



letter from Tokyo

Japan eyes Alaska

Japanese industrialists regard Alaska's untapped resources much as 19th century Western capitalists looked at Asia.

Japanese industry is planning a massive economic advance in Alaska, with the blessing of that state. Aim of the project is to combine Alaska's rich natural resources and low capital with Japan's resources-shy industrial capacity.

The investment scheme, with over-all plans already in blueprint stage, includes an ammonia plant using natural gas, forestries development, fish canneries and exploitation of Alaskan copper mines and oil fields.

Industrialists in Japan reason that they must move quickly or see United States capital, by itself or linked with Western European capital, beat Japan to the punch. The Japanese view Alaska as a dormant treasurehouse—a region of vast potential still dependent for exploitation on foreign capital resources.

The association between Alaska and Japan is not unprecedented.

An early tie was formed in 1953 when the Alaska Pulp and Lumber Co. was established at Sitka with joint Japanese and U. S. capital. Now, six Japanese firms seek to establish an Alaska chipboard industry on Kenai peninsula, to produce for a Japan whose pulpwood resources are scanty.

Moves are under way to inaugurate salmon and salmon-trout packing, jointly with U. S. capital. Japanese say several Alaskan canneries are up for sale, with capital flowing from Alaska into other U. S. states in pursuit of higher and faster profits.

Japanese industry is especially eager to start an Alaskan Oil Development Company to exploit an area holding proven reserves. Development has begun already at Swanson River and offshore at Cook Inlet; potentially, it could push into the Bristol Bay area. Starting such a company is vigorously supported by the Japanese Government development agencies.

Another plan would see ammonia production launched, using natural gas

abundant in Alaska. The scheme's prime mover is Japan's gas and chemical industry, backed by Mitsubishi Petrochemical. Japan faces a possible dry up in its chief producer of domestic natural gas resources—the Miigata area.

Copper is another scarce resource. The American Kennecott Copper Co., planning a development at Ruby Creek, Alaska, is being watched carefully by Mitsubishi Mining and Trading companies. Japan's need for a new source of copper ore is growing increasingly intense.

There are some problems: Alaskan economic exploitation appears somewhat restricted, so far, to the southeast section, Kenai peninsula included. Northern sections have been developed thus far by the U. S. only.

The Japanese, preferring a relatively mild climate and the south's year-round ice-free sea, nonetheless are moving cautiously northward, fearful of a dormant U. S. and Western Europe which aroused interest might compromise Japanese industries seeking to buy in. Alaska is politically stable, offers fine tax privileges and investment climate, and leans commercially toward Japan which imports some 90 percent of what the state exports.

Labor costs in Alaska can be expected to plague low-cost-minded Japanese industrialists: Alaskan labor costs 40 to 50 percent more than elsewhere in the U. S. because of heavy weather conditions, transportation costs, difficult communication and the like.

So far, too, big U. S. capital has not advanced into Alaska since economic conditions are less favorable than elsewhere in the U. S.; population is too meager to provide a truly attractive market; prices are high, the area is isolated and remote. These factors, however, may not represent a permanent barrier. The Japanese are convinced that the time to act is now, or they will lose a fine chance.

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