

### **How does this reflect on Arup's global and local set of capabilities in the healthcare sector?**

Arup has more than 40 years' experience in the healthcare industry and has completed 2,500 healthcare projects under its name. This has provided us with an in-depth understanding of the challenges confronted by the industry such as continually improving quality of care, patient experience and financial performance. Arup's global skills draw on an unparalleled range of services across planning, design, engineering and business consultancy to develop integrated solutions across healthcare estates, workforce and operations.

We combine our global and local skills set to offer the most cost-effective service possible. The Philippines' healthcare sector is a high potential market, as the demands for adequate hospitals and access of the poor to better healthcare services and facilities are high in the country. With our experience we can help clients achieve end-to-end provisions of world-class healthcare services efficiently and sustainably.

### **How does Arup look at the Philippines as a growth market?**

We consider the whole Asia as a growth market, and our operations in China have been expanding. We also set up offices in India, Vietnam and Cambodia in recent years. The Philippines is seeing unprecedented growth brought about by increased domestic spending. As a firm that has been in the Philippines for the last 23 years, we understand the business trends and we try to transform our offerings to service new markets. A few years back we were doing a lot of buildings work but now we are servicing other markets. The trend now is more infrastructure works and this presents us with a lot of opportunities particularly in water, aviation, energy, etc.

### **Your mission is to shape a better world, as you mentioned. How do you want to shape the future of the Philippines?**

The Philippines is an emerging nation and needs change in many different areas. For example, we are experiencing the effects of urbanization in the same way that China, Brazil, Indonesia and others are undergoing. With the increasing population of Metro Manila and other urban areas there is a need for us to look at urbanization issues and be able to transform our growing cities into smart and green cities. We will have to deal with issues such as urban mobility, more efficient use of energy and sustainable buildings. Increased use of vehicles presents a genuine threat to economic security for many nations, including the Philippines, due to the need to import fuel. Investment in urban transport and communications infrastructure is critical for the enhancement of economic potential in urbanized areas. There should be targeted investment to drive significant growth and economic development. Hong Kong and Singapore for example, have invested heavily on rail systems, as we can see their growth has been sustained for many years and will likely to be sustained for many years more as they continue to spend in improving their systems alongside the growth of their economies. Our government needs to act fast enough to address this need to facilitate our growth, for example, soliciting private investors to invest in PPP.

### **As a Filipino yourself, do you understand the inertia in some of these government projects?**

I think the government has to be more proactive in attracting private investors and to encourage their interest in investing into the projects, and at the same time, share the risks. Unfortunately, some projects that are in the bidding stage get stalled because of contractual and financial viability issues.

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## **Do you have a dream project for Arup in the Philippines?**

Many of our projects are actually "dreams come true". My dream project would be a massive world-class sewage treatment facility that could treat all the waste generated by the whole of Metro Manila. Also I would like to be involved in a huge hospital project that will cater for the poor, whom I believe deserve better healthcare services and facilities.

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