

Mitsui and Nippon Shokubai in a Joint Study to Consolidate Unsaturated Polyester Resins Business

Japan's leading unsaturated polyester resins (UPR) makers Mitsui Takeda Chemicals, Inc. (MTCI) and Nippon Shokubai Co., Ltd. (NSCL) as well as MTCI's parent company Mitsui Chemicals, Inc. (MCI) have agreed to enter into a detailed study aimed at consolidating MTCI and NSCL's UPR businesses into a new company by April 2003.

The latest move reflects the companies' efforts to counter the adverse business environment marked by the shrinking domestic market and over-production through a radical industrial restructuring. Also to be included in the new company is MTCI's sheet-molding compound and other fabrication materials businesses which use UPR as raw material.

Domestic demand for UPR which is used as a principal raw material in glass fiber-reinforced plastics (FRP), has been on a downward trend since hitting the peak at 270,000 tons in 1990, falling to 200,000 tons in 2001. The situation reflects the shrinking housing starts and cutbacks in public works projects which together translated into the reduced demand for UPR in its principal applications.

In addition, competition from imports into Japan taking advantage of low prices has been increasing annually, to reach 13,000 tons by 2001. Domestic production capacity, on the other hand, has ballooned to 320,000 tons, to create a large-scale excess capacity.

The detailed study with focus, among others, on fixing the shareholding ratio of the new company and identifying the works to be shuttered, will be conducted from the following aspects aimed at firmly establishing the joint venture's business platform and achieving its efficient management and operation:

1. Ownership of sales & marketing, production and R&D functions.
2. Efficiency in sales activities through consolidated sales & marketing.
3. Cost reduction through improved efficiency of logistics and unified raw materials purchasing.
4. Technological synergy through production, R&D consolidation.

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