

March 2, 1999
Kuraray Co., Ltd.
Sumitomo Chemical Company, Ltd.

Kuraray and Sumitomo to Co-operate in Acrylic Resins

Kuraray Co., Ltd. and Sumitomo Chemical Co., Ltd. have reached an agreement to implement two-way toll production and joint logistics programs for some of their respective acrylic resin products. Both companies are encouraged by the positive outcome of the trial projects they have conducted to this date.

Acrylic resins are used in illumination apparatus, signboards and displays, tail lamps and many other applications, thanks to their superb clarity and weathering properties. Industry restructuring through M&A and other measures is proceeding among acrylic resin producers overseas, and its impact has begun to be felt in Japan, too. It has become increasingly important for the Japanese producers to increase their cost-competitiveness. They are faced with the challenge of achieving higher productivity through streamlining of product grades without compromising their commitment to the varying requirements of customers.

Under the terms of the agreement, Kuraray and Sumitomo will:

1. toll produce for each other approximately 10,000 tons per year of acrylic resin moulding material (pellets),
2. toll produce for each other approximately 2,000 tons per year of acrylic sheets, and
3. jointly conduct a part of their respective physical distribution and warehousing operations for acrylic sheets in the Kanto (Tokyo and its environs) and Kansai (Osaka and its environs) areas. The quantity involved will be approximately 10,000 tons per year.

The co-operation will not only bring about rationalization of logistics costs but also help the two companies to streamline their product grades and offer more focused services to the customers.