



# Passport to Profit



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## Rising Sun, Again

*Japan's Economic Rebound Bodes Well for Alaskan Exporters*

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For many decades, the Japan-Alaska relationship has played a significant role in the growth of the state's international trade economy. Long the state's number one-export market, Japan retained that position in 2006 as shipments from Alaska to the country totaled \$1.1 billion, accounting for 27% of the state's total worldwide exports. In addition to being important buyers of Alaskan exports, Japanese companies have also made substantial investments in several of the state's major industries, including seafood, mining and tourism.

Alaska's ties with Japan are long-standing, multi-dimensional, and involve a number of "firsts." Alaska was the first American state to receive Japanese post-World War II investment, in pulp mills in Southeastern Alaska. In 1965, Alaska became the first American state to open a trade office in Tokyo. The first liquefied natural gas (LNG) imported by Japan was shipped from Kenai, Alaska, beginning in 1969. These shipments continue to this day. In 1970, the Japanese government set up a consular office in Anchorage, the first foreign country to do so. In 1982, that office was upgraded to a Consulate General. In 2006, the Japanese government, responding to budget constraints, returned their presence in Anchorage to Consular Office status.

The trade relationship between Alaska and Japan is a natural partnership with Japan, a relatively resource-poor country, matched with Alaska, a state rich with natural resources and abundant seafood. In 2006, seafood was the largest export commodity shipped from Alaska to Japan. At \$725 million, seafood represented 66% of the state's exports to the country. Energy was the second largest export category, consisting mainly of LNG shipments. Energy shipments accounted for some 15% of exports to Japan. Minerals, primarily zinc and lead, were the third largest export commodity (14%), followed by forest products (4%).

Beginning in 1990, Japan experienced a decade-long economic recession, characterized by deflationary pressures. As a result, Alaska's exports declined from \$2.3 billion in 1992 to \$867 million in 1998. Since 1999, exports have found a plateau hovering just above \$1 billion. Now, there are signs that point to a possible economic rebound. A growing number of analysts believe that Japan has successfully turned the corner and that growth is returning to its economy (see graph of GDP growth). This bodes well for Alaska as a growing Japanese economy and strong Japanese currency will support expanded exports.

World Trade Center Alaska has established a trade development program designed to assist Alaskans to initiate or expand business with Japan. The *Japan Focus* program provides information and hands-on assistance to Alaskans seeking opportunities in this important market. To date, program activities have included a "How to Do Business in Japan" seminar, presentations by Japanese diplomats and trade officials, and a session on cultural *do's* and *don'ts*. Please contact the Center (tele: 278-7233) or visit our website: [www.wtcak.org](http://www.wtcak.org) to learn more about this program.

