

**Confederation of International Contractors' Associations (CICA)**

**Strategic Watch: COVID-19 Overview by country and region (situation at February 1st, 2021)**

*Based on FIEC's COVID-19 Construction Observatory, FIIC's, CIAN's and MEDEFI's and IFAWPCA's data*

For more information go to the CICA Website: <http://www.cica.net/cica-covid-19-overview/> and Dropbox: <https://www.dropbox.com/home/Observatory%20COVID-19>

**Japan**

Country/Region	General measures	Measures for construction
<b>JAPAN</b>		
<b>Lockdown</b>	<p>The <a href="#">Japanese government declared a state of emergency from 7 April to 25 May</a>. This enabled prefectural governors to order school closures, restrict the use of public facilities and request non-essential businesses to close. Even though confinement was not legally imposed, economic activity dropped dramatically as businesses closed (cf. OECD) (December 2020).</p> <p>As of April 16, 2020, the declaration of state of emergency was effective in all 47 prefectures across the country to prevent the further spread of the Covid-19. As of April 7, the state of emergency had only been declared in Tokyo and six other regions (Saitama, Kanagawa, Chiba, Osaka, Hyogo and Fukuoka). The declaration, which became effective the same day, remained valid until at least May 6.</p> <p>On May 14, the government had decided to lift the state of emergency in all but eight of the national prefectures (eight prefectures: Hokkaido, Tokyo, Chiba, Saitama, Kanagawa, Osaka, Hyogo and Kyoto).</p> <p>On May 26, the Government lifted the lockdown declaration in Hokkaido, Tokyo, Saitama, Chiba and Kanagawa prefectures, thus removing the last restrictions. The Government had already cleared</p>	<p>As of April 8, 2020, construction sites in Japan could basically be continued in spite of the state of emergency as long as they keep avoiding the 3Cs (closed spaces, crowded places, and close-contact setting).</p> <p>However, major <a href="#">Japanese construction contractors, like Kajima Corporation, Obayashi Corporation and Taisei Corporation have all revealed that they would halt construction nationwide</a> until early May in response to the expanded state of emergency called by the Japanese Government over the Covid-19 pandemic. Kajima, which has about 700 construction sites across the country, said some projects may go ahead as usual if they are urgent (20 April).</p> <p>Thus, as of April 17, 2020, some of major construction companies (Shimizu Corp., Nishimatsu Const., Tokyu Const., Obayashi Corp. and Toda Corp.) decided to suspend construction at each contractor's discretion after consultation with employers or clients.</p> <p>As of May 11, 2020, most major construction companies had resumed work at construction sites that had been closed since April due to Covid-19 outbreak.</p> <p>On May 14, the Ministry of Land, Infrastructure and Transport (MLIT) published <a href="#">“The Guideline for measures on the prevention of COVID-19 infectious diseases in the construction industry”</a> (only Japanese version available).</p>

	the declaration in three prefectures (Osaka, Hyogo and Kyoto) last Thursday.	
<b>Economic outlook</b>	<p>The <a href="#">Covid-19 shock in early 2020 triggered a major recession and real GDP is projected to shrink by around 5 ¼ % in 2020</a>. The economy is gradually strengthening although growth remains sluggish. Ongoing difficulties in bringing Covid-19 infections under control hold back domestic demand. As restrictions are lifted in the near term; consumption is expected to recover, supported by government subsidies and incentives. In addition, recovering external demand, as the sanitary situation of trading partners improves, should sustain export growth. On the other hand, private investment is set to remain relatively subdued. Overall GDP is projected to expand by 2 ¼ % in 2021 and 1,5% in 2022, assuming further economic stimulus (cf. OECD) (December 2020). However, the growth forecasts are leaving output <a href="#">2.4% below its pre-pandemic trend</a> (cf. IMF) (January 2021).</p> <p>However, <a href="#">Japan’s unprecedentedly high level of public debt is projected to rise further due to the large-scale fiscal boost</a>. This entails a key risk according to the OECD: a loss of confidence in Japan’s fiscal sustainability could destabilize the financial sector and the real economy, with large negative spillovers for the world economy (debt above 240% of GDP).</p> <p>Besides, the first two support plans of the Japanese Government were considered insufficient (cf. MEDEFI). The OECD also acknowledges that without any action beyond the measures currently in place, the recovery may slow.</p> <p><b>Economic support measures</b></p> <p>The <a href="#">Japanese Government expanded its subsidy program to provide companies with additional financial support</a> to secure the employment and incomes of their workers. In addition, there were</p>	<p><a href="#">Prior to the Covid-19 crisis, the Japanese construction industry registered minimal growth in 2019</a>, with the output expanding by 0.5% in real terms – up from a decline of 1.1% in the previous year. This low growth is attributed to an economic slowdown, coupled with subdued consumer and business confidence amid the consumption tax hike, a major typhoon and weak global demand. Although residential construction investments remained minimal, the construction industry’s output was supported by investments in civil engineering and non-residential buildings.</p> <p>In December 2019, the government launched an economic stimulus package, which includes an allocation of about JPY6 trillion (US\$55 billion) on public investments, following a series of natural disasters which caused huge damages to the country’s infrastructure.</p> <p>Although the country has not enforced a strict nationwide lockdown throughout the year 2020 in response to the pandemic, the construction industry was hit by the temporary halt in construction work by major contractors such as the Obayashi Corporation, Taisei Corporation, Kajima Corporation and Shimizu Corporation, among others. According to the Economic and Social Research Institute (Cabinet Office, Government of Japan), the private investments on building construction declined by 7.1% year on year (YoY) in Q2 2020 – down from a decline of 2.5% in the previous quarter. In addition, the total value of contracts received for construction declined by 9.1% YoY in the first eight months of the year. This is expected to further weigh on the construction industry, and its output is forecasted to shrink by 4% in real terms this year.</p> <p>GlobalData expects the construction industry to stabilize and register an annual average growth of 1.2% between 2021-2024, supported by investments in the transport, renewable energy, telecommunication, and manufacturing sectors. The government plans to develop 10GW of offshore wind capacity by Fiscal Year (FY) 2030/2031, in line with its target to increase the share of renewable energy</p>

	<p>other measures, such as interest-free loans and subsidies, and a safety net guarantee scheme, to help workers address the financial constraints of the health crisis (21 April).</p> <p>The Government announced basic measures for the emergency:</p> <ul style="list-style-type: none"> <li>• Preventing Covid-19 from spreading of infections (Teleworking, Flexible time commuting, Possible locking down of affected areas);</li> <li>• Responses for shrinking business activities and employment;</li> <li>• Emergency measures that adapt to situational changes including a new legislation for emergency response and responsive boarder control measures etc.</li> </ul> <p>In April, <a href="#">Japan provided an additional US\$100 million contribution to the IMF's Catastrophe Containment and Relief Trust as immediately available resources</a> to support the Fund's capacity to provide grant-based debt service relief for the poorest and most vulnerable countries to combat Covid-19. In order to provide emergency financing for broader emerging markets and developing countries, on April 16, Japan announced that it is aiming at doubling its contribution to the Poverty Reduction and Growth Trust from the current SDR 3.6 billion. Japan made the first SDR 1.8 billion immediately available. Japan has called on other member countries to follow quickly, and Japan has matched an additional SDR 1.8 billion with their contributions (30 April).</p>	<p>in its total power mix to 22-24% by 2030; this should attract public and private sector investments towards the renewable energy projects. Investments in manufacturing plants will be supported by the government's focus on strengthening its supply chains and reducing the dependence on China. To achieve this, in April 2020, the government allocated JPY220 billion (US\$2 billion) in subsidies to attract manufacturing companies leaving China (November 2020).</p>
<p><b>Recovery</b></p>	<p>The <a href="#">recovery of major trading partners is set to support exports, whereas real economic growth is likely to hold back consumption</a>. In addition, the Tokyo Olympic and Paralympic Games in summer 2021 are assumed to go ahead, which will temporarily boost consumption and exports.</p> <p>The OECD projections assume an additional fiscal impulse by the government worth around 0,5% of GDP in 2021-2022, which would</p>	

avoid an even sharper decline in public demand (cf. OECD) (December 2020).

The [Japan International Cooperation Agency \(JICA\) launched a research project entitled "International Cooperation in the Post-Corona World"](#). In this context, JICA's President discussed on September 15 initiatives of a "Post-corona World" with the President of the International University of Japan. It was discussed how strengths of Japanese companies and society could be used to rebuild a post-corona world in a better way. During the discussion it was pointed to the relevance and the replicability of the Japanese model in other countries that are trying to build a resilient, sustainable and inclusive society after the corona crisis.

A main pillar of JICA's project will be to foster international cooperation. Other examples of JICA's initiative in this sense are:

- [Project NINJA](#) (Next Innovation with Japan): Ninja will target startups and organizations from 19 African countries. The application is open for startups/organizations in all sectors with a specific focus on emerging businesses in Covid-19-related fields (the construction sector is not explicitly among these fields);
- Several ODA Loan Agreements contributing to Covid-19 crisis response;
- [Promotion of international cooperation in the health sector](#): JICA led a debate on how to mobilize funds for international cooperation in the field of public health. Turning to the international situation under the current Covid-19 crisis, it was pointed out that, in addition to the absence of leaders promoting international cooperation to cope with the pandemic, China's actions have made international cooperation difficult. He emphasized that, in this situation, Japan should make an international contribution by disseminating the Japanese model of public health and by



Since March 25, 2020

	exercising its influence in international organizations (cf. JICA).	
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### Other Overviews

- Download the report from the International Federation of Asian and Western Pacific Contractors' Associations (IFAWPCA): [IFAWPCA COVID-19 Pandemic | Construction Industry Country Reports \(April 2020\)](#)