

Mitsui Chemicals Won't Rebuild Ruined Plant

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Mitsui Chemicals will withdraw from the market for a chemical found in tires rather than spend the billions of yen needed to rebuild a factory destroyed by an explosion in April. The company has lost business since the blast as customers found alternate sources and sees little chance of regaining it. Besides, the market has been slumping. The Iwakuni-Ohtake works in Yamaguchi Prefecture made resorcinol, used as a strengthener in tires and a UV absorber in plastics, and had an annual production capacity of 7,600 tons. With it, Mitsui Chemicals supplied a little more than 10% of the 60,000 tons of annual global demand for the chemical. The blast, caused partly by an operating error, ruined the resorcinol plant at the works. Mitsui Chemicals has decided against rebuilding it and will soon inform local officials and customers. It will reassign workers and take other steps to maintain their jobs. Mitsui Chemicals' withdrawal from resorcinol production will leave Sumitomo Chemical Co. (4005) as the lone domestic supplier facing off against American rival Indspec Chemical Corp. in the global market. The explosion also damaged nearby facilities that produce hydroquinone, which serves as raw material for synthetic fibers, and cymene, a chemical essential for making LCDs and cars. Mitsui Chemicals has begun making cymene at a plant in Chiba Prefecture instead. The firm is forecasting a 5 billion yen group net profit for the year ending next March. While it was insured against most of the losses from the explosion, it sees the accident wiping out about 6 billion yen in profit.

Source *Nikkei Report*