

Regional Strategies



CRO Message

My role as Chief Regional Officer (CRO) is to drive forward the medium- to long-term growth strategies laid out in INNOVATION 2007 from a regional perspective. Essentially, this entails devising regional strategies for the company as a whole and then implementing concrete measures to achieve them. Regional strategies take into account many factors. These include the strategies of each business group, the growth prospects of each country and region, and information from our extensive global network of more than 200 offices. The characteristics of markets and promising domains in each region are also taken into consideration, as is the existence of business partners.

During INNOVATION 2007's "step" period, we will unfurl regional strategies from three angles: market strategies, network strategies and global human resource initiatives.

In terms of market strategies, we are capitalizing on regional growth by stepping up activities in fast-growing regions even more than before. Accelerating economic globalization and the growth of emerging economies, including the BRICs nations of Brazil, Russia, India and China, have caught everyone's attention. For MC too, expanding business fields that give us a greater foothold overseas is an important theme. Heretofore, we have strengthened activities on a companywide basis in China and India. In addition to these countries, we plan to reinforce activities in other rapidly growing regions as we promote market strategies unique to MC. We will do this by leveraging our knowledge in regions gathered through our overseas and domestic office networks, which have continued deep-rooted activities in regions for many years. We will also leverage our good relationships with business partners to the same end.

Regarding our network strategies, we will strengthen the collective capabilities of the MC Group as a whole by further enhancing our office network both in Japan and abroad.

Rapid changes in natural resource and energy market conditions and economic globalization are catalyzing major change in the functions expected of MC by customers and business partners the world over. There are stronger needs for the multiple functions spanning industrial fields and overseas networking capabilities only MC can offer. At the same time, many more businesses, including new energy and environmental businesses, must be approached on a global scale. By strengthening the functions of our offices and bolstering our networks linking offices, subsidiaries and affiliates as well as regions, we will enhance the collective capabilities of the MC Group.

The development of human resources on a global basis is the third aspect of our regional strategies. The fulcrum of these efforts is our Center for Human Resources Development, which was established in April 2006. This center is spearheading actions to retain, nurture and utilize people on a consolidated and global basis through a series of programs involving all employees. To strengthen the organization with regards to human resources initiatives, we have appointed a global HRD officer in each business group and established a global HRD hub in each region. We are enhancing training programs for overseas staff, who have a crucial role to play in implementing our market and office strategies in each region. At the same time, in terms of medium- to long-term career management and in addition to executive resources development (ERD) in offices, staff are being loaned or sent for training from overseas to Japan. Also, the number of personnel transfers between overseas offices has been increasing year after year. Since 2006, 5 additional overseas staff members have been appointed as office managers. I am expecting a lot from them in carrying out their duties on behalf of the president and MC in each region.

A handwritten signature in black ink that reads "M. Nishizawa".

Masatoshi Nishizawa
Executive Vice President,
Chief Regional Officer

China

In 2006, China registered its fourth consecutive year of double-digit economic growth. As one of the key players in the world economy, China is one of MC's most important markets. In China, we export and import a wide range of products, including chemicals, machinery, food commodities and products, and textiles. We also trade within China. In addition, we have investments and operate businesses in numerous fields, from the manufacture of automotive engines and cement, to IT and logistics operations. Playing a key role in our operations in China is the China Business Development Office. Established in 2005, this office is at the center of a concerted drive to strengthen companywide business activities in the country, including development of a network in 14 cities in mainland China. At present, China is emphasizing areas such as energy and resource conservation, environmental protection, and restructuring of the economy so that China's growth will be driven by consumption rather than exports and investments. Taking our cue in part from these government policies, we are concentrating on developing new businesses and forging stronger relations with leading Chinese companies while making full use of our global network. This approach is producing steady results in China. We will continue to implement proactive measures moving forward, anticipating how China will look in one to two decades from now.



China "Shanghai"

India

India recorded a real GDP growth rate of approximately 9% in 2006 and continues to grow at a high pace. The country's robust growth has the world's attention. Like China, India is one of MC's most important markets and we are striving to develop and expand businesses there by harnessing the capabilities of the whole company. To promote business in India on a company-wide basis, we launched the India Taskforce in 2005. Recently, in March 2007, we also established the India Business Development Office in the Regional Strategy & Coordination Dept. as an organization to

India "Mumbai"



execute corporate strategy in India. In these and other ways, we are working to strengthen our framework for implementing strategy. At present, MC has offices in seven cities throughout India from which we import and export diverse products such as chemicals, machinery and metals. We also carry out domestic trade from these offices. In addition, we have investments and operate businesses in many fields, ranging from businesses manufacturing synthetic fibers and automotive parts, to cold storage and logistics. A number of fields will be crucial to India's further growth, including infrastructure, the rapidly growing petrochemicals, bio- and environment-related, and automotive, as well as other fields. We are determined to expand business in these crucial areas. We are also determined to capture expanding business opportunities targeting the Middle East and Southeast Asia in a way that leverages India's geopolitical advantages to expand our business globally.

China and India have an extremely large impact on the growth of the world economy. But other countries and regions are also driving economic globalization. We intend to redouble efforts to capitalize on growth in these countries as well, taking a company-wide approach. One region is the Middle East, where MC is traditionally strong in fields such as energy, machinery and chemical products. Then there is Russia, where soaring natural resource prices are underpinning continued robust growth in internal demand. In Brazil, meanwhile, in addition to mineral resources, energy and food commodities, we are stepping up activities in IT and new energy businesses. And, in Turkey, we are focusing on business opportunities targeting exports bound for the buoyant EU market and domestic infrastructure projects.