

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672
2368 SCOMM 100 HOUSE SPEC. INTL. TRADE & TOURISM. . . , 1995-1996



SOCIOECONOMIC ASPECTS OF HIGH-LATITUDE FORESTRY

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 Zivnaska 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



SOCIOECONOMIC ASPECTS OF HIGH-LATITUDE FORESTRY

"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 Zivnуска 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

TERRY T. BRADY



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.

X-E

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August 22, 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 assessing 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 stylized signature of Drue Pearce.

Drue Pearce
President of the Senate

Sincerely,

A stylized signature of Gail Phillips.

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:**

	<u>Last Fiscal Year (A)</u>	<u>5 yr. Projection (B)</u>
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.**

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

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

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)

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

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 _____

[illegible]

Part III, Continued

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
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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 of the agencies.
(Leave blank those you have not used.)*

[illegible]

SCOMM

100:7

Alaska State Legislature

Senator Drue Pearce President of the Senate

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July 30, 1995

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Drue Pearce
President of the Senate

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Speaker of the House

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or

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- b. ☐ Special export bank loan (Alaskan bank ☐ non-Alaskan bank ☐)
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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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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)

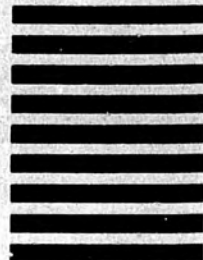
14. Assistance with export documentation, customs, or foreign laws
15. Export financing (export loans, etc.)
16. Assistance altering a product or service to foreign market specifications
17. Logistics, shipping, or distribution assistance
18. Assistance establishing credit / payment terms
19. Other international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

Federal	Local	AK Regional Development Organizations	Other
U.S. Dept. of Commerce Foreign Commercial Service			
U.S. National Marine Fisheries Service			
U.S. Small Business Administration			
Alaska Congressional Delegation			
Municipality of Anchorage Office of Int'l Affairs			
Kenai Peninsula Borough			
Fairbanks North Star Borough			
Anchorage International Airport			
Fairbanks International			
Fairbanks Industrial Development Corp.			
Anchorage Economic Development Corp.			
Southwest AK Municipal Conference			
Southeast Conference			
Kenai Peninsula Economic Development District			
Prince William Sound Econ. Development Council			
Bering Strait Economic Council			
Arctic Development Council			
Anchorage Convention & Visitors Bureau			
AK Fisheries Development Foundation			
Foreign trade agency (JETRO, KOTRA, CETA)			

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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+ %

	N.R.	Services	Other	Total by percentage
a. 1-15 %	1	29	8	37
b. 16-50 %	2	3	4	9
c. 51+ %	7	7	1	16
Total by industry sector	10	39	13	62

* 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

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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.

PRIVATE SECTOR SURVEY RATIONALE

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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:

- To what extent are businesses within certain industry classifications (especially service sector firms) exporting?
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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?

SECTOR*:				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

<u>ASIA</u>	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

<u>AMERICA</u>	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**

Japan
Korea
P.R.C.
R.O.C.
India
India / Pakistan
Malaysia
Philippines
Thailand
Vietnam
ASEAN
Southeast Asia

N.R.	OTHER	SERV.	TOTAL
9	6	6	21
3	1	2	6
2	0	5	7
1	0	2	3
0	0	0	0
0	1	0	1
0	0	1	1
0	0	1	1
0	0	0	0
0	0	0	0
0	0	0	0
0	1	1	2
15	9	18	42

N.R.	OTHER	SERV.	TOTAL
7	5	4	16
7	1	3	11
3	1	7	11
2	0	4	6
0	0	2	2
0	1	0	1
0	0	1	1
0	0	1	1
0	0	1	1
0	0	1	1
0	1	0	1
19	9	25	52

NS

Russia
Uzbekistan

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

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

EUROPE

Germany
Switzerland
Europe
Belgium
Norway
Italy
Denmark
Holland
France
Austria
U.K.
Iceland
Portugal

N.R.	OTHER	SERV.	TOTAL
3	3	2	8
0	1	1	2
0	0	2	2
0	1	1	2
0	1	0	1
0	2	0	2
0	1	0	1
0	0	1	1
0	0	2	2
0	0	0	0
0	0	1	1
0	0	2	2
0	0	0	0
3	9	12	24

N.R.	OTHER	SERV.	TOTAL
2	3	3	8
0	0	2	2
0	0	2	2
0	1	0	1
0	1	0	1
0	1	0	1
0	1	0	1
0	1	0	1
0	0	1	1
0	0	1	1
0	0	0	0
0	0	1	1
2	8	11	21

NORTH**AMERICA**

Canada
United States
North America

N.R.	OTHER	SERV.	TOTAL
2	3	5	10
0	0	1	1
0	0	1	1
2	3	7	12

N.R.	OTHER	SERV.	TOTAL
2	4	4	10
0	0	1	1
0	0	0	0
2	4	5	11

CENTRAL / SOUTH**AMERICA**

South America
Central America
Chile
Panama

N.R.	OTHER	SERV.	TOTAL
0	1	1	2
0	0	2	2
0	0	1	1
0	0	1	1
0	1	5	6

N.R.	OTHER	SERV.	TOTAL
0	1	2	3
0	0	1	1
0	0	1	1
0	0	1	1
0	1	5	6

MIDDLE EAST /**AFRICA**

Middle East
Africa
West Africa
Israel

N.R.	OTHER	SERV.	TOTAL
0	0	1	1
0	1	1	2
0	0	0	0
0	0	1	1
0	1	3	4

N.R.	OTHER	SERV.	TOTAL
0	0	2	2
0	1	1	2
0	0	1	1
0	0	0	0
0	1	4	5

AUSTRALIA /**PACIFIC**

Australia

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

N.R.	OTHER	SERV.	TOTAL
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

--	--	--

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		
---	--	--

1s 2s 3s

	1	
--	---	--

1s 2s 3s

	1	
--	---	--

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

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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

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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

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

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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
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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.)
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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