

Building Stone and Tiles

Stone types to be covered include natural raw stone such as marble and granite, which are used mainly for building or worked monuments and gravestones, cut or polished natural stone, or artificially colored natural stone. Also included are ceramic tiles for building use.

Scope of coverage

Item	Definition	HS Code
Building stone (including worked monuments and gravestones)	Raw stone and slabs	
	Marble (Including travertines)	2515.11, 12
	Granite and sandstone	2516.11, 12, 20
	Other stone	2515.20, 2516.90
	Processed products	
	Marble	6802.21, 91
Ceramic tiles for building use	Granite and sandstone	6802.23, 93
	Other stone	6802.10, 29, 92, 99
	Unglazed ceramic tiles	6907
	Glazed ceramic tiles	6908

Note 1: "Slabs" are raw stone that has been cut into blocks or rectangular or square shapes, by sawing or otherwise.

Note 2: "Travertines" are calcareous chemical precipitation rocks that arise from hot or mineral springs.

Note 3: "Tiles" refer to fired ceramic tiles made from a mixture of natural sand and stone (earthenware, potter's clay, etc.)

Note 4: "Glaze" is a vitreous substance that covers the surface of pottery or porcelain enamel.

1. Points to Note in Exports to and Sales in Japan

(1) Import Regulation and Procedures

There are no legal regulations, in principle, governing the import of stone into Japan. The import of products containing asbestos is, however, prohibited under the "Industrial Safety and Health Act" and the "Foreign Exchange and Foreign Trade Act." Consequently, the import of stone (particularly tile products) containing the asbestos is subject to regulation. Furthermore, the import of stone with soil adhering is prohibited under the "Plant Protection Act." (They may, however, be imported after being cleaned.)

•Industrial Safety and Health Act

The inhalation of asbestos has the potential to cause lung cancer, malignant mesothelioma, and lung asbestosis. Consequently, Article 55 of the Industrial Safety and Health Act has prohibited the manufacture, import, transfer, provision or use of asbestos, or formulations or other products that contain 0.1% or more (by weight) of asbestos, since September 1, 2006. The building materials included in these products are asbestos cement cylinders, extruded cement plates, decorative roofing slates, fiber-reinforced cement plates, and ceramic siding.

As a voluntarily move toward enhancing safety and health, the housing industry has set out to check that alternative products to those containing asbestos (currently "products without asbestos") to be imported are truly free of asbestos by requiring all importers to submit a certificate guaranteeing that their products do not contain asbestos, together with the results of the analysis of such products. In particular, when an importer conducts business in a country where the manufacture of asbestos-containing products is not absolutely prohibited, it should make every effort to confirm that a product contains no asbestos, both through analysis of a sample and other means.

(2) Regulations and Procedural Requirements at the Time of Sale

There are no legal regulations governing the sale of building materials, except for labeling requirements under the terms of the Act against Unjustifiable Premiums and Misleading Representations. In Japan, the construction of all

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buildings is subject to regulations under the Building Standards Act, and the sale or contract of housing is subject to the provisions of the Housing Quality Assurance Act.

•Act against Unjustifiable Premiums and Misleading Representations

The Act prohibits the exaggerated advertisement or false representation of a product that would mislead consumers into believing that the product is better than it is in reality. Any business that markets its product is required to submit a reasonably evidential document certifying that its representation is not unjustifiable. Unless the relevant information is provided, the product shall be judged to have a misleading representation. Under the terms of the Act, the ambiguous representation of a product, whose country of origin is difficult to determine, is banned as being a misrepresentation.

•Building Standards Act

The Building Standards Act stipulates minimum standards relating to design and construction methods for building sites, equipment, structures, and purposes. Consequently, the building and construction of houses and buildings in Japan must comply with this Act. The Act specifies two technical design standards, or "specification standards" and "performance standards" relating to building structures and equipment.

The "specification standards" define building specifications such as the materials to be used, as well as their shapes and dimensions. The "performance standards" define physical performance values, by which a building structure, material or equipment can be adopted provided they satisfy the values. In recent years, the stipulation for the design standards has shifted from "specification standards" to "performance standards." This is due to the fact that the "performance standards," which do not define processes for materials or construction methods, have a higher level of flexibility in terms of design and construction than the specification standards, and allow the introduction of new technologies more easily. This relatively straightforward introduction gives engineers more discretion in design and construction and increases technological competitiveness among them, resulting in shorter construction periods and lower costs.

•Housing Quality Assurance Act

The Housing Quality Assurance Act mandates that housing sellers shall provide a 10-year warranty against defects (warranty against repair) for the basic structural elements of a house (main elements required for structural resistance such as columns and beams, and those for preventing the intrusion of rain water) in any agreement drawn up when a customer acquires a new house. The Act also establishes a housing performance indication standard. Under the standard, third-party organizations (performance evaluation bodies) that can assess the housing performance are created to compare housing performance. If a housing agreement is concluded with an attached housing performance evaluation issued by the third party (performance evaluation body), the content of the assessment (housing performance) will be regarded as being equivalent to the details of the agreement.

(3) Contacts of Competent Authorities

Fig. 1 Contacts of competent authorities

Related regulations and control	Competent agencies	Contact/Website
Industrial Safety and Health Act	Policy Planning Division, Industrial Safety and Health Department, Labour Standards Bureau, Ministry of Health, Labour and Welfare	TEL: +81-3-5253-1111(Main) http://www.mhlw.go.jp
Act against Unjustifiable Premiums and Misleading Representations	Representation Division, Consumer Affairs Agency	TEL: +81-3-3507-8800(Main) http://www.caa.go.jp
Building Standards Act	Building Guidance Division, Housing Bureau, Ministry of Land, Infrastructure, Transport and Tourism	TEL: +81-3-5253-8111(Main) http://www.mlit.go.jp
Housing Quality Assurance Act	Housing Production Division, Housing Bureau, Ministry of Land, Infrastructure, Transport and Tourism	TEL: +81-3-5253-8111(Main) http://www.mlit.go.jp
Industrial Standardization Act	Technical Regulations, Standards and Conformity Assessment Policy Division, Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry	TEL: +81-3-3501-1511(Main) http://www.meti.go.jp
(General building stones)	Housing Industry, Ceramics and Construction Materials Division, Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry	TEL: +81-3-3501-1511(Main) http://www.meti.go.jp
(General tiles)	Paper Industry, Consumer and Recreational Goods Division, Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry	TEL: +81-3-3501-1511(Main) http://www.meti.go.jp

2. Labeling

(1) Labeling under Legal Regulations

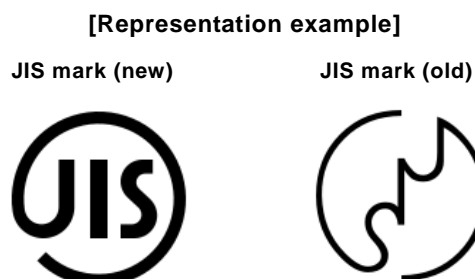
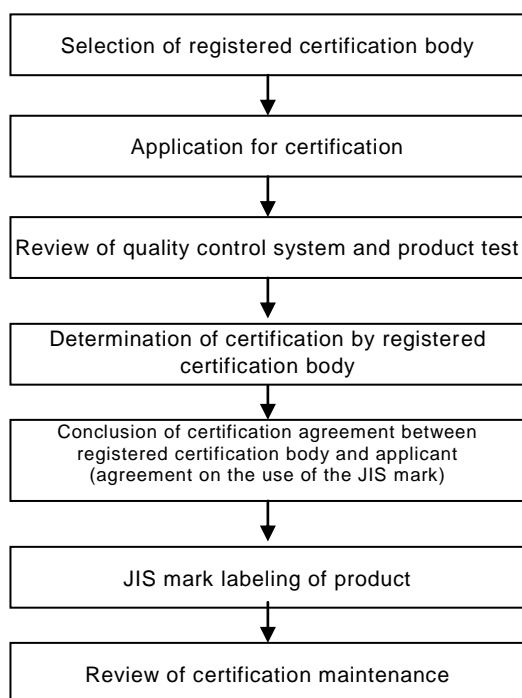
There is no particular obligatory representation for stone under any act, but is subject to the representation of the "JIS mark" under the "Industrial Standardization Act," as well as representations under the "Housing Quality Assurance Act," on a voluntary basis.

Representation under Industrial Standardization Act (JIS mark)

Under the Industrial Standardization Act, the Japanese Industrial Standard stipulates the classification, grade categorization and representation of building stone (JIS A5003) and clay tile (JIS A5209). Under the Act, all industrial products specified by JIS are certified by a private third-party organization (registered certification body) registered by the central government, and can then apply the "JIS mark" to their products. If a product to be sold is recognized as conforming to the quality requirements specified by the Act, it or its package may carry the "JIS mark" as a sign certifying conformance. The JIS mark representation demonstrates that the product conforms to the JIS standards and satisfies given criteria.

For reference, any company desiring to obtain JIS mark-based certification must be certified by one of the registered certification bodies registered by the competent minister.

Fig. 2 Procedure for obtaining JIS mark certification



*Contact: Technical Regulations, Standards and Conformity Assessment Policy Division, Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry TEL: +81-3-3501-1511(Main) <http://www.meti.go.jp>

Representation under Housing Quality Assurance Act

The Act has established a "housing performance-labeling program," which provides for third-party organizations (performance evaluation bodies) to evaluate 10 items including the structural stability, and the fire safety and security of new and existing houses, and then issue to subscribers a housing performance evaluation (housing performance indication) that indicates the result as a grade. In the housing performance evaluation, these items are evaluated based on common criteria, which enables the subscribers to make housing performance comparisons in the case of the construction of a house, and to inform designers or homebuilders of their desired housing performance based on the performance evaluation. If a contract evaluation or purchase and sales agreement is concluded with an attached housing performance evaluation or its copy, the contents of the evaluation will be considered as being equivalent to the details of the agreement.

*Contact: Housing Production Division, Housing Bureau, Ministry of Land, Infrastructure, Transport and Tourism TEL: +81-3-5253-8111(Main) <http://www.mlit.go.jp>
 Housing Performance Evaluation and Indication Society TEL: +81-3-5229-7644 <http://cp.hyoukakyukai.or.jp>

(2) Labeling under Industry-level Voluntary Restraint

The relevant industries related to stone have their own voluntary labeling that is based on the "Quality Housing Components (BL Components) Certification System" of the Center for Better Living.

The quality housing components (BL components) are housing components that have been recognized as being superior in terms of quality, performance, and after-sales service. The System is intended to promote the improvement of dwelling house standards and the protection of consumers. A housing component certified

[Representation example]



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under the System can indicate its superiority by carrying the "BL label." "BL insurance" that covers a products' warranty and indemnity will be provided for all BL components displaying the BL label. The BL insurance also covers the product's indemnity for construction defects and provides a wider-ranging warranty through its "product liability insurance," which corresponds to the Product Liability Act (PL Act).

*Contact: Center for Better Living TEL: +81-3-5251-0680 <http://www.cbl.or.jp>

3. Taxation System

(1) Tariff Duties

Fig. 3 lists the tariffs imposed on building stone. To apply for preferential tariff rates on articles imported from countries granted preferential treatment, the importer should submit a certificate of preferential country of origin (Form A) issued by the customs or other issuing agency in the exporting country (not required if the total taxable value of the article does not exceed ¥200,000). For details, contact the Customs and Tariff Bureau, Ministry of Finance. When confirming the tariff classification or applicable tariff rate in advance, it is convenient to use the "advance-counseling program." By making a verbal inquiry to customs, or by means of letter or e-mail, customs will duly respond with the required information.

*Contact: Customs website <http://www.customs.go.jp/english/index.htm>

Fig. 3 Tariff duties on stone

HS Code	Description	Rate of duty				
		General	Temporary	WTO	Preferential	Special preferential
2515	Marble, travertine, ecaussine, other calcareous raw stone or slabs					
2515.11 000	Marble and travertine					
2515.12 000	Raw stone	Free		(Free)		
2515.20 000	Slabs	Free		(Free)		
2515.20 000	Ecaussine, other calcareous raw stone or slabs	Free		(Free)		
2516	Granite, sandstone, other raw stone or slabs					
2516.11 000	Granite					
2516.12 000	Raw stone	Free		(Free)		
2516.20 000	Slabs	Free		(Free)		
2516.20 000	Sandstone	Free		(Free)		
2516.90 000	Other raw stone or slabs	Free		(Free)		
6802	Worked stone and articles					
6802.10 000	Tile, mosaic cubes, chippings and powdered natural stone	Free		(Free)		
6802.21 000	Other stone and articles					
6802.21 000	Marble and travertine	Free		(Free)		
6802.23 000	Granite	Free		(Free)		
6802.29 000	Other stone	Free		(Free)		
6802.91 000	Other	Free		(Free)		
	Marble, travertine, etc.					
	Marble					
	011 Slate					
	019 Other					
	090 Other					
6802.92 000	Other calcareous stone	Free		(Free)		
6802.93 000	Granite	Free		(Free)		
6802.99 000	Other stone	Free		(Free)		
6907	Ceramic paving, and unglazed hearth or wall tiles	2.6%		1.7%	Free	
6907.10 000	Tiles, cubes, etc.					
6907.90 000	Other					
6908	Ceramic paving, and glazed hearth or wall tiles	3.2%		2.1%	Free	
6908.10 000	Tiles, cubes, etc.					
6908.90 000	Other					

Note 1: Special preferential rate is applicable only for the Least Developed Countries.

Note 2: Normally the order of precedence for application of tariff rates is Preferential, WTO, Temporary, and General, in that order. However, Preferential rates are only eligible when conditions stipulated by law or regulations are met. WTO rates apply when those rates are lower than Temporary or General rates. Refer to "Customs Tariff Schedules of Japan" (by Customs and Tariff Bureau, Ministry of Finance) for a more complete interpretation of the tariff table and for more details on economic partnership agreements (EPAs) with each country.

(2) Consumption Tax

(CIF + Tariff duties) × 5%

4. Trade Trends

(1) Changes in Imports

<Changes in imports>

[Building stones]

Demand for building stone in Japan is influenced by the trend in building starts. Since the enforcement of the Revised Building Standards Act in 2007, the safety standards for buildings have become more stringent, resulting in a substantial amount of time being required to review safety. This has suppressed the number of new building starts. For this reason, the import of building stone has fallen. In 2008, the Lehman Shock led to further stagnation of the construction market, and reduced the number of new house starts, leading to a further downturn in the demand for building stone. Nowadays, both the import value and volume of building stone continues to fall to new lows.

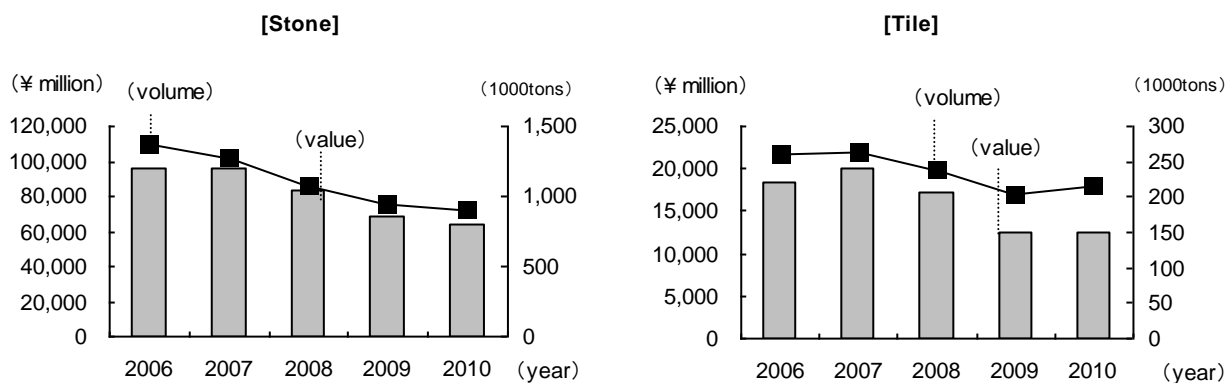
Imported building stone is roughly classified into marble and granite (including sandstone), although granite by far constitutes the majority. Granite accounts for 90% or more of imported stone in terms of both volume and value.

Most imported granite is worked product such as granite plate. Very little raw granite is imported. The same holds true for marble. Every year, building stone imports have shifted away from raw stone and more toward worked products. This is partly a result of the producer nations' wish to shift from raw stone exports to the export of value-added processed products, which aligns with the wishes of their Japanese counterparts to cut transportation and domestic processing costs. Given this background, we can assume that the volume of processed products being imported will continue to increase.

[Tiles]

Tile imports have fallen in recent years, in the same way as for building stone, due to the slump in construction-related demand. However, 2010 saw the demand for buildings recover to a slightly higher level than in 2009. Although stone imports have remained stagnant, tile imports have grown slightly (on a volume basis) with the increase in construction demand.

Fig. 4 Changes in imports of building stone and tile



Item	Volume					Value				
	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
Marble	73	70	46	38	33	7,616	8,358	5,507	3,314	3,035
Granite & sandstone	1,256	1,153	990	868	827	85,223	84,616	75,564	63,724	59,340
Other stone	42	41	36	33	34	2,828	2,721	2,400	1,770	1,749
Building stone (total)	1,370	1,265	1,072	939	894	95,667	95,694	83,471	68,808	64,124
Unglazed ceramic tile	115	116	105	91	96	8,633	9,288	7,830	5,809	5,747
Glazed ceramic tile	145	146	134	113	120	9,824	10,715	9,275	6,779	6,753
Tile (total)	260	262	239	204	216	18,457	20,003	17,105	12,588	12,500

Units: volume = 1000 tons, value = ¥ million

Note: Total is not always the simple sum for each column due to rounding.

Source: Trade Statistics (MOF)

Fig. 5 Trends in imports by category (2010)

Item	Volume			Value			Average unit price
	Volume	Share	Yearly change	Value	Share	Yearly change	2010
Marble (raw stone/slabs)	5,243	0.6%	85.0%	256	0.4%	86.7%	48,742
Marble (processed products)	28,100	3.1%	88.4%	2,779	4.3%	92.0%	98,914
Granite & sandstone (raw stone/slabs)	15,198	1.7%	83.2%	440	0.7%	86.9%	28,954
Granite & sandstone (processed products)	811,709	90.8%	95.5%	58,900	91.9%	93.2%	72,563
Other stones (raw stone/slabs)	5,137	0.6%	159.2%	121	0.2%	123.0%	23,608
Other stone (processed products)	28,791	3.2%	95.1%	1,627	2.5%	97.4%	56,521
Building stone (total)	894,178	100.0%	95.2%	64,124	100.0%	93.2%	71,713
Unglazed ceramic tile	96,159	44.5%	105.6%	5,747	46.0%	98.9%	59,763
Glazed ceramic tile	119,799	55.5%	105.8%	6,753	54.0%	99.6%	56,372
Tile (total)	215,958	100.0%	105.7%	12,500	100.0%	99.3%	57,882

Units: volume = tons, value = ¥ million, average unit price = ¥ per ton

Note: Total is not always the simple sum for each column due to rounding.

Source: Trade Statistics (MOF)

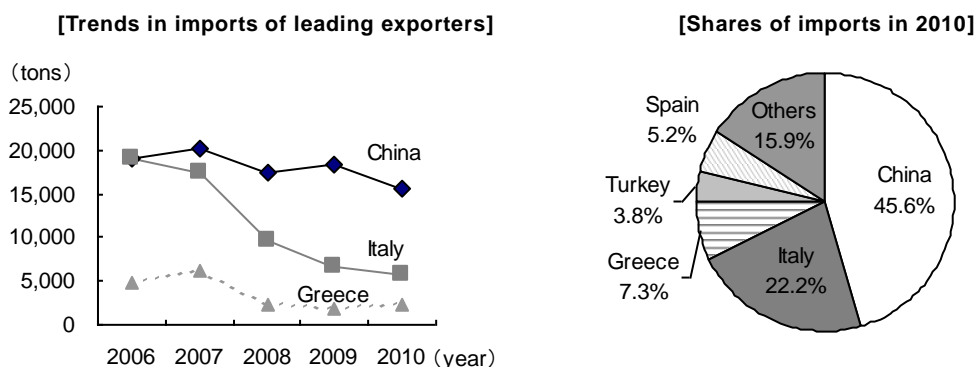
<Import trends by country/region>

[Building stone]

[1] Marble

Italy, Spain, Greece and other European countries supply most of Japan's marble, holding a total share of approximately 70% of the import market, both in terms of volume and value. In particular, Italy led with a 40% share of the market. However, this situation is rapidly changing with the emergence of China as a supplier. From 2006 onwards, China has overtaken all other countries in the rankings in terms of marble imports. In the past, Chinese marble was deemed unable to meet Japan's demanding product quality standards in terms of size, color, patterning, and defects. More recently, though, there has been the realization that China has made improvements in its stone cutting technology under the direction of Japanese companies. The greatly improved quality of Chinese marble has led to a steady year on year rise in marble imports from China.

Fig. 6 Principal countries/places of origin of marble



Country	2006	2007	2008	2009		2010		Average unit price
	Volume	Volume	Volume	Volume	Value	Volume	Value	
China	19,005	20,212	17,523	18,364	1,387	15,700	47.1%	88,141
Italy	18,928	17,318	9,618	6,726	827	5,818	17.4%	115,799
Greece	4,900	6,232	2,367	1,735	217	2,213	6.6%	99,988
Turkey	5,513	7,055	3,727	1,537	110	1,936	5.8%	59,076
Spain	7,464	6,759	3,314	1,793	217	1,549	4.6%	102,797
Others	16,777	12,660	9,185	7,794	556	6,127	18.4%	78,763
(Africa)	778	1,260	576	260	17	706	2.1%	42,493
Total	72,587	70,236	45,734	37,949	3,314	33,343	100.0%	91,024

Units: volume = tons, value = ¥ million, average unit price = ¥ per ton

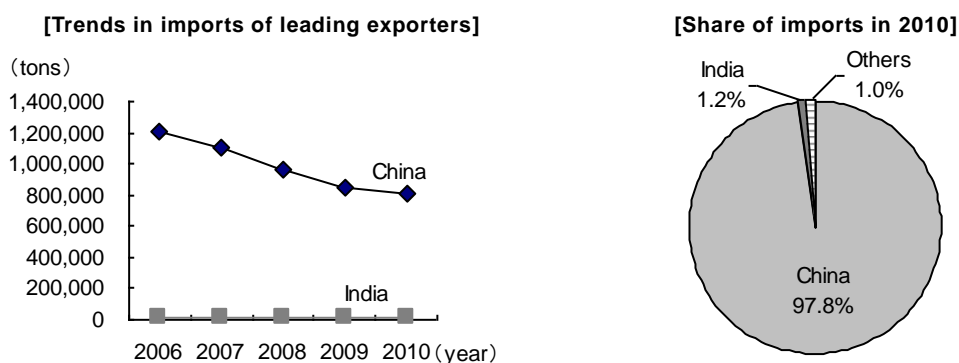
Note: Total is not always the simple sum for each column due to rounding.

Source: Trade Statistics (MOF)

[2] Granite and sandstone

China dominates Japan's granite and sandstone imports with, in 2010, a 97.5% share (806,618 tons) on a volume basis, and 97.8% (¥58.015 billion) on a value basis. In the past, most of China's granite exports to Japan were used as gravestones, but in recent years the competitive price of Chinese granite combined with China's improved processing technology has also gradually increased granite exports to Japan for use as building stone. Other exporters include India, Vietnam, the Philippines, the Republic of Korea, and others, although the volumes involved are very small.

Fig. 7 Principal countries/places of origin of granite and sandstone



Country	2006		2007		2008		2009		2010		
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Average unit price
China	1,211,909	62,169	1,105,719	62,169	959,148	62,169	845,270	62,169	806,618	58,015	71,924
India	16,377	868	15,705	868	15,740	868	12,959	868	12,175	740	60,794
Vietnam	205	21	1,871	21	1,173	21	997	21	1,225	25	20,772
Philippines	750	248	396	248	757	248	1,062	248	1,105	227	205,553
Korea	521	108	2,819	108	2,125	108	1,216	108	916	69	75,468
Others	25,787	311	26,905	311	10,754	311	6,391	311	4,868	263	54,120
(Africa)	5,147	44	3,386	44	3,107	44	902	44	937	45	48,026
Total	1,255,549	63,724	1,153,415	63,724	989,697	63,724	867,895	63,724	826,907	59,340	71,762

Units: volume = tons, value = ¥ million, average unit price = ¥ per ton
 Note: Total is not always the simple sum for each column due to rounding.

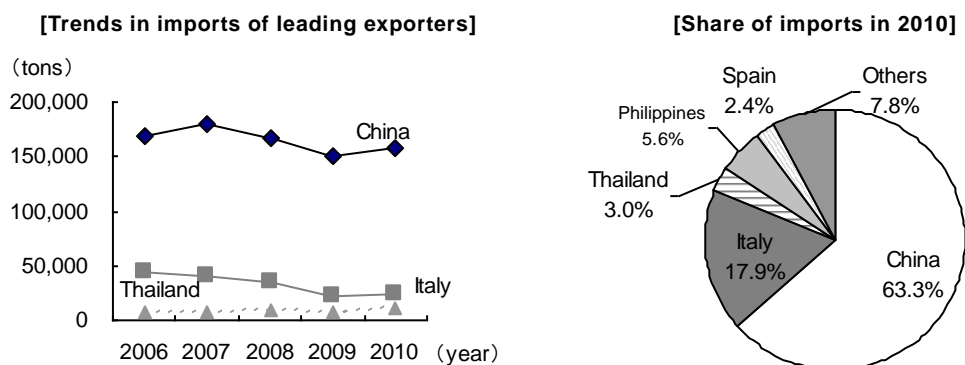
Source: Trade Statistics (MOF)

[Ceramic tiles]

Imports of interior tile come mainly from Italy, Spain, and other European nations, while imports of exterior and floor tile come mainly from China, Thailand, and other Asian nations. In interior tiles, the main player is Italy, followed by Spain and other nations, but imports of interior tile from China have increased in recent years. On the other hand, China dominates Japan's exterior and floor tile imports on both a volume and value basis.

In recent years, China has enjoyed a clear advantage in overall tile imports – in 2010, imports from China accounted for 72.8% (157,316 tons) on a volume basis, and 63.3% (¥7.913 billion) on a value basis. These imports have been steadily increasing year by year.

Fig. 8 Principal countries/places of origin of ceramic tiles



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Country	2006	2007	2008	2009		2010				
	Volume	Volume	Volume	Volume	Value	Volume		Value	Average unit price	
China	169,182	178,982	167,053	150,309	7,949	157,316	72.8%	7,913	63.3%	50,301
Italy	44,926	40,062	34,549	22,049	2,253	23,944	11.1%	2,237	17.9%	93,413
Thailand	7,770	8,150	9,246	8,063	306	10,487	4.9%	374	3.0%	35,625
Philippines	4,887	5,057	4,000	3,622	667	4,308	2.0%	705	5.6%	163,549
Spain	9,829	8,914	6,386	4,742	416	3,745	1.7%	297	2.4%	79,280
Others	23,290	20,784	17,469	15,481	997	16,158	7.5%	975	7.8%	60,345
(Africa)	3,134	4,564	4,985	3,585	268	3,449	1.6%	233	1.9%	67,556
Total	259,884	261,949	238,703	204,266	12,588	215,958	100.0%	12,500	100.0%	57,882

Units: volume = tons, value = ¥ million, average unit price = ¥per ton

Source: Trade Statistics (MOF)

Note: Total is not always the simple sum for each column due to rounding.

(2) Import Market Share in Japan

Imported marble and granite account for most of the domestic market for building stone. Japan produces essentially no marble of its own, and thus must rely on overseas sources for virtually all of its supplies. Some granite is quarried in Japan, but in recent years the percentage of domestic granite has fallen due to the import of low-cost granite and increasing quarrying costs, with imports now accounting for about 90% of all the granite used in Japan. Processed stone products are building stone that has been cut and finished to ensure its usability. For these products, raw stone and slabs were traditionally imported and processed in Japan, but more and more stone products that have been processed overseas are being imported. Consequently, the vast majority of processed stone is now imported.

In the ceramic tile market, contrary to the drop in domestic production, imports from China and Italy have been increasing year by year. In particular, the import of Chinese tile posted substantial growth, increasing to more than 70% of the total of imported tiles on a volume basis.

Japanese tile manufacturers used to be extremely competitive, with imports taking a mere 10% to 20% share of the Japanese market. In recent years, however, higher-quality and low-cost overseas tiles such as those offered by Chinese manufacturers have been on the increase, capturing a larger share of the domestic market on a year by year basis. The share of the Japanese market taken by imported tiles is estimated to exceed 30% in some sectors.

(3) Changes in Volume of Imports and Backgrounds

The import of building stone has fallen in terms of both value and volume over the last few years, due mainly to stagnant building demand. This stagnating building demand is a great contributor to reduced stone imports. Other contributors include the fact that the amount of marble, granite and other natural stone used for building has fallen due to the cost reductions demanded of construction companies in response to the harsh economic climate, and the appearance of low-cost artificial stone, called terrazzo.

During the peak period of stone imports, many special and high-class types of building stone such as larvikite, Rapakivi granite (from Scandinavia), and monchiquite were imported, but in recent years demand for these high-grade building stones has flattened off. Conversely, more low-cost stone is being imported from China. In the past, Chinese stone was deemed unable to satisfy Japan's demanding product quality standards, but recently, China has made improvements in the quality of its building stone under the investment and technological assistance from major Japanese building stone companies. Not only granite but also more and more marble is being imported from China. In the past, most building stone imported from China was raw stone, but more and more value-added processed product is being imported due to improvements in technology, and the value of these imports has also increased.

5. Domestic Distribution

(1) Trade Practice

Most domestic trades related to building stone are made between construction companies and installers and cover the stone materials and their processing. Basic trades between quarry operators, importers, stone processors and distributors are mainly based on the purchase of processed stone.

(2) Domestic Market Situations

<Trends in domestic construction>

Due to the fact that demand for building stone is greatly influenced by construction trends, it is necessary to watch these trends carefully in order to evaluate the demand.

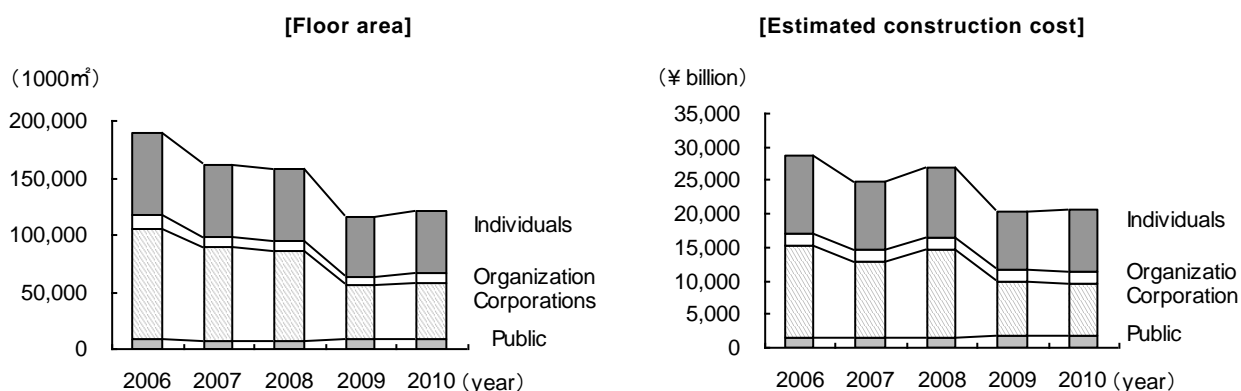
The Japanese construction market showed a small upward trend until around 2006. Since the enforcement of the Revised Building Standards Act in 2007, safety standards for buildings have become more stringent, resulting in a substantial amount of time being required to review safety. This substantially reduced the number of new building starts. In 2008, the Lehman Shock led to further stagnation of the construction market. In 2009, new housing starts fell below 1 million units, reaching no more than 790,000 units. In 2010, although the economy showed signs of recovery, new housing starts failed to exceed 810,000 units. Consequently, the future prospects for the construction market have yet to be determined.

The total floor area of buildings has been falling since the 2007 enforcement of the Revised Building Standards Act such that, in 2009, the value stood at 115,487 m² (61.1% of the previous year's level), with estimated construction costs of ¥20.407 trillion (70.8% of the previous year's value). In 2010, with a total floor area of 121,455 m² (105.2% of the previous year's level) and estimated construction costs of ¥20.691 trillion (101.4% of the previous year's level), the construction market is showing slight signs of recovery. The market, however, is currently not in full-scale recovery, with the 2010 levels far below those existing prior to 2006.

Similarly, new housing starts have fallen considerably since 2007. In 2009, new housing starts fell below 1 million units, reaching only 790,000 units, about 40% down from the 1.29 million units of 2006. In 2010, the government announced measures such as home loan tax deductions and an expanded non-taxable frame of gift tax, and also established the "eco-point system housing edition" (in which eco-points replaceable with gift certificates are awarded to new house building or renovations satisfying the national energy-saving standards for renovations) to enhance consumers' buying motivation. As a result, new housing starts showed a slight recovery in 2010. Given that this system is to remain in effect in 2011, the near-term prospects for new housing starts are good. The future prospects are still uncertain, however, as these governmental measures will be restricted from 2011 onwards.

In addition to the above market for new buildings, the renovation market is considered to be a good prospective market for building stone. There are currently many houses and various types of buildings in Japan that are renovation candidates, but the business for renovating such buildings is still immature. Consequently, the renovation market is regarded as being a good potential market for building stone.

Fig. 9 Changes in building starts (by clients)

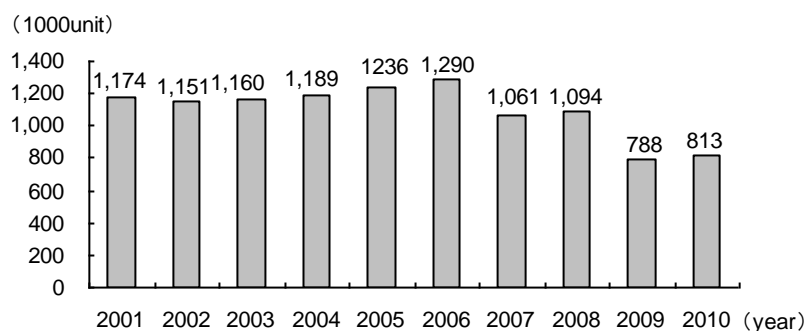


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		2006	2007	2008	2009	2010	Yearly change
Total floor area	Public	8,236	7,358	7,585	8,033	8,272	103.0%
	Corporations	97,354	82,207	79,173	47,428	48,751	102.8%
	Organizations	11,154	9,454	8,364	7,720	10,278	133.1%
	Individuals	72,131	61,972	62,290	52,306	54,154	103.5%
	Total	188,875	160,991	157,412	115,487	121,455	105.2%
Estimated construction cost	Public	1,637	1,464	1,621	1,723	1,782	103.4%
	Corporations	13,563	11,485	13,054	8,192	7,735	94.4%
	Organizations	1,998	1,822	1,667	1,622	2,000	123.3%
	Individuals	11,645	10,122	10,466	8,869	9,175	103.4%
	Total	28,843	24,894	26,808	20,407	20,691	101.4%

Unit: total floor area = 1000 m², estimated construction cost = ¥1 billion Source: Yearbook of Construction statistics (MLIT)
 Note: Total is not always the simple sum for each column due to rounding.

Fig. 10 Changes in new housing starts



Source: Yearbook of Construction statistics (MLIT)

<Trends in building stone>

Most marble and granite, which are used as building stone and which are distributed domestically, rely on overseas supplies. For this reason, trends in the domestic market are almost exactly reflected in imports. Between 2006 and 2010, marble and granite imports fell both in terms of volume and value as building demand became sluggish (refer to Fig. 4).

With economic stagnation, construction companies' demand for lower costs has become much more severe and has placed a squeeze on the management of stone processors and installers. Due to there being such cost reduction requirements, building projects using natural stone have fallen considerably compared to previous levels, except in the case of some large projects. This has led to the rapid contraction of the building stone market.

In recent years, concrete structures have been widely used. With more high-rise buildings, construction methods involving the attachment of thin tile or stone panels to steel frames have been used to reduce the weight of building materials. In terms of construction ease and cost, artificial stone such as terrazzo, instead of marble, granite or other natural stone, have often been utilized. With the acute need to cut construction costs, building owners and architect offices who use natural stone are insisting, even more than in the past, on a high level of product quality, as well as competitive pricing.

<Types of building stone used in Japan>

In Japan, the most commonly used building stones are marble (for interiors) and granite (for exteriors). Most of the marble and granite that are distributed domestically are imported from overseas, as there is very little domestic product.

Virtually all the marble that is imported into Japan is for building use, as high-grade finishing material for large-scale commercial complexes and hotels. Virtually all of Japan's granite imports come from China, and about half of this is used for building while the other half is used for gravestones and landscaping. Recently, China has made improvements in the quality of its building stone under the investment and technological assistance from major Japanese building stone companies. Imports from China have been on the increase not only in the case of granite for building, but also in the case of marble.

With the acute need to cut the costs of building materials, in addition to marble and granite, "standard stone tile,"

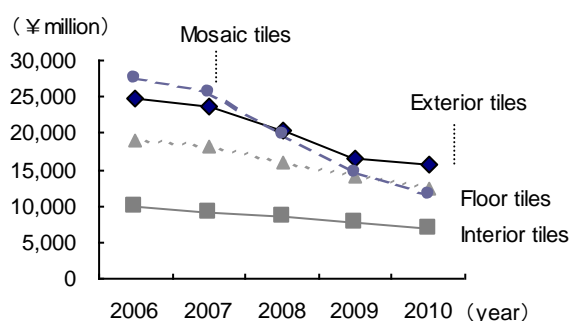
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often referred to as "other building stone" has been receiving considerable attention. To make this standard stone, a piece of natural stone that is too small to be used as a custom building stone is cut to a certain size and finished by polishing or through the application of a jet burner. Most standard stone tiles are 300 or 400 mm square and are 10 to 20 mm thick but, more recently, a lightweight standard stone tile, or an ultra-thin plate (about 5 to 6 mm thick), lined with ceramic or fiberboard, has appeared. Due to the fact that that standard stone tiles are not produced in Japan in large quantities, with the exception of the ultra-thin plates, most are imported from Italy, Spain and China.

<Trends in tiles>

The demand for tile in Japan is greatly influenced by building trends, in the same way as for building stone. Sales of domestic tiles fell both in terms of volume and value between 2006 and 2010 as building demand became sluggish. In 2010, production quantities and sales value fell to 21.113 million m² (52.0% of the 2006 level) and ¥46.388 billion (57.1% of the 2006 level), respectively. Tile imports also have fallen (refer to Fig. 4). Due to the fact that construction demand started to recover in 2010, tile imports have begun to increase slightly, even though the domestic production of tiles has decreased. This is thought to be due to the fact that demand has shifted from domestic to imported tiles.

Fig. 11 Changes in sales value of ceramic tiles



		2006	2007	2008	2009	2010				
						Share	2010/2009	2010/2006		
Production quantity	Exterior tiles (More than 50 cm ²)	7,384	5,986	4,875	3,942	3,562	16.9%	90.3%	48.2%	
	Interior tiles (More than 50 cm ²)	4,329	3,901	3,383	2,938	2,781	13.2%	94.7%	64.2%	
	Floor tiles (More than 50 cm ²)	7,106	6,542	5,536	4,936	4,682	22.2%	94.8%	65.9%	
	Mosaic tiles (50 cm ² or less)	21,787	22,440	17,528	11,105	10,089	47.8%	90.8%	46.3%	
	Total	40,606	38,870	31,322	22,922	21,113	100.0%	92.1%	52.0%	
Sales value	Exterior tiles (More than 50 cm ²)	24,706	23,702	20,460	16,533	15,636	33.7%	94.6%	63.3%	
	Interior tiles (More than 50 cm ²)	9,979	9,208	8,550	7,687	6,817	14.7%	88.7%	68.3%	
	Floor tiles (More than 50 cm ²)	18,974	18,055	16,059	13,935	12,431	26.8%	89.2%	65.5%	
	Mosaic tiles (50 cm ² or less)	27,559	25,698	19,831	14,583	11,504	24.8%	78.9%	41.7%	
	Total	81,218	76,663	64,900	52,738	46,388	100.0%	88.0%	57.1%	

Unit: production quantity = 1000 m², sales value = ¥ million

Source: Yearbook of Ceramics and Building Materials Statistics (METI)

Note: Total is not always the simple sum for each column due to rounding.

The keywords defining the characteristics of the recent tile market are "health," "comfort," "environmental soundness," "safety," and "universal design." For example, antiseptic tile that offers antiseptic properties without any change in its color, design, or sense of solidity is used increasingly in private residences in addition to public spaces such as public toilets, hospitals and hotels. Several other types of tile have also appeared on the market, each with innovative features. In some types of tile, photo-catalytic materials (titanium oxide) baked onto the surface dissolve organic compounds, while hydrophilic properties add self-cleaning capabilities (inhibiting dirt build-up and making it easier to remove dirt). New types of interior tile absorb formaldehyde, toluene and other toxic compounds and clean

polluted indoor air. Some types of exterior tile are resistant to urban pollution caused by smoke and the like. Recycled tile is made from recycled waste glass bottles and so on.

(3) Distribution Channels

<Building stone>

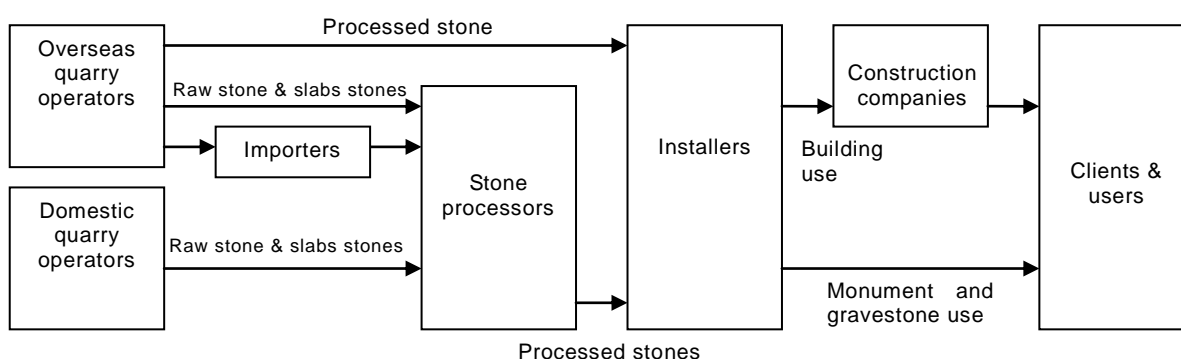
Raw stone and slabs, as well as cut or finished stone are imported for use as building stone.

Raw stone and slabs pass from overseas quarry operators, sometimes via Japanese importers, to stone processors. The stone processors process the raw stone and slabs imported from overseas quarry operators, or those purchased from domestic quarry operators, and then sell them to installers and construction companies. A very common case is that where the stone processor also acts as the installer.

Raw stone and slabs that are partially processed overseas are imported directly by the installers or construction companies themselves. More recently, installers and construction companies have increasingly specified the required shape and size of a product to overseas quarry operators or processors and then imported the finished product from them.

The roles of the importers, stone processors, and installers that handle building stone are not clearly divided, and many of them handle importing, processing, design, or installation in addition to their main business. Large enterprises and their group affiliates handle the entire process from importing to pressing and installation. Recently, however, producer nations are increasingly shifting from the export of raw stone to value-added processed stone, and this enables Japanese large stone processors and construction companies to import directly and thereby shorten the distribution channels.

Fig. 12 Distribution channels for building stones



<Ceramic tiles>

Domestic interior tiles are produced mainly by large makers. These makers usually do integrated production at their own factories, encompassing everything from raw material mixing to the finished products. On the other hand, exterior and floor tiles are frequently produced by small and medium-sized tile makers, including an OEM basis for large makers.

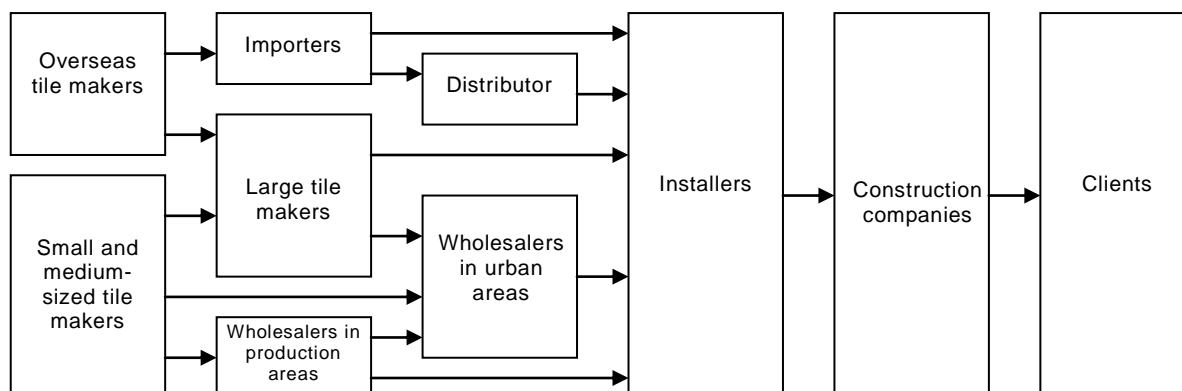
Large ceramic tile makers sell their products through wholesalers in urban areas to small and medium-sized installers, or directly sell to large installers. In the case of small and medium-sized makers, their products are collected by local wholesalers in production areas, and sold directly to installers. Orders for ceramic tile installation are received in most cases by tile installers from construction companies (general contractors, home builders, etc.), covering the materials and their processing. Usually the direct user of the ceramic tile maker's products is the tile installer.

More recently, construction companies have been procuring ceramic tile directly from tile makers to cut costs and then hiring tile installers to do the installation work. This shortens the distribution channels. In recent years, architectural design offices and home builders have been increasingly stipulating that particular brands or even particular models be ordered.

Importers generally import from abroad in container-size lots, store them at their own warehouses, and then sell to their distributors or installers. In some cases, large domestic ceramic tile makers also import directly from abroad in

order to strengthen their product lines.

Fig. 13 Distribution channels for ceramic tiles



(4) Issues and Considerations for Entering the Japanese Market and Marketing Method

In the Japanese building stone market, the demands for processing accuracy, stone quality (pattern, color, etc.), and size accuracy are much more stringently than in other countries. Entering the market for building stone is difficult because of the importance of the relationship with the user, such as stone processors, installers, and construction companies. There have been some new market entries from other business fields into the area of standard stone tiles. However, they have to undergo secondary processing before they can sell to installers, and in some cases, the installers have to be trained. Consequently, they involve stone processing or finishing techniques. In addition, it is necessary to have standard stone tiles of a wide variety of types and sizes, and to maintain an adequate inventory.

In the ceramic tile market, importers maintain a continuous inventory, or have only sample tiles or a tile catalog and import tiles from abroad only after an order is placed. The standard delivery time for a tile that is only imported after being ordered is about 90 days, and longer for a domestic tile, although these tend to be irregular and are often delayed. Importers are expected to challenge such delivery issues. Some users complain that, unlike Japanese-made tile, imported tile often does not take into consideration joints and other masonry-related factors. For example, when made in Japan, a 200-mm square tile assumes that there will be joints, and so is made slightly smaller so that it will be exactly 200 mm once installed. Imported tiles however, are themselves often exactly 200 mm in size.

In Japan, the Product Liability (PL) Act has been enacted in order to stipulate the liability of manufacturers etc. for compensation and to protect victims in the event that it is verified that loss of human life, injury, or damage to property has been caused due to there being defects in manufactured goods. For imported products, the importers shall be liable to compensation for any damages, so they must pay careful attention to the manuals and warning indications, not to mention quality control.

(5) Examples of Developing Countries' Products in Japan

Japan imports building stone (including tiles) mainly from Italy and other European nations, as well as China and other Asian nations. In recent years, more and more building stone has been imported from Egypt in the district of Africa, and also from Iran in the Middle East. Actually, a great volume of marble is now imported from Egypt. In recent years, more and more building stone and tiles that have been locally processed have been imported from these nations. Iran has conventionally produced large volumes of marble and is a leading Middle East stone producer, both in terms of quality and volume, and has exported to neighboring Middle Eastern nations and Europe. More recently, however, it has started exports to Japan, increasing the presence of its building stone exporter.

In addition, high-quality building stone (dominated by granite, sandstone, etc.) is imported from South Africa, Zimbabwe, and other African nations, as well as Egypt. Most of the main building stone firms in Japan have added

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African building stone to their sales lineups. In the case of African building stone, in particular, most of the stone from South Africa is black granite, which is often used for gravestones in Japan. More recently, "Rustenburg" stone has been widely used in building applications. "Limestone," which is used for many historical buildings in Europe and the Middle East, is imported from Europe as a natural stone that has a smooth feel, making it popular in Japan, also.

Fig. 14 Main building stone from Africa

Name	Origin	Details
African Red	South Africa	Red granite
Angola Black	Angola	Black granite
Impala Blue	South Africa	Black rock with blue crystal grain
Cannata	South Africa	Black gabbro
Sunny	Egypt	Beige marble
Silivia	Egypt	Beige marble
Zimbabwe Black	Zimbabwe	Black granite
Nile Black	Egypt	Black granite
Blitz Blue	South Africa	Dark gray gabbro
Belfast	South Africa	Black granite
Bell Rock	South Africa	Black granite
Mokanga	Angola	Black to gray black gabbro
Rustenburg	South Africa	Black diorite - gabbro

(6) Import Promotion Activities

At this moment, there are no large-scale exhibitions or shows that focus on building stone and intended to promote the import of materials in Japan. Overseas building stone does, however, constitute some of the exhibits in a general exhibition of building materials.

The "Architecture + Construction Materials" is a general exposition for buildings and materials that exhibits and presents products and services related to houses, buildings and various other facilities. The exhibition presents domestic and international building stone products and provides an effective opportunity for overseas firms to advertise and promote their products to Japanese companies.

In addition, the "Int'l House Materials EXPO" and the "Building Synthesis Unfolds NAGOYA" are being held, as the exhibitions of building materials, and are considered to be a good opportunity to promote the import of overseas building stone.

Fig. 15 Exhibitions and other events of building stone

Name of events	Date	Details
Architecture + Construction Materials	Annually Around March	Held by the Nikkei Inc. Exhibition of home, store, and building materials, equipment and other building material products
Int'l House Materials EXPO	Annually Around May	Held by the Tradeshow Organizers Inc. Exhibition of home-related equipment and building material products
Building Synthesis Unfolds NAGOYA	Annually Around October	Held by the Aichi Society's of Architects & Building Engineers and the Mid-Japan Economist Exhibition of building material products in Chubu District (Nagoya and other areas)

6. Related Organization

Fig. 16 Related organizations

Organization	Contact	URL
The Building Stone Association of Japan	TEL: +81-3-3866-0543	http://www.kenchikusekizai.org
The Japan Stone Industry Association	TEL: +81-3-3251-7671	http://www.japan-stone.org
Japan Stone Maintenance Association	TEL: +81-52-322-8331	http://jsma.jugem.jp
Japan Ceramic Tile Association/Japan Ceramic Tile Manufacturer's Association	TEL: +81-52-935-7235	http://www.tile-net.com
Japan Tile Testing & Engineering Association	TEL: +81-52-935-7509	http://www.tileken.or.jp
Japan Construction Material & Housing Equipment Industries Federation (Former Japan Construction Materials & Housing Equipment Federation)	TEL: +81-3-5640-0901	http://www.kensankyo.org
Association of Living Amenity	TEL: +81-3-5211-0540	http://www.alianet.org