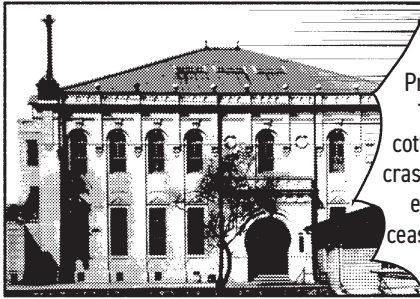


Chapter 6

Japan Cotton Trading Co.
Matazo Kita's clever scheme
The battle over artificial silk





Bad news,
President Kita!
The price of
cotton thread has
crashed. The cotton
exchange has
ceased to function.

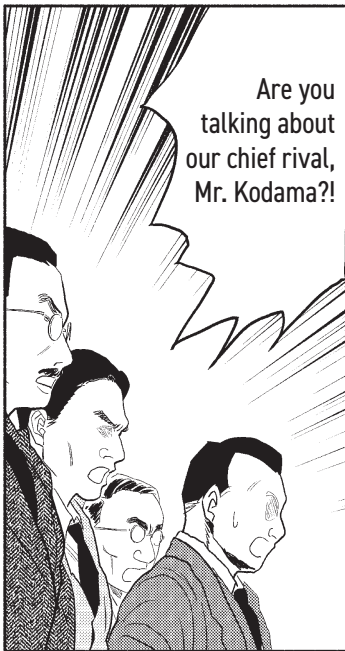
March 15,
1920

The post-war
recession
soon spread
to the cotton
spinning
industry.



How can we
do that...?

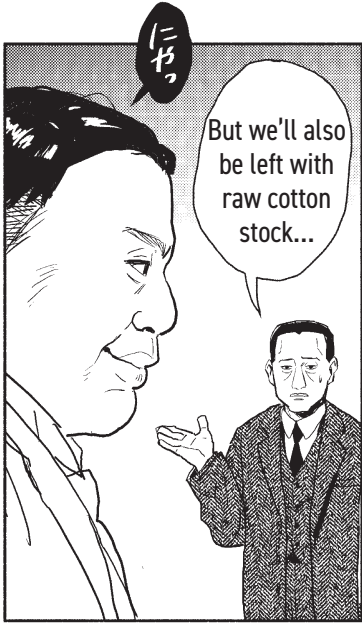
Don't panic! This
is our moment to
step up and offer
our services.



Are you
talking about
our chief rival,
Mr. Kodama?!



Let's meet with Toyo
Cotton's Ichizo Kodama.
Gather the directors of
all the cotton spinning
companies. We will take
action as an industry.



But we'll also be left with raw cotton stock...



As an industry, we'll dissolve all our forward contracts in Japan. Buyers and sellers will all bear the burden.

We can't have one side profiting from drastic prices. Let's export the surplus cotton thread after dissolving the contracts and make an export association.



We will secretly move forward on this plan with the spinning companies. Let's conclude a sales contract with the NY Cotton Exchange and buy the cotton back once the market crashes!

The U.S. market is currently stable but will soon crash like Japan. This recession is global.

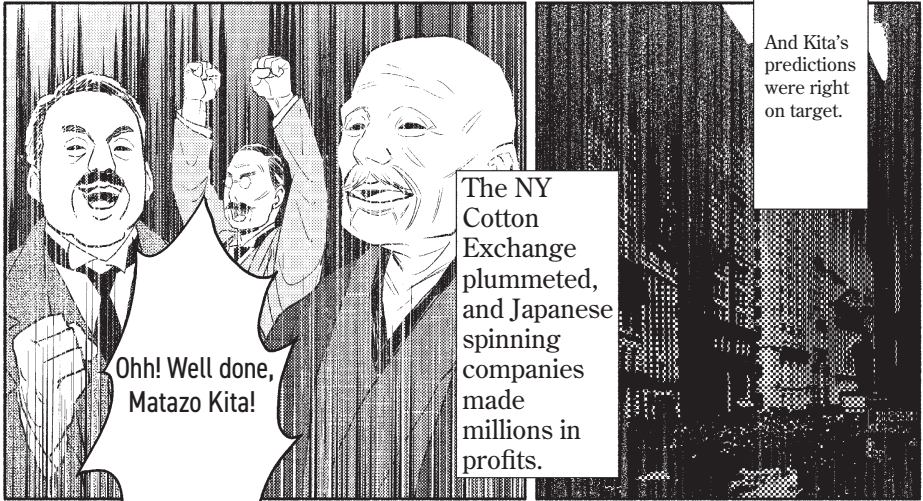


Kita was entrusted with more than 100,000 bales of cotton.

I'm counting on you, Kita.

What's this about?

Top executives from the various spinning companies secretly visited Kita every day.



And Kita's predictions were right on target.

The NY Cotton Exchange plummeted, and Japanese spinning companies made millions in profits.

Ohh! Well done, Matazo Kita!

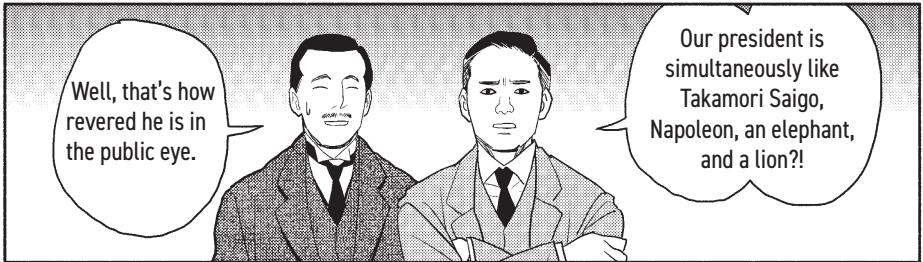
*1 Takamori Saigo, the general of the new government, was said to have been sleeping in the great hall during the surrender of the Edo castle.



But in critical moments, he's a lion^{*2} ready to pounce. He's the lion of the cotton spinning industry!

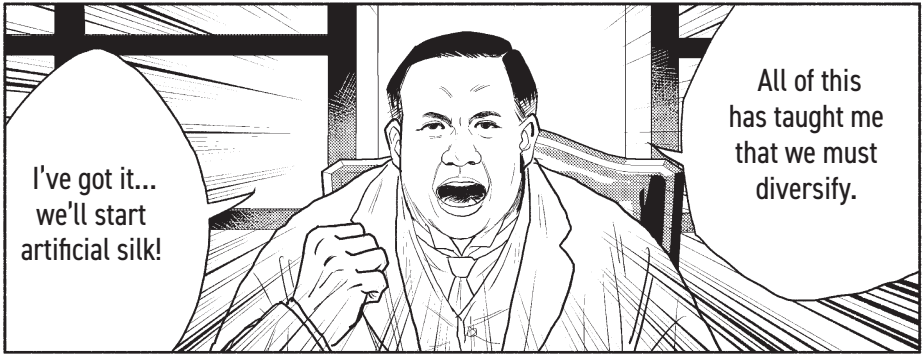
He has an elephant's body with narrow, gentle eyes. He's a giant like Mr. Saigo^{*1} with the same habit of dozing off.

*2 Kita's face and cunning nature were often compared to a lion.



Well, that's how revered he is in the public eye.

Our president is simultaneously like Takamori Saigo, Napoleon, an elephant, and a lion?!



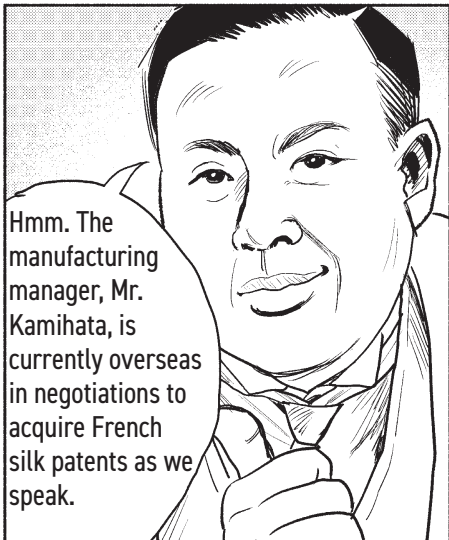
I've got it... we'll start artificial silk!

All of this has taught me that we must diversify.

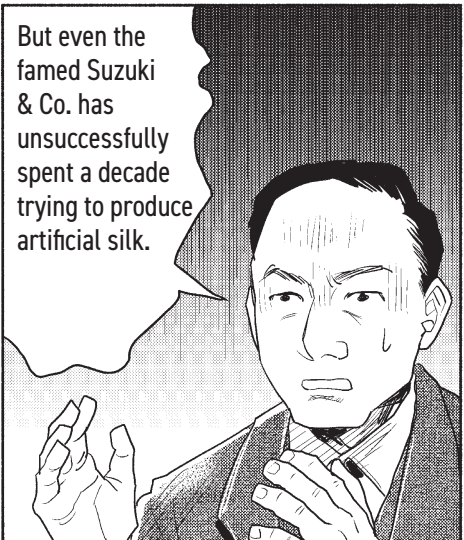


There's a company started with capital by the Omi merchants in 1919 called Asahi Artificial Silk. The Japanese engineers have been advancing development of the artificial silk, but quality has been a problem. The company was in talks of selling, so I volunteered to take it on.

Artificial silk...?



Hmm. The manufacturing manager, Mr. Kamihata, is currently overseas in negotiations to acquire French silk patents as we speak.

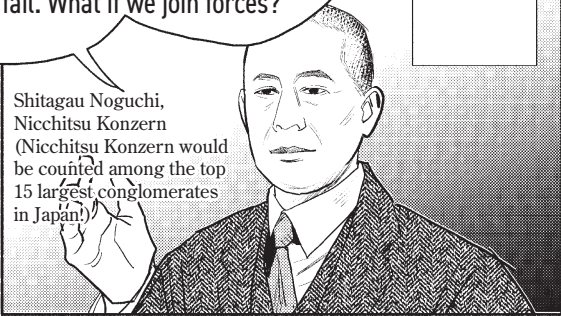


But even the famed Suzuki & Co. has unsuccessfully spent a decade trying to produce artificial silk.

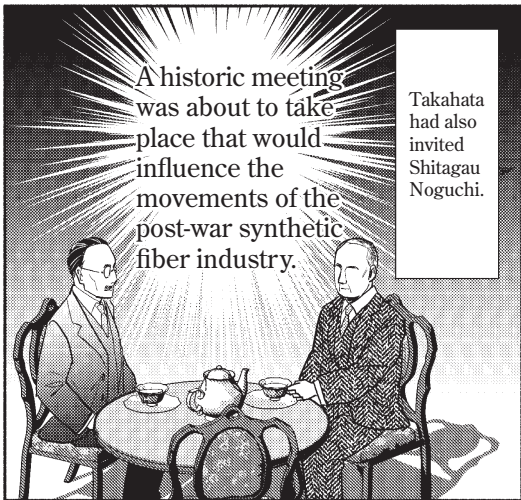
Agreed. I will speak with President Kita, but I believe he will be amenable.

So, Mr. Kamihata you have the support of Japan Cotton Trading's President Kita and hope to manufacture artificial silk using French technology? In truth, we are considering the same. But there is low demand in Japan. If we compete against each other, we'll both fail. What if we join forces?

In Paris...



Shitagau Noguchi, Nicchitsu Konzern (Nicchitsu Konzern would be counted among the top 15 largest conglomerates in Japan!)

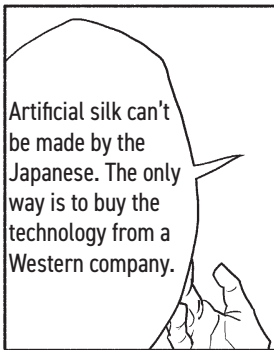


A historic meeting was about to take place that would influence the movements of the post-war synthetic fiber industry.

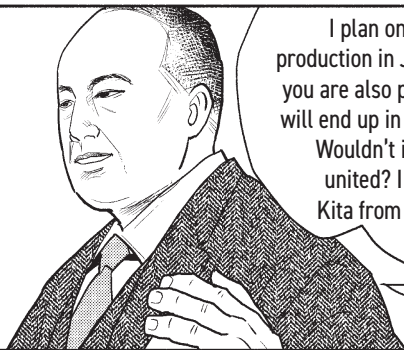
Takahata had also invited Shitagau Noguchi.



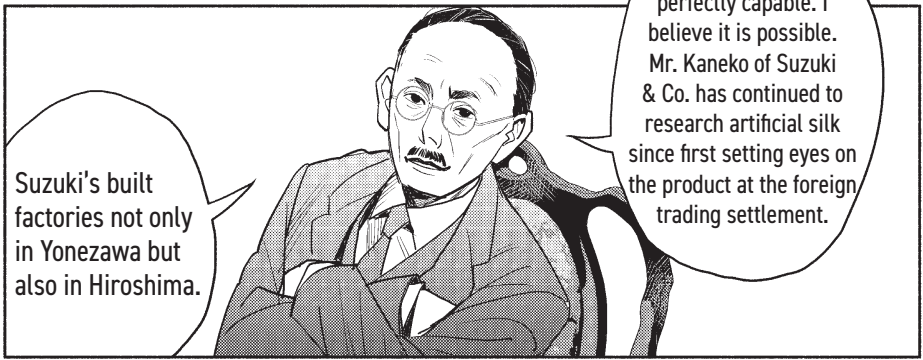
Seita Kumura from Teijin visited Takahata's London residence during his tour through Europe and America.



Artificial silk can't be made by the Japanese. The only way is to buy the technology from a Western company.

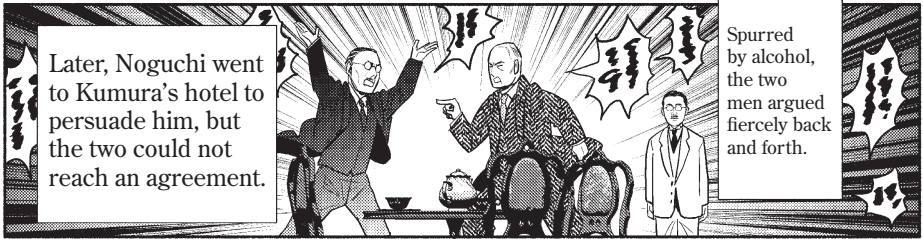


I plan on starting artificial silk production in Japan. Mr. Kumura, if you are also planning the same, we will end up in a bloody competition. Wouldn't it be better to start off united? I plan to work with Mr. Kita from Japan Cotton Trading Company.



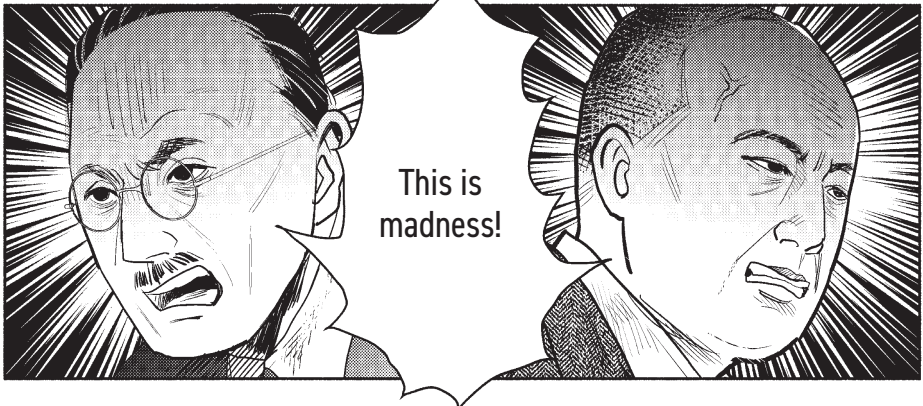
Suzuki's built factories not only in Yonezawa but also in Hiroshima.

The Japanese are perfectly capable. I believe it is possible. Mr. Kaneko of Suzuki & Co. has continued to research artificial silk since first setting eyes on the product at the foreign trading settlement.

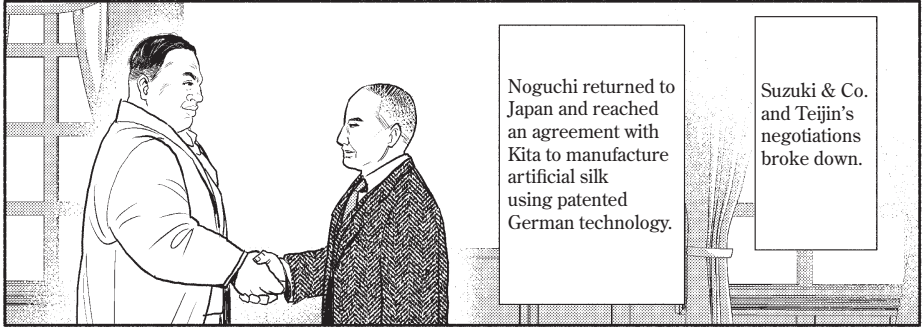


Later, Noguchi went to Kumura's hotel to persuade him, but the two could not reach an agreement.

Spurred by alcohol, the two men argued fiercely back and forth.



This is madness!



Noguchi returned to Japan and reached an agreement with Kita to manufacture artificial silk using patented German technology.

Suzuki & Co. and Teijin's negotiations broke down.

Japan Cotton Trading and Matazo Kita invested over 25% in Asahi Fabric. Kita would be appointed president and Noguchi would be the senior managing director.

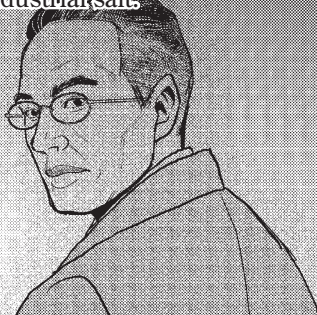
The company built a factory off Lake Biwa in Otsu of Shiga prefecture.



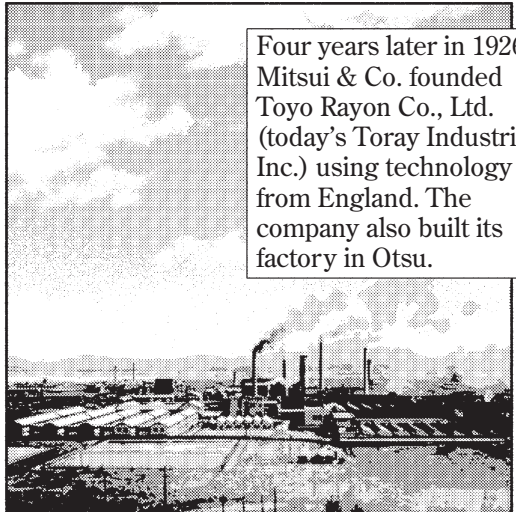
In 1922, Asahi Artificial Silk was reorganized to establish Asahi Fabric Co., Ltd., which would be the predecessor company to today's Asahi Kasei.

However, mass production of artificial silk would still require more time.

Production called for a large amount of soda ash made from industrial salt.

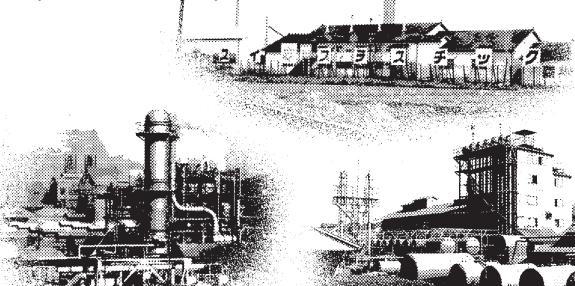


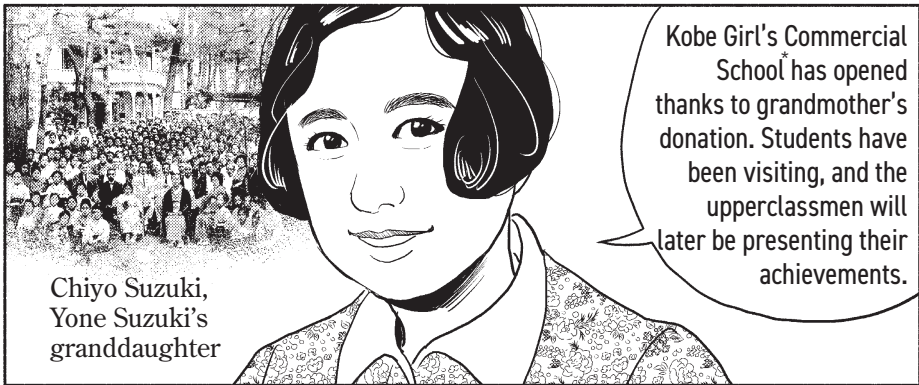
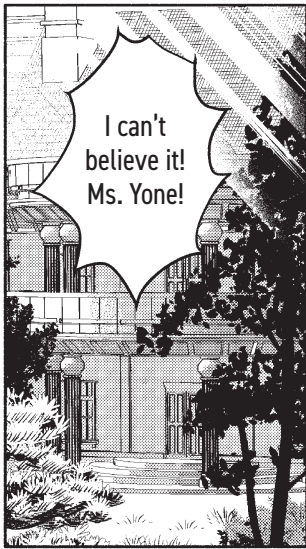
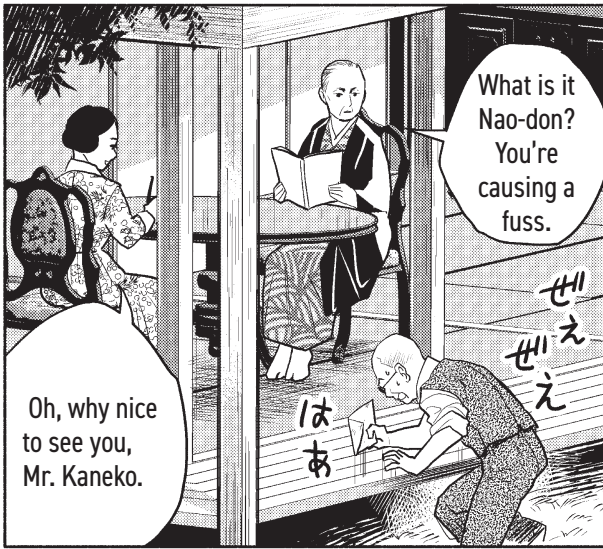
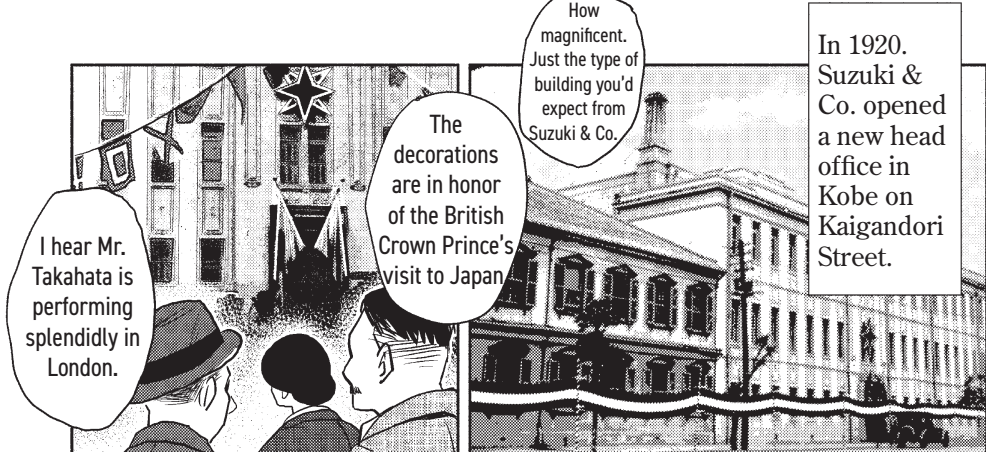
Four years later in 1926, Mitsui & Co. founded Toyo Rayon Co., Ltd. (today's Toray Industries, Inc.) using technology from England. The company also built its factory in Otsu.



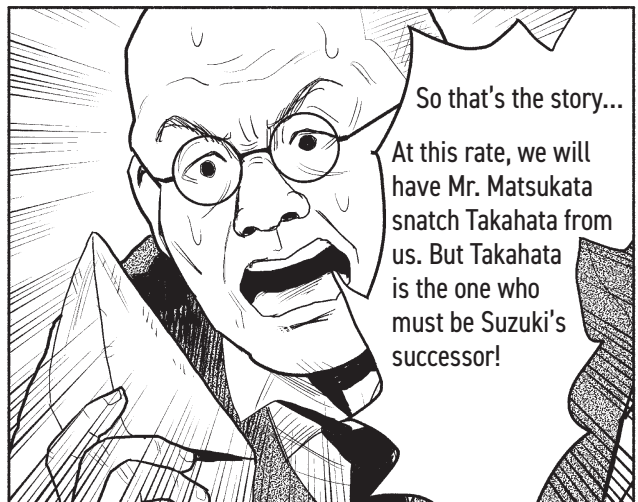
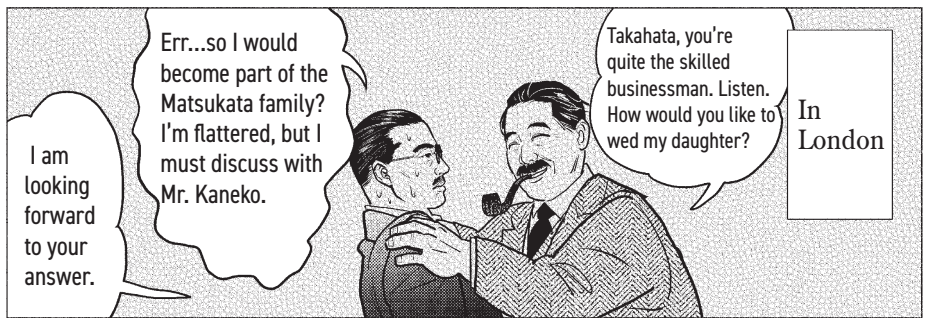
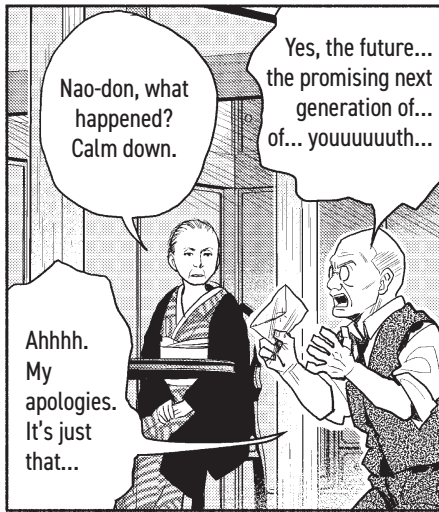
Matazo Kita's partner, Shitagau Noguchi of Nicchitsu Konzern, went on to establish Chisso Corporation (today's JNC), Sekisui Chemical, and Shin-Etsu Chemical in the post-war period. Noguchi would also become an important partner for Japan Cotton Trading.

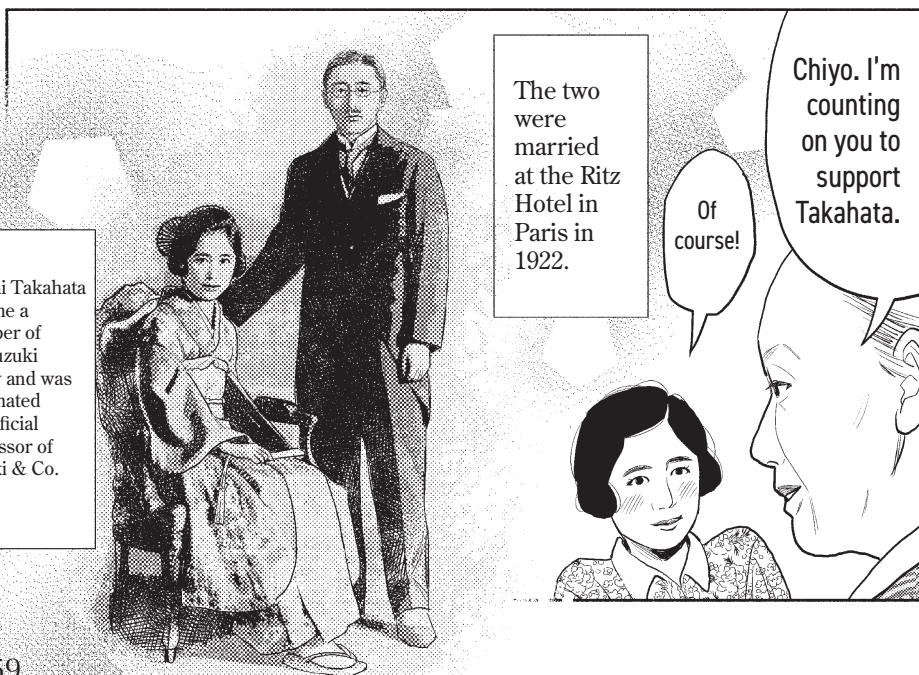
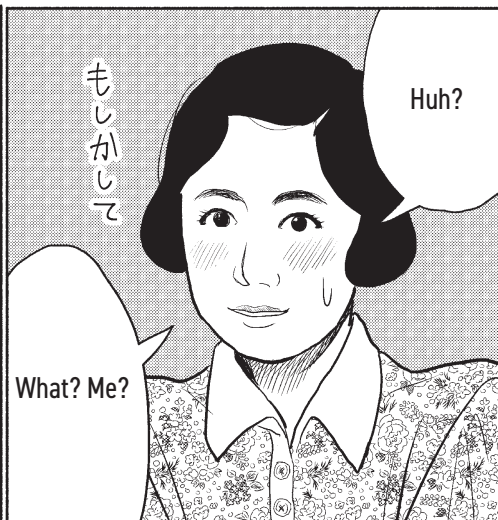
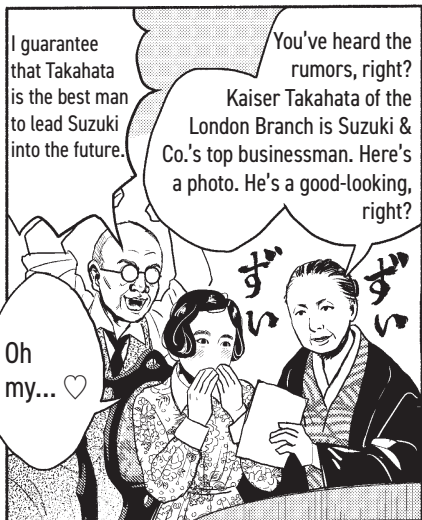
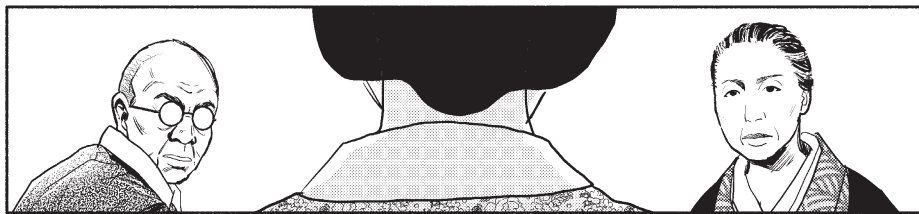
After the war, Japan Cotton Trading began the first to import polystyrene resin to Japan and served as a pioneer of the synthetic resin industry in collaboration with the former Nicchitsu Konzern.

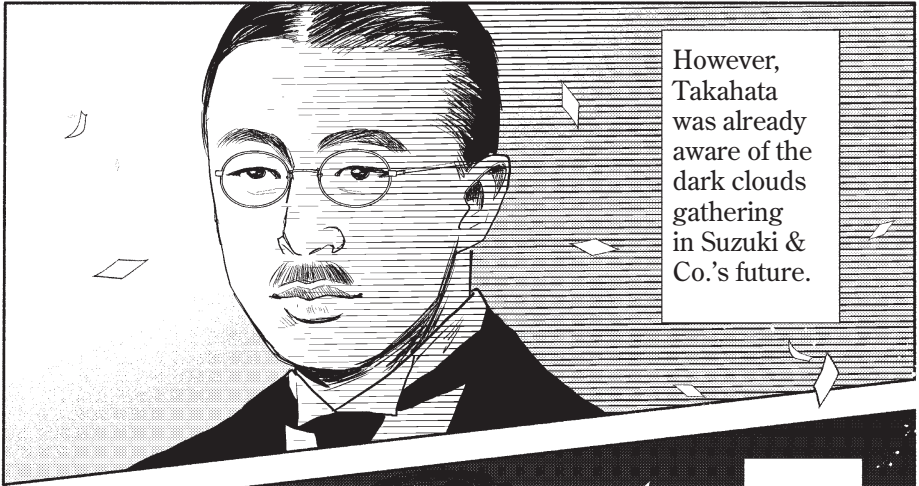




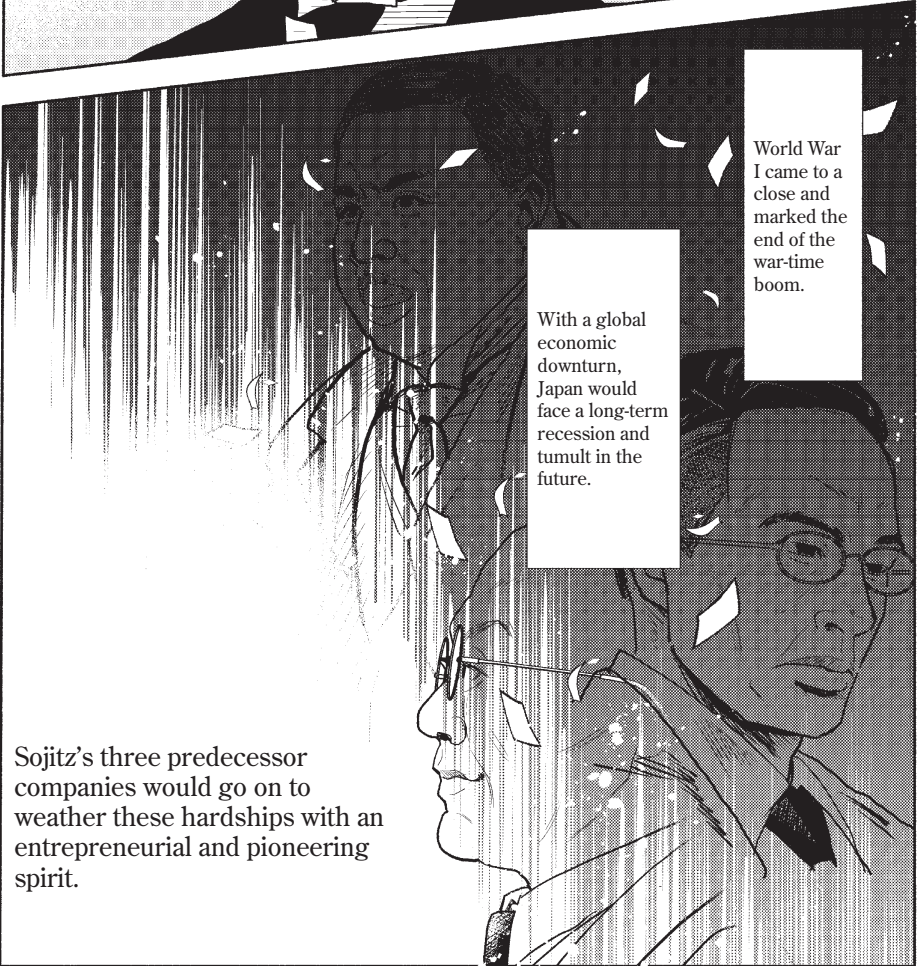
* Kobe Girl's Commercial School (today's Shinko Tachibana Senior High School)







However, Takahata was already aware of the dark clouds gathering in Suzuki & Co.'s future.



World War I came to a close and marked the end of the war-time boom.

With a global economic downturn, Japan would face a long-term recession and tumult in the future.

Sojitz's three predecessor companies would go on to weather these hardships with an entrepreneurial and pioneering spirit.