

PRESS RELEASE

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ICTSI to close down rail-service, Laguna ICD

Continuing losses cited for closure

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International Container Terminal Services, Inc. (ICTSI) will permanently close down by the first week of February 2003 operations of its rail-serviced inland container depot (ICD) in Calamba, Laguna.

Formerly run by an ICTSI subsidiary, ICX Corp., which was this year merged with ICTSI and made a division of the Manila International Container Terminal, the rail-serviced ICD operation has been incurring losses since it began operations in 1998. The merger was effected late last year in an effort to minimize overhead costs. Despite the merger, however, operations continue to incur losses, compelling ICTSI to permanently shut down operations of the country's only rail-serviced inland container depot and alternative land access to the Port of Manila.

Losses are attributed to several factors. Industrial growth in the Calabarzon, the ICD's main market, has not grown as anticipated, with investments and trade volume in the area slowing down in the past four years. Moreover, poorly maintained rail tracks and railroad bridges have forced the locomotive to slow down for safety, preventing the fielding of more trips, and consequently raising the cost of every locomotive trip. Lastly, the train service is unable to compete with truck hauling services whose rates have fallen, also as a result of the low demand for this service.

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Assets, including the locomotive and the rail cars will be decommissioned, while ICTSI will continue to maintain the 20-hectare ICD property in Laguna.

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