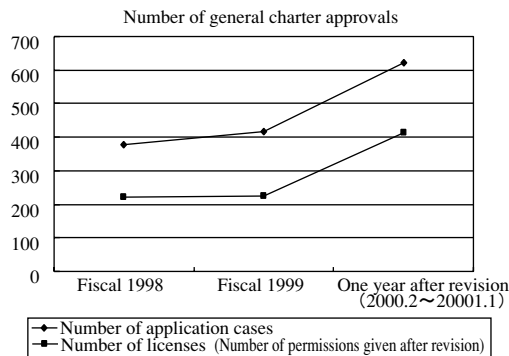


Chapter 9. Revitalization and Activation of Industry

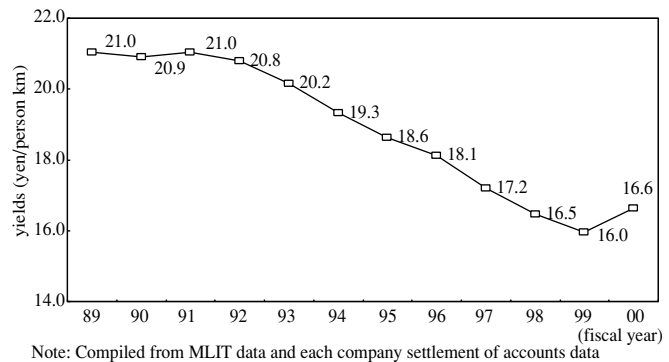
[Activation of the transportation industry]

Activation through regulation reforms is being implemented in the transportation industry. As a result, in many fields there are activities being developed that aim at increasing convenience for consumers and making business effective, such as: (1) more than 50 companies in the railroad business have implemented freight price reduction utilizing a pre-notification system; (2) in the automobile passenger business an increase of new entries into the charter bus business; (3) in domestic passenger ship business, an increase of new entries into the general passenger ship commuter route business; and (4) mid-term decrease in the average domestic air fare.

112. (Changes of charter bus new entrants)



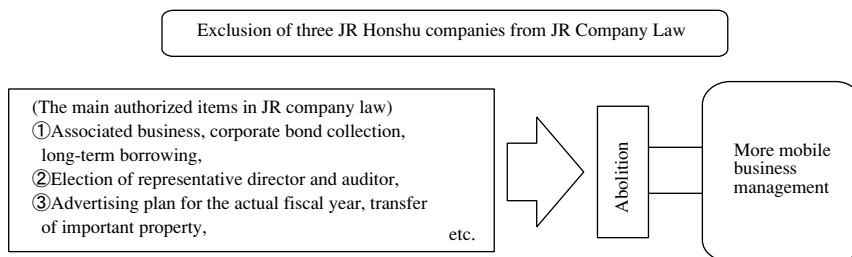
113. (Changes in domestic yields (average fares)(Three major companies))



Recently, the following has occurred: (1) The JR company law revision was enacted in order to fully privatize the three JR Honshu companies; (2) New laws were established in order to rationalize the car-and-driver-transportation business; and (3) Rules of the warehousing business were revised in order to deregulate warehousing. As future measures the following will be tackled: (4) Estimating the future of coastal shipping administration (next generation coastal shipping vision); and(5) Further deregulation of the truck industry.

In addition, after the simultaneous terrorist attack in the US, government support for airlines is being carried out.

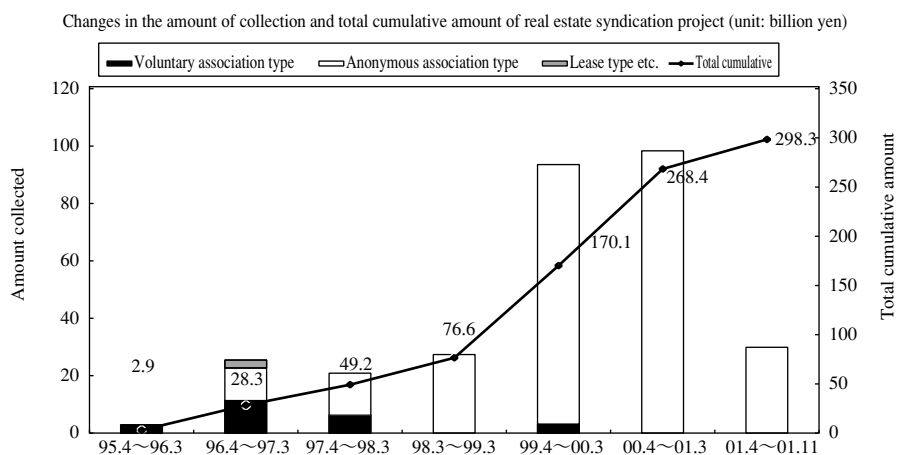
114. (Exclusion of three JR Honshu companies from JR Company Law)



[Activation of real estate market]

As a measure against asset deflation, and as a policy that promotes Urban Renaissance, there is an urgent need to promote the activation of the real estate market by inflow of individual financial assets. For this reason, promotion of the securitization and liquidity of real estate is being carried out by: (1) Promoting the formation of real estate funds, (2) Deregulation of the real estate syndication act and (3) Developing consulting businesses for real estate investment. Moreover, measures have been taken to make real estate management more effective and to improve real estate investment market transactions by building up a system for authorized condominium managers and by development of Real Estate Information Network System (REINS).

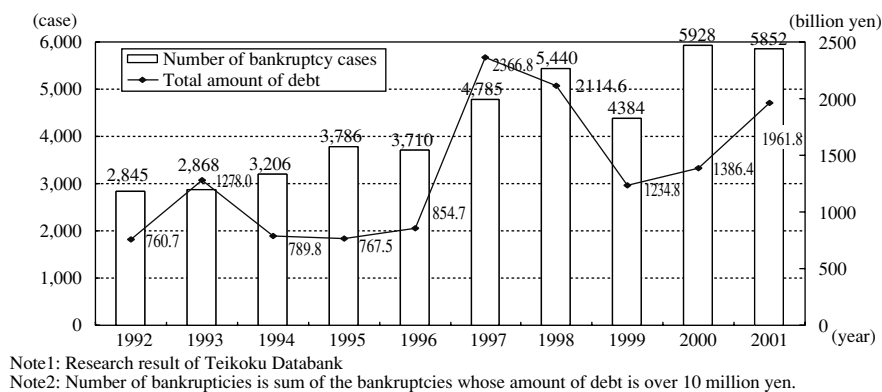
115. (Real estate syndication project)



[Reactivation of construction industry]

The construction industry is facing a severe business environment in the big structural changes of the market such as a declining investment market, and it is believed that this situation is going to continue.

116. (Changes in number of bankruptcies of construction contractors and changes in debt amount)



For this reason, efforts are being made to promote the reorganization of the construction industry through sound market mechanisms for the survival of companies that excel in technology and management, etc. In addition, measures are being taken to reinforce management bases of small and medium construction companies by establishing safety networks for construction workers, including smooth labor migration and developing a subcontractors' safety network.

[Measures concerning safety networks for construction workers]

Extract from: "Immediate measures for employment of construction workers" (September 19, 2001)

○ Necessary and immediate measures for building safety networks for construction workers:

- * Job creation for construction workers in public sector,
- * Job creation and job assurance in new fields/new markets,
- * Assurance and training of excellent technicians and skillful construction specialists,
- * Rationalization of transactions of main contractors/subcontractors,
- * Smoothing of labor migration (elimination of labor supply and demand mismatch),
- * Measures against unemployment (active use of support measures for unemployed people and people who have left their jobs)
- * Establishment of a promotion system (use of contact meetings in regions with construction employment problems)

Also, based on the Act for Promoting proper Tendering and Contracting for Public Works, efforts are being made to exclude defective, disqualified contractors, and to strictly prohibit so-called "Maru-Nage(blanket subcontracting)" in public works, and so on. Additionally, governments are taking measures to introduce various type of tenders and contracts to be able to utilize technical ability of private sector.

[Measures and issues of the shipbuilding industry]

It is expected that international competition in the shipbuilding industry is going to become fiercer hereafter. For that reason, as required in coordination with the Ministry of Health, Labor and Welfare, and even in the case of "safety nets" such as employment measures, etc., measures are being taken along with active support through special measures such as the taxation system, etc, leading towards the promotion of reorganization and enterprise innovation.

Moreover, various measures, such as promotion of technical development, are being devised so that the ship machinery industry can maintain international competitiveness, while aiming at the practical use of each supporting measure.

Furthermore, in order to ensure a stable supply of excellent sailors, along with the promotion of education and training of sailors, measures are being taken so that sailors who once leave their jobs can actively return to their sailor jobs.