

OREGON AND JAPAN: THE BEGINNING, GROWTH, AND FUTURE OF A
TRANS-PACIFIC CONNECTION

by

JESSE JIMERSON

A THESIS

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Alisa Freedman

This thesis explores the intricate relationship between Japan and Portland. Using in-person interview as a primary research technique, I spoke with people who work closely with this relationship. The experiences of those interviewed are diverse, but they all revolve around a central theme of Japan/Portland relations.

An analysis of the interviews reveals a hopeful forecast for the near future. It is thought that the relationship between Japan and Portland will grow in the coming years, but that is not to say that hurdles don't exist. Specifically, government investment of resources may be the tipping point between linear and exponential growth.

This thesis is meant to aid business people who are currently working within the relationship between Japan and Portland. It is my hope that the published interviews with sometimes hard to reach people can enlighten and encourage. I aim to use this thesis as a means to better the relationship between Japan and Portland.

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Introduction

For many small businesses in Oregon, the most encouraging expansion opportunities do not exist exclusively in the domestic sphere. Increasingly, over the past few decades, Portland businesses have been turning to Japanese markets and making the trek across the Pacific in search of opportunity.¹ In the same vein, as stated by one of my research subjects, Japanese businesses are looking abroad as they face a shrinking population and fewer economic opportunities at home.² Portland has welcomed this business from across the pond. Perhaps most notably, acclaimed Japanese architect Kengo Kuma worked with garden CEO Steve Bloom to expand to the Portland Japanese Garden in the first-ever project of its kind in the United States.

As a Japanese and Business double major from Portland, I have a great deal of interest in why this phenomenon is occurring. I have seen firsthand how my city has formed this unique relationship with Japan. Somehow, I was pulled in as I began taking Japanese lessons as a child. I was never quite able to articulate my appreciation for Japan and still struggle to do so. What interests me most about the business relationship between Japan and Portland are their two unique cultures. The cultures of Japan and Oregon are simultaneously both exceptionally similar and worlds apart. As a Portlander, I never experienced a ‘culture shock’ when living in Japan, but I certainly noticed stark differences. I think that a unique harmony exists between these two cultures that makes

1. Amelia Iuvino, “Why Portland-Themed Businesses Are Big in Japan,” *Atlas Obscura*, 2016.

2 . Steve Bloom in an interview with the author, 4 January. 2018.

them so well suited to exist in one space. Through this project, I want to come to better understand this harmony and a field that I intend to become a part of after I finish a Master of Science in Finance next year.

When I first began to contemplate why Portland and Japan share this special relationship, a few ideas came to mind. Its location surely does not hurt, but that goes for any major city on the West Coast. Ramen shop Afuri credits the city's impeccable water for its choice to open their first America location in the Rose City.³ Whether it is the location or just "something in the water," nobody can deny that a bridge has been built over the Pacific.

The goal of this thesis is to find out what makes Japan and Oregon so compatible and, more importantly, where that relationship will go in the years to come. Specifically, this thesis will teach those who are unfamiliar with the relationship between Japan and Portland about the opportunities it provides. For those already engaged in this relationship, this thesis will display and analyze valuable primary evidence from in-person interviews. This evidence holds previously unknown information about future trends relating to business and economics.

As the business world has become increasingly dependent on data, the information I will gather through in-person interviews will be of significant importance. Because of the importance of current data, in person interviews are the best way for me to collect data. Of course, email or phone interviews would also gather this type of data, but I do not think they will be as effective in doing so. The back and forth rapport that

3. Mattie John Bamman, "Major Japanese Ramen Chain Afuri Declares Portland Opening Date," *Eater*, 6 October 2016.

exists when meeting with someone in person is simply absent on the phone or in email. My hope is that one question will lead to another and I can tease out more information about the relationship between Japan and Portland. Additionally, any sort of publication, while valuable, cannot be as up to date as the real time opinions of people who live and breathe the relationship between Japan and Portland each day. I will use publications to conduct my background research and craft my interview questions, but they will not be the basis for my main arguments.

Existing Literature

The existing literature surrounding the present relationship shared by Japan and Portland is almost exclusively in the form of short articles. Appearing in popular periodicals, these pieces attempt to summarize a massively complex social phenomenon in only a few pages at most. Often, these pieces delve more deeply into one small facet of the relationship, like a specific restaurant or event, and then use a few sentences to brush on the larger relationship. For example, “The Economist’s” 2016 article *Bottling Hipness* is a high-quality but non-academic source that touches on a few facets of the relationship.⁴ The existing literature that I have found follows this model. My research is different as I present an academic focus on the relationship. In my thesis, I will not focus on a specific event or company but will instead present an analysis of the relationship as a whole.

Consumers are at the heart of Portland’s connection to Japan; therefore, it makes sense that literature, like The Economist article, on the subject is exclusively directed

4. “Bottling Hipness,” The Economist, 24 September 2016.

toward this type of audience. One would find it difficult to imagine a Portland “hipster” sifting through various academic databases in search of the best ramen spot in town. Subsequently, a project that catalogs and analyzes the stories and opinions of prominent figures has potential to break new ground.

My hope is to create a project that synthesizes interviews from a range of people involved in the relationship between Japan and Portland to tease out large scale trends. The numerous smaller articles usually involve an interview of some sort, but they are typically used to delve into a specific restaurant or retail store. I want my project to be a broader analysis that can be used by people who work in the relationship between Portland and Japan to hone their knowledge.

Outline of Thesis

I begin this thesis with a look backward. In order to fully understand the relationship between Japan and Portland today, one need to understand the historical and cultural origins of Oregon’s connection to Japan. First, we will look at when Japanese immigrants began to move to the Pacific Northwest. We will then move on to Japanese immigrants living in Oregon before, during, and after World War Two, taking special note of the time Japanese Americans spent incarcerated in internment camps.

Next, we will look at the present and future of this relationship by interviewing people who make the relationship possible. Some have been actively cultivating a relationship for decades, while others do not even fully realize that they are a part of it. Through these interviews, I hope to identify trends and project where this relationship will go in the years to come.

From these interviews, I will lay out a situation analysis using SWOT and PESTEL analyses. Both of these tools are commonly used in understanding a business situation and will be explained in detail later on. In short, each analysis tool breaks down a complex situation into fundamental parts. Doing so simplifies concepts that can be daunting in aggregate and makes technical analysis much more effective. I will then use the situation analysis along with the interviews to project where the relationship will go in the years to come. In addition, I will prescribe what I think needs to be done to cultivate the development of relations between Japan and Oregon. Finally, I will offer an epilogue which will lay out how I will use this project as a member of the workforce.

Chapter 1: Historical Context

Prior to World War II, Portland was home to a significant Japanese American population. Oftentimes, Japanese Americans are referred to as Nikkei. This simply is a term to refer to Japanese emigrants and their descendants. In the late nineteenth century, many Japanese immigrants came to the Pacific Northwest to work in farming, timber, and rail industries. Being a hub for these movements, Portland's Japanese immigrant population began to take hold.⁵

Living in one of two "Japan Towns," or *Nihonmachi*, Portland's Japanese immigrants typically owned small service-based businesses. One of these Japan towns existed in today's Chinatown/Old Town and the other in Southwest Portland between Burnside, Broadway, and Montgomery Streets.⁶ The businesses that comprised the *Nihonmachi* served as both a place to live and a source of income for the *Nikkei* owners. By 1940, over one hundred businesses occupied the eight-block Japan Town. Following the bombing of Pearl Harbor, this all changed.

Following the attack, Japanese-Americans were removed from the West Coast and forced into internment camps. This incarceration of 4,000 Oregonians fueled racism among white Portlanders as signs reading "No Japs Allowed" began to pop up in local storefronts.⁷ Inside the camp walls, Japanese Americans tried to hold onto the

5. *Oregon Nikkei Legacy Center*, Oregon Nikkei Endowment.
<http://www.oregonnikkei.org>

6. Henry Sakamoto, "Japantown, Portland (Nihonmachi)," *The Oregon Encyclopedia*.

7. Craig Collission, "Japanese American Wartime Incarceration in Oregon," *The Oregon Encyclopedia*.

community that existed in the Japan towns but terrible living conditions and hatred from the outside took an unimaginable toll on those imprisoned. The anti-Japanese sentiment that arose is captured by then-Oregon Governor Walter Pierce's statement: "We should never be satisfied until every last Jap has been run out of [the] United States and our Constitution changed so they can never get back."⁸ Following the internment, the Japanese-American community in Oregon and Portland was forever changed.

After World War II

As a part of my research, I interviewed Chris Koida whose parents were interned during the war. He said that following the internment, his parents denied their culture for fear that they would be persecuted again. He felt that his parents did not pass down their language and culture to him as they decided that the safest thing to do would be to blend in and disappear. Chris felt like there was a significant number of affected families who acted similarly, but he had also known people who did not necessarily fit this paradigm.⁹

The atrocities experienced by Japanese Americans during the war became a common rallying point for some Japanese-Americans. As one example, the Oregon Nikkei Endowment was established after the war to create the Japanese American Historical Plaza on the waterfront and the Oregon Nikkei Legacy Center.¹⁰

8. Collission, "Japanese American Wartime Incarceration in Oregon."

9. Chris Koida is an interview with the author, 2 January. 2018.

10. Collission, "Japanese American Wartime Incarceration in Oregon."

Gradually, Japanese Americans became a part of Oregonian mainstream culture once again and families who were once separated by the wall of an internment camp became one. By 2000, 31 percent of Japanese Americans self-identified as multiracial and that number continues to grow.¹¹ The healing that occurred in Oregon since World War II is truly remarkable.

According to many people I have interviewed, a significant catalyst fueling Japanese interest in Oregon during the Bubble Era of the 1980s came through the Japanese television drama series *From Oregon with Love* (*Oregon Kara Ai*, originally airing in 1984 on Fuji television network, followed by television movies in 1989, 1992, and 1996). *From Oregon with Love* depicted a young boy named Akira who relocates to Central Oregon following his parent's untimely demise. The move initially was not easy for this youth and his American host family, but eventually he made Oregon his home. The boy keeps in contact with Japan through his sister to whom he wrote frequently. For Japanese and Americans in both Oregon and Japan, *From Oregon with Love* served as a concrete image of the possibility of a loving trans-pacific relationship.¹² Today, many people who are close to the relationship between Japan and Portland cite *From Oregon with Love* as a vital reason for the strength of the contemporary relationship.

The history laid out in this chapter is important because it lays the foundation for the business relationship that exists today. Had it not been for the pre-war *Nihonmachi*, the internment, and the reconciliation, today's relationship would be very different.

11. George Katagiri, "Japanese Americans in Oregon," *The Oregon Encyclopedia*.

12. Jun Mokudai in an interview with the author, 2 Aug. 2017.

The Relationship Today

As of 2017, Oregon and Japan share a strong relationship both economically and socially. Oregon sends over \$1.5 billion in goods each year to Japan totaling 13.5 percent of all exports from Oregon to Japan. Half of these exports are agricultural products like berries, nuts, and wheat. Other large categories include forest and computer products which each make up 10 percent of the total exports from Oregon to Japan.¹³

In addition to being an export partner, Japan is also a major investor in Oregon. Today, there are over 140 Japanese companies that have brick and mortar offices in the Portland metro area. Additionally, over 12,000 Japanese Americans live in Oregon. Oregonians have shown their interest in Japan by offering more Japanese language immersion programs than any other state.¹⁴ I think the choice to educate youth about Japanese culture and language evinces Oregon's love and commitment to their relationship with Japan.

Part of the reason for the current strong relationship is the existence of organizations like the Japan Representative Office, the Japanese American Society of

13. Matthew Korfhage, "A Japan-Portland Fact Sheet," *Willamette Week*, 18 Jan. 2017.

14. Korfhage, "A Japan-Portland Fact Sheet."

Oregon, and the Japanese Business Association of Portland (Shokookai)¹⁵. These three organizations work to facilitate economic and social development between Japan and Portland. The Japan Representative Office (JRO) is an Oregonian government organization that works with Business Oregon to help companies from Oregon gain a foothold in Japanese markets. The JRO connects businesses with suppliers, trade shows, and industry metrics that give them the support they need to be competitive. The Japan America Society of Oregon is over one hundred years old. Known as JASO, this organization facilitates cultural and business events on a year-round basis. Events centered around networking, cultural appreciation, and business development are regularly hosted by JASO and attended by some of the most prominent businesses and business people in Oregon.

The Japan Business Association of Portland, or Shokookai, is now over fifty years old. This organization facilitates interaction between Japanese business and cultural entities in Portland. They offer a network of support for Japanese companies in Oregon and help to ease difficulties that can come with doing business in a foreign environment. One of the biggest things Shokookai does is fund the Japanese School for expatriate children and create a place where people who work for Japanese businesses can meet and share their experiences.¹⁶

15. *Japanese Business Association of Portland*. Shokookai.

<https://www.shokookai.org>

16. *Japanese Business Association of Portland*.

Finally, one of the greatest manifestations of the relationship between Japan and Portland is the Portland Japanese Garden. Operating as a non-profit organization, the Portland Japanese Garden was ranked by the Chelsea Flower Show as the 5th best garden in the world.¹⁷ As great of a garden as it is, the most remarkable part of the garden is a huge level of support it requires from Oregonians. Operating as a non-profit organization, the garden is dependent on donations from Portlanders and local companies who want to see a Japanese presence in their city. Growing rapidly, the Japanese garden is both a sign of a strong relationship today and a forecast for a growing relationship in the future.

Understanding that Japan and Oregon have a strong relationship today, we are to wonder what the relationship will look like in the near future. Will the relationship continue to grow? Which parts will grow faster than others? I hope to answer these questions and offer a projection as to what the relationship will look like going forward.

17. “Ultimate list the 10 best gardens in the world according to Chelsea Flower Show,” *Garden Lighting*, Garden Lighting, 12 July 2017.

Chapter 2: In-Person Interviews

Selection of Interview Subjects

I chose to interview the following individuals because of their significant contributions to the business relationships between Japan and Oregon. Often, one interview would lead to another as I organically found more and more people with stories to tell. It should be noted that this method of interview leaves room for selection bias. As many of these interviews are with high-profile individuals, I think it was more important to follow through with leads as I came across them, rather than impose some sort of randomizing factor in my selection of interview subjects. While my selection by no means captures a complete picture of the many different kinds of business relationships that exist between Portland and Japan, I most certainly have a snapshot to be analyzed. I chose to order the below interview summaries chronologically because oftentimes one interview would lead to another. Additionally, as I learned more about the business relationship between Japan and Portland through these interviews, I was able to speak more knowledgably about the subject during my interviews.

Potential Bias

All of the people who I interviewed are a part of the relationship between Portland and Japan and thus will see personal and financial success if said relationship grows stronger. Understanding this, it makes sense that opinions may stray toward optimism when projecting into the future. I tried my best to assess the individual bias of each

person, without projecting my own biases as I interviewed my subjects and analyzed their thoughts.

Interview Summaries

Jun Mokudai–*Director, Japan Representative Office, Tokyo*

I met with Jun Mokudai in his Tokyo office. Mokudai has been the Director of the Japan Representative Office (JRO) since 2008. His office is operated by the state of Oregon and helps facilitate trade between Oregon and Japan. He mostly works with small companies who are trying to get a foothold in Japanese markets. Before working at the JRO, Mokudai was the president of Northwest Airlines Japan and managed 1,400 employees. With his extensive knowledge and experience, Mokudai is regarded by many as an expert on Oregon-Japan relations.

Mokudai said he has seen positive developments related to the relationship between Japan and Portland in the past decades. He specifically noted the non-stop Delta flight from Portland to Narita Airport as a major catalyst for this growth. Additionally, he claims that the twenty-one “sister city” relationships shared between Oregon and Japan have been critical to the mutual interests they share (Portland and Sapporo are sister cities). He also credits the fact that Japanese companies want to invest in overseas markets like Oregon because of domestic population decline.

Although Mokudai thinks that the strongest industry connecting Oregon and Japan is the hi-tech industry, the relationship is certainly not dependent on this. Tourism, food, beverage, and goods and services make up a great deal of the relationship as well. Mokudai specifically mentioned the up-and-coming craft beer and pinot noir wine industries in Oregon. He said that demand in Japan for these West Coast, beverages is much larger than the supply. Often, because wine manufacturers in Oregon can sell their full production capacity easily on the West Coast; they do not put effort into export markets. When it comes to craft beer, the ninety-day shelf life is often too short to make East Asian exports profitable. Once a beer makes the transpacific journey it only has a few days of shelf life left before it goes bad. This short window of time makes traditional retail sales of bottled beer unfeasible. However, there is one bar in Japan called PDX Taproom that features beers from Oregon on draft. They are able to successfully import kegs and sell them before the drinks expire.

Moving forward, Mokudai is confident that the relationship between Japan and Portland will weather whatever storm it faces. He mentioned the Trump administration's dislike of the Trans-Pacific Partnership (TPP). Mokudai saw this treaty as the next step in developing the relationship between Japan and Oregon. Mokudai does not think that an anti-free trade policy from the United States will help relations between Japan and Portland, but he sees this as more of a speed bump than a dead end. He thinks the number one catalyst the relationship needs right now is a flight from Portland to Haneda Airport (which is more centrally located than Narita Airport). This will improve communication

channels by shortening the distance that business travelers have to traverse. If he had to choose one industry that will see the most growth over the next decade, Mokudai would choose food. Oregon's organic, small batch, health food brands have been very successful in Japan, and Mokudai thinks they will be top performers in years to come.

Satoru Sunagawa—*Trade and Investment Manager, Japan Representative Office, Tokyo*

Satoru Sunagawa received a degree in Sports Management from St. Johns University in New York. He then worked for the Mets and Yankees baseball teams as a liaison between the Japanese players and the media. Later on, Satoru worked for the Japanese Professional Golf Association and other international golf associations. He moved to the Japan Representative Office in 2009. Sunagawa says he saw the fascination with Portland begin in 2012 with a special issue of *Popeye*, a men's lifestyle magazine. At that time, buzz words like "quality of life" and "organic" were directly associated with Oregon and specifically with the city of Portland. This special magazine issue helped foster this connection among men in their twenties and thirties, the main readership of *Popeye*.

While Sunagawa claims that the "boom" (Japanese term for largescale fad) for Oregon has since passed, he does not see any sort of "bust" on the horizon. With over 130 Japanese companies operating brick and mortar businesses fronts in Oregon and twenty-five Oregon operating brick and mortar

businesses in Japan, he sees steady growth on the horizon. Sunagawa could not name a certain industry that he thinks will be especially successful, but he insisted that the relationship as a whole has a bright future.

David Rademacher – *Operator, Marukin Ramen Portland*

David began as an investor and quickly became the chief operator of Marukin Ramen Portland which opened in 2016. Originally from Japan and founded in 1994, Marukin has many Tokyo locations and even tried to expand to China and Singapore. Portland was chosen upon a Japanese owner falling in love with the “Northwest vibe” and identifying a lack of high-quality ramen in the area. Almost simultaneously, Afuri, a competitor to Marukin, decided to open a Portland location because they claimed the pH of the water is perfect for ramen. In the year and a half that Marukin has had a Portland location, it has been successful. Paired with Portland’s foodie culture and desire for authentic cuisine, Marukin has flourished in an industry that is famously difficult.

Rademacher notes that while downtown Portland is home to many high-end Japanese restaurants, one cannot ignore the suburbs. There are many mom-and-pop style restaurants that do well simply because they are Japanese—they do not engage in any sort of marketing and rely instead on word-of-mouth. When it comes to growth, Rademacher sees good things on the horizon for the food industry as a whole. Additionally, he thinks that small companies like Ota Tofu and Jorinji Miso that make ingredients will do especially well. He thinks

restaurants will increasingly want to have a local “tofu guy” and a “miso guy” rather than turn to a large distributor for ingredients.

Haruo Kurata – *General Manager, Ajinomoto North America*

Haruo Kurata is a Corporate Executive of Ajinomoto Group. Ajinomoto is a global company that manufactures and sells prepared foods to businesses and consumers. Specifically, Kurata is the General Manager of the Ajinomoto North America Division. He oversees 3,500 employees for nine subsidiary companies which earn an annual revenue of \$1.7 billion. He has been with Ajinomoto for thirty-seven years, eighteen years in Japan and nineteen years in the United States.

Ajinomoto recently opened a large food manufacturing plant in Portland. Mr. Kurata cites a colleague who recommended the city in 1999 as the reason for considering Portland in the first place. He also says that Portland has the highest quality fresh vegetables, rice, and wheat flour, all of which are vital inputs for Ajinomoto’s products. He says that the investment has been successful, even during the 2008 recession. He says that Ajinomoto plans to open new factories in Portland because of this success.

Kurata says that his company has had a very good relationship with Oregon. They recently acquired New Season foods, a Portland-based manufacturer of powdered vegetables. Additionally, Ajinomoto donated one million dollars to the Portland Japanese Garden to show their support for the

city. They are looking forward to hosting events at the Japanese garden to share more of Japan with Portland.

Looking forward, Kurata sees agricultural trade leveling out, but he sees end-consumer food products growing. He thinks other companies are likely to come to Portland and compete with Ajinomoto. This could mean a diversification of the food industry and a level of heightened competition.

Lynn Parks – *Executive Director, Nikkei Legacy Center*

Lynn Parks is the Executive Director of the Nikkei Legacy Center and has extensive knowledge of the history of Japanese-Americans in Oregon. The Nikkei Legacy Center is a museum of the Japanese-American experience in Oregon. Focusing on the internment during World War II, permanent and rotating exhibits tell a story. Parks sees a lot of differences between the Japan Towns that existed before World War II and those that exist today. The Japan Town of the past had a high physical concentration of Japanese people and culture confined to a few city blocks; today Japanese culture in Portland is much more spread out.

While this may be the case, there are many organizations that exist today to facilitate communications and make the community seem more concentrated. That being said, Parks thinks that today's state of being is marked by the internment, as many people came out of the camps committed to making sure that their children would not be subject to such terrible treatment again. They chose not to talk about the camps or their Japanese ancestry. As time has passed,

many Japanese people want to learn more about their ancestry. Parks also notes that there has been a problem with assuming Japanese Americans are only interested in Japanese pop culture.

Going forward, Parks sees a positive trend toward business and cultural connections. Many visitors to the Nikkei Legacy Center from Japan come wanting to learn about the history of Japanese Americans. A great deal of Japanese tourism companies include the center in tours to Portland and many people on those trips are surprised to see what transpired during the interment.

Parks is concerned about the Trump administration and how it will affect the relationship between Japan and the United States. She thinks it is hard to get a sense of what this administration wants to do with international relations. If Parks could have visitors to the Nikkei Legacy Center take away one important lesson, she would want people to understand the dangers of prejudice and bias. She believes that immigrants contribute a great deal to the economy. Oftentimes there is resistance once immigrants try to become full members of the community. She thinks that some people have the notion that “as long as they are workers it’s okay, but don’t try to cross over to being a full member of the community.” Lynn thinks that we need to watch this attitude. We depend on immigrant work and we need to understand how important immigrants are.

Mark Frandsen – *Owner, Grove Properties*

Mark Frandsen is a Portland native who owns the commercial real estate holding company, Grove Properties. His biggest connection to Japan came when

he sold his food manufacturing company, New Season Foods, to Ajinomoto. His company made many of the ingredients used in Ajinomoto's frozen food production. Frandsen is an active member of the Portland Japanese Garden's Golden Crane Society and maintains a passion for Japanese art and culture. The Golden Crane Society is a philanthropic group that participates in and assists with cultural events.

Since Frandsen began doing business with Japan in 1996, he has seen Oregon's attitude toward Japanese markets change. What was once a supplemental secondary market has now become the major trade partner for many Oregon businesses. Increasingly, companies are tailoring their products and services to better meet the specific needs of Japanese companies. Frandsen thinks that Japan initially became interested in doing business with Oregon for a number of reasons. First, Oregon has good infrastructure to support Japanese companies, like Mitsubishi Bank that offered the kind of financing services familiar to Japanese companies. Once a few companies got a foothold in Oregon they created a Japanese company organization that attracted additional Japanese investments.

Going forward, Frandsen sees growth potential for the relationship between Japan and Oregon. He specifically notes Japan's shrinking population as a catalyst. Frandsen thinks consumer Japanese food products will continue to become more popular in Oregon and Japan, but there is no room for explosive growth as the market has already matured quite a bit.

Steve Bloom – *CEO, Portland Japanese Garden*

Steve Bloom has been the CEO of the Portland Japanese Garden since 2005. He received the Foreign Minister’s Commendation in Honor of the seventieth anniversary of the end of World War II in 2015, one of only twenty-seven given in the world. He is also a Council on Foreign Relations International Affairs Fellow and the Founding President of the North American Japanese Garden Initiative. I worked with Bloom at the Portland Japanese Garden in the summer of 2016.

When Bloom first came to the garden, he had a vision that included a large-scale addition of the “cultural village” which is a huge part of the visitor experience today. In addition to being the CEO of the garden, Bloom is the ambassador of the garden, and sometimes a de facto ambassador of Japan. He travels around the world and meets with other people who work with Japanese culture. Bloom wants to share what he sees as Japan’s greatest gifts to the world: “Culture, art, and a unique connection to nature.” Before working at the garden, Steve was the president of the Honolulu symphony in Hawaii, where he also had connections to Japan through major donor Sony. His first trip to Japan was a gift from Sony. Steve immediately fell in love with the country. Upon moving to Oregon, Steve knew he wanted to work somewhere that would allow him to continue to connect with Japan.

Bloom is the founder of an international advisory board of fourteen people in the United States and fourteen people in Japan who are leaders in their fields. They are not only corporate figureheads, but also leaders of art and

culture. This board has been instrumental to not only the garden's success; but it has also been a catalyst for the betterment of the relationship between Japan and the United States.

Bloom has seen the relationship between Japan and Oregon change over the last decades. In the 1990s there was a decline in the number of Japanese companies in Oregon, partially due to the bursting of the economic bubble in Japan in 1991. At one point there was even a move to remove the Consul General's office in Portland because economic ties had weakened so much. According to Bloom, Prime Minister Shinzo Abe's rise to power has reversed this line of thinking and cemented the Consul General's office in Portland. Abe's plan recognizes that growth needs to occur abroad. With a shrinking population, sustained domestic growth is not realistic or plausible.

Over the last seven years, Japan has been investing all over the world to reflect this mindset. Bloom does not think that Portland gets more of this investment compared to the rest of the world, but it does have the opportunity to be "one of the most vibrant relationships." While he does not think Oregon and Portland necessarily gets a larger share of investment, Bloom asserts that there is a "love affair" between the two cultures that is unique. He thinks that many Japanese people like Portland because it is a livable city, not sprawling with many natural spaces that encourages a work-life balance. (a buzzword when discussing Japanese living conditions today).

The Portland Japanese Garden is unique in that it contributes to this love affair with “soft power.”¹⁸ Bloom states that many Japanese people are attracted to the business culture in the United States, where they believe that creativity and youth are celebrated. Bloom also stated that the traditional Japanese mindset, in place since the early twentieth century, of working at the same company and doing everything that upper management demands is falling out of favor. Bloom says the Portland Japanese Garden is a “grass-roots” form of foreign relations. This cultural facility is certainly not the largest in terms of dollars or volume, but it may be the best because of its soft power. Bloom thinks the number one hurdle holding back a larger relationship is a lack of investment on the part of Oregon. Specifically, the Japan Representative Office is not big enough.

Recently, the Portland Japanese Garden was approached by a property development company in Osaka that is looking for help to design a green space between two new buildings. It is certainly remarkable that a Japanese company is coming to Portland for ideas about creating a space fashioned in the Japanese style.

Steve sees the relationship between Japan and Oregon growing. He thinks investment will continue under the guidance of Prime Minister Shinzo Abe and the various CEOs he is in communication with. He thinks the state of Oregon decide whether or not they want to facilitate that growth though

18. Douglas McGray, “Japan's Gross National Cool,” *Foreign Policy*, Foreign Policy, 11 November 2009.

investment of their own. The garden will play a key role in strengthening the cultural ties that may lead to economic ties. He does not think tourism will grow along with the economic relationship because of the shrinking population in Japan. Additionally, he does not think that Japan's interest in Portland is only a short-lived fad.

Arthur Hitchcock– *Creative Director, Bonsai Mirai*

Arthur Hitchcock is the Creative Director at Bonsai Mirai and is in charge of photography of products and services. Hitchcock also works on live-stream production that includes educational materials. People from twenty-seven different countries subscribe to his educational videos.

Arthur and I discussed the founder of Bonsai Mirai, Ryan Neil, who was the first American to study in Japan under Masahiko Kimura, a world-renowned bonsai artist. Following his six-year apprenticeship, Ryan moved back to Portland for two big reasons: First, Portland has amazing growing conditions and is arguably the “nursery capital of the world.” Portland has a very similar climate to Japan and great water quality that is beneficial to bonsai cultivation. Second, Ryan was drawn to the general culture of Portland. He was inspired by its entrepreneurial spirit.

Recently, Bonsai Mirai has had a few articles come out in Japanese press about a new American-style bonsai movement that the group is spearheading. Bonsai Mirai wants to expand the Mirai Live community, their education video platform, and work on more beginner-level instead of advanced videos. They

would also like to grow physically and host more visitors to the nursery, perhaps even opening a retail space.

On the broader relationship between Oregon and Japan, Hitchcock feels “there has been a long-standing relationship between Oregon and Japan.” He cites large airlines and tech companies that have roots in Japan but carry out many business operations in Oregon. He thinks that many Japanese people are attracted to the popularity of maintaining a work-life balance in Oregon.

He thinks the relationship between Japan and Oregon has always been strong, and he believes it is definitely getting even stronger. He photographed Oregon sites for the Japanese guidebook *True Portland* that became a bestseller on Japanese Amazon. The book was directed at Japanese tourists coming to Portland. Hitchcock stated that the “exchange of cultural ideas and economy is increasing” between Japan and Oregon, a relationship that can continue to grow. He also named “restaurants, food, art, culture” as having the potential to drive growth. The Japanese fad for Oregon may or may not die off in the coming years, but there will always be a strong relationship between Japan and Portland.

Katsu Tanaka – *Owner, Kiriko*

Originally from Japan, Katsu Tanaka has always been in the apparel business. At university, he began buying American vintage clothes and selling them in Japan. Many competitors drove profits down and he decided to leave the business. In the late 1990s, the Nike Air Max 95 sneakers were in demand in Japan and were selling for \$1,500. This began a sneaker collection culture in

Japan. Tanaka then began bringing these Japanese vintage clothes to the US and opened a store called Compound. The dawn of fast fashion totally changed the industry. Three clothing seasons turned into eight. He was forced to cut prices as clothes went out of fashion so that he could keep up. The owner decided that he did not fit into the world of fast fashion and wanted to focus on value. From that idea, he created Kiriko. He recognized that vintage kimonos were not valued in Japan, but American consumers would pay a premium for clothing made with the textiles. He has been doing business in Portland for twenty-five years.

When he first came to Portland, the city was not a particularly popular place for Japanese investment. He mentions Los Angeles, San Francisco, and Seattle as being the hot spots at the time. When he would tell his friends in Japan that he had moved to Portland, they usually thought he had moved to Europe and was living in Poland. Tanaka remarked, “Nobody knew about Portland.”

Tanaka states that, over the last five to seven years, “Portland became a really trendy spot.” He claims that Portland has gained attention from all over the world. The drivers of this fad are the music culture, coffee culture, restaurant culture, and DIY culture. He stated, “Portland is more collaborative than competitive” This idea has been a huge reason for the success of Kiriko. Tanaka is not confident that Kiriko would have survived in the other large West Coast cities. Many Kiriko customers buy their clothing because they like the way it looks, not necessarily because they like things from Japan. Tanaka says all of their items are selling well; business is very good. He is critical of the Japanese

garden, saying that they do not represent contemporary Japan and are instead stuck in the past. He would like to see the garden engage in more contemporary Japanese art and culture exhibitions.

Tanaka sees growth on the horizon for the relationship between Japan and Portland. First and foremost, he attributes this growth to the Portland Japanese Garden, noting that the garden institute will pull people from all over the world who have an appreciation for gardening in Japan and the nation in general. The garden institute is an educational program that the Portland Japanese Garden recently began. The city of Portland is also putting a lot of effort into attracting new business from Japan, and this will undoubtedly spur growth. He had a hard time identifying other companies that will drive growth, but he spoke about the shipping and language barriers that keep many companies from coming to Portland. If these barriers were lifted, the growth potential is even greater.

Sho Dozono – *President, Azumano Travel*

Sho Dozono is a Portland native and lifelong contributor to the relationship between Japan and Portland. Most notably, he has been a part of the Japan American Society of Oregon since 1976. His father was the president in 1986 and he served as a chairman in the 1990s. He took over the Azumano travel agency in 1976 from his father-in-law who started the company in 1949. At this travel agency, Dozono worked with airlines to add transpacific routes. He states that much of the business' early customers were Japanese Americans who wanted to travel to Japan to visit the gravesites of their parents

and grandparents in Japan. At this time, the majority of this travel was on steamships. Dozono thinks that the relationship between Japan and Portland was much different back in the 1970s. At this time there were only twenty-six Japanese companies in Oregon and the majority of trade was going from the United States to Japan. By 1990 there were over 170 Japanese companies in Portland. Dozono credits governors Atiyeh and Goldshmidt for their effective recruiting practices. Additionally, he thinks the television drama *From Oregon with Love* had an impact on business people in Japan who could then envision their employees enjoying life in Oregon. He also credits government organizations like the Japan Representative Office and the Port of Portland. He says Oregon was one of the first states to reach out to Japan so prominently.

Chapter 3: Data Analysis

Interview Analysis

The process of interviewing these people who are involved in the relationship between Japan and Portland gave me a sense of excitement about the future. For the most part, I felt as though the people I interviewed were in agreement and I was opening more and more windows to the interworking of the relationship. I was able to effectively leverage these interviews to learn about the past and present states of the business relationship between Japan and Portland. In addition, the interviews gave me sufficient insight to project areas of growth in the coming years. In this analysis, I will focus on topics and trends that surfaced in multiple interviews. In doing so, I aim to both effectively describe where the relationship came from, where it is today, and where it will go in the near future.

Most of the people I interviewed mentioned that the agricultural and technological industries laid a foundation in the late twentieth century for the relationship that exists today. Timber, wheat, berries, and microchips firmly anchored Oregon and Japan together. For years, Japan and Oregon shared a tight economic bond that was complemented by a sizeable Japanese-American population. This foundation allowed for the acceleration that came in the form of cultural fascination after the turn of the millennium. Satoru Sunagawa from the Japan Representative office experienced it firsthand in Japan and noted the specific vocabulary Japanese people used to describe Portland. The general sense was that Portland offered a unique and potentially superior way of life.

This notion correlated with a growth of popular literature that connected the two regions. Japanese magazines featured Portland and vice versa. Some of the people I interviewed felt that this period of accelerated growth is still underway. They claim to have not yet seen a drop off in fascination or economic growth. Others felt that the excitement has leveled off but has not ended in a crash. Regardless of their views on the rapid growth, everyone I interviewed saw growth in the future.

In addition to seeing growth, almost everybody I interviewed spoke about obstacles to growth. The two biggest of these were the Trump Administration and the state of Oregon. Fears about the federal government circled around uncertainty. Jun Mokudai mentioned that he didn't have a firm understanding of where Trump wanted to go with foreign relations. Mokudai's biggest fear was that the US would pull out of the Trans-Pacific Partnership. Others voiced concerns as well; Steve Bloom from the Portland Japanese Garden saw Oregon's own government as a major hurdle in the way of growth. He would like to see Oregon invest more in helping companies expand to Japanese markets. He thinks that the Japan Representative Office is a great model to follow, and he would like to see their budget and staffing increase.

PESTEL/SWOT Situation Analysis

This situation analysis uses traditional business analysis techniques to look at the data from the interviews. In visualizing the interview data in this way, it will be much clearer where the trends exist.

PESTEL Analysis

A PESTEL analysis is a business analysis tool that looks at the environmental factors that affect an organization. Strengths and weaknesses identified in the PESTEL analysis will carry over to the SWOT. Traditionally, a PESTEL analysis pertains to a firm but it can also be used in the context of this project to examine the relationship between Japan and Portland. These are key takeaways from the in-person interviews:

- Political
 - Oregon and Japan share a strong political relationship. Japanese companies coming to Portland are supported by local government.
- Economic
 - Strong infrastructure for Japanese companies in Portland. A vibrant network of Japanese companies is equipped to connect new firms with the resources they need in Oregon.
- Social
 - For the most part, Oregonians are accepting of people from other countries, including Japan, though during WWII, Oregon was certainly not welcoming to Japanese Americans and some xenophobic emotions may carry over to today.
- Technological

- Contemporary technologies make communication and travel between Japan and Portland very easy. This will likely only improve in the near future.
- Environmental
 - Portland and Japan are both notably environmentally conscious. Relatively, they are “green” societies. That being said, any sort of trans-pacific trade will have a significant carbon footprint. Both Oregon and Japan will need to reconcile with this as their relationship grows.
- Legal
 - There are no significant legal hurdles holding back the development of the relationship between Japan and Portland. Of course, the typical issues that come with international business are present, like tariffs.

SWOT

A SWOT analysis look at the “Strengths,” “Weaknesses,” “Opportunities,” and “Threats” facing a firm. The insights from the SWOT analysis will influence the subsequent TOWS chart. In this instance, the firm is the relationship between Japan and Portland. Specifically, each quadrant of the SWOT refers to the relationship under the assumption that it should get stronger.

- Strengths

- Strong social organizations in Oregon like the Nikkei Endowment, the Japan America Society of Oregon, and Shokookai support the relationship between Japan and Portland. They offer a network of support for people and companies who work in the relationship.
- Weaknesses
 - While the State of Oregon is engaged in some monetary support for the relationship between Japan and Portland, some organizations feel as though they need to do more. They would like to see more money be devoted to economic and social development. This would give smaller companies a better chance when trying to tap into trans-pacific markets.
- Opportunities
 - The state of Oregon has a large opportunity to fund programs that support companies that want to do business with Japan. There is both a demand for these sorts of programs and a potential for significant economic benefit for the State.
- Threats
 - Unpredictable foreign policy from the Trump administration and insular economic policy have the potential to threaten established trade institutions. Companies are wary of engaging in large scale investments, because they do not know exactly how cost structures will play out in the years to come.

Epilogue

As a whole unit, the interviews I conducted show an optimistic outlook for the relationship between Japan and Portland. Everybody who I interviewed was hopeful for the future. Of course, some saw roadblocks relating to political instability and funding. Whether these blocks will be lifted or not is not for certain, but sustained growth is almost certain.

As someone who wants to work in Portland and do business with Japan, this project has been helpful in understanding which industries I want to focus on. Additionally, the interviews I conducted served as a great exercise in networking. I expect to reach out to many of the people I interviewed for this project in the future.

I hope that this project can also help those who are a part of the relationship between Japan and Portland to better understand the climate they operate in. This thesis may open up doors to people that they would not typically interact with. If I can somehow aid in the sharing of knowledge that is essential to economic and social growth, then this project has been a success.

My biggest takeaway from this project is the economic opportunity that still exists in the relationship between Japan and Portland. I want to use the knowledge I gleaned through research to exploit entrepreneurial opportunities and potential gaps in the market. Specifically, I think there is a space for a Miso manufacturer in Portland. There is already one firm involved with Miso manufacturing in Portland, but I feel it could be done much more effectively. Leveraging marketing channels and the vast network of resources related to the relationship between Japan and Portland could make

a venture like this one attractive. I am looking forward to my future as a part of the relationship between Japan and Portland and I am excited to contribute to its success.

Recommendations for Further Research

The arguments presented in this thesis both fill gaps in existing literature and open doors to further research. Such research has two main possibilities. First, a researcher may take the interview summaries presented in this thesis and reach out to similar individuals. Adding more like interviews and analyzing them in the fashion presented in this thesis has the potential to validate or challenge this thesis' findings. Moreover, a researcher could utilize further primary research to delve into another subsector and compare that to the relationship between Japan and Portland. Perhaps Portland's relationship with another country is notably similar.

A second path a researcher could take would be to use primary sources alongside additional secondary sources. Pairing each interview with magazines, newspapers, and other secondary documents that relate to the person being interviewed could yield eye-opening analysis. Both comparing the recorded opinions to these secondary sources and potentially asking the people interviewed how those sources relate to their job and the wider relationship between Japan and Portland could give a better understanding of the role popular articles play in the relationship.

Regardless of which path a researcher chooses to take, there is undoubtedly valuable analysis to be made. Whether they choose to uncover more primary sources or utilize secondary sources as a source of comparison, the foundation this thesis presents

can be of use. The relationship between Japan and Portland is ripe with both economic and academic opportunities and will continue to be for years to come.

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