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Mitsubishi Chemical Group Corporation
Mitsui Chemicals, Inc.

The Mitsubishi Chemical Group, Mitsui Chemicals **Launch Study Into Joint Logistics**

Aiming to standardize and optimize chemical logistics through the use of DX

The Mitsubishi Chemical Group and Mitsui Chemicals, Inc. (Tokyo: 4183; President & CEO: HASHIMOTO Osamu) have launched a joint study into standardizing and optimizing chemical logistics, which underpin society and industry alike. The companies intend to gradually roll out efforts under a number of relevant themes, with those that can be quickly put in place set to be implemented starting this fiscal year. Hopes are to lead the way on cross-company efforts in the chemical industry's logistics sector, where companies often have similar issues.

Through these efforts, the Mitsubishi Chemical Group and Mitsui Chemicals will aim to achieve stronger, more sustainable chemical logistics.

◆ Background of the project

Recent years have brought both COVID-19 and a considerable number of natural disasters, increasing recognition around the importance of building stable supply chains. Yet while the logistics industry, which supports these supply chains, is growing – especially for consumer goods, which tend to involve smaller loads – the average age of truck drivers and sailors is on the rise, creating a labor shortage and in turn a tight supply–demand balance. And between this and the “year 2024 problem”^{*1} being predicted in Japan, the management of both Mitsui Chemicals and the Mitsubishi Chemical Group expect shortages of transportation and storage capacity in the logistics chain to become a major issue.

◆ Themes to be studied and to be rolled out in stages beginning this fiscal year

1. Collaborative transportation in the Nagoya area and other areas

Consolidate product shipments in the Nagoya area, where both companies have works and plants, to enable collaborative transportation to that area and other areas.

2. Mutual use of transportation networks

Make mutual use of the Mitsubishi Chemical Group's transportation network in western Japan and the Kanto area, and Mitsui Chemicals' transportation network in the Tohoku area, with a particular focus on small and medium cargo.

3. Collaborative use of coastal trading vessels

Lend, borrow and make joint use of chemical tankers to increase fill rate and contribute to BCP.

4. Expansion of collaborative logistics projects that use tools for transportation route matching

Implement systems to optimally match cargo with vehicles – starting with experimental use between the two companies before eventually moving to matching setups that include many other companies as well.

Further, Mitsui Chemicals and the Mitsubishi Chemical Group will look to standardize and develop an information base for chemical logistics – steps that will be crucial to pursuing joint logistics – by leveraging the activities of a regional logistics networking council under SIP^{*2} in conjunction with national government, local government and other organizations.

*1 April 2024 will see new regulations implemented as part of Japan's Act on the Arrangement of Related Acts to Promote Work Style Reform, including upper limits on overtime hours in driving jobs. This has created concerns about the potential for labor shortages and other such issues in the logistics industry.

*2 The Cross-ministerial Strategic Innovation Promotion Program (SIP) being pursued by Japan's Cabinet Office includes a focus on "smart logistics services," or the creation of logistics setups that make effective use of information. This is embodied by the likes of Seino Information Service Co., Ltd., a research institute that has created an open platform for supply and demand in commercial distribution, as well as a separate open platform for supply and demand in logistics.

A regional logistics networking council was then established under SIP on November 16, 2021, with the aim of implementing a regional logistics model that makes use of these platforms. The council has 126 members as of January 10, 2023, including companies, organizations and individuals.

◆ Comment from FUKUDA Nobuo, Representative Corporate Executive Officer, Executive Vice President, Chief Supply Chain Officer, the Mitsubishi Chemical Group

There are an increasing number of concerns around supply chains in recent times, including frequent natural disasters, shifting global affairs and an aging society. And this is an important point for the chemical industry, which not only offers products and solutions to support healthy, comfortable and convenient lifestyles but also has the duties of maintaining stable supply to customers and providing solutions for the various issues faced by society and the earth.

The logistics crisis being forecast due to labor shortages could potentially hinder that stable supply, and is not something that can be dealt with by any one company alone. I believe as such that chemical industry logistics – which take many particular forms, and come with many constraints – needs not only a competitive model, but also a collaborative one. What is more, reducing GHG emissions from logistics will be an absolute must if we are to achieve the goal of becoming carbon-neutral by 2050.

While we have decided on this occasion to tackle these issues in partnership with Mitsui Chemicals, our intent going forward is to reach agreements with a wide range of partners from throughout the chemical industry, allowing us to accelerate our efforts on this front.

◆ Comment from SAMBE Masao, CDO, Sector President, Digital Transformation Sector, Mitsui Chemicals

While the modern logistics sector requires solutions to a range of pressing issues – such as the pursuit of white logistics, countermeasures against the year 2024 problem and efforts to reduce GHG emissions – there are limits to what an individual company can do to solve these various issues with logistics, which represent an important part of business operations. We therefore see significant meaning in working alongside the Mitsubishi Chemical Group to make Japan more competitive by pursuing collaboration and sharing in the logistics sector.

By combining our logistics expertise and DX technologies together, we and the Mitsubishi Chemical Group intend to lead the way on national innovation in chemical logistics.

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