

Earnings Opportunities for Growth

- Market expansion due to rising living standards of people in China and the ASEAN region
- Improvement in Japanese consumer sentiment
- Rise in demand for specialized and sophisticated logistics infrastructure services



- Demand for environmentally conscious products and construction materials



- Need for certified forestry products

IN DEPTH

Accelerating the 3PL Logistics Business and Logistics Facility Development in Japan and Overseas



Logistics center of ITOCHU LOGISTICS (CHINA) CO., LTD.

Management Resources

Commercial distribution that a general trading company is uniquely positioned to provide and utilization of the ITOCHU Group's distribution network, specialization, and expertise

Creating Added Value

In recent years, distribution needs have grown more sophisticated and complex, leading to acceleration in the operation and development of advanced logistics facilities in Japan and overseas. ITOCHU LOGISTICS (CHINA) CO., LTD., has developed a distribution network that covers all of China, providing a supply chain for global companies. Recent brisk growth in sales over the Internet and a focus on the cold chain have led to efforts to develop added value going beyond the scope of distribution. In the real estate field, we have launched a logistics facility development project in the city of Wuxi, in China's Jiangsu Province, and we will consider further development plans to meet the demand. By combining the specialization and expertise we have cultivated in the 3PL logistics and logistics facility development businesses in Japan and overseas, we aim to configure an even more robust value chain in logistics-related businesses and reinforce our earnings platform.

Challenges to Address

- Hedging of market price fluctuation risk on commodity products (pulp, natural rubber, etc.) and housing
- Response to changing market needs and regulation in various fields
- Cultivation of overseas markets with prominent overseas partners



- Use of sustainable resources



- Harmony with local communities



- Assurance of traceability in raw materials

IN DEPTH

Involvement with Pulp Producer METSA FIBRE (Stable Provision of Sustainable Forestry Resources)



METSA FIBRE's Joutseno mill

Reason for Importance from a Strategic Perspective

Finland's volume of pulpwood growth greatly exceeds its consumption, making it possible for the country to provide a stable supply of pulpwood on a long-term basis. Promoting the use of sustainable forestry resources and harmony with local communities are the key considerations.

Current and Future Actions

ITOCHU holds a 24.9% stake in METSA FIBRE Oy, a Finnish company that is one of the world's leading softwood pulp producers, providing some 2.3 million tons per year. We market the company's softwood pulp in the Asian market as an exclusive agent. As METSA FIBRE has decided to ramp up annual production by a substantial 800,000 tons, annual pulp production is expected to reach 3.1 million tons in 2018. In addition to promoting the use of sustainable forestry resources through business with excellent partners, we generate electricity in pulp production processes. We provide excess power to surrounding communities, helping to reduce regional fossil fuel consumption.