

SCOMM

100:7

Alaska State Legislature

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July 30, 1995

Dear Distinguished Member of Alaska's International
Business Community:

Your company has been selected to participate in Alaska's first private sector International Business Needs Assessment. We are promoting this initiative in conjunction with a strategic legislative plan to formulate a coordinated international trade policy for Alaska. State international trade support programs are funded with general fund dollars. Consequently, your response to this needs assessment is critical to the successful formulation of this strategy.

This assessment is being conducted in an effort to obtain the most accurate picture of the current and future needs of your business and industry in the international marketplace. Additionally, we are accessing the role where general fund dollars are or should be allocated to enhance our international business efforts.

We would appreciate your serious attention to the enclosed questionnaire. All responses gathered will remain absolutely confidential. Companies and/or individuals responding (approximately 600) will be listed as response participants in the final report.

This project will be presented to the Legislature, Administration and Congressional Delegation in an effort to provide a unified, effective, and comprehensive international trade initiative. Your input is essential.

We thank you, in advance, for your time and consideration.

Sincerely,

A handwritten signature of Drue Pearce in dark ink.
Drue Pearce
President of the Senate

Sincerely,

A handwritten signature of Gail Phillips in dark ink.
Gail Phillips
Speaker of the House

INSTRUCTIONS

Please identify either Part I or Part II of this questionnaire that applies to your business. **Only one of these two sections will apply to your company.**

Part I. Your company *has exported or is preparing to export.*

or

Part II. Your company has *never initiated an export operation..*

Complete the relevant section. It should take an estimated 10 minutes.

All companies, please complete **PART III** as well. It should take an estimated 5 minutes.

WHEN YOU ARE FINISHED

You may either ***Fax*** or ***Mail*** your completed questionnaire back to us.

- ***To Mail:*** Fold the questionnaire in half, secure, and mail -- **all return postage is pre-paid.**

- ***To Fax:*** (907) 278-2982

PART I: Your company *has exported or is preparing to export.*

Motivations for exporting

1. What was your company's single greatest **motivation** for its decision to export?

- a. ☐ Unsolicited trade leads
- b. ☐ Unsolicited foreign orders
- c. ☐ Declining domestic sales or excess inventories
- d. ☐ Part of a long-term business development plan
- e. ☐ Special knowledge of a foreign market opportunity
- f. ☐ Other, please specify:

Please suggest any programs or services the state could provide which would motivate more Alaskan companies to export.

2. Approximately what percentage of your company's annual gross sales are derived from exports or other international business activities?

- a. ☐ 1 - 15 % b. ☐ 16 - 50 % c. ☐ 51 % +

3. Do you use a private export management company or consultant to export your product or service?

- a. ☐ Yes b. ☐ No

If yes, is the private export management company or consultant based in Alaska or elsewhere?

- a. ☐ Alaskan b. ☐ non-Alaskan c. ☐ Both

What is the primary reason your company prefers to use a private export management company or consultant?

- a. ☐ Not able to divert resources to managing export operation (too busy, don't have staff, etc.)
- b. ☐ No specialized knowledge for exporting
- c. ☐ Less expensive than doing it ourselves
- d. ☐ Exporting is not a major priority, so we don't want the hassle
- e. ☐ Export company / consultant is better able to procure contracts
- f. ☐ Other, please specify:

4. Has your company ever engaged in a joint venture partnership for an international project?

- a. ☐ Yes b. ☐ No

5. Please mark if your company has used any of the following sources of external financing and / or funding for international business operations.

- a. ☐ Bank line of credit (Alaskan bank ☐ non-Alaskan bank ☐)
- b. ☐ Special export bank loan (Alaskan bank ☐ non-Alaskan bank ☐)
- c. ☐ State export finance program (Which program)
- d. ☐ Federal government export finance program (Which program)

6. Please estimate your company's gross sales last fiscal year.

- a. ☐ \$ 0 - \$ 250,000 b. ☐ \$ 250,001 - \$ 5,000,000 c. ☐ \$ 5,000,001 +

Alaskan Foreign Market Activity

7. Please estimate the following. Column A: Percentage of your company's international sales last fiscal year. Column B: Percentage of your company's projected international sales for the year 2000.

ALASKA'S TOP TRADING PARTNERS:

	Last Fiscal Year (A)	5 yr. Projection (B)
Japan		
Korea		
Taiwan (R.O.C.)		
People's Republic of China		
Belgium		
Norway		
Portugal		
Russia		
Germany		
Canada		

OTHER MARKETS:

Hypothetical situation

8. Your company hears that there is a high demand in a foreign market for a product or service similar to what you provide. You also learn that no companies are currently supplying the product or service in demand.

8a. What priority would your company give to investigating the international sales opportunity?

- a. ☐ The same priority as domestic business leads
- b. ☐ Secondary priority to any domestic leads
- c. ☐ Would probably ignore the international trade lead because:
 - c1. ☐ Our intermediary handles exports
 - c2. ☐ We already have all the business we can handle
 - c3. ☐ We are concerned about international business risk
 - c4. ☐ Product or service does not lend itself to exporting
 - c5. ☐ Other (please specify):
- d. ☐ Does not apply (we only do international)

8b. Your company decides to investigate the foreign sales opportunity.

Based upon your company's current knowledge of international information providers in Alaska, where would your company go to obtain more information?

Start-up difficulties / Maximizing your current potential

9. Please rate the relative difficulty your company had with each of the following export considerations while **starting** its export operation. Also, please rate the operational difficulties your company is **currently** having.

Rating scale key:

1 = A Minor / No Difficulty

2 = A Moderate Difficulty

3 = A Major Difficulty

i = We use / used a private export management company for this

x = does not apply to our company's situation

Difficulty Getting Started	Operational (current) Level of Difficulty	
a. _____	_____	Finding foreign customers
b. _____	_____	Obtaining background information on foreign companies (e.g., for joint ventures, distributors, etc.)
c. _____	_____	Obtaining background information on foreign markets (cultural, language, etc.)
d. _____	_____	Finding information on the market for your company's particular product or service
e. _____	_____	Foreign relations complications
f. _____	_____	Finding companies to form joint partnerships with
g. _____	_____	Shipping, coordinating, or distributing the product or service
h. _____	_____	Finding and / or utilizing government trade assistance
i. _____	_____	Obtaining adequate financing (e.g., export loans)
j. _____	_____	Establishing payment / credit terms with foreign customers
k. _____	_____	Handling foreign import laws, customs, or export documentation
l. _____	_____	Lack of in-house expertise

10. Please briefly describe your company's **single greatest** export burden.

11. Please suggest any programs or services which would ease operational export complications for Alaskan companies.

12. Please suggest any ways the state could enhance international business activity within Alaska.

13. Please briefly list any regulatory restrictions in the state which hinder your company's export success.

Please go on to **PART III.**

Part II: Your company has *never initiated an export operation*.

1. Has your company ever considered exporting its goods or services?

- a. ☐ Yes
- b. ☐ No (please skip to question number 5)

Motivations for considering exporting

2. Please choose your company's single greatest motivation for considering exporting.

- a. ☐ Unsolicited trade leads
- b. ☐ Unsolicited foreign orders
- c. ☐ Declining domestic sales or excess inventories
- d. ☐ Part of a long-term business development plan
- e. ☐ Special knowledge of a foreign market opportunity
- f. ☐ Other, please specify:

Please suggest any programs or services which would motivate more Alaskan companies to export.

3. Please mark the **three** biggest obstacles which have kept your company from actually exporting.

- a. ☐ Finding foreign customers
- b. ☐ Obtaining background information on foreign companies (e.g., for joint ventures, distributors, etc.)
- c. ☐ Obtaining background information on foreign markets (cultural, language, etc.)
- d. ☐ Finding information on the market for your company's particular product or service
- e. ☐ Foreign relations complications
- f. ☐ Finding companies to form joint partnerships with
- g. ☐ Shipping, coordinating, or distributing the product or service
- h. ☐ Finding and / or utilizing government trade assistance
- i. ☐ Obtaining adequate financing (e.g., export loans)
- j. ☐ Establishing payment / credit terms with foreign customers
- k. ☐ Handling foreign import laws, customs, or export documentation
- l. ☐ Lack of in-house expertise
- m. ☐ Other significant obstacles (please specify):
- n. ☐ Other significant obstacles (please specify):
- o. ☐ Other significant obstacles (please specify):

Please suggest any programs or services which would ease the complications associated with starting an export operation.

Hypothetical situation

4. Your company hears that there is a high demand in a foreign market for a product or service similar to what you provide. You also learn that no companies are currently supplying the product or service in demand.

4a. What priority would your company give to investigating the international sales opportunity?

- a. ☐ The same priority as domestic business leads
- b. ☐ Secondary priority to any domestic leads
- c. ☐ Would probably ignore the international trade lead because:
 - c1. ☐ Our intermediary handles exports
 - c2. ☐ We already have all the business we can handle
 - c3. ☐ We are concerned about international business risk
 - c4. ☐ Product or service does not lend itself to exporting
 - c5. ☐ Other (please specify):
- d. ☐ Does not apply (we only do international)

4b. Your company decides to investigate the foreign sales opportunity.

Based upon your company's current knowledge of international information providers in Alaska, where would your company go to obtain more information?

5. Please estimate your company's total gross sales for the last completed fiscal year.

- a. ☐ \$ 0 - \$ 250,000 b. ☐ \$ 250,001 - \$ 5,000,000 c. ☐ \$ 5,000,001+

6. Please suggest any ways the state could enhance international business activity within Alaska.

If your company answered No to question number 1. (has your company ever considered exporting?), **STOP**. You are done. Please return your questionnaire by fax or mail to us today! **Otherwise, please go on to PART III.**

Part III

Has your company ever received any type of government service assistance for international trade? Yes ☐ If yes, please complete this section No ☐ If no, complete #21

If you have used any of the following services from a government agency, rate the service provided, by agency as follows:

- 1 = very beneficial, a **major** contributor to export sales success
2 = moderately beneficial, a **moderate** contributor to export sales
3 = not beneficial, **did little** to contribute to export sales

GENERAL INFORMATION (includes seminars, publications, etc.)

EXAMPLE

1. Information on exporting fundamentals
2. Background information on a foreign market (economy, culture, language, etc.)
3. Information on markets for your company's product or service
4. Personalized export counseling session (question and answer)
5. Referrals to other sources of assistance (public or private)

BUSINESS CONTACTS

6. Assistance finding partners for joint ventures
7. Trade leads
8. Assistance finding a foreign representative, distributor, or agent
9. Assistance with foreign relations
10. Opportunity to attend a trade mission / show
11. Overseas advertising assistance / product promotion
12. Customized trade missions
13. Background information on foreign businesses

RUNNING THE EXPORT OPERATION (LOGISTICS HELP)

14. Assistance with export documentation, customs, or foreign laws
15. Export financing (export loans, etc.)
16. Assistance altering a product or service to foreign market specifications
17. Logistics, shipping, or distribution assistance
18. Assistance establishing credit / payment terms
19. Other international services (please specify) _____
20. ***Please rate your overall satisfaction with each agency.***
(Leave blank those you have not used.)
21. If you have not used any of the services listed above, please explain why.

Agency	University of Alaska	State of Alaska
UAF School of Management	World Trade Center Alaska & Troika Alaska	Alaska State Legislature
UAF Office of Arctic Research	Alaska Center for International Business	Alaska Seafood Marketing Institute
UAA School of Business	American Russian Center	AK Dept. of Commerce Econ. Development
	UAA Small Business Development Center	Office of International Trade
	Circumpolar Health Studies	Northern Forum
	Kenai Peninsula College	Dept. of Natural Resources
	Alaska Science and Technology Foundation	Division of Tourism
	AK Industrial Dev. & Export Authority	Division of Investments
		Division of Banking

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1 = very beneficial, a **major** contributor to export sales success
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3 = not beneficial, **did little** to contribute to export sales

EXAMPLE

1. Information on exporting fundamentals
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7. Trade leads
8. Assistance finding a foreign representative, distributor, or agent
9. Assistance with foreign relations
10. Opportunity to attend a trade mission / show
11. Overseas advertising assistance / product promotion
12. Customized trade missions
13. Background information on foreign businesses

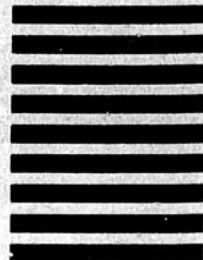
14. Assistance with export documentation, customs, or foreign laws
15. Export financing (export loans, etc.)
16. Assistance altering a product or service to foreign market specifications
17. Logistics, shipping, or distribution assistance
18. Assistance establishing credit / payment terms
19. Other international services (please specify) _____
20. *Please rate your overall satisfaction with each of the agencies.*
(Leave blank those you have not used.)

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I. Executive Summary

A. KEY RECOMMENDATIONS

1. Reorganize all state supported export assistance (including trade missions) around the concept of industry specific / vertical support (possibly in conjunction with Marketing Alaska.)
2. Cancel all export assistance related funding for offices in Tokyo and Seoul. Utilize the savings for the establishment short term, contract-based offices / trade missions in emerging regions where Alaskan companies can access new markets (i.e, Taiwan, P.R.C., Sakhalin, Middle East, Africa, etc.)
3. Assign one Alaskan organization exclusive responsibility for coordinating all state funded export assistance and one Alaskan organization exclusive responsibility for coordinating all state funded foreign investment promotion in the state (further assign all responsibility for seafood and tourism promotion to independent organizations which specialize in these respective areas.)
4. Establish a new export finance arrangement in the state which is closely linked to the primary sources of export assistance throughout Alaska.
5. Support the further development of programs which target assisting small businesses and first time exporters. Ensure that adequate facilities are in place to assist current and potential exporters across industry lines.
6. Regularly conduct "community sweeps" of all current and potential exporters in the state to determine the actual and potential clientele of state trade agencies.
7. Establish an advocacy program (similar to the federal system) in which state officials actively "go to bat" for Alaskan companies seeking to procure foreign contracts.
8. Establish a non-academic "intelligence center" to track all international trade economic developments of potential interest to Alaskan companies.
9. Develop an effective referral system among the various providers of export assistance in the state.
10. Actively promote international trade as a viable and effective business expansion strategy.

B. KEY POINTS

1. The state's international trade strategy is in serious need of an update. Because Alaskan private sector export activity has never been actively monitored, it is not known whether the state is effectively responding to the real needs of companies interested in international trade. Furthermore, the number of agencies in Alaska which are doing "something international" indicates that a streamlining of international agency services is in order. As this section of the legislative review on state international policy is aimed at assessing the needs and comments of the private sector only, it is difficult to make recommendations on the nature of any potential reorganization. As well, the low number of respondents which completed Section III (government agency report card) does not provide a basis to "grade" state agencies according to reported performance. However, it is clear that several adjustments to the state's international trade strategy are in order.

2. Different industries require different export assistance packages. The export needs of natural resource exporters (which comprise the overwhelming majority of Alaskan exports), manufacturing exporters, and service exporters are very distinct. There is a need for the state to clearly divide export assistance along industry specific lines (i.e., take a vertical approach to export assistance.) For instance, the 1994 Alaska Guide to Export Assistance published by the former Governor's Office of International Trade provides excellent information for a potential exporter of manufactured goods. However, a service exporter would probably find themselves frustrated by the export process described. The Governor's Marketing Alaska initiative has provided an useful introduction on the general characteristics of the different industries which comprise the Alaskan economy. However, further work on how agencies can specifically respond to the export needs of different industries is definitely in order. How can the state improve its approach to promoting export activity within various industries? The following list provides a few suggestions:

- **Petroleum industry:** Export ban - remove it. LNG producers could benefit from assistance in negotiating major overseas deals. However, the majority of these companies are comparatively large and thus can be dealt with directly.
- **Timber industry:** Only harvesting laws are holding the industry back. International demand already well exceeds supply.
- **Seafood industry:** A new way of doing business - exports of Alaskan seafood have dropped dramatically since 1992. Norwegian and Chilean competition is a very real threat to Alaska's former monopoly on the industry. Japanese and Korean consumers look for quality seafood products -- and a farm bred fish from Norway will almost always be in better condition than a gill-netted fish from Alaska. In the case of processed fish, Russian competition might pose a very serious future threat. Because processed fish does not have to meet the high quality standards of fresh fish, price is a buyer's primary concern -- and foreign currency hungry Russian producers might soon begin to offer a very competitive price to seafood processors. In many parts of Alaska, the seafood industry is a way of life. However, unless the state and local fishing communities take note of the changing nature of international competition, seafood exports might continue to decline. Promoting Alaskan seafood in foreign markets should remain an integral part of the industry's export marketing strategy.
- **Minerals industry:** There are only a handful of large mineral producers in the state. For small miners, personalized export assistance and counseling could help (agencies could probably utilize a manufacturing export model for providing the majority of this assistance.)
- **Light manufacturers / retailers:** A "community sweep" of potential exporters would help to identify exactly which companies are export ready and interested in international trade. Actively promoting the benefits associated with exporting (possibly in conjunction with ASTF) might also encourage more companies to go international.
- **Small businesses:** More attention and a clear recognition that small firms in Alaska represent one of the greatest sources of potential exporter growth in the state. Numerous small businesses reported that they felt neglected by international trade assistance agencies in the state. While small businesses are comparatively difficult to work with on export marketing strategies, the efficient and equitable allocation of international trade resources in the state must include this sector of the economy.
- **Services:** An ENTIRELY new approach to export assistance / promotion in Alaska. Service sector companies (such as oil field services, engineering and project management) do not develop sales opportunities through the traditional model of gradual diplomacy, product promotion, market share development, etc. Rather, service companies respond to the emergence of project opportunities -- which can be anywhere in the world at any given time. Thus, an effective service sector export promotion program must be as globally flexible as a service company itself. The long-term maintenance of a trade office in two or three select foreign countries is of little use to service exporters unless the bulk of global toxic waste spills, oil field discoveries and infrastructure projects are consistently concentrated in the same two or three areas. Several surveyed companies recommended conducting short-term missions in developing regions where infrastructure and natural resource development project opportunities are emerging (e.g., the Middle East, Africa, Vietnam, Taiwan, Sakhalin, etc.) Japan and Korea -- as nations with an abundance of advanced service technology, few natural resources to extract, and comparatively well developed infrastructures -- do not appear to be significant market prospects for Alaskan service companies. As well, an "updated" focus on Russia and / or Taiwan still effectively neglects billions of dollars in other opportunities for Alaskan companies around

the world. With the exception of a notable interest in the Russian market, Alaskan service exporters reported engaging in international activities in every corner of the planet - not just the Pacific Rim. The state's international focus should reflect this reality.

Capitalizing on project opportunities from around the world requires a new export marketing strategy - one of which has never been developed in Alaska. The state can begin to alleviate this shortfall by taking a global / vertical approach towards assisting service companies and recognizing the distinct characteristics associated with a service company's export marketing strategy.

As services are intangible, they are more difficult to sell via brochures or letters than manufactured goods. As well, there are few ways to standardize services according to quality. Thus, negotiations for a foreign service contract might require substantially more personalized interaction than for natural resources or manufactured goods. The state can address this particular complication by taking a proactive role in matching small service companies with a foreign partners.

3. Companies follow international sales opportunities - not protocol efforts. With the possible exception of the natural resource sector (which is influenced by shipping considerations and the presence of reliable customers in the Asian Pacific Rim), there is very little evidence which would suggest that Alaskan companies have a "special interest" in conducting international business in any particular market. The advent of advanced telecommunications, rapid air travel, and global economic integration have all reduced an U.S. company's need to limit their international horizons to trading nations of historical political favor or close geographic proximity. An Alaskan company can find an U.S. Commercial Service representative or World Trade Center office able to provide export related services for virtually any product in virtually any corner of the world (including Seoul, Tokyo, Taipei, and the Russian Far East.) No Alaskan company -- whether a natural resource producer or high technology service firm -- is in any way functionally restricted to exporting to regions where Alaska has a historical trading relationship or strong diplomatic ties. Cultivating a relationship with a particular foreign region (like the Russian Far East / Asian Pacific Rim) is an excellent way to establish long-term business opportunities for Alaskan businesses in certain markets. However, the bottom line of any international trade promotion program should be the generation of sales -- not market penetration or diplomatic activities (international activities never automatically translate into international sales.)

Historically, international trade talk in Alaska has focused on the Asian Pacific Rim (due in part to geographic location considerations and the historically strong Asian market for Alaskan natural resources.) However, the results of the survey revealed that Alaskan companies (with the exception of natural resources) maintain a comparatively "global" focus when it comes to international trade. In nearly every industry, international market projections consistently transcended the state's string of protocol efforts (i.e., companies were looking where the action was - not where the state was.) For instance, seafood companies respondents talked about future opportunities in India, engineering companies discussed Russia, Africa, ASEAN, the Middle East, and Central America, and manufacturers mentioned Europe and Canada.

The state's international focus should reflect this principle. For instance, if an oil patch is discovered somewhere in Eastern Siberia, the state's international focus should include Eastern Siberia to help oil field service companies make deals. If a country in Africa decides to contract out for the development of a network of roads, the state's international focus should include that small country in Africa to help construction companies obtain foreign contracts. In the emerging world of international competition, anything less than a truly global focus by Alaskan trade assistance agencies is inadequate.

While the majority of Alaskan exports are headed for the Asian Pacific Rim (especially Japan and Korea), the overwhelming bulk of these are in the form of natural resources -- and, in most cases, natural resource companies which engage in exporting utilize either in-house expertise or intermediaries to handle foreign transaction complications and international product marketing. Consequently, the need for providing natural resource exporting firms with basic export assistance in Japan and Korea is comparatively limited. Furthermore, prospects in Japan and Korea for Alaskan companies representing non-natural resource sectors (i.e., services / light manufacturing) are probably not much better than for any other developed country.

Advances in the delivery of international market research have substantially reduced a state's need to maintain an actual presence in a foreign country. In virtually any country of the world, a business can find an U.S. Commercial Service or World Trade Center Office willing to assist with export related matters. Unlike a manufacturing intensive state (and, with the exception of natural resources), an Alaskan trade delegation cannot simply land in foreign country and say, "This is what we make, what do you want to buy?" The Alaskan private sector is built around a number of unique small and medium sized businesses - and these firms require a customized export assistance approach which considers the entire world as a potential market. Japan and Korea are great natural resource and tourism targets - in fact, their strategic importance to these industries is unparalleled (the emerging Chinese and Taiwanese markets might be catching up.) However, for nearly all other industries in

the state, Japanese and Korean market potential is no better than any other developed country in the world. This is not to suggest that reducing Alaska's diplomatic ties with Japan and Korea would in any way be beneficial -- maintaining very tight relations with the Asian Pacific Rim is critical to Alaska's long-term success in international trade. Economic growth in the region continues and Alaska should never lose sight of the tremendous opportunities the region provides. However, in terms of the needs of the private sector, the value of broadly structured export assistance / market research facilities in Japan and Seoul is limited. Furthermore, if the state wishes to truly promote non-natural resource sectors in the international marketplace, its focus will have to include more regions than the Asian Pacific Rim.

The dramatic drop in Alaskan seafood exports to Japan and Korea since 1992 (and partial increase to other countries) and apparent prolonged inability of timber producers to obtain access to prime harvest land suggests that the state's long-standing, exclusive interest in cultivating the Japanese and Korean markets might be obsolete. Furthermore, as technology and service companies wind down from activity on the North Slope and elsewhere in the state (and infrastructure and hi-tech service needs rise in developing countries), the state has an excellent opportunity to capitalize on demand for Alaskan expertise in emerging markets. Doing so requires a new approach to international trade and export promotion - one which goes well beyond gradual diplomacy and a region specific emphasis. Elements in such a strategy might include:

- Establishing a new trade representation system in which customized trade missions are conducted to areas of potential interest to specific Alaskan industries / companies.
- Ensuring that ALL export related trade missions be conducted only after lengthy interaction with Alaskan private sector companies.
- Further ensuring that trade missions are industry specific (vertically focused.)

4. Small business feel either neglected or lost within the maze of "international" agencies in the state. Numerous Alaskan businesses - small and large and across industry lines - reported that they simply did not know where to turn when it came to obtaining state provided export assistance. The number of multiple responses to the hypothetical situation question (which asked where companies would go to obtain more information on a foreign market opportunity) illustrates this commonly held confusion. Establishing a direct and industry specific referral system for export assistance (and possibly centralizing operations into an "one-stop shop" configuration) might alleviate this problem.

Businesses can benefit from the maintenance of an international economic development policy composed of three distinct elements:

1. Supporting foreign investment (i.e., bringing foreign companies to Alaska to invest in value added projects in the state, supporting protocol efforts, etc.)
2. Supporting exporters (i.e., helping Alaskan companies sell their goods and services in foreign markets)
3. Supporting international education (i.e., teaching foreign languages in schools, providing international seminars to businesses, etc.)

While all of the listed elements enhance globalization, each requires an independent, dedicated approach. The responsibilities associated with promoting all three cannot be successfully met if clumped together under one organization or spread thinly among many.

Assigning ONE organization exclusive responsibility for coordinating all state funded export assistance in the state (with the exception of seafood and tourism industries) would eliminate any possible duplication of international trade agency services. Ensuring that this agency is further divided into two branches, with one providing low-cost services for potential exporters (first-time exporters, tire kickers, small businesses with limited resources, etc.), and one providing more sophisticated services for active exporters, and that facilities are in place to assist different industries with their unique export needs would effectively "cover all of the bases" with regard to export assistance. Organizational responsibilities would include (but not be limited to) tracking and maintaining all trade leads for public use (including the development of an industry specific market research / trade lead system), maintaining a single database of all current and potential exporters in the state (conducting regular "community sweeps"), specific product / service marketing assistance, all export counseling, all operational export assistance, all referrals to private sector sources of export assistance (i.e., freight forwarders, lawyers, banks, etc.), and organizing and coordinating all export-related trade missions and shows which would be customized or industry specific / vertically focused only.

This organization must be staffed by individuals knowledgeable in both international political economy (for tracking trade leads) and export marketing (for providing actual export assistance.) Activities should be closely coordinated with the Small Business Administration and the Commercial Service of the United States. Furthermore, the agency should be responsible for

developing and maintaining different export marketing strategy "blueprints" for each major industry group in the state (i.e., natural resources, services, and light manufacturing / retail.) Finally, this agency must be set in the idea that its primary responsibility is to provide export assistance - not foreign investment promotion - not diplomacy - not event promotion - not international education promotion. Currently, no state agency comes close to meeting these specifications. Both the World Trade Center Alaska and Division of Trade and Economic Development contain elements of the necessary strategy. However, the activities of both organizations are currently too diversified to meet this responsibility (and, there is no private sector alternative in the state.)

Assigning ONE organization exclusive responsibility for conducting all foreign investment promotion / protocol efforts in the state would eliminate duplication of international trade agency services in the area of foreign investment promotion. Such an agency would be responsible for coordinating all protocol matters, all major international trade events (with a focus other than export promotion), all foreign diplomacy efforts, all foreign investment promotion, all government escorts for customized trade missions (for the export promotion agency), tracking international events of potential interest to the governor, legislature, and local governments, lobbying on behalf of industries being adversely affected in the international marketplace by regulations (i.e., natural resources), coordinating an advocacy program for Alaskan companies, and promoting Alaska's general international reputation as a good place to invest. Since this agency would coordinate most international missions, it would also be responsible for clearly defining the reason and value of each mission before it took place (no mission could ever include "export promotion" in its rationale - if a delegation felt that export promotion was a possibility, it would have to contact the export assistance agency to determine feasibility based upon potential private sector interest.) All activities conducted by the agency could be quickly evaluated and substantiated based upon this criteria. Currently, several state funded agencies share this responsibility. Reducing the number of agencies involved in these activities to ONE would streamline operations, reduce waste and duplication, and clearly enhance the state's ability to track international protocol matters.

5. Personalized attention, industry specific trade leads, agency patience, and quality market information are valuable to potential exporters in Alaska. A long-term managerial commitment to international trade is clearly a prerequisite to success in global commerce. However, because the Alaskan economy is structured differently than most (i.e., the noticeable absence of manufacturers), agencies must be receptive to the relative lack of international "sophistication" which exists within the managerial structure of small businesses and service companies. For instance, service sector companies (like oilfield services, engineering, and project management) do not develop sales opportunities through the traditional manufacturing model of gradual diplomacy, product promotion, market share development, etc. Rather, service companies must take advantage of international opportunities specific to their specialty and in a fashion which allows them to obtain a piece of the action before the foreign competition. Furthermore, service companies (and export promoting agencies) must maintain a focus which transcends the state's protocol efforts. An oil field service company truly looking to export its expertise should follow market activities throughout the entire global oil patch - not the state's "trend market of the month."

Promoting protocol efforts to one or two regions as the cure to a potential exporter's woes is a short sighted strategy. For instance, in 1994, the state of Alaska began to excitedly promote market opportunities for oil field service and engineering companies in Sakhalin. The widespread failure of Alaskan companies to effectively respond to the tremendous opportunities in Sakhalin is an example of how a narrow protocol / export promotion (and agency based) strategy is far from effective. While Alaskan trade agencies were thinking about how to "enter" the Sakhalin market, Korean and Chinese companies (and a handful of motivated Alaskan firms) were making deals. In the new world of international trade, WHAT IS A TREND WAS A TREND. If Alaskan agencies don't have the knowledge, insight, or ability to recognize emerging international developments before they happen, then the state might as well give up trying to help Alaskan companies be first in line in the international marketplace. Companies which expected to simply follow the state's lead into the Russian Far East were left to discover that many of the opportunities had already been grabbed by foreign firms. The time and effort associated with the state's "Sakhalin effort" might have been better utilized by individually working with service companies, isolating their strengths and weaknesses, and identifying a handful of projects from around the world where their expertise could be specifically applied. Companies identified as having potential in the Sakhalin market could then perhaps successfully conduct a customized trade mission with a government escort to negotiate with potential joint venture partners. As one potential exporter put it, "Many small businesses cannot afford expensive trips and / or conventions. However, our special expertise on Arctic conditions is unique. Training on how to tap cheaper services of leads and contacts would be a great help."

Incorporating potential exporters into a state sponsored horizontal export marketing strategy to a particular region is futile unless the targeted market is in the process of a major infrastructure development, resource extraction, or environmental remediation program. And even then, the state must immediately focus on matching companies with joint venture partners - not simply "opening up the market." Even if the state negotiates a spectacular bilateral trading agreement with a particular region, the effort is useless unless it is driven by the private sector (and research on the market is done well in advance of the

deal making.) The state's record of promoting horizontal trade promotion (historically in the Asian Pacific Rim and more recently in Russia) has not produced results. No region in the world has been untouched by advances in information technology. Socio-political, socio-economic, language, historical, and cultural information can be instantly found on any country in the world. Overseas export marketing efforts must focus on matching buyers and sellers - not delegations of politicians, and certainly not delegations of "fact finders." The rapid loss of Alaskan seafood market share in Korean and Japanese markets further illustrates the need for providing globally focused trade leads and / or market studies across industry lines.

6. Trade missions and foreign trade shows should be conducted on an industry specific (vertical) basis only. In the age of the information superhighway, sending state representatives to foreign markets to "look around for potential export opportunities" or "to get a sense of the market environment" is an obvious waste of time and money. Up to date market research and hundreds of trade leads are available to companies on a daily basis. The following standards for export oriented trade missions would directly eliminate any question about their value:

1. The trip was paid for by private sector businesses; and / or
2. The government delegation is accompanied by businesses which are close to initiating actual deals; and / or
3. The trip is in response to a special invitation by a foreign government of strategic significance; and / or
4. Private sector companies place a request to open diplomatic ties with a certain region AND demonstrate their interest by assisting with the funding of the diplomatic effort; and / or
5. Private sector industry representatives request a diplomatic escort for a trade mission AND demonstrate their interest in the mission by covering a part of the government delegation's expenses.

These standards would enhance trade mission efficiency in several ways. For instance, if a company felt that a diplomatic mission to a foreign country could be beneficial, they should have no hesitations about covering part of the cost. Similarly, the state should not send trade delegations abroad unless the missions are in direct response to a private sector / industry-wide request (or the mission is intended to promote foreign investment.) The job of a state trade assistance program is to promote and respond to the ambitions and needs of private sector businesses in the international marketplace. Going beyond the needs and requests of private sector companies is not appropriate -- no one, not even state "trade specialists", knows the international needs of private sector companies better than businesses themselves. Furthermore, the cost associated with executing a horizontal "bombshell effect" trade mission can only be recovered if representatives from a range of foreign industries are present to make deals (this idea is reflected in many of the comments received from businesses which had participated in trade shows or events.) As well, if Alaskan companies don't represent products or services with some measure of demand in a foreign market, horizontal diplomacy efforts are a blatant waste of state money. It is ludicrous for a government delegation to travel to a foreign country in an effort to open diplomatic ties and then wait for a hypothetical explosion of export activity to the region. Such missions are especially inappropriate for Alaska where the international demand for some natural resources exceeds the available supply, a number of companies export primarily in response to the emergence of sporadic trade leads, and manufacturing is nearly invisible. If a state representative finds it necessary to actually travel to a foreign country to understand basic socio-economic conditions, then that representative obviously does not have an adequate educational background in international political economy and needs to be replaced. With the exception of truly new markets (e.g., the former Soviet Union), detailed market research, business contacts, socio-political information, and culture notes are available in the National Trade Data Bank, World Trade Center Network, or even in the local community. Technology has made it quite possible to structure trade missions around sales -- not "fact finding."

7. There is a noticable lack of private export management companies in the state. Alaska is a major hub of international air traffic - thus, Alaskan companies have access to a variety of freight forwarders. However, there are very few private export management companies which are capable of walking a potential exporter through the international trade game. Consequently, an Alaskan company has only state trade agencies or out of state private export management companies to consult for export related assistance. Attracting more private export management companies to Alaska to complement state agencies might alleviate part of this burden.

8. There is a clear need to establish a new export finance assistance arrangement in the state. Numerous respondents reported that export finance was a major obstacle in their quest to export. Export finance should not be a distant element in the export marketing strategy - rather, companies should begin thinking about how to finance their ventures at the same time they are conducting preliminary market research. Similarly, export assistance agencies in the state should have export finance assistance as an integral element in their outreach strategies. While AIDEA has established a quality program for helping to finance exports, bringing export finance closer to the actual export assistance process is necessary to make such services truly useful.

9. The state needs to constantly distinguish between export services intended for current exporters and potential exporters. Non-exporters (especially in the service sector) represent one of the best sources of potential international trade growth in the state. Throughout the survey, numerous small businesses and potential exporters commented that they felt their companies were not suited for international trade or had been ignored by agencies. It must be remembered that in the new global marketplace, no Alaskan company is immune from global competition. Thus, a state led capability for assisting all potential exporters in Alaska is an essential element in a viable international strategy. This capability should include the following:

- Supporting the further development of programs which target assisting small businesses and first time exporters. Ensure that adequate facilities are in place to assist both.
- Regularly conducting "community sweeps" of all current and potential exporters in the state. Also, place a new emphasis on assisting non-natural resource companies (especially small engineering, environmental, and telecommunication companies.) This will automatically eliminate any questions about a trade agency's actual and potential clientele.
- Encouraging more trade promotion in the state (possibly in conjunction with Marketing Alaska.)

10. Establishing a state level advocacy program (similar to the federal government's advocacy program) could potentially enhance the ability of a number of firms to compete for international contracts. The role of government in international trade is to support companies in international markets. There is no question that foreign companies and governments alike take note when a ranking government official approaches them promoting a company. By regularly recruiting ranking Alaskan officials to "go to bat" for Alaskan companies, businesses could obtain yet another competitive advantage in their international efforts.

II. Project Summary

A. INTRODUCTION

In early 1995, the Alaska State Legislature proposed conducting a comprehensive evaluation of the state's international trade strategy. The process was to include three primary elements :

1. A survey of the international business needs of Alaskan private sector companies.
2. A public review of state international trade facilitation agencies.
3. An examination of international trade promotion efforts of other states.

Together, the three elements were to be utilized in the development of an unified and effective state international policy which would la

The following report is a compilation and analysis of the results of the private sector business international needs assessment segment of the policy review.

B. PRIVATE SECTOR SURVEY RATIONALE

The presence of international trade assistance agencies (ITAAs) in Alaska has grown dramatically in recent years. Consequently, it has become widely assumed that Alaskan companies, across industry lines, are in theory increasingly able to procure assistance for developing viable tactical export marketing strategies. However, because most Alaskan ITAAs do not conduct regular effectiveness assessments of their services in terms of the actual needs of current and potential exporters in the state, the extent to which ITAAs have spurred economic growth in Alaska remains undetermined. Conducting an independent survey of Alaska's private sector was necessitated by the lack of any previous assessment of the needs of current and potential exporters in the state.

C. PRIMARY SURVEY OBJECTIVES

The survey's primary objective was to gather general information on the actual needs of Alaskan businesses in the international marketplace. To enhance the potential usefulness of the results, companies were classified within major industry categories (represented in the survey results by SIC Codes) and export activity levels (i.e., current and potential exporters.) Because detailed information on the export of commodities from Alaska was already available, service sector companies comprised seventy-five percent of the sample. Only businesses with an Alaskan ZIP code were targeted to receive surveys.

The specific objective points of the survey included:

- To what extent are businesses within certain industry classifications (especially the service sector) exporting?
- What factors primarily motivate Alaskan companies to export?
- To what extent is exporting an element in a company's long-term business development plan?
- To what extent do Alaskan companies utilize intermediaries for exporting?
- Are Alaskan companies actively engaging joint ventures?
- Where are Alaskan companies going for export finance assistance?
- Which markets are Alaskan companies actually exporting to?
- Are Alaskan companies "hungry" for international opportunities?
- What are the major complications Alaskan companies face in establishing and maintaining an export operation?
- What are the primary regulatory restrictions hindering the international success of Alaskan firms?
- What suggestions do Alaskan firms have for "globalizing" the state economy?
- What government agencies do Alaskan companies turn to the most for international assistance -- if at all?

The results of the survey were intended to clear up several questions on the export tendencies of Alaskan firms. While many questions do remain, this survey is a first step towards the development of a streamlined and effective state international policy.

D. METHODOLOGY OVERVIEW

Prior to this study, no academic or trade organization in the state had compiled a comprehensive list of current or potential exporters in Alaska. Thus, determining who to sample was an arduous task. A sample size of 8,000 to 10,000 Alaskan companies was initially considered for the survey. However, the oversight committee indicated that only a small percentage of

Alaskan companies (then estimated at around 1,000) had likely ever exported or considered exporting. Consequently, the final sample size was reduced to 2,000 (the extra 1,000 companies were added to increase representation by service sector businesses.) The actual sample / mailing list was developed through the following procedure:

1. A copy of the state's master database list of all registered Alaskan companies was obtained.
2. Businesses without an Alaskan zip code were deleted from the list.
3. Major industry groups were classified by respective SIC Codes.
4. The total number of companies within each SIC Code range was determined.
5. Mailing lists from the U.S. Commercial Service (1995 version), World Trade Center Alaska (1994 - 1995 version), Alaska Office of International Trade (1994 version), Alaska Seafood Marketing Institute (1994 version), and Alaska Foresters Association (1995 version) were incorporated into the master mailing list. *≈ (The oversight committee suggested that companies which had previously responded to trade agency mass mailings would be more likely to respond to an international trade questionnaire than companies randomly selected from the state's master database list.)
6. Duplicate company listings, government agencies, non-profit organizations, and companies within non-targeted industry groups (i.e., hotels, hair salons, car dealerships, etc.) were deleted. Companies were re-sorted by Standard Industrial Classification (SIC) and assigned serial numbers correlating to their respective SIC Code (to maintain confidentiality, company names were not matched with actual responses anywhere in the analysis process - instead, surveys were coded within major industry / SIC code groups.)

Throughout the following report, companies which provided responses in "other" spaces are identified according to their major industry group.

- (n) = Natural resources
- (o) = other (light manufacturing, retailing, etc.)
- (s) = services

* "Export interested" service sector company names came primarily from CSUSA and World Trade Center Alaska lists.

≈ The Alaska Center for International Business was contacted but did not have a list of Alaskan current / potential exporters in the state.

III. Survey Results

PART I: Your company *has exported or is preparing to export.*
Motivations for exporting

1. What was your company's single greatest motivation for its decision to export?

- a. ___ Unsolicited trade leads
- b. ___ Unsolicited foreign orders
- c. ___ Declining domestic sales or excess inventories
- d. ___ Part of a long-term business development plan
- e. ___ Special knowledge of a foreign market opportunity
- f. ___ Other, please specify:

Table I-1

SECTOR*:

- a. Unsolicited trade leads
- b. Unsolicited foreign orders
- c. Declining domestic sales or excess inventories
- d. Part of a long-term business development plan
- e. Special knowledge of a foreign market opportunity
- f. Other (see below)

	N.R.	Services	Other	Total by motivation
a. Unsolicited trade leads	0	4	2	6
b. Unsolicited foreign orders	0	7	3	10
c. Declining domestic sales or excess inventories	0	5	2	8
d. Part of a long-term business development plan	1	11	3	15
e. Special knowledge of a foreign market opportunity	5	9	1	15
f. Other (see below)	3	4	0	6
Total by industry sectors:	9	40	11	60

Total by industry sectors:

* See SIC Code appendix for full industry listings

N.R. = Natural resources, Other = Light manufacturing / retailing

f. (Other motivations)

- Private funding for foreign marketing effort (s)
- Received twice the price as if sold locally (n)
- International is the best market for our product - logs (n)
- Much higher price paid in export market (n)
- Response by others to advertising (s)
- Humanitarian - gave help to a neighbor (s)

Please suggest any programs or services the state could provide which would motivate more Alaskan companies to export.

Law related comments

- Health certificate program - export documents for foodstuffs - USFDA state inspection program would help (o)
- 1. Reduce size and scope of government at all levels.
- 2. Legislative veto of administration regulations inconsistent with statute intent
- 3. Break open banking community (s)
- Help getting approval to export to EU (s)
- All the mines have been closed due to adverse state / federal regulation - these regulations should be reconsidered (s)
- Advance notice of the state's future / long-term plans (s)
- In the case of this company (forestry), the single greatest service would be to release replenishable natural resources and manage said resources at sustainable levels as per article VIII of the Alaska Constitution (n)
- Provide more raw materials to export. Markets for forest products are very strong and are expected to be that way for years (n)
- Eliminate EPA and have DEC responsible for regulating Alaska. Reduce the time it takes to get environmental permits (n)

Market research related comments

- More trade leads to and from Alaska (s)
- State should research advertising media in dynamic foreign markets and help advise business how and where to advertise their products in those markets. Communication methods also need to be known. - e.g., telephone to Magadan is too difficult and limited to use (s)
- Assist in seafood marketing abroad (s)
- Possibly by communicating trade leads in more public forums (s)
- Provide information on specific industries or professionals in other countries and what the needs are (s)
- Acting locally, thinking globally. Our world is a market - not just the U.S. (s)
- Support for foreign (Far East) small business owners in establishing contacts with Alaskan businesses (s)
- Maintain foreign offices - Japan, etc. (o)
- Better information to Alaskan tourism companies on the services the state can provide - translating brochures, marketing Alaskan business at foreign trade shows (o)

Export finance related comments

- Provide export finance programs (s)
- Local office with knowledgeable staff for actually helping with paperwork required by government regulations (foreign and domestic) - helping in payment guarantees (s)
- Expand scope of Office of International Trade. Push AIDEA to be more helpful (n)
- Offer local businesses better lines of credit to purchase inventory for export (o)
- Education on export opportunities - Programs to provide financial assistance / insurance, etc. (o)
- Export financing - i.e., feasibility grants, low interest loans (non-banking) for domestic manufacturers producing products for export. ACCESS TO MONEY (o)

Other comments

- Please do nothing! (s)
- Use of World Trade Center, Alaska International Trade Office (state) (s)
- The University of Alaska Fairbanks starting commercial thinning of their forest lands (n)

2. Approximately what percentage of your company's annual gross sales are derived from exports or other international business activities?

a. ___ 1 - 15 %

b. ___ 16 - 50 %

c. ___ 51 % +

SECTOR*:

a. 1-15 %

b. 16-50 %

c. 51+ %

Total by			
N.R.	Services	Other	percentage
1	29	8	37
2	3	4	9
7	7	1	16
10	39	13	62

Total by industry sector

* See SIC Code appendix for full industry listings

N.R. = Natural resources, Other = Light manufacturing / retailing

This question was placed to sample the extent to which Alaskan companies are involved in international trade. The choices were staggered to reflect three levels of export activity.

- 1 - 15 %: A comparatively small percentage of sales are international.
- 16-50 %: A moderate percentage of sales are international.
- 51 %: The majority of sales are international.

3. Do you use a private export management company or consultant to export your product or service?

a. ☐ Yes b. ☐ No

SECTOR¹:

a. Yes

b. No

	N.R.	Services	Other	Total by yes / no
a. Yes	2	7	0	9
b. No	9	34	13	56
Total by industry sector	11	41	13	65

* See SIC Code appendix for full industry listings

N.R. = Natural resources, Other = Light manufacturing / retailing

If yes, is the private export management company or consultant based in Alaska or elsewhere?

a. ☐ Alaskan b. ☐ non-Alaskan c. ☐ Both

- 4 companies reported using only an Alaskan intermediary
- 4 companies reported using both an Alaskan and outside intermediary
- 1 company reported using only an outside intermediary

What is the primary reason your company prefers to use a private export management company or consultant?

- a. ☐ Not able to divert resources to managing export operation (too busy, don't have staff, etc.)
- b. ☐ No specialized knowledge for exporting
- c. ☐ Less expensive than doing it ourselves
- d. ☐ Exporting is not a major priority, so we don't want the hassle
- e. ☐ Export company / consultant is better able to procure contracts
- f. ☐ Other, please specify:

- 4 companies reported using intermediaries to procure contracts (selection E)
- 1 company reported using an intermediary due to a lack of specialized knowledge for exporting (selection B)
- 3 companies provided other reasons (selection F) - comments:
 - To understand the Russian law
 - Use of an American / Russian individual because of language and community knowledge in Russia
 - Use of intermediaries common in seafood industry

4. Has your company ever engaged in a joint venture partnership for an international project?

a. ☐ Yes b. ☐ No

SECTOR*:

a. Yes

b. No

Total by			
N.R.	Services	Other	yes / no
6	18	2	26
5	23	11	39
11	41	13	65

Total by industry sector

* See SIC Code appendix for full industry listings

N.R. = Natural resources, Other = Light manufacturing / retailing

In an independent report by the Kenan Institute on how government agencies promote the export of environmental technology, companies commonly reported a desire for some sort of partnership in the pursuit of international trade opportunities. (Burpitt / Rondinelli) In another article, the Vice President of Operations for Marathon Oil Company said, "the key to the success of Alaskans doing business in Russia will be the formation of joint ventures with Russian businesses." (RFE news -- Chuck's) Forming joint ventures or partnerships on large overseas contracts with domestic of foreign companies is anyway to get smaller Alaskan engineering or environmental technology firms a piece of larger foreign projects.

5. Please mark if your company has used any of the following sources of external financing and / or funding for international business operations.

- a. ☐ Bank line of credit (Alaskan bank ☐ non-Alaskan bank ☐
b. ☐ Special export bank loan (Alaskan bank ☐ non-Alaskan bank ☐
c. ☐ State export finance program (Which program
d. ☐ Federal government export finance program (Which program

SECTOR*:

a. Bank line of credit

Alaskan bank

Non-Alaskan bank

b. Special export bank loan

Alaskan bank

Non-Alaskan bank

c. State export finance program

(responses:)

d. Federal government export finance program

(responses: SBA / TUSRIF, TDA (2), World Bank)

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N.R. Services Other Total by response

1	10	6	17
2	6	0	8

1	0	0	0
0	1	0	1
0	0	0	0

1	2	0	3
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This question sampled where Alaskan companies go for export finance assistance. Access to trade financing can be critical to a successful export operation. The limited number of state and federally chartered banks based in Alaska raises concern over the extent to which our state is capable of supporting the trade finance needs of Alaskan exporters. This question also sought to find out what governmental programs Alaskan companies are utilizing for trade finance assistance. Of particular interest was the extent to which Alaskan companies had utilized AIDEA, the SBA, and TDA.

The number of businesses which reported using an Alaskan bank to finance export operations was an encouraging sign. On the other hand, the number of companies reporting to have used a state export finance program (i.e., not a single company reported using AIDEA) was very discouraging. Without solid export finance backing, Alaskan companies are spinning their wheels in the international marketplace. State export finance is an area clearly in need of critical review.

6. Please estimate your company's gross sales last fiscal year.

- a. ☐ \$ 0 - \$ 250,000 b. ☐ \$ 250,001 - \$ 5,000,000 c. ☐ \$ 5,000,001+

QUESTION 6. (gross sales)

a. \$0 - \$250,000

b. \$250,001 - \$ 5,000,000

c. \$ 5,000,001+

N.R. Services Other Total by response

6	11	3	19
2	10	5	17
3	15	3	22

Total by sector:

11	36	11	58
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* See SIC Code appendix for full industry listings

N.R. = Natural resources, Other = Light manufacturing / retailing

Because there are so many different definitions of a "small business", the three sales ranges were generalized -- none of the sales ranges are based on Small Business Administration definitions for small business in any particular industry.

STATE OF ALASKA

**PRIVATE SECTOR BUSINESS
INTERNATIONAL NEEDS
ASSESSMENT**

**WORLD TRADE CENTER ALASKA
1995**

INTRODUCTION

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The following report is a compilation and analysis of the results of the private sector business international needs assessment segment of the policy review.

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PRIMARY SURVEY OBJECTIVES

The survey's primary objective was to gather general information on the actual needs of Alaskan businesses in the international marketplace. To enhance the potential usefulness of the results, companies were classified within major industry categories (represented in the survey by SIC Codes) and export activity levels (i.e., current and potential exporters.), because detailed information on the export of commodities from Alaska was already widely available, service sector companies comprised seventy-five percent of the sample. Only businesses with an Alaskan SIC Code were targeted to receive surveys. Specific objective points included:

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- What government agencies do Alaskan companies turn to the most for international assistance -- if at all?

The results of the survey were intended to clear up several questions on the export tendencies of Alaskan firms. While many questions do remain, this survey is a first step towards the development of a streamlined and effective state international policy.

Key Findings:

Because Alaskan private sector export activity has never been actively monitored, it is not known whether the state is effectively responding to the real needs of companies interested in international trade. Several new findings on the export tendencies of Alaskan companies shed some light on the matter.

1. The export needs of natural resource exporters (which comprise the overwhelming majority of Alaskan exports), manufacturing exporters, and service exporters are very distinct (service companies require particularly distinct export assistance strategies.) There is a definite need for the state to clearly divide export assistance along specific industry lines (take a vertical approach to export assistance.) For instance, the 1994 Alaska Guide to Export Assistance published by OIT provides excellent information for a potential manufacturing exporter. However, a service exporter would probably find themselves frustrated by the export process described. The Governor's Marketing Alaska initiative has provided an useful introduction on the general characteristics of the different industries which comprise the Alaskan economy. However, further work on how agencies can specifically respond to the export needs of different industries is definitely in order.
2. With the possible exception of natural resources (which are influenced by shipping considerations), there is very little evidence which would suggest that Alaskan companies have a "preference" for exporting to any particular market. Historically, international trade talk in Alaska has focused on the Asian Pacific Rim (due in part to geographic location considerations and the historically strong Asian market for Alaska natural resources.) However, with the exception of natural resource producers (and especially in the case of engineering and technology respondents), companies had a very "global" focus. Companies did not appear to be looking at markets which had been "penetrated" by Alaskan diplomacy efforts - rather, they were looking where the opportunities existed - seafood companies talking about India - engineering companies talking about Russia, Africa, ASEAN, the Middle East, and Central America - manufacturers mentioning Europe and Canada. Furthermore, the dramatic drop in Alaskan seafood exports to Japan and Korea since 1992 (and partial increase to other countries) and the apparent prolonged inability of timber producers to obtain access to prime harvest land suggests that the state's long-standing, exclusive interest in cultivating the Japanese and Korean markets might be obsolete.
3. The need to provide basic export and product marketing assistance to natural resource companies appears to be limited. Based upon comments received from both surveyed companies and industry representatives, natural resource firms rely heavily upon well-established foreign customer links, specialized export techniques, and intermediaries. The rapid decline in Alaskan seafood exports is a notable exception. On the other hand, service companies appear to require substantially more attention than is currently being given to them by state agencies. Promoting the export of services clearly requires a dedicated vertical approach and flexible, global approach towards market research assistance.
4. Many small business feel either neglected or lost in the maze of "international" agencies in the state. Numerous Alaskan businesses - across industry lines - small and large - reported that they simply did not know where to turn when it came to obtaining export assistance. The number of multiple responses to the hypothetical situation question (which asked where companies would go to obtain more information on a foreign market opportunity) illustrates this commonly held confusion. Businesses simply do not know where to turn - there are so many agencies in Alaska which report to provide some sort of export or foreign investment promotion, that companies do not know where to start looking for help. Centralizing export assistance into an "one-stop shop" format might alleviate this complication.
5. Personalized attention, industry specific trade leads, and quality market information are important elements in propelling Alaskan companies to export. A long-term commitment to international trade is clearly a prerequisite to success in global markets. However, because the Alaskan economy is structured differently than most (i.e., the noticeable absence of manufacturers) this principle must be approached differently for distinct industries. For instance, service sector companies (like oil spill services, engineering, and project management) do not develop sales opportunities through the traditional manufacturing model of gradual diplomacy, product promotion, market share development, etc. Rather, service companies must take advantage of international opportunities specific to their specialty (and in a fashion which allows them to obtain a piece of the action before the foreign competition.) As well, service companies (and export promoting agencies) must maintain a focus which transcends the state's gradual string of protocol efforts. An oil field service company seeking to export its expertise needs to be constantly following market information on the entire global oil patch. Promoting protocol efforts to one or two regions as the cure to a service company's woes is clearly short sided. For instance, in 1994, the state of Alaska began to excitedly promote market opportunities for oil field service and engineering companies in Sakhalin. The widespread failure of Alaskan companies to effectively respond to the tremendous opportunities in Sakhalin is an example of how a narrow protocol / export promotion strategy is far from effective. While Alaskan trade agencies were focusing on how to

"enter" the Sakhalin market, Korean and Chinese firms were making deals. Companies which expected to simply follow the state's lead into the Russian Far East were left to discover that many of the opportunities were already taken by foreign agencies. The time and effort associated with the state's "Sakhalin effort" could have been better utilized by individually working with service companies, identifying their strengths and weaknesses as firms, and identifying a handful of projects from around the world where their expertise could be specifically utilized.

Incorporating service companies into a state sponsored horizontal export marketing strategy to a particular region is futile unless the market is in the process of a major infrastructure development, resource extraction, or environmental remediation program. And even then, the state must immediately focus on matching companies with partners - not simply "opening up the market." The state's history of promoting horizontal trade promotion (historically in the Asian Pacific Rim and more recently in Russia) is clearly inappropriate. The rapid loss of Alaskan seafood market share in Korean and Japanese markets further illustrates the need for providing globally focused trade leads and / or market studies across industry lines.

6. There are very few private export management companies in the state. As a major hub of international air traffic, Alaskan companies have access to a variety of freight forwarders. However, there are very few private export management companies which are capable of walking a potential exporter through the export process. Attracting more here to complement state agencies might be a good idea.

7. There is a clear need to establish a new export finance assistance arrangement in the state. Numerous respondents reported export finance as a major obstacle in their quest to export. Export finance should not be a distant element in the export marketing strategy. Rather, companies should begin thinking about how to finance their ventures at the same time they are conducting preliminary market research. Similarly, export assistance agencies in the state should have export finance assistance as an integral element in their outreach strategies. While AIDEA has established a quality program for helping companies, bringing export finance closer to actual export assistance agencies seems appropriate.

8. The state distinguish between export services intended for current exporters and potential exporters. Non-exporters (especially in the service sector) represent one of the best sources of potential international trade growth in the state. Throughout the survey, numerous small businesses commented that they felt their companies were not suited for international trade or had been ignored by agencies. However, it must be remembered that in the new global marketplace, no Alaskan company is immune from global competition. Thus, a capability for assisting all potential exporters is clearly valuable.

Key Recommendations:

1. Encourage more private / federal / externally supported export assistance organizations to establish a presence in Alaska. It should not be the state's job to be the sole provider of export assistance in Alaska.

2. Personalized attention, industry specific trade leads, and quality market information are important to Alaskan companies interested in exporting. Establish a non-academic intelligence center (directly linked to the primary export assistance center) to disseminate all major market opportunities (from around the world) on an industry specific basis (i.e., begin to establish links in the GLOBAL oil patch, countries where major construction projects are taking place, etc.) Furthermore, ensure that the state take a vertical (industry specific) approach to trade assistance and market research.

3. The state's emphasis on country specific market penetration is clearly obsolete. The bulk of potential exporter activity appears to be concentrated in service, tourism, and light manufacturing sectors.

Eliminate offices in Seoul and Tokyo (it is recommended that a retainer remain for tracking seafood and timber opportunities.) Establish a new system in which only customized trade missions are conducted to areas of potential interest to specific Alaskan industries / companies. Ensure that ALL export related trade missions be conducted only after lengthy interaction with Alaskan private sector companies. Further ensure that trade shows are industry specific (vertically focused) and geared to the actual interests of actual Alaskan companies.

4. Eliminate the duplication of services in the state - establish one agency as the dedicated central point in export assistance in the state and another as the dedicated leader in foreign investment promotion in the state.

5. Establish a new system for providing export finance assistance in the state. This arrangement should be closely linked to agencies which are directly involved in the export process.

6. Support the further development of programs which target assisting small businesses and first time exporters. Ensure that adequate facilities are in place to assist both current and potential exporters.

7. Regularly conduct "community sweeps" of all current and potential exporters in the state. Also, place a new emphasis on assisting service companies (especially small engineering, environmental, and telecommunication companies.) This will automatically eliminate any questions about a trade agency's actual and potential clientele.

8. Encourage more trade promotion in the state (possibly in conjunction with Marketing Alaska.)

ALASKAN INDUSTRY SECTORS

Prior to evaluating the export needs of Alaskan companies in general, it was necessary to consider the composition of the Alaskan economy as a whole. Three industry sectors - natural resources, services and retailing / light manufacturing - were determined to be the primary private sector contributors to the Alaskan economy. * Only companies within these groups were targeted to receive surveys (statistics on the export of commodities from Alaska were available prior to this study -- consequently, service sector companies comprised approximately seventy-five percent of the final sample size).

* Four primary sources of information assisted in the determination of major industry groups to target. First, the 1994 Alaska Economy Performance Report provided information on the role of both commodity and service industries in the state economy. Second, Bureau of Census export statistics were examined to determine actual primary commodity exports and export markets from Alaska in 1994. Third, a report on employment concentrations in various sectors of the Alaskan economy was examined. Finally, a copy of the state's master database of all registered Alaskan businesses was used to determine the actual number of companies within major industry groups.

Natural Resources

According to Bureau of Census Statistics, an overwhelming percentage of the total value of Alaskan commodity exports in 1993 were natural resources (metals, timber and pulp, seafood products, and petroleum products). While fish, timber, and mining companies represent less than three percent of all state registered companies and only about sixteen percent of total state employment (excluding service sector jobs which support the industry), natural resource companies are still by far the primary source of export activity in Alaska.

Characteristics:

1. **DEMAND EXCEEDS SUPPLY:** There is apparently no shortage of international demand for many Alaskan natural resources. For instance, according to Chris Gates of the Alaska Forestry Association, the international demand for Alaskan timber products consistently exceeds the available supply. Prior to the emergence of tough international competition, a similar scenario existed in the seafood industry. According to Chris Mitchell of the Alaska Fisheries Development Foundation, "Japanese and foreign consumers already knew where the fish were -- it was no coincidence when (Japanese fish buyers) would show up in Alaska." For products which maintain reliable foreign customer bases and exist in market situations where foreign demand generally exceeds domestic supply, new export market development is not a major concern. However, assisting companies with the development of production increase strategies is very appropriate (where feasible - renewable resources are subject to sustainable yield and legal restrictions).

This principle does not apply to the export of all Alaskan natural resources, however. In recent years, the seafood industry has been rapidly losing market share to Norwegian and Chilean competition. In this case, aggressive export marketing might be critical to the future of Alaskan seafood exports. The same is essentially true for producers of natural resources for which there is no established foreign customer base (i.e., a small mining operation without established foreign customer links) -- aggressive, targeted export marketing strategies (possibly similar to those for manufactured goods) are important.

2. **MINIMAL VALUE ADDED CONTENT:** Most Alaskan natural resource products have minimal value added content. Thus, export strategies associated with marketing natural resources are fundamentally different from those associated with high value-added content manufactured goods. For instance, a spruce log of a certain size, treatment, price and quality is essentially the same as any other spruce log of similar size, treatment, price and quality (this is reflected in the HS coding of wood products). However, two identically priced but otherwise distinct coffee tables are subject to specific style preferences of the consumer. When a buyer shows up to purchase bulk Alaskan seafood or timber products, chances are they know exactly what they are looking for. Similarly, export marketing strategies appropriate for manufactured goods (e.g., market penetration, foreign advertising, establishing extensive foreign distribution channels, etc.) are often not appropriate for natural resources.

3. **INTERMEDIARIES OR IN-HOUSE EXPERTISE:** The actual sale of natural resources to foreign customers is often facilitated by external private export management intermediaries (few of which are based in Alaska) or in-house expertise. According to Chris Gates of the Alaska Forestry Association, over ninety-five percent of all Alaskan timber exporters use in-house expertise or an intermediary to export (which includes foreign market development, export procedures, etc.). In addition to this, \$600 million a year of Alaskan products (mostly fish) are shipped out of Seattle and lower 48 ports to foreign destinations that do not show up as Alaska district exports (ACIB). Thus, the need to provide basic export promotion / operational assistance to natural resource producers is probably less than for other industries.

Services

Many survey respondents described their expertise in extracting natural resources, developing infrastructure and establishing telecommunication networks in harsh climatic conditions while maintaining the surrounding environment. This type of expertise is not only very valuable to Alaska, but is also highly exportable and probably represents one of the most significant sources of potential export growth in the state. Currently, trade statistics on the status of service exports from the United States are virtually non-existent. Consequently, it is difficult to make generalizations about the extent to which Alaskan service companies have penetrated foreign markets or require export assistance. However, it is possible to make generalizations about the unique exporting needs of service companies in general.

Characteristics

MARKET PENETRATION - A NEW APPROACH IS REQUIRED: Service sector companies (such as oil spill services, engineering and project management) do not develop sales opportunities through the traditional model of gradual diplomacy, product promotion, market share development, etc. Service companies respond to the emergence of project opportunities -- which can be anywhere in the world at any given time. Thus, an effective service sector export promotion program must be as globally flexible as a service company itself. The long-term maintenance of an export office in two or three select foreign countries is of little use to service exporters unless the bulk of global toxic waste spills, oil field discoveries and infrastructure projects are consistently concentrated in the same two or three areas. Several companies recommended conducting short-term missions in developing regions where infrastructure and natural resource development project opportunities are emerging (e.g., the Middle East, Africa, Vietnam, Taiwan, Sakhalin, etc.) Japan and Korea -- as nations with an abundance of advanced service technology, few natural resources to extract and comparatively well developed infrastructures -- do not appear to be good market prospects for Alaskan service companies. Furthermore, an "updated" focus on Russia and / or Taiwan still effectively neglects billions of dollars in other opportunities for Alaskan companies around the world. With the exception of interest in the Russian market, Alaskan service exporters reported engaging in international activities all over the world - not just the Pacific Rim. Capitalizing on project opportunities from around the world requires a new export marketing strategy - one of which has never been developed in Alaska. The state can begin to alleviate this shortfall by taking a global and vertical approach to assisting service companies and recognizing the distinct characteristics associated with a service company's export marketing strategy.

STANDARDS OF MEASURE / PROMOTION: Because services are intangible, they are more difficult to sell via brochures or letters than manufactured goods. As well, there are few ways to standardize services according to quality. Thus, negotiations for a foreign service contract might require substantially more personalized interaction than in the case of a natural resource or manufactured good.

METHODOLOGY OVERVIEW

Prior to this study, no academic or trade organization in the state had compiled a comprehensive list of current or potential exporters in Alaska.

A sample size of 8,000 to 10,000 Alaskan companies was initially considered for the survey. However, the oversight committee indicated that only a small percentage of Alaskan companies (then estimated at around 1,000) had ever exported or considered exporting. Consequently, the final sample size was reduced to 2,000 (the extra 1,000 companies were added to increase the number of responses by service sector businesses). The actual mailing list was developed through the following procedure:

1. A copy of the state's master database list of all registered companies was obtained.
2. Businesses without an Alaskan zip code were deleted from the list.
3. Major industry groups were classified by respective SIC Codes.
4. The total number companies within each SIC Code range was found.
5. Mailing lists from the U.S. Commercial Service (1995), World Trade Center Alaska (1994 - 1995), Alaska Office of International Trade (1994), Alaska Seafood Marketing Institute (1994), and Alaska Foresters Association (1995) were incorporated into the master mailing list. *≈ (The oversight committee suggested that companies which had previously responded to trade agency mass mailings would be more likely to respond to an international trade questionnaire than companies randomly selected from the master list.)
6. Duplicate company listings, government agencies, non-profit organizations, and companies within non-targeted industry groups (i.e., hotels, hair salons, car dealerships, etc.) were deleted. Companies were re-sorted by Standard Industrial Classification (SIC) and assigned serial numbers correlating to their respective SIC Code. (to maintain confidentiality, company names were not matched with actual responses anywhere in the analysis process. Instead, surveys were coded within major industry / SIC code groups). Throughout the survey, companies which provided responses in "other" spaces are listed according to their major industry group.
 - (n) = Natural resources
 - (o) = other (light manufacturing, retailing, etc.)
 - (s) = services

* Service sector company names came primarily from CSUSA and World Trade Center Alaska lists.

≈ The Alaska Center for International Business was contacted but did not have a list of Alaskan current or potential exporters in the state.

PART 1
CURRENT EXPORTERS

PART I

Question number 1:

What was your company's single greatest motivation for its decision to export?

SECTOR*:

- a. Unsolicited trade leads
- b. Unsolicited foreign orders
- c. Declining domestic sales or excess inventories
- d. Part of a long-term business development plan
- e. Special knowledge of a foreign market opportunity
- f. Other (see below)

	N.R.	Services	Other	Total by motivation
a. Unsolicited trade leads	0	4	2	6
b. Unsolicited foreign orders	0	7	3	10
c. Declining domestic sales or excess inventories	0	5	2	7
d. Part of a long-term business development plan	1	11	3	15
e. Special knowledge of a foreign market opportunity	5	8	1	14
f. Other (see below)	3	3	0	6
Total by industry sectors:	9	38	11	58

* See SIC Code appendix for full industry listings

N.R. = Natural resources, Serv. = Services, Other = Light manufacturing / retailing

f. (Other motivations)

- Received twice the price as if sold locally (n)
- International is the best market for our product - logs (n)
- Much higher price paid in export market (n)
- Response by others to advertising (s)
- Humanitarian - gave help to a neighbor (s)

Companies reported exporting for a variety of reasons. The strong interest by service companies in making exporting an integral element in a long term business development plan is encouraging. Service companies generally respond to the emergence of market opportunities - not market penetration efforts. Knowing that service companies are indeed interested in actively pursuing overseas contracts provides the state's export promotion agencies incentive for actively tracking potential project opportunities from around the world.

Three timber companies all reported a basically similar motivation for exporting - the overseas price surpassed the domestic price.

Understanding what motivates Alaskan companies to export is important for a number of reasons. The following list describes some of the more important points which can be derived from the information gathered.

- 1) The state can encourage more Alaskan companies to export by studying the stimuli which propelled businesses into the international marketplace (since all companies were classified within one of three major industry classifications, this information can also be used to complement Governor Knowles' Marketing Alaskan campaign.)*
- 2) Exporting is generally motivated either by offensive or defensive considerations. Are Alaskan companies exporting to compensate for declining domestic opportunities, as a part of a long-term business plan, or in response to sporadic trade leads? Understanding these basic motivations can assist ITAAs in planning for future export promotion events (i.e., if a majority of businesses are exporting only in response to the emergence of sporadic trade leads, ITAAs can respond by developing strategies to encourage businesses to export on a long term basis.)*
- 3) Exporting is not an one inning event. Effectively promoting a product in a foreign market generally requires a long term commitment and a dedicated reallocation of company resources. To what extent do Alaskan companies use exporting as an element in a long-term business strategy? If Alaskan companies are not generally interested in establishing long-term export strategies, obviously the state needs to consider enhancing the availability of trade leads (in the case of service sector companies, this principle does not necessarily apply.)*

Question number 1: (open-ended)

Please suggest any programs or services the state could provide which would motivate more Alaskan companies to export.

Law related comments

- Health certificate program - export documents for foodstuffs - USFDA state inspection program would help (o)
- 1. Reduce size and scope of government at all levels.
- 2. Legislative veto of administration regulations inconsistent with statute intent
- 3. Break open banking community (s)
- Help getting approval to export to EU (s)
- All the mines have been closed due to adverse state / federal regulation - these regulations should be reconsidered (s)
- Advance notice of the state's future / long-term plans (s)
- In the case of this company (forestry), the single greatest service would be to release replenishable natural resources and manage said resources at sustainable levels as per article VIII of the Alaska Constitution. (n)
- Provide more raw materials to export. Markets for forest products are very strong and are expected to be that way for years. (n)
- Eliminate EPA and have DEC responsible for regulating Alaska. Reduce the time it takes to get environmental permits (n)

Trade lead related comments

- More trade leads to and from Alaska (s)
- State should research advertising media in dynamic foreign markets and help advise business how and where to advertise their products in those markets. Communication methods also need to be known. - e.g., telephone to Magadan is too difficult and limited to use. (s)
- Assist in seafood marketing abroad. (s)
- Possibly by communicating trade leads in more public forums (s)
- Provide information on specific industries or professionals in other countries and what the needs are. (s)
- Acting locally, thinking globally. Our world is a market - not just the U.S. (s)
- Support for foreign (Far East) small business owners in establishing contacts with Alaskan businesses. (s)
- Maintain foreign offices - Japan, etc. (o)
- Better information to Alaskan tourism companies on the services the state can provide - translating brochures, marketing Alaskan business at foreign trade shows. (o)

Export finance related comments

- Provide export finance programs (s)
- Local office with knowledgeable staff for actually helping with paperwork required by government regulations (foreign and domestic) - helping in payment guarantees. (s)
- Expand scope of Office of International Trade. Push AIDEA to be more helpful. (n)
- Offer local businesses better lines of credit to purchase inventory for export (o)
- Education on export opportunities - Programs to provide financial assistance / insurance, etc. (o)
- Export financing - i.e., feasibility grants, low interest loans (non-banking) for domestic manufacturers producing products for export. ACCESS TO MONEY. (o)

Other comments

- Please do nothing! (s)
- Use of World Trade Center, Alaska International Trade Office (state) (s)
- The University of Alaska Fairbanks starting commercial thinning of their forest lands (n)

What suggestions did current exporters have for encouraging more companies to go international?

Three primary themes -- laws, leads, and finance -- were mentioned frequently and across industry lines.

Numerous companies complained about environmental restrictions (which potentially) hinder extracting natural resources. The need for the state to develop a long-term timber harvesting strategy was mentioned in other parts of the survey as well.

Service companies frequently cited trade leads (or, industry specific market research on a global scale) as an excellent way to promote export activity. Again, service companies respond to the emergence of project opportunities (and generally not to "diplomatic breakthroughs.") Developing a non-academic market research establishment for service companies might be a good way to get more service companies interested in exporting.

Export finance is a very important element in a successful export strategy. The number of comments in this section (and in other parts of the survey) indicates a statewide deficiency in this area.

Question number 2:

Approximately what percentage of your company's annual gross sales are derived from exports or other international business activities?

SECTOR*:

- a. 1-15 %
- b. 16-50 %
- c. 51+ %

N.R.	Services	Other	Total by percentage
1	28	8	37
2	3	4	9
7	7	1	15

Total by industry sector

10	38	13	61
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* See SIC Code appendix for full industry listings

N.R. = Natural resources, Serv. = Services, Other = Light manufacturing / retailing

This question was placed to sample the extent to which Alaskan companies are involved in international trade. The choices were staggered to reflect three levels of export activity.

- 1 - 15 %: A comparatively small percentage of sales are international.
- 16-50 %: A moderate percentage of sales are international.
- 51 %: The majority of sales are international.

Question number 3:

Do you use a private export management company or consultant to export your product or service?

<u>SECTOR*:</u>				Total by
	N.R.	Services	Other	yes / no
a. Yes	2	7	0	9
b. No	9	32	13	54

Total by industry sector

11	39	13	63
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N.R. = Natural resources, Serv. = Services, Other = Light manufacturing / retailing

This question sought to obtain a sample of the extent to which intermediaries or private export management companies are used in various industries. Prior to conducting the survey, it was common knowledge that the majority of all natural resource exporters in the state (i.e., timber, seafood, mining) used some sort of intermediary or specialized in-house expertise to handle export operations. Thus, the need for providing export or foreign market assistance to natural resource companies was assumed to be substantially less than that for service or light manufacturing companies (the recent drop in Alaskan seafood exports is a notable exception.) Unfortunately, the results of the question are somewhat inconclusive on the matter. However, this is an area which should clearly be investigated in greater detail. If around ninety percent of all exports are natural resources, and most natural resource companies use in-house or intermediaries to export (generally to Asian markets with reliable customer bases), does the state need to provide extensive export assistance to natural resource companies?

Question 3 (part II):

If yes, is the private export management company or consultant based in Alaska or elsewhere?

- 4 companies reported using only an Alaskan intermediary
- 4 companies reported using both an Alaskan and outside intermediary
- 1 company reported using only an outside intermediary

This question was a follow up and attempted to determine where most of the intermediaries were based. A quick glance through an Anchorage phone book does not reveal many PEMCs, so it was assumed that the majority of companies were going out of state for help. It is common knowledge that a number of natural resource companies in the state rely upon out of state contacts for export marketing assistance. Unfortunately, the results of this question were inconclusive. However, this is definitely an area which requires further examination.

Question number 3 (part 3):

What is the primary reason your company prefers to use a private export management company or consultant?

- 4 companies reported using intermediaries to procure contracts (selection E)
- 1 company reported using an intermediary due to a lack of specialized knowledge for exporting (selection B)
- 3 companies provided other reasons (selection F) - comments:
 - To understand the Russian law
 - Use of an American / Russian individual because of language and community knowledge in Russia
 - Use of intermediaries common in seafood industry

This question sought to gain some general ideas on why companies use intermediaries. The responses are primarily descriptive in nature.

Question number 4:

Has your company ever engaged in a joint venture partnership for and international project?

SECTOR*:

a. Yes

b. No

	N.R.	Serv.	Other	Total by yes / no
a. Yes	6	18	2	26
b. No	5	21	11	37
Total by industry sector	11	39	13	63

* See SIC Code appendix for full industry listings

N.R. = Natural resources, Serv. = Services, Other = Light manufacturing / retailing

This question sought to estimate the extent to which joint ventures or partnerships are being used as vehicles for obtaining pieces of larger contracts. In an independent report by the Kenan Institute on how government agencies promote the export of environmental technology, companies commonly reported a desire for some sort of partnership in the pursuit of international trade opportunities. (Burpitt / Rondinelli) In another article, the Vice President of Operations for Marathon Oil Company said, "the key to the success of Alaskans doing business in Russia will be the formation of joint ventures with Russian businesses." (RFE news -- Chuck's) Forming joint ventures or partnerships on large overseas contracts with domestic of foreign companies might be a good way to give smaller Alaskan engineering or environmental technology firms a piece of larger foreign projects. However, this idea leads to another question: How does the state help Alaskan engineering or environmental technology firms procure pieces of overseas projects? For smaller oil field service and engineering firms which followed the major oil companies to Alaska during the oil boom, "latching on" to large projects is not a new concept. However, forming a partnership or joint venture for a foreign project might be.

A number of companies reported having engaged in a joint venture. The state can clearly benefit by matching small service firms with larger projects from around the world.

Question number 5:

Please mark if your company has used any of the following sources of external financing and / or funding for international business operations.

SECTOR*:

a. Bank line of credit

Alaskan bank

Non-Alaskan bank

b. Special export bank loan

Alaskan bank

Non-Alaskan bank

c. State export finance program

(responses:)

d. Federal government export finance program

(responses: SBA / TUSRIF, TDA (2), World Bank)

N.R. = Natural resources, Serv. = Services, Other = Light manufacturing / retailing

	N.R.	Services	Other	Total by response
	1	10	6	17
	2	5	0	7
	1	0	0	0
	0	0	0	0
	0	0	0	0
	1	2	0	3

This question sought to determine where Alaskan companies go for export finance assistance. Access to trade financing can be critical to a successful export operation. The limited number of state and federally chartered banks based in Alaska raises concern over the extent to which our state is capable of supporting the trade finance needs of Alaskan exporters. If a large percentage of Alaskan companies are using out of state banks for export assistance, Alaskan agencies need to find out why. And again -- if private companies in the state simply prefer to use out of state financing assistance, our trade agencies need to consider referring Alaskan companies to out of state sources for trade finance assistance. It is not the job of an export assistance agency to try to compensate for a lack of adequate private resources in the state (especially when resources are available in other places.)

This question also sought to find out what governmental programs Alaskan companies are utilizing for trade finance assistance. Of particular interest was the extent to which Alaskan companies had utilized AIDEA, the SBA, and TDA.

The number of businesses which reported using an Alaskan bank to finance export operations was an encouraging sign. On the other hand, the number of companies reporting to have used a state export finance program (i.e., not a single company reported using AIDEA) was very discouraging. Without solid export finance backing, Alaskan companies are spinning their wheels in the international marketplace. State export finance is an area clearly in need of critical review.

Question number 6.

Please estimate your company's gross sales last fiscal year.

	N.R.	Services	Other	Total by response
QUESTION 6. (gross sales)				
a. \$0 - \$250,000	6	10	3	19
b. \$250,001 - \$ 5,000,000	2	10	5	17
c. \$ 5,000,001+	3	14	3	20
Total by sector:	11	34	11	56

N.R. = Natural resources, Serv. = Services, Other = Light manufacturing / retailing

This question provide da general indicator of the size of companies responding. This question can also be used as a variable in any future examinations of the statistics.

Because there are so many different definitions of a "small business", the three sales ranges were generalized -- none of the sales ranges are based on Small Business Administration definitions for small business in any particular industry.

- 1) \$ 0 - \$ 250,000: An infant business*
- 2) \$ 250,001 - \$ 5,000,000: A small business*
- 3) \$ 5,000,001 +: Medium to large businesses*

Question number 7

Please estimate your company's international sales last fiscal year and projected international sales for the year 2000.

Other sectors *:

	Last fiscal year				5 year projection			
	1-15%	16-50%	51-100%	Region total	1-15%	16-50%	51-100%	Region total
ASIA								
Japan	2	1	3	6	1	2	2	5
Korea	1	0	0	1	1	0	0	1
P.R.C.	0	0	0	0	1	0	0	1
India / Pakistan	0	1	0	1	1	0	0	1
Southeast Asia	1	0	0	1	0	1	0	1
	4	2	3	9	4	3	2	9
EUROPE								
Germany	3	0	0	3	2	1	0	3
Belgium	1	0	0	1	1	0	0	1
Norway	1	0	0	1	1	0	0	1
Italy	1	1	0	2	1	0	0	1
Denmark	1	0	0	1	1	0	0	1
Holland	0	0	0	0	1	0	0	1
Switzerland	1	0	0	1	0	0	0	0
	8	1	0	9	7	1	0	8
NORTH AMERICA								
Canada	2	0	1	3	1	3	0	4
	2	0	1	3	1	3	0	4
NIS								
Russia	3	0	0	3	2	1	0	3
	3	0	0	3	2	1	0	3
SOUTH AMERICA								
South America	0	1	0	1	0	0	1	1
	0	1	0	1	0	0	1	1
AFRICA								
Africa	0	1	0	1	0	1	0	1
	0	1	0	1	0	1	0	1

* Other sectors include light manufacturing, retailing, and industries not elsewhere classified

Natural Resource Sector

Last Fiscal Year

ASIA	1-15%	16-50%	51-100%	Region total
Japan	3	3	3	9
Korea	1	1	1	3
P.R.C.	2	0	0	2
R.O.C.	1	0	0	1
	7	4	4	15

5 year projection

	1-15%	16-50%	51-100%	Region total
	2	2	3	7
	2	2	1	7
	1	2	0	3
	2	0	0	2
	7	6	4	19

NORTH AMERICA

	1-15%	16-50%	51-100%	Region total
Canada	0	2	0	2
	0	2	0	2

	1-15%	16-50%	51-100%	Region total
	0	2	0	2
	0	2	0	2

EUROPE

	1-15%	16-50%	51-100%	Region total
Germany	0	2	1	3
	0	2	1	3

	1-15%	16-50%	51-100%	Region total
	0	1	1	2
	0	1	1	2

NIS

	1-15%	16-50%	51-100%	Region total
Russia	0	0	1	1
	0	0	1	1

	1-15%	16-50%	51-100%	Region total
	0	0	1	1
	0	0	1	1

Service sector:

	Last fiscal year				5 year projection			
	1-15%	16-50%	51-100%	Region total	1-15%	16-50%	51-100%	Region total
ASIA								
P.R.C.	5	0	0	5	7	0	0	7
Japan	3	1	2	6	1	2	1	4
R.O.C.	1	0	1	2	4	0	0	4
Korea	2	0	0	2	3	0	0	3
India	0	0	0	0	2	0	0	2
Malaysia	0	0	1	1	0	1	0	1
Philippines	1	0	0	1	1	0	0	1
Thailand	0	0	0	0	0	1	0	1
Vietnam	0	0	0	0	0	1	0	1
ASEAN	0	0	0	0	1	0	0	1
Southeast Asia	0	0	1	1	0	0	0	0
	12	1	5	18	17	6	1	25
NIS								
Russia	7	1	7	15	9	4	6	19
Uzbekistan	1	0	0	1	1	0	0	1
	8	1	7	16	10	4	6	20
EUROPE								
Germany	1	0	1	2	2	0	1	3
Europe	2	0	0	2	2	0	0	2
Switzerland	1	0	0	1	2	0	0	2
Austria	0	0	0	0	1	0	0	1
U.K.	1	0	0	1	1	0	0	1
France	2	0	0	2	1	0	0	1
Portugal	0	0	0	0	1	0	0	1
Belgium	1	0	0	1	0	0	0	0
Holland	1	0	0	1	0	0	0	0
Iceland	1	0	1	2	0	0	0	0
	10	0	2	12	10	0	1	11
NORTH AMERICA								
Canada	4	1	0	5	4	0	0	4
United States	0	1	0	1	0	1	0	1
North America	1	0	0	1	0	0	0	0
	5	2	0	7	4	1	0	5
CENTRAL / AMERICA								
South America	1	0	0	1	1	1	0	2
Central America	1	1	0	2	0	1	0	1
Chile	1	0	0	1	1	0	0	1
Panama	1	0	0	1	1	0	0	1
	4	1	0	5	3	2	0	5
MIDDLE EAST / AFRICA								
Middle East	1	0	0	1	2	0	0	2
West Africa	1	0	0	1	1	0	0	1
Africa	0	0	0	0	1	0	0	1
Israel	1	0	0	1	0	0	0	0
	3	0	0	3	4	0	0	4
AUSTRALIA / PACIFIC								
Australia	0	0	0	0	1	0	0	1
	0	0	0	0	1	0	0	1

Country totals:**Last fiscal year****5 year projection****ASIA**

	N.R.	OTHER	SERV.	TOTAL
Japan	9	6	6	21
Korea	3	1	2	6
P.R.C.	2	0	5	7
R.O.C.	1	0	2	3
India	0	0	0	0
India / Pakistan	0	1	0	1
Malaysia	0	0	1	1
Philippines	0	0	1	1
Thailand	0	0	0	0
Vietnam	0	0	0	0
ASEAN	0	0	0	0
Southeast Asia	0	1	1	2
	15	9	18	42

	N.R.	OTHER	SERV.	TOTAL
Japan	7	5	4	16
Korea	7	1	3	11
P.R.C.	3	1	7	11
R.O.C.	2	0	4	6
India	0	0	2	2
India / Pakistan	0	1	0	1
Malaysia	0	0	1	1
Philippines	0	0	1	1
Thailand	0	0	1	1
Vietnam	0	0	1	1
ASEAN	0	0	1	1
Southeast Asia	0	1	0	1
	19	9	25	52

NS

	N.R.	OTHER	SERV.	TOTAL
Russia	1	3	15	19
Uzbekistan	0	0	1	1
	1	3	16	20

	N.R.	OTHER	SERV.	TOTAL
Russia	1	3	19	23
Uzbekistan	0	0	1	1
	1	3	20	24

EUROPE

	N.R.	OTHER	SERV.	TOTAL
Germany	3	3	2	8
Switzerland	0	1	1	2
Europe	0	0	2	2
Belgium	0	1	1	2
Norway	0	1	0	1
Italy	0	2	0	2
Denmark	0	1	0	1
Holland	0	0	1	1
France	0	0	2	2
Austria	0	0	0	0
U.K.	0	0	1	1
Iceland	0	0	2	2
Portugal	0	0	0	0
	3	9	12	24

	N.R.	OTHER	SERV.	TOTAL
Germany	2	3	3	8
Switzerland	0	0	2	2
Europe	0	0	2	2
Belgium	0	1	0	1
Norway	0	1	0	1
Italy	0	1	0	1
Denmark	0	1	0	1
Holland	0	1	0	1
France	0	0	1	1
Austria	0	0	1	1
U.K.	0	0	1	1
Iceland	0	0	0	0
Portugal	0	0	1	1
	2	8	11	21

NORTH

	N.R.	OTHER	SERV.	TOTAL
Canada	2	3	5	10
United States	0	0	1	1
North America	0	0	1	1
	2	3	7	12

	N.R.	OTHER	SERV.	TOTAL
Canada	2	4	4	10
United States	0	0	1	1
North America	0	0	0	0
	2	4	5	11

CENTRAL / SOUTH

	N.R.	OTHER	SERV.	TOTAL
South America	0	1	1	2
Central America	0	0	2	2
Chile	0	0	1	1
Panama	0	0	1	1
	0	1	5	6

	N.R.	OTHER	SERV.	TOTAL
South America	0	1	2	3
Central America	0	0	1	1
Chile	0	0	1	1
Panama	0	0	1	1
	0	1	5	6

MIDDLE EAST /

	N.R.	OTHER	SERV.	TOTAL
Middle East	0	0	1	1
Africa	0	1	1	2
West Africa	0	0	0	0
Israel	0	0	1	1
	0	1	3	4

	N.R.	OTHER	SERV.	TOTAL
Middle East	0	0	2	2
Africa	0	1	1	2
West Africa	0	0	1	1
Israel	0	0	0	0
	0	1	4	5

AUSTRALIA /

	N.R.	OTHER	SERV.	TOTAL
Australia	0	0	0	0
	0	0	0	0

	N.R.	OTHER	SERV.	TOTAL
Australia	0	0	1	1
	0	0	1	1

* N.R. = Natural resources; OTHER = Light manufacturing / Retail; SERV. = Service

This question sought to sample exactly where Alaskan companies are doing business and where they are looking for future opportunities.

Different companies require different international foci. For natural resource companies, the Asian Pacific Rim has provided a solid source of reliable customers for many years. Light manufacturing companies and wholesalers are increasingly looking at Russia / Europe. The bottom line for companies which respond primarily to unsolicited foreign orders or trade leads (i.e., service companies) is generating marginal sales and / or establishing a relationship with a reliable foreign customer -- not long-term foreign market penetration (as might be important in the international marketing strategy of a large manufacturer or expanding retail chain.) Helping companies to establish relationships with the governments of foreign customers should be a major priority of trade assistance agencies. However, the scope of international trade services must be flexible enough to respond to the changing nature of the global economy. Advanced telecommunications, the outstanding efficiency of freight forwarders, and the distributor searches available through the U.S. Commercial Service's Gold Key program permit companies to effectively sell their products or services anywhere a demand for their product (or service) exists. Market specific (instead of industry specific or buyer-seller specific) trade missions might be a wasteful approach in the case of Alaskan companies. Banquets, cocktail parties, and building tours are great ways to network -- but in the global economy, sales may too often be a missing element.

Recent'y, Alaska has begun to develop close links with the Russian Far East. Strategic "market cultivation" is an important element in the establishment of long-term government - business relationships in foreign countries -- especially in emerging markets where well-timed market entry can produce great results. However, foreign market efforts must have a clearly visible bottom-line. Simply opening up a foreign market to Alaskan companies is of little value unless it is accompanied by a strategic plan to sell specific Alaskan products to specific foreign consumers (or the state has other plans for developing the strategic relationship such as establishing Alaska as an off-shore business base for Russian Far-East companies -- however, this is a job for foreign investment specialists, not export specialists). Randomly promoting Alaskan products does not guarantee sales - diplomacy efforts do not guarantee sales - only matching buyers and sellers comes close to guaranteeing sales.

With the possible exception of natural resources (which are influenced by shipping considerations), there is very little evidence which would suggest that Alaskan companies have a "preference" for exporting to any particular market. For years, international trade talk in Alaska has focused on the Pacific Rim. However, with the exception of natural resource producers (and especially in the case of engineering and technology respondents), companies had a very "global" focus. Exporters reported doing business where the action was - not where the state had developed strategic links. Seafood companies mentioned Taiwan, engineering companies mentioned Russia (overwhelmingly) Africa, ASEAN, the Middle East, and Central America, and manufacturers mentioned Europe and Canada. Furthermore, the dramatic drop in Alaskan seafood exports to Japan and Korea since 1992 (and partial increase to other countries) and the prolonged inability of timber producers to obtain access to potential harvest land suggests that the state's long-standing interest in cultivating Japanese, Korean, and other Pacific Rim markets might be obsolete. A new emphasis on the entire world and Russia seems appropriate.

Question number 8:

Hypothetical Situation (Your company is given a trade lead...what priority will it be given)

Hypothetical situation:

SECTOR*:

- a. The same priority as domestic business leads
- b. Secondary priority to any domestic leads
- c1. Our intermediary handles exports
- c2. We already have all of the business we can handle
- c3. We are concerned about international business risk
- c4. Product or service does not lend itself to exporting
- c5. Other
- d. Does not apply (we only do international)

	N.R.	Serv.	Other	Totals by response
a.	6	29	10	45
b.	1	6	1	8
c1.	0	1	0	1
c2.	0	1	0	1
c3.	0	1	0	1
c4.	0	0	0	0
c5.	0	0	0	0
d.	2	1	0	3

* See SIC Code appendix for complete industry listings

N.R. = Natural resources, Serv. = Services, Other = Light manufacturing / retailing

The hypothetical situation obtained two pieces of information:

1. If every company in Alaska was given a foreign trade lead, what would they do with it? Exporting is not necessarily contagious.

The importance of establishing contacts with potential foreign trading customers is well documented. According to the Kenan Institute's 1994 Report Card on Trade (3-3), seven out of ten small and midsize firms that used assistance for making international buyer contacts reported that these services had a positive impact on their export operation. In another Kenan Institute study conducted in 1995, small environmental technology exporters frequently cited finding foreign customers as a major problem in the initial stages of exporting (Kenan).

2. As well, the decision to export can have as much to do with managerial philosophy as profits. The presence of export intermediaries, reliability (or unreliability) of certain international customers, or managerial perceptions of doing business in foreign countries all affect the extent to which a company takes an interest in exporting. How hungry for international opportunities are Alaskan companies?

Response choices to the hypothetical situation were staggered to reflect three basic levels of exporting interest (and / or aversions to international business risk):

- Part (a) identified companies which would probably treat an international trade lead with the same priority as a domestic trade lead (i.e., companies which recognize the immediate benefits associated with international trade.)
- Part (b) identified companies which recognize the benefits associated with international trade, but would prefer dealing domestically.
- Part (c) identified companies with little or no interest in new international trade leads. The sub-choices tried to determine why an Alaskan company would have no interest in an international trade lead. The sub-choices reflected some possible major factors.

c1) Intermediaries: Sales are the bottom-line in international trade -- and private intermediaries generate international sales. If Alaskan companies are leaving international marketing matters to export intermediaries, are assistance agencies needed?

c2) Operating capacity:

- *What factors keep Alaskan companies from increasing production to meet foreign demand?*
- *In international competition, economies of scale reduce the costs associated with marginal production increases. Do Alaskan companies have adequate access to resources (especially financial) which would allow for business expansion and the development of economies of scale?*

c3) International business risk: Company concerns over international business risk need to be met with information. If Alaskan companies are refusing to export because of fear of the unknown, the state has to do more to educate businesses on the reality of international business risk.

c4) Product doesn't lend itself to exporting: Adapting a product or service to foreign market specifications or shipping requirements can be difficult. However, even companies with no interest in international trade cannot avoid international

competition (as the United States is already a major import center). If Alaskan companies are reporting difficulty dealing with foreign market specifications, the state should address this problem.

Across industry lines, an overwhelming majority of companies said they would be interested in a new trade lead. Current exporters are undoubtedly "hungry" and the state can help itself by feeding them with a new level of market research intensity.

Question number 8b:

Your company decides to investigate the foreign sales opportunity.

Based upon your company's current knowledge of information providers in Alaska, where would your company go to obtain more information?

Would go to a private source

- We ask the customer. They are better suited to advise on product import restrictions. (s)
- Personal network of contacts (s)
- International trade is handled through our Seattle office so far - not our Alaskan office (s)
- To our potential client, directly (s)
- Known and trusted individuals that have first hand, proven experience and knowledge (s)
- I would contact the foreign companies that would be interested in services (s)
- We would devise a payment guarantee for any foreign project either through the client or an international bank. (s)
- To our Russian associates (s)
- Trade associates (s)
- Private resources, Seafax (s)
- The fish industry often markets through companies which are buyer / seller or wholesale distributors specializing in products or markets. Would contact others in industry, wholesale - distributor, publications, OIT. (s)
- Direct to foreign source (s)
- Our brokers in Europe or Japan (s)
- Companies currently doing business (s)
- We would use our intermediary to investigate (s)
- Or established sales office in parent company - we have international sales team (s)
- Federal information, UAA, Business Center, State of Alaska, World Trade Center, library, specified are of opportunity on local arena. Network with individuals that are familiar with country or opportunity, Alaska governor's office. (s)
- To other private businesses that have done business in that area (s)
- Current customers and industry contacts (n)
- To the foreign customer directly (n)
- Friends in the same business (n)
- Consultants in marketing mineral concentrates (all in lower-48) - very specialized business - few exports (n)
- The country in questions - we develop direct contacts or leads from foreign associates in Asia, Europe, and Central America. (n)
- Seattle - freight forwarding company (o)
- The country of interest (o)
- International business directory (o)
- Probably handle on our own (o)

Would go to a government / other source

- World Trade Center, Governor's Office of International Trade, Congressional Delegation (Ted Stevens), U.S. Department of Commerce (s)
- World Trade Center - U.S. Department of Commerce (s)
- World Trade Center (s)
- World Trade Center, UAA Business Department - International Business group - Northern Forum (s)
- World Trade Center of Foreign Commercial Office (federal) (s)
- International Trade Center (s)
- World Trade Center, U.S. Department of Commerce (s)
- U.S. Department of Commerce, U.S. State Department (s)
- World Trade Center (s)
- World Trade Center, Office of International Trade, Department of Commerce, possibly UAA. (s)
- U.S. Department of Commerce, International Trade Administration (s)
- Alaska World Trade Center (s)
- America Russia Trade Center, University of Alaska Anchorage, ENRI (Environmental Natural Resource Institute) (s)
- World Trade Center and appropriate organizations in Seattle area (s)
- World Trade Center, Office of International Trade - we use the World Trade Center as our "one stop shop" with regards to all international matters. (o)
- Alaska World Trade Center (o)
- World Trade Center, Department of Commerce, ASTF, SBDC (o)

- Depending on country - OIT, World Trade Center, or Department of Commerce (o)
- Alaska Division of Tourism (o)
- Office of International Trade, World Trade Center, TROIKA, Department of Commerce (n)
- American Embassy - commercial trade section (n)

If an Alaskan company learned about the demand for their product or service in an obscure foreign market, where would they turn for more information? This open-ended question sought to determine what international sources Alaskan companies are familiar with. Responses to this question provide an indicator of the sources of international assistance known and trusted by Alaskan companies.

Two major themes were found in the results. First of all, the majority of current exporters who responded to the question reported that they would go to a private source to follow up on the source -- a possible indication of the mistrust of government agencies among Alaskan companies (or their built-in relative sophistication in the international marketplace.) Among government agencies, the World Trade Center Alaska and U.S. Commercial were cited most often.

Question number 9.

Start-up difficulties / maximizing your current potential

This question was specifically concerned with technical export complications Alaskan companies face. The question was split to distinguish difficulties companies had while initiating their export operation and what difficulties they are currently having.

Technical factor explanations. The technical export factor list was comprised of parts of several other "export checklists."

- a) Finding foreign customers: (see hypothetical situation) Many different products and services are exportable. However, finding foreign customers to buy these products and services is no easy task. To what extent are Alaskan companies capable of finding foreign customers for their product or service?*
- b) Background information on foreign companies: Once a foreign customer, agent, or trading partner is found, how does an Alaskan company establish the legitimacy of the foreign player?*
- c) Background information on foreign countries: How difficult has it been for Alaskan companies to get information on foreign markets?*
- d) Product - market matching: Have Alaskan companies found it difficult to get international market information on their particular product or service?*
- e) Foreign relations: To what extent are Alaskan companies facing foreign relation complications?*
- f) Joint partnerships: (see joint ventures) How difficult has it been for interested Alaskan companies to form joint partnerships?*
- g) Shipping, distributing: Are Alaskan companies having freight forwarding problems?*
- h) Government assistance: How difficult has been for Alaskan companies to procure government assistance?*
- i) Financing: How difficult has it been for Alaskan companies to obtain adequate financing?*
- j) Payment / credit terms: Establishing payment terms with foreign customers can be a very difficult task. To what extent have Alaskan companies been successful establishing payment systems.*
- k) Paperwork and legal concerns: Are Alaskan companies having a tough time with paperwork complications?*
- l) In-house expertise: To what extent is in-house expertise a consideration.*

Unfortunately, the results to this section were not as statistically decisive as was hoped. However, the responses across industry lines still provide several interesting insights (many of which complement "other" responses throughout the survey.)

SERVICE SECTOR

- Finding foreign customers
- Obtaining background information on foreign companies
- Obtaining background information on foreign markets
- Finding info. on the market for your company's particular product or service
- Foreign relations complications
- Finding companies to form joint partnerships with
- Shipping, coordinating, or distributing the product or service
- Finding and / or utilizing government trade assistance
- Obtaining adequate financing
- Establishing payment / credit terms with foreign customers
- Handling foreign import laws, customs, or export documentation
- Lack of in-house expertise

OTHER SECTOR

- Finding foreign customers
- Obtaining background information on foreign companies
- Obtaining background information on foreign markets
- Finding info. on the market for your company's particular product or service
- Foreign relations complications
- Finding companies to form joint partnerships with
- Shipping, coordinating, or distributing the product or service
- Finding and / or utilizing government trade assistance
- Obtaining adequate financing
- Establishing payment / credit terms with foreign customers
- Handling foreign import laws, customs, or export documentation
- Lack of in-house expertise

NATURAL RESOURCE SECTOR

- Finding foreign customers
- Obtaining background information on foreign companies
- Obtaining background information on foreign markets
- Finding info. on the market for your company's particular product or service
- Foreign relations complications
- Finding companies to form joint partnerships with
- Shipping, coordinating, or distributing the product or service
- Finding and / or utilizing government trade assistance
- Obtaining adequate financing
- Establishing payment / credit terms with foreign customers
- Handling foreign import laws, customs, or export documentation
- Lack of in-house expertise

Difficulty getting started

ONE	TWO	THREE	Mean	x	i
13	11	6	1.77	0	0
6	12	6	2	6	0
12	11	3	1.65	4	0
17	7	5	1.59	1	0
11	10	7	1.86	1	0
6	9	5	1.95	9	0
14	10	0	1.42	6	0
12	7	6	1.76	5	0
6	6	8	2.1	0	0
9	12	7	1.68	3	0
8	14	7	1.97	2	0
8	11	7	1.96	3	0

ONE	TWO	THREE	Mean	x	i
2	4	4	2.2	1	0
4	1	3	2.38	6	0
5	4	0	1.44	0	0
5	3	1	1.55	0	0
7	2	0	1.22	0	0
0	3	0	2	0	0
3	2	3	2.5	0	0
6	0	1	1.29	1	0
2	1	2	2	2	0
4	5	1	1.7	5	0
7	1	1	1.33	1	0
4	4	1	1.66	0	0

ONE	TWO	THREE	Mean	x	i
3	3	1	1.71	0	0
1	3	2	1.42	3	0
4	2	1	1.57	3	0
4	2	1	1.57	2	0
6	0	1	1.29	2	0
3	2	0	1.4	4	0
1	2	4	2.42	2	0
1	0	2	2.33	5	0
1	1	1	2	4	0
2	3	0	1.6	2	0
2	1	1	1.75	3	0
2	0	2	2	3	0

Operational difficulties

ONE	TWO	THREE	Mean	x	i
10	12	7	1.9	0	0
8	12	4	2.17	4	0
14	8	2	1.5	3	0
14	8	5	1.67	1	0
12	7	8	1.85	1	0
9	7	3	1.68	8	0
15	8	0	1.35	4	0
10	6	7	1.72	4	0
7	5	7	2	8	0
11	8	6	1.8	2	0
10	13	5	1.82	0	0
14	8	1	1.43	3	0

ONE	TWO	THREE	Mean	x	i
3	3	2	1.88	0	0
4	2	2	1.75	0	0
6	2	0	1.25	0	0
6	1	1	1.38	1	0
8	0	6	1.86	0	0
0	1	2	2.67	5	0
3	4	6	2.23	1	0
6	1	1	1.38	0	0
2	0	2	2	5	0
4	0	2	1.67	2	0
4	2	1	1.57	1	0
3	4	0	1.57	1	0

ONE	TWO	THREE	Mean	x	i
4	2	0	1.33	1	0
2	2	1	1.8	1	0
3	2	0	1.4	3	0
5	0	0	1	3	0
3	0	1	1.5	3	0
3	1	0	1.25	3	0
1	1	3	2.4	2	0
1	1	2	2.25	4	0
1	1	1	2	3	0
2	1	0	1.33	3	0
2	1	1	1.75	3	0
3	0	1	1.5	3	0

ONE(1) = A minor / no difficulty; TWO(2) = A moderate difficulty; THREE(3) = A major difficulty

i = Use / used a private export management company for this

x = does not apply to our company's situation

Question number 10.

Please briefly describe your company's single greatest export burden.

Product related

- No market at this time (n)
- Civil engineering materials expertise (s)
- No longer have products to service (s)
- Lack of stumpage (available timber) (s)
- Price for product - market is getting too flooded (o)
- Not enough product (o)
- Lack of Alaska raw material for value added processing (n)
- Arranging and finding lowest cost alternative for shipping the product (n)

Finance

- Lack of understanding of "service" exports by government and financial providers of assistance. (s)
- Lack financing (s)
- Payment guarantees (s)
- Cost of shipping (s)
- Committed funds in American dollars in American banks (s)
- Having inventory on hand to meet increased demand. (s)
- Operating capital, line of credit financing (s)
- 1. Economical transport from Alaska to markets
- 2. Lack of state / local government cooperation (s)
- No money for marketing research, development, marketing and no money for financing productions. (o)
- Lack of inventory to export (o)
- Cost of exposure to new markets (o)
- Getting adequate credit coverage from Russian customers (o)
- Travel costs to promote our product - i.e., Alaskan trips (o)
- Obtaining financing for working capital (n)

Leads / market information

- Finding potential customers and making them aware of my services (s)
- The time and resources to meet all of our expectations and opportunities (s)
- Knowledge of market - need for engineering consulting (s)
- Finding markets (s)
- Finding foreign customers (s)
- Lack of knowledge of foreign markets (s)
- Identifying leads on consistent basis (s)
- Qualification of potential buyers and their valid needs (s)
- Very competitive international seafood environment (finding buyers at profitable levels) (s)
- Obtaining background information (s)
- Matching product to market with highest return (n)

Laws

- Changing Russian import laws (s)
- Federal government policies based on politics (s)
- Joint venture in Russia will not keep their agreement. U.S. immigrations will not back the American businessman when then they find they have been used. (s)
- Foreign import laws and customs (s)
- Inability to compete in an open, competitive market. If it were left up to the Russian market alone, competition would soon benefit both parties and countries. The constant changing of Russian customs, fees, and regulation have a way of stifling legitimate competition and, in some cases, encouraging unethical practices (s)
- Lack of stable telephone communications and tax demands in Russia (s)
- Communications (s)
- EU import restrictions and requirements (s)
- Understanding foreign regulations and import procedures (s)
- Documentation for foodstuffs - different for every country - need an united set of regulations (o)

- Changeable foreign tax structures (o)
- Alaska and U.S. regulations to ship product - tug escorts, etc. (o)
- Inconsistency between US Government and State or Alaska fisheries and processing laws - particularly the new IFQ program. (n)
- Staying in business because of environmental restrictions. Constant terror imposed by EPA (n)
- Assuring our customers that we can be providers of a long term supplier of timber products (n)

Other

- Communications as we deal mostly with Russia (s)
- Order mistakes by U.S. suppliers (s)
- Time required to get visas and to actually begin (s)
- We were providing professional engineering services in Guam. The biggest problem was getting people to move to Guam or finding competent help on the island (s)
- Uncertainties with support and logistic. Communications can also be difficult (s)
- Snow and breakdowns (n)
- Transport within Alaska (n)

This question sought to sample the single greatest export burden Alaskan companies were having. The results of this question pointed out a series of clear export burdens among Alaskan companies. Interestingly enough, the comments correlated closely with other open-ended sections in the survey. Again, three major themes repeatedly came up -- laws, leads, and finance. However, several companies also reported complications associated with their product in international markets (a call for assistance in adapting a product or service to international specifications.)

Question number 11.

Please suggest any programs or services which would ease operational export complications for Alaskan companies.

Laws

- Force DNR to follow the law - article VIII of Alaska's constitution. Quit giving timber to insects, rot, and fire. (n)
- Streamline environmental permit procedures (n)
- Food export certification program within D.E.C. (o)
- Be realistic on liability. (o)
- Strict enforcement of bilateral agreements at very level - i.e., the removal of the new 30 % tariff the Russians have put on food products. This should have been dealt with instantly and firmly with similar tariffs (s)
- Support all export efforts as a policy decision (s)
- Sell more state timber (s)
- Tax break on foreign sales (s)
- Reduce overwhelming government (s)
- Provide up-to-date information on customs (Russian) laws (s)
- Revise the title 16 recognizing that there are other and equal values than just habitat. (s)

Finance

- More money, insurance break (n)
- AIDEA support (n)
- Loan funds - non-banking type (o)
- Financial assistance with trade shows (o)
- Use Washington model for export assistance centers. Assist companies trying to find export financing through the entire process (s)
- Provide sources of export finance (s)
- Local bank programs that interact with foreign (banks) and World Bank (s)

Leads / Market contacts

- Agent / Distributor program, U.S. Department of Commerce (s)
- None, the main problems are in foreign markets. Main problem is identifying bona fide buyers. To date service needs have been fulfilled by private companies based upon need (s)
- Compile list of Alaskan firms with a brief description of products and services - distribute to U.S. Embassies (s)
- Alaskan companies need someone to introduce them to the right people. If they need engineering services, who do we talk to in that country? (s)
- Setting up small "offices" or "message centers" in foreign locations where Alaskans could get information while working in other locations. Provide a way to make contact (s)

Government related

- Governor's promotion of diplomatic relations (s)
- State should joint venture with Alaska World Trade Center or other private groups as state has closed out all people of knowledge. The state has lost the ability to help (s)
- Better communications between foreign government and state Commerce Department offices for Alaska state support in initiating business relationships (s)
- Centralize information that is currently being duplicated by many different agencies - making this public information (s)
- Better or more cooperative information exchange (s)
- 1, Better funding for Division of Tourism's international marketing program (o)
- Any time a state or federal organization tries to help, they inevitably screw it up (o)
- Office of International Trade (o)
- More educational programs outside of Anchorage (o)
- Government to government assistance for problems in foreign country such as collecting on letters of credit, false claims, etc. (n)

Other

- Getting Alaskan exporters together to share services to aid in support. (o)

- Make it simpler to export goods to Russian Far East. I have to e-mail contact days in advance of shipping so my partner can make Russian customs aware that shipments are coming. Customs clearing can take days and several trips to the airport. (s)
- Freight - scheduling, cost, frequency (s)
- Local availability to get Visas. (s)
- We are aware of most programs (s)

This question sought to obtain suggestions on ways the state could ease export burdens on Alaskan companies -- and yet again, three primary themes -- laws, leads, and finance came up. Several actual suggestions for programs were also mentioned.

Question number 12.

Please suggest any ways the state could enhance international business activity within Alaska.

Promotion campaigns

- Cease lime lighting publicity relations with Far East and get into the export support business - i.e., DROP THE HYPE AND GET DOWN TO WORK - very disappointed with state effort (s)
- Market Alaska as a good place to do business (s)
- Foreign advertising of Alaskan mystique / knowledge of Arctic (s)
- Advertising directories distributed in Russia which advertise ALL companies (s)
- Support trade fairs, exhibitions, maintain trade office with major partners (s)
- Maintain a database on Alaskan firms interested in international work - assist foreign inquiries to find compatible Alaskan businesses - encourage business exchanges in specific activities (forums) (s)
- Work with real companies to facilitate real deals, not just get acquainted trips (s)
- A place where Alaskan businesses can publicize their want and need to other countries - a sort of classified ad system sold for subscription to other countries. (s)
- Put together a professional services directory (s)
- Support more international trade mission to and from Alaska (s)
- Continue to supply manufacturers / exporters with the names and addresses of people inquiring about Alaska products. Help exporter obtain credit information regarding potential customers (o)
- Perhaps bring in foreign delegations of business and introduce suppliers for their needs (o)
- Present a positive image abroad (n)

Legal reform

- Need assistance with EU restrictions to export (s)
- Get involved with:
 1. Airport fees, facilities and operating rules in the major Russian Far East cities. Obtain a workable agreement and insist that it be adhered to with no special changes or ad hoc rules.
 2. With our congressional delegation, work to remove restrictive new Russian tariffs (i.e., the 30 % tariff on food) (s)
- Due to regulatory restriction, all of the mines have closed. By sampling and assaying mineral commodities here, and thereby certifying content and value, advance partial payments (usually 70 %) could be made locally rather than at destinations weeks or months away. (s)
- Provide up-to-date information on customs (Russian) laws, provide sources of export finance (s)
- Eliminate EPA. Alaska is seen as an unstable, high risk place to invest (n)
- Provide steady, reliable supply of raw material such as timber (n)

Finance related

- Offer Alaskan companies a good line of purchasing ability so we can export consistently (lack of inventory) (o)
- 1. Financial support. 2. Generally, the state needs to act more interested (n)
- Domestic and international advertising and subsidies (s)
- Canada has a program where the federal government will finance large projects (such as dams) in other countries. They require the country to use Canadian engineers and revenue from the project pays back the loan. Why couldn't we do this with permanent fund money? (s)
- Provide bona fide grants such as ASTF. Create a board who have a working knowledge and what exports are realistic. Cut out the frivolous waste of time and money. (s)
- Convince local banks of state's viable export loan programs. Banks don't know or trust them now - prefer conventional or SBA. (s)

Government related / other

- Provide greater assistance to Alaskan business owners obtaining state / federal granted programs for the development of international (s)
- The largest perceived and / or actual barrier to both domestic and international business development is Alaska's high costs of shipping and travel. Any program that could defray these costs, at least during business start-up, might be helpful. (s)
- Get the resources available to help people more visible. The international community in Anchorage is very small and the same people attend meetings, etc. Maybe somehow, you need to expand communication of resources. (s)
- Set up an export / import service person at each port of entry who is familiar with dealing with the locals. Should be a local person who works with customs as well (s)

- Open communications and transportation connections direct to key foreign cities (s)
- Continue to provide a low tax environment. Get fiscal house in order (s)
- By supplementing group business development plans (s)
- There is not enough space in this section! (o)
- This survey does not appear to consider the importance of Alaskan tourism destinations as an "export service". Foreign generated tourism dollars should be considered - they are an important way of easing the foreign trade deficit. Information on the fundamentals of marketing as well) (o)

This question sought to obtain suggestions on ways the state could enhance international business activity within the state. Responses ranged from foreign investment promotion ideas to export enhancement initiatives -- excellent background information for state international policy makers.

Question number 13.

Please briefly list any regulatory restrictions in the state which hinder your company's export success.

- State agencies generally have not been focused on developmental assistance of foreign trade in any respect as far as I can see. Most are regulatory in focus and not "pro-trade" for assistance values unless under some federal grant money where the focus is only on assistance. (s)
- Lack of assistance from employees of the state international agencies. "It is not my job" or "that is not public information" is all I hear (s)
- None, but state political leadership does little to support international trade (s)
- Since we grow seed of native species only, we must collect seed of the native species in the wild for research and development of crop fields. The Alaska Department of Natural Resources is the main block in development. Regulations on the search for plant materials is very restrictive (s)
- I know of no real problem with the state. However, the lack of USDA officials can (or allowed) to approve meat, poultry, and potatoes drives this important export to Seattle. Potatoes would be a tremendous export for Alaska (s)
- Title 16 (s)
- Our timber sale regulations (s)
- The Jones Act (n)
- DEC inconsistent enforcement of regulations (n)
- We have never considered Alaska's laws, regulations, or published policies as burdensome. Lack of agencies following own laws, regulations, and policies has been disastrous for us. (n)
- The cumulative impact of state, federal and local regulations is taking an ever increasing percentage of management time and is giving customers the impression that we can't be steady, long-term, reliable suppliers of forest products (n)
- Jones Act, OSHA (o)
- Jones Act maybe (o)
- Enforcement - failure of state and federal government to make sure that foreign companies offering trips in Alaska have permits and follow the same regulations as Alaskan owned businesses. (o)

This question asked companies which regulatory restrictions were hindering their success in the international marketplace. This question is of particular significance to natural resource exporters who frequently noted such regulations. Just as a manufacturing company might follow technological product developments to stay competitive, Alaskan state agencies must follow laws which can potentially hinder an Alaskan company's ability to produce a product for export -- especially when considering Alaska's strong reliance on natural resource exports for revenue. No need to make a deal for timber or minerals if a company can't get to them.

PART III - current exporters

Part III sought to determine the extent to which Alaskan companies had utilized government services for international trade. The question was set up in a grid format with government agencies listed on the X-axis (virtually every organization with some interest in promoting international trade in Alaska was included) and a list of nineteen common export services on the Y-axis. The list of export services was a generic list of commonly sought services.

Part III was specifically deigned to gather five pieces of information:

- *To what extent have Alaskan companies utilized government assistance?*
- *Where are Alaskan companies go most often to obtain government service assistance for international trade?*
- *What kinds of services are Alaskan companies looking for?*
- *How satisfied are Alaskan companies with the specific services they are receiving?*
- *How satisfied are Alaskan companies with the government agencies offering international trade assistance?*

The agency and service scale was staggered to reflect three different levels of company satisfaction:

- *1 : Very beneficial and / or a major contributor to export sales success.*
- *2 : Moderately beneficial / a moderate contributor to export sales success.*
- *3 : Not beneficial / a minor contributor to export sales success.*

A moderate percentage of current exporters reported using any sort of government assistance. Among natural resource companies, only two out of eleven firms had reported utilizing any type of assistance. Half of all service companies (20 / 20) reported receiving some type of assistance, while slightly more than half (7 / 13) of all companies in the "other" category reported using some type of assistance.

The results of the "report card" section of Part III are basically self explanatory. Because of the low number of companies which reported to have used any government services, it was inappropriate to assign overall "grades" to the agencies. However, the results are still interesting for comparison purposes.

Part III, number 21.

If you have not used any of the services listed above, please explain why.

Government not capable

- We have found most programs to be well meaning but ineffective. As experts in our field we have developed in-house capabilities. We do appreciate foreign market reports for bench marking. Also, we have found that government is inconsistent - advocating trade but restricting access to raw materials (n)
- Fully capable of dealing with these issues without government help (s)
- State can use all of the above, but not its present mode (s)
- In the real,(non-government) world, I found the state department to be the only agency with reliable and up-to-date information which was available immediately. (s)
- These various agencies are not specifically established or motivated to dedicate adequate time into developing relations between a local and foreign company. Poor at best! Typical of government involvement - civil servants on yearly salaries with little or no motivation to excel! (s)

Use private sources / no need

- No need to (n)
- Another company bought the timber, I logged it, and they sold it to the foreign market (n)
- I take care of myself and do not need any nosy bureaucrats (n)
- We deal with people we know personally or by reputation (both ways). Alaska Department of Natural Resources, Division of Lands is NOT supportive. Division of Agriculture and Plant materials is an exception. They are very good (s)
- Our main office is in Seattle as are virtually all seafood companies - sales are generated there. We receive no help whatsoever in marketing seafood internationally except for ASMI and an occasional trade lead which has never materialized into a trade lead. Our main office is in Seattle as is the case for virtually all seafood companies. Sales are generated there (s)
- We have a branch firm in Canada handling Canadian business. Our product is too heavy to complete and needs to be manufactured in the country of use. Russia has the market but we have not located adequate partners. (s)
- Have not found it necessary (s)

- I deal with a very small group of companies and clients and they and they are very sensitive to sharing information with competitors. Many of these organizations have foreign national as member and far too often, one finds them attempting to beam "middlemen" in the operation or passing information and leads to those companies they are associated with. I do not want to give the impression that I am dissatisfied with the groups or agencies listed on these forms - I just have very little need for them although I have given many of them information when they asked. (s)
- Our company is an international company so most functions are already well established. Trade leads are the most important need we have (s)
- Very specialized business - but well known export procedures. (s)
- At this time - no need. I only did one job in a foreign market - they contacted me and do the work for them. (s)
- International trade is handled through our Seattle office so far - not our Alaskan office (s)
- We have established our own contacts, struggled through learning the procedures and have dealt with the Russian embassy ourselves. We did receive assistance from the U.S. State Department and the U.S. DOT During the beginning (s)
- We have not had a need for any of the available assistance (s)
- No need to (s)
- Not needed (o)

Don't know about agencies

- I am currently unaware of programs / services available from these sources that would be beneficial to my business (s)
- I am an one man logging outfit. I only exported a certain amount last year because I could get a better price for higher grade logs. I do not actively seek to export - I would rather see something done with the logs locally (s)
- Don't know what they offer! (s)
- Don't know how to go about obtaining various government assistance) (o)
- Not aware of many of the programs. (o)

Other

- We are in the fundamental stage and have not yet exported. We obtained information from OIT regarding the background of a company that solicited our products. (o)

This question sought to determine why companies were not going to government agencies for assistance with international business matters. Responses ranged from a general "lack of faith" in the government's ability to help to a dependence on private sources to companies which simply did not know what was offered. The comments are very candid and should be reviewed closely by state policy makers.

Alaskan natural resource exports

(Overall, a large percentage of respondents in natural resource industries used an intermediary or in-house expertise to export (most of the intermediaries being used were based outside of Alaska).) If a substantial percentage of Alaska's primary product exports to Japan and Korea are natural resources, and the majority of Alaskan natural resource producers use in-house expertise or private intermediaries for exporting, there is clearly little need for fully staffed offices in Seoul and Tokyo.

Flexible protocol efforts and integrated trade missions vs. fully staffed overseas trade offices and sporadic diplomacy

The advent of advanced telecommunications, rapid air travel, and global economic integration have all reduced an U.S. company's need to limit their international horizons to trading nations of historical political favor or close geographic proximity. An Alaskan company can find a U.S. Commercial Service representative or World Trade Center office able to provide export related services for virtually any product in virtually any corner of the world (including Seoul, Tokyo, Taipei, and the Russian Far East). No Alaskan company -- whether a natural resource producer or high technology service firm -- is in any way functionally restricted to exporting to regions where Alaska has a historical trading relationship or diplomatic ties. Cultivating a relationship with a particular foreign region (like the Russian Far East or Asian Pacific Rim) is an excellent way to establish long-term business opportunities for Alaskan businesses. However, the bottom line of any international trade promotion program is sales. **International trade assistance programs must be concerned with results which are measured only in sales -- not activities. International activities never automatically translate into international sales.** If an oil patch is discovered somewhere in Eastern Siberia, the state's international focus should include Eastern Siberia to help our oil field service companies make deals. If a small country in Africa decides to contract out for the development of a network of roads, the state's international focus should include that small country in Africa to help our construction companies get construction contracts. These types of sporadic international opportunities are not expensive and not difficult find, track, or present to Alaskan companies. In the emerging world of international

General Information (including seminars, publications, etc.)

1. Information on exporting fundamentals
2. Background information on a foreign market (culture, language, etc.)
3. Information on markets for your company's product or service
4. Personalized export counseling session (question and answer)
5. Referrals to other sources of assistance (public or private)

**UAF, School of
Management**

Used 1s 2s 3s

**UAF Arctic
Research**

Used 1s 2s 3s

**UAA, School of
Business**

Used 1s 2s 3s

1\64		1	
1\64		1	

Business Contacts

6. Assistance finding partners for joint ventures
7. Trade leads
8. Assistance finding a foreign representative, distributor, or agent
9. Assistance with foreign relations
10. Opportunity to attend a trade mission / show
11. Overseas advertising assistance
12. Customized trade missions
13. Background information on foreign businesses

Used 1s 2s 3s

1\64			1
1\64			1

Used 1s 2s 3s

1\64			1
1\64			1

Used 1s 2s 3s

3\64		1	2
1\64		1	

Running the export operation

14. Assistance with export documentation
15. Export financing (export loans, etc.)
16. Assistance altering a product or service to foreign market specifications
17. Logistics, shipping, or distribution assistance
18. Assistance establishing credit / payment terms
19. Other international services

Used 1s 2s 3s

Used 1s 2s 3s

Used 1s 2s 3s

Overall agency satisfaction:

1s 2s 3s

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1s 2s 3s

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1s 2s 3s

	1	
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Agencies not marked: Division of Investments, Division of Banking, Kenai Peninsula Borough, Fairbanks North Star Borough, Fairbanks Airport, Southwest ARDOR, Southeast ARDOR, Prince William Sound ARDOR, Bering Straits ARDOR, Arctic ARDOR, Alaska Fisheries Development

General Information (including seminars, publications, etc.)

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Business Contacts

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Running the export operation

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16. Assistance altering a product or service to foreign market specifications
17. Logistics, shipping, or distribution assistance
18. Assistance establishing credit / payment terms
19. Other international services

Overall agency satisfaction:

**World Trade Center
Alaska**

Used	1s	2s	3s
16\64	10	3	1
18\64	5	10	1
18\64	9	4	4
14\64	8	3	2
17\64	9	5	1

Used	1s	2s	3s
10\64	6	1	3
16\64	7	4	3
12\64	6	1	4
12\64	7	3	1
11\64	5	3	2
9\64	5	1	1
7\64	1		3
12\64	5	2	4

Used	1s	2s	3s
7\64	4		3
4\64	2		2
4\64	2		2
4\64	1	1	2
3\64	1		2

1s	2s	3s
8	3	1

**Alaska Center for
Int'l Business**

Used	1s	2s	3s
5\64	1	4	
4\64		4	
4\64		3	1
5\64	2	1	2
3\64		2	1

Used	1s	2s	3s
1\64		1	
1\64			1
2\64		2	
2\64		2	
3\64		1	2

Used	1s	2s	3s
1\64	1		

1s	2s	3s
3	1	1

**American Russian
Center**

Used	1s	2s	3s
3\64	1	2	
2\64		2	
3\64		2	1
3\64		2	1
2\64	1	2	

Used	1s	2s	3s
1\64		2	
1\64		2	
2\64		1	1
3\64	2	1	
2\64		2	
2\64		1	1

Used	1s	2s	3s
1\64		1	

1s	2s	3s
1	1	1

**Small Business
Development Cntr.**

**Circumpolar
Health Studies**

Kenai College

General Information (including seminars, publications, etc.)

1. Information on exporting fundamentals
2. Background information on a foreign market (culture, language, etc.)
3. Information on markets for your company's product or service
4. Personalized export counseling session (question and answer)
5. Referrals to other sources of assistance (public or private)

Used 1s 2s 3s

1\64	1		

Used 1s 2s 3s

Used 1s 2s 3s

Business Contacts

6. Assistance finding partners for joint ventures
7. Trade leads
8. Assistance finding a foreign representative, distributor, or agent
9. Assistance with foreign relations
10. Opportunity to attend a trade mission / show
11. Overseas advertising assistance
12. Customized trade missions
13. Background information on foreign businesses

Used 1s 2s 3s

1\64	1		
1\64			1
1\64			1

Used 1s 2s 3s

1\64			1
1\64			1

Used 1s 2s 3s

1\64			1
1\64			1

Running the export operation

14. Assistance with export documentation
15. Export financing (export loans, etc.)
16. Assistance altering a product or service to foreign market specifications
17. Logistics, shipping, or distribution assistance
18. Assistance establishing credit / payment terms
19. Other international services

Used 1s 2s 3s

Used 1s 2s 3s

Used 1s 2s 3s

1s 2s 3s

1		
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1s 2s 3s

	1	
--	---	--

1s 2s 3s

	1	
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Overall agency satisfaction:

General Information (including seminars, publications, etc.)

1. Information on exporting fundamentals
2. Background information on a foreign market (culture, language, etc.)
3. Information on markets for your company's product or service
4. Personalized export counseling session (question and answer)
5. Referrals to other sources of assistance (public or private)

**Alaska Seafood
Marketing Inst.**

Used 1s 2s 3s

**(AK) Dept. of
Commerce**

Used 1s 2s 3s

**Office of Int'l
Trade**

Used 1s 2s 3s

5\64	4	1	
7\64	3	3	1
9\64	4	4	1
7\64	4	1	2
8\64	3	5	

Business Contacts

6. Assistance finding partners for joint ventures
7. Trade leads
8. Assistance finding a foreign representative, distributor, or agent
9. Assistance with foreign relations
10. Opportunity to attend a trade mission / show
11. Overseas advertising assistance
12. Customized trade missions
13. Background information on foreign businesses

Used 1s 2s 3s

1\64			1
1\64		1	

Used 1s 2s 3s

1\64			1
1\64			1

Used 1s 2s 3s

4\64	3		1
8\64	3	3	2
5\64	3		3
6\64	4	2	
8\64	3	4	1
4\64	1	1	2
2\64	2		
7\64	3	2	1

Running the export operation

14. Assistance with export documentation
15. Export financing (export loans, etc.)
16. Assistance altering a product or service to foreign market specifications
17. Logistics, shipping, or distribution assistance
18. Assistance establishing credit / payment terms
19. Other international services

Used 1s 2s 3s

Used 1s 2s 3s

Used 1s 2s 3s

2\64	1	1	
2\64	1	1	
1\64		1	
1\64	1		
1\64	1		
1\64		1	

Overall agency satisfaction:

1s 2s 3s

	1	
--	---	--

1s 2s 3s

	1	
--	---	--

1s 2s 3s

3	1	1
---	---	---

General Information (including seminars, publications, etc.)

1. Information on exporting fundamentals
2. Background information on a foreign market (culture, language, etc.)
3. Information on markets for your company's product or service
4. Personalized export counseling session (question and answer)
5. Referrals to other sources of assistance (public or private)

Northern Forum

Used 1s 2s 3s

(AK) Div. of
Nat. Resources

Used 1s 2s 3s

(AK) Div. of
Tourism

Used 1s 2s 3s

1\64		1	
1\64		1	
1\64			1

Business Contacts

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7. Trade leads
8. Assistance finding a foreign representative, distributor, or agent
9. Assistance with foreign relations
10. Opportunity to attend a trade mission / show
11. Overseas advertising assistance
12. Customized trade missions
13. Background information on foreign businesses

Used 1s 2s 3s

1\64		1	
1\64			1
1\64			1
1\64			1
1\64			1
1\64			1

Used 1s 2s 3s

1\64			1

Used 1s 2s 3s

1\64		1	

Running the export operation

14. Assistance with export documentation
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17. Logistics, shipping, or distribution assistance
18. Assistance establishing credit / payment terms
19. Other international services

Used 1s 2s 3s

1\64			1

Used 1s 2s 3s

Used 1s 2s 3s

Overall agency satisfaction:

1s 2s 3s

	1	
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1s 2s 3s

--	--	--

1s 2s 3s

	1	
--	---	--

General Information (including seminars, publications, etc.)

1. Information on exporting fundamentals
2. Background information on a foreign market (culture, language, etc.)
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11. Overseas advertising assistance
12. Customized trade missions
13. Background information on foreign businesses

Running the export operation

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15. Export financing (export loans, etc.)
16. Assistance altering a product or service to foreign market specifications
17. Logistics, shipping, or distribution assistance
18. Assistance establishing credit / payment terms
19. Other international services

Overall agency satisfaction:

**U.S. Commercial
Service (US & FCS)**

Used	1s	2s	3s
11\64	7	1	2
11\64	4	3	2
10\64	5		3
10\64	6	1	2
10\64	5	3	1

Used	1s	2s	3s
5\64	1	2	2
8\64	4	2	1
7\64	1	2	2
7\64	6		1
5\64	3	1	
5\64	2	2	
4\64	3	1	
5\64	2	1	1

Used	1s	2s	3s
6\64	3	2	1
3\64	1	1	1
2\64		1	1
4\64	3	1	
2\64	2		
1\64	1		

1s	2s	3s
5	3	

**National Marine
Fisheries Service**

Used	1s	2s	3s

Used	1s	2s	3s

Used	1s	2s	3s

1s	2s	3s
	1	

**Small Business
Administration**

Used	1s	2s	3s

Used	1s	2s	3s

Used	1s	2s	3s
2\64			2
4\64	1		3
1\64			1
1\64			1
4\64	1		3
1\64			1

1s	2s	3s
1	1	2

U.S. Congressional
Delegation

Muni. of
Anchorage

Anchorage Int'l
Airport

General Information (including seminars, publications, etc.)

1. Information on exporting fundamentals
2. Background information on a foreign market (culture, language, etc.)
3. Information on markets for your company's product or service
4. Personalized export counseling session (question and answer)
5. Referrals to other sources of assistance (public or private)

Used	1s	2s	3s
1\64	1		
3\64	1	2	
3\64	3		
2\64	2		
2\64		2	

Used	1s	2s	3s
			1

Used	1s	2s	3s
1\64	1		
1\64		1	

Business Contacts

6. Assistance finding partners for joint ventures
7. Trade leads
8. Assistance finding a foreign representative, distributor, or agent
9. Assistance with foreign relations
10. Opportunity to attend a trade mission / show
11. Overseas advertising assistance
12. Customized trade missions
13. Background information on foreign businesses

Used	1s	2s	3s
1\64		1	
2\64	1	1	
1\64		1	
2\64	1	1	
1\64	1		
1\64		1	
1\64		1	
1\64	1		

Used	1s	2s	3s
			1
		1	
		1	

Used	1s	2s	3s

Running the export operation

14. Assistance with export documentation
15. Export financing (export loans, etc.)
16. Assistance altering a product or service to foreign market specifications
17. Logistics, shipping, or distribution assistance
18. Assistance establishing credit / payment terms
19. Other international services

Used	1s	2s	3s
1\64	1		
1\64	1		
2\64	1	2	

Used	1s	2s	3s

Used	1s	2s	3s
1\64		1	
1\64		1	

Overall agency satisfaction:

1s	2s	3s
3		1

1s	2s	3s
		1

1s	2s	3s

General Information (including seminars, publications, etc.)

1. Information on exporting fundamentals
2. Background information on a foreign market (culture, language, etc.)
3. Information on markets for your company's product or service
4. Personalized export counseling session (question and answer)
5. Referrals to other sources of assistance (public or private)

**Anchorage
ARDOR**

Used	1s	2s	3s
1\64	1		
1\64	1		
2\64	2		
2\64	2		
1\64		1	

**Anch. Convention
and Visitors Bur.**

Used	1s	2s	3s

**Foreign trade
agency**

Used	1s	2s	3s
2\64	1		1
3\64	2		1
3\64	2		1
1\64	2		
1\64	1		

Business Contacts

6. Assistance finding partners for joint ventures
7. Trade leads
8. Assistance finding a foreign representative, distributor, or agent
9. Assistance with foreign relations
10. Opportunity to attend a trade mission / show
11. Overseas advertising assistance
12. Customized trade missions
13. Background information on foreign businesses

Used	1s	2s	3s
2\64	1	1	
2\64	1	1	
1\64		1	
1\64		1	
1\64	1		
1\64		1	
2\64	1	1	
1\64		1	

Used	1s	2s	3s
			1

Used	1s	2s	3s
1\64	1		
2\64	1		1
2\64	1		1
2\64	1		1
2\64			2
2\64		1	1
2\64	1		1
1\64	2		

Running the export operation

14. Assistance with export documentation
15. Export financing (export loans, etc.)
16. Assistance altering a product or service to foreign market specifications
17. Logistics, shipping, or distribution assistance
18. Assistance establishing credit / payment terms
19. Other international services

Used	1s	2s	3s

Used	1s	2s	3s

Used	1s	2s	3s
2\64	1		1
2\64	1		1
2\64	1		1
2\64	1		1
2\64	1		1
2\64	1		1

Overall agency satisfaction:

--	--	--

--	--	--

2		
---	--	--

PART 2
POTENTIAL EXPORTERS

Question number 1.

Has your company ever considered exporting its goods or services?

SECTOR*:

a. Yes

b. No

			Total by
N.R.	Serv.	Other	response
9	55	4	68
24	85	5	114

Total by industry sector

33	140	9	182
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* See SIC Code appendix for full industry listings

While all of Part II was targeted at potential exporters, it was thought that a company which had never even considered exporting would have comparatively little to say about international business in state. Thus the first question identified potential exporters by this criteria. Potential exports which had considered exporting were asked to answer several specialized questions.

This sector represents one of Alaska's greatest assets. Determining what has kept Alaskan companies from actually entering the international marketplace is very important. State agencies must understand how to respond to the particular needs of potential exporters.

Question number 2.

Please choose your company's single greatest motivation for considering exporting.

SECTOR*:

- a. Unsolicited trade leads
- b. Unsolicited foreign orders
- c. Declining domestic sales or excess inventories
- d. Part of a long-term business development plan
- e. Special knowledge of foreign market opportunity
- f. Other (see other sheet)

			Total by
N.R.	Serv.	Other	motivation
0	4	2	6
0	7	3	10
0	5	2	7
1	11	3	15
5	8	1	14
3	3	0	6

Total by industry sector

9	38	11	58
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* See SIC Code appendix for full industry listings

While companies in the section did not have actual exporting experience, it was important to find out what had made them curious. The information gathered can be used for a variety of purposes including:

1) The state can encourage more Alaskan companies to export by studying the stimuli which propelled businesses to consider entering the international marketplace (since all companies were classified within one of three major industry classifications, this information can also be used to complement Governor Knowles' Marketing Alaskan campaign.)

2) Exporting is generally motivated either by offensive or defensive market considerations. Are Alaskan companies considering exporting to compensate for declining domestic opportunities, as a part of a long-term business plan, or in response to sporadic trade leads? Understanding basic motivations can assist ITAAs in planning for future export promotion events (i.e., if a majority of businesses are considering exporting only in response to the emergence of sporadic trade leads, ITAAs can respond by developing strategies to encourage businesses to export on a long term basis.)

3) Exporting is not an one inning event. Effectively promoting a product in a foreign market generally requires a long term commitment and a dedicated reallocation of company resources. To what extent do Alaskan companies consider exporting as an element in a long-term business strategy? If Alaskan companies are not generally interested in establishing long-term export strategies, the state might work to provide more follow up assistance and general export promotion.

While no clear trend could be found in the results, the extent to which service companies considered exporting as part of a long-term business development plan was encouraging. There is clearly a demand by service companies for export assistance. Assisting a service company in the international marketplace is clearly more complicated than assisting a manufacturer or resource producer. However, the state could reap great benefits by promoting such an effort.

Question number 2 (open-ended):

Please suggest any programs or services which would motivate more Alaskan companies to export.

Finance related

- 1. Encourage ASTF to support more large-scale commercial demonstration projects to increase marketability of value added natural resources (such as low rank coal water fuel)
- Export subsidies for a limited period to offset documented incremental extra costs of developing export markets (e.g., extra foreign travel, communications, freight, etc.) (s)
- Federal programs such as USAID or USIA which fund a variety of projects by Alaskans in the Russian Far East. (s)
- 2. Provide funding to support long term testing of products to assist in Asian market assistance (s)
- 0
- Funding, U.S. trade policies, and foreign government cooperation (o)

Information / Promotion / Trade leads

- The development of an awareness that Alaskans have expertise in design and construction in Arctic and Antarctic regions. (s)
- Interpreter services - published lists of foreign needs if available (s)
- As a professional services firm, we think we have special knowledge in Arctic design and have considered the Russian Far East and Canada as possible markets (s)
- The tourism industry needs more support from the state level in bringing people into the state - such as an overseas representative for the industry (s)
- International information provider where we can get reliable information without getting scammed (s)
- How to - Exporting for Dummies (s)
- Many Alaskan companies are small businesses and cannot afford expensive trips and / or conventions. However, our special expertise on Arctic conditions and technology is unique. Training on how to tap cheaper services of leads and contacts would be a great help (s)
- SBA services - contacts in foreign countries - interpreter service - market analysis of foreign countries specific to trade / business (s)
- Improve infrastructure and information systems, continue programs which promote travel and trade shows (s)
- Engineering or specialty services involving Arctic conditions. Arctic (especially high latitude) construction and civil engineering services. (s)
- More information - especially for small businesses (s)
- Demand for product or service (s)
- Information about potential service markets and assistance in making contact with key individuals (s)
- A broader distribution of the UAA newsletter on international developments (s)
- Any type of forum which would initiate contacts with prospective clients. (s)
- Programs or services related to tourism industry. Tourism is our future (o)
- The ability to get valid market data on volumes, prices, competition, etc. on foreign markets from the Office of International Trade or a referral to a source of good information from them. (n)

Laws / other

- Timber processing requirements for F.S. harvests (n)
- An interpreter to overcome language barriers (n)

This question obtained suggestions from the private sector on ways to encourage more companies to consider initiating an export operation. Providing more information to potential exporters on international business opportunities was a commonly encountered theme.

Question number 3.

Please mark the three biggest obstacles which have kept your company from actually exporting.

SECTOR*:

- a. Finding foreign customers
- b. Obtaining background information on foreign companies
- c. Obtaining background information on foreign markets
- d. Finding info. on the market for your company's particular product or service
- e. Foreign relations complications
- f. Finding companies to form joint partnerships with
- g. Shipping, coordinating, or distributing the product or service
- h. Finding and / or utilizing government trade assistance
- i. Obtaining adequate financing
- j. Establishing payment / credit terms with foreign customers
- k. Handling foreign import laws, customs, or export documentation
- l. Lack of in-house expertise
- m. Other significant obstacles (see below):

* See SIC Code appendix for full industry listings

m. (other significant obstacles in no particular order):

- Sorting the substance from the university (s)
- The time to overcome obstacles (s)
- Proposals to other foreign countries (s)
- Most of our products are illegal to export (made from animal parts) (o)
- Lack of marketing skills in a foreign cultural situation (s)
- Finding clients - cost of doing business (s)
- Finding agents in foreign countries who specialize in publications, translation work (s)
- Immigration (s)
- High shipping costs, low unit value of product - foreign material specifications (n)
- Wetlands restriction (s)
- License to operate (s)
- Cost of sharing for long term product testing in Asia (o)
- Our parent company's business plan includes markets other than Russia, Asia, Pacific Rim (s)
- Lack of opportunity (s)
- Currency exchange (s)
- Regulations requiring initial processing prior to exporting to non-U.S. markets (n)
- Market acceptance of coal cf non-typical specifications (n)

This question sought to determine some of the major factors which keep interested Alaskan companies from actually initiating an export operation. The obstacle examples came from Part I and are essentially the same in intended meaning. A short description of each follows:

a) Finding foreign customers: (see hypothetical situation) Many different products and services are exportable. However, finding foreign customers to buy these products and services is no easy task. To what extent are Alaskan companies capable of finding foreign customers for their product or service?

b) Background information on foreign companies: Once a foreign customer, agent, or trading partner is found, how does an Alaskan company establish the legitimacy of the foreign player?

c) Background information on foreign countries: How difficult has it been for Alaskan companies to get information on foreign markets?

d) Product - market matching: Have Alaskan companies found it difficult to get international market information on their particular product or service?

			Totals by
N.R.	Serv.	Other	response
0	24	2	26
0	7	0	7
0	11	1	12
3	25	1	29
2	9	0	11
1	11	0	12
2	2	1	5
1	3	1	5
2	4	1	7
0	16	0	16
4	6	1	11
2	11	1	14
4	16	1	21

- e) *Foreign relations: To what extent are Alaskan companies facing foreign relation complications?*
- f) *Joint partnerships: (see joint ventures) How difficult has it been for interested Alaskan companies to form joint partnerships?*
- g) *Shipping, distributing: Are Alaskan companies having freight forwarding problems?*
- h) *Government assistance: How difficult has been for Alaskan companies to procure government assistance?*
- i) *Financing: How difficult has it been for Alaskan companies to obtain adequate financing?*
- j) *Payment / credit terms: Establishing payment terms with foreign customers can be a very difficult task. To what extent have Alaskan companies been successful establishing payment systems.*
- k) *Paperwork and legal concerns: Are Alaskan companies having a tough time with paperwork complications?*
- l) *In-house expertise: To what extent is in-house expertise a consideration.*

Many companies reported that they simply did not have enough information on international trade. While exporting requires substantial time and commitment, businesses should still have informal access to reliable market information -- especially in the case of service industries where business stems from obtaining chunks of a project opportunities. An enhanced effort by state agencies to provide more basic export viability analyses, product (and service)-market matches, and export fundamentals information would be beneficial to potential exporters.

Question number 3 (open-ended question):

Please suggest any programs or services which would ease the complications associated with starting an export operation.

Small business related

- Small business exporting education (s)
- Some kind of clearing house we can advertise in which would be distributed to large U.S. companies looking for expertise (s)
- More accessible assistance by UAA for small John Doe businesses. Maybe I just don't know how to ask for the right help. I get the feeling that if I worked for VECO or Marathon, that I would get more coaching on how to access available assistance. I understand the difference between big and small businesses and am prepared to accept (s)
- SBA services - contacts in foreign countries - interpreter service - market analysis of foreign countries specific to trade / business (s)
- Japanese Export Trade Organization (JETRO) offers an eight day study program for Alaskans interested in learning about business in Japan - all expenses are paid! More programs like this would be helpful - especially for small businesses like mine. Also, the state university could sponsor more "road shows" in which international exporters do presentations around the state - not just in Anchorage or Juneau (s)

Information / Promotion / Trade leads

- Companies to contact that would be interested in my product, getting over the language barrier, assistance in starting the process of exporting (n)
- Better market information (n)
- To organize and offer an Anchorage trade show for Alaska artists and foreign companies interested (o)
- Have resident experts on staff - State of Alaska International Business - to assist import / export to specific economic regions in several countries at the local and regional level (o)
- Alaska has many sole proprietors that should be involved with the Pacific Rim - Russia, Japan, Korea (s)
- It would be best to make visits as part of trade organizations geared to design and construction (s)
- 1. Retain (on an as-needed basis), an Alaskan office of international trade representatives who can facilitate trade in the Middle East (Arabic speaking countries) and another in Europe (s)
- 2. Have semi-annual workshops in Anchorage in which ALL representatives come, give overviews of their region, and then provide time for one-on-one meetings with Alaskan businessmen to plan a strategy for exporting to that region (s)
- Assistance in locating those firms that require our services (s)

Laws

- I'm not sure it is the government's business to assist in opening foreign markets. It comes close to becoming a business subsidy (s)
- Information kits on (for instance) Russian import laws and customs regulations (s)
- General information on laws, regulations, tariffs, taxes and other impediments to importing goods and services would help. In Canada, the government often takes a much more proactive role in primary exports assisting with finances or payment methods, etc. (s)
- Eliminate export bans (s)
- More information on NAFTA (o)

Other

- It would be best if one department could handle financing, trade regulations and foreign laws in one location to better serve the business community (o)
- Within the construction industry, concerns are skilled workers, funding and adequate materials (s)
- I am an author and would like to see my books translated into Japanese and perhaps other languages and markets abroad. I do not have an agency but would like assistance in developing contacts abroad and connecting them with my business (s)

This question gathered suggestions from the private sector on ways to get more potential exporters into the international marketplace. Because of the range of responses, it was difficult to identify central themes. However, several concepts are noted in the response pool. Among the more interesting comments were the outcries by small businesses who claimed that the state's current system neglects their needs.

Question number 4.

Hypothetical situation (Your company is given a trade lead, what would they do with it?)

SECTOR*:

- a. The same priority as domestic business leads
- b. Secondary priority to any domestic leads
- c1. Our intermediary handles exports
- c2. We already have all of the business we can handle
- c3. We are concerned about international business risk
- c4. Product or service does not lend itself to exporting
- c5. Other (not specified)
- d. Does not apply (we only do international)

* See SIC Code appendix for full industry listings

Totals by response			
N.R.	Serv.	Other	
5	29	2	36
3	20	1	24
0	0	0	0
0	1	0	1
0	1	0	1
0	0	0	0
0	1	0	1
0	1	0	1

The hypothetical situation obtained two pieces of information:

1. Exporting is not necessarily contagious. If every company in Alaska was given a foreign trade lead, what would they do with it? The importance of establishing contacts with potential foreign trading customers is well documented. According to the Kenan Institute's 1994 Report Card on Trade (3-3), seven out of ten small and midsize firms that used assistance for making international buyer contacts reported that these services had a positive impact on their export operation. In another Kenan Institute study conducted in 1995, small environmental technology exporters frequently cited finding foreign customers as a major problem in the initial stages of exporting (Kenan).

2. As well, the decision to export can have as much to do with managerial philosophy as profits. The presence of export intermediaries, reliability (or unreliability) of certain international customers, or managerial perceptions of doing business in foreign countries all affect the extent to which a company takes an interest in exporting. How hungry for international opportunities are Alaskan companies?

Response choices to the hypothetical situation were staggered to reflect three basic levels of exporting interest (and / or aversions to international business risk):

- Part (a) identified companies which would probably treat an international trade lead with the same priority as a domestic trade lead (i.e., companies which recognize the immediate benefits associated with international trade.)
- Part (b) identified companies which recognize the benefits associated with international trade, but would prefer dealing domestically.
- Part (c) identified companies with little or no interest in new international trade leads. The sub-choices tried to determine why an Alaskan company would have no interest in an international trade lead. The sub-choices reflected some possible major factors.

c1) Intermediaries: Sales are the bottom-line in international trade -- and private intermediaries generate international sales. If Alaskan companies are leaving international marketing matters to export intermediaries, are assistance agencies needed?

c2) Operating capacity:

- What factors are keeping Alaskan companies from increasing production to meet foreign demand?
- In international competition, economies of scale reduce the costs associated with marginal production increases. Do Alaskan companies have adequate access to resources (especially financial) which would allow for business expansion and the development of economies of scale?

c3) International business risk: Company concerns over international business risk need to be met with information. If Alaskan companies are refusing to export because of fear of the unknown, the state has to do more to educate businesses on the reality of international business risk.

c4) Product doesn't lend itself to exporting: Adapting a product or service to foreign market specifications or shipping requirements can be difficult. However, even companies with no interest in international trade cannot avoid international competition (as the United States is already a major import center). If Alaskan companies are reporting difficulty dealing with foreign market specifications, the state should address this problem.

Companies generally indicated an interest in international trade. The number of companies which said that they would give an international trade lead secondary priority to a domestic lead is reasonably considering the vast uncertainty associated with global commerce.

Question number 4b.

Your company decides to investigate the foreign sales opportunity.

Based upon your company's current knowledge of information providers in Alaska, where would your company go to obtain more information?

Private source

- I would contact long-time media sources with expertise in specific countries and then follow up on their leads. (s)
- To the principals involved (s)
- To the source of the lead and then a long trail of phone calls (s)
- The customers are connected to the petroleum industry and leads come from U.S. and Western country contacts. (s)
- Start at library and Chamber of Commerce - also with business associates that have provided foreign services. (s)
- Try to contact client (and interpreter service in Anchorage) (s)
- We have had international advertising agencies contact us to advertise overseas (s)
- We would go to other businesses who are providing services or supplies to foreign markets. We are not aware of where else to turn for information (s)
- To the U.S. company involved or associated, the appropriate international division and finally to project management (s)
- The foreign market (s)
- Other business acquaintances (s)
- Rotary members with contacts in target area (s)
- To the source (o)
- Local fish dealers (n)

Chuck Becker

- Chuck Becker (s)
- Chuck Becker, U.S. Department of Commerce (s)
- U.S. Department of Commerce - Chuck Becker (n)

Government / other responses

- Thomas Register, Alaska Center for International Business (s)
- World Trade Center, Office of International Trade (s)
- U.S. State Department, U.S. Department of Commerce, Small Business Administration - UAS or UAF (s)
- U.S. Department of Commerce (s)
- Office of International Trade - especially Tokyo office (s)
- International Trade Center, UAA, Expats (s)
- Office of International Trade - they have been very helpful in the past (s)
- World Trade Center (s)
- Not sure. Would depend upon the lead and type or project(s) involved. I am aware we have some ties with Japan and Korea but am unsure as to what assistance these would provide (s)
- Unknown - need help here (s)
- International Trade Commission or area legislature representative (s)
- Economic Development Corporation (s)
- UAA Alaska Center for International Business or the U.S. Department of Commerce (Foreign Commercial Service) (s)
- University of Alaska Trade Center (s)
- American Russian Center, Anchorage Center for International Business, UAA (s)
- Embassy of the foreign country and their information institute (s)
- World Trade Center (s)
- State Office of International Trade (s)
- UAA (s)
- U.S. Department of Commerce, American Petroleum Institute, potential clients in the international location. (s)
- World Trade Center and UAA (s)
- World Trade Center (s)
- State of Alaska - Department of Commerce and Economic Development, federal government mission or foreign offices (s)
- Department of Commerce (s)
- Alaska Division of Economic Development (s)
- State of Alaska - Department of Commerce (s)
- Customer, Parent company resource, World Trade Center, U.S. Department of Commerce International Trade Administration, private research (s)

- University of Alaska, Fairbanks (s)
- Back to that book - Exporting for Dummies (s)
- Local international trade organization, MOA, AEDC (s)
- Governor's Office and L.I.O. (s)
- Commerce Department (U.S. government), Alaska Department of Foreign Relations (o)
- Alaska Office of International Trade (o)
- UAA (n)
- State legislative personnel (n)
- Office of International Trade, U.S. Department of Commerce and World Trade Center (n)
- State of Alaska agencies, UAF Business School, other businesses conducting import-export operations in that country (n)

If an Alaskan company learned about the demand for their product or service in an obscure foreign market, where would they turn for more information? This open-ended question sought to determine what international sources Alaskan companies are familiar with. Responses to this question provide an indicator of the sources of international assistance known and trusted by Alaskan companies.

Potential exporter responses to this question were generally divided between private sources and government agencies. The most interesting theme in this section was the repeated reference made to Mr. Chuck Becker of the U.S. Commercial Service in Anchorage. Because Alaska is small, it has a special opportunity to reach out to companies.

Question number 5.

Please estimate your company's gross sales last fiscal year.

SECTOR*:

- a. \$ 0 - \$ 250,000
- b. \$ 250,001 - \$ 5,000,000
- c. \$ 5,000,001+

* See SIC Code appendix for full industry listings

N.R.	Serv.	Other	Total by response
23	74	7	104
5	42	2	49
2	19	0	21

This question was placed to provide a general indicator of the size of companies responding. This question can also be used as a variable in any future examinations of the statistics.

Because there are so many different definitions of a "small business", the three sales ranges were generalized -- none of the sales ranges are based on Small Business Administration definitions for small business in any particular industry.

- 1) \$ 0 - \$ 250,000: An infant business
- 2) \$ 250,001 - \$ 5,000,000: A small business
- 3) \$ 5,000,001 +: Medium to large businesses

Question number 6.

Please suggest any ways the state could enhance international business activity within Alaska.

Promotion efforts

- Support international business that will require more local support (buildings, jobs, etc.) (s)
- Help Alaskan businesses (not companies doing business in Alaska) with knowledge and advice on foreign markets. More substance and less networking. (s)
- Establish a freeport (s)
- Cut government spending / encourage private business (s)
- Sponsorship / attraction of international trade fairs (s)
- Fairbanks, Alaska may be the closest mobilizations point to many potential construction, mining or oil field projects in the high Arctic altitudes. As an example, Thule Air Force Base, Greenland is much closer to Fairbanks, Alaska than it is to New York. (s)
- Encourage the growth of local enterprise by not buying outside the state (s)
- Possible free trade zone in Anchorage (s)
- Wood product value added business support (milling, composite, creations, etc.). Quit selling raw materials to the Japanese. consider possibly utilizing native wood for construction purposes (yellow cedar, red cedar, spruce) (s)
- By having an international trade center in Alaska (s)
- Make learning / travel opportunities more available and publicize them better (s)
- Encourage and promote more information on air travel through Anchorage or other Alaskan locations (s)
- This survey is a useful start - it stirs up ideas. (s)
- 1. Open free trade zone
- 2. Provide tax incentives (s)
- Create a condition in Alaska where businesses can operate successfully in Alaska - then those companies will be stable enough to accept the risks of international business (s)
- Have a single, thoughtful, realistic, comprehensive policy that includes the state and individual municipalities / cities - working together to promote business activity (s)
- Conference / seminar similar to the Soviet development one held at Alyeska by DOE) (s)
- Open ANWR, provide more information on foreign investment opportunities, and make loans available for competing with the international market (o)
- Promote more foreign tourism and possibly a trade magazine. (o)
- Perhaps hosting an international trade conference here in Alaska. After all, we are the hub (o)
- Promotion (n)
- 1. Raise the public's awareness of business opportunities and potential benefits statewide from increased import / export activities. Example: the many entrepreneurial opportunities - especially in retailing and manufacturing that are attractive to the sole proprietor / small business person.
- 2. Encourage the statewide media to increase coverage of business in Alaska.
- 3. Rather than concentrate on the few largest products being shipped from Alaska (primarily oil and fish) develop incentive / information / assistance programs for individuals wishing to start an import / export business. (n)

Law related

- We import handicrafts from a foreign country. We bring the goods with us and have hassles in Seattle as we prefer to clear customs ("goods in bond") locally with Alaska brokers. Getting Northwest Airlines and United to fly directly from Asia to Anchorage would help increase international trade here (n)
- Get rid of processing requirements for USDA - FS logging sales - timber (n)
- Grant import-export companies tax breaks to encourage more companies to risk import-export operations (n)
- Get D.E.C. off of business' back (excessive regulation). Improve port infrastructure. Support basic industries - i.e., mining, logging, fishing (against unreasonable federal agencies - USFS, EPA, BLM, Corp Engineers, etc.) Adopt a pro-business attitude and don't apologize about it. (n)
- By getting a grip on competent use of tax dollars (n)
- Don't pay ANY attention to Mulder and his boss Bob Penny. Allow the biologists to control the state's fisheries. It shouldn't be political. try to get our product (fish) back into the European market (n)
- Create a supply of timber through a sale program where the successful bidder must commit to constructing and operating a value-added secondary breakdown facility within Alaska (n)
- Should the state do anything? Cut the budget! We can use the taxes not paid to fund foreign expansion (s)
- For our business, relaxing exploration and environmental controls and standards to reasonable levels to encourage foreign investment and processing and value added in this country (s)

- Perform a service for all comers (s)
- I'm not sure it is the state's business to provide business opportunities (s)
- Encourage the U.S. Forest Service to adopt common mineral leases acceptable to private businesses. Present regulations do not work. The Kenai Peninsula is full of AL, K, CA, Tin, Silicon, and other minerals. Maybe there is a problem in state lands too (o)

Leads / export assistance

- Legitimate small business loans - also, legitimate exploration loans for geological and geophysical prospecting on state mineral land for the small miners (n)
- Railroad from Delta to Canada, Railroad from Delta to Fairbanks (n)
- By looking to other markets for our salmon products. India is an especially good candidate (n)
- Investigate and identify the resources / services available in Alaska. Publish the information for businesses (n)
- Give companies, with products which utilize resources unique to Alaska, special assistance to move product (n)
- Should have a center for international trade in Anchorage similar to New York City's World Trade Center but on a smaller scale (s)
- Encourage businesses to use a buddy system to move new organizations into the export market. For example, a timber exporter gets a tax credit for getting an Alaska engineering firm involved in exporting service to Russia (s)
- Publish the Alaskans willing to provide products and services to foreign countries (s)
- The market needs to become more available before we can approach it (s)
- Continued support of agencies like the Office of International Trade - assistance with finding foreign agents / contacts (s)
- It may not be possible to do a credible job given the diversity and far flung nature and language problems involved. We once had a very frustrating experience attempting to locate manufacturers of certain equipment in Japan (s)
- Advertise in business journals / weeklies in the Russian Far East and Siberia (s)
- Provide introductions, open doors (s)
- "How to" help (s)
- Foster more dialogue between foreign governments and foreign industries with those of us in Alaska who have services or products needed in those foreign markets (s)
- Semi-annual meetings in Anchorage at the Office of International Trade including overseas trade representatives
- DAY 1: Presentation of overviews of foreign country situations
- DAY 2 and 3: One-on-one meetings between office trade representatives and Alaskan businesspeople. (s)
- Interpreter services, databases with information specific to industry, contacts, newsletter updating current demands on the international marketplace (s)
- Coat tail on federal program to promote the state, assist financially by having physical presence markets, and distribute more widely information gathered and available (s)
- Ask small businesses to participate more - so far, only big firms are involved.(s)
- Provide a central clearing house which answers questions and assists businesses to identify markets (s)
- Provide needs assessments in international countries. Provide a central document in which international bids / needs can be published for prospective service providers (s)
- Market research into foreign economies (s)
- Businesses need to know clearly whether it is feasible to export services to Russia, Japan, China. There are too many requirements for making initial investments in trips, travel, marketing, etc. (s)
- Guarantee foreign payment (s)
- Do we really desire increased activity regardless of cost to us? We provide professional services and do not need more competition (s)
- Have a good educational system that includes foreign languages starting in the early grades including Chinese (Mandarin), Korean, Russia and Japanese (s)
- Transportation and communication enhancements (s)
- Provide a comprehensive list of those services which are needed and a program on how to proceed with the marketing of those services (s)
- Seek to develop markets for metals and minerals which are already being mined. Make Alaska's mineralogical potential known to foreign investors (s)
- 1. Research into business opportunities in remote locations
- 2. Further trade based trips to make contacts (s)
- Aggressive marketing of Alaska as a good place to invest (s)
- 24 year round maintenance for Klondike Highway (s)
- 1. Identify contacts
- 2. Conduct workshops
- 3. Provide financial incentives (s)

Other

- Interpreters, company names, import laws, finance info (n)

- Improve infrastructure, especially road system and ports and harbors. Motivate Alaska railroad to negotiate reasonable rates for back hauls from interior to Seward (major blockade to bringing interior timber to market) (n)
- Keep in touch with businesses - like this survey (s)

As in Part I, responses ranged from foreign investment promotion ideas to export enhancement initiatives -- excellent background information for state international policy makers.

PART III - potential exporters

Part III sought to determine the extent to which Alaskan companies had utilized government services for international trade. The question was set up in a grid format with government agencies listed on the X-axis (virtually every organization with some interest in promoting international trade in Alaska was included) and a list of nineteen common export services on the Y-axis. The list of export services was a generic list of commonly sought services.

Part III was specifically designed to gather five pieces of information:

- *To what extent have Alaskan companies utilized government assistance?*
- *Where are Alaskan companies go most often to obtain government service assistance for international trade?*
- *What kinds of services are Alaskan companies looking for?*
- *How satisfied are Alaskan companies with the specific services they are receiving?*
- *How satisfied are Alaskan companies with the government agencies offering international trade assistance?*

The agency and service scale was staggered to reflect three different levels of company satisfaction:

- *1 : Very beneficial and / or a major contributor to export sales success.*
- *2 : Moderately beneficial / a moderate contributor to export sales success.*
- *3 : Not beneficial / a minor contributor to export sales success.*

A very small percentage of potential exporters in all sectors had used any sort of government assistance. An effective export promotion strategy must contain two critical elements: help for the experienced exporter and help for the rookie. The very low number of potential exporters which had previously contacted an ITAA is very discouraging. It is clear from the results of this section that the state is not doing enough to make quality export assistance accessible to all Alaskan companies.

- 3 out of 31 potential natural resource exporters reported having used an ITAA.
- Only 14 out of 126 potential service exporters reported having contacted an ITAA.
- 0 "other category" potential exporters reported being in touch with an ITAA.

Part III, number 21.

If you have not used any of the services listed above, please explain why.

Company / product not suited

- Not focused on international trade (s)
- I spend 100 % of time on professional mechanical engineering in U.S.A. (s)
- There is very limited opportunity for our services abroad and in the Pacific Rim. Because we are a small business, we would work as a sub-contractor to large U.S. companies or agencies with contacts abroad (s)
- We have not considered international trade, although with improved telecommunications we might be able to do so in the future (computer technical support and desktop publishing - computer publishing) (s)
- Export of pipe prepared in Fairbanks is not encouraged (s)
- Exporting sand / gravel / crushed stone is not a feasible venture (s)
- I am a small sole proprietor of a company that is less than two years old and have all the business I can handle within the state without looking to outside markets (s)
- I have not seen a great demand for engineering services in other countries. applicable to my firm (s)
- We have not used the services listed above in the last five years, but we have recently become aware of potential high Arctic latitude projects which may be within our potential market area. (s)
- These services are not readily known - small businesses have been ignored. As a small sole proprietor consulting engineer, I have not been provided any information. I think this is an area that needs improvement (s)
- My company is too small and localized (s)
- Have not yet ventured into international trade but want to. Need help please (s)
- The above (agencies and services) are fine if you have the time or resources to devote. General with small businesses, this isn't the case.(s)
- My product is engineering design, evaluation, investigation or reports. I am a sole proprietor - independent consulting engineer. Export could be worth investigating, but I have just not looked into - except in response to another company's inquiry (s)
- No specific situation has required these services (s)
- I'm too small at present (moderate capital) (s)
- Have not exported services yet (s)

- We have seen enough opportunity here, but we have not had the incentive to divert energy elsewhere - but we have given it thought and not ruled it out (s)
- Just have not taken this step yet - need to resolved internal questions before getting into the international market (s)
- I am a legitimate (but small time) mineral resource developed. If my mining operation gets if the ground, then possibilities for international trade exist (n)
- This is our first year of business - international trade is our long term business plan - 5 year (n)
- Sole proprietorship - too busy (n)

Don't need / prefer private sources

- Not interested (s)
- Government services are not advertised in professional industry bulletins / periodicals I receive. (s)
- Our (international business) attempts have been through projects of U.S. companies involved in overseas resource development. Our company president did attend the Department of Energy Seminar for the Russian ministers held at Alyeska Resort (s)
- Have not done international work - I have used several of these agencies for Alaskan business information (s)
- Because I believe that the role of business is to do business and the role of government is to stay out of business as much as possible (s)
- We have been working on our own contacts (s)
- Our own contacts showed that the particular international venture was not feasible (s)
- No government assistance required (s)
- No need for any if the services (n)

Unaware / not offered services

- Don't know what they are (n)
- I didn't know that these services were available. I'm interested in many of these services (n)
- Generally unaware of their (agency's) existence or use as a resource (s)
- Did not know these services were available (s)
- Was unaware that these services were available (s)
- Not aware that they were available and not aware of how to obtain them (s)
- Did not know what was available (s)
- Unaware of where to get the help (s)
- Have not investigated to know that such assistance was available (s)
- I did not know that these agencies were available and not familiar with the types of services they provide (s)
- Did not know any existed (s)
- They were never offered to us! (o)
- Most small businesses are unaware of the services provided by the agencies listed above. More outreach by these agencies to small businesses would be helpful (o)

Other

- We have just been contacted from a foreign market regarding export out of Alaska. At some point we will use the above services if necessary (s)
- Currently, mineral processing (i.e., zinc) is not done in North America because environmental requirements make it cost prohibitive when compared to other parts of the world. We ship raw materials out, they are processed and then we have to pay import duties to bring them back in for use (s)
- Why does Alaska:
 - 1) duplicate federal agency services
 - 2) try to have a foreign policy - we are a state (s)
- We receive BISNIS which rates as 3 (s)
- So much for reduced government waste (s)
- A proposal I sent to the American Russian Center was rejected because I am a private company. Allow individuals to compete for federal funds allocated to the American Russian Center in Anchorage - I have requested and been denied funds. (s)
- We are busy establishing our local and national ties (s).
- Looking at Russian opportunities, but waiting for better conditions, -- stability (in Russia) (s)

This question sought to determine why companies were not going to government agencies for assistance with international business matters. Responses ranged from a general "lack of faith" in the government's ability to help to a dependence on private sources to companies which simply did not know what was offered. The comments are very candid and should be reviewed closely by state policy makers.

General Information (including seminars, publications, etc.)

1. Information on exporting fundamentals
2. Background information on a foreign market (culture, language, etc.)
3. Information on markets for your company's product or service
4. Personalized export counseling session (question and answer)
5. Referrals to other sources of assistance (public or private)

World Trade Center
Alaska
Used 1s 2s 3s

3\182		1	
1\182			1
1\182		1	
1\182			1

Alaska Center for
Int'l Business
Used 1s 2s 3s

2\182			2
1\182		1	
1\182		1	

American Russian
Center
Used 1s 2s 3s

1\182			
2\182	1		
1\182	1		

Business Contacts

6. Assistance finding partners for joint ventures
7. Trade leads
8. Assistance finding a foreign representative, distributor, or agent
9. Assistance with foreign relations
10. Opportunity to attend a trade mission / show
11. Overseas advertising assistance
12. Customized trade missions
13. Background information on foreign businesses

1\182			1
1\182		2	
2\182		1	1
3\182		2	1
3\182		2	1
2\182		1	1
2\182			2
2\182		1	1

2\182		1	1
1\182	1		
2\182	1		1
1\182		1	
1\182	1		

1\182	1		
2\182	1		
1\182			

Running the export operation

14. Assistance with export documentation
15. Export financing (export loans, etc.)
16. Assistance altering a product or service to foreign market specifications
17. Logistics, shipping, or distribution assistance
18. Assistance establishing credit / payment terms
19. Other international services

1\182			1
1\182			1
1\182			1
1\182			1
1\182			1

1\182			1
1\182		1	

1\182	1		

Overall agency satisfaction:

	1	
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	1	
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2		
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Agencies not marked: UAF School of Management, UAF Arctic Research, UAA School of Business, Circumpolar Health Studies, Kenai College, Division of Tourism, Division of Investments, Division of Banking, Anchorage, Kenai Peninsula Borough, Fairbanks North Star Borough, Fairbanks Int'l Airport, Anchorage Int'l Airport, Fairbanks ARDOR, Anchorage ARDOR, Southwest ARDOR, Southeast ARDOR, Kenai ARDOR, Prince William Sound ARDOR, Bering Straits ARDOR, Arctic ARDOR

General Information (including seminars, publications, etc.)

1. Information on exporting fundamentals
2. Background information on a foreign market (culture, language, etc.)
3. Information on markets for your company's product or service
4. Personalized export counseling session (question and answer)
5. Referrals to other sources of assistance (public or private)

Small Business
Development Cntr.
Used 1s 2s 3s

1\182			1
1\182			1
1\182		1	

Alaska Science and
Tech. Foundation
Used 1s 2s 3s

1\182			1
1\182		1	

Alaska Industrial
and Export Auth.
Used 1s 2s 3s

Business Contacts

6. Assistance finding partners for joint ventures
7. Trade leads
8. Assistance finding a foreign representative, distributor, or agent
9. Assistance with foreign relations
10. Opportunity to attend a trade mission / show
11. Overseas advertising assistance
12. Customized trade missions
13. Background information on foreign businesses

1\182		1	
1\182		1	
1\182		1	
1\182		1	
1\182		1	

1\182		1	
1\182		1	

1\182		1	
1\182	1		

Running the export operation

14. Assistance with export documentation
15. Export financing (export loans, etc.)
16. Assistance altering a product or service to foreign market specifications
17. Logistics, shipping, or distribution assistance
18. Assistance establishing credit / payment terms
19. Other international services

1\182			1

Overall agency satisfaction:

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General Information (including seminars, publications, etc.)

1. Information on exporting fundamentals
2. Background information on a foreign market (culture, language, etc.)
3. Information on markets for your company's product or service
4. Personalized export counseling session (question and answer)
5. Referrals to other sources of assistance (public or private)

Alaska State
Legislature
Used 1s 2s 3s

1\182			1
1\182			1
1\182		1	
1\182			1

Alaska Seafood
Marketing Institute
Used 1s 2s 3s

1\182	1		
1\182		1	
1\182	1		
1\182	1		

(AK) Dept. of
Commerce
Used 1s 2s 3s

2\182	1		1
2\182	1		1
1\182	1		
1\182	1		

Business Contacts

6. Assistance finding partners for joint ventures
7. Trade leads
8. Assistance finding a foreign representative, distributor, or agent
9. Assistance with foreign relations
10. Opportunity to attend a trade mission / show
11. Overseas advertising assistance
12. Customized trade missions
13. Background information on foreign businesses

1\182			1
1\182		1	
1\182		1	
1\182			1
1\182		1	
1\182			1
1\182			1
1\182			1

1\182	1		
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1\182		1	

1\182	1		
1\182	1		
1\182	1		
1\182		1	
1\182		1	
1\182			1
1\182			1
1\182		1	

Running the export operation

14. Assistance with export documentation
15. Export financing (export loans, etc.)
16. Assistance altering a product or service to foreign market specifications
17. Logistics, shipping, or distribution assistance
18. Assistance establishing credit / payment terms
19. Other international services

Overall agency satisfaction:

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General Information (including seminars, publications, etc.)

1. Information on exporting fundamentals
2. Background information on a foreign market (culture, language, etc.)
3. Information on markets for your company's product or service
4. Personalized export counseling session (question and answer)
5. Referrals to other sources of assistance (public or private)

Office of Int'l
Trade
Used 1s 2s 3s

3\182		1	1
5\182	1	2	2
4\182	1	2	1
3\182	2	1	
1\182	2	1	

Northern Forum
Used 1s 2s 3s

1\182	1		
1\182	1		
1\182	1		
1\182	1		

(AK) Div. of
Natural Resources
Used 1s 2s 3s

Business Contacts

6. Assistance finding partners for joint ventures
7. Trade leads
8. Assistance finding a foreign representative, distributor, or agent
9. Assistance with foreign relations
10. Opportunity to attend a trade mission / show
11. Overseas advertising assistance
12. Customized trade missions
13. Background information on foreign businesses

4\182	1	2	1
4\182	2	1	1
3\182	2		1
3\182	1	1	1
2\182		1	1
3\182	1		2
3\182	1		2
4\182	1	2	1

1\182	1		
1\182			

Running the export operation

14. Assistance with export documentation
15. Export financing (export loans, etc.)
16. Assistance altering a product or service to foreign market specifications
17. Logistics, shipping, or distribution assistance
18. Assistance establishing credit / payment terms
19. Other international services

1\182	1		

1\182	1		

Overall agency satisfaction:

3		
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2		
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General Information (including seminars, publications, etc.)

1. Information on exporting fundamentals
2. Background information on a foreign market (culture, language, etc.)
3. Information on markets for your company's product or service
4. Personalized export counseling session (question and answer)
5. Referrals to other sources of assistance (public or private)

U.S. Commercial
Service (US & FCS)
Used 1s 2s 3s

1\182	1	3	
5\182	1	2	3
4\182	1	3	
3\182	1	2	
1\182		1	

National Marine
Fisheries Service
Used 1s 2s 3s

1\182		2	
1\182	1		
1\182	1		

Small Business
Administration
Used 1s 2s 3s

2\182		1	1
2\182		1	1
3\182		1	2
2\182			3
1\182			1

Business Contacts

6. Assistance finding partners for joint ventures
7. Trade leads
8. Assistance finding a foreign representative, distributor, or agent
9. Assistance with foreign relations
10. Opportunity to attend a trade mission / show
11. Overseas advertising assistance
12. Customized trade missions
13. Background information on foreign businesses

3\182		1	2
2\182	1	1	
1\182		1	
1\182		1	1
1\182		1	1
1\182			1
1\182			1
1\182			1

			1
1\182	1		1

2\182		1	1
2\182			3
2\182			3
2\182		1	1
2\182		1	1
2\182			2
2\182			2
1\182		1	1

Running the export operation

14. Assistance with export documentation
15. Export financing (export loans, etc.)
16. Assistance altering a product or service to foreign market specifications
17. Logistics, shipping, or distribution assistance
18. Assistance establishing credit / payment terms
19. Other international services

1\182	1		
1\182	1		

1\182		1	
1\182			1
1\182			1
1\182			1
1\182			1

Overall agency satisfaction:

	1	
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	1	
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	1	
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General Information (including seminars, publications, etc.)

1. Information on exporting fundamentals
2. Background information on a foreign market (culture, language, etc.)
3. Information on markets for your company's product or service
4. Personalized export counseling session (question and answer)
5. Referrals to other sources of assistance (public or private)

U.S. Congressional
Delegation
Used 1s 2s 3s

1\182	1		
2\182	1	1	
1\182	1		
1\182	1		

Anchorage Convention
and Visitors Bur.
Used 1s 2s 3s

AK Fisheries Dev.
Foundation
Used 1s 2s 3s

1\18	1		
1\18	1		
1\18	1		

Business Contacts

6. Assistance finding partners for joint ventures
7. Trade leads
8. Assistance finding a foreign representative, distributor, or agent
9. Assistance with foreign relations
10. Opportunity to attend a trade mission / show
11. Overseas advertising assistance
12. Customized trade missions
13. Background information on foreign businesses

1\182	1		
1\182	1		
1\182		1	

1\182			1

1\18	1		
1\18	1		
1\18	1		
1\18	1		
1\18	1		

Running the export operation

14. Assistance with export documentation
15. Export financing (export loans, etc.)
16. Assistance altering a product or service to foreign market specifications
17. Logistics, shipping, or distribution assistance
18. Assistance establishing credit / payment terms
19. Other international services

Overall agency satisfaction:

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Foreign trade
agency
Used 1s 2s 3s

General Information (including seminars, publications, etc.)

1. Information on exporting fundamentals
2. Background information on a foreign market (culture, language, etc.)
3. Information on markets for your company's product or service
4. Personalized export counseling session (question and answer)
5. Referrals to other sources of assistance (public or private)

2\182		1	1
2\182		1	1
1\182			1
1\182			1

Business Contacts

6. Assistance finding partners for joint ventures
7. Trade leads
8. Assistance finding a foreign representative, distributor, or agent
9. Assistance with foreign relations
10. Opportunity to attend a trade mission / show
11. Overseas advertising assistance
12. Customized trade missions
13. Background information on foreign businesses

2\182			2
2\182			2
1\182			1
1\182			1
2\182	1		1
1\182			1
2\182	1		1
1\182			1

Running the export operation

14. Assistance with export documentation
15. Export financing (export loans, etc.)
16. Assistance altering a product or service to foreign market specifications
17. Logistics, shipping, or distribution assistance
18. Assistance establishing credit / payment terms
19. Other international services

Overall agency satisfaction:

	1	
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APPENDIX

APPENDIX D.

Government agency service providers listed in Part III of the survey

University of Alaska

UAF. School of Management: The primary business education unit of the University of Alaska Fairbanks.

UAF. Office of Arctic Research: The primary coordination office for Arctic research at the University of Alaska Fairbanks.

UAA. School of Business: The primary business education unit of the University of Alaska Anchorage.

World Trade Center Alaska & TROIKA Alaska: World Trade Center Alaska is a membership supported organization which provides international business services to its members.

TROIKA Alaska is an University of Alaska program operating on a grant from the Commerce Department CABNIS program. The purpose of the program is to increase U.S. exports to the Russian Far East.

Alaska Center for International Business: An international business research and education organization located at the University of Alaska Anchorage.

American Russian Center: A Commerce Department funded program designed to train Russian business people in American management practices. Located at the University of Alaska Anchorage.

(UAA) Small Business Development Centers: Provides a range of small business assistance to Alaskan companies. Offices are located in Anchorage, Juneau, Fairbanks, and Mat-Su (a Rural Outreach Director provides services throughout rural Alaska).

Kenai Peninsula College: Provides various international activities in the Kenai Peninsula area.

Institute for Circumpolar Health Studies: An Arctic research branch of the University of Alaska Anchorage.

State of Alaska

Alaska Science and Technology Foundation: Makes public funds available for long-term investment in economic development and technological innovation within the state. Awards grants for basic and applied research.

Alaska Industrial Development and Export Authority: (AIDEA) Provides export finance assistance to Alaskan companies.

Alaska State Legislature: The Senate and House branches of the Alaska State Legislature.

Alaska Seafood Marketing Institute: (ASMI) Promotes the sale of Alaskan seafood in domestic and international markets.

Alaska Department of Commerce and Economic Development: (Alaska Division of Economic Development) Seeks to strengthen Alaska's economy through the development of the private sector.

(Governor's) Office of International Trade: Serves as a commercial liaison for the state and for private sector businesses which trade in international markets.

Northern Forum: An international organization of leaders from northern and Arctic regions of the world.

Division of Natural Resources: The branch of the Alaska Department of Commerce concerned with natural resources in the state.

Division of Tourism: The branch of the Alaska Department of Commerce concerned with tourism in the state.

Division of Investments: The branch of the Alaska Department of Commerce concerned with investments in the state.

Division of Banking: The branch of the Alaska Department of Commerce concerned with banking in the state.

United States Federal Government

U.S. Foreign Commercial Service: (U.S. Commercial Service) An unit of the International Trade Administration of the Department of Commerce. Provides numerous services to companies preparing to export to virtually any market in the world.

U.S. National Marine Fisheries Service: Conducts trade research and supports the development of marine life including fish.

U.S. Small Business Administration: A small business support organization which offers export assistance services.

Alaska Congressional Delegation: The Alaskan representatives to the federal legislature.

Local

Municipality of Anchorage Office of International Affairs: The international affairs office for the Municipality of Anchorage.

Kenai Peninsula Borough: The local government of the Kenai Peninsula. The Kenai Peninsula Borough has a particular interest in international commerce (particularly Russia).

Anchorage International Airport: The airport authority of the Anchorage International Airport.

Fairbanks International Airport: The airport authority of the Fairbanks International Airport.

Alaska Regional Development Organizations (ARDORS)

ARDORS: Organizations throughout the state which promote regional economic development programs. ARDORS include:

Fairbanks Industrial Development Corporation, Anchorage Economic Development Corporation, Southwest Alaska Municipal Conference, Southeast Alaska Conference, Kenai Peninsula Economic Development District, Prince William Sound Economic Development District, Bering Strait Economic Council, and the Arctic Development Council.

Other

Anchorage Convention and Visitors Bureau: Promotes and coordinates conventions and tourism activity in Anchorage.

Alaska Fisheries Development Foundation: Established to develop new seafood related products and new markets for Alaskan seafood (e.g., surimi)

Foreign Trade Agency: Refers to any foreign government trade agency (e.g., JETRO, KOTRA, CETRA, etc.).

APPENDIX

Potential exporter respondents by SIC Code

Natural resource related:

<u>SIC Codes</u>	<u>Industry description</u>	<u>Number of responses</u>
811	Timber tracts	1
851	Forestry services	6
910-911	Commercial fishing	5
1040-1041	Gold ore mining	5
1099	Miscellaneous metal ores mining NEC	1
1300	Oil and gas extraction	2
1420	Crushed and broken stone	1
1440	Sand and gravel	5
1499	Miscellaneous nonmetallic minerals NEC	2
2411	Logging	5
<u>Natural resource related total</u>		<u>33</u>

Service sector related:

<u>SIC Codes</u>	<u>Industry description</u>	<u>Number of responses</u>
1081	Metal mining services	2
1381	Drilling oil and gas wells	2
1382	Oil and gas field exploration services	2
1389	Oil and gas services NEC	1
1500-1574	Building contraction - general contractors and operative builders	24
1629	Heavy construction NEC	1
1799	Special trade contractors NEC	1
4512	Air transportation, scheduled	1
4581	Airports, flying fields, and airport terminal services	1
4789	Transportation services NEC	1
4899	Communications services NEC	3
4920	Gas production and distribution	1
4941	Water supply	2
5080-5199	Wholesale trade	5
6512	Operators of non-residential buildings	1
6519	Lessors of real property NEC	2
7311	Advertising agencies	1
7335	Commercial photography	1
7379	Computer related services NEC	3
7389	Business services NEC	1
8711	Engineering services	61
8712	Architectural services	15
8713	Surveying services	2
8721	Accounting, auditing, and bookkeeping services	1
8732	Commercial economic, sociological, and educational research	2
8734	Testing laboratories	1
8741	Management services	2
<u>Service sector total</u>		<u>140</u>

Other categories:

<u>SIC Codes</u>	<u>Industry description</u>	<u>Number of responses</u>
2740	Miscellaneous publishing	4
3400	Fabricated metal products	1
3910	Jewelry, silverware, and plated ware	1
5399-5999	Miscellaneous retail trade	3
<u>Other categories total:</u>		<u>9</u>

Total potential exporter respondent total: 182

Current exporter respondents by SIC Code

Natural resource related:

<u>SIC Codes</u>	<u>Industry description</u>	<u>Number of responses</u>
811	Timber tracts	1
851	Forestry services	2
911	Commercial fishing	3
1030	Lead and zinc ore metal mining	1
1099	Miscellaneous metal ores NEC	1
1440	Sand and gravel	1
2411	Logging	3
<u>Natural resource related total:</u>		<u>11</u>

Service sector related:

<u>SIC Codes</u>	<u>Industry description</u>	<u>Number of responses</u>
723	Crop preparation services for market except cotton ginning	1
1382	Oil and gas field exploration services	1
1389	Oil and Gas Field Services NEC	1
1500	Building construction - general contractors and operative builders	1
4210	Trucking and courier services except air	1
4212	Local trucking without storage	1
4469	Water transportation of freight NEC	1
4491	Marine cargo handling	1
4512	Air transportation, scheduled	2
4581	Airports, flying fields, and airport terminal services	1
4725	Tour operators	1
4730	Arrangement of transportation of freight and cargo	1
4899	Communications services NEC	1
5080-5999	Wholesale trade	4
5999	Miscellaneous retail trade	2
6512	Operators of non-residential buildings	1
7311	Advertising agencies	1
7335	Commercial photography	1
7349	Building cleaning and maintenance services NEC	1
7370	Computer programming, data processing, and other computer related services	1
7381	Detective, guard, and armored car services	1
7389	Business services NEC	4

8711	Engineering services	11
Service sector total:		41

Other categories

<u>SIC Codes</u>	<u>Industry description</u>	<u>Number of responses</u>
2082	Malt beverages	1
2087	Flavoring extracts and flavoring syrups NEC	1
2399	Women's misses', and juniors' outerwear NEC	1
2731	Books: publishing, or publishing and printing	1
2740	Miscellaneous publishing	1
2890	Miscellaneous chemical products	1
2910-2911	Petroleum refining	2
3533	Oil and gas field machinery and equipment	1
3692	Primary batteries, dry and wet	1
3990	Miscellaneous manufacturing industries	1
5199	Nondurable goods NEC	1
5999	Miscellaneous retail stores NEC	1
Other categories total		13

Total current exporter respondents: 64

Total tabulated surveys: 246

Response rate percentage* .12%

NEC = Not elsewhere classified

* Based on initial mass mailing of 1,998 surveys. Does not include considerations for possible subsidiary duplicates, undeliverable surveys, and companies which have gone out of business.

APPENDIX

Total number of registered Alaskan companies within targeted industries (by SIC Code) -- natural resource sector related

<u>SIC Codes</u>	<u>Industry description</u>	<u>Number of companies</u>
0800-0831	Forestry	48
0900-0921	Commercial fishing	301
0970-0971	Hunting and trapping, and game propagation	35
1000-1061, 1094-1099	Metal mining	104
1220-1231	Coal mining	2
1300-1321	Oil and gas extraction	15
1400-1479	Non-metallic mineral mining and quarrying (except fuels)	56
1490-1499	Miscellaneous nonmetallic minerals, except fuels	6
2400-2411	Logging	246
2421-2429	Sawmills	115
2077	Animal and marine fats / oils	4
2091-2092	Canned and cured fish seafoods, Prepared fresh or frozen fish seafoods	34
5146	Wholesale fish and seafood trade	5

APPENDIX

Total number of registered Alaskan companies within targeted industries (by SIC Code) -- miscellaneous sectors

<u>SIC Codes</u>	<u>Industry description</u>	<u>Number of companies</u>
2082-2399, 2431-3999	Manufacturing	3,443
5200-5999	Retail Trade	14,038

APPENDIX C:

Total number of registered Alaskan companies within targeted industries (by SIC Code) -- service sector related

<u>SIC Codes</u>	<u>Industry description</u>	<u>Number of companies</u>
0710-0723	Crop and soil preparation services	3
0850-0851	Forestry services	78
1080-1081	Metal mining services	43
1241	Coal mining services	1
1380-1381	Drilling oil and gas wells	24
1382	Oil and gas field exploration services	23
1389	Oil and gas field services not elsewhere classified	47
1500-1542	Building construction - general contractors and operative builders	1,855
1610-1629	Heavy construction other than building construction - contractors	90
1731	Electrical work (including telecommunication equipment installation)	139
1799	Special trade contractors not elsewhere classified	510
3730-3731	Ship building and repair	201
4210-4214	Local trucking without storage	1,272
4400-4412, 4449-4479	Water transportation	194
4491	Marine cargo handling	26
4500-4512	Air transportation, scheduled	100
4513	Air Courier services	18
4580-4581	Airports, flying fields, and airport terminal services	296
4725	Tour operators	266
4730-4731	Arrangement of transportation of freight and cargo	43
4789	Transportation services not elsewhere classified	4

4899	Communication services, not elsewhere classified	132
4920-4925	Gas production and distribution	14
4940-4941	Water supply	29
4953	Refuse systems	70
5000-5145, 5147-5199	Miscellaneous wholesale trade	2,053
6020-6029	Commercial banks	8
6512	Operators of nonresidential buildings	599
6519	Lessors of real property not elsewhere classified	449
7300-7399	Business services (except computer services)	8,397
7371-7379	Computer related services	326
8711	Engineering	495
8712	Architectural services	106
8713	Surveying services	184
8731	Commercial, physical and, biological research	1
8732	Commercial economic, sociological, and educational research	37
8734	Testing labs	3
8740-8799	Management consulting and public relations services	2,209

Project Oversight Committee

- **Joe Beedle**

Juneau Small Business Development Center

- **Sherry Biggs**

Kenai Economic Development District / Chamber

- **Steve Borrell**

Alaska Miners Association

- **Chris Gates**

Alaska Forestry Association

- **David Haugen**

The Alliance

- **Carol Heyman**

Anchorage Chamber of Commerce

- **Tom Jensen**

Alaska State Chamber of Commerce

- **Jim Martin**

Alaska Business Monthly

- **Chris Mitchell**

Alaska Fisheries Development Foundation

- **Kevin Krauklis**

Fairbanks Economic Corporation and Chamber of Commerce

- **Dale Wade**

Alaska Air Cargo Association

APPENDIX:

PARTICIPATING COMPANIES (current exporters)

Aeromap U.S., Inc.
Alaska Battery Manufacturing
Alaska Incentive and Expedition
Alaska Mountaintop Spirits
Alaska Pacific Transport, Inc.
Alaska Russia Company
Alaska Sausage Company, Inc.
Alaska Water Exports
Alaska Wholesale
Ander, Bjorn; Kane; Jac, Inc.
Anson L. Renshaw, Jr., P.E.
Apocalypse Design, Inc.
Avtech-Alaska
Bird Creek Brewery
Brogen Services
Cameron Company
Cold Sea International, Inc.
Cominco Alaska, Inc.
D S Fuelwood and House Logs, Inc.
David C. Lanning, P.E.
DHL Airways
Dowland Bach Corporation
ERA Aviation
Erwin L. Long, P.E.
F.R.B., Inc.
F/V Alexandra, Inc.
FPE Roen Engineers
Golder Associates, Inc.
H.C. Price Co.
Hasz Consulting Co.
Husky Wood and Forestry Services
Imlach Consulting Engineer
Interior Timber Tramp
Kachemak Bay Seafoods
Lukes Mining Company
Mapco Alaska Petroleum, Inc.
McDonald Industries of Alaska
Microcom Communications, Inc.
Nip and Tuck Logging
Nixon Fork Mining, Inc.
Northern Air Cargo
Northern Hemisphere, Inc.
Oilfield Transport, Inc.
Pelican Seafoods
Prince William Sounds BK
RLM, Inc.
Salvage Ocean Log
Seeds of Alaska
Seischk

Software North
Southern Air Transport
Superior Log Products
The Surveyor's Exchange
Taku Smokeries
Tesoro Alaska Petroleum
The Mapmakers
Timber Too, Inc.
Turbo North Aviation
The Ulu Factory, Inc.
Veco, Inc.
West Coast Stevedoring Corp.
Western Alaska Fisheries
Woodward-Clyde Consultants

APPENDIX:

PARTICIPATING COMPANIES (potential exporters)

Adams, Morgenthaller, and Company
AE Rogers Architects
Al-Can Adventure Marketing
Alaska Central Express
Alaska Datatronics
Alaska Environmental Control
Alaska Extinguisher Company
Alaska Fish Factor
Alaska Lands and Resources
Alaska National Corporation
Alaska Native Arts and Crafts
Alaska Pacific Powder Company
Alaska Paper Company
Alaska Post Cards
Alaska Standard Mining Company
Alaska Village Environmental
Alcan Builders, Inc.
Alexander Ace
Ambler Exploration
Anchorage Sand and Gravel
Arctic Contractors
Arctic Minerals Company
Arctic Outfitters, Ltd.
Bear Garden Fisheries
Ben A. Thomas Incorporation
Besse, Epps & Potts
Bezek Durst Seiser
Bishop and Associates
Boehne Resource Development
Brooks and Associates
Bruce H. Mattson Electrical
Bush Cons't Surveys Inc. / AK Rim
C T I Alaska
Calais Company, Inc.
Caribou Enterprises
Carl E. Grundberg Architect
Carroll-Vondra
CET Engineering Support Service
Charles Bettisworth and Company
Chugach Engineering
Chugach Rock Corporation
Circumpolar Research Associates
Coal Water Fuel Services
Concrete Cutters / De Loraine
Consultec
Contracting Ventures, Inc.
Cooper Consulting Engineer
Copper River Telecom
Crowley All Terrain Corp.
Crowther Associates
D and E Ventures
D L B Wellsite
David M. Bear, R.L.S.
David P. Williams, P.E.
Davis Constructors and Engineers
De Lapp Consulting
Deborah Holmes, CPA
Denali Drilling
Denali Mechanical, Inc.
Dent, Donald R. - P.E. and LS
Dick Lowman, P.E.
Digital Stock, Inc.
Dollerhide Engineering
Doyon Drilling, Inc.
DRven Corporation
E and R Mining Company
E H S Alaska, Inc.
Eagle River Engineering Services
Earl Fullingim, AIA Architect
Earthscape
East Road Fish Products
Ed's Electric, Inc.
Edwin Stryker, P.E.
EMCON Alaska, Inc.
Engineering Consultants of Alaska
Equipment Engineering
Ernst Siemoneit, P.E.
Ester Drilling Company
Fairbanks Excavating and Trucking
Fairweather Prints
Financial Services, Inc.
Flappin Fresh Fillets
Fritz Creek Fish
Ghemm Company, Inc.
G N McDonald and Associates
Goentzel Builders, Inc.
Gold Coast Builders
Gorman Engineers
Green Engineering
Hall Industries
Hansen Engineering
Hawkinson Construction
Herndon and Thompson, Inc.
Humphrey Computer Graphics
Hunz and Hunz Enterprises
Industrial Electronics
Interlocken Design Company
International Aviation Service, Inc.
Interpac Forest Corporation
J H C
Jeanne M. Funatake, Architect
Jensen / Douglas Architects, Inc.

John Earl Simpson, P.E.	Sandra Ramsey Associates
Joseph A. Durrenberger	Scott Johnson and Associates
Ke Mell Architects	Sivuqaq, Inc.
Kenneth L. Larson	Southeast Alaska Resources
Koskovich Custom Goldsmith	Spring Alaska
L and M Douglas Company	Steven R. Rowland, P.E.
Lake and Boswell Consulting	Stewart Petroleum
Lawrence E. Wilkinson	Strand Hunt Corporation
Loftus and Dailey	Superior Engineering
Long Shot Mining Company	Systech
Longstaff Engineers and Construction	Technical Field Services
Lowell LP and Associates	Ted J. Forsi - Consulting Engineer
Mangus, Marvin D.	Tesch Logging
MBA Consulting Engineers, Inc.	The G. Eddy Company
Mendenhall Aerial Surveys	Udelhoven Oilfield Systems
Mills Construction and Supply	Ukpeagvik Arctic Slope (UAS)
Minch Ritter Voelckers	Unitec Construction
Morrison Communications	Vining and Associates
Mountain Engineering	W J R, Ltd.
Murphy and Associates	Walsh A / C Services
Nana Test, Inc.	Wellenstein Architect Consultant
Natural Resources Conslt.	Whaletree
Nelson Electrical Engineering	White Construction Limited
Nistler Enterprises	Wild Rose Timber
Northern Services	William M. Sackinger Electrical Engineer
Nugget Nevada, Inc.	Wintec Construction, Inc.
P and HR Processing and Refine	Yukon Construction
Pacific General, Inc.	
Parsons and Associates, Inc.	
Paul Davis Systems of Alaska	
Pegasus Engineering	
Petro Star, Inc.	
Philip M. Dillon, P.E.	
Phillips Bolt Manufacturing	
Piquini Management Corporation	
Power and Control Engineering	
Pralle Aviation Services	
Quick Draw H2O Service	
R S H Company	
Rader Econometrics and Engineering	
Raj Bhargava Associates	
Regional Architects	
Remy G. Williams, P.E.	
Resource Technical Services	
RG Williams	
Robert Dawson	
Robert W. Retherford, Electrical Engineer	
Rodney P. Kinney Associates, Inc.	
Rooney Engineers	
Rozak Engineering	
S K Tech	

SPECIAL LETTERS

Alaska State Legislature:

My letter concerns the state's involvement in foreign trade and specifically trade missions.

I feel that trade missions, which seem to be ongoing, are totally worthless. The majority of these trips are vacations at the state's expense for people who don't have the knowledge required to make a business venture viable. We have followed a lot of this activity over the past years and have a good chuckle whenever we hear who is going.

The first questionable trip which I noted was back in the days of the Cowper administration. A group of state employees traveled to Finland to observe the manufacture of birch plywood. Note that someone had informed that Alaska has large quantities of birch forests which normally mature, rot, and become windfalls or fuel for fires. Nevertheless, the state group traveled to Scandinavia to look at mills. Note that included in the trip were several side trips to Norway, Sweden, and Denmark. Of course, the press specified that the state trips would be personally financed. However, we all know how that really worked. Anyway, Cowper, his wife, and a LARGE group made the trip.

What never did come out was the fact that various domestic locations manufacture plywood from numerous types of wood. I personally have been involved with plywood manufacture in the Upper Peninsula of Michigan. Wood types include maple, oak, spruce, and birch. One mill was making plywood in the 1930s when plywood was used for PT boats, LCM landing craft, minesweepers, and a great deal of spruce and plywood was sent to Canada where it was used in the manufacture of DeHavilland Mosquitoes.

Naturally, these same mills have been updated to state of the art, computerized, electro-hydraulic machinery. The first motor upgrade was in the 1950s with the subsequent changes are taking place even today. The difference between the mills in the Upper Peninsula of Michigan and the mills in Finland -- who wants to make a trip to the Upper Peninsula of Michigan ?

I hope that example is worthwhile -- I could go on about the low value of these missions. The participants are not the correct choices, but usually friends on vacation. Another example is the recent Magadan trip. There are a multitude of Alaskans who have already financed such a trip on their own and have shared their knowledge. The political trip is more individuals becoming educated at government's expense to better their own interests. I defy any one of them to convince the public that they have no intention of trying to better themselves or a relative (i.e., set their wife up as an importer, make a relative a liaison person (government expense) or some other betterment.)

In conclusion, the majority of these state or local government trips are of little or no value for the following:

1. Participants are usually not informed or inexperienced in what the mission is.
2. Usually not beneficial to ALASKANS -- results are more beneficial to other states or the mission location.
3. Participants are usually being educated in activities that others have already done.
4. Expenses are on the Alaskan people -- the value is questionable and the politicians should be more focused on home.
5. Most of the participants are seeking personal gain at state expense (or for their company.)
6. Many of the missions are for reasons other than benefiting the Alaska economy -- i.e., vacations, business trips, etc.
7. Most of the participants have no idea as to how their trip will create jobs here -- i.e., extol birch plywood manufacturing but vote against logging issues.

Thank you for your time and consideration.

Roger Mechon

Memo

To: Alaska State Legislature President Drue Pearce & Speaker Gail Phillips
From: Northern Hemisphere Incorporated Hilmer Johnson
Date: September 21, 1995 Phone 907-258-1963
Re: International Trade (Why it turn in to a BUST in Alaska)

Dear Legislatures

This is the first time in my life time that I have sent a letter to the Legislatures and the woman are in charge and it makes me nervous as hell, as a man born in Juneau in 1937 I have a lot of intrust in Alaska but I will tell you the way it is from my point of view and I hope it will not offend you.

I first went to Russia in 1991 and with 40 years of bad talk about Russia I did not have a lot if intrust in Russia and on this tour there was Americans criticizing the Russians the way they was doing things and had the attitude that they know all and this was a mistake on the Americans part and it give the Russians a bad attitude of Americans but the longer I was in Russia the more intrusting it was to me when I got to go to there homes and find that the Russians Government did take care of the people and it was not as bad as the US Government told us it was.

As the Owner of Northern Hemisphere Trucking and intrusted in shipping I made a joint venture with Aeroflot Airlines and start Northern Hemisphere Express shipping from Anchorage to Russia I also had to make a joint venture with Aero services in Russia to delver in Russia so I had all the expenses and had to divided the money in 3 ways so there was little profit at times. and the Russians made the most money and no expense I had 55 Offices in Russia.

With owing a express company I got to know a lot of Alaska's and persons from the lower 48 from Florida California and Washington Canada shipping to Russia and there was about 80 from Alaska most of them from Anchorage and they told me a lot about there problems they had. The most common complaint they all had THE RUSSIANS WORD IS LESS THEN TRUTHFUL that is the only problem there is working in Russia and I agree.

American Businessman and the FEDERAL Government

There was a lot of small American Businessman that did not have a lot of money and went to Russia and they Also sponsored Russian to Alaska with the understanding this person would help them build there business and only to find out they just wanted to come to America and when reported to Immigrations they did nothing and Frank H. Murkowski say what about the Russians Rights in America word got back to Russia saying if American Businessman tell you they will ship you back to Russia if you misrepresent your self to them it is a lye, it makes Americans Businessman word no good in Russia, if the Federal Government will not back you up, The American Businessman can not and will not do Business in Russia it is that simple.

Local Government

In Russia they work with Cash only and if you are going to the Airport and you are STOP by the police and you have \$5,000.00 Dollars cash on you, the police will have 3 police Officers on you and a 200 pound man with his knee on your head grinding it in the blacktop it dont make a man happy to go to Russia and you can not tell a policeman you are not a drug dealer for every Policeman will say you are a drug dealer it is not worth the hassle to do Business in Russia. I am much safer in Russia then America

when it comes to Cash Money, In Yuzhno Sakhalinsk about the size of Anchorage there was 3 Killings in 1991 and in Anchorage we have 3 Month something to think about but one Russian told me we will catch up to you Americans in killings I promise you just give us time.

State of Alaska and International Business

I find that Alaska is spending to much money on International trade and a lot of it is nothing but waste money the only thing we need is the World Trade Center, All the Rest can go

Take a good look at Northern Form or American Russian Center or Office of International Trade is a joke and if you look at Alaska Center for International Business they are all a waste of tax payers money remember Alaska we have no Factories in Alaska and the small Anchorage Businessman are in trouble now with all the big stores coming in to Anchorage the small Businessman are going under and they can not compete with the big stores in Anchorage and the last thing on there mind is doing business in Russia and remember there are about 80 Businessman in Anchorage that went BUST in Russia that is allot for Anchorage and the word is out wait tell the Government will back you up and your word is good on tell that time do nothing for now , you will not find Businessman willing to invest in Russia today we drop the ball the first time around.

The State of Alaska should only Back the World Trade Center and the UAA should have a place for Alaskens to learn Russian and Japanese and Korean Language and this is the best way to go keep it on a low profile but I think this is good for now.

I think I have a good understanding of Russia and I like the country allot I have a friend that been to Russia 34 times and we have grate intrust in Russia and we plan to retire in Russia.

The World Trade Center is the most honest and they understand the Businessman most of all.

What Americans do not like in Russia

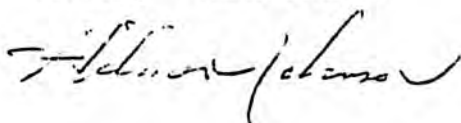
It is upsetting to Americans when Russians will not keep a Agreement also when you go to a restaurants and they charge Russians \$1.50 for a meal and charge Americans \$10.00 for the same meal it dont cost more to feed a American to charge Americans 70.00 Dollars for a Hotel and a Russian \$7.00 for the same room tell the Russians treat the Americans the same as Russians there will not be much trade with Russia

What Russians do not like about Americans and free enterprise

The Russians think money is the root of all evil and to think money is more important then your comrade is wrong to see a homeless person in Russia is devastating to them when they tell you about the senior citizens with no money food or a place to live, with tears coming down there face it can be upsetting to a American and I think this is why they charge a American so much they will tell you we let the Berlin wall come down and now Germany is all one country but you have not united Korea like you told us and never put it in writing your word is no good ether so you can not complain about the Russian word and Remember that also WW2 we won the war more then you did you only fight little boys 11 12 years old and old men over 55 years old, we made mistakes sure but we was fighting the real Germany Army if you had to fight them you would have lost you know that dont you ?

The Russians do not like Americans but remember they had 40 years of the cold war also they complained about Americans just like we complained about Russians 40 years, I do Thank you and I hope you cut lot of programs and I hope my letter is not upsetting to you.

Scenically Hilmer Johnson



Memo

To: Alaska State Legislature President Drue Pearce & Speaker Gall Phillips
From: Northern Hemisphere Incorporated Hilmer Johnson
Date: SEPTEMBER 28, 1995 Phone 907-258-1863
Re: International Trade (Why we lost in Alaska)

Dear Legislatures

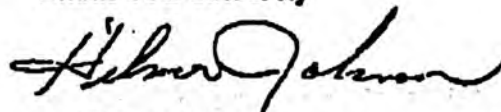
In my previous Memo I forgot to tell you one important subject that no one has notice the Russians have only used Americans Businessmen to get to America and now there are a lot of Russians in Alaska and they are the ones that have replace the American Businessman and there is no way that is going to change for Russians like doing business with Russians and trade will grow for the time being but only between Russians in Alaska and Russians in Russia not Americans and Russians

Did you ever notice that Russians are very good listeners just like the Japanese do you think that is telling you something about the future with Russia ?

Alaska Businessmen complained about money stolen from us with Russians and the felonies they committed and the laws they broken; theres was over 50 complains filled, all we wanted was the Government to just enforce the law that was all we ask nothing else, and federal Government and State did nothing there was millions of dollars lost by Alaskans but thanks to Frank Murkowski our Senator he did not care about the Alaskan Businessman he was concern about the Russians rights in Alaska not the laws they broke, It was devastating to the Alaska businessmen and one by one we all quite for it was ridiculous and preposterous to go on but now the Russians are in Alaska now and they are in charge of all the Business in Alaska with Russia , and the out come, we have lost but we must go on and say we have learn from this, there is nothing we can do now it over with now.

It is extremely important that we cut our spending for all states not only Alaska and have a balance budget is the only way we will come out in world trade for Russia is getting there budget balance and there is talk of Russia Germany France Italy China and North Korea all going back to the Gold standard in the World and if this happens America will be a third class country if the budget is not balance in America

Thank You Sincerely



Hilmer Johnson

FPE Roen

Civil Electrical Environmental Mechanical Survey

E N G I N E E R S

560 E. 34th Ave., Suite 300, Anchorage, AK 99503

Anchorage
Fairbanks

September 6, 1995

Alaska State Legislature
Suite 500
716 West 4th Avenue
Anchorage, Alaska 99501-2133

Reference: *International Business Needs Assessment*

Attention: Ms. Drue Pearce, President of the Senate
Ms. Gail Phillips, Speaker of the House

I had a little difficulty answering the attached questionnaire. As is the case with most questionnaires, the document does not quite fit all circumstances. Let me explain:

- We have had foreign work in the past: 1981 through 1982 and 1986 through 1993;
- our work abroad during 1990 through 1993 was minor;
- we have not had contracts to work abroad over the past three years, and;
- all of our work abroad has been for U.S. clients.

While reviewing our response to the survey questions please bear in mind that, although we are one of the larger home grown engineering firms (we employ about 50 Alaskans), we are a relatively small firm. My perspective is therefore, that of "small business".

Question #1: *Please suggest any programs or services the State could provide which would motivate more Alaskan companies to export.*

Typically, Alaskan businesses are comparatively small. The owners of these businesses are focused on the day-to-day problems of running a company in a vigorously competitive environment they are familiar with. Exporting offers new risks; risks that have not typically confronted by the small Alaskan business. Unlike European business people who have a tradition of international trade, such trade is not "in our blood".

- The typical Alaskan businessman needs a lot of education before he or she could feel comfortable making the investment required of participation in international trade.

The University of Alaska's programs in this area could be of a lot of help. Particularly if such programs were structured in evening short course and seminar format.

- If the Alaska businessman sees others successfully participating in international trade, they will feel assured that they can also compete; they know something about their competition's talents. If they see their competition successfully exporting goods or services they are more likely to give it a try themselves.

An image building program would help Alaskans feel more confident in taking the time and effort required to tailor their product to the foreign marketplace (i.e. the Alaska Seafood Marketing Institute program of the quality of Alaskan fish).

- Capital is always a problem for the small business. If the State could insure a portion of an export market development loan, money might be made available.

Not a give-a-way. Rather, a program similar to the old SBA loans where the government insured 60%, 70% or 80% of the loan amount, thus reducing the bank's risk. The borrower still remains responsible for paying the debt, however, the lender's risk is mitigated.

Question #2: *Approximately what percentage of your company's annual gross sales are derived from exports or other international business activities?*

During the last fiscal year we had no export business.

Question #9: *Please rate the relative difficulty your company had with each of the following export considerations while starting its export operation. Also, please rate the operational difficulties your company is currently having.*

The problem I have answering this question is that we do not have any current export business. Thus, we are more like a start-up company than an established company. Our basic problem is finding work in the foreign marketplace.

Question #11: *Please suggest any programs or services which would ease operational export complications for Alaskan Companies:*

Our reputation as "the last frontier", peopled with rough tough simpletons, may be great for the tourist business, but its not good for exporting brains. Our potential clients harbor a stereotype of Alaskans which creates the greatest barrier to marketing cerebral services overseas. Our stereotype is that of big dumb guys

standing around next to a piece of "yellow iron", a gun on our hip and a drink in their hands. In the background we can see thousands of acres of clear cut, while in the foreground we see a big pool of oil. Right next to us is a beat up pick-up truck with the bumper sticker; "I don't give a damn how they do it outside"!

Now picture in your mind's eye the Swedish Engineer; the people who manufacture the SABB and Volvo automobiles.

Develop a program, paid for by Alaskans who export, that would develop positive images of Alaskans, their services and their products.

Question #12: *Please suggest ways the State could enhance international business activities within Alaska:*

As suggested earlier:

- *A business loan program. Not a subsidized program; only a program where loan maintenance is partially insured by public funds (like the Federal SBA program of past years).*
- *An Alaskan image building program. Not a subsidized program; a program paid for by those who export goods or services from Alaska (like the Alaska Seafood Marketing Institute Program).*
- *A "continuing education" program offered in seminar and evening short course format. The program should be offered by the University of Alaska to insure it would contain materials of real value (as contrasted with the get-rich-quick-by-exporting scams offered by flight-by-night hustlers). Not a subsidized program; rather the people who take the offerings pay for the service through tuition fees.*
- *Assist businesses by organizing trade fairs both in Alaska and in foreign countries. These activities need not be subsidized with public money. Rather, Alaskan exporters could pay for the service. The government's role would be to focus and organize the activity and provide an "official" element to the event.*
- *Assist businesses by organizing trade missions to foreign marketplaces. These activities need not be subsidized with public money. Rather, Alaskan travelers could pay for the service. The government's role would be to focus and organized the activity and provide an "official" element to the event.*

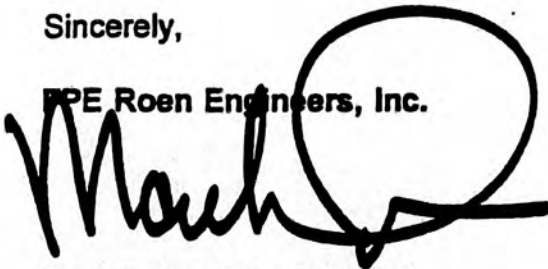
Drue Pearce & Gail Phillips
September 6, 1995
Page 4

- *Develop rules in the legislature, and policies within the Administrative branch, that would require "Officials" of the State to plan and conduct "Official" visits to foreign places in ways that recognize basic rules of protocol (i.e. Alaskan's are "professionals").*
- *Organize, through Administrative policy, University policy and funding criteria, a requirement for the elements of government (Federal and State) to cooperate, coordinate and/or combine program elements with private trade groups (i.e. the World Trade Center, Sea Food Marketing Institute, etc.).*

I hope the foregoing, as well as the attached, will be of assistance to you. If you have questions regarding information contained herein, please do not hesitate to give me a call.

Sincerely,

P.E. Roen Engineers, Inc.

A large, stylized handwritten signature in black ink, appearing to read 'Mark Fryer', with a large circular flourish at the end.

Mark Fryer, P.E., Principal

TERRY BRADY

NORTH AMERICAN FOREST LANDS AT LATITUDES NORTH OF 60 DEGREES

Proceedings of a Symposium
Held at the University of Alaska, Fairbanks
September 19, 20, 21 and 22, 1977

Thank you for the opportunity to comment - attached is an eighteen year old speech I made in Fairbanks. Nothing has changed - please change it.





NORTHERN FOREST RESOURCES: CHALLENGE AND OPPORTUNITY

by

Terry T. Brady, Forester
Forests North, Ltd., Anchorage, Alaska

Northern latitude forests offer mankind both a challenge and an opportunity. The opportunity is to use forest resources for the social and economic benefits of northern peoples, and for making up expected deficits in future world needs of wood, water, open space, and certain wildlife habitats. The challenge is to develop and manage these forests without destroying the base from which they originate.

I have worked with and about forest and other natural resources in the Pacific Northwest and Alaska for more than 25 years, and all my instincts and intellect tell me this challenge can be met--and the opportunity changed into assets.

However, this can only happen if we go about the work at hand with a positive attitude. The challenge is not one for fainthearted individuals, corporations, or governments. Negative thinking has no place in this endeavor--and neither do preconceived notions about economic or other values of northern forest resources. I refer particularly to those notions that assign low economic values to forest resources based on little understood biologic site production ratings for forests that either have not been managed or have been mismanaged by man in the past.

Any forester knows that the site productivity of forest lands in Alaska, much of Canada, and eastern Siberia is going to be less than that of the best sites in the Pacific Northwest or California. But determining that northern forests are uneconomic to manage, based on site productivity alone, overlooks other advantages that may accrue to the northern forest manager. Species, quality, market location, lack of other competing uses of land, and many other considerations must be weighed.

Northern forest values are, and will continue to be, subject partly to the effort we in the North put into enhancing these forest resources and partly to economic demand pressures imposed by other areas of the world.

For example, using the northern forest wood resources, whether coniferous or deciduous, to make up expected shortfalls in the world supply, in both the short and long-term future, will benefit both the market and the producing regions. Softwood framing lumber from Alaska could aid in meeting the demand for single and multi-family housing units in Japan, Korea, Taiwan, or conceivably even China. Trade funds generated by such transactions would in turn aid Alaskans and Canadians in their quest for a higher standard of living.



Yet such trade may not occur, at least on a large enough scale, in a short enough time frame, to benefit this generation of Alaskans. It will not occur until some very basic attitudes and policies emanating from some persons and agencies of our state and federal government and "citizen experts," some far removed from the actual Alaskan social and economic scene, are changed.

To be specific, I know of a 10-year effort by a major Far Eastern construction consortium to purchase, at prevailing market prices, 250 million feet board measure, per year, of rough sawn, air dried, Alaskan spruce lumber. They have received nothing from Alaska, except a governmental "run around," some private discouragement, and a few samples of 4-by-4s for testing purposes.

This buyer's problem does not stem from lack of resource. The resource is here, and research has shown it is here in volumes required to meet this market and more. With modern harvesting equipment, state-of-the-art milling techniques, imaginative transportation systems, and the seller taking advantage of marketing organizational structure and exporter tax breaks sanctioned by the U.S. Government, the project could be profitable.

However, because of land ownership and control controversies, lack of basic forestry policies, poor and monopolistic transportation systems, and most of all, negative reactions from state and federal authorities, some corporate leaders, and a vocal minority of the American public bent on keeping an interior Alaska forest products industry from becoming established, this project so far has been discouraged.

To those who state there are not markets for high-latitude Alaskan timber products, I ask: What is a market if it is not a buyer able and willing to pay the going price?

Put yourself in the buyer's position when visiting Alaska, funds in hand, to begin what he feels is a simple "buy-sell" transaction. He sees forests where natural mortality exceeds growth. He views coastal beaches and river bars piled high with deteriorating logs. He witnesses poor, wasteful harvesting operations, and antiquated sawmilling methods. He asks to discuss forest management policies for public and private land, and finds there is nothing to discuss because there are few, if any, policies.

His confusion is compounded by viewing feverish nonrenewable resource exploitation--a proliferation of new government buildings, and banks and office buildings under construction. And then he witnesses people living in village and urban hovels, people faced with the highest cost of living and the highest unemployment rate in the United States.



It is incomprehensible to the buyer to find waste, extravagance and poverty all operating side by side in Alaska. Common sense tells him that the renewable resource he wishes to purchase, on a long-term basis, could be the basis for an economic endeavor that could solve some of the problems he has witnessed.

I personally share the buyer's confusion, especially when I am aware of some of the factors that make it impossible for him to purchase the resource he seeks. These factors include the tardiness of Alaskan Native and State of Alaska land conveyances from the federal government, as provided by the Alaska Statehood Act and the Alaska Native Claims Settlement Act, and the total asininity and excessiveness of the potential of having 100 to 150 million acres, much of it forested, removed from multiple use classification. This is federal land that belongs to all the people of the nation, including the people of Alaska, who must depend on this land for their livelihood. The use of this land could aid Alaskans in "paying their own way" and lessening dependence on the federal government and other U.S. citizens.

I have described one project with which I am familiar. I would like to continue discussing the Alaskan situation a bit longer before venturing into the broader realm of world demand for wood.

In describing the potential project, I stated the buyer wished to purchase 250 million feet board measure of lumber per year. By applying conversion factors, rules of thumb, and assuming 50% of logs harvested for the project would be converted to lumber, I have determined approximately 41 million cubic feet of logs would be harvested for the project each year.

This would mean only taking approximately 12% of interior Alaska's preliminarily determined annual allowable cut of 358 million cubic feet (10.1 million cubic meters), as reported yesterday by Professor Zivnuska in his remarks opening this symposium.

This means that at least eight such projects, or others harvesting similar timber volumes, could be absorbed in Alaska's high-latitude forests before the preliminary and, in my view, conservative preliminarily determined sustained yield harvest is reached.

Allowing for realistic classification of some land as wilderness, national parks, wild and scenic rivers, and ecological study areas, it seems reasonable to expect six such projects could be in operation. At today's values, and assuming lumber was the major product, 1.5 billion feet board measure lumber could be sold, with a value exceeding \$300 million per year. Other forest products would also be involved, increasing this value.

Such income, from a now unused and by some definitions "wasted" resource, would go a long way in mellowing interior Alaska's cyclical



"boom and bust" economy. Other product potentials from Alaska's interior forests are veneer from softwoods and hardwoods, chips and flakes for pulp and composition board, fuel, and chemicals.

I would now like to comment on future world wood needs, and this demand in relationship to high-latitude forests.

J. L. Keays of the Department of the Environment, Canadian Forestry Service, in a 1975 paper, "Projection of World Demand and Supply for Wood Fiber to the Year 2000," noted that the conservative total world demand for wood by the year 2000 will be 4,000 million cubic meters per year, compared with a total cut of 2,400 million cubic meters in 1972. (This can be further compared to Alaska's projected annual sustained cut from high-latitude forests of 10.1 million cubic meters, or .25% of the world demand projected for 2000.)

Keays further stated that of the increased requirement of 1,600 million cubic meters, some 650 million cubic meters of wood per year could come from the use of unexploited coniferous forests. It should not take a trained forester or economic geographer to determine that the only large unexploited coniferous forests in the world are predominately in mid-high and high latitudes of Siberia, Alaska, and Canada.

Keays adds nine other categories from which the increased wood yield could come. These include: closer utilization of the world's forests; additional conversion of mill wastes; increased plantations; shorter rotation cycle; improved silvicultural practices; increased use of hardwoods (which would come heavily from northern forests); development of stronger pulps; increased yields across the digester; and reduction in loss through fire, decay, alienation of forest lands, and other miscellaneous causes. The ten category sources of increased wood production, all bearing on northern forests to one degree or another, would result in a total increased harvest of 1,400 million cubic meters by the year 2000, according to Keays.

This, predicts Keays, would result in a shortfall of 200 million cubic meters of wood per year by 2000 A.D. Keays further states, "To place this [shortfall] value in perspective, it is approximately equal to Canada's present cut of industrial wood." (To put it in further perspective, it would be 1,900% of interior Alaska's projected annual sustained yield.) Keays points out in his paper that his demand estimates, taken heavily from reports of the Food and Agriculture Organization of the United Nations, are conservative.

Keays is not alone in predicting increased wood fiber demand. The study, "The Pulp, Paper and Paperboard Industry: Its Profits, Future Development and Investment Risk," compiled by Euro-Data Analysts of England and completed September 1976, made similar findings. The study concludes



that world demand for paper and board will rise by 30.6 million tons between 1975 and 1985 followed by an additional 104 million tons demand beyond 1985 to 1995.

Another key finding, quoted in the "Proceedings of the World Consultation on Wood Based Panels," held in New Delhi, India, February 1975, came up with future world demand figures similar to those published in Keays' report. This report states the world total consumption of roundwood in 1973 was 2,500 million cubic meters. This included about 1,200 million cubic meters of fuel wood and 1,300 million cubic meters of industrial roundwood, the latter being made up of 800 million cubic meters of saw and veneer logs, 300 million cubic meters of pulpwood and 200 million cubic meters of other roundwood. The growth in total wood consumption over the past 10 years (prior to 1975) was at the rate of 1.5% per annum. The report concludes, "It is estimated that total world consumption will continue to increase by 1.5% to 3,060 million cubic meters by 1985."

Another publication, "European Timber Trends and Prospects, 1950 to 2000" available from the Food and Agriculture Organization, makes an important comment concerning future prices of forest products. Though the comment is addressed to Europe, it seems appropriate to apply it to other regions, as the world forest products industry is becoming more and more intertwined. The publication states, "The evidence suggests that in the next quarter century prices for forest products, relative to prices in general, may tend to rise, marking a change from the more or less stable trend during the two decades before the violent cyclical movements in 1973-75."

Yesterday Professor Zivnuska said he and a group of associates take the view that Food and Agriculture Organization (and other) predictions of world wood demand are high. Assuming this is correct, and further assuming that demand only rises 1,000 million cubic meters per year, as opposed to Keays' prediction of 1,600 million cubic meters, it would seem logical that Alaskan and other high-latitude suppliers need not be worried about marketing products. Most of this lesser rise would still come from undeveloped coniferous forests and hardwoods, both of which are found in high latitudes.

High-latitude woods are unique. Northern slow grown softwoods, with tight annual ring structure, make superior building materials, easily worked by machines, with high nail-holding ability and excellent weight-to-strength ratios. Northern hardwoods make excellent veneers and are prized for their light colors.

Scandinavians do not domestically consume all the wood they produce. They export, because they can sell a good product. There is a lesson in this for Alaska and Canada.



SOCIOECONOMIC ASPECTS OF HIGH-LATITUDE FORESTRY

It would seem Alaska, with its favorable Pacific Rim geographic location and with a comparatively small annual cut potential, will be asked to contribute its fair share to the needs of other parts of the world that have even less forest resource.

Will Alaska be able to meet the challenge? Or will it still be wallowing in the present atmosphere of conflict over land use, whether the conflict is real or imagined? I suspect, after watching the preservationist versus developers antics of the last year, which have peaked in testimony before Congress on classification of the so-called 17(d)(2) lands, that a rational land use policy, allowing management for the sake of increasing economic return from land resources, will not be formulated without further conflict.

The great, and oftentimes righteous, public demand for protection of natural resources is nowhere felt stronger than in forested areas. To many persons forests, with green trees, fresh water, fish, and animals, epitomize all that is right with nature and all that is wrong with man and his works. This is a simplified and dangerous view of the role of forests in the scheme of things, that if carried to extremes, as it now is from some elements of society, can result in harm to both forests and mankind.

True understanding and concern for forests will result in use of the forest systems for many varied needs and desires of man, while still providing needed food and shelter for the creatures with which we share this planet.

A great deal of the conflict now springing from attempts to classify Alaskan land for various uses, many of them considered single purpose, comes from ignorance. Our Scandinavian neighbors have demonstrated at this symposium that recreation and harvesting, and basic land resource husbandry, do not have to be mutually exclusive on the same tracts of land. The principle of multiple use is still valid.

We need more education and less ignorant confrontation if we, as professional land managers and interested citizens, are to aid our northern forests in meeting our demands and expectations.

We have room for dedicated wilderness, in areas that have true wilderness values. But believe me, a small amount of wilderness can go a long way when one must really live with it. We must be careful we do not confuse desires for legitimate wilderness experiences with overreaction to real or imagined past exploitation, and use the excuse for the former to punish ourselves for the latter.

We have room for dedicated ecological study areas, as suggested today by Dr. Viereck. Such areas, in representative places, will give us baseline data material to measure our success and failures in managing forests. We have room in Alaska, and a need, for dedicated wildlife



habitat, where the wildlife needs of the area are truly unique and necessary for the survival or betterment of the species.

And we certainly have room, and the need, for more land under various stages of management, where we can utilize resources in a continuing manner.

What a challenge. And if we meet it, what an opportunity.

Alaska State Legislature:

My letter concerns the state's involvement in foreign trade and specifically trade missions.

I feel that trade missions, which seem to be ongoing, are totally worthless. The majority of these trips are vacations at the state's expense for people who don't have the knowledge required to make a business venture viable. We have followed a lot of this activity over the past years and have a good chuckle whenever we hear who is going.

The first questionable trip which I noted was back in the days of the Cowper administration. A group of state employees traveled to Finland to observe the manufacture of birch plywood. Note that someone had informed that Alaska has large quantities of birch forests which normally mature, rot, and become windfalls or fuel for fires. Nevertheless, the state group traveled to Scandinavia to look at mills. Note that included in the trip were several side trips to Norway, Sweden, and Denmark. Of course, the press specified that the state trips would be personally financed. However, we all know how that really worked. Anyway, Cowper, his wife, and a LARGE group made the trip.

What never did never did come out was the fact that various domestic locations manufacture plywood from numerous types of wood. I personally have been involved with plywood manufacture in the Upper Peninsula of Michigan. Wood types include maple, oak, spruce, and birch. One mill was making plywood in the 1930s when plywood was used for PT boats, LCM landing craft, minesweepers, and a great deal of spruce and plywood was sent to Canada where it was used in the manufacture of DeHavilland Mosquitoes.

Naturally, these same mills have been updated to state of the art, computerized, electro-hydraulic machinery. The first motor upgrade was in the 1950s with the subsequent changes ~~are~~ taking place even today. The difference between the mills in the Upper Peninsula of Michigan and the mills in Finland -- who wants to make a trip to the Upper Peninsula of Michigan?

I hope that example is worthwhile -- I could go on about the low value of these missions. The participants are not the correct choices, but usually friends on vacation. Another example is the recent Magadan trip. There are a multitude of Alaskans who have already financed such a trip on their own and have shared their knowledge. The political trip is more individuals becoming educated at government's expense to better their own interests. I defy any one of them to convince the public that they have no intention of trying to better themselves or a relative (i.e., set their wife up as an importer, make a relative a liaison person (government expense) or some other betterment.)

In conclusion, the majority of these state or local government trips are of little or no value for the following:

1. Participants are usually not informed or inexperienced in what the mission is.
2. Usually not beneficial to ALASKANS -- results are more beneficial to other states or the mission location.
3. Participants are usually being educated in activities that others have already done.
4. Expenses are on the Alaskan people -- the value is questionable and the politicians should be more focused on home.
5. Most of the participants are seeking personal gain at state expense (or for their company.)
6. Many of the missions are for reasons other than benefiting the Alaska economy -- i.e., vacations, business trips, etc.
7. Most of the participants have no idea as to how their trip will create jobs here -- i.e., extol birch plywood manufacturing but vote against logging issues.

Thank you for your time and consideration.

Roger Mechon