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Serving All of Alaska

# **Alaska's Place in the World: How Exports Drive Alaska's Economy**

Presented to the House Special Committee on  
Economic Development, Tourism & Arctic Policy  
March 26, 2015

# Crisis = Danger... and Opportunity

危機

The image shows the Japanese characters for 'Crisis' (危機) in a bold, black, calligraphic style. The characters are arranged vertically, with '危' (danger) on top and '機' (opportunity) on the bottom. The background of the slide features a faint, stylized world map.

Will we succumb to  
the danger or rise to  
the opportunity?

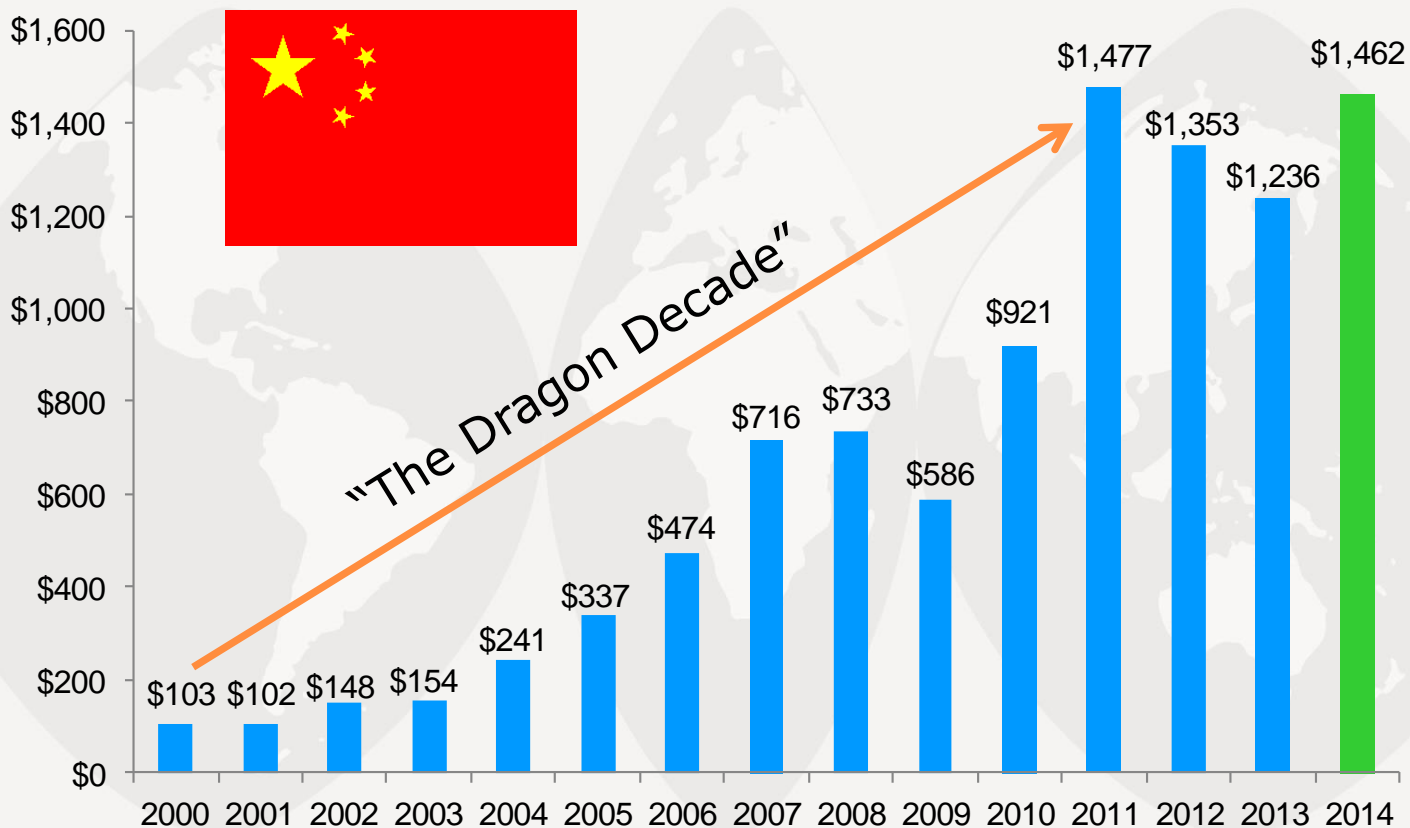
# Alaska's Total Overseas Exports

## Full Year 2014 (\$5.15 Billion )

Ranking	Country	Amount (USD Millions)
1.	China	\$1,462
2.	Japan	\$1,024
3.	South Korea	\$670
4.	Canada	\$515
5.	Germany	\$322
6.	Spain	\$182
7.	Singapore	\$141
8.	Australia	\$111
9.	Netherlands	\$104
10.	South Africa	\$100
11.	Others	\$522
	Total:	\$5,153

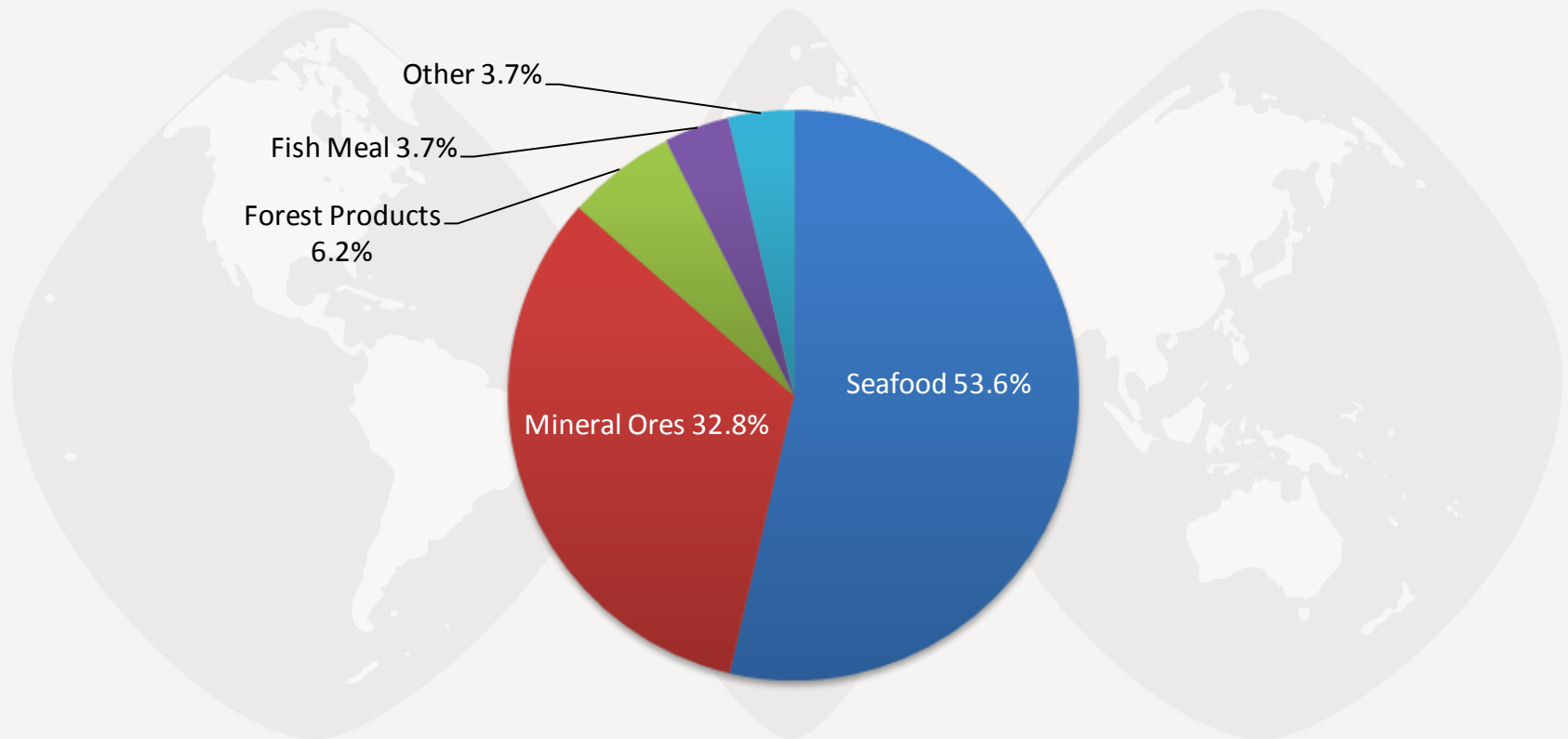
Source: U.S. Census Bureau

# Alaska's China Era Continues (2000 – 2014 Comparison, USD Million)



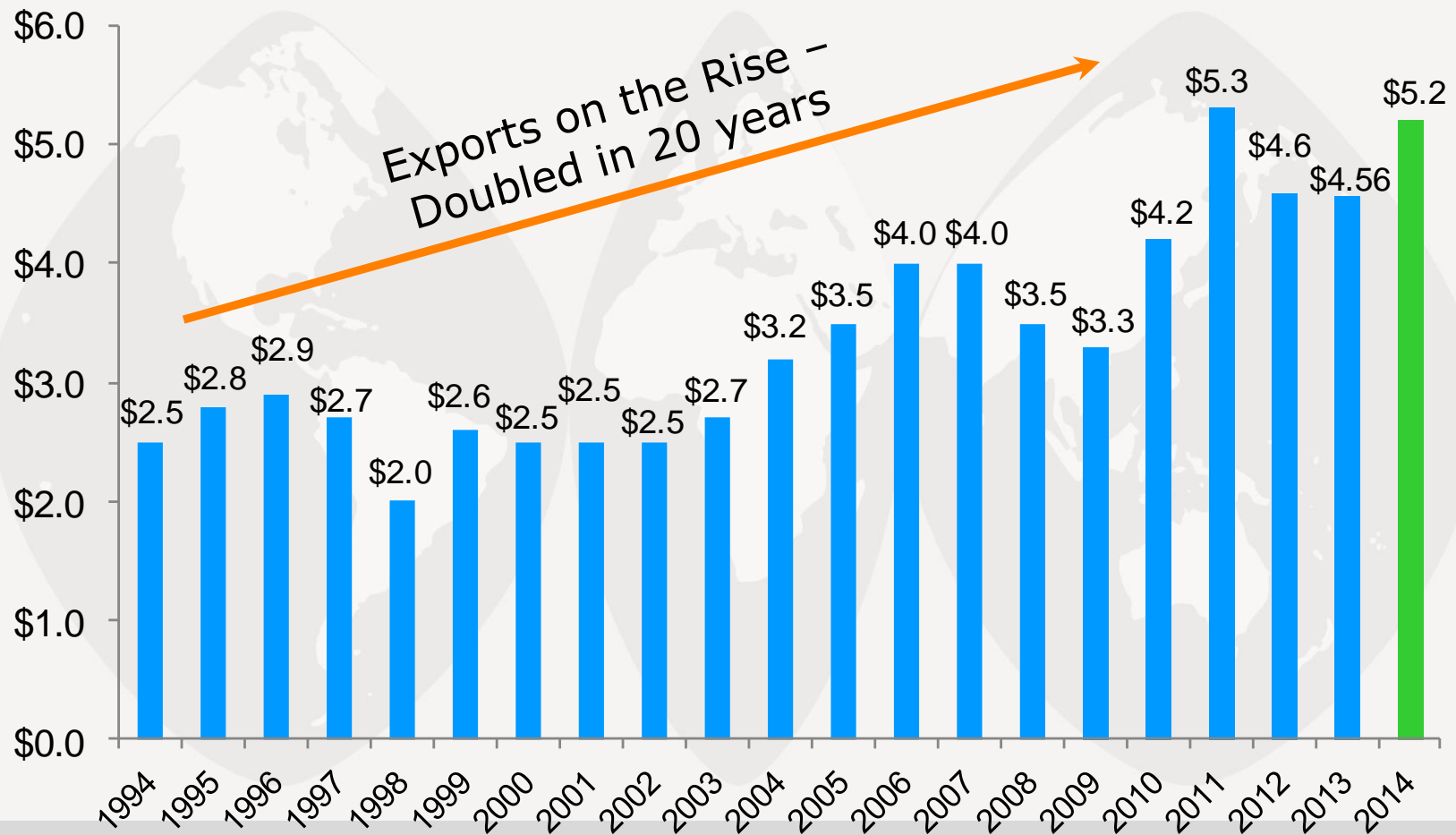
Source: U.S. Census Bureau

# Alaska's Exports to China by Commodity - Full Year 2014 (1.46 Billion)



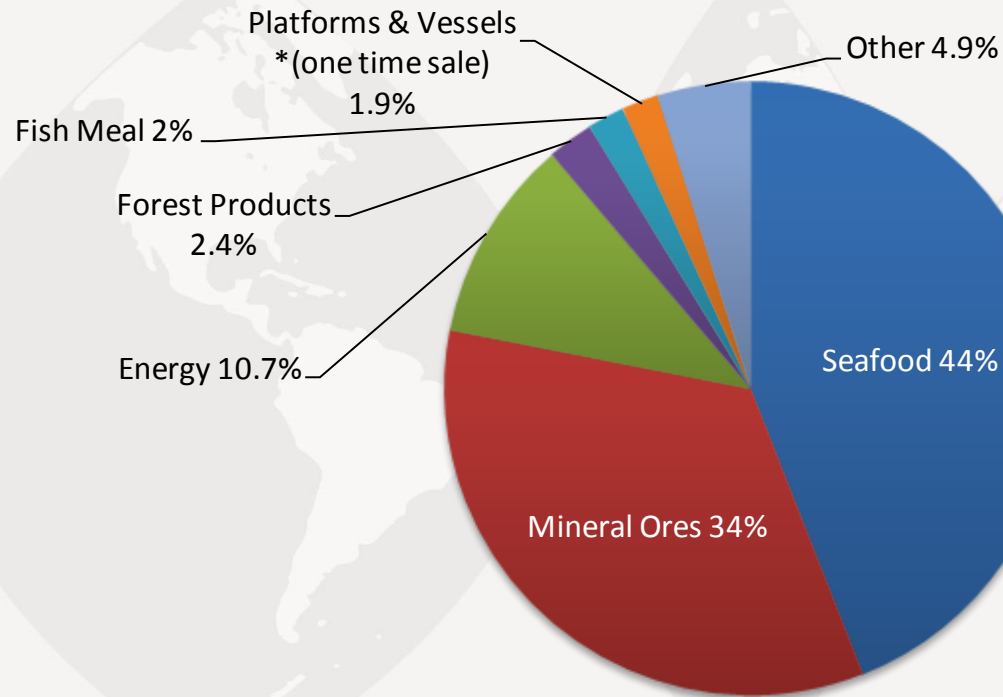
Source: U.S. Census Bureau

# Where We've Been (in USD Billion)



Source: U.S. Census Bureau

# Alaska's Top Export Commodities Full Year 2014 (5.15 Billion)



Source: U.S. Census Bureau

# Current Trends: The Three “Rights”

- Right Place
  - Alaska's geographic location on the Pacific Rim. Fast growing economies and populations
- Right Time
  - Economic liberalization and modernization. Migration to the cities and growth of the middle class
- Right Commodities
  - Alaska has world-class reserves of natural resources. The building blocks of economic development. What people need versus what they want.



# The Fourth “Right”

- Right Direction:

- Alaska and the world are heading North

Access to natural resources

Transportation infrastructure

Maritime shipping opportunities

Flowing from commercial development of the Arctic

# Opportunities for Alaskan Companies:

- Resource development (offshore & onshore)
  - oil & gas, mining etc.
- Infrastructure build-out
  - engineering, permitting, construction, maintenance etc.
- Maritime logistics & support
  - mapping, fuel, spill prevention & response, communications etc.
- Trade & Commerce
  - exports, new “silk route” potential

# International Trade is Big Business for Alaska

- Overseas Exports \$5.2 billion in 2014
- This represents nearly 10% of the Alaska's Gross State Product (GSP)
- New Money into Economy
- Thousands of Direct and Indirect Jobs
- Results in stronger, more diversified economy

# International Trade is Big Business for Alaska (cont.)

- Substantial component of Alaska's economy. Exports typically account for approximately 10% of the GSP. Export total does not include the export of services from Alaska — such as construction, engineering and oil & gas services.
- Exports now bring between \$4 and \$5 billion of new money into our economy. New money, not recycled money. Also, exports account for nearly \$2 billion in induced and indirect economic benefits, according to a study by Northern Economics.
- Exports allow companies to become larger through expanded markets and customer base.
- For some Alaska companies, their best bet for growth is overseas markets.

# Exports = Jobs

- Exports support nearly 15,000 direct and 10,000 indirect and induced jobs in Alaska
- Export jobs are high paying jobs. Export-related jobs typically pay 13-16% more than jobs tied solely to domestic economy

# How Do We Rank?

- Alaska ranks 40<sup>th</sup> among all states by the value of exports
- As a percent of GSP, Alaska ranks 14<sup>th</sup>
- On a per capita basis, Alaska ranks 4<sup>th</sup>
- According to the U.S. Department of Commerce, there are approximately 300 companies that export from locations in Alaska. 75% are considered SMEs

# Why am I optimistic?

- We have what the world needs
- We have fast-growing economies and populations in our backyard
- Commercial development of the Arctic presents significant opportunities for Alaska

# Why am I optimistic? (cont.)

- Many resources remain untapped – for example, minerals & metals:
  - Coal – 17% of the world's coal; 2nd most in the world
  - Copper – 6% of the world's copper; 3rd most in the world
  - Lead – 2% of the world's lead; 6th most in the world
  - Gold – 3% of the world's gold; 7th most in the world
  - Zinc – 3% of the world's zinc; 8th most in the world
  - Silver – 2% of the world's silver; 8th most in the world

(Source: Commonwealth North – Assets Review)

- North Slope natural gas; Rare Earth Elements; Service Sector Exports



# Towards a New Business Model

- Increasing number of Alaskan companies adopting new business model for growth & success
- Traditional model: 700,000 potential customers
- New model: 3 billion potential customers
- This new mindset creates greater feasibility for Alaskan companies & projects

# Crisis = Danger... and Opportunity

危機

Let's Rise to the Opportunity!