

**Outline of Remarks by Chairman Fujiyoshi at the
20th General Assembly of the Japan Chemical Industry Association
May 25, 2011**

1. Introduction

We extend heartfelt condolences to all persons who lost loved ones in the Great East Japan Earthquake of March 11th and our sincerest sympathy to all persons who suffered loss from this disaster.

Based on the laws for Reform of Public Service Corporations, JCIA became a “general incorporated association” on April 1, 2011. Today, is the first general assembly following this change. We kindly ask the continued support, guidance, and participation of our members.

2. Great East Japan Earthquake

Half the facilities of our approximately 180 member companies were damaged in some way by the Great East Japan Earthquake of March 11th. As a result of strenuous efforts by all members, however, approximately 90% of the facilities have either resumed operations or are on their way to resuming operations.

As to support to damaged regions by our members, a total of 11.1 billion yen in aid as well as contributions of daily necessities, food, and other donations have been made by 116 companies and eight associations as of May 13th.

Meanwhile, to cope with anticipated tight demand and energy shortages in summer due to the effects of the disaster, the government has targeted a 15% cut in electricity use. To meet this target, we are confident that all member companies are seriously investigating measures such as coordination and cooperation in industrial complexes and among group companies, use of independent power generation systems, shifts in production hours, schedules, and sites, and all other possibilities to save energy. As JCIA, we will continue to seek government support in easing laws related to and prompt permission and approval of installment of independent power generation systems and their use, in addition to financial considerations necessary in rebuilding.

There has also been rumor damage by false reports relating to radiation contamination of exports from Japan. In regard to chemical materials and products, there are cases where certifications assuring non-contamination have been requested. Such cases occur not only for exports and imports but also in domestic transactions. Although JCIA has undertaken extensive efforts to prevent such rumor damage such as notifying all its members of statements issued by the Ministry of Economy, Trade and Industry, we will continue to strongly request government support in preventing future rumor damage.

3. Important Issues of JCIA

When assuming the position of chairman of JCIA last year, I identified the following three points as important issues:

- (1) Coping with global warming
- (2) Expanding chemical management
- (3) Supporting and strengthening our technological edge

With the cooperation by related parties, specific actions have been in progress during the past year.

First, with regard to global warming, it is important to communicate the chemical industry's contribution in its prevention. As analysis of the carbon lifecycle shows, the chemical industry contributes to reduction of carbon dioxide by two to four times what the industry emits. To increase society's awareness, we have quantified the amount of CO₂ reduction by using specific chemical products in Japan and analyzing the contribution of the chemical industry in nine case studies including renewable energy, energy saving, and production of lightweight goods. Currently, we are compiling a report which includes opinions of third-party experts for completion in July.

Secondly, chemical management has become a full scale, worldwide effort. At JCIA, we have detailed GPS/JIPS activity, a voluntary program to manage chemicals, since April. We have also continued our Long-range Research Initiative, LRI, for the past ten years and have steadily achieved results. As a recent example, a ground-breaking risk assessment model developed by Prof. Hiroshi Yamazaki of Showa Pharmaceutical University estimates risk using the results of animal experiments without using any safety factor to conduct risk assessment to human beings. The United States EPA is expected to announce the formal adaptation of

this method shortly.

In regard to the third issue, to support medium- and long-term international competitiveness of Japan's chemical industry, we have been tackling the issue of developing human resources. Our Human Resources Fostering Program in Chemistry, in which we support chemistry majors at graduate schools (PhD candidates), began in April 2011. As this year marks the International Year of Chemistry, we will work even harder to promote chemistry and expand the foundation for next-generation chemists.

4. Conclusion

Due to the accident at the Fukushima Nuclear Power Plant following the earthquake, the situation in Japan continues to be unpredictable. There is much uncertainty including the possible suspension of operations at the Hamaoka Nuclear Power Plant, changes in the government's basic energy policies, increased measures to cope with global warming, and review of strategies for new growth. Energy issues, reconstruction with consideration to the global environment, and establishment of a new order are some of the many issues facing Japan. The JCIA continues to pledge sincerest efforts to assure a bright future for Japan's chemical industry.

We ask for the continued support of all our members.