

Sojitz Enters Wood Chip Manufacturing Business in Africa Wood Chip Export Base to be Constructed in Mozambique, Production and Exports to Begin this Fiscal Year

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Sojitz Corporation established a company in the Republic of Mozambique to process and export woodchips, raw materials used for paper manufacturing. This will be Sojitz's first entry into the woodchip manufacturing business in Africa. The project will make use of the Maputo Corridor linking the Republic of South Africa and Mozambique to secure wood chips for use in paper manufacturing, whose demand is expected to increase even further. A new wood chip export base will be constructed at the Maputo Port in Mozambique.

Sojitz Corporation established Sojitz Maputo Cellulose, Limitada (SOMACEL) as a wholly-owned subsidiary of the Sojitz Group in Mozambique to operate the project. SOMACEL will procure raw timber from Mpumalanga Province in South Africa and the Eucalyptus and Acacia plantations in Kingdom of Swaziland, export the timber from Mozambique, and process it to manufacture wood chips. SOMACEL plans to start operations at the chip processing plant this fiscal year. The plant will supply 200,000 BDT (bone dry tons) of wood chips to Japan each year.

[A eucalyptus plantation in Mpumalanga Province, South Africa]

Japan depends on Asia countries, Australia, the United States, Chile, South Africa, and other countries for the coniferous and broad-leaf wood chips used for paper manufacturing, but increasing imports by China and other Asian countries are expected to result in tighter supplies in the future. This project, Sojitz's first wood chip manufacturing business in Africa, will diversify Japan's sources of paper manufacturing materials.

Sojitz is active in the tree-planting business in Vietnam and Australia. Approximately 46,000 hectares of forest have been created in Vietnam by providing financing the farmers and supplying free saplings through Sojitz's four wood chip process mills in the country. From these forests, approximately 700,000 BDT of wood chips are produced and exported each year. Sojitz will adopt in Africa the business model based on sustainable operations developed in Vietnam.

Overview of SOMACEL

Name	Sojitz Maputo Cellulose, Limitada (SOMACEL)
Established	July 2010
Shareholders	Wholly owned by the Sojitz Group (99% by Sojitz and 1% by Sojitz Yoshimoto Ringyo Corporation)

Map

Diagram of the Business Scheme

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