



Passport to Profit



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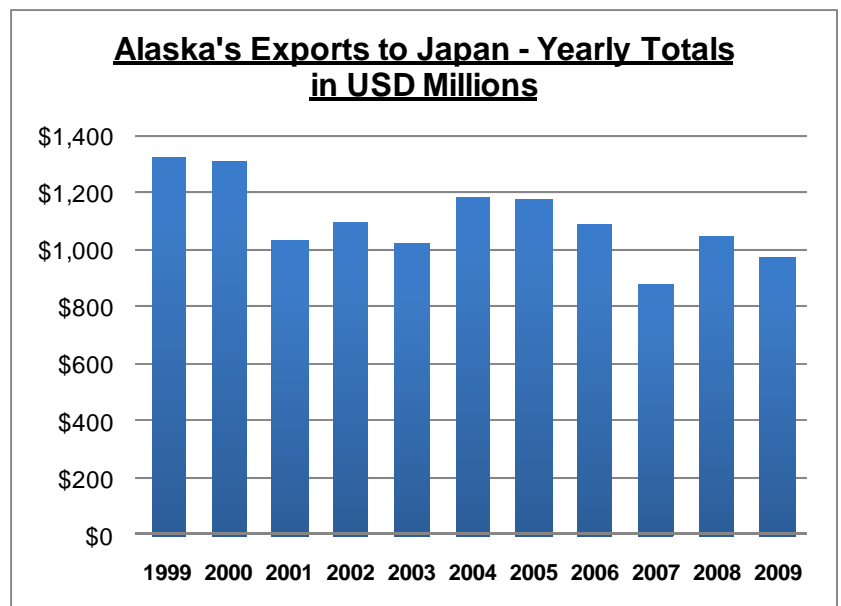
Japan - Alaska's Major Trading Partner

Despite the economic downturn, Alaska's exports to Japan remain substantial

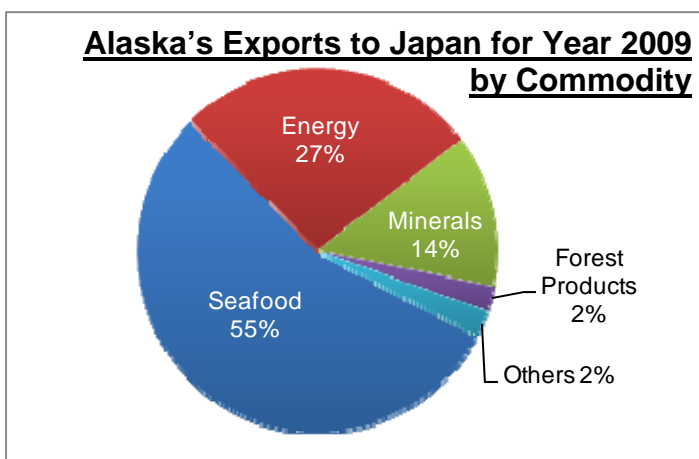
By Alex Salov

International news headlines these days are not mentioning Japan too often. If a reader is particularly interested in the recent political or economic developments of Japan, he or she should perhaps visit Japanese newspapers' websites (the majority of them have English versions). Otherwise, it is a sequence of resigning prime ministers, Japan Airlines bankruptcy, and the Toyota scandal. Indeed, the economy of Japan is not booming. GDP growth rate in 2009 was estimated to be -5.3% which is lower than the U.S. (-2.4%), and significantly lower than that of China (8.7%). However, Japan remains the world's second largest economy and one of the most technologically advanced manufacturers of various goods including motor vehicles, electronics, ships, steel, textiles, etc.

It is one of the world's largest buyers of natural resources. For Alaska, Japan is also the largest foreign trading partner with exports from Alaska to Japan amounting to \$981 million.



Source: U.S. Census Bureau



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Japan has one of the highest seafood consumption per capita in the world. Japanese consumers are known for their traditional demand for high quality seafood. Therefore, Japan remains the major foreign consumer of Alaskan seafood. According to a recent study by Northern Economics, Alaska exports more than half of the seafood it produces to overseas markets. In 2009, 33% of Alaskan seafood exports (approximately \$540 million) went directly to Japan. Among the types of seafood that Japan imports from Alaska are sockeye salmon, pollock surimi (fish product that imitates the texture of shellfish, usually crab), and king crab. Several seafood companies operating in the state are Japanese-owned, despite their American names.



In the energy sector Japan has historically been Alaska’s long-term partner. The Kenai LNG (Liquefied Natural Gas) Export Facility was built in 1969 for the purpose of exporting LNG to Japan. It is considered to be the only U.S. based LNG export facility. The facility is operated jointly by ConocoPhillips and Marathon Oil. The companies have been providing LNG to Japan for 40 years without interruptions. Natural gas is being developed in Cook Inlet and transferred to the LNG Facility via a pipeline. Since 1969, the main customers for Kenai LNG have been Tokyo Electric Power Company (TEPCO) and Tokyo Gas Company. For the purpose of receiving Kenai LNG, a receiving terminal was built in Nigishi (Kanagawa Prefecture) in 1969. In 2009, \$257 million worth of LNG was exported from Alaska. According to recent news report, ConocoPhillips and Marathon Oil will apply to renew their federal license to export LNG. The current license expires in March 2011.

In 2009, Alaska's exported \$994 million worth of mineral and precious metals to overseas markets. A portion of it went to Japan - \$157 million. Generally speaking, base metals concentrates and precious metals are raw materials that need to be refined before they can be used, so the majority of minerals and precious metals are becoming value-added products after being exported to Japan. In July 2009, one of Japan's largest gold producing companies, Sumitomo Metal Mining, acquired ownership of the Pogo Mine - an Alaskan gold mine located Southwest of Fairbanks.

During recent years, exports of forest products from Alaska have been declining. This has also been the case with forest products exports to Japan. About \$20 million worth of forest products were exported to Japan in 2009. This is a decline from the previous years (about \$33 million in 2008, \$39 million in 2007, \$39 million in 2006, and \$62 million in 2005).

About the author: Alex Salov is the Business Operations Manager at World Trade Center Alaska. He has lived in Japan, and is currently an Adjunct Instructor of Japanese Language at University of Alaska Anchorage.



Japan Focus
 ジャパン フォーカス

Japan Focus is a trade development program of World Trade Center Alaska. The program provides information and services to Alaskans seeking to do business in Japan.

During the fall of 2009, WTCAK initiated its "**Display Alaska**" promotional display series in Japan. Four large displays promoting Alaska were installed in a major office building in downtown Tokyo. The building is also the terminal for the Tokyo Monorail and other transportation modes. It is estimated that more than 100,000 people pass by the displays on a daily basis.



World Trade Center Alaska established "**Japan Focus**" trade development program to assist Alaskans to initiate or expand business with Japan.

Since its start, the program activities included "How to Do Business in Japan" seminar, Japan culture dinner, and several presentations by Japanese government officials, diplomats, and private sector speakers.

If you are interested in this or other programs, please contact World Trade Center Alaska by telephone (907) 278-7233 or e-mail info@wtcak.org