

Mitsui Chemicals to Boost Automotive PP Compounds Capacity in Thailand

Japan's Mitsui Chemicals, Inc. (MCI) has decided to further boost the production capacity of polypropylene (PP) compounds for automotive applications at its Thai affiliate "Grand Siam Composites Co., Ltd." (GSC) in order to meet the expanding demand in Southeast Asia, the company announced today.

GSC is a joint venture company established in February 1996, among MCI and Thailand's Cementhai Chemicals Co., Ltd. (CCC), the petrochemicals arm of the country's largest conglomerate Siam Cement Group, as well as other shareholders, with the major shareholders MCI and CCC holding a 48% and 46% interest, respectively.

MCI positions automotive PP compounds business as one of the core business in its Petrochemicals sector. In the latest move, GSC is scheduled to ramp up its automotive PP compounds capacity by 8,000 tons, to 48,000 ton/yr. Construction work for the expansion is to start in February 2005, for completion in June the same year.

It is MCI's expectation that the demand for the PP material in Thailand will continue to increase significantly in the future. As Japanese automotive manufacturers are accelerating their globalization, Thailand is on its way to playing an extremely significant role in Southeast Asia. Because Thailand is not only enlarging its domestic automobile supply but also serving as the exporting base for the ASEAN countries, automotive production in the country is projected to continue growing, to exceed 1 million units in 2005, and hit 1.8 million units by 2010.

It is with such a backdrop that MCI's plans to upgrade the production setup and boost capacity at GSC this time. Having already executed an 8,000-ton/yr expansion in July this year, MCI expects that the new capacity addition would further strengthen GSC's presence in Thailand as the top automotive PP compounds manufacturer.

Already proceeding separately with its plans to begin commercial operation of another automotive PP compounds plant of 15,000 ton/yr capacity in April 2005, at its 100% subsidiary "Mitsui Advanced Composites (Zhongshan) Co., Ltd.", located in Zhongshan, Guangdong Province, China, MCI is hoping to further reinforce its setup to provide high-quality products in the four major markets of the world, namely, Japan, North America, Europe and Asia.

MCI intends to proceed with a further strengthening and development of its automotive PP compounds business by keeping in step with the global

expansion of the Japanese auto makers and by striving to perfect the production, sales and technical service setup for supplying high-quality products.

>>>><<<<

Mitsui Chemicals' Automotive PP Compounds Production Sites Around the World

Region	Company Name	Head Office Location	Current Capacity (1,000 ton/yr)	Future (Jun. '05) Capacity (1,000 ton/yr)
Japan	Mitsui Chemicals, Inc.	Tokyo	200	200
North America	Advanced Composites, Inc.	Ohio, USA	135	135
	Advanced Composites de Mexicana s.a. de c.v.	Aguascalientes, Mexico	12	12
Europe	Mitsui Chemicals Europe GmbH	Duesseldorf, Germany	(10)*	(10)*
Asia	Thailand	Grand Siam composites, Co., Ltd.	40	48
	China	Shanghai Mitsui Plastic Compounds Ltd.	24	24
		Mitsui Advanced Composites (Zhongshan) Co., Ltd.	Zhongshan, Guandong Prov.	Comm'l Opn. To Start Apr.'05
Grand Total			421	444

*) External toll production in Europe.