Japan America Society of Colorado

...Dedicated to building cooperation and strengthening understanding between the people of Colorado and Japan at a grassroots level.

JASC is a member of the National Association of Japan America Societies.
Ambassador John V. Roos
United States Embassy
Tokyo, Japan
Representative Diana DeGette

1st District of Colorado
Chief Deputy Whip
Subcommittee on Oversight and Investigations, Ranking Member
Japan America Society of Colorado

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Mayor Michael B. Hancock

Mayor of the City of Denver
This program is possible thanks to a grant to the Japan America Society of Colorado from

THE SASAKAWA PEACE FOUNDATION

With Support From:

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Export Value

• In 2011 Japan was Colorado’s 4th largest destination for goods exports, valued at nearly $393 million. This was a 23% increase from the previous year, continuing a trend of trade growth that is returning to mid-decade levels. Japan accounts for 5% of Colorado’s total merchandise exports.

• Over the past decade (2002-2011), Colorado’s exports to Japan declined by 10%. Japan was Colorado’s 2nd largest export destination after Canada but in recent years has been overtaken by Mexico and China.

• Colorado ranked 36th nationwide in exports to Japan.

(Source: US Department of Commerce with data from Foreign Trade Division, US Census Bureau)
In 2011, the top 3 categories of Colorado’s exports to Japan were Food Products, Electronics, and Machinery, which together accounted for over 75% of sales to Japan.

Japan is Colorado’s largest buyer of Agricultural products in Asia (third overall after Canada and Mexico). In 2011 Japan imported USD $149 Million in agricultural goods from Colorado. Even with this high volume, sales to Japan have increased 315% in the past 5 years (2006-2011).

(Source: US Department of Agriculture with data from Global Agriculture Trade System-United Nations)
Colorado-Japan Trade Composition 2011

**Colorado's Exports to Japan**
- Food Products: 38%
- Machinery: 12%
- Computers and Electronic Products: 26%
- Chemicals: 8%
- Electrical Equipment/Appliances: 3%
- Metal Products: 3%
- Other: 10%

**Colorado's Imports from Japan**
- Computers and Electronic Products: 41%
- Machinery: 21%
- All Others: 11%
- Misc. Manufactured Articles: 11%
- Chemicals: 10%
- Metal Products: 6%

Data Source: US Department of Commerce; US International Trade Commission
Graphic By: Grace Ruch, The East-West Center
JAPAN MATTERS FOR AMERICA

Direct flights: 2010 data
The state of Colorado operates an International Tourism Office in Japan. In 2011, CTO-Japan reported a 16% year-to-year increase in Colorado Tour Packages sold in Japan and a 9% increase in US tour packages that include Colorado.

Presently there are no direct flights between Colorado and Japan, however with the April 2013 launch of daily flights between Denver and Tokyo, demand for travel between the two cities is expected to double in the first year of service, and create up to 1,500 new jobs.

(Source: Colorado Tourism Office; Denver International Airport)
Colorado-Japan Connections: Education

- Colorado had **160 university students from Japan** in the 2010/2011 academic year. Fewer Japanese students have enrolled in degree programs in the US overall in recent years. However the 2010/2011 numbers represent an **11% increase** from the previous year.

- Colorado’s universities have many partnerships with Japanese counterparts. **Colorado State University has partnerships** with Japan’s National Institute of Radiological Sciences, Gifu University, and Fukushima University on cancer therapy and environmental radiation.

- In 2009, **1,419 students** were enrolled in Japanese language courses at 14 Colorado institutions of higher education, placing the state 17th in the nation. The number of students studying Japanese at Colorado colleges/universities increased steadily over the past decade, up 77% since 1998.

(Sources: Institute for International Education, Open Doors Report; Colorado State University, Modern Language Institute)
Colorado and Yamagata Prefecture celebrated the 25th anniversary of their “sister state relationship” in 2011. Colorado has 10 sister city relationships in Japan:

<table>
<thead>
<tr>
<th>City</th>
<th>Sister City</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aspen</td>
<td>Katsuyama, Fukui (Friendship Cities)</td>
</tr>
<tr>
<td>Aspen</td>
<td>Shimukappu, Hokkaido</td>
</tr>
<tr>
<td>Boulder</td>
<td>Yamagata, Yamagata</td>
</tr>
<tr>
<td>Broomfield</td>
<td>Maruko (Now Ueda), Nagano</td>
</tr>
<tr>
<td>Canon City</td>
<td>Kahoku, Yamagata</td>
</tr>
<tr>
<td>Colorado Springs</td>
<td>Fujiyoshida, Yamanashi</td>
</tr>
<tr>
<td>Denver</td>
<td>Takayama, Gifu</td>
</tr>
<tr>
<td>Frisco</td>
<td>Nishikawa, Yamagata</td>
</tr>
<tr>
<td>Greeley</td>
<td>Moriya, Ibaraki</td>
</tr>
<tr>
<td>Longmont</td>
<td>Chino, Nagano</td>
</tr>
</tbody>
</table>

(Source: Sister Cities International; Japan Council of Local Authorities for international Relations)
Japan America Society of Colorado

Founded in 1989, Japan America Society of Colorado’s mission is to build cooperation and strengthen understanding between the people of Colorado and Japan at a grassroots level through business, education and cultural programming.

Japan America Society of Southern Colorado

Serving the Colorado Springs and Pueblo communities, JASSC promotes increased awareness, education, and understanding between the citizens of Southern Colorado and Japan.
Japan America Society of Colorado

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“Why Japan Matters in 2013 for Colorado and the Rocky Mountain Region””
Colorado-Japan Economic Development

Cindy Yoshiko Shirata
Professor, University of Tsukuba
Secretary General, Science Council of Asia
Council Member, Science Council of Japan
E-mail: shirata.cindy.fe@u.tsukuba.ac.jp
Today’s topics

1. Introduction
2. Japan Economic Condition  
   -Psychological aspect vs Financial Position-
3. Foreign Investment by Japanese Firms
4. Conclusion
Introduction
GDP: Gross Domestic Product

World Ranking

- USA: No.1
- China: No.2
- Japan: No.3

Bill USD

- Japan
- Korea
- China
- USA
- Indonesia
- Germany

Year:
- 1980
- 1982
- 1984
- 1986
- 1988
- 1990
- 1992
- 1994
- 1996
- 1998
- 2000
- 2002
- 2004
- 2006
- 2008
- 2010
- 2012

Billions of USD: 0, 2000, 4000, 6000, 8000, 10000, 12000, 14000, 16000, 18000
We also experienced difficulties

-Bankruptcy in Japan: cases and ratio

Sudden Yen Appreciation caused difficulty exporting products!
BSI: Selecting 4,510 companies out of 37,600 companies whose paid capital size is more than 100 million Yen. Survey has been doing every three months.
Real Condition of Japanese Firms

Comparison of the two era (BSI +42) v.s. (BSI -75) by Bankruptcy Prediction Model (SAF2002 Model)

\[
SAF\ Value = 0.01036X_1 + 0.02682X_2 - 0.06610X_3 - 0.02368X_4 + 0.70773
\]

<table>
<thead>
<tr>
<th>SAF2002 variables</th>
<th>Financial variables</th>
<th>F Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1</td>
<td>Retained Earnings to Total Equity</td>
<td>830.00</td>
</tr>
<tr>
<td>X2</td>
<td>Before Tax to Total Equity</td>
<td>47.56</td>
</tr>
<tr>
<td>X3</td>
<td>Inventory Level</td>
<td>260.73</td>
</tr>
<tr>
<td>X4</td>
<td>Interest to Sales</td>
<td>78.31</td>
</tr>
</tbody>
</table>
SAF Value v.s. S&P Rating

SAF Value

AAA
AA
A
BBB
BB
Bb
Below ccc
Mean SAF Value of All Listed Firms

Median (1988~2009)

1988/2Q
Rating A
2009/1Q

Actual Financial Positions are the same!
Investment of Japanese Firms to Foreign countries

Trillion JP YEN

Investment from JPN

Exchange Rate

Data source: Lefco Corp. Japan
Unit: 1Trillion Yen = USD12.5 billion
Tendency of Owners Equity Ratio of Japanese Firms
-By Capital Size-

Unit: JPY

%  


10-50mill.  50-100mill  100mill-1bill  1bill-

42.2%
It is the great timing to expand the business with Japan. Japanese companies have accumulated so much money internally. They are ready!

Not only Japanese companies. Please focus on all Asian countries by way of Japan. They are very much potential partners!

We are sure of development of Colorado!
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History of Japan and Colorado
RALPH CARR
GOVERNOR OF COLORADO
1939-1943
Internment of Japanese Americans

- 1942 – 120,000 Japanese Americans and native Japanese were forcibly relocated from the U.S. Pacific Coast to inland internment camps.
No liberal....

- Republican Governor held a “strict constructionist” view of the U.S. Constitution, objecting strongly to the removal of U.S. citizens from the West Coast.
- Believed that all American citizens were “equal before” the law, regardless of ancestry or country of origin.
- Despite great public objection, Carr invited Japanese Americans to Colorado, guaranteeing that Colorado would protect their rights as citizens.
Bob Sakata

- Relocated and interred in Utah camp.
- CSU professor became “sponsor” and brought Sakata to Colorado.
- Went into the same business as his parents – truck farming.
- Sakata Farms today owns more water rights than any other company, except the Denver Water Board
Bob Sakata
American Farmer
CU Boulder Economics Institute

• Following World War II, Japanese corporate executives were trained in U.S. business methods and English at the Boulder campus.

• In 1980s some executives visited by Colorado economic development groups fondly recounted their days on the CU campus.
BILL HOSOKAWA
The Man Who Taught Us All We Know…

- Interred in Washington camp in 1942
- Journalist and writer for The Denver Post for 38 years.
- Highly respected in Japan.
- Opened the doors for Colorado’s entrance into the Japanese market.
- Counselor, friend of the business community and politicians.
Richard Lamm

- Governor of Colorado, 1975 – 1987
- Public comments including, “Do you want your children working for the Japanese?” severely damaged Colorado’s reputation in Japan.
- Saw Japan as a country that stole U.S. technology and sold it back to U.S. Comments picked up by Japanese media and distributed widely.
- By third term, realized that his view of the world needed revision. Made attempts to mend broken relations with Japan.
Exchanges begin...

• Visits to and from Yamagata Prefecture, Takayama (Denver’s Sister City) begin in earnest, despite little economic opportunity on either side.

• JETRO sponsors Denver executives and government officials for month-long educational experience in Japan.
1980s and 90s

- Hosokawa and Morgan Smith (Colorado Office of International Trade) begin to repair Colorado’s reputation in Japan.
- JETRO opens office in Denver.
- Denver World Trade Center created - 1987
- Yamagata Prefecture and Yamagata Chamber of Commerce sign “sister” agreements with Colorado and Denver Metro Chamber of Commerce.
Governor Romer starts anew...

• 1986, prior to inauguration, Romer leads trade mission. First visit with a Japan airline.

• Colorado’s Governor becomes the 49th of the 50 states’ governors to visit Japan.

• Japan Firms Association takes on larger role, representing Japanese companies already in Metro Denver, and helping with recruitment of new companies – Sumitomo, Pentax take active leadership roles in Metro business community.

• Jointly funded by City of Denver and State, the new Colorado Japan office opened in Japan.
1989 Adams County Approves Annexation of Land for DIA

- In 1987 the Greater Denver Corporation was founded, with its primary focus on creating the world’s greatest airport – connecting Denver to Europe, Japan and Brazil – each approximately 6,000 miles from DIA.

- Long range plans for non-stop service to three continents, thanks to Professor John Prosser at CU, were put into place.
1994 Emperor Visits... Longmont?

• Bill Hosokawa and Longmont developer Ken Pratt succeed in their invitation for Emperor to visit Colorado and stay at Ken Pratt’s home.

• 1st time a Japanese emperor stayed in the home of a “commoner”

• Big uproar in Japan.

• Bob Sakata meets the Emperor. In two generations a common farmer, whose father would have been executed for just “looking at the Emperor”, is introduced to Governor Romer by the Emperor.
Owens and Webb Close Japan Office

• Late 1990s a rift between Governor Bill Owens and Denver Mayor Wellington Webb results in abrupt closing of Japan office.

• Little notification of Japanese government and business leaders creates another “hit” on Colorado’s reputation in Japan.

• Long-time Denver business supporters of greater trade with Japan wonder if Colorado will ever get it “right” with its relationship.
2005 - today

• Sally Covington becomes head of marketing at DIA. Along with Turner West and Vicky Braunagel, Covington sets sights on Munich and Tokyo routes.
• Kim Day, new Director of Aviation, continues the effort.
• Covington, Kim Day, Laura Jackson, Tom Clark, Kami Kamitani and Dick Clark begin a seven year biannual visitation process with Narita Airport and ANA, the desired Japanese carrier.
• DIA creates “Ascent to Asia” effort with help of Barry Hirschfeld, Jr. Visit Denver, Consulate General’s Office, Colorado Tourism Office, major employers, Ski Country USA, etc. join forces.
2009 – Ritter commits

• Don Elliman, Governor Ritter’s new head of OEDIT commits several million dollars of Tourism funds to “re-establish Japanese consumer interest” in Colorado as a vacation choice.

• DIA and Narita Airport form “sister airport” relationship.

• Trips by Michael Hancock, Mayor Hickenlooper and finally, Governor Ritter over a two year period culminate with “invitation only” at U.S. Ambassador’s residence
“The Deal”

- Ritter’s action and “essential goodness” (quote by Japanese business executive) completes Colorado’s restoration of its reputation in Japan.
- ANA commits to non-stop service by 2013, “or maybe 2014”.
- UAL and ANA agree to permit United to fly Boeing 787 for the route.
- Financial settlement between DIA and UAL on rent issues, increases the probability of success of the Denver – Tokyo route.
- Opening day: March 31, 2013. 27 years after first visit.
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