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STATE OF ALASKA

HOUSE OF REPRESENTATIVES

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REPRESENTATIVE CLIFF DAVIDSON

District 27

Box 746, Kodiak, Alaska 99615

TO: Irene Cashen, Chief Clerk

FROM: Rep. Davidson *Cliff*

DATE: March 8, 1988

RE: Meeting Notice

There will be a brief meeting of the House Special Committee on International Trade Thursday, March 10, from 12:45 to 1:30 p.m. in Room 124.

Mr. Hayashi, who runs the Governor's Office of International Trade in Tokyo, and Mr. Yang, who runs the Governor's Office of International Trade in Seoul, will be our guests. This is an opportunity to find out about Alaska's activities across the Pacific.

ALASKA INTERNATIONAL TRADE DIGEST



Vol. 1 No. 1

Governor's Office of International Trade

April, 1988

Steve Cowper, Governor

Ben Harding, Acting Director

Bering Sea Fisheries Venture Opens Soviet Trade Door

The American Bering Sea Crab Fleet recently got the green light to proceed with negotiations between the U.S. and the USSR to allow American crabbers access to Soviet fishing grounds.

A group of U.S. fisheries industry and government officials -- some of them are Alaskans -- recently returned from a meeting in Khabarovsk Territory in the Soviet Far East where they gained agreement on a protocol -- or framework for negotiations -- for increased U.S.-USSR ventures. The success of the fisheries protocol has far reaching implications for increased economic ties between Alaska and Siberia.

"If we're successful in getting this opening in fisheries, it will open the door to a lot of other business relationships for Alaska," says Larry Cotter of Juneau, one of the 13-member U.S. delegation who met with Soviet fisheries officials in Khabarovsk last March 14-18.

Soviet officials at the meeting expressed interest in buying surplus Alaska salmon from Norton Sound as well as Alaska hatchery and salmon-rearing expertise for mariculture and salmon-enhancement projects.

The Soviets also expressed great interest in modular housing for remote areas, something in which Alaskans have expertise.

The Khabarovsk Meeting

The U.S. delegation in Khabarovsk worked out the protocol with 39 senior Soviet fisheries officials, led by T. Luzikov, deputy director of Dalryba, the national fisheries organization. The agreement will lead to follow-up meetings on specific fisheries ventures.

In the U.S. group were representatives of the Alaska Crab Coalition, representing the crab fleet, Alaska joint venture operators, fish processors, Alaska Fish and Game Commissioner Don Collinsworth, Chair of the North Pacific Fisheries Management Council Jim Campbell, and Unalaska Mayor Paul Fuhs.

The agreement eventually could bring the opening of Soviet-controlled Bering Sea waters to U.S. fishermen, processing of the product by the Soviets, and exchanges of advanced fishing and processing technology. Sales of surplus salmon from Norton Sound could be important to coastal villages in that area concerned over the loss of preferential purchasing arrangements from the Japanese because Japanese fleets no longer have allocations of fish from U.S. waters.

Alaskans who were in Khabarovsk caution against high expectations, however: "This thing is by no means put together yet," says Larry Cotter of Juneau, who represented the crab fleet.

(continued on page 3)

New Foreign Investment: Coal and Tourism

Two major new projects involving Japanese investment in Alaska, developed initially with Alaska's Office of International Trade, are now moving into the advanced planning and development stages.

One project involves development of the Wishbone Hill bituminous coal mine in the Matanuska Valley north of Anchorage, being developed by Idemitsu Kosan Co., a major Japanese energy company, in partnership with Union Pacific Resources.

The second is Mitsui Corp.'s plan for a recreational ski development in Hatcher Pass, also in the Matanuska Valley. Mitsui, a large Japanese trading company, was awarded a 55-year lease on 11,500 acres of state lands in late March. The company committed itself to development of a recreational ski area, and ultimately hopes to build a \$150 million international ski resort at the site.

Idemitsu and Union Pacific are now in the permitting stage for Wishbone Hill, with an aim to begin mine construction in 1990 and production in 1991. The mine is being planned for production of one millions tons a year of bituminous coal, which is of better quality than the sub-bituminous coal now being produced and exported from the Usibelli Mine in Interior Alaska. This single project will increase Alaska's coal exports by two and a half times. 185 workers will be employed in mine construction and about half that number in operations.

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Alaska International Trade Digest

is a publication of the Governor's Office of International Trade.

Alaska International Trade Digest provides businesses, government officials, and foreign interests with information on Alaska markets, foreign markets, trade leads, country profile information and office activities. This publication is paid for by the Office of International Trade.

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Vol.1 No. 1 April 1988

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International Trade Office: What It Does

Alaska's International Trade Office (OIT) promotes development of trade with foreign nations, particularly Japan, South Korea, Taiwan and the Peoples' Republic of China. The State of Alaska has maintained an office in Tokyo since 1964, and was the first U.S. state to have a Japan office. There are now 34 U.S. state offices. The Seoul office was opened in 1986, also the first for a U.S. state. Eleven states now have Korean offices.

The Tokyo office, headed by Kazunaga Hayashi, has a staff of three. The office in Seoul, headed by Kyung Sun Yang, has a staff of two.

OIT is headquartered in Anchorage with Ben Harding serving as acting director. The Anchorage office has four "trade advocates" and two secretaries. Staff members in Anchorage are: Ginna Brelsford, specializing in U.S.-East Asia relations, international marketing and Soviet affairs; Mary Fleming, specializing in trade lead promotion; Martha Fox, legal adviser; Steve Roberts, foreign office operations; Katelyn Carrigan, support staff and protocol officer; and Sue Kinney, executive secretary. There is also a Juneau office with two trade advocates: Nick Coti, specializing in China and Taiwan, and Connie Stewart, protocol officer and trade lead assistant.

Activities of OIT are part of the state's overall economic development program, aimed at diversifying the economy and increasing employment. OIT provides assistance or information to Alaska companies seeking overseas sales, foreign firms looking to buy Alaska goods, or overseas companies interested in investing in Alaska.

A protocol office was recently established to help business people better prepare for trade relations and negotiations. The office also develops and provides foreign translation for promotional videos and publications and manages trade missions.



Demand from Alaskans for export assistance quadrupled during 1987. OIT was involved in more than \$750,000 in signed contracts with Alaska firms doing business in Japan, South Korea and the Peoples Republic of China. The office is still involved in almost \$5 million in pending contracts in such areas as scrap iron, bottled water, glacier ice, timber and manufactured items.

There were 2,693 requests for information from Alaskan or foreign businessmen during 1987; 475 specific requests for assistance from Japanese or Korean buyers and 480 requests for assistance from Alaskans seeking to sell products. The office assisted 29 trade delegations during the year.



There are four other entities are involved in overseas marketing efforts, which coordinate with the Office of International Trade: The University of Alaska's Center for International Business in Anchorage does applied research on Alaska export trade potential and conducts export seminars.

The Alaska Industrial Development and Export Authority in Anchorage manages U.S. Export-Import Bank programs available to finance Alaska export ventures.

The Alaska International Airport System is engaged in long-range marketing efforts for Alaska's international airports in Anchorage and Fairbanks; a major part of these efforts are aimed overseas. The airport program hopes to offset the decline in international carrier refueling stops here, boosting Alaska as an air cargo transfer point, and encourage foreign tourism.

The Juneau-based Alaska Seafood Marketing Institute promotes Alaska seafood in Japan and Europe, with federal export assistance funds.

The U.S. Department of Commerce - Anchorage maintains an extensive public library, will assist with specific export projects, runs workshops on export procedures, and makes information from commercial attaches in U.S. embassies and consulates abroad available to Alaskans. (For more information on U.S. Department of Commerce, contact Dick Lenahan at 271-5041.)



Bering Sea Fisheries (cont. from pg 1)

Former State Senator Clem Tillion, who represented an Alaska-based joint-venture operator, also was cautious: Soviet General Secretary Gorbachev has given new autonomy to domestic economic organizations and has instructed them to go out and make their own foreign deals, but middle and lower-level officials aren't yet convinced Gorbachev's reforms are going to hold, and may be reluctant to "stick their necks out" in making deals.

"There could be a lot of difficulty putting these things together. We're dealing with people who don't understand what a profit is, the second generation for whom the government has bought everything and supplied everything. In trying to set up joint ventures, they'll want 51%. But we don't want to give up more than 50%, because we've got to assure our profit."

Still, Tillion thinks things eventually will come together: "They watch the

"If we're successful in getting this opening in fisheries, it will open the door to a lot of other business relationships for Alaska." Larry Cotter

Japanese fleet bring in four or five times their own catch from their own waters and they want to know why."

The Deal — Access and Competition

What the American crab fleet wants is access to the rich potential catch of king and tanner crab in Soviet waters of the Bering Sea, particularly in deeper waters beyond the capabilities of the Soviet crab fleet. Joint-venture fishing operators, with several ships based in Alaska, want access to new bottomfish supply. They are being pushed out of U.S.-controlled North Pacific and Bering Sea waters as U.S. processors take a larger share of bottomfish quotas.

What the Soviets want is new competition for the Japanese, with whom they've had Bering Sea fisheries agreements for some time, and access to advanced U.S. fishing techniques, particularly deep-sea crabbing and processing technology. Also, the Soviets see "reciprocity" in Bering Sea fishing as helping them gain access to increased hake and mackerel allocations within U.S. waters along the east and west coasts.

Mariculture - fish farming - was another priority for the Soviets, Unalaska Mayor Paul Fuhs said. Alaska has advanced knowledge of Pacific salmon hatchery techniques because of the success of state-operated and private nonprofit hatchery programs. While these are aimed at enhancing wild populations, the technology, and such knowledge as disease-control, also lends itself to salmon farming, he said.

A Year and a Half in Negotiations

The Soviet protocol took one and a half years to negotiate. The crab fleet - organized as the Alaska Crab Coalition - took the initiative in mid-1986 to get Soviet waters opened because they saw the potential for untapped fisheries resources. The U.S. Magnuson Act, which provides a framework for foreign fleets to gain fishing rights in U.S.-controlled waters, has a reciprocity clause. A foreign nation fishing in U.S. waters must grant reciprocal rights to U.S. fishermen, if they are asked. But no one had asked the Soviets for reciprocal rights before the crab fleet's initiative.

After a series of negotiations, many involving efforts by the State Department to get diverse U.S. fishing interests together, a high-ranking Soviet fisheries delegation visited Seattle in mid-1987. That meeting was crucial, says the Crab Coalition's Cotter, because the Soviets could see U.S. high-tech fishing at first hand.

Each U.S. fisheries group represented on the trip - the crab fleet, bottomfish and joint-venture operators - will hold its own follow-up meetings with Soviet fisheries officials to hammer out specific deals. Cotter is hoping for a meeting in May for the crab fleet, and an agreement that would get some U.S. boats into Soviet Bering Sea waters late this year.

Export



Financing

Two years ago, the Alaska Legislature expanded the role of the Alaska Industrial Development Authority, directing it to assist Alaska exports by acting as a coordinator for U.S. Export-Import Bank loans for Alaska firms, and helping with long-range economic development financing.

AIDEA - with "Export" added to its name - offers three export financing programs through the U.S. Export-Import Bank. Most are implemented through commercial banks, with AIDEA and the Export-Import Bank providing loan guarantees.

One program is for Working Capital Guarantees, short-term loans of from one to 12 months for firms with export orders who are unable for one reason or another to obtain lines of credit from local commercial banks. That situation could result if the export order is large, beyond the size of transaction a bank can accommodate, or if the bank has not previously dealt in export markets, if the bank will not accept foreign receivables as collateral, or if the bank has reached its legal lending limit for a customer. ExIm Bank provides the guarantee of 90% of the loan, coordinated through AIDEA.

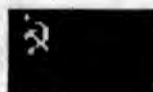
Secondly, there is a medium and long-term guarantee program, which encourages U.S. banks to lend to foreign buyers. ExIm Bank protects the U.S. bank from default for political or commercial reasons.

A third program is for medium and long-term direct loans. This is for foreign buyers of U.S. goods, and it enables U.S. firms to compete against often-subsidized firms elsewhere. Financing can either be direct loans to a foreign buyer or an intermediary loan to banks or U.S. companies, who in turn will extend loans to foreign buyers. The loan cannot be more than 85% of the export value.

For information about export financing, call AIDEA (274-1651), or OIT (561-5585).



Alaska-Siberia Trade Potential



What can Alaska sell to the Soviets? In most ways, Alaska's close neighbor across the Bering Sea is a competitor in Pacific markets, particularly in timber products.

But an analysis prepared for the Alaska Office of International Trade by ISER and a University of Washington Far East expert points up several areas where the U.S.S.R. can also be a customer.

The region is much like Alaska, big and sparsely-populated, rich in natural resources, but short in infrastructure.

The Soviets are putting new stress on improving severe bottlenecks in industrial and transportation infrastructure in the region. There is also new emphasis on the "economy of the ocean," mining of deep-sea minerals, fish farming and more advanced fisheries development.

There has been massive investment in a Far East fishing fleet, but a severe lack of shore facilities - processing, warehouse, transportation and housing - causes much of this fishing capacity to stand idle.

There is also great interest in advanced construction technology, particularly prefabrication and modular units. Labor shortages are severe in the Soviet Far East, and development of labor-saving construction technologies are a priority.

In the short-term, fishing joint ventures and tourism are areas in which the Soviets see real gains in economic cooperation across the Bering Sea. Tourism is seen as a way to gain foreign currency. Air and cruise ship companies are looking at a Nome-Provideniya, Siberia tour. Fisheries joint ventures are seen as ways to gain access to advanced U.S. fishing technology.

Alaska's Export Trade Significant Gains in 1986 - '87

By Tim Bradner

"If you can sell glacier ice and beer from Alaska in Japan, you can sell anything there." This from a close observer of Alaska's overseas trade.

The caveat, of course, is that Alaskans can be successful if they do their business planning properly and if they team up with the right marketing connections in Japan. Wetco Alaska, an Anchorage firm now selling glacier ice as a novelty item, and Juneau's Chinook Beer, have done that successfully.

There's no doubt: Alaska's export trade to the Far East is booming, a bright spot in the state's recessed economy. Exports are up 25% in the past two years, 17% in 1987 alone. Export expansion is being driven mainly by the high value of the Japanese yen and rising values of the Korean won and New Taiwan dollar. As those currencies appreciate against the U.S. dollar, American goods are cheaper.

But other factors are also at work: There's a more competitive business environment in Alaska, as costs decline from boom years of the early 1980s, when the state's economy was fired by massive spending of state oil revenues. Also, there's new aggressiveness among Alaskan firms like Wetco and Chinook Breweries, reaching out to new customers and markets in the Pacific rim.

"Alaska businesses who until a year ago never considered marketing their services outside the state's borders have become accomplished exporters. Asian importers who in the past never considered Alaska a viable supplier," are now very interested in the state, says Dan Dixon, who headed the state's International Trade Office until February.

The picture is not all rosy, though. New long-range passenger jet aircraft make it more economic for some air carriers to bypass Alaska as a refueling stop; that could impair efforts to market fresh fish and encourage foreign tourism. Also, fresh Norwegian pen-raised salmon are formidable new competition to fresh-frozen Alaska salmon in Japanese markets.

Those Stronger Asian Currencies

The currency situation isn't likely to change soon. That's the assessment of the heads of Alaska's two overseas offices. Kaz Hayashi from Tokyo and Kyung Sun Yang from Seoul were in Alaska recently for meetings with government leaders and Alaska businessmen.

Mr. Hayashi, from Tokyo, sees no major change soon in the dollar/yen ratio, or in improving markets for Alaska timber, seafood or other products in Japan. Japan's loosening of its domestic economy and new emphasis on housing - Japanese home construction is improving after a long slump - has created an export boom for Alaska logs and dimensional lumber. Southeast Alaska's three major sawmills are working at maximum capacity; new sawmills are planned in Ketchikan and Seward, and another will reopen in Klawock.

Korea also has interest in Alaska timber. Mr. Yang, of Alaska's Seoul office, is working with a company there interested in investing in an Alaska mill project.

Mr. Hayashi, a forest products expert with many years of experience in Alaska-Far East timber trade, sees a worldwide shortage developing in hardwood chips. In the Pacific, supplies from traditional sources in Southeast Asia are being reduced, and Japan is now importing chips from Chile. Alaska is closer. If supply from Alaska's mature birch forests could be made available, there might be real opportunity, he thinks.

Politics Boosts Alaska's Trade

Politics also plays a role in boosting Alaska's foreign sales. Heavy pressure from the U.S. government is on Japan, Korea and Taiwan to ease huge balance of trade imbalances. An easy way to do that is to buy more of what those countries currently import, particularly commodities. This puts Alaska in a good position because of the state's longstanding trade relationships in the Far East.

An example: South Korea's Korea Electric Power Company, the customer for Usibelli Coal Mine and Suneel Alaska's export sales, has cut purchases of coal from Australia and Canada, Alaska's competitors in coal, by 40%. But KEPCO has cut Alaska purchases only 20%, even though Alaska's coal has a high moisture content and low heat value. Mr. Yang, from Alaska's South Korean office, sees no major change in KEPCO's purchases, in the near future. (continued on next page)



Politics particularly affects trade in fish. The value of Alaska fish exports is rising now because of the strong yen. But with Japan now excluded from fishing in U.S.-controlled waters of the Bering Sea and North Pacific, Japanese companies are interested in investing in onshore plants and buying fish from Alaskans, in a long-range plan aimed at guaranteeing secure supply amid more international competition for the North Pacific fisheries resources.

Other international markets are also opening: With a shortage of whitefish stocks in the Atlantic, Europeans are looking to the Pacific. Alaskan firms are studying shipment of fresh fish by air over the pole.

Fundamental Changes in Asian Economies

The main engine of Alaska's export trade is the Far East, where a number of fundamental economic changes have made the Pacific the world's major trading arena.

Japan's economy, while still only a third the size of the U.S., has matured to the point where Japanese standards of living are approaching, if not reached parity, with those in the U.S. More significantly for Alaska: With its high yen and stagnant markets for now-expensive Japanese exports, Japan is rapidly transforming its economy to one driven primarily by internal demand than by external export sales. The success of that transformation is taking even Japanese by surprise.

The government's reflation policy, easy credit, lower import prices due to the strong yen and the 'wealth' effect of the real estate and stock market booms, are combining to release pent-up Japanese consumer demand.

This is important because newly-affluent Japanese will demand more imports. Alaska is in a key position to benefit from these trends. One factor in Mitsui's plans for a ski resort near Anchorage, for example, is that it may be as cheap for a Japanese couple to buy a ski vacation in Alaska as in northern Japan, even considering the distance. And, Alaska is two hours' flying time closer than any other North American destination.

South Korea's domestic economy is growing fast. While nowhere near the prosperity levels of Japan, Koreans are more affluent than ever before. With a large trade imbalance with the U.S., Korea is looking to import more in commodities from Alaska, including timber and fish. Tourism, on a small scale, is not out of the question.

Major changes are taking place through the entire Pacific region. The export growth model pioneered by Japan, then copied by Korea, Taiwan, Hong Kong and Singapore, is now being duplicated in Malaysia and Thailand. Heavily populated Indonesia, anxious to diversify its economy away from oil and agriculture, is in the early stages of export-targeted industrialization. As wages rise in the first group of Asian exporters, labor-intensive industries move to nearby nations with lower wage costs. Alternatively, domestic industries in those countries begin successfully competing.

Meanwhile, as labor skills improve, people become better educated and financial resources accumulate, Korea, Taiwan, Singapore are shifting their economies upward into more sophisticated, advanced capital-intensive manufacturing. Japan may be now entering an advanced, almost 'post-industrial' phase of development, led by high-tech industries, services and finance, with its remaining manufacturing kept alive by internal demand.

Meanwhile, the "awakening giant" of the region may be China, as it continues gradual improvement of its industry and agriculture and begins to open its immense population to foreign trade. Alaskans are working now to "position" themselves properly as China opens up. Alaska timber firms are now exporting logs to China, and trade missions have initiated a number of contacts, particularly in the northern province of Heilongjiang.

The uplifting of Asian economies to more sophisticated technologies and domestic prosperity, will have profound effects on the world. For a commodity-exporting region like Alaska, it means a steady, rising demand for Alaska's main exports and rich potential for new business ventures. This assumes Alaska can remain competitive. Many of those same commodities can be supplied from other, competing regions of the Pacific. •

Tim Bradner is Editor of the Alaska Economic Report.

Alaska Exports On The Rise



Exports from Alaska to other nations in 1987 exceeded \$1.56 billion, up 20.6% from 1986 and 25% over 1985, according to U.S. Department of Commerce figures. According to a national formula developed by the Commerce Department, Alaska's export industries - mainly fish, forest products, urea and natural gas - provided as many as 30,000 jobs in the state. Increased 1987 exports may have added as many as 4,000 jobs.

Exports to Japan, Alaska's main trading partner, were up 17.8% to \$1.27 billion; Korea was up 11% to \$156 million. Seafood and other marine products was the major export item, increasing 37% in 1987 to \$574.6 million, most of it to Japan. Wood product exports reached \$255 million, up from \$170.6 million in 1986; pulp exports were \$131 million, up from \$89 million the year before. Ask Information Search, a research firm, compiled these figures.

Good News



Alaska Team Marine Corporation President Daniel T. Zantek recently signed on as one of 13 agents in the world for Hyundai Mipo dock yards. Zantek noted, "two years ago, I sought out international ship repair firms. I contacted Mr. Yang of the Alaska Seoul office. He helped get bids/figures and specifications from Korean ship repair yards. Mr. Yang was a crucial element in my becoming a Hyundai agent." Zantek, known to Alaskans as "Polka Dan", is based in Anchorage.



ALASKA



JAPAN



KOREA



Trade Lead Bulletin

Trade Leads

JAPAN



AMITA Corporation
Mr. Tadashi Nakanishi, Import Asst.
General Manager
Kyoto Handicraft Center
Kumano Jinja Higashi, Sakyo-ku,
Kyoto, Japan 606
Telephone 075 (761) 0141
Fax 075 (751) 2404

Seeking to import jewelry, textile goods, general merchandise. Amita is a Kyoto-based company, with more than 40 years in the import business.

NISSHIN International

Mr. Yoshiro Okamura
Tsukiji Mikasa Bldg. 8F, 2-10-4 Tsukiji,
Chuo-ku, Tokyo, Japan
Telephone 03-542-3628
Fax 03-545-9525

Seeking to import cured salmon eggs. Firm established in 1976; 10 employees; annual sales are 4.5-5.0 billion yen per year; reference bank: Mitsui Bank, LTD. Contact Dick Lenahan, 271-5041.

Yamaha Motor Co.

Mr. Kenji Tomita
Youei Ginza Bldg. 4f, 8-8-5 Ginza
Chuo-ku, Tokyo 104
Telephone 03-572-2075
Fax 03-572-8137

Firm is seeking to import fresh king salmon and live/frozen crabs. Firm established in 1955 and has 12,000 employees. Annual sales are approx. 380 billion Yen. Reference banks are FUJI Bank and DAIICHI Kangyo Bank. Contact Dick Lenahan, 271-5041.

Japan Transfer Systems

Mr. T. Mori
Dairoku Shinko Bldg. #702
2-15, Higashi Tenma 2-Chome
Kita-Ku, Osaka, Japan 530
Telephone 06-352-5101
Fax 06-352-5524
New company seeking U.S. products: wall posters, toys, t-shirts, christmas wares. Contact Dick Lenahan, 271-5041.

Greenwood Trading Corporation

Katoh Bldg. 3f, 2-3-5 Tsukiji
Chuo-ku, Tokyo 104
Mr. K. Okabe, President
Telephone 03-544-0775
Fax 03-545-1120
Seeking to import salmon. Firm established in 1986 with 5 employees. Annual sales are 600 million Yen (129/ Yen to \$1). Reference banks: Kyowa Bank and Mitsui Bank. Contact Dick Lenahan, 271-5041.

Japanese company seeking reindeer antler supplier for use in health food industry. Contact Mary Fleming (OIT) 561-2079.

Koei Boeki

Kojimachi Eki Plaza
301-5 2-Bancho
Chiyoda-ku, Tokyo
Telephone 03-262-8101
Fax 03-262-8103

Seeking to import fish by-products: white and brown fish meal, trawl fish meal, fish paste and fish powder. Firm established in 1984, employs 8. 1986 sales: 1 billion yen (129 Y/\$1) Reference banks: Daiichi Kangyo Bank, Ltd. Contact Dick Lenahan, 271-5041.

EPISTAT

Mr. Gordon Hocking
Akasaka Murai Bldg. 9F
7-3 Akasaka 1-chome
Minato-ku, Tokyo 107
Telephone 03-582-5503
Fax 03-582-5604

Japanese broker seeking supplier of sand and gravel. Gravel should be 10-25 mm in size; sand greater than 5mm. For more information, contact Mary Fleming (OIT) 561-2079.

NT Frontier Road Co.

Mr. Eiji Yamamoto
6f Ikeda Dai-ichi Bldg.
11-4 Yotsuya 3-chome
Shinjuku-ku, Tokyo 160
Telephone 03-351-2225
Fax 03-351-2203

Firm seeking possibility of licensing Alaskan ice cream company's recipe. Call Mary Fleming (OIT) 561-2079.

IWATE

A Tokyo, Japan firm seeking to purchase Alaska fur garments. Contact Mary Fleming (OIT) 561-2079.

KOREA



Jin-young Co. (Seoul, Korea)

a Korean textile company, is interested in developing a joint venture or a 100% capital investment surimi plant in Alaska. For more information contact, Steve Roberts (OIT) 561-5585.



New Foreign Investment (cont. from pg 1)

Both projects are significant: Alaska will be Mitsui's first investment in a ski project, although the company has had timber and fisheries involvement here for years. Wishbone Hill will see the first equity investment by a Japanese company in an Alaska coal project, or the first Japanese involvement in Alaska coal of any kind.

Current coal exports involve sales by Alaskan companies - Usibelli and Suneel Alaska - to a customer at the port, South Korea's Korea Electric Power Co. In some ways, an equity investment has advantages for Alaska.

When there is a short-term market downturn, an investor who is also the major customer, is less likely to go hunting for cheaper bargains elsewhere in the Pacific. Coal and forest products are both plentifully available elsewhere.

What's also significant about Idemitsu's plan is that it will involve sales of Alaska coal directly to industrial companies for their own use, rather than as steam coal to big electric utilities, which is the primary market for the Usibelli Mine and, someday, the Beluga project proposed by Diamond Alaska Coal Co. Thus, Idemitsu

has opened a new market 'niche' for Alaska coal.

Mitsui's lease calls for a working ski project in five years and submission of a plan for its large resort within five years. There are also several development 'benchmarks' to be met before five years are up.

The Mitsui project demonstrates how the Office of International Trade can help facilitate foreign investment. Mitsui had actually been looking at British Columbia to develop a resort, but became interested in Alaska when the company saw information on the state's Hatcher Pass recreation and ski

development plan, provided by the state's Tokyo office.



EXPORTER OF THE YEAR: SEA HAWK SEAFOODS



Governor Cowper presents "Exporter of Year Award" to Sea Hawk Seafoods owners Sandra and Ray Cesarini

Governor Steve Cowper tapped Sea Hawk Seafoods for the "Alaskan Exporter of the Year" award March 31 in Anchorage at the annual banquet sponsored jointly by the Governor's Office of International Trade and the U.S. Department of Commerce's Export Council of Alaska.

The Valdez seafood company bested a field of 11 nominees for the award. Citing the firm's innovation, Governor Cowper said, "This company represents the kind of thinking and en-

terprise that is changing the direction of Alaska's economy, creating stability through diversification."

Sandra and Ray Cesarini founded Sea Hawk Seafoods in 1980. The firm's export strategy marked a dramatic shift towards foreign sales. In 1984, income from foreign sales totaled only 18% of Sea Hawk's gross sales. By 1987, the company's foreign sales income reached 83%, tripling total company sales. Two-thirds of Sea Hawk's outside sales went to Japan (65%), 11% to Europe and 8% to Canada.

Sea Hawk employs 30 to 40 Alaskans year-round and has a seasonal work force of over 350. The company's total annual payroll exceeds \$2 million.

The other top Alaskan exporters nominated included:

Alaska Pulp Company, of Sitka, Chinook Alaskan Brewery of Juneau, Harbor Enterprises of Seward, Koncor Forest Management Inc. of Anchorage, Sealaska Corp. of Juneau, Seley Corporation of Ketchikan, Silver Lining Seafoods of Ketchikan, Suneel Alaska Corp. of Seward, Usibelli Coal Co. of Healy, and Wetco Inc. of Anchorage.

The Tokyo office handled initial communications between Mitsui and the Department of Natural Resources; when Mitsui's planning teams arrived in Alaska, the Anchorage OIT office helped the company through important procedural steps, also assisting DNR with translators in checking out required financial references in Japan for Mitsui and its partners in the project. Mitsui then received its leases in an uncontested public auction.

Wishbone Hill offers a different example. Here an Alaskan firm, Hawley Resources of Anchorage, was successfully put together with an overseas partner. The Tokyo office discovered Idemitsu was in the process of switching from oil to coal for its industrial plants, and building a large coal-unloading facility near Tokyo.

When the office inquired whether Idemitsu might be interested in Alaskan coal, the first response was negative, since Idemitsu was developing a coal mine in Australia. But Idemitsu then identified additional needs, for one million tons/yearly beginning in 1991, and agreed to look seriously at Alaska. The Tokyo office contacted Hawley, telling them of Idemitsu's interest. Hawley later sold his share of the mine to Union Pacific, remaining as a consultant to the project.



ALASKA



JAPAN



KOREA

**OIT / ASCC Symposium**

"A Closer Look at
Alaska-Siberia Relations
Past, Present and Future"

April 23- 10-3:00

Anchorage Northern Lights Inn

Featuring Chief Soviet

Spokesperson Gennadi Gerasimov

Call 561-5585 to register (\$30 fee)

OIT-SAPPORO TRADE SHOW REPORT

Eight Alaska businesses participated in the OIT sponsored booth at the Sapporo Trade Show in February. Over 17,000 Japanese consumers and business people attended the fair and 2,100 brochures describing Alaska businesses and cities were distributed. The Alaska businesses included: Chinook Alaskan Amber Beer, Alaska Log Specialties, WETCO, Alaska Adventure Book, Heil Brothers, Fort Yukon Fur Cooperative, Taku Smoker-ies and Alaska Seafood Company.

Alaska participants continue to field inquiries about exporting their products from Alaska to Japan. One company, Douglas based Chinook Alaskan Amber Beer, increased sales substantially in the Japanese market due to product exposure at the Sapporo Trade Show. Chinook representatives noted that the Sapporo show exposure increased orders fivefold and has caused a stir in the Japanese marketplace. Chinook has begun monthly beer shipments to Japan. •

**PUBLICATIONS**

Focusing on International Trade
Alaska-Japan Trade Analysis
Alaska-Korea Trade Analysis
Alaska-Taiwan Trade Analysis
1987/88 Alaska Trade Directory
1987 OIT Annual Report
OIT/ISER: Alaska-Siberia Trade
Call: 561-5585 for copies

INTERNATIONAL TRADE SHOWS

The Office of International Trade continually receives information on a variety of international trade shows and events. OIT focuses on the Pacific Rim nations and increasingly, on European shows. The following is the most recent information received. For information, please contact Ginna Brelsford, OIT at 561-5585.

**AUSTRALIA**

1. State of Alaska, "Partners in Pacific Trade" exhibit at Expo '88 in Brisbane, Australia, April 30-October 30. Sponsored by the Alaska State Chamber of Commerce, the Alaska Department of Commerce and Economic Development.

**JAPAN**

1. State Tokyo office to participate in Junior Chamber of Commerce event, "Japan-US Forum for the 21st Century - the impact of economic and industrial relations on small businesses and local industries," May 22-23 at Nagoya Castle Hotel.
2. Food Marketing Show '88: August 30-September 1, 1988. Tokyo International Trade Center Fair Grounds. 20,000 expected to attend the show organized by Nihon Keizai Shimbun, Inc. Japan's prestigious economic newspaper.
3. World Food Festival JUNO'S JAPAN '88 - festival held from June 3-October 10, 1988 at Tsukisamu Center IMAX pavillion in Sapporo, Hokkaido. The international festival focuses on Northern Regions of the world and food.

**KOREA**

1. U.S. Commerce sponsored: Super Korea Catalog Traveling Exhibition. Contact Elizabeth Ausberry at 202-377-3973. April 29 deadline.
2. KORFOOD'88 - Korea International Food Technology Exhibition, May 27-31 in KOEX, Seoul, Korea. Organized by the Korea Trade Promotion Corporation and sponsored by the Ministry of Trade and Industry and the Ministry of Health and Social Affairs.
3. Korea World Travel Fair - June 9-June 13, 1988 in Seoul, Korea. The fair is designed to take advantage of preparation for the Olympics to be held in July in Seoul. All Alaskan tourism related companies interested in marketing Alaska as a destination spot are encouraged to participate. It is expected that current limitations on Koreans' travel will be lifted in late 1988.
4. Seoul International Trade Fair '88 - October 20-21, 1988 designed to foster international trade and industrial technology. Organized by the Korea Trade Promotion Corporation (KOTRA) and sponsored by the Ministry of Trade and Industry, Republic of Korea. Venue: Korea Exhibition Center, Seoul, Korea. Exhibitors: manufacturers, traders, sales representatives, agents, associations, public organizations, governments.

**TAIWAN**

1. Taipei International Hardware and Building Material Show, May 21-25, 1988 at the World Trade Center in Taipei. Exhibits: building materials ranging from roofing materials to floor coverings.
2. Computex Taipei - June 6-12, 1988, at the World Trade Center in Taipei. Exhibits: computer systems, mini/micro computers, personal computers, software services.

**SOVIET UNION**

1. Stroydormash '88 Construction/Road building equipment fair in Moscow. Sponsored by U.S. Commerce. May 25-June 3, 1988. Contact L. Heimowitz, U.S. Commerce at 202-377-0558.

TITLE OF POSITIONS WITH ALASKA PULP CO., LTD., Tokyo

1957 Assistant, Accounting & Financing Department
1958 - 1975 (transferred to Alaska Lumber & Pulp Co., Inc., Sitka)
1972 Director
1976 Director, Manager of Pulp Sales Department
1978 Director, General Manager of Sales Department (Pulp & Lumber)
1981 - 1984 Managing Director
1984 (transferred to Alaska Pulp Corporation, Sitka)

TITLE OF POSITIONS WITH ALASKA LUMBER & PULP CO., INC., Sitka

1958 Assistant Manager of Executive Office - Sitka
1969 Assistant Secretary, Manager of Executive Office - Sitka
1972 Vice President, Assistant Secretary, Manager of Executive Office - Sitka
1973 Director, Vice President, Assistant Secretary
1975 - 1983 Director (stationed in Tokyo)

TITLE OF POSITIONS WITH WRANGELL LUMBER CO. (ALASKA PULP AMERICA, INC.), Wrangell

1973 Director, Vice President
1975 - 1976 Director, Resident Vice President

TITLE OF POSITIONS WITH ALASKA PULP CORPORATION, Sitka

1984 - 1985 Director, Vice President, Manager of Sales & Traffic Division
Pulp Sales to Japan, Korea, China, Taiwan, Mexico, U.S.A.,
Egypt, India, Iraq, etc.

MEMBERSHIPS

Alaska Kai, Tokyo

Alaska Nippon Kai, Alaska

Alaska Loggers Association, Alaska

Washington Athletic Club, Seattle

Alaska Business Council (Organized by Gov. Hickel to guide State business)
Major concerns: Pipeline Impact
State Inflation

(February 22, 1985)

KAZUNAGA HAYASHI
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Date of Birth November 19, 1927 (Age 57)
 Place of Birth Nagano Prefecture, Japan
 Current Address: (Japan) 1-21-6, Denenchofu, Ohta-ku, Tokyo, Japan
 (Phone) Tokyo 03-722-2471
 (U.S.A.) 205 Crabapple Drive, Sitka, Alaska
 (Phone) 907-747-6247
 Social Security Number 537-40-3758
 Name of Wife Takako Hayashi (Date of Birth: March 19, 1929)
 Name of Daughter Mariko Hayashi (Age 26), married with I. Yamanaka.
 Name of Son Norio Hayashi (Age 25), graduated Sophia Univ. - 1982.
 Father & Mother Living in Nagano Prefecture - Father is Shinto Priest.

SCHOOL AND EMPLOYMENT HISTORY

1952 Graduated from University of Tokyo, The Faculty of Economics
 1952 - 1954 Shonan Sangyo Co., Ltd., Tokyo (Small Pox Vaccine Producer)
 1955 - 1956 C. P. C. Co., Ltd., Tokyo (Cinema Producing Company)
 1957 - 1984 Alaska Pulp Co., Ltd., Tokyo
 Pulp Sales, Pulp Production, Log Sales, Logging, Lumber Sales,
 Lumber Production, Harbor Seafoods, Wood Chip Sales, Ship
 Chartering, Office Administration
 1958 - 1984 Alaska Lumber & Pulp Co., Inc., Sitka, Alaska
 Pulp Manufacturing, Logging, Pulp Sales
 1973 - 1975 Wrangell Lumber Co. (Alaska Pulp America, Inc.), Wrangell, Alaska
 Lumber Manufacturing, Lumber and Log Sales, Wood Chip Sales
 1984 - 1985 Alaska Pulp Corporation, Sitka, Alaska
 Pulp Manufacturing, Logging, Pulp Sales

RESIDENT HISTORY

		<u>JAPAN</u>	<u>ALASKA</u>
1927 - 1957	Japan	31 years	
1958 - 1975	Sitka, Alaska		18 years
1976 - 1983	Japan	8 years	
1984 - 1985	Sitka, Alaska		1 year
		<u>39 years</u>	<u>19 years</u>

(19 years of last 27 years in Alaska, U.S.A.)

begins at 12:45 Room 124

3-10-88

Steve Roberts from the OIT in Anchorage will be the tour guide for Mr. Hayashi and Mr. Yang.

Mr. YANG represents Alaska's OIT in Seoul, Korea. He is the former labor attache for the Korean Embassy in Indonesia. He has been the Executive Director for several large Korean Trading Companies.

Mr. Hayashi represents Alaska's OIT in Tokyo. He has lived in Sitka and has vast experience in all aspects of the timber industry.

Ginna describes this as a courtesy visit, one where they can make themselves available to elected officials whom they hold in very high regard.

Question Ideas:

Describe the work their offices do in Japan and Korea.

What future possibilities do they see for Alaska in their countries?

For Mr. Yang: How might the democratization of Korea effect Alaska's relationship with Korea?

Other:

---what do they think of
 **the natural gas pipeline?
 **sister schools project?
 **future fisheries relationships? (I wouldn't
mention the video of Japanese fishing on our side of the donut
hole unless they mention it first...)

They know the meeting will only last until 1:30.