

**ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, INTERNATIONAL
TRADE AND TOURISM**

January 19, 2007
10:35 a.m.

MEMBERS PRESENT

Representative Mark Neuman, Chair
Representative Kyle Johansen
Representative Vic Kohring
Representative Bob Lynn
Representative Andrea Doll
Representative Mike Doogan

MEMBERS ABSENT

Representative Carl Gatto

OTHER LEGISLATORS PRESENT

Representative Anna Fairclough
Representative John Coghill

COMMITTEE CALENDAR

PRESENTATION REGARDING PACIFIC NORTHWEST ECONOMIC REGION

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

MATT MORRISON, Executive Director
Pacific NorthWest Economic Region
Seattle, Washington

POSITION STATEMENT: Presented an overview regarding the Pacific NorthWest Economic Region.

SENATOR LESIL McGUIRE
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Represented the Pacific NorthWest Economic Region as one of its vice presidents.

JOHN VAN DONGEN, Minister
Intergovernmental Relations
Government of British Columbia
British Columbia, Canada

POSITION STATEMENT: Represented the Pacific NorthWest Economic Region as one of its vice presidents.

JIM KENYON, Minister
Economic Development
Government of Yukon
Yukon Territory, Canada

POSITION STATEMENT: Represented the Pacific NorthWest Economic Region as its president.

BRANDON HARANBROOK, Deputy Director
Pacific NorthWest Economic Region
Seattle, Washington

POSITION STATEMENT: Responded to questions regarding Pacific NorthWest Economic Region.

MARVIN SCHNEIDER, Executive Director
U.S. Relations
Government of Alberta
Alberta, Canada

POSITION STATEMENT: Responded to questions regarding the Pacific NorthWest Economic Region.

ACTION NARRATIVE

CHAIR MARK NEUMAN called the House Special Committee on Economic Development, International Trade and Tourism meeting to order at [10:35:28 AM](#). Representatives Lynn, Doll, Doogan, Kohring, and Neuman were present at the call to order. Representative Johansen arrived as the meeting was in progress. Representatives Coghill and Fairclough were also in attendance. Representative Gatto was excused.

Presentation Regarding Pacific NorthWest Economic Region

[10:35:57 AM](#)

CHAIR NEUMAN announced that the only order of business would be the presentation from Matt Morrison, Executive Director, of Pacific NorthWest Economic Region (PNWER). The Pacific NorthWest Economic Region is a private and public partnership between business and government in the U.S. and the Canadian Northwest. Members include the Canadian Provinces of Alberta

and British Columbia and the Yukon [Territory], and the states of Alaska, Idaho, Montana, Oregon, and Washington. Pacific NorthWest Economic Region's mission is to foster sustainable economic development throughout the region. Chair Neuman recognized the following members of PNWER: Jim Kenyon, Minister, Yukon Territory; John Van Dongen, Minister of State for Intergovernmental Relations, British Columbia; and PNWER representatives Matt Morrison and Brandon Haranbrook.

[10:37:12 AM](#)

MATT MORRISON, Executive Director, Pacific NorthWest Economic Region, spoke of its first summit in Alaska scheduled for July 2007, which may bring together 500 to 600 leaders from the bi-national region PNWER represents. Alaska is an important part of this region which, if PNWER were a nation, it would generate the 12th largest economy in the world. The summit will be held in Anchorage and one focus will be on the 2010 Olympics in Whistler, British Columbia.

[10:39:05 AM](#)

MR. MORRISON stated the importance of PNWER's action regarding workforce development. Shortages of labor in the region are anticipated with the upcoming mega projects to develop oil and natural gas development in Alaska and Alberta.

[10:41:00 AM](#)

MR. MORRISON also noted PNWER's leadership in energy planning by connecting a network of research and development resources for solving energy challenges and developing the concept of a Pacific gateway for Asia. Working groups have been established to explore the issues of transportation infrastructure, invasive species, agriculture, and homeland security.

[10:47:23 AM](#)

SENATOR LESIL McGUIRE, Alaska State Legislature; Vice President of PNWER, announced that the first Pacific NorthWest Economic Region summit in Alaska will be held July 21-26th. A preliminary meeting will be held in Whittier on July 21st and the actual conference begins July 22nd. There will be 500 participants including heads of state. All western states will be invited and it is possible a Governor/Premier summit will be scheduled concurrently. Policy workshops will relate to resource development, economic development, tourism, job

training, government autonomy, the Artic National Wildlife Refuge, and the National Petroleum Reserve-Alaska. Delegates will be invited to visit Prudhoe Bay, the Port of Anchorage, the Matanuska-Susitna Valley and Fairbanks. She then encouraged members to forward any suggestions for policy ideas for the conference to her. The goal with the policy workshop is to showcase Alaska's successes. In fact, Alaska's Native Corporation will also be presenting.

[10:53:03 AM](#)

CHAIR NEUMAN requested that Mr. Morrison discuss the Asian market for natural gas.

MR. MORRISON responded that natural gas prices are high and are projected to be high for the next 20 years and liquefied natural gas (LNG) will continue to develop. In fact, after Hurricane Katrina the price of natural gas spiked due to domestic shortages. However, even higher prices in Europe caused the LNG to be exported there. He opined that natural gas prices are at the verge of an international globalization.

[10:54:37 AM](#)

SENATOR McGUIRE added that PNWER provides a world view of energy development. She further added that LNG is in demand worldwide and thus the energy track at the PNWER summit will provide information regarding the potential demand for natural gas from China and other Asian markets.

MR. MORRISON emphasized the need for Alaska to provide natural gas to North America.

CHAIR NEUMAN thanked Senator McGuire for providing objective information on how PNWER will bring groups together to shape policies between Canada and Alaska.

[10:58:01 AM](#)

REPRESENTATIVE DOLL inquired about the reserves of natural gas in China.

MR. MORRISON answered that China does not have much in reserve.

SENATOR McGUIRE recalled that Marvin Schneider, Executive Director of U.S. Relations for the Government of Alberta, has said that China has "minimal reserves of natural gas." She then referred to a presentation by an official from China who stated

that his country will look to Russia, the Middle East, and North America for energy needs. Also from the aforementioned presentation, she recalled that regardless of the UNOCAL (United Oil Company of California) decision, the Chinese official opined that China will get the [energy] it needs.

[11:00:24 AM](#)

CHAIR NEUMAN reiterated that countries around the world need Alaska's energy.

[11:00:43 AM](#)

REPRESENTATIVE DOOGAN welcomed the Canadian officials and asked about PNWER's role in workforce development.

MR. MORRISON, referring to a grant PNWER was awarded to address challenges to workforce mobility across borders, related that stakeholder meetings are in progress to identify and solve temporary workforce problems.

[11:02:33 AM](#)

SENATOR MCGUIRE said PNWER can be a clearinghouse for information and can advocate for nonprofit governmental grants. Furthermore, PNWER has staff to look at issues in a nonpartisan way that the private sector and policymakers cannot. She highlighted that PNWER can bring policymakers in a region together to hear nonpartisan information and exchange ideas.

[11:04:15 AM](#)

MR. MORRISON added that the states of Washington and Idaho, and provinces of British Columbia and Alberta have provided funds for PNWER to form a regional tourism coordination council. During this legislative session it is hoped Alaska will become part of this group. This council will work on a marine tourism collaboration project and would like to develop NORPASS, a Northwest Passage rail & sail pass with access to the Alaska Railroad, Alaska Marine Highway System, BC [British Columbia] Ferry system, and Washington State Ferry system, similar to the EURAIL transportation pass.

SENATOR MCGUIRE described opportunities for the region during the 2010 [Olympic] games from training venues, tourism, and other activities before and after. There could be overflow to

Alaska from the tremendous amount of world focus on this area during that short period of time.

[11:09:13 AM](#)

MR. JOHN VAN DONGEN, Minister, British Columbia; and Vice President, PNWER, informed the committee that he has been a farmer all his life, studied agricultural economics and was first elected to the Legislative Assembly in 1995. He was appointed Minister of Agriculture, Food and Fisheries in 2001 and in 2005 moved to his current position. This experience led to close ties to neighboring states and provinces. The aforementioned was helpful during the Bovine Spongiform Encephalopathy (BSE) event in 2003 which illustrated how border closures impact neighboring states.

[11:12:01 AM](#)

CHAIR NEUMAN noted the difficulty farmers in the Matanuska-Susitna Valley are having due to hoof and mouth disease. He asked if there has been any movement toward reviewing any of the border restrictions related to the transport of cattle. Alaska farmers depend on Canada for stock.

[11:12:34 AM](#)

MR. VAN DONGEN clarified that BSE disease-not hoof and mouth disease-is not contagious. However, animals over 30 months, whether for slaughter or breeding, are restricted from crossing the border. He acknowledged the impact on Alaska. He mentioned that the U.S. Department of Agriculture recently posted for comment a proposed set of rules for the various categories of livestock over 30 months of age for breeding stock. Mr. Van Dongen opined that Alaska should encourage the government to move forward on the proposed set of rules to reopen the border. In Seattle last year, PNWER supported opening the border for all of the livestock industry, he noted.

[11:18:07 AM](#)

CHAIR NEUMAN recalled his tour in Edmonton of an Invasive Plant and Animal Species research plant and asked if Canadian officials have had discussions with the Alaska state veterinarian about a similar program here.

MR. VAN DONGEN described the inspection system for tracking diseases through the Canadian Food Inspection Agency and Animal

Health Center, which is a very comprehensive network with veterinarians to track sources and levels of disease. He said he did not know whether there has been specific dialog between Dr. Ron Lewis of Canada and the head veterinarian in Alaska, but he offered to encourage Dr. Lewis to do so.

[11:20:01 AM](#)

MR. JIM KENYON, Minister, Economic Development, Yukon Territory; President, PNWER, spoke first about PNWER's 14 active working groups. The Animal Health Group met recently in Spokane, Washington. The Yukon has been very involved with Alaska's state veterinarian, on animal health issues and is now reviewing animal cross border issues. The Yukon is affected by animal health issues as outfitters to the industry. He echoed earlier comments regarding the value of PNWER as a nonpartisan entity that reviews issues in an entire region and can get all participants talking together. Mr. Kenyon referred to the Blue Cascade series which enables the private sector and government to explore possible problems during a crisis. Mr. Kenyon said that he initially become involved with PNWER because of the Alaska Highway pipeline route and the railway. He related that the railway study is complete and should be available soon. He further related that much of the railway will favor Alaska. With regard to the pipeline, [Canada} is supportive of the highway route due to the proximity of their resources and their need for access to the pipeline in and out. Mr. Kenyon acknowledged that the state may see an economic benefit by going the LNG route, but in the long run the state will probably have less product to sell.

Mr. Kenyon than turned to tourism, and the link between Alaska and Canada. He highlighted that Skagway and Haines are close to Yukon and depend on Whitehorse for many services and supplies. The requirement and cost of passports will have a negative impact on families, school sports teams, and sporting events. Mr. Kenyon closed by mentioning that Ottawa and Washington [D.C.] can forget about the United States' third border, Alaska and Yukon.

[11:30:33 AM](#)

CHAIR NEUMAN noted that Senators Dyson and McGuire have been instrumental in setting up opportunities for legislative visits between the Alaska and Yukon governments. He highlighted that Alaska is a source of tourists for the Yukon and opined that the tourism industry in Alaska and Yukon will grow or decline

together. In that vein, he related that the new owners of the Alyeska Hotel and Resort are beginning new development and thus he inquired as to who they can talk to about the 2010 Olympic training centers.

MR. VAN DONGEN referred to PNWER's Olympic Coordinating Council which is developing a web site to help other areas in the region interested in hosting teams for training. Also, supplies and products will be needed to support Whistler, B C, during the games. Mr. Van Dongen, in further response to Chair Newman, specified that his office or the PNWER office could help provide contacts for the 2010 Olympics.

SENATOR MCGUIRE suggested that contacts be made through the Department of Commerce, Community and Economic Development.

[11:32:09 AM](#)

CHAIR NEUMAN encouraged members of this committee, as state representatives, to consider how to promote Alaska.

[11:38:17 AM](#)

REPRESENTATIVE DOLL asked about PNWER'S mission regarding health care.

MR. KENYON said the next Blue Cascade Interdependencies Exercises will review a pandemic such as the avian flu. The group will review potential problems with all services, public and private, when personnel become sick.

[11:40:13 AM](#)

REPRESENTATIVE DOLL asked about drug importation issues.

[11:40:41 AM](#)

BRANDON HARDENBROOK, Deputy Director, PNWER, responded that the drug importation issue is at the information sharing level as the rules have relaxed somewhat. Drug importation is not a top issue at this time, he related.

[11:41:20 AM](#)

MR. KENYON added that in regard to the legal drug aspect, communication is key.

[11:41:02 AM](#)

MARVIN SCHNEIDER, Executive Director, U.S. Relations, Government of Alberta, commented on the common interests between Alberta and Alaska, such as oil and LNG. Alberta has the world's second largest reserves of oil. Alberta is looking to increase production and needs the support of the region to reach the goal of 3 million barrels per day. Alberta is the world's third largest producer and exporter of natural gas and is very interested in the Alaska gas pipeline. Alberta has a pipeline hub that could be used to distribute Alaska's natural gas to markets. The [Government of Alberta] would also would like access to the liquids from Alaska's natural gas streams.

[11:46:20 AM](#)

CHAIR NEUMAN commented about the competing markets in oil and gas and the time restraints facing Alaska when moving products to market. He highlighted the close connection Alaska has with Alberta which will be critical. In closing, he welcomed the Canadian visitors to the 17th Annual PNWER Summit in Anchorage, July 22-26, 2007. Working groups at the summit include; agriculture, border issues, energy, environment, forestry, health care, technology, homeland security, invasive species, sustainable development, communications, tourism, trade and economic development, transportation, water policies and workforce development.

[11:49:02 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Economic Development, International Trade and Tourism meeting was adjourned at 11:49 a.m.