

Chapter 3

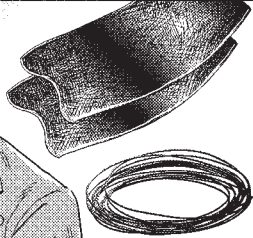
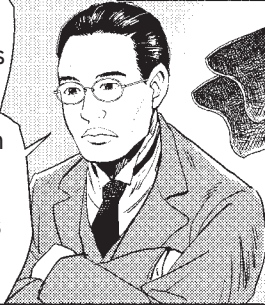
Admiration for Western garb and steel



Iwai & Co. was said to be the oldest steel trading company in Japan.

In 1896, Iwai began importing steel products from the British Duff & Co. This trade opened the door to U.S. steel imports of thin iron plates, mild steel plate, metal bands, as well as wires from Hoyer & Co. from Hamburg, Germany.

One day it would be great to make these products ourselves. But it's too hard for Japan now... We'll have to bide our time. We'll wait for an opportunity.



Katsujiro Iwai of Iwai & Co. had continued trade transactions without going through the foreign settlement.

Mr. Iwai, stop trading directly with overseas sellers. We'll give you the same price that you'd get from them.

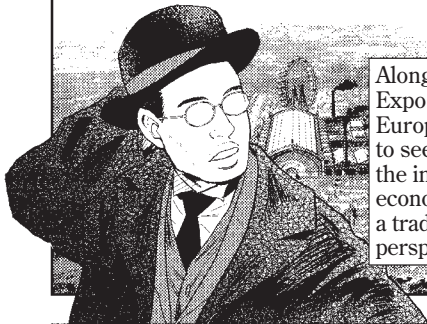
Katsujiro began direct overseas house going the foreign settlement.



I can't continue trading with you when you take advantage of us by selling at inflated prices.

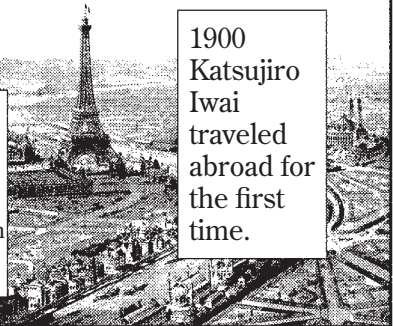


We're working on behalf of the Japanese people.



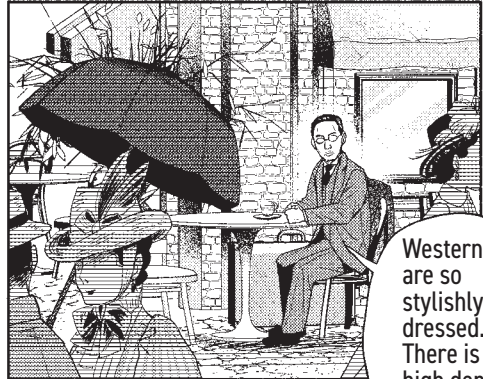
Along with the Paris Expo, Iwai toured Europe and the U.S. to see the state of the industrial and economic world from a trade merchant's perspective.

1900 Katsujiro Iwai traveled abroad for the first time.



This experience overseas must not be wasted.

Iwai's written reports from his travels to the West were preserved.



Westerners are so stylishly dressed. There is also high demand for iron.

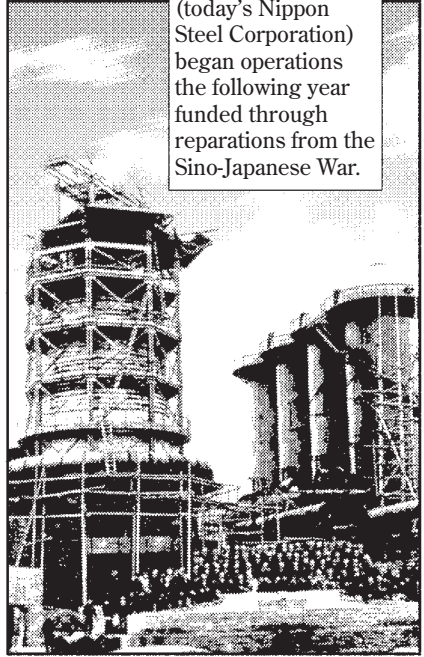
Hmph. After all, it's a government-owned business. The people must act.

The curtain is finally rising on Japan's steel age.

For this reason, both companies would become known as strong steel trading companies.

Both Iwai & Co. and Suzuki & Co. became commissioned merchants for Yahata Steel Works.

Coincidentally, Yahata Steel Works (today's Nippon Steel Corporation) began operations the following year funded through reparations from the Sino-Japanese War.



We can manufacture high-end undergarments and pants that everyone will fancy. First, let's make jersey products from imported yarn. As victors of the Russo-Japanese War, Japan needs to Westernize its fashion.



It would be great to manufacture steel, but the investments costs are on another level. Indeed, the risks are too high.

At the time, Iwai & Co. boasted a 90% market share of yarn imports.

KB

Let's make it the "KB" brand. "B" will stand for my father-in-law Bunsuke Iwai and "K" will be for "Kagaya."

In 1907, Iwai began management of the Shirokane Jersey Factory (currently Toabo Corporation) in Osaki, Tokyo.

We will have the opportunity to present riding pants to his majesty.

What an honor!

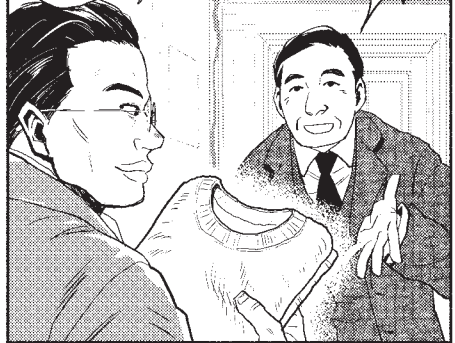
The quality of Iwai's goods was even praised by the Taisho emperor.

Iwai became known as a trailblazer in the knit industry, and sales increased substantially.

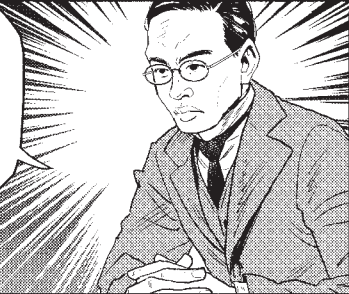


We're working together with craftsman to make the best products. That's the basics of manufacturing.

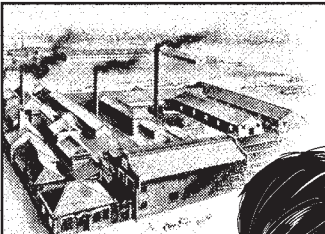
Iwai & Co.'s high-quality products are a hit. They're more sought after than European goods.



We've built up our manufacturing industry experience through jersey and celluloid. As the earliest trading company to import steel products, it's our mission to develop steel manufacturing in Japan.



Iwai & Co.'s confidence in manufacturing gradually increased, particularly after its success in rebuilding the celluloid business in Aboshi.



OK, let's use Iwai's capital to expand factories.

With the rapid expansion of factories, the company later changed its name to Osaka Iron Plate Manufacturing. Katsujiro Iwai was appointed as president.



In 1912, in order to develop the galvanized steel sheet business, Iwai & Co. took part in management of Zinc Co., Ltd., a loan customer of Iwai & Co. based in Osaka's Sakurajima. (Zinc Co., Ltd. later was renamed Nisshin Steel Co., Ltd. before becoming today's Nippon Steel Corporation.)

However, when guests were invited for a steel tapping ceremony...

Suzuki & Co. tried its hand at steelmaking by helping to finance building materials and machinery for Kobayashi Steel Corporation.

Suzuki & Co. also entered the steel industry.

OK! Suzuki & Co. will take action for Japan. Suzuki will take on the steel industry.

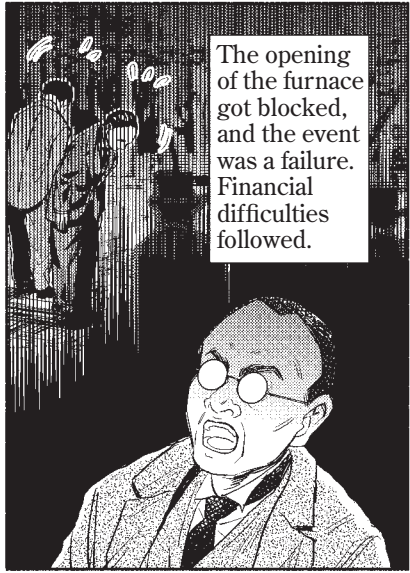
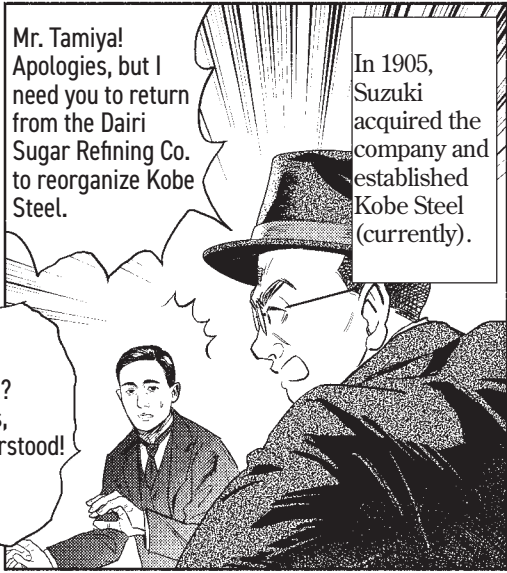


Mr. Tamiya! Apologies, but I need you to return from the Dairi Sugar Refining Co. to reorganize Kobe Steel.

In 1905, Suzuki acquired the company and established Kobe Steel (currently).

The opening of the furnace got blocked, and the event was a failure. Financial difficulties followed.

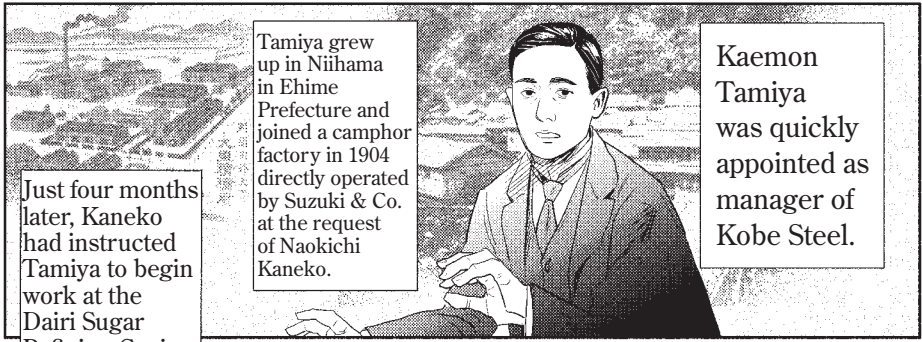
What? Y-yes, understood!

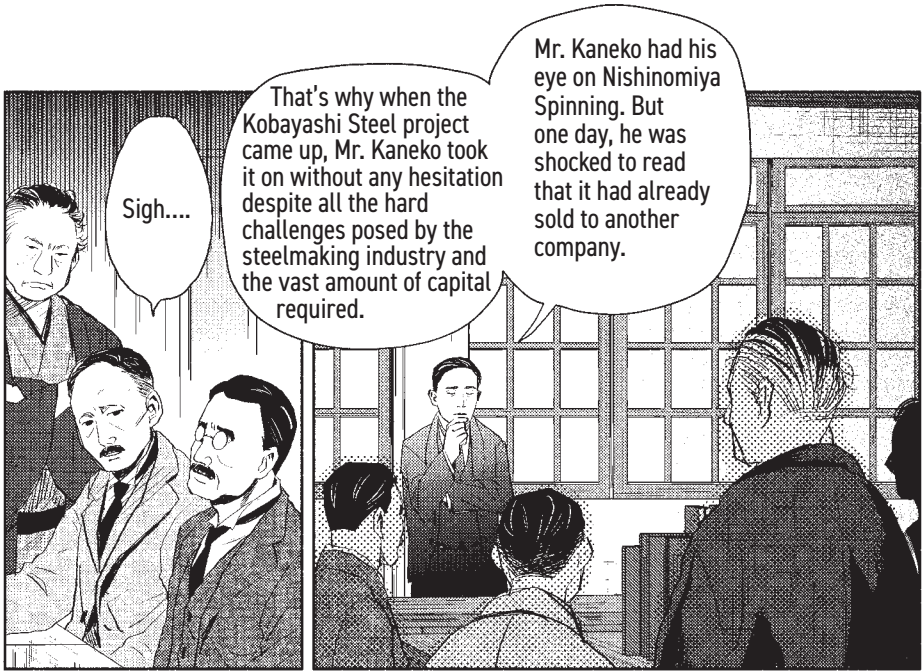


Just four months later, Kaneko had instructed Tamiya to begin work at the Dairi Sugar Refining Co. in Kitakyushu.

Tamiya grew up in Niihama in Ehime Prefecture and joined a camphor factory in 1904 directly operated by Suzuki & Co. at the request of Naokichi Kaneko.

Kaemon Tamiya was quickly appointed as manager of Kobe Steel.





Sigh....

That's why when the Kobayashi Steel project came up, Mr. Kaneko took it on without any hesitation despite all the hard challenges posed by the steelmaking industry and the vast amount of capital required.

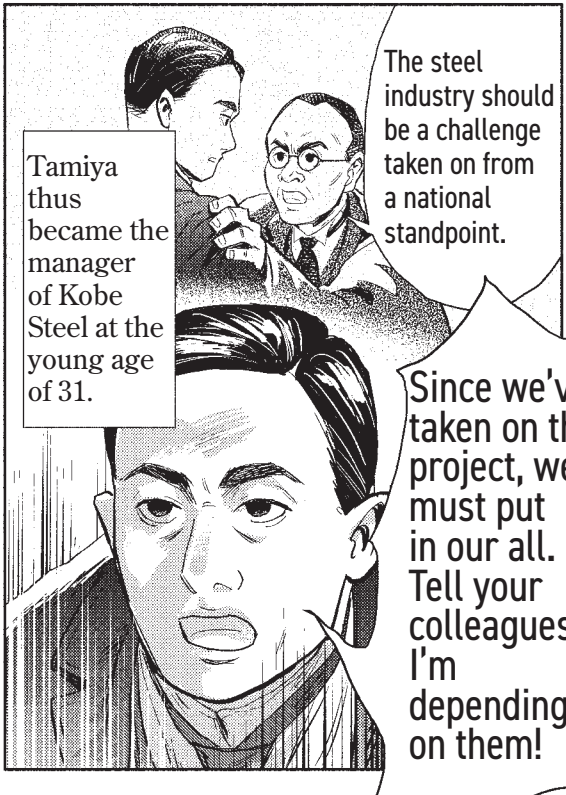
Mr. Kaneko had his eye on Nishinomiya Spinning. But one day, he was shocked to read that it had already sold to another company.



Yes, sir!

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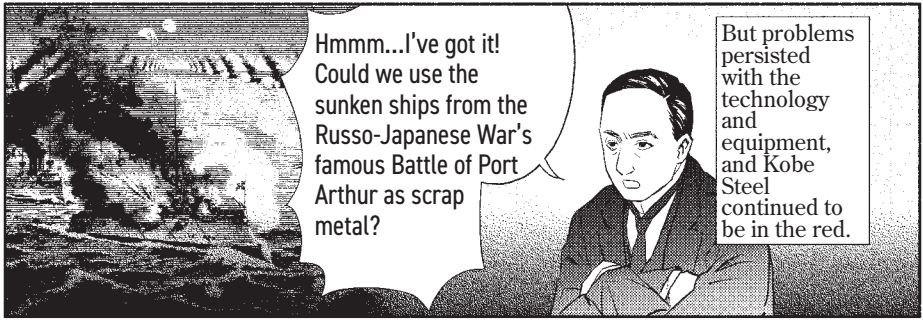
Kaneko made a point of actively promoting young, promising talent.



Tamiya thus became the manager of Kobe Steel at the young age of 31.

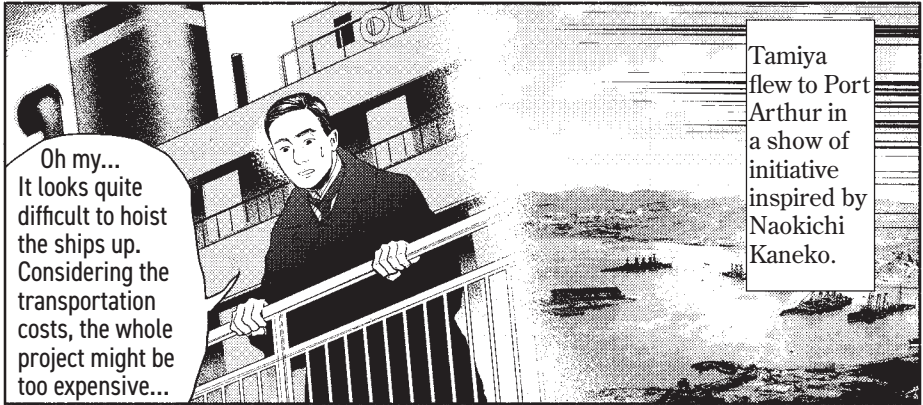
The steel industry should be a challenge taken on from a national standpoint.

Since we've taken on this project, we must put in our all. Tell your colleagues I'm depending on them!



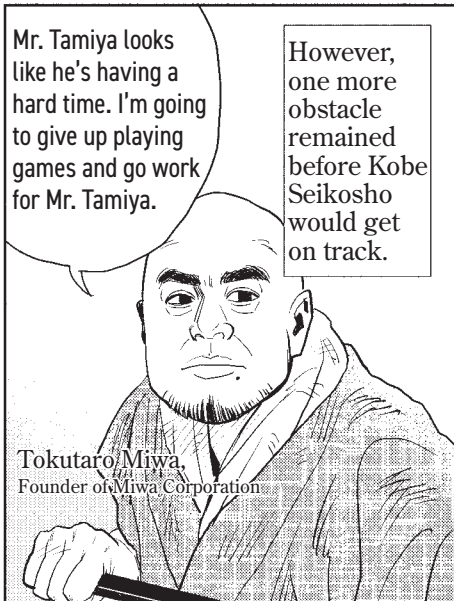
Hmmm...I've got it!
Could we use the
sunken ships from the
Russo-Japanese War's
famous Battle of Port
Arthur as scrap
metal?

But problems
persisted
with the
technology
and
equipment,
and Kobe
Steel
continued to
be in the red.



Oh my...
It looks quite
difficult to hoist
the ships up.
Considering the
transportation
costs, the whole
project might be
too expensive...

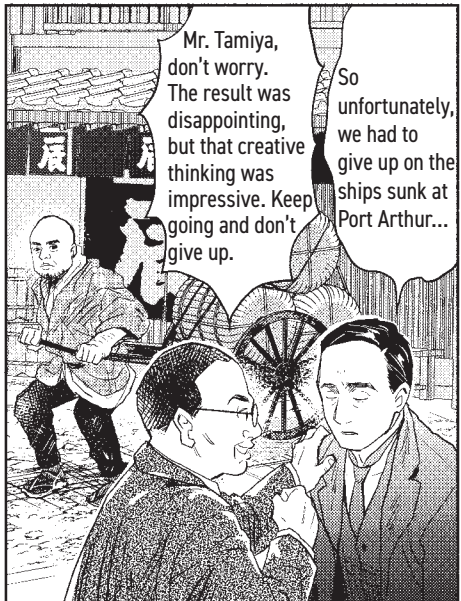
Tamiya
flew to Port
Arthur in
a show of
initiative
inspired by
Naokichi
Kaneko.



Mr. Tamiya looks
like he's having a
hard time. I'm going
to give up playing
games and go work
for Mr. Tamiya.

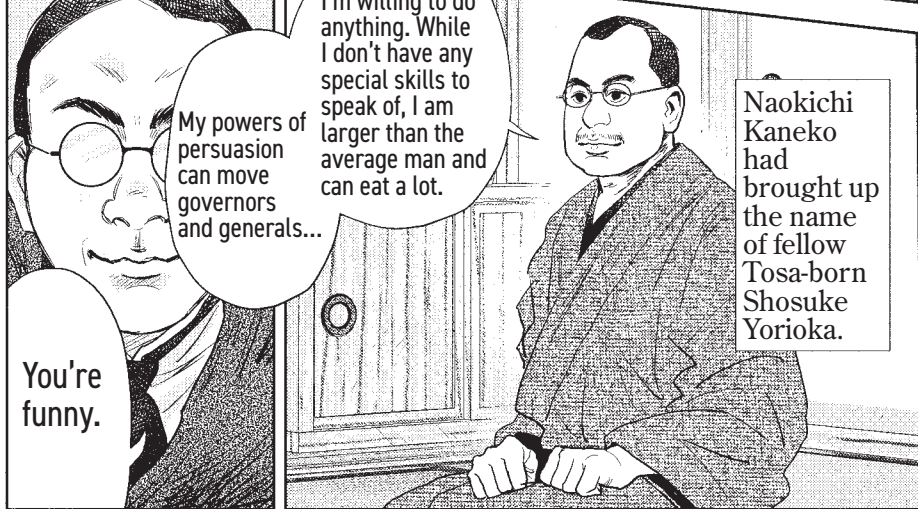
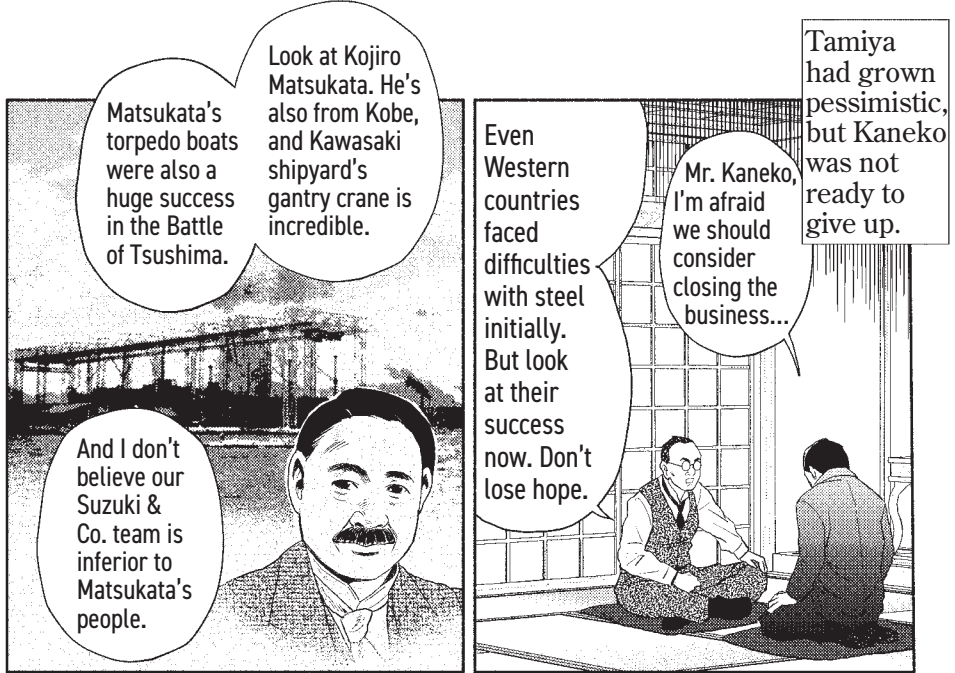
However,
one more
obstacle
remained
before Kobe
Seikoshu would get
on track.

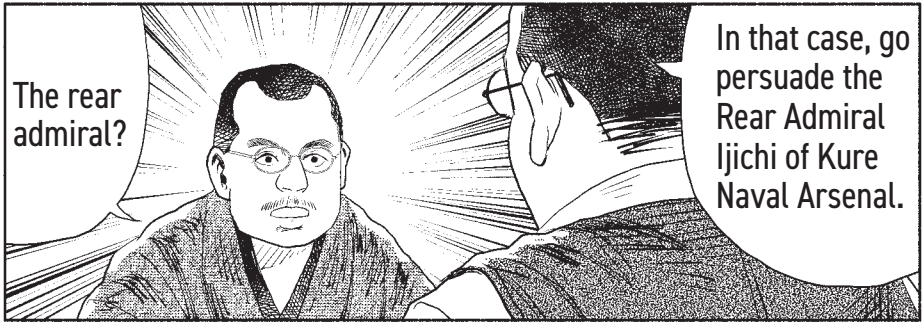
Tokutaro Miwa,
Founder of Miwa Corporation



Mr. Tamiya,
don't worry.
The result was
disappointing,
but that creative
thinking was
impressive. Keep
going and don't
give up.

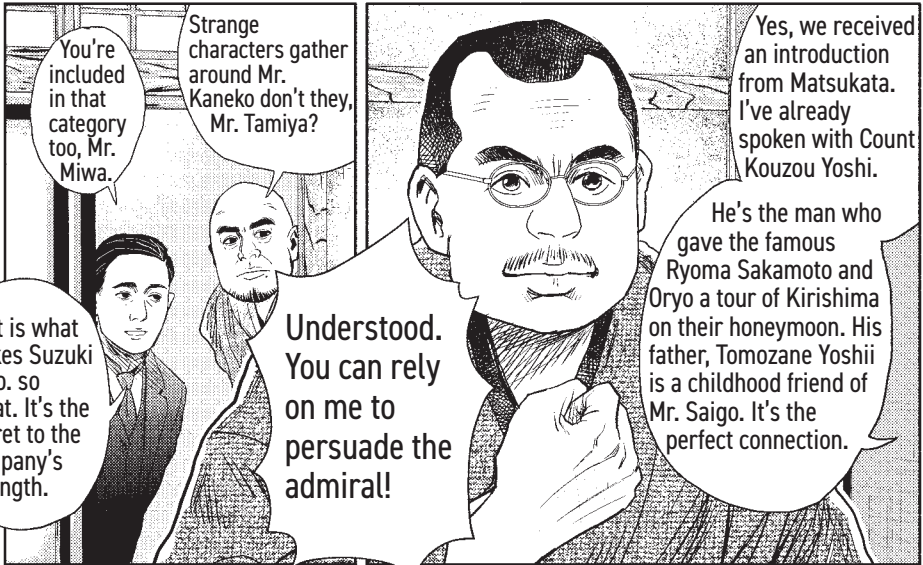
So
unfortunately,
we had to
give up on the
ships sunk at
Port Arthur...





The rear admiral?

In that case, go persuade the Rear Admiral Ijichi of Kure Naval Arsenal.



You're included in that category too, Mr. Miwa.

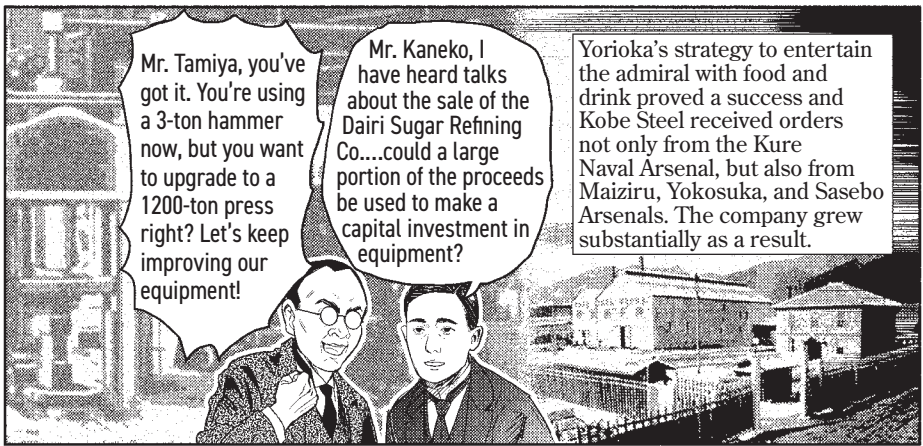
Strange characters gather around Mr. Kaneko don't they, Mr. Tamiya?

That is what makes Suzuki & Co. so great. It's the secret to the company's strength.

Understood. You can rely on me to persuade the admiral!

Yes, we received an introduction from Matsukata. I've already spoken with Count Kouzou Yoshi.

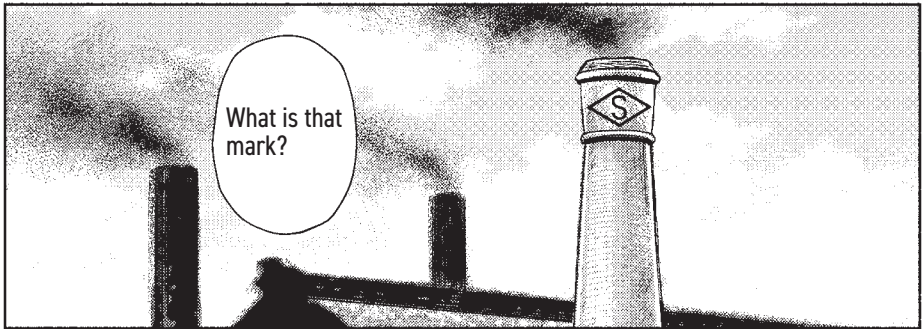
He's the man who gave the famous Ryoma Sakamoto and Oryo a tour of Kirishima on their honeymoon. His father, Tomozane Yoshii is a childhood friend of Mr. Saigo. It's the perfect connection.



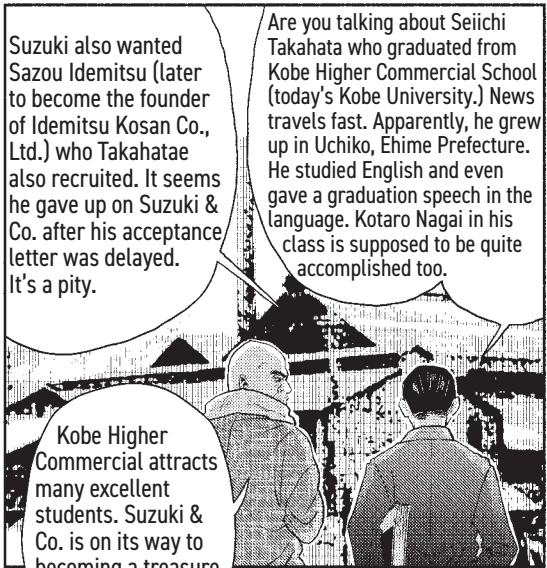
Mr. Tamiya, you've got it. You're using a 3-ton hammer now, but you want to upgrade to a 1200-ton press right? Let's keep improving our equipment!

Mr. Kaneko, I have heard talks about the sale of the Dairi Sugar Refining Co....could a large portion of the proceeds be used to make a capital investment in equipment?

Yorioka's strategy to entertain the admiral with food and drink proved a success and Kobe Steel received orders not only from the Kure Naval Arsenal, but also from Maizuru, Yokosuka, and Sasebo Arsenals. The company grew substantially as a result.



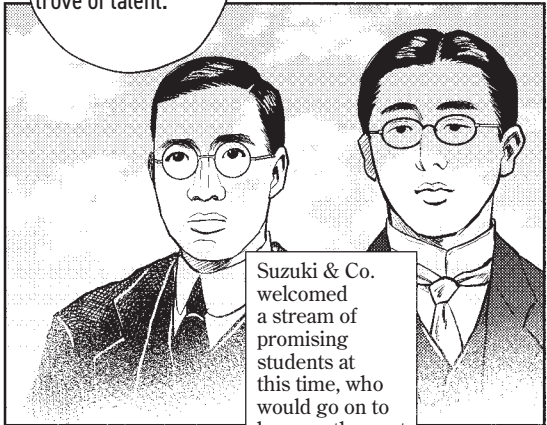
What is that mark?



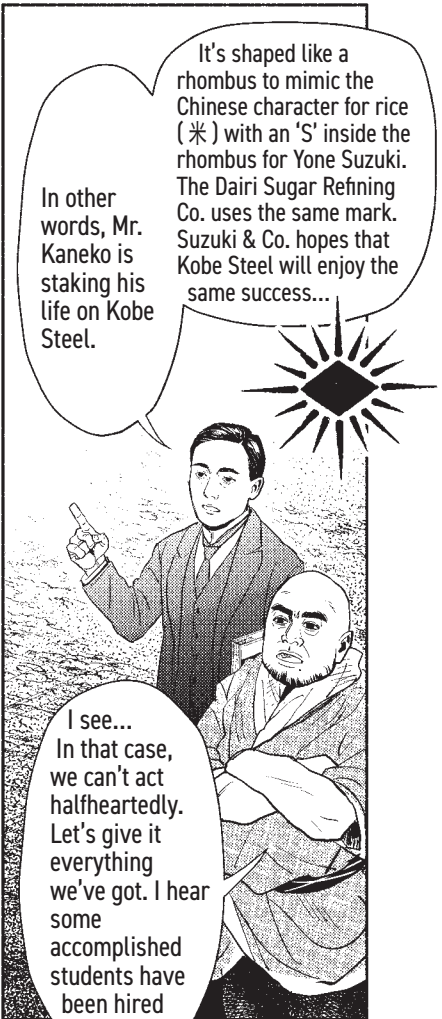
Suzuki also wanted Sazou Idemitsu (later to become the founder of Idemitsu Kosan Co., Ltd.) who Takahatae also recruited. It seems he gave up on Suzuki & Co. after his acceptance letter was delayed. It's a pity.

Are you talking about Seiichi Takahata who graduated from Kobe Higher Commercial School (today's Kobe University.) News travels fast. Apparently, he grew up in Uchiko, Ehime Prefecture. He studied English and even gave a graduation speech in the language. Kotaro Nagai in his class is supposed to be quite accomplished too.

Kobe Higher Commercial attracts many excellent students. Suzuki & Co. is on its way to becoming a treasure trove of talent.



Suzuki & Co. welcomed a stream of promising students at this time, who would go on to become the next generation of business leaders.



It's shaped like a rhombus to mimic the Chinese character for rice (米) with an 'S' inside the rhombus for Yone Suzuki. The Dairi Sugar Refining Co. uses the same mark. Suzuki & Co. hopes that Kobe Steel will enjoy the same success...

In other words, Mr. Kaneko is staking his life on Kobe Steel.

I see... In that case, we can't act halfheartedly. Let's give it everything we've got. I hear some accomplished students have been hired recently.