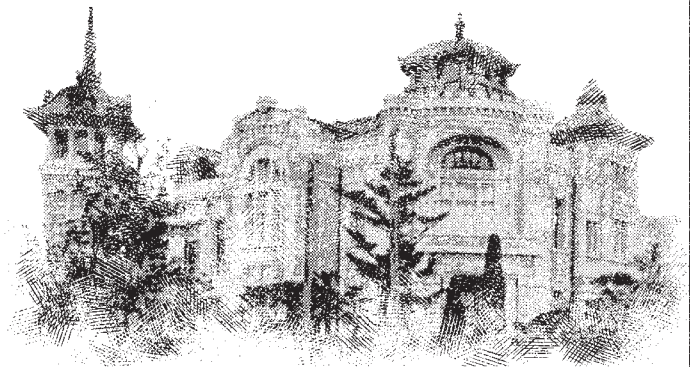


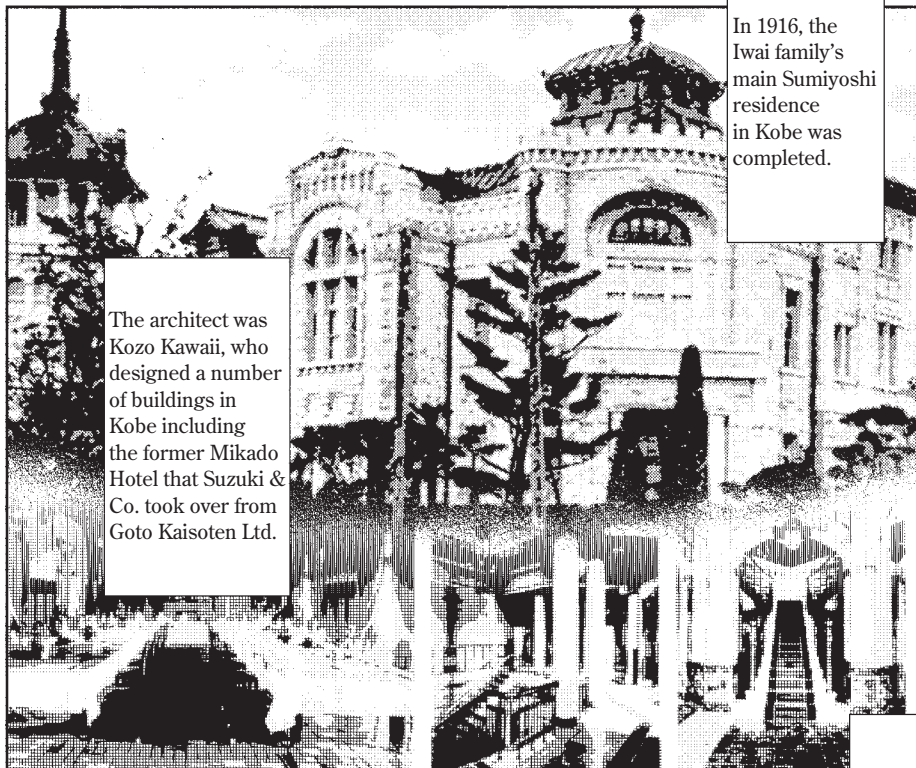
Chapter 6

Iwai and Suzuki begin domestic production of Soda Ash

Iwai & Co. establishes Kansai Paint Co., Ltd.



*The Iwai residence was burned to the ground following the air strikes on May 17th and June 5th in 1945.



In 1916, the Iwai family's main Sumiyoshi residence in Kobe was completed.

The architect was Kozo Kawaii, who designed a number of buildings in Kobe including the former Mikado Hotel that Suzuki & Co. took over from Goto Kaisoten Ltd.

The war-time economy had brought Iwai & Co. a wave of business.

“At the beginning of the Taisho period, Katsujiro Iwai moved his residence to Sumiyoshi and Osaka’s elite have followed suit by moving to Sumiyoshi.” (Tamesaburo Yamoto, President of Asahi Beer)

“Iwai commutes daily from Sumiyoshi Station to the Iwai & Co. headquarters in Osaka. If Iwai is not observed on board, the station master stops the train and waits for him.” (“Our Founder, Katsujiro Iwai” published by Kansai Paint)

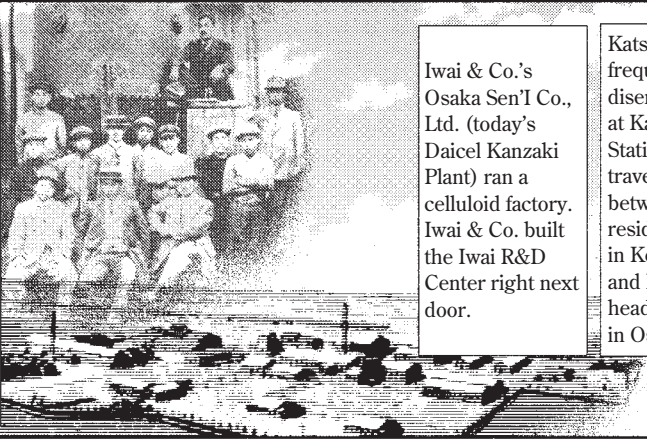
Katsujiro Iwai's relocation influenced the business community.

Wow!

Wow!

Iwai's special bonus was five times that of the previous year.

At the Iwai R&D Center, research was being conducted for domestic production of Alkali, Sodium Carbonate ("soda ash") needed for industrial production.

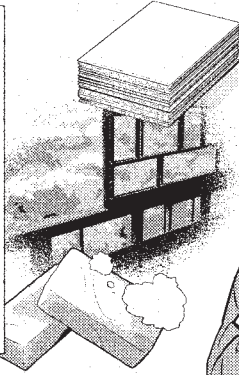


Iwai & Co.'s Osaka Sen'I Co., Ltd. (today's Daicel Kanzaki Plant) ran a celluloid factory. Iwai & Co. built the Iwai R&D Center right next door.

Katsujiro Iwai frequently disembarked at Kanzaki Station when traveling between his residence in Kobe and Iwai's headquarters in Osaka.

After beginning direct trade with foreign companies, Iwai & Co. began importing Soda Ash for Britain's United Alkali

Company Limited. When United Alkali merged with Brunner, Mond & Co., Iwai & Co. lost its distribution rights and turned to handling U.S. manufactured Soda Ash.

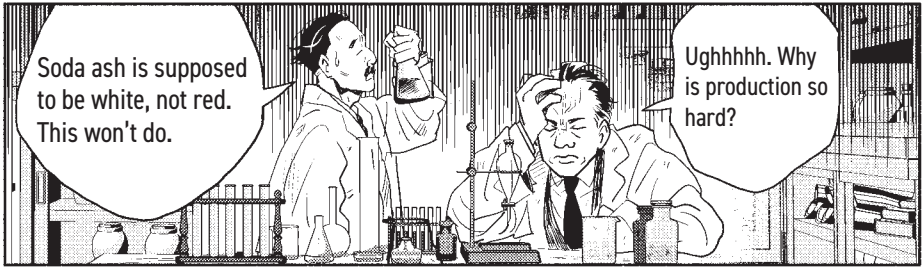


Soda ash is essential for production of paper, glass, and other products in Japan.

Our dependence on foreign imports has been the problem. From a national standpoint, we must manufacture Soda Ash domestically.

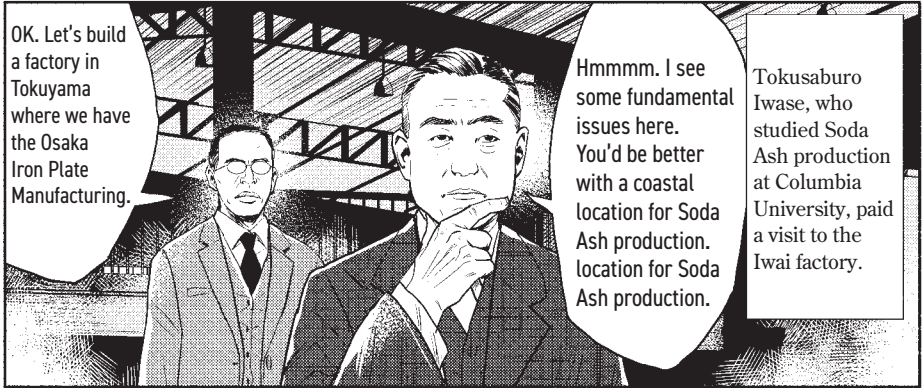


Unfortunately, imports of Soda Ash ceased due to WWI.



Soda ash is supposed to be white, not red. This won't do.

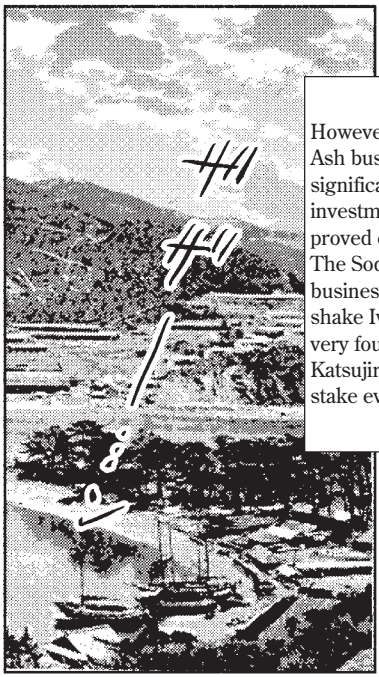
Ughhhhh. Why is production so hard?



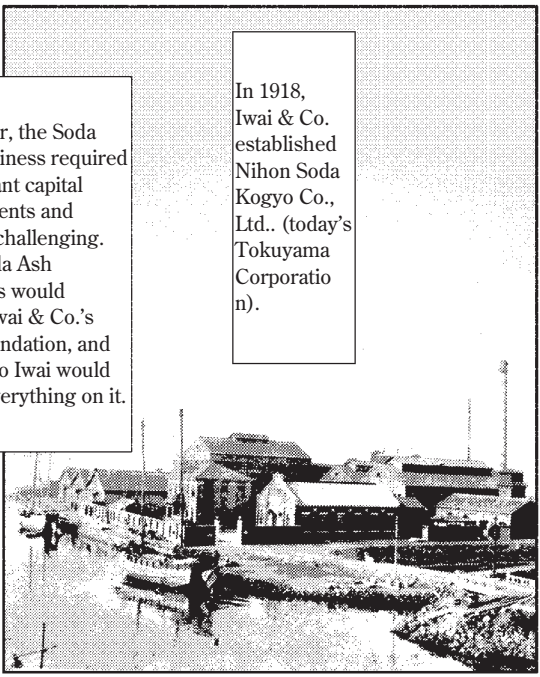
OK. Let's build a factory in Tokuyama where we have the Osaka Iron Plate Manufacturing.

Hmmmm. I see some fundamental issues here. You'd be better with a coastal location for Soda Ash production.

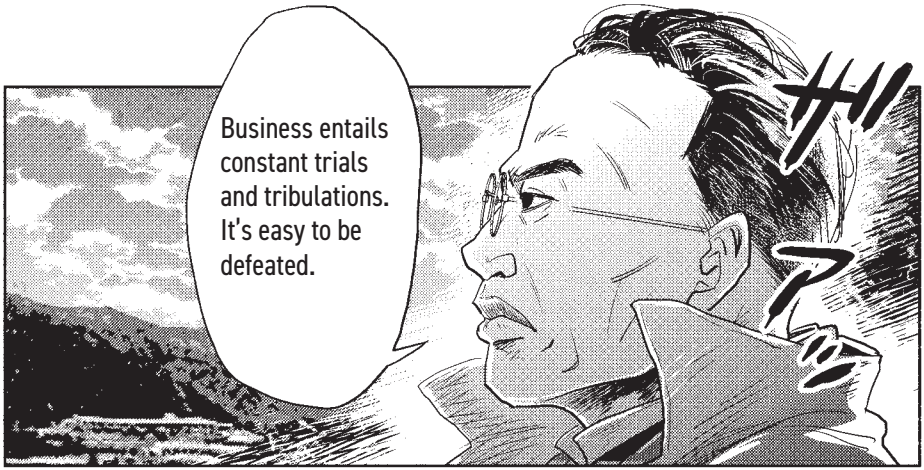
Tokusaburo Iwase, who studied Soda Ash production at Columbia University, paid a visit to the Iwai factory.



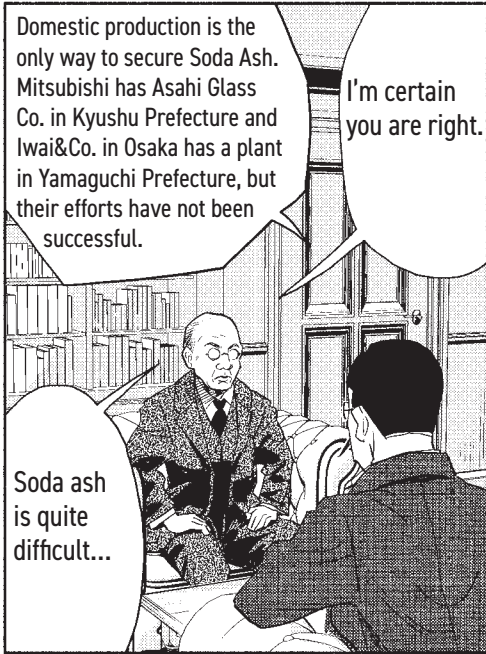
However, the Soda Ash business required significant capital investments and proved challenging. The Soda Ash business would shake Iwai & Co.'s very foundation, and Katsujiro Iwai would stake everything on it.



In 1918, Iwai & Co. established Nihon Soda Kogyo Co., Ltd.. (today's Tokuyama Corporation).



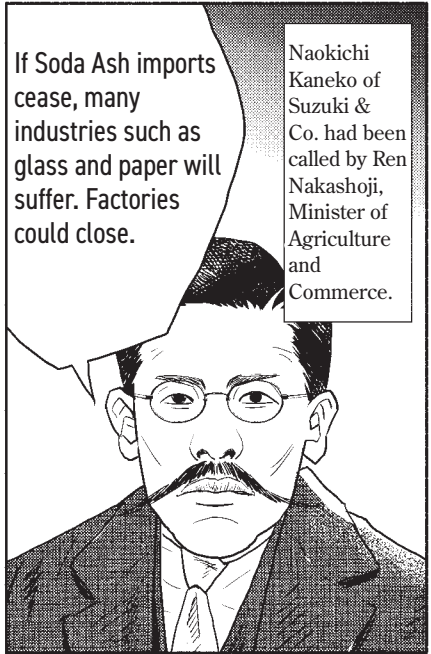
Business entails constant trials and tribulations. It's easy to be defeated.



Domestic production is the only way to secure Soda Ash. Mitsubishi has Asahi Glass Co. in Kyushu Prefecture and Iwai&Co. in Osaka has a plant in Yamaguchi Prefecture, but their efforts have not been successful.

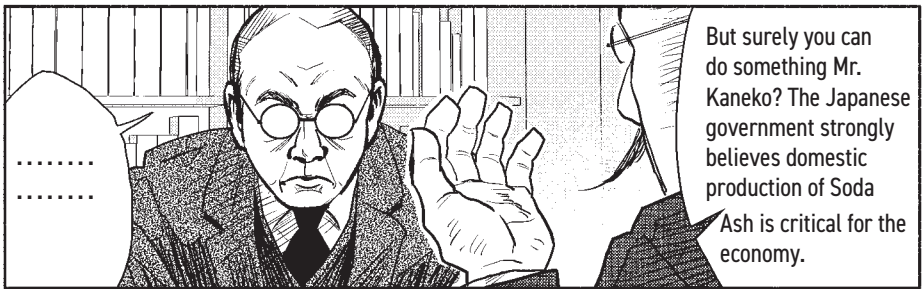
I'm certain you are right.

Soda ash is quite difficult...



If Soda Ash imports cease, many industries such as glass and paper will suffer. Factories could close.

Naokichi Kaneko of Suzuki & Co. had been called by Ren Nakashoji, Minister of Agriculture and Commerce.



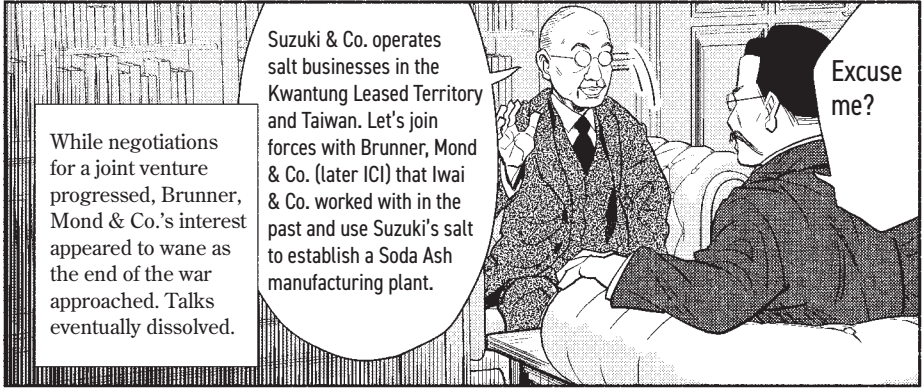
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But surely you can do something Mr. Kaneko? The Japanese government strongly believes domestic production of Soda Ash is critical for the economy.



Salt manufacturers could control the chemical industry. In other words, many industries are controlled by Potassium and Soda.

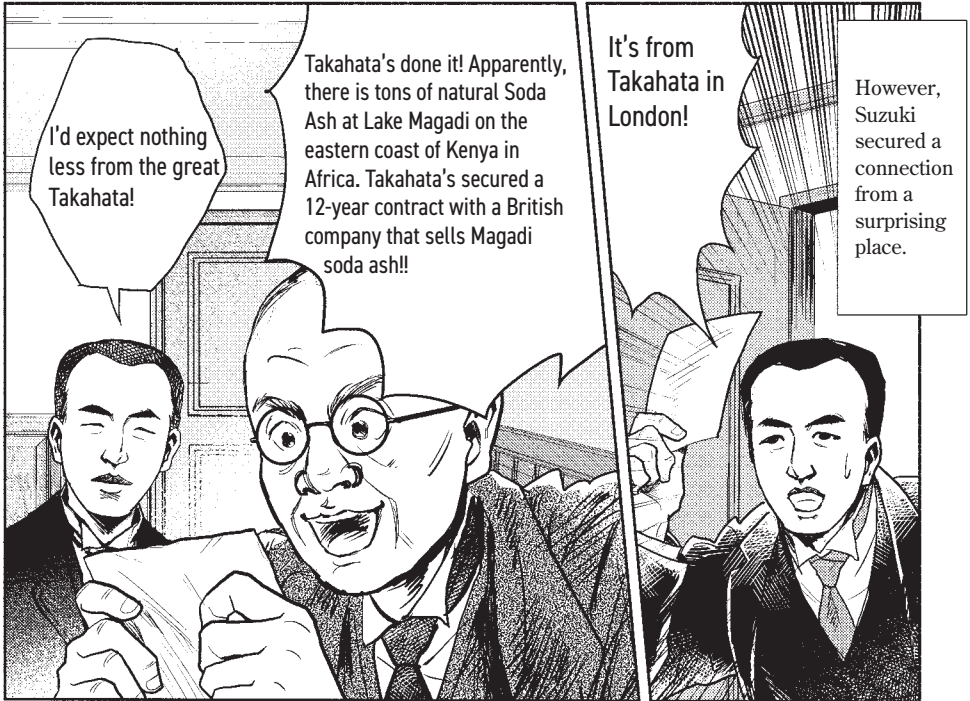
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Suzuki & Co. operates salt businesses in the Kwantung Leased Territory and Taiwan. Let's join forces with Brunner, Mond & Co. (later ICI) that Iwai & Co. worked with in the past and use Suzuki's salt to establish a Soda Ash manufacturing plant.

While negotiations for a joint venture progressed, Brunner, Mond & Co.'s interest appeared to wane as the end of the war approached. Talks eventually dissolved.

Excuse me?

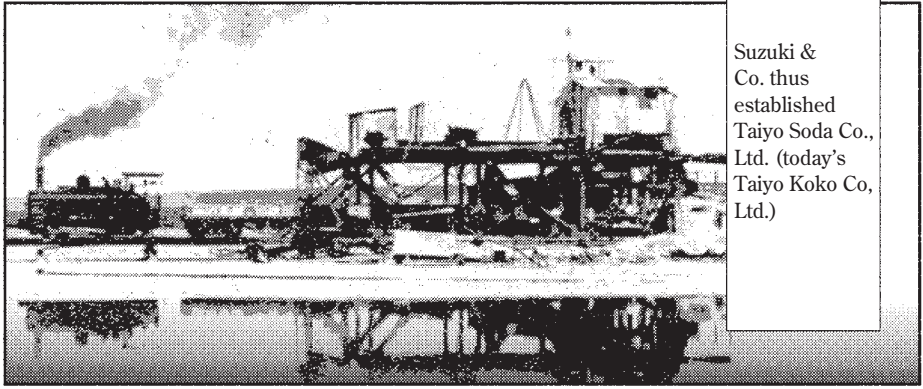


I'd expect nothing less from the great Takahata!

Takahata's done it! Apparently, there is tons of natural Soda Ash at Lake Magadi on the eastern coast of Kenya in Africa. Takahata's secured a 12-year contract with a British company that sells Magadi soda ash!!

It's from Takahata in London!

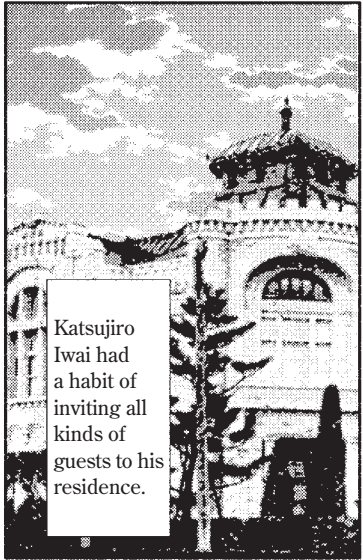
However, Suzuki secured a connection from a surprising place.



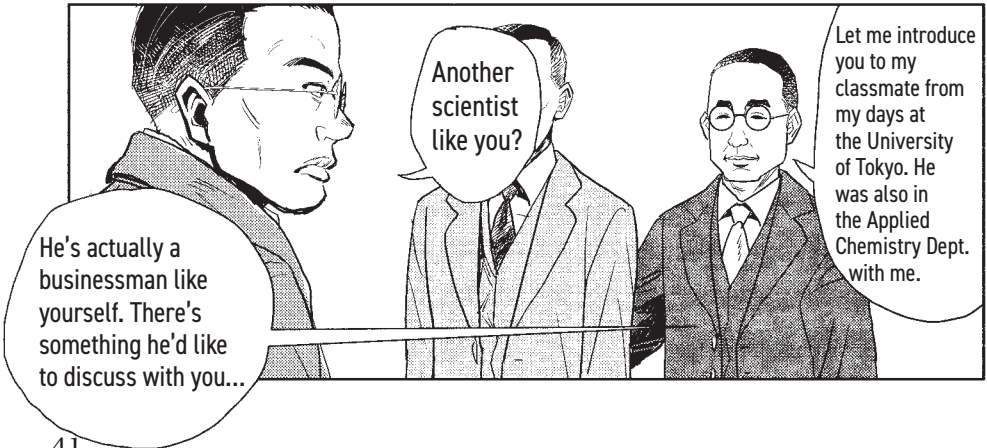
Suzuki & Co. thus established Taiyo Soda Co., Ltd. (today's Taiyo Koko Co., Ltd.)



Hello there, Tanaka. I'm looking forward to hearing from you about the cutting-edge chemical technologies in Europe and the U.S.



Katsujiro Iwai had a habit of inviting all kinds of guests to his residence.



He's actually a businessman like yourself. There's something he'd like to discuss with you...

Another scientist like you?

Let me introduce you to my classmate from my days at the University of Tokyo. He was also in the Applied Chemistry Dept. with me.

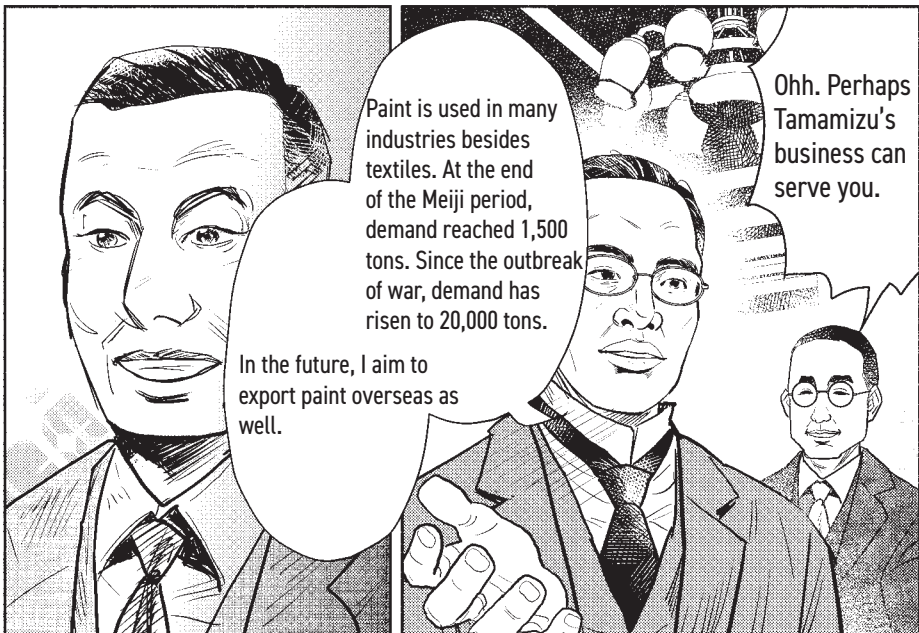


I quit Nippon Paint and Toa Paint to establish my own paint sales company in Nishinomiya. However, the company has cash flow issues...

Nice to meet you. I'm Hiroshi Tamamizu.



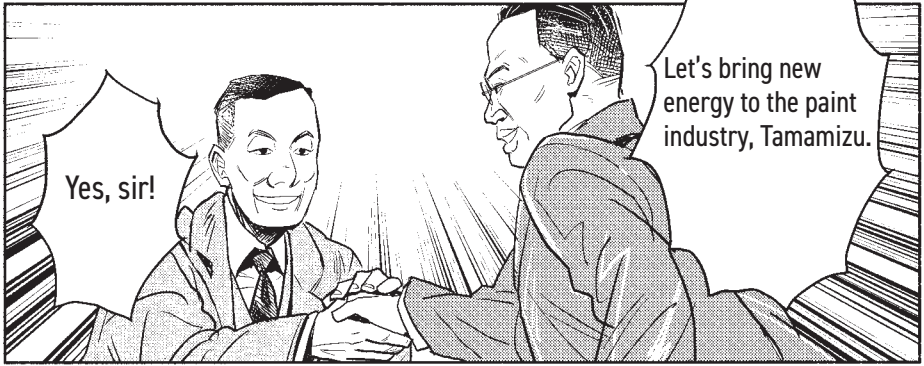
What?! A paint company? Iwai & Co. was importing from Britain's Havax Co. but supplies have been cut off due to the war.



Paint is used in many industries besides textiles. At the end of the Meiji period, demand reached 1,500 tons. Since the outbreak of war, demand has risen to 20,000 tons.

In the future, I aim to export paint overseas as well.

Ohh. Perhaps Tamamizu's business can serve you.

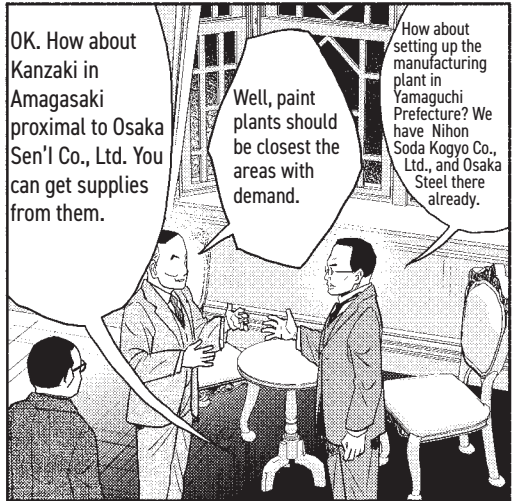


Yes, sir!

Let's bring new energy to the paint industry, Tamamizu.



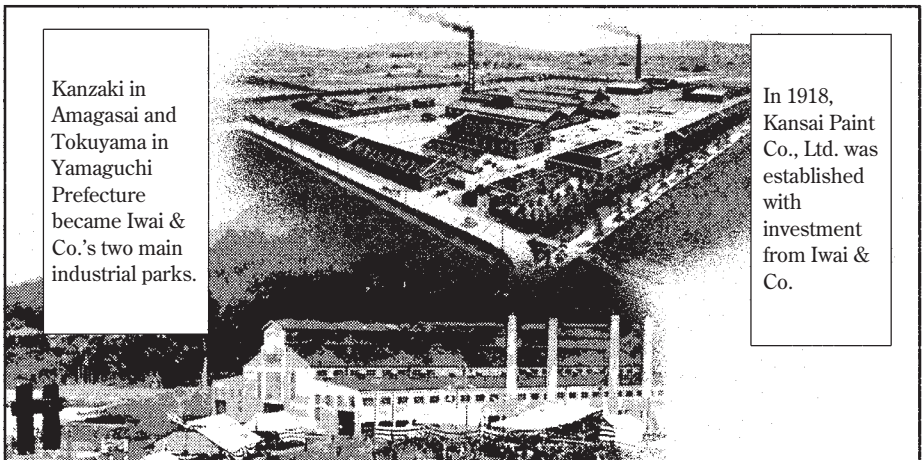
That would be excellent. We will take you up on that offer!



OK. How about Kanzaki in Amagasaki proximal to Osaka Sen'I Co., Ltd. You can get supplies from them.

Well, paint plants should be closest the areas with demand.

How about setting up the manufacturing plant in Yamaguchi Prefecture? We have Nihon Soda Kogyo Co., Ltd., and Osaka Steel there already.



Kanzaki in Amagasaki and Tokuyama in Yamaguchi Prefecture became Iwai & Co.'s two main industrial parks.

In 1918, Kansai Paint Co., Ltd. was established with investment from Iwai & Co.

WWI wreaked havoc around the world.

Suzuki & Co., Iwai & Co., and Japan Cotton Trading were able to not only accurately forecast world affairs and navigate major global changes but enjoy business success through new ideas.

