Opening the 'Last Frontier'; the Emerging Role of Alaska in U.S.-Japan Relations

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Introduction

Between June and August of 1943, the only North American battles of the Second World War were fought as the Imperial Japanese Navy *Northern Area Fleet* launched a campaign to take the strategic Aleutian Islands. Just over a decade prior, U.S. Army General *Billy Mitchell* remarked "in the future, whoever holds Alaska will hold the world."[1] Japanese war planners saw the islands as a critical jumping off point for a combined U.S.-Soviet campaign to attack the Kuril Islands, and then the home islands from the north. Beyond that, Japanese victory in the Aleutians would've opened up a wider front against the American West Coast. Fortunately for the combined U.S.-Canadian forces under the *Alaska Defense Command*, the Japanese were routed. Over 4,300 Imperial Japanese troops were killed—after a brief occupation of the small islands of *Kiska* and *Attu*.[2]

Today, the '*Last Frontier'* of the American westward imagination once again weighs heavily between the U.S. and Japan—as a pivotal pipeline that would connect Alaskan natural gas fields to Asian markets seems closer to realization than ever. On February 7th, following his meeting with Prime Minister Ishiba, President Trump announced that the U.S. and Japan were both in talks on a joint venture. This would include a potential $44 Billion project to move gas from the North Slope, through an 810 mile pipeline to a liquefaction facility in *Nikiski*, Alaska, and then overseas to Asian markets.[3]

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[1]Gedney, Larry. "Billy Mitchell: Alaska Pioneer." Billy Mitchell: Alaska Pioneer | Geophysical Institute, 1986. https://www.gi.alaska.edu/alaska-science-forum/billy-mitchell-alaska-pioneer.

[2]Pike, Francis. *Hirohito's war: The Pacific War, 1941-1945*. London, England: Bloomsbury Academic, 2017.p.1003

[3] Bohrer, Becky. "Trump Puts the Spotlight Anew on a Major Alaska Gas Project. Will It Make a Difference?" AP News, February 19, 2025. https://apnews.com/article/alaska-trump-gas-pipeline-dda1408ebd2235232092ce45ab63ee53.

Access to Alaskan LNG has long presented a lifeline to *resource-poor* allies in East Asia, like Japan. The idea of connecting Asian markets to Alaskan LNG is nothing new. Throughout the Carter and Reagan administrations, U.S. policymakers balked at Japanese proposals. Structural issues in the global energy market, and the national trauma of the *1973 Oil Crisis* ensured this project would never come to fruition. But today, the long shock of the Oil Crisis has faded away, and the U.S. is in an unparalleled oil glut—American energy independence is closer than ever, as the U.S. continues to be the largest oil producer. While these two concerns have ebbed, a strategic necessity has emerged; the threat of a Japanese *Malacca dilemma* during a potential conflict in the South China Sea over Taiwan's fate. Beyond this, there's emerged an obvious permissive environment in Washington for increased energy output—and a need in Tokyo for alternatives to Russian oil and gas. The convergence of these factors make the project a distinct opportunity for the U.S., and Japan.

The American Gateway to the Arctic opens up

Over twenty years after the battle for the Aleutian Islands ended, prospectors from Humble oil and the Atlantic Richfield Company struck black gold near Prudhoe Bay—a Northern Slope field of over 213,543 acres holding around 25 billion barrels of oil.[4] This was more than double the next largest field in the U.S. in East Texas. Alongside the oil, was gas. Six year later, in 1974, the State's Division of Geological & Geophysical Surveys estimated the gas

[4] "Prudhoe Bay Factsheet." BP. Accessed March 20, 2025. https://web.archive.org/web/20090326112358/http:/www.bp.com/liveassets/bp_internet/us/bp_us_english/STAGING/local_assets/downloads/a/A03_prudhoe_bay_fact_sheet.pdf.

deposits to be over 26×10^{12} cubic feet.[5] This was a monumental discovery that jump-started development—but certainly not the first.

Outside of this large find, much of the Northern Slope was known to have oil, many decades prior. After the end of the First World War, President Harding made an effort to convert the U.S. Navy from coal to oil—which created an impetus for large, strategic oil reserves. President Harding designated the area south of Point Barrow, west of Prudhoe Bay, as the Naval Petroleum Reserve-4 (NPR-4).[6] In 1976, this was organized into the National Petroleum Reserve Alaska (NPRA)—and transferred from the Department of the Navy to the Department of the Interior.[7] Throughout much of the last century, the reserve remained devoid of any development.

The Long Specter of the Oil Crisis

This was not the case for the Prudhoe Bay field—which became a matter of national security after the start of the 1973 oil crisis. In October of that year, during the Jewish High Holiday of *Yom Kippur*, Egypt and Syria launched a surprise attack on the Sinai and Golan fronts, respectively. Despite a tense lead-up to the outbreak of war, Israeli war planners were taken by surprise. Syrian tanks moved through the Golan Heights, into the Israeli Galilee, and inflicted heavy damage on units in the Northern Command. The Chief-of-Staff of the Army, David Elazar, understood that the Syrian breakthrough would lead to the collapse of the Golan Front.

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[5] Estimated Speculative Recoverable Resources of Oil and Natural Gas in Alaska. Division of Geological & Geophysical Surveys. Department of Natural Resources. State of Alaska. January 1974.

[6] Canby, Peter. "The Specter Haunting Alaska: Peter Canby." The New York Review of Books, August 15, 2020. https://www.nybooks.com/articles/2005/11/17/the-specter-haunting-alaska/.

[7] Ibid.

As it seemed Israel's short time as a state was coming to an end—Defense Minister Moshe Dayan shockingly remarked to the service heads of the IDF, that the *Third Temple* was about to fall[8]—the U.S. began to supply Israel with desperately-needed weapons. Arab members of the Organization of Petroleum Exporting Countries (OPEC) retaliated with an oil embargo. The Arab states cut back oil production, and banned exports to countries supporting Israel. Beyond that, the pricing-system that had existed prior to the Crisis, was undermined by decades of negotiations between producers and companies.[9] This set the stage for deep, painful cuts in the U.S. market

The 1973 Oil Crisis laid bare U.S. vulnerabilities in the energy market; power had shifted to oil-producers, as the U.S. was far too dependent on foreign energy. This dynamic, and the decision to arm Israel, created a scarcity-crisis in the U.S.—a type of crisis not felt by American consumers since the days of wartime emergency rationing during the Second World War. This created irreparable damage to the American psyche—wherein a nation of unparalleled plenty and prosperity was forced to live like the rest of the world.

The oil crisis had long-term impacts on Alaskan energy production. The crisis spurred increased development, and efforts to solve the transportation issue. Alaska's unique geography, climate, and legal litigation plagued the development on the Trans-Alaska pipeline. On November 16th, 1973, the U.S. Congress authorized the Trans-Alaska Pipeline Authorization Act of 1973—but the daunting task of assuring energy transmission, included building the necessary

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[8] Green, David B. "1973: Moshe Dayan Allegedly Suggests Israel Demonstrate Its Nuclear Capacity." Haaretz.com, October 7, 2016. https://www.haaretz.com/jewish/2016-10-07/ty-article/the-day-israel-almost-dropped-the-a-bomb/0000017f-dbdc-d3ff-a7ff-fbfc93080008.

[9] "Milestones 1969-1976: Oil Embargo, 1973–1974." U.S. Department of State, Office of the Historian. Accessed March 20, 2025. https://history.state.gov/milestones/1969-1976/oil-embargo.

infrastructure to house, and provide for the workers, and shore up logistics across the rough terrain. From the start of physical construction, to the first barrel of oil hitting the end of the 800 mile pipeline, was over three years.[10] This same infrastructure didn't exist for natural gas transmission.

A natural gas pipeline to transport the reserves up in Prudhoe Bay was a natural next step. In 1977, President Carter and his energy advisor, James Schlesinger, announced that such an idea of selling North Slope oil to Japan would be rejected "partly for political grounds, partly for other technical reasons". This created a dilemma for producers, as nearly 1.2 million barrels per day would have to be rerouted through the Panama Canal, to the Gulf of Mexico and the Northeast (for domestic consumption). Partly, Carter wanted to force producers to bring pipelines from the West coast to the interior—to assure connection to this strategic reserve of natural gas. Additionally, the administration saw the project as undercutting President Carter's attempts to persuade congress to adopt an energy program based on prospects of a national shortage. Of course, the oil crisis in 1973 still weighed greatly on the minds of U.S. policymakers.

At the same time, the administration was drafting up plans for "standby gas rationing plan" in the event of another disruption by Arab oil producers.[11] This was an obviously fraught time—where the U.S. was generally reliant on foreign energy. The U.S. had been faced with the consequences of not having an earnest national energy strategy that assured direct access to large reserves in a crisis—again, Americans felt scarcity, and without a national crisis with which the nation was coping with.

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[10] Weaver, Bywarren. "President Rejects Proposal to Sell Alaska Oil to Japan in an Exchange." The New York Times, July 11, 1977. https://www.nytimes.com/1977/07/11/archives/president-rejects-proposal-to-sell-alaska-oil-to-japan-in-an.html.

[11] Ibid.

The issue again was raised in the 1980s between President Reagan And Prime Minister Nakasone. The issue of course faced immense backlash. Policymakers saw Congress's 1978 mandate that prohibited export of oil from the Trans-Alaskan pipeline as completely reasonable given the long shock from the 1973 oil crisis. Selling this oil to Japan was seen as an effort to erode nascent American energy independence—even given the oil glut in the early 1980s. There was concern that the oil sold to Japan could not be easily rerouted in a National emergency. The worry was also for American consumers—a worry that we would have to replace the barrels sent to Japan with costlier imports. And beyond that, the perception was that the U.S. had made costly investments in Alaska—Japan had not.[12]

Functional and Structural Changes in the Energy Market

Today, the historical, and structural issues plaguing this joint venture have almost all evaporated; the 1973 Oil Crisis is now distant memory, and American energy independence is, practically, at hand. To the credit of America's increased energy output, the specter of such a crisis—wherein the U.S. would be cut off from the necessary energy resources, particularly during a national emergency such as a war—is virtually nonexistent. While the U.S. largely produced all of the energy it consumed up until 1950, demand for energy increased drastically in the period thereafter, necessitating imports from abroad. From 1958 until 2018, the U.S. consumed more energy than it produced (see graph below).[13]

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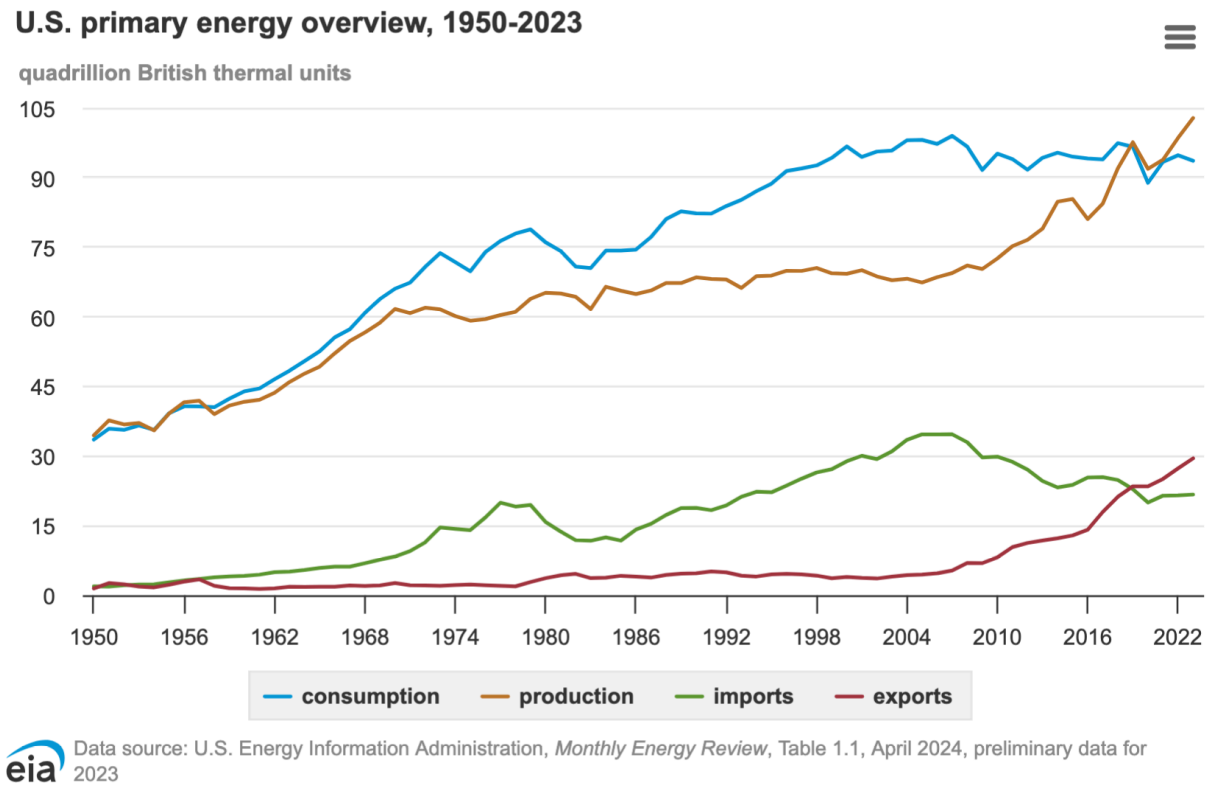
[12] Clines, Francis X. "Reagan Cautions Japan over Trade." The New York Times, January 20, 1983. https://www.nytimes.com/1983/01/20/business/reagan-cautions-japan-over-trade.html.

[13] "U.S. Energy Information Administration - EIA - Independent Statistics and Analysis." U.S. energy facts - imports and exports - U.S. Energy Information Administration (EIA). Accessed March 20, 2025. https://www.eia.gov/energyexplained/us-energy-facts/imports-and-exports.php.



From 2019 onward, the U.S. has become a net exporter of energy. In 2023, the U.S. remained a net importer of crude oil (as both imports and exports increased), but the U.S. reached a record high of natural gas exports in the same year—Over 26% of total energy exports were natural gas.[14] From 2014 onward, U.S. LNG exports increased (see below), and by 2017 the U.S. was a net exporter of LNG. Increasingly, U.S. LNG exports have been bound for Europe. As of 2023, the top markets for U.S. LNG exports were the Netherlands (14%), France (11%), the United Kingdom (10%), Japan (7%), and South Korea (6%). Nearly 35% of U.S.[15] LNG exports ended up in European countries—which speaks to the general orientation of U.S. energy markets.

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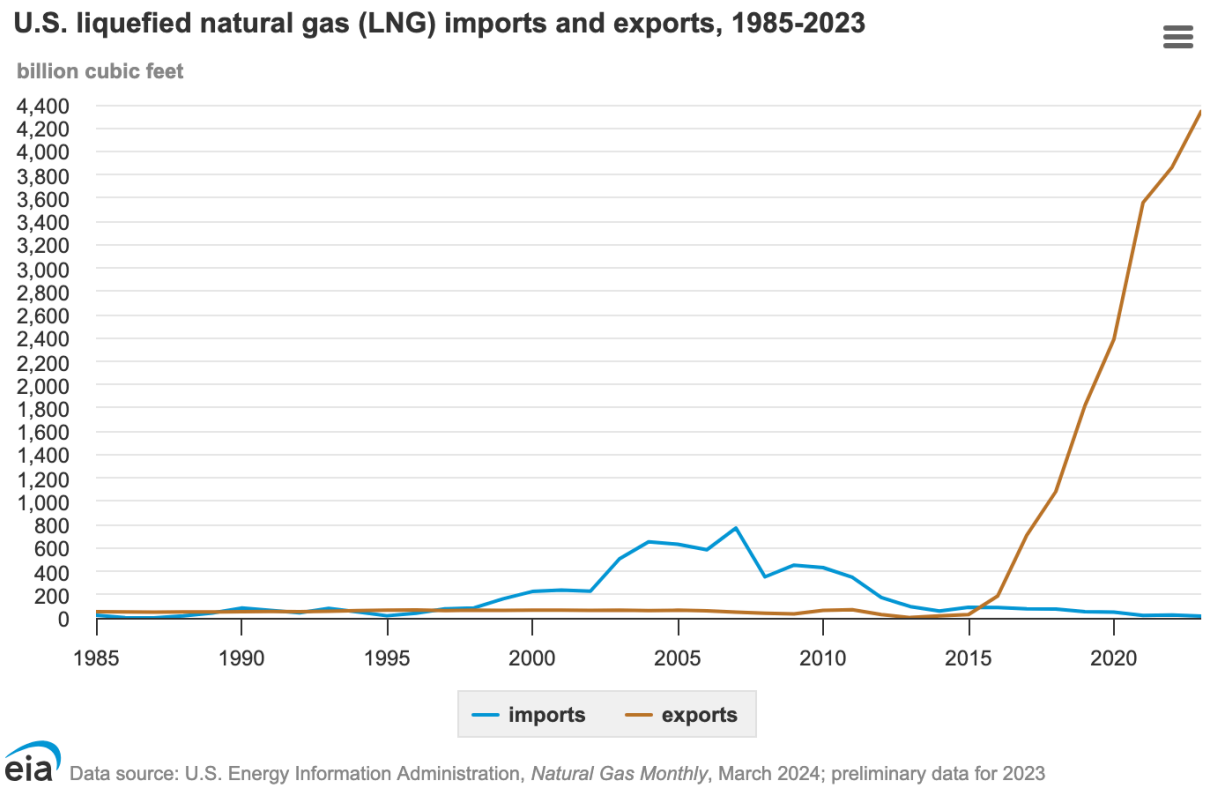
[14] "U.S. Energy Information Administration - EIA - Independent Statistics and Analysis." Liquefied natural gas - U.S. Energy Information Administration (EIA). Accessed March 20, 2025. https://www.eia.gov/energyexplained/natural-gas/liquefied-natural-gas.php.

[15] Ibid



The U.S. largely fuels the energy needs of Europe, with energy exports, especially LNG, flowing eastward from the Gulf of Mexico and the U.S. eastern seaboard. This speaks to the lack of westward LNG transit from Alaska—because there is simply very little infrastructure. Again, this is owed to the historical consequences of the Oil Crisis, and an era of domestic American energy scarcity, and the fear thereof its lack.

Beyond the structural changes in the American market, there's been a distinct change in Japan—the complications from Russian energy in the aftermath of the Russian full-scale invasion of Ukraine in 2022. Japan is the second largest LNG importer, and the war has put in question long-term access to Russian LNG (which accounts for 9% of their LNG supply, or 6 million metric tonnes per year). Starting in 2026, long-term contracts with Russia, via the Sakhalin-2 pulping will start to expire—with marginal hope of renewal, as Russo-Japanese

relations have deteriorated precipitously since 2022. Sakhalin-2 has provided 5 million metric tonnes (per year), which is over 80% of the Russian-imported LNG. Despite sanctions against large sectors of the Russian economy, the Sakhalin-2 contracts have been exempted from the U.S. sanctions regime so far—to the chagrin of American policymakers. Japan clearly needs to diversify its supply of energy away from Russian imports—even if Russian LNG only takes a mere 3 days to get to Japan. [16]

Drill, Baby Drill; Trump's 'Four Babies' and the Political Shift in Washington

In a recent, Breitbart-hosted policy event, Secretary of the Interior Doug Burgum outlined the "four babies" of the Trump Administration's policies apropos the interior; "drill, baby, drill", "map, baby, map", "mine, baby, mine", and "build, baby, build".[17] With a focus on federally-held land, Secretary Burgum proposed a vision for unleashing development of resources (principally energy and critical minerals) through prospecting, and then selling and leasing federal lands to jump-start development in those critical sectors. All of this, runs alongside President Trump's initiatives to "unleash" American energy.

On day one of his second administration, President Trump signed an Executive Order on "Unleashing Alaska's Extraordinary Resource Potential", rolling back his predecessor's orders on the "Comprehensive Analysis and Temporary Halt on All Activities in the Arctic National Wildlife Refuge Relating to the Coastal Plain Oil and Gas Leasing Program", rescinding

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[16] Obayashi, Yuka, and Katya Golubkova. "Rival LNG Supplies, Sakhalin's Depleting Fields Give Japan an Exit from Russian Gas | Reuters." Reuters. Accessed March 20, 2025. https://www.reuters.com/business/energy/rival-lng-supplies-sakhalins-depleting-fields-give-japan-an-exit-russian-gas-2024-12-11/.

[17] Knudsen, Hannah. "Doug Burgum on the 'Four Babies': Drill Baby Drill, Map Baby Map, Mine Baby Mine, and Build Baby Build." Breitbart, March 19, 2025. https://www.breitbart.com/politics/2025/03/19/doug-burgum-on-the-four-babies-drill-baby-drill-map-baby-map-mine-baby-mine-and-build-baby-build/.

cancelled leases on land in the Arctic National wildlife Refuge, and prioritizing the development of Alaskan LNG.[18] From day one, the new administration led with *drill, baby drill*—as America's new energy policy.

The political shift in the U.S., typified by Secretary Burgum's remarks, has made the joint venture possible, more than any structural changes in the U.S. energy market. On energy, President Trump has embraced a *politics of abundance*. Secretary of Energy Christopher Wright's nomination and subsequent confirmation is a signal of the Trump administration's 'energy-forward' approach; Secretary Wright has outlined a "whole-of-resource" approach to energy, emphasizing not just fossil fuels, but focusing on geothermal and nuclear, alongside sources like LNG. Furthermore, he's emphasized the notion that technology will bring about abundance; the notion that innovation in the technology to extract and transmit these resources with greater efficiency, will be liberating for America's (perceived) *scarcity*.[19]

Conclusion

Today, LNG bound for East Asia leaves the Galveston Bay, and heads south past the Yucatán Peninsula, and then through the Panama Canal. Depending on the volume of traffic through the canal, the journey to Japan takes anywhere from 21 to 30 days. From the liquefaction facility in Nikiski, Northern Slope LNG would take around a week to get to Japan.[20] This is

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[18] "Unleashing Alaska's Extraordinary Resource Potential." The White House, January 21, 2025. https://www.whitehouse.gov/presidential-actions/2025/01/unleashing-alaskas-extraordinary-resource-potential/.

[19] "Hearing to Consider the Nomination of Mr. Chris Wright to Be Secretary of Energy." U.S. Senate Committee on Energy and Natural Resources, January 24, 2025. https://www.energy.senate.gov/hearings/2025/1/hearing-to-consider-the-nomination-of-mr-chris-wright-to-be-secretary-of-energy.

[20] Davis, River Akira. "Trump's Tariff Threats Revive Interest in $44 Billion Alaska Gas Project." The New York Times, February 27, 2025. https://www.nytimes.com/2025/02/27/business/trump-tariffs-alaska-lng-japan.html.

clearly advantageous to Japan, and American producers—and more importantly, a political victory for an administration that has brought seismic changes to U.S. energy policy.

The positive outlook for the Alaskan LNG project was borne out of confluence of changes in energy markets dynamics, strategic necessity given the rise in regional tensions in Northeast Asia, political changes in Washington, and Japan's need for alternative energy sources. The long specter of the Oil Crisis haunts an energy-rich U.S. no more—as the U.S. has become largely energy independent. In Washington there's a permissive environment for a *policy of energy abundance*. Finally, as the War in Ukraine rages, there's a renewed interest in Japan. If the investment falls in line, the administration and our allies will be handed a great victory.

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