

The 18th

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Japan Country Report

PREPARED BY



RICE

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Country Report (Japan)

I. Overview

The Japanese economy entered into a recovery phase in FY2002 and recorded successive years of 2% economic growth from FY2003 to 2007. However, the economy has slowed drastically since then due to the effects of the global economic chaos triggered by the American subprime loan crisis in the summer of 2007, as well as the effects of the Great East Japan Earthquake, which struck in March 2011. However, a recovery trend is expected to emerge going forward due to the promotion of various reconstruction measures.

Japan's construction investment, which has been decreasing since the mid-1990s, was valued at ¥47.2 trillion yen in FY2008, about half of the value of the peak year (FY1992), reflecting the prolonged recession. However, increases are expected in FY2012 due to the increase in restoration and reconstruction investments following the Great East Japan Earthquake of March 2011 and the recovery of private-sector investment.

The current condition of the Japanese construction industry can be summarized as follows:

- (1) The number of licensed construction companies continues to decline, falling to just 19.3% of the peak in 2000.
- (2) While the number of construction industry employees continues to decline overall, the reduction in the number of employees of general contractors has been particularly remarkable. The number of foreign employees is also continuing to decline.
- (3) Labor productivity in the construction industry remains at low levels as a result of various impediments to productivity at construction sites and within companies.
- (4) The expected value of construction per unit of floor area of new starts and the cost of materials have risen in recent years due to high steel and resource prices worldwide. Meanwhile, the average wages of male construction workers are below the average for male workers in all industries, being even lower than those of the manufacturing industry.
- (5) Japanese orders for overseas construction projects fell to ¥697 billion in FY2009 as a result of the global recession, but they rose again to 1,350.3 billion in FY2011 and are expected to continue to increase.

II. Macroeconomic Review and Future Projections

1. Overview of the Japanese Economy

The Japanese economy had been growing at 2% annually since 2003, continuing on a path of moderate recovery. Nonetheless, the effects of the global economic chaos triggered by the American subprime loan crisis in the summer 2007, combined with high resource prices, ended the longest economic recovery in the postwar period, which had continued since February 2002. Economic growth was negative in both 2008 and 2009. It recovered in 2010, but fell to 0% in 2011 following the Great East Japan Earthquake of March 2011.

In terms of the economic trends going forward, there are concerns about a downturn in overseas economies as a result of the European debt crisis, but as reconstruction demand continues to boost economic growth and the employment and income environment improves, consumption is expected to show moderate increases.

The Research Institute of Construction and Economy (RICE) predicts that in FY2012, given efforts to promote recovery policies and revisions to the employment and revenue environment, a genuine recovery will take hold as a result of broad domestic demand. Public fixed capital formation is up 6.3% as a result of government recovery policies, and government final consumption expenditures are up 2.0%. Private-sector capital investment is up 3.2% due to reconstruction demand, net exports of goods and services are up 1.6%, and real GDP is expected to rise 2.2% over the previous year.

Figure 1 Macroeconomic Trends (FY) (Unit: billion yen)

Fiscal year	1995	2000	2005	2008	2009	2010	2011	2012 (Forecast)	2013 (Forecast)
Real GDP	459,058	476,723	507,158	505,803	495,439	511,145	511,120	522,608	533,283
(YoY change)	2.7%	2.0%	1.9%	-3.7%	-2.0%	3.2%	0.0%	2.2%	2.0%
Real private final consumption expenditure	265,891	275,056	292,579	291,456	295,062	299,594	303,007	307,654	312,286
(YoY change)	2.3%	0.3%	1.9%	-2.0%	1.2%	1.5%	1.1%	1.5%	1.5%
(Contribution rate)	1.3	0.2	1.1	-1.1	0.7	0.9	0.7	0.9	0.9
Real government final consumption expenditure	73,617	83,960	92,363	93,438	95,942	98,184	99,923	101,913	103,520
(YoY change)	4.3%	4.8%	0.4%	-0.4%	2.7%	2.3%	1.8%	2.0%	1.6%
(Contribution rate)	0.6	0.8	0.1	-0.1	0.5	0.5	0.4	0.4	0.3
Real private housing	23,609	20,080	18,345	15,520	12,268	12,568	13,016	13,614	13,929
(YoY change)	-5.7%	-0.1%	-0.7%	-1.1%	-21.0%	2.4%	3.6%	4.6%	2.3%
(Contribution rate)	-0.3	0.0	0.0	0.0	-0.7	0.1	0.1	0.1	0.1
Real private corporate facilities	60,326	64,986	70,599	71,076	62,573	64,757	65,366	67,471	69,708
(YoY change)	3.1%	4.8%	4.4%	-7.7%	-12.0%	3.5%	0.9%	3.2%	3.3%
(Contribution rate)	0.5	0.7	0.6	-1.1	-1.7	0.4	0.1	0.4	0.4
Real public fixed asset formation	41,704	35,071	24,113	19,847	22,124	20,649	21,298	22,650	20,981
(YoY change)	6.7%	-6.1%	-6.7%	-6.7%	11.5%	-6.7%	3.1%	6.3%	-7.4%
(Contribution rate)	0.6	-0.5	-0.3	-0.3	0.5	-0.3	0.1	0.3	-0.3
Real inventory increase	1,291	341	807	1,848	-5,217	-1,284	-3,264	-2,658	-2,646
(YoY change)	-241.5%	-110.2%	-46.3%	3.6%	-382.3%	-75.4%	154.1%	-18.6%	-0.4%
(Contribution rate)	0.6	0.8	-0.1	0.0	-1.5	0.8	-0.4	0.1	0.0
Real financial services net expenditure	-4,509	-2,087	8,349	12,251	11,687	16,818	12,095	12,286	15,827
(YoY change)	596.5%	102.6%	56.0%	-33.1%	-4.6%	43.9%	-28.1%	1.6%	28.8%
(Contribution rate)	-0.6	0.0	0.6	-1.1	0.2	0.8	-1.0	0.0	0.7
Nominal GDP	504,594	510,835	505,349	489,520	473,878	479,311	469,873	478,071	486,849
(YoY change)	1.8%	0.8%	0.5%	-4.6%	-3.2%	1.1%	-2.0%	1.7%	1.8%

Source: *Construction and Economic Forecasts*(RICE) for 2012 and 2013, Annual Report on National Accounts(Cabinet Office) for 1990-2011

Note: Real values reflect 2005 prices.

2. Major Economic Indicators

Figure 2 List of Major Economic Indicators

	2007	2008	2009	2010	2011	(Forecast) 2012
GDP (real, year(2005), billion yen)	525,470	505,803	495,439	511,145	511,120	522,608
GDP (nominal, year, billion yen)	513,023	489,520	473,878	479,311	469,873	478,071
GDP growth (year, %)	1.8%	-3.7%	-2.0%	3.2%	0.0%	2.2%
Agriculture, forestry, and fishery	6.3%	7.2%	-9.4%	-7.4%	-	-
Manufacturing	6.0%	0.8%	-17.7%	18.2%	-	-
Services	4.1%	1.1%	-4.7%	0.8%	-	-
Mining	-7.8%	-12.5%	-43.6%	2.3%	-	-
Construction	-2.1%	-7.2%	-2.0%	-0.9%	-	-
Demographic Indicators						
Population (year, thousands)	127,771	127,692	127,510	128,057	127,799	127,645
Population growth rate (year, %)	0.00%	-0.06%	-0.14%	0.43%	-0.20%	-0.12%
Total labor force (year, thousands)	66,690	66,500	66,170	65,900	65,450	65,600
Labor force growth rate (year, %)	0.18%	-0.28%	-0.50%	-0.41%	-0.68%	0.23%
Unemployment rate (year, %)	3.8%	4.0%	5.1%	5.1%	4.6%	4.5%
Inflation rate (year(2010), %)	0.7%	2.1%	0.7%	0.0%	-0.3%	0.0%
Financial Indicators						
Interbank interest rate	0.86	0.7425	0.4636	0.34	0.3364	0.3283
Short-term interest rate (%)	0.459	0.103	0.094	0.079	0.075	0.09
Long-term interest rate (%)	1.478	1.382	1.246	1.189	1.085	0.836
Exchange rate against US\$	117.77	103.33	93.53	87.77	79.78	79.59

Source: Construction and Economic Forecasts (RICE, July 2012), Annual Report on National Accounts (Final Report for 2011, Cabinet Office), Financial and Economic Statistics Monthly (Bank of Japan), Ministry of Internal Affairs and Communications website.

Notes:

1. The GDP figure for FY2012 is a forecast. Real values: 2005 prices.
2. Population figures are estimates as of October 1 each year. The FY2012 figures are estimates as of July 1.
3. The workforce population and unemployment rates are average values for 12 months. For 2012, the figure is an average value for five months.
4. The inflation rate is a percentage as compared with the previous year's consumer price index. For FY2010, the figure is the rate of increase between FY2011 and August 2012.
5. Interest rates for 2012 are as of the end of July. Others reflect the year-end rates.
6. Short-term interest rates are calculated using the average published interest rate for domestic commercial paper.
7. Long-term interest rates are the rates on 10-year government bonds.
8. Exchange rate for 2011 is as of the end of September. Others are annual averages.

III. Construction Investment

1. Construction Investment (2011)

Japanese construction investment in FY2011 was estimated to value at ¥42.0 trillion yen, including ¥16.9 trillion in government spending and ¥25.1 trillion in private spending. Total construction investment was down 50.0% from the peak in FY1992, while government investment was down 48.1% from the peak in FY1995 and private investment was down 42.8% from the peak in FY1990.

Figure 3 Construction Investment Trends (Unit: ¥1 billion)

	2008	2009	2010	2011	2012 (Forecast)
Public projects					
Government residential investment	534.7	561.5	520.0	610.0	670.0
Government non-residential investment	1,532.3	1,650.1	1,700.0	1,990.0	2,280.0
Government civil engineering investment	14,650.7	15,723.2	14,690.0	14,340.0	15,450.0
Machinery installation work	836.6	834.7	846.0	—	—
Maintenance and repair work	3,279.3	3,546.7	3,595.9	—	—
Private projects					
Private residential investment	16,387.0	12,840.4	12,980.0	13,140.0	13,810.0
Private non-residential investment	9,988.8	7,638.2	6,920.0	7,380.0	7,570.0
Private civil engineering investment	5,058.2	4,551.5	4,060.0	4,530.0	4,800.0
Machinery installation work	3,298.8	2,978.4	2,727.1	—	—
Maintenance and repair work	9,924.4	8,895.9	8,807.6	—	—

Source: Construction Investment Forecast 2011, Statistics on Construction Undertaken (2008 ~ 2010) (Ministry of Land, Infrastructure and Transportation [MLIT]).

Note: Machinery installation work includes electrical work.

2. Outlook for the Construction Industry (2012)

The RICE construction investment forecast published in July 2012 predicts that FY2012 construction investment would rise to ¥44.58 trillion, a 6.2% increase over the previous year, given the rapid progress being made toward recovery from the Great East Japan Earthquake. Government construction investment is expected to increase 8.6% as a result of reconstruction investment following that disaster. The post-disaster rally in private-sector residential building investment had stagnated, but today it has once again returned to a path of recovery. Going forward, with a boost from reconstruction demand, it is expected to increase 5.1% over the previous year. Private-sector non-residential building investment returned to a recovery trend in FY2011 following the recession caused by the collapse of Lehman Brothers, and it is expected to continue on a course of moderate recovery going forward. As a result, forecasts predict a 2.6% year-on-year (YOY) increase over the previous year in private-sector non-residential building investment, a 6.0% YOY increase in private-sector civil engineering investment, and a 3.9% YOY increase overall.

Figure 4 Construction Investment Forecast

(Unit: ¥1 billion)

FY	1995	2000	2008	2009	2010	2011	2012 (Forecast)
Nominal construction investment (YoY change)	79,017 0.3%	66,195 -3.4%	48,152 1.0%	42,965 -10.8%	40,870 -4.9%	41,990 2.7%	44,580 6.2%
Nominal government construction investment (YoY change) (Contribution rate)	35,199 5.8% 2.5	29,960 -6.2% -2.9	16,728 -1.3% -0.5	17,935 7.3% 2.5	16,910 -5.7% -2.4	16,940 0.2% 0.1	18,400 8.6% 3.5
Nominal private residential construction (YoY change) (Contribution rate)	24,313 -5.2% -1.7	20,276 -2.2% -0.7	16,387 -1.3% -0.5	12,840 -21.6% -7.4	12,980 1.1% 0.3	13,140 1.2% 0.4	13,810 5.1% 1.6
Nominal private non-residential construction (YoY change) (Contribution rate)	19,505 -1.8% -0.4	15,959 0.7% 0.2	15,047 6.4% 1.9	12,190 -19.0% -5.9	10,980 -9.9% -2.8	11,910 8.5% 2.3	12,370 3.9% 1.1
Real construction investment (YoY change)	77,727 0.2%	66,195 -3.6%	44,596 -2.2%	41,181 -7.7%	39,055 -5.2%	39,834 2.0%	42,400 6.4%

Source: *Construction and Economic Forecast (RICE), Construction Investment Forecasts (MLIT)*.

Notes:

1. Real values reflect 2005 prices.
2. Private non-residential construction investment = private non-residential building investment + private civil engineering investment.

3. Construction Companies

There were 484,000 licensed construction companies in Japan as of the end of March 2012, 0.3% decrease from the same month the previous year. Compared with the end of March 2000, when the number of licensed construction companies was at its peak, there are 116,000 fewer (a 19.3% decrease).

A breakdown of the number of licensed construction companies shows that “corporations with ¥3 million up to ¥10 million in capital” account for the highest percentage (37.6%), followed by “corporations with ¥10 million up to ¥20 million in capital” (24.5%) and “sole proprietors” (20.1%).

Figure 5 No. of Licensed Companies, Composition Ratio, and Cumulative Composition Ratio by Capital Classification

Year	2008		2009		2010		2011		2012	
	(thousand)	Percent of total	(thousand)	Percent of total	(thousand)	Percent of total	(thousand)	Percent of total	(thousand)	Percent of total
No. of registered contractors (total)	508	100.0%	509	100.0%	513	100.0%	499	100.0%	484	100.0%
Breakdown of registered contractors by size classification										
8 Sole proprietor	106.1	20.9%	106.1	20.8%	107.9	21.0%	102.4	20.5%	97.0	20.1%
7 Corporation with less than ¥3 million in capital	3.1	0.6%	4.3	0.9%	5.8	1.1%	7.2	1.4%	8.4	1.7%
6 Corporation with ¥3 million up to ¥10 million in capital	184.8	36.4%	187.2	36.8%	189.7	37.0%	186.2	37.3%	181.9	37.6%
5 Corporation with ¥10 million up to ¥20 million in capital	131.5	25.9%	130.2	25.6%	129.0	25.1%	123.6	24.8%	118.4	24.5%
4 Corporation with ¥20 million up to ¥100 million in capital	76.0	15.0%	75.3	14.8%	74.9	14.6%	73.6	14.8%	72.3	14.9%
3 Corporation with ¥100 million up to ¥1 billion in capital	4.6	0.9%	4.5	0.9%	4.4	0.9%	4.4	0.9%	4.3	0.9%
2 Corporation with ¥1 billion up to ¥10 billion in capital	1.2	0.2%	1.1	0.2%	1.1	0.2%	1.0	0.2%	1.0	0.2%
1 Corporation with ¥10 billion or more in capital	0.4	0.1%	0.4	0.1%	0.4	0.1%	0.4	0.1%	0.4	0.1%

Source: *Survey of on the Number of Licensed Construction Companies (MLIT)*

The number of construction-related consultants is shown in Figure 6.

Figure 6 No. of Registered Construction-Related Businesses
(by Business Type and Net Registered Number)

Business Type	Fiscal Year ²	2008	2009	2010	2011	2012
Surveying ¹	No. of registered companies	13,683	13,324	12,974	12,695	12,566
	YoY change (%)	-1.5	-2.6	-2.6	-2.2	-1.0
Construction consulting ¹	No. of registered companies	4,042	3,993	3,952	3,991	3,935
	YoY change (%)	-2.4	-1.2	-1.0	1.0	-1.4
Geological surveying ¹	No. of registered companies	1,336	1,305	1,286	1,289	1,265
	YoY change (%)	-2.9	-2.3	-1.5	0.2	-1.9
Net number of companies	No. of registered companies	15,140	15,057	14,605	14,200	13,951
	YoY change (%)	-4.5	-0.5	-3.0	-2.8	-1.8

Source: Registration Status of Construction-Related Companies (MLIT)

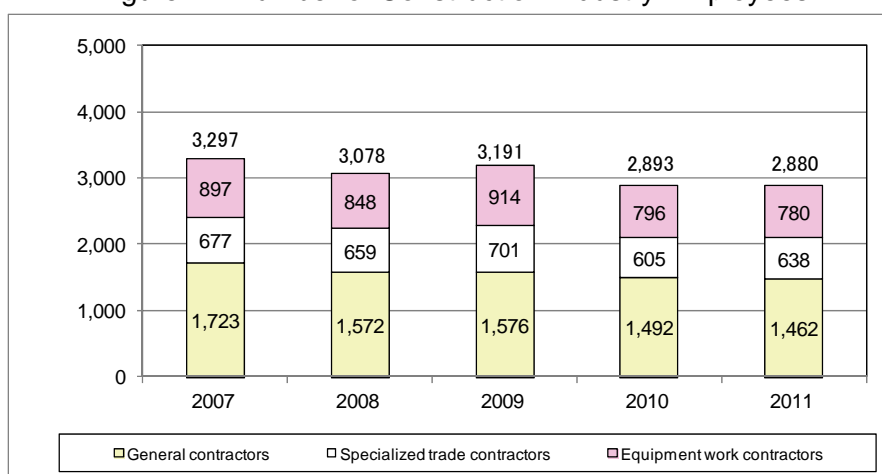
Notes:

1. Including companies with multiple registrations.
2. As of the end of March in each fiscal year.

4. Employees and Construction Labor

The numbers of construction industry employees by trade/field shows that 1,462,000 (50.8%) work for “general contractors,” 638,000 (22.2%) for “specialized trade contractors,” and 780,000 (27.1%) for “equipment work contractors,” for a total of 2,880,000 employees. This total is down 41,700 from FY2007, reflecting a particularly large decrease in the number of general contractors.

Figure 7 Number of Construction Industry Employees



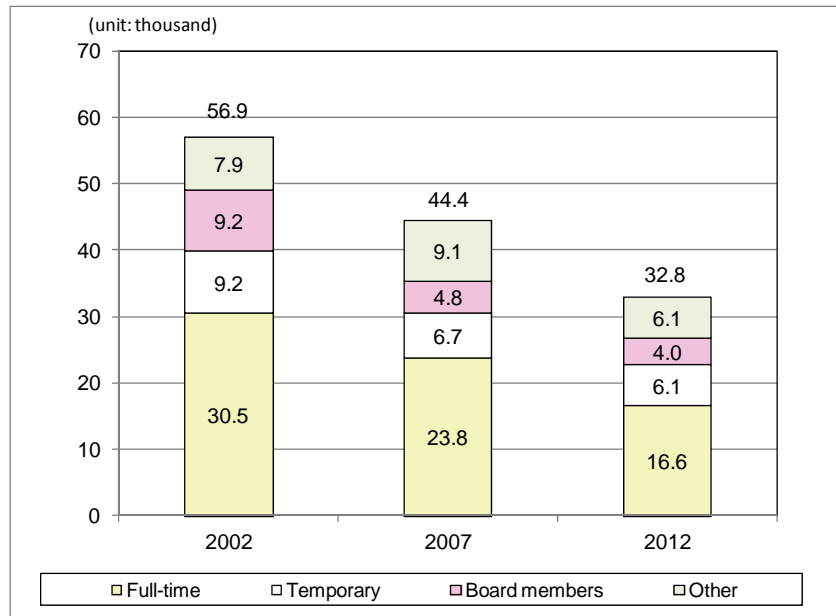
(unit: thousand)

	2,007		2,008		2,009		2,010		2,011	
General contractors	1,723	52.3%	1,572	51.1%	1,576	49.4%	1,492	51.6%	1,462	50.8%
Specialized trade contractors	677	20.5%	659	21.4%	701	22.0%	605	20.9%	638	22.2%
Equipment work contractors	897	27.2%	848	27.5%	914	28.6%	796	27.5%	780	27.1%
Total	3,297	100.0%	3,078	100.0%	3,191	100.0%	2,893	100.0%	2,880	100.0%

Source: Statistics on Construction Projects Implemented (MLIT)

Of the total 32,800 foreign employees in the construction industry in 2012, 16,600 are full-time employees (56.1%), 6,100 are temporary employees (9.8%), and 4,000 are members of the board (13.4%). Compared with 2007, the total number has decreased by about 11,600 employees.

Figure 8 Number of Foreign Construction Industry Employees by Type of Employment in FY 2002, 2007 and 2012



(unit: thousand)

	2002		2007		2012	
Full-time	30.5	53.7%	23.8	53.5%	16.6	56.1%
Temporary	9.2	16.2%	6.7	15.0%	6.1	9.8%
Board members	9.2	16.2%	4.8	10.9%	4.0	13.4%
Other	7.9	13.9%	9.1	20.5%	6.1	20.7%
Total	56.9	100.0%	44.4	100.0%	32.8	100.0%

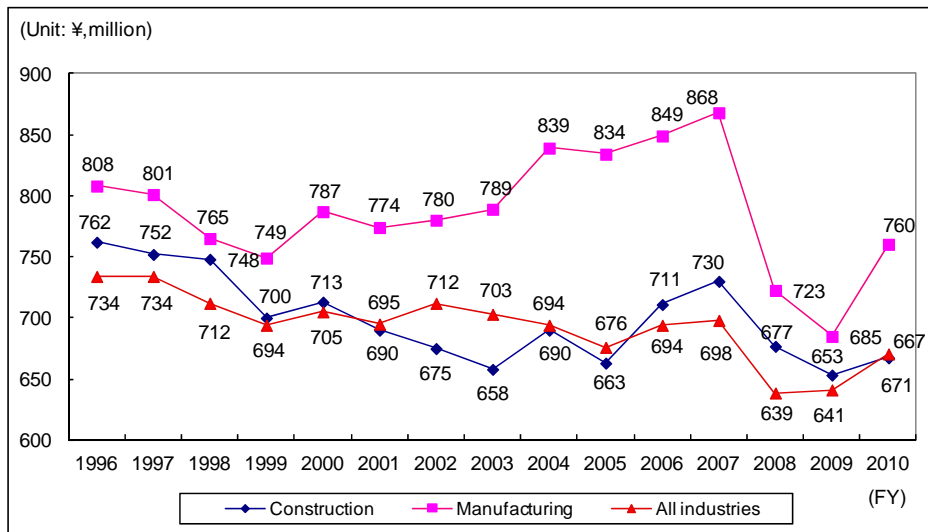
Source: *National Census* (Ministry of Internal Affairs and Communications)

5. Productivity

The low level of labor productivity in the construction industry versus manufacturing and other industries is largely due to macroeconomic factors, impediments to productivity also exist at work sites and in companies. The major factors involved are as

- (1) Productivity improvement in workplace that would bring about major reforms in the production system has not been adequately developed.
- (2) Production system has been ineffective because of that the state of “too many layers of subcontractors” leads to increased overhead costs.

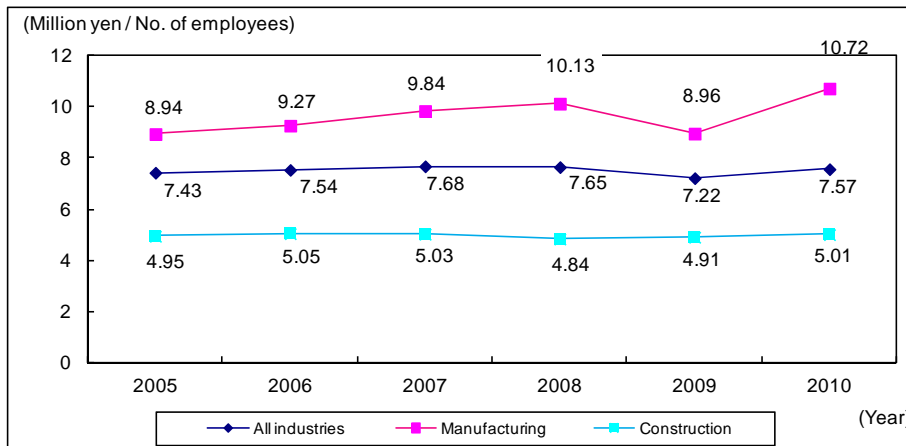
Figure 9 Added Value Per Employee



Source: *Corporate Statistics* (Ministry of Finance)

Note: Added value = operating income + personnel expenses + interest expenses/discount expenses + taxes and public fees, etc.

Figure 10 Trends in Real Labor Productivity in the Construction Industry



Source: *National Accounts (2010 Final Version)* (Cabinet Office)

Notes:

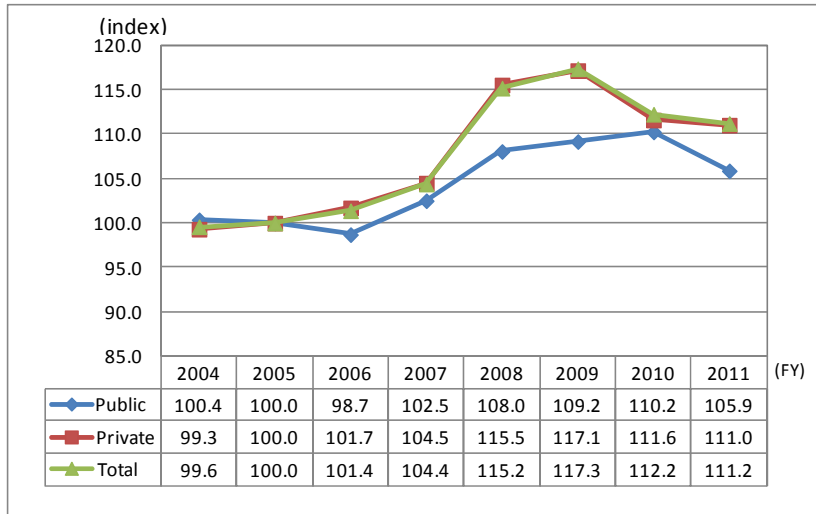
1. Real labor productivity = GDP by economic activity / no. of employees engaged in each economic activity
2. Benchmark year 2005. Real prices: Fixed standard year method.

6. Construction Costs

(1) Trends in the expected construction costs per floor area of new starts

This diagram shows the trends in the expected construction costs per floor area of new starts using FY2005 as the baseline. The index, combining the public and private sectors, shows that there has been an increasing trend in construction costs since FY2003. This is largely due to high steel product prices.

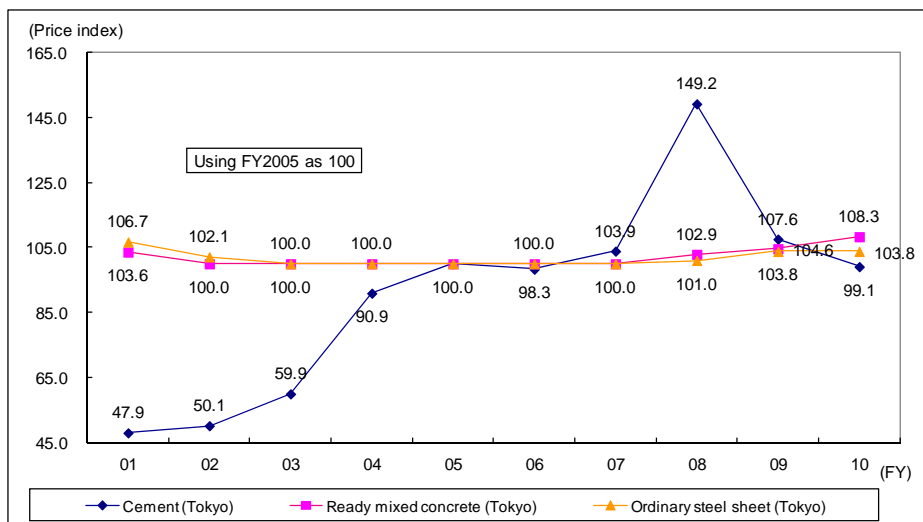
Figure 11 Trends in the expected construction costs per floor area of new starts



(2) Average Construction Material Prices

Figure 12 shows the trends in prices of major materials in the form of an index based on the average prices in 2005 (construction materials price index). The leading factor in the increasing trend in construction costs in the steel product price index is massive price increases due to the sharp rise in ordinary steel product prices in 2003–04 and to the impact of rising shipping costs resulting from natural resource price increases in 2007–08, all of which have been affected by rising prices associated with an increased demand for steel worldwide. Reductions since 2009 are attributed to the effects of the Lehman Brothers collapse.

Figure 12 Trends in the Construction Materials Price Index

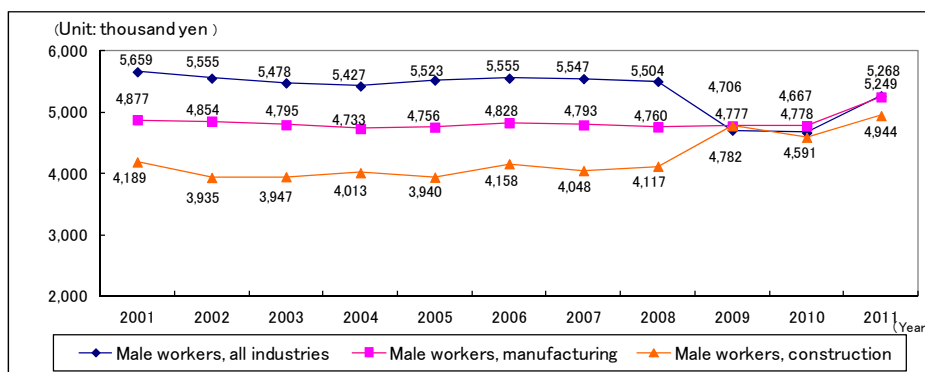


Source: *Market Conditions and Price Trends for Major Commodities* (Economic Research Association)

(3) Construction Industry Wages

Until the early 1990s, wages of production workers in the construction industry had been rising alongside of workers in other industries. However, the decrease of wages began in 1995, earlier and larger than other industries, and this drop caused the gap between the construction industry and other industries to widen. In 2011, annual construction wages were about ¥320,000 lower (6.2%) than the average wage for male production workers in all industries and about ¥310,000 lower (5.8%) than the average wage of male production workers in the manufacturing industry. The wage gap shrank in 2009 and 2010, but it began expanding against in 2011.

Figure 13 Trends in Total Annual Wages of Production Workers

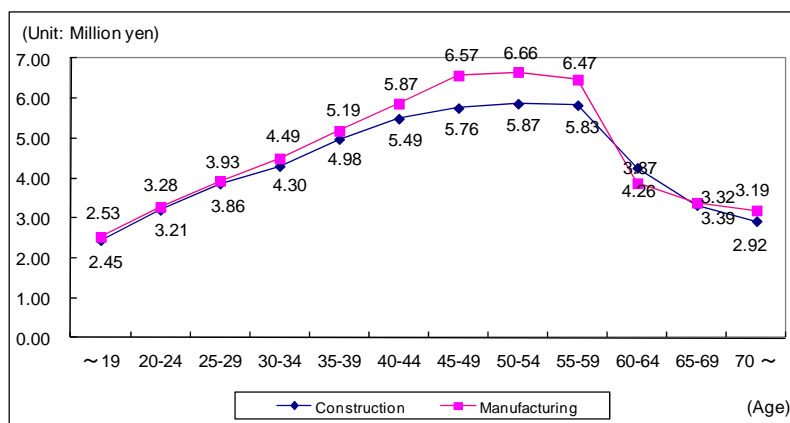


Source: *Basic Survey of Wage Structures* (Ministry of Health, Labor, and Welfare)

Note: Total annual wages = fixed monthly salary × 12 (months) + annual bonus and other special pay

The wage curve for production workers by age in the construction industry shows that wage increases level off at around 35-59 years old when workers likely own homes and have a burden of payment for their children's education. A large gap between this curve and that of the manufacturing industry is highly visible.

Figure 14 Annual Wages for Male Production Workers in Construction and Manufacturing



Source: *Basic Survey of Wage Structures* (Ministry of Health, Labour, and Welfare)

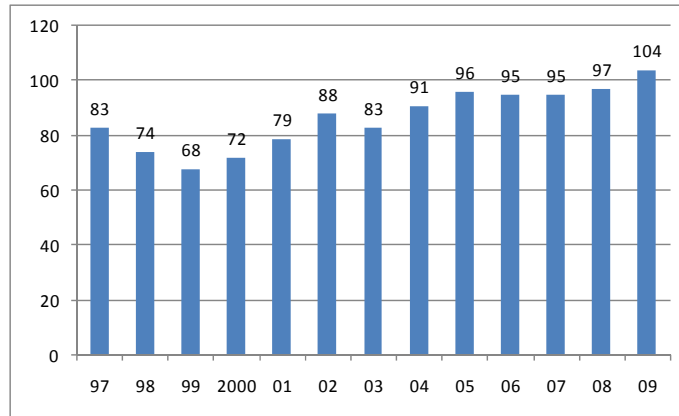
Note: Total annual wages = fixed monthly salary × 12 (months) + annual bonus and other special pay

7. International Transactions in the Construction Market

(1) International Construction Companies in Japan

In FY2009, there were 104 international construction companies holding construction licenses in Japan (foreign corporations and Japanese corporations with 50% or greater foreign ownership). The WTO Agreement on Government Procurement in 1996 was the trigger for this internationalization. The country with the most licensed companies in Japan is the US, with about 40 companies operating in Japan.

Figure 15 No. of International Construction Companies Holding Construction Licenses in Japan



Source: MLIT

Figure 16 shows the current minimum value of construction work covered by the WTO Agreement on Government Procurement. The value of orders received in Japan by international construction companies is not statistically tabulated. The number of orders and their ratio to all orders received is expected to be small.

Figure 16 Minimum Value of Construction Work Covered by WTO Agreement on Government Procurement

(Unit: ¥1 million)

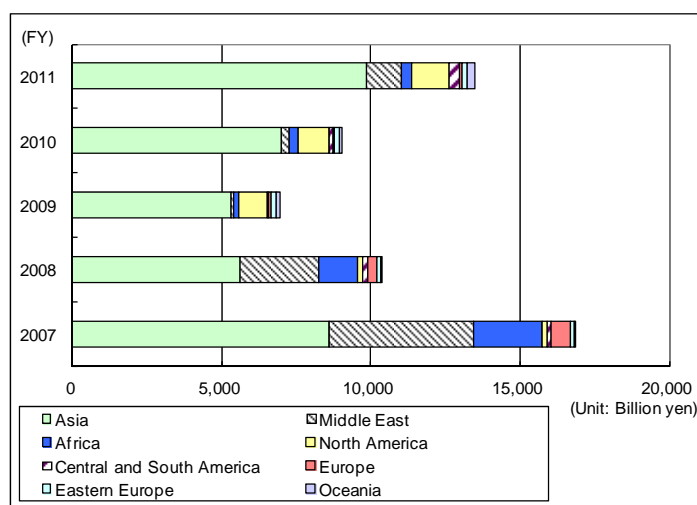
	Construction work	Design and consulting
Central government (including a part of independent administrative agencies)	580	58
Government agencies	1,940	58
Prefectures, designated cities	1,940	190

Source: The Overseas Construction Association of Japan. Ink

(2) Japanese Construction Companies Overseas

Construction orders of Japanese companies from overseas trended at about the ¥1 trillion level for more than 20 years since first crossing the ¥1 trillion threshold in FY1983. Orders received in FY2007 set a new record of ¥1,682 billion. However, as a result of the global economic downturn, orders received in FY2008 fell to ¥1,034.7 billion. Construction orders of Japanese companies from overseas fell to ¥697 billion in FY2009 due to the effects of the global recession, but they rose to ¥1,350.3 billion in FY2011.

Figure 17 Overseas Construction Orders Received in 2007–2011 (by Region)



	2007	2008	2009	2010	2011
Asia	8,616	5,653	5,344	7,008	9,863
Middle East	4,844	2,599	90	269	1,164
Africa	2,273	1,336	148	292	376
North America	201	148	954	1,031	1,243
Central and South America	122	199	68	159	338
Europe	661	302	87	33	98
Eastern Europe	96	110	146	171	176
Oceania	7	8	133	108	245
Total	1,062	1,171	1,648	1,681	1,350

Source: The Overseas Construction Association of Japan. Ink

The Construction and Transport Ministry has set a goal of increasing overseas orders in the construction industry to ¥2 trillion by FY2020. It has established this as one of the priority goals outlined in the Social Capital Development Plan and is expected to implement various support policies toward that end. Thus, overseas construction orders by Japanese companies are expected to expand in the future.

Figure 18 Overseas Construction Sales of Major Japanese Companies (by Region)

(Unit: ¥1 billion)

Company name	2010		2011	
	Total sales	Overseas sales	Total sales	Overseas sales
Kajima Corporation	1,325.7	194.6	1,457.8	203.1
Shimizu Corporation ¹	1,303.8	83.0	1,336.2	77.6
Taisei Corporation ²	1,218.1	190.2	1,323.5	113.1
Ohbayashi Corporation	1,131.9	160.8	1,245.8	170.0
Takenaka Corporation	992.1	80.5	976.6	119.7
Penta-Ocean Construction	302.3	82.3	328.0	83.7
Nishimatsu Construction	257.9	25.3	263.9	46.2
Fujita Construction	241.4	22.2	310.9	39.5

Source: Annual reports of each company

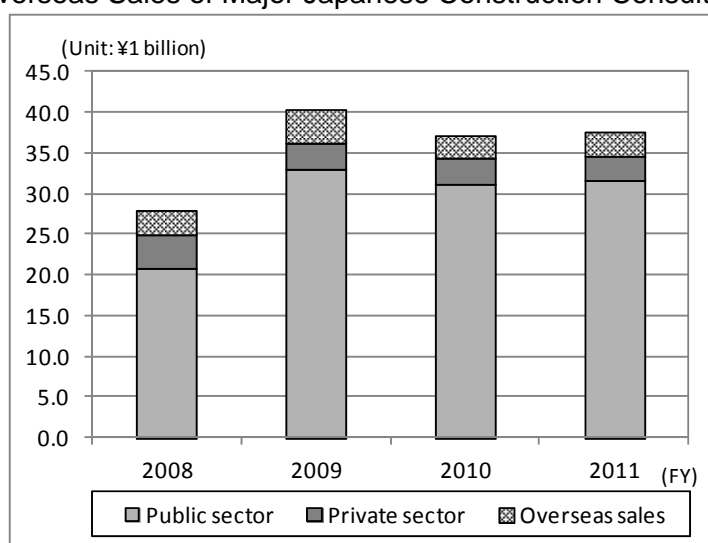
Note 1: Shimizu Corporation does not publish its consolidated overseas sales, so its non-consolidated figures were used.

Note 2: Taisei Corporation does not publish its consolidated overseas sales 2011, so its non-consolidated figures were used.

(2) Japanese Construction Consulting Companies Overseas

Overseas sales by Japanese construction consultants have trended around ¥50 billion since FY2009 due to the rally that has occurred from the global recession, and they were reported to be at ¥46.3 billion in FY2011.

Figure 19 Overseas Sales of Major Japanese Construction Consulting Companies (by Region)



(Unit: ¥1 billion)

Fiscal year	2008	2009	2010	2011
Domestic sales	343.2	383.7	318.5	375.7
(YoY change)	-11.7%	11.8%	-17.0%	18.0%
Public sector	298.4	334.7	270.7	332.4
(YoY change)	-8.9%	12.2%	-19.1%	22.8%
Private sector	44.8	49.0	47.8	43.4
(YoY change)	-26.9%	9.3%	-2.4%	-9.3%
Overseas sales	38.1	49.1	49.7	46.3
(YoY change)	23.5%	28.7%	1.4%	-6.9%
total	381.3	432.7	368.3	422.0
(YoY change)	-9.1%	13.5%	-14.9%	14.6%

Source: The Overseas Construction Association of Japan. Ink