

Construction Economy and Innovation in Korea

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PART I

Korean Economy and Construction Industry

1. Macro Economic Review and Outlook

1.1 Main Macroeconomic Indicators

1.1.1 Overview of National Economy

Korean economic growth remained generally moderate, following slowdowns since the first quarter of 2006. Industrial production has continued to decrease since the second half of last year, while service production in close relation with domestic demand showed a modest improvement. Production in semiconductor and IT sectors that has been a driving force of the growth for the past several years fell sharply since late year, contributing to the downturn of the overall industrial production growth. On the other hand, the service production growth rate closely related to domestic demand appears to gradually come out of its sluggish performance that has continued since early last year.

Exports growth remained robust and domestic demand has moderately improved since mid-2006. The pace of export continued to experience double-digit growth, increasing about 15% on average from January throughout April, but there was no sign of further acceleration.

As for domestic demand, investments have been increasing since the second quarter of 2006, while consumption for the first quarter of 2007 expanded at a modest pace. Despite low investment in transportation equipments, investment in machinery remained robust, and construction investment accelerated slightly led by active civil construction.

Despite slowness in the production growth since mid-2006, the fall in oil prices seemed to contribute to the recovery of domestic demand. Despite a decrease in GDP growth rate, drop in oil prices contributed to increase in real purchasing power (measured by GDI) through the improvement of terms of trade.

The downturn of the U.S. economic growth since late 2006 has not spread to other economies, while global economy shows a continued robust growth. The slower growth of the U.S economy primarily decreased to about -20%, reflecting the decline in housing prices and downturns in housing investment, However, the solid growth of Euro zone and recovery of the Japanese economy appeared to have partly offset the negative effects from the U.S. economy.

Still, there are risks found in both domestic and foreign economic environments including the oil price hike since February and the lingering instability of global economy. The rise of international oil prices is likely to act to curb further recovery of real purchasing power and domestic demand by hampering the terms of trade that has improved since the second quarter of last year. In addition, concerns over the U.S. economy has not been abated yet, and uncertainty has also remained regarding conditions in semiconductor • IT industry, which is unlikely to expect that Korea's export conditions will improve.

Cautious optimism has been dominant so far, but uncertainty has remained relating to the sufficient liquidity of the international financial market since the past several years and to the possible change in financial inflows to the U.S. market. Considering that presidential election is scheduled for late this year, cautious attention should be paid to check the increasing uncertainty on the implementation of the current economic policies. It will be important for Korea to consistently accomplish its pending issues, including KOR-US FTA, its follow-up measures, the reform of pension system, the rearrangement of welfare system, and housing market stabilization policies.

<Table 1.1.1> Main Macroeconomic Indicators (base year: 2000)

	2000	2001	2002	2003	2004	2005	2006	2007.3
GDP and Components								
GDP at real prices* (bn won)	578,644.5	600,865.9	642,748.1	662,654.8	693,995.5	723,126.8	759,234.4	183,119.5
GDP at current market prices (bn won)	578,664.5	622,122.6	684,263.8	724,675.0	779,380.5	810,515.9	847,876.4	205,226.6
GDP growth (%)	9.3	7.5	10.0	5.9	7.5	4.0	4.6	5.2
Agriculture, Forestry and Fishing	25,029.8	24,806.2	24,654.9	24,166.1	26,246.2	24,631.4	24,473.3	2,214.5
% growth	0.9	-0.9	-0.6	-2.0	8.6	-6.2	-0.6	-6.8
Mining & quarrying	2,036.9	2,020.7	2,051.4	2,062.6	2,276.5	2,626.2	2,667.9	809.6
% growth	2.8	-0.8	1.5	0.5	10.4	15.4	1.6	3.8
Manufacturing sector	151,243.0	151,766.0	161,952.0	169,145.4	198,554.3	204,701.0	209,835.4	52,280.3
% growth	13.7	0.3	6.7	4.4	17.4	3.1	2.5	4.1
Services sector	279,605.1	309,584.7	345,962.6	366,046.7	385,735.3	406,301.8	430,832.0	108,915.2
% growth	8.5	10.7	11.8	5.8	5.4	5.3	6.0	6.2
Construction sector	42,926.70	47,181.9	51,541.7	61,329.8	64,772.5	66,375.0	68,434.3	12,838.7
% growth	-1.0	9.9	9.2	19.0	5.6	2.5	3.1	6.9
Demographic Indicators								
Population (1,000)	47,008	47,353	47,622	47,859	48,039	48,138	48,297	-
Population growth rate (%)	0.83	0.71	0.62	0.59	0.57	0.19	0.33	-
Total labour force (1,000)	22,134	22,471	22,921	22,957	23,417	23,743	23,978	23,960
Labour force growth rate (%)	2.2	0.2	0.6	-0.5	0.6	-0.1	-0.1	-0.1
Unemployment rate	4.4	4.0	3.3	3.6	3.7	3.7	3.5	3.5
Financial Indicators								
Short term interest rate	7.08	5.32	4.81	4.31	3.79	3.65	4.48	4.94
Long term interest rate	8.5	6.66	6.47	4.93	4.45	4.66	5.07	4.98
Changes in consumer price index	2.3	4.1	2.8	3.5	3.6	2.8	2.2	2.2
Base lending rate (Commercial banks)	8.55	7.70	6.92	6.50	5.88	5.49	5.80	6.32
Base lending rate (Finance companies)	7.77	5.91	6.50	6.17	5.92	5.65	6.08	6.41
Change against US\$	1,259.70	1,326.10	1,200.40	1,197.80	1,043.8	1,013.0	929.6	940.3

1.1.2 Main Economic Indicators

A. Gross Domestic Product Indices

After having overcome the currency and financial crises and pulled out of the post-crisis recession, the Korean economy experienced a slowing of growth in 2001 due to the sluggish facilities investment and reduced export growth. During 2002, as domestic demand turned brisk and exports recovered rapidly, the annual growth rate rebounded. However, it decelerated significantly again in 2003 as private consumption and facilities investment were both sluggish. During 2004, the GDP growth rate rose from the previous year's 3.1 % to 4.7%.

Over the course of 2005, the Korean economy grew by 4.0% as the export growth rate slowed down owing to a base-period effect, even though private consumption and facilities investment showed a mild recovery. From the second half, however, the Korean economy recovered at a gradually increasing pace due to the balanced growth of domestic demand and exports.

Korean economy showed a relatively strong performance in 2006. The current account continued to post an underlying surplus and prices remained stable while gross domestic product (GDP) grew at an accelerated pace. The growth rate of GDP rose from the previous year's 4.2% to 5.0% as exports kept up their brisk performance and domestic demand exhibited a trend of recovery.

During the first quarter of 2007, the Korean economy saw the current account shifted into deficit, but prices showed stable trends while the growth rate maintained a level similar to that of the previous quarter. Real gross domestic product (GDP) grew by 0.9% seasonally adjusted in the first quarter, a pace similar to that of the preceding quarter. Imports shifted to a sharp rise and construction investment decelerated considerably, which counteracted the faster growth pace of facilities investment and private consumption. Real gross national income(GNI), however, decreased by 0.9%, affected by a base-period effect of its rapid growth in the previous quarter (2.5%) and the deterioration of the terms of trade.

<Table 1.1.2a> Gross Domestic Product Indices (at current prices)

	2000	2001	2002	2003	2004	2005	2006
GDP in KRW	578.6	622.1	684.2	724.6	779.3	810.5	847.8
(GDP in USD)	511.8	482.0	546.9	608.0	680.9	791.3	887.4
Annual average increase rate	8.5	3.8	7.0	3.1	4.7	4.2	5.0

(unit : KRW tril., USD bil., %)

Resource : Quarterly National Accounts, 2007, The Bank of Korea.

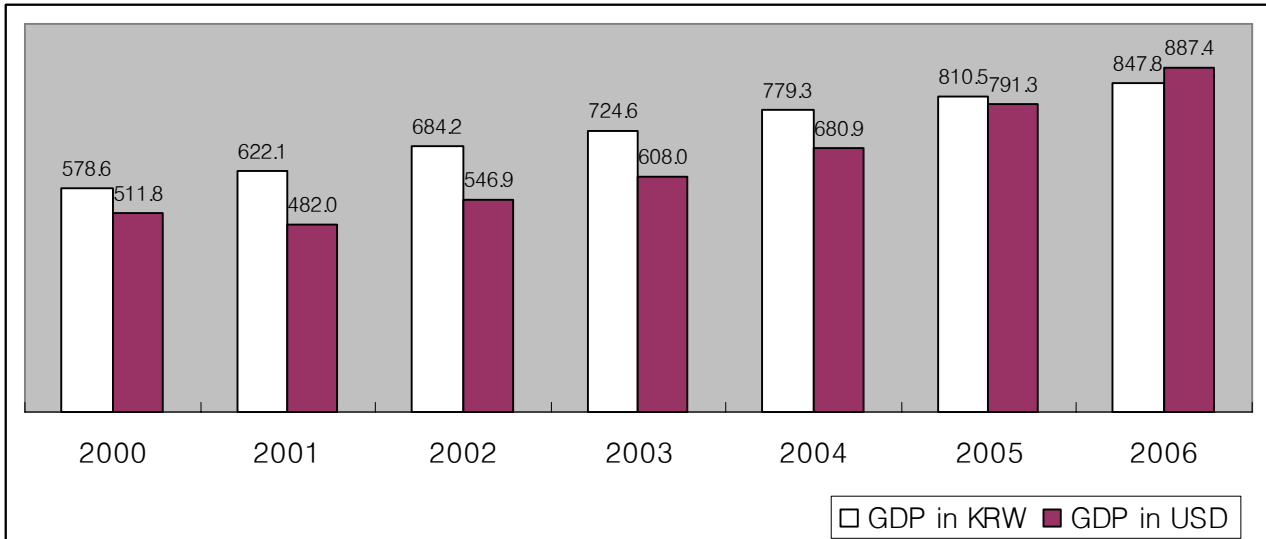


Figure 1.1.2a-1> Gross Domestic Product In KRW, USD

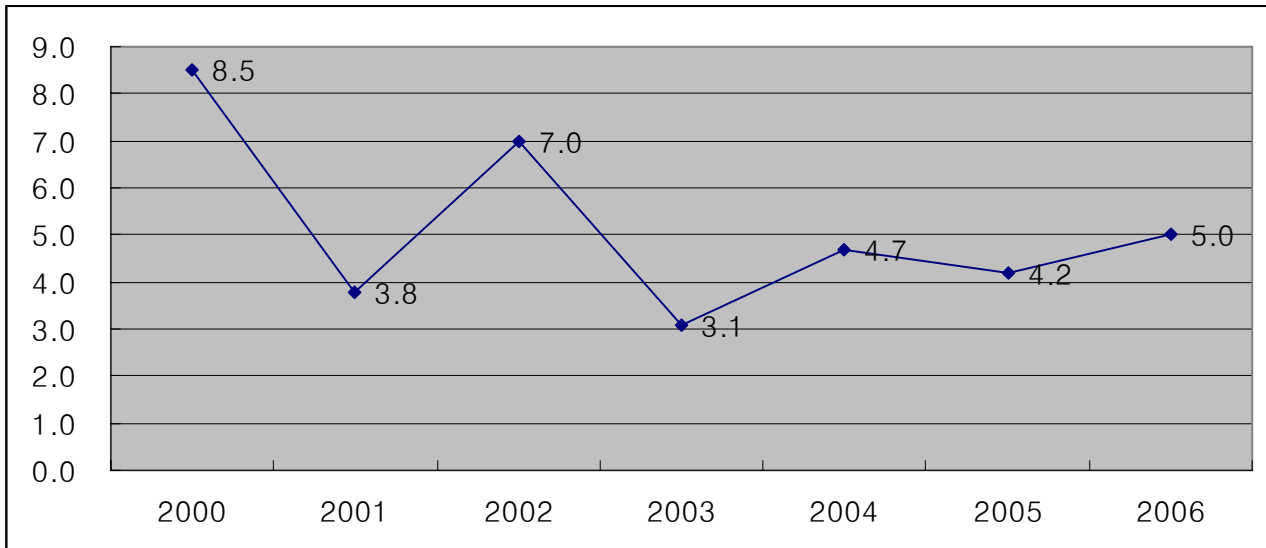


Figure 1.1.2a-2> Gross Domestic Product ; Average increase rate

B. Exports and Imports

The global synchronization of Korea's economy, particularly in concert with economic uncertainty in Japan and the U.S., was reflected in the latest statistics. Total exports for the year 2002 were valued at USD 162.5 billion, which is a jump of 8.0% from 2001. Unlike private consumption and facility investment, which showed negative growth, exports performed robustly in 2003, with annual growth of 19.3%. In 2004, exports totaled 253.8 billion dollars, accelerating to 31.0 percent growth. Exports in 2005 decelerated to 12.0 % growth, however, it continued double-digit growth.

In 2006, exports increased by 14.4% to total 325.5 billion dollars, posting a double-digit increase rate for the five consecutive years. This was largely attributable to the expansion of overseas demand brought about by the sustained rapid growth of the global economy and noticeable improvements in the quality competitiveness of main export items. By item, wireless communication equipment shifted to a decrease in exports and computers, home electronic appliances and textile saw sluggish export performance throughout the year, but machinery, precision equipment, petroleum goods, ships, semiconductors, steel and metals enjoyed high rates of export growth. Exports of chemical products and passenger cars saw a steady increase.

Consumer goods imports rose in 2003, but capital goods and raw materials imports suffered much greater declines in the same year. Imports were valued at USD 178.8 billion in 2003, which was a 17.6% increase from the previous year. In 2004, imports increased by 25.5 % to register 224.5 billion dollars. Imports increased by 16.4 % to total 261.2 billion dollars in 2005.

In 2006, imports accelerated their pace of growth rate from the previous year's 16.4% to 18.4 %, registering 309.4 billion dollars and standing at increasing faster than export for the second consecutive year. By item, imports of raw materials centering on crude oil increased sharply owing to a surge in their prices. Meanwhile, those of consumer goods (excluding gold) showed a speedier pace of increase than the previous year. Imports of capital goods, led by machinery and transportation equipment, increased steadily.

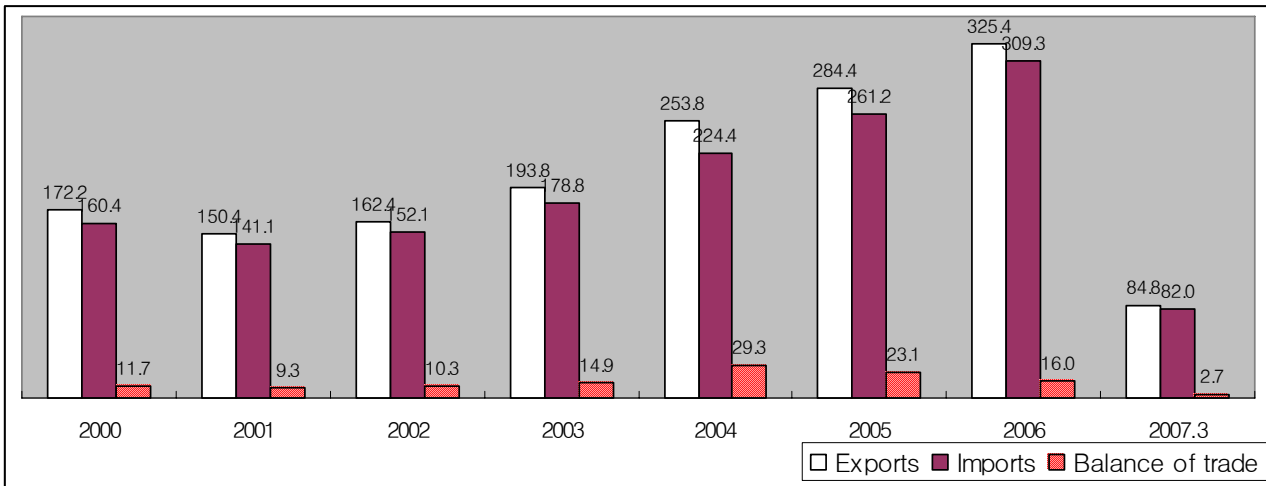
During the first quarter, both exports and imports continued their robust growth. Exports expanded by 14.6% year on year to stand at 84.7 billion dollars, and imports increased by 13.3 % to register 82.2 billion dollars.

<Table 1.1.2b> Exports and Imports

(unit : USD bil., %)

	2000	2001	2002	2003	2004	2005	2006	2007. 3
Exports	172.2	150.4	162.4	193.8	253.8	284.4	325.4	84.8
Annual average increase rate	19.9	-12.7	8.0	19.3	31.0	12.0	14.4	14.8
Imports	160.4	141.1	152.1	178.8	224.4	261.2	309.3	82.0
Annual average increase rate	34.0	-12.1	7.8	17.6	25.5	16.4	18.4	13.1
Balance of trade	11.7	9.3	10.3	14.9	29.3	23.1	16.0	2.7

Resource : FINANCIAL STATISTICS BULLETIN, 2007 , MINISTRY OF FINANCE & ECONOMY



<Figure 1.1.2b> Exports and Imports

C. Inflation Rate

Consumer prices (CPI basis) showed a relatively rapid rising trend during 2001 to stand at 4.1% (on an annual average basis). In 2002, however, their upward pace slowed and consumer price inflation registered 2.7% (on an annual average basis), despite the rising trend of wages and rises in housing prices. The improved price stability was largely attributable to the appreciation of the Korean won and reductions in charges for some public services. The rates of increase in the CPI in 2003 and in 2004 accelerated from the previous years by 3.6% each year due to a hike in the international oil price, a rise in public utility charges, and the persistently high rate of increase in wages.

Despite a surge in international oil prices, the pace of increase in consumer prices in 2005 slowed to an annual level average of 2.7%, affected by the stable prices of agricultural, livestock and marine products and the appreciation of the Korean won against the U.S. dollar.

The consumer price index in 2006 rose by 2.2 % on average, slowing down from the previous year's 2.8%. This was attributable to the continuation of the Korean won's appreciation against the U.S. dollar, the stable movement in the prices of agricultural, livestock and marine products and wages, which together offset the effects of the hike in the prices of international oil and other raw materials.

Consumer prices in the first quarter of 2007 marked an increase of 1.5% from the previous quarter owing to a rise in prices of agricultural and petroleum products as well as a hike in private service charges. Its year-on-year rate of increase, however, posted 2.1%, a pace close to that in the previous quarter.

<Table 1.1.2c> Inflation Rate

(unit : %)

	2000	2001	2002	2003	2004	2005	2006	2007.3
Consumer price index ¹⁾	84.9	88.3	90.8	93.9	97.3	100.0	102.2	104.1
Producer price index ²⁾	100.0	99.5	99.2	101.4	107.6	109.9	112.4	113.4

1), 2) base year is 2005(2005=100).



<Figure 1.1.2c> Inflation Rate

D. Unemployment

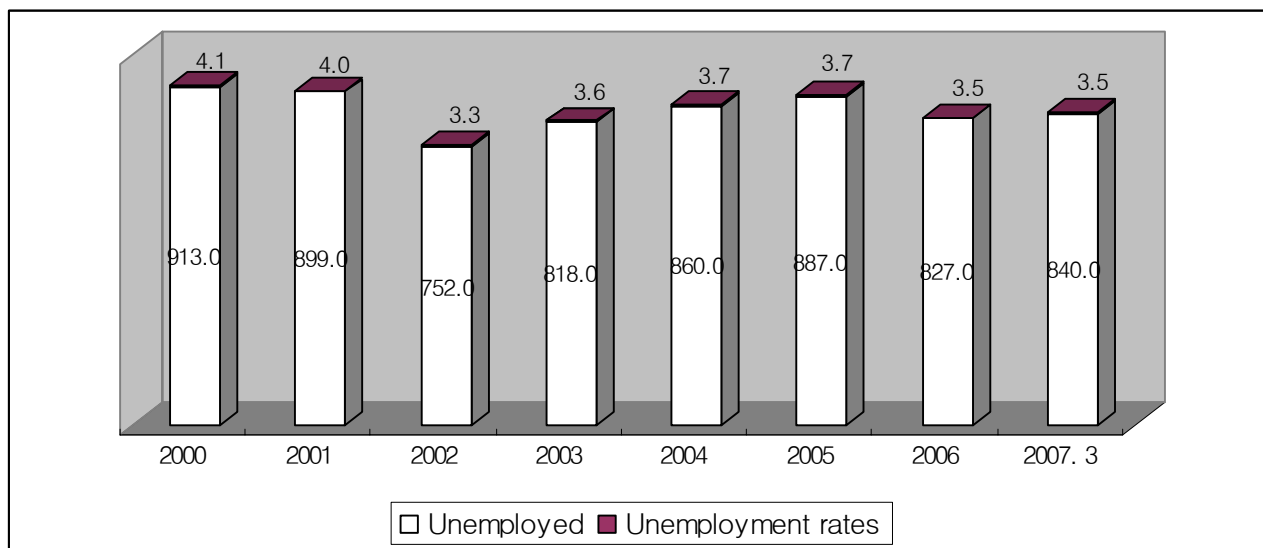
The unemployment rate remained on an underlying downward trend during 2001~2002 as the number of persons employed in the service and construction sectors increased. The annual average unemployment rate declined from the previous year's 4.4% to 4.0% in 2001, and to 3.3% in 2002. However, during 2003, the unemployment rate rose to 3.6%, reflecting the worsened economic situation. In 2004, there was little improvement in labor conditions because of the lackluster state of domestic demand and diffusion of labor saving production method.

The unemployment rate posted 3.7% in 2005. In 2006, there was some improvement in labor market conditions, but this was less than sufficient considering GDP growth. Despite the insufficient improvement in employment, the unemployment rate edged down from the previous year's 3.7% to 3.5% owing to a change in population structure in terms of labor supply. In the first quarter of 2007, the seasonally-adjusted unemployment rate stood at 3.2%, a slight drop from the previous quarter's 3.4%.

<Table 1.1.2d> Unemployment

(unit : thousand persons, %)

	2000	2001	2002	2003	2004	2005	2006	2007. 3
Unemployed	913	899	752	818	860	887	827	840
Unemployment rates	4.1	4.0	3.3	3.6	3.7	3.7	3.5	3.5



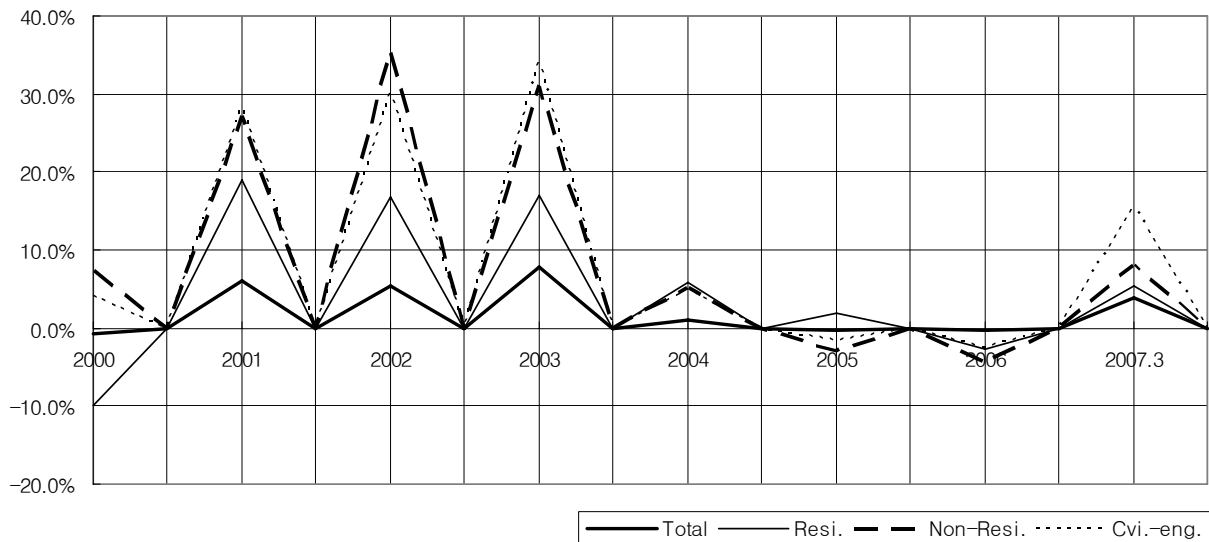
<Figure 1.1.2d> Unemployment

2. Overview of Construction Industry

2.1 Construction Investment and Construction Volume

The construction sector, by its nature, felt deeper impact from the nation's economic situation than any other industry. As evident in the past trend, the construction industry enjoyed healthy growth during the 90s with the increase in housing demand and infrastructure demand.

But activities in all construction industry sectors were more adversely affected by the financial crisis in 1997. There was a marked decline in construction activities caused mainly by deferment of selected new infrastructure projects and the slow implementation of existing infrastructure projects and postponement of non-residential projects.



<Figure 2.1> Construction investment change ratio

From 1999, construction market shows symptom of little recovering due to the recovery action plan implemented by the government and in 2002 it recovered the level of 1997. Construction investment growth rate recorded -0.7% in 2000, 6.0% in 2001, and 5.3% in 2002. The growth rate of the construction industry, contrary to other industries, accelerated sharply recording 7.6% in 2003 owing to brisk private construction amid buoyant housing business and a rise in the government's construction of roads and harbors. Since October in 2003, Korean government has strongly regulated the real estate market to stabilize the housing price in some speculative areas. As a result, the real estate market has been depressed and construction economy has also been adversely affected.

In 2004, the construction business experienced a large fall in its rate of growth compared with the previous year in response to the tightening of regulations on reconstruction, the series of measures to curb real estate speculation and the oversupply of buildings for commercial use, which combined to leave the construction of buildings at a low ebb. After the recession period until 2006, There has appeared a symptom of recovery in the first quarter of 2007 with a growth rate of 3.9% .

<Table 2.1a> shows the sectoral trends of construction investments. According to this, the growth rate of the residential building investments has improved from -9.3% for 2000 to 12.9% for 2001, 11.4% for 2002, and 9.0% for 2003. However, the growth rate of the residential building m^2 investment has shrunk from 4.7% in 2004 to -2.4% in 2006.

Nonresidential building construction investment has continuously increased during the years 2000~2003. However, the nonresidential building construction investment has declined since 2004. In the first quarter of

2007, a symptom of recovery has appeared with a growth rate of 2.8% in the non-residential building investment.

The construction investment for the civil construction sector, mainly depending on the government expenditures, has not shown the persistent pattern during the years 2000~2003. But it has increased gradually since 2004. It was recorded to -0.1% in 2004, 1.5% in 2005, 1.9% in 2006, and 7.4% growth rate in the first quarter of 2007. The government continues to encourage private participation into public infrastructure. As a result of construction investment, the construction volume was recorded to 133,271 thousand m² in 2006.

<Table 2.1a> Construction Investment

(unit: billion won at 2000 year fixed price)

		Total	Residential	Nonresidential	Civil(SOC)
2000	Actual value	96,676.2	24,983.0	23,616.6	48,076.7
	(change ratio(%))	-0.7%	-9.3%	17.3%	-3.3%
2001	Actual value	102,437.6	28,209.9	25,554.6	48,673.1
	(change ratio(%))	6.0%	12.9%	8.2%	1.2%
2002	Actual value	107,882.8	31,431.1	30,363.2	46,088.5
	(change ratio(%))	5.3%	11.4%	18.8%	-5.3%
2003	Actual value	116,427.8	34,269.3	34,667.2	47,491.4
	(change ratio(%))	7.9%	9.0%	14.2%	3.0%
2004	Actual value	117,792.2	35,881.6	34,425.4	47,422.3
	(change ratio(%))	1.1%	4.7%	-0.7%	-0.1%
2005	Actual value	117,464.1	36,664.4	32,689.3	48,110.3
	(change ratio(%))	-0.2%	2.2%	-5.0%	1.5%
2006	Actual value	117,005.2	35,782.7	32,175.0	49,047.5
	(change ratio(%))	-0.4%	-2.4%	-1.6%	1.9%
2007.3	Actual value	22,317.9	7,550.0	6,914.5	7,853.5
	(change ratio(%))	3.9%	1.4%	2.8%	7.4%

Source: Bank of Korea, National Accounts.

<Table 2.1b> Construction Volume (Gross Built-up Area; Thousand Square Meters)

Type of Development	2000	2001	2002	2003	2004	2005	2006	2007.3
Gross Built-up Area (Thousand Square Meters)								
Total	81,058	97,717	138,734	142,108	117,461	111,506	133,271	26,074
Residential	41,283	47,856	57,320	62,128	50,099	50,281	53,861	8,167
Commercial	18,882	25,888	49,862	45,809	30,966	23,368	32,570	8,341
Industrial	11,646	13,538	15,366	14,738	14,740	13,579	16,813	3,783

Educational	5,126	5,534	7,604	7,919	8,860	9,862	11,340	2,824
Others	4,121	4,901	8,549	11,513	12,796	14,419	18,687	2,958

2.2 Construction Companies

As the government grip on the industry loosened from 1989, license began to be issued to eligible contractors, first in regular intervals and then now whenever upon request. Therefore, during the last decade the number of general contractors increased by more than sixteen fold numbering up to 12,914 firms in 2006, and likewise, specialty contractors increased almost 6 times to around 37,675 firms. As time goes on, inevitable competition inside the industry intensified. Average annual contractor amount of construction company was 8,300 million won (about 9 million dollars) in 2006.

<Table 2.2> Statistics of Construction Company

Classification \ Year	2000	2001	2002	2003	2004	2005	2006	2007.3
Number of general contractor	7,978	11,961	12,643	12,996	12,988	13,450	12,914	12,871
Average contractor amount (100million won)	75.0	57.0	65.0	78.8	72.7	73.8	83.0	18.8

2.3 Employees and Construction Labor

In 1970 construction industry employed 280,000 workers, that is, 2.9% of total employment. The number of workers increased steadily in the industry. For the year of 2002, more than 1.7 million employees were working in the construction field, 7.4% of total employment. Currently more than 1.8 million employees are in the construction industry. If we compare the share of employment ratio of construction industry with its share of value added in GDP, we can safely conclude that the industry productivity consistently improved as well.

<Table 2.3> Number of Employee in Construction

Classification \ Year	2000	2001	2002	2003	2004	2005	2006	2007.3
Number of employee in construction (thousand person)	1,582	1,585	1,746	1,816	1,820	1,814	1,835	1,850

Resource: Korea construction association.

2.4 Productivity

2.4.1 Value-added per Employee

Value added product per employee in construction industry is decreased by 6.7% in 2002 compared with 2001. This rate is disappointing, since other industries show positive growth rates such as 8.3% in manufacturing and 3.7% in services in the same year. Value added product per employee is increased by 3.9% in 2003 and 1.7% in 2004. But it is decreased again by 3% in 2005.

<Table 2.4.1a> Value-added per Employee

Unit : million won per person at 2000 price

	2000	2001	2002	2003	2004	2005	2006	2007
Construction	27.17	28.57	26.65	27.7	28.17	4.56		
%change	-9.85	5.15	-6.72	3.94	1.7	-3.0		
Manufacturing	35.23	36.21	39.2	41.42	46.14	11.06		
%change	9.72	2.78	8.26	5.66	11.4	5.3		
Services	21.47	21.62	22.42	22.73	22.91	10.02		
%change	1.61	0.7	3.7	1.38	0.8	2.5		
Primary sector	11.97	12.62	12.6	12.51	13.43	1.62		
%change	-19.56	5.43	-0.16	-0.71	7.4	2.6		

* NB: Primary sector includes agriculture, mining etc.

2.4.2 Physical Measurement of Construction Productivity

Physical measurement of construction productivity records 62,128 m² of residential construction, 30,966 m² of commercial construction, 14,740 m² of industrial construction in 2004. In 2005, 50,281 m² and 23,368 m² are recorded in residential construction and commercial construction respectively. In 2006, the measurement records 53,861 m² of residential construction, 32,570 m² of commercial construction, 16,813 m² of industrial construction.

<Table 2.4.2> Physical Measurement of Construction Productivity

	2000	2001	2002	2003	2004	2005	2006	2007.3
Residential	41,283	47,856	57,320	62,128	50,099	50,281	53,861	8,167
Commercial	18,885	25,888	49,862	45,809	30,966	23,368	32,570	8,341
Industrial	11,645	13,538	15,366	14,738	14,740	13,579	16,813	3,783
Others	9,247	10,435	16,186	19,433	12,796	14,419	18,687	2,958
Total	81,059	97,717	138,734	142,108	117,461	111,506	133,271	26,074

* Area (m²) refers to total built-up area.

2.5 Construction Cost

2.5.1 Average construction Material Prices

During the early 1990s, we experienced a severe shortage in construction materials because of the overheated construction business cycle. The construction sector was fingered as the culprit for inflation and trade deficit. Since then the production capacity was increased and also the construction boom cooled down. The demand and supply of construction materials more or less can be matched domestically. However, seasonal shortage has existed, especially in the spring season during which ordering of projects intensified. The official prices of major construction materials are influenced by government guideline but actual transaction value changes according to the market conditions.

<Table 2.5.1> Average Construction Material Price

	Cement in bulk (won per 40kg)	Steel bars (won per ton)	20mm aggregates (won per m ³)	Concreting sand (won per m ³)	Common Bricks (won per thousand pieces)	RMC* kg/cm ³ (won per m ³)
1998	2,415	316,100	10,000	10,458	49,000	46,555
1999	2,600	297,916	10,000	9,333	43,000	45,532
2000	2,728	301,666	10,000	9,000	42,000	45,560
2001	3,000	313,333	10,916	9,125	43,000	47,768
2002	3,225	336,250	11,958	10,167	45,020	50,200
2003	3,333	382,750	12,000	11,000	48,000	55,543
2004	3,404	515,917	13,000	12,250	46,000	53,827
2005	3,387	498,583	13,083	14,167	46,000	51,708
2006	3,370	455,667	13,250	11,333	45,000	49,080
2007.3	3,370	493,000	13,000	11,000	45,000	49,080

* RMC : Ready Mix Concrete

2.5.2 Construction Industry Salaries and Wages

For chief workers, the salary and wage has mildly increased since 2000. But special daily workers and normal daily workers experienced negative wage growth due to decreased construction demand during the years 2003~2004. At present (March in 2007), the average wage per day for chief workers is 80,125 won (about 85 dollars), 74,230 won (about 79 dollars) for special daily wage, and 57,820 won (about 61 dollars) for normal daily wage.

<Table 2.5.2> Construction Industry Salaries and Wages

	2000	2001	2002	2003	2004.	2005	2006	2007
Chief worker	56,598.5	61,280.5	67.007.0	69.514.0	69,773.0	70,235.0	75,504.0	80,125.0
Special daily wage	51,861.0	54,379.0	64.318.0	67.141.0	66,051.0	66,422.0	70,264.0	74,230.0
Normal daily wage	37,267.5	39,927.0	47.857.0	52.483.0	52,374.0	52,585.0	55,252.0	57,820.0

2.5.3 Average Sector Wages

Average wages increased in both construction and manufacturing sector since 2001. At present (March in 2007), the average monthly wage in construction sector is 2,715,511 won (about 2,888 dollars). It is higher than any other industries (2,471,807 won in manufacturing sector, 2,512,840 won in services sector, and 2,387,854 won in primary sector).

<Table 2.5.3> Average Wages per Month by Sector (won at 2000 constant price)

	2000	2001	2002	2003	2004	2005	2006	2007.3
Construction	1,839,844	1,834.683	2,062.514	2,286,627	2,351,713	2,366,343	2,576,544	2,715,511
Manufacturing	1,601,468	1,702,350	1,907.117	2,073,992	2,279,724	2,383,986	2,594,830	2,471,807
Services	1,860,788	1,893,929	1,862.303	2,114,873	2,300,792	2,832,466	2,541,175	2,512,840
Primary sector	1,702,280	1,779,553	1,907.641	2,304,099	2,457,373	2,439,161	2,615,614	2,387,854

2.6 Import and Export of Construction Services

2.6.1 Annual Import/Export of Construction Services

Total exports in construction was 16,468.1 million dollars in 2006. Among them, industrial construction exports occupied the largest portion recording 10,920.2 million dollars. Residential construction exports was 1,256.2 million dollars, commercial construction exports was 2,176.6 million dollars, and infrastructure construction exports was 1,532.1 million dollars. No construction import has been recorded yet.

<Table 2.6.1> Annual Exports of Construction Services

Type of Development	2000	2001	2002	2003	2004	2005	2006
(Value of construction exports by local firms, \$ million)							
Total exports	5,433.1	4,354.9	6,125.9	3,667.7	7,498.3	10,859.2	16,468.1
Residential	731.5	721.3	604.6	531.7	873.6	852.8	1,256.2
Commercial	2,768.1	867.4	538.9	401.7	806.1	373.3	2,176.6
Industrial	1,703.4	2,661.7	4,826.4	2,491.4	5,181.9	8,262.8	10,920.2
Infrastructure	220.2	102.5	136.5	199.6	547.3	835.6	1,532.1
Others	9.7	1.8	19.5	43.1	89.3	534.7	583.0

2.6.2 Top Five Countries for Construction Export and Import(2006)

In 2006, Saudi Arabia is the most important country in construction exports where 3,624 million dollars of construction service was exported. Kuwait (1,982 dollars), Qatar (1,314 dollars), Oman (1,267 dollars), and Vietnam (1,153 dollars) followed Saudi Arabia.

<Table 2.6.2> Top Five Countries for Construction Export

Export	Country	Value (mil \$)	Import	Country	Value (\$)
1	Saudi Arabia	3,623.6	1		
2	Kuwait	1,982.1	2		
3	Qatar	1,314.3	3		
4	Oman	1,266.9	4		
5	Vietnam	1,153.1	5		