

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672

2449 SCOMM 103: HOUSE SPEC. COMM. INTL. TRADE & TOURISM, 1997-98

Survey results VIII (results to Part I. question 12 and Part II. question 6)

Suggestions Alaskan businesses have for enhancing international business activity in the state.

Exporters

Improve export assistance

- 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)
- Work with real companies to facilitate real deals, not just get acquainted trips (s)
- Simplify! We are bewildered and confused by which state agencies are doing what (s)
- By supplementing group business development plans (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)
- De-politicize trade issues and appointments and recognize the vital role (and complexity) of international markets in Alaska's future (s)
- Advertising directories distributed in Russia which advertise ALL companies (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)
- Provide up-to-date information on customs (Russian) laws, provide sources of export finance (s)
- Continue to supply manufacturers / exporters with the names and addresses of people inquiring about Alaskan products. Help exporters obtain credit information regarding potential customers (o)
- 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)
- Perhaps bring in foreign delegations of business and introduce suppliers for their needs (o)
- Support trade fairs, exhibitions, maintain trade office with major partners (s)
- Put together a professional services directory (s)
- Support more international trade mission to and from Alaska (s)
- Provide greater assistance to Alaskan business owners obtaining state / federal granted programs for the development of international markets (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)

Address trade law issues

- 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)
- 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)

Export finance

- 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)
- Financing (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)

Promote Alaska abroad

- Market Alaska as a good place to do business (s)
- Foreign advertising of Alaskan mystique / knowledge of Arctic (s)
- Present a positive image abroad (n)
- Domestic and international advertising and subsidies (s)

Other

- 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)

- There is not enough space in this section! (o)
- Continue to provide a low tax environment. Get fiscal house in order (s)
- 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)

Potential exporters

Foreign investment promotion

- Seek to develop markets for metals and minerals which are already being mined. Make Alaska's mineralogical potential known to foreign investors (s)
- Aggressive marketing of Alaska as a good place to invest (s)
- Promotion (n)

Improve export assistance

- Ask small businesses to participate more - so far, only big firms are involved (s)
- Help Alaskan businesses (not companies doing business in Alaska) with knowledge and advice on foreign markets. More substance and less networking (s)
- Sponsorship / attraction of international trade fairs (s)
- Provide introductions, open doors (s)
 1. Identify contacts
 2. Conduct workshops
 3. Provide financial incentives (s)
- "How to" help (s)
- Foster more dialogue between foreign governments and foreign industries with those of us in Alaska who have services or products needed in those foreign markets) (s)
- Perform a service for all comers (s)
 1. Raise the public's awareness of business opportunities and potential benefits statewide from increased import / export activities. Example: the many entrepreneurial opportunities - especially in retailing and manufacturing that are attractive to the sole proprietor / small business person
 2. Encourage the statewide media to increase coverage of business in Alaska.
 3. Rather than concentrate on the few largest products being shipped from Alaska (primarily oil and fish) develop incentive / information / assistance programs for individuals wishing to start an import / export business (n)
- Provide a central clearing house which answers questions and assists businesses to identify markets (s)
- Provide needs assessments in international countries. Provide a central document in which international bids / needs can be published for prospective service providers (s)
- Market research into foreign economies (s)
- Businesses need to know clearly whether it is feasible to export services to Russia, Japan, China. There are too many requirements for making initial investments in trips, travel, marketing, etc. (s)
- Encourage businesses to use a buddy system to move new organizations into the export market. For example, a timber exporter gets a tax credit for getting an Alaska engineering firm involved in exporting service to Russia (s)
- Publish the Alaskans willing to provide products and services to foreign countries (s)
- Interpreter services, databases with information specific to industry, contacts, newsletter updating current demands or the international marketplace (s)
- Guarantee foreign payment (s)
- Legitimate small business loans - also, legitimate exploration loans for geological and geophysical prospecting on state mineral land for the small miners (n)
- Listing of markets needing granite armor stone, rip rap, and other materials (n)
- By looking to other markets for our salmon products. India is an especially good candidate (n)
- Investigate and identify the resources / services available in Alaska. Publish the information for businesses (n)
 1. Research into business opportunities in remote locations
 2. Further trade based trips to make contacts (s)
- Give companies, with products which utilize resources unique to Alaska, special assistance to move product (n)
- Provide a comprehensive list of those services which are needed and a program on how to proceed with the marketing of those services (s)
- Interpreters, company names, import laws, finance info (n)

Support and / or develop the local economy / infrastructure

- Support international business that will require more local support (buildings, jobs, etc.) (s)
- Encourage the growth of local enterprise by not buying outside the state (s)
- Wood product value added business support (milling, composite, creations, etc.). Quit selling raw materials to the Japanese. consider possibly utilizing native wood for construction purposes (yellow cedar, red cedar, spruce) (s)
- Establish a freeport (s)
- Possible free trade zone in Anchorage (s)
 1. Open free trade zone

- It may not be possible to do a credible job given the diversity and far flung nature and language problems involved. We once had a very frustrating experience attempting to locate manufacturers of certain equipment in Japan (s)
- Do we really desire increased activity regardless of cost to us? We provide professional services and do not need more competition (s)

Survey results IX (results Part I, question 7)
International market activity

Table IX-A, natural resource sector exporters

	<u>Last fiscal year</u>				<u>5 year projection</u>			
	1-15%	16-50%	51-100%	Region total	1-15%	16-50%	51-100%	Region total
ASIA								
Japan	3	3	3	9	2	2	3	7
Korea	1	1	1	3	2	2	1	7
P.R.C.	2	0	0	2	1	2	0	3
R.O.C.	1	0	0	1	2	0	0	2
	7	4	4	15	7	6	4	19
NORTH AMERICA								
Canada	0	2	0	2	0	2	0	2
	0	2	0	2	0	2	0	2
EUROPE								
Germany	0	2	1	3	0	1	1	2
	0	2	1	3	0	1	1	2
NIS								
Russia	0	0	1	1	0	0	1	1
	0	0	1	1	0	0	1	1

Survey results IX, continued (results Part I, question 7)

International market activity

Table IX-C, service sector exporters

	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 / SOUTH 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

Survey results IX-B (results Part I, question 7)
International market activity

Table IX-A, retail / light mfg. sector exporters

	<u>Last fiscal year</u>				<u>5 year projection</u>			
	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

Survey results IX, continued (results Part I, question 7)

International market activity

Table IX-D, all sectors

	Last fiscal year				5 year projection			
	N. Resources	Retail/Mfg.	Services	Total	N. Resources	Retail/Mfg.	Services	Total
ASIA								
Japan	9	6	6	21	7	5	4	16
Korea	3	1	2	6	7	1	3	11
P.R.C.	2	0	5	7	3	1	7	11
R.O.C.	1	0	2	3	2	0	4	6
India	0	0	0	0	0	0	2	2
India / Pakistan	0	1	0	1	0	1	0	1
Malaysia	0	0	1	1	0	0	1	1
Philippines	0	0	1	1	0	0	1	1
Thailand	0	0	0	0	0	0	1	1
Vietnam	0	0	0	0	0	0	1	1
ASEAN	0	0	0	0	0	0	1	1
Southeast Asia	0	1	1	2	0	1	0	1
	15	9	18	42	19	9	25	52
NIS								
Russia	1	3	15	19	1	3	19	23
Uzbekistan	0	0	1	1	0	0	1	1
	1	3	16	20	1	3	20	24
EUROPE								
Germany	3	3	2	8	2	3	3	8
Switzerland	0	1	1	2	0	0	2	2
Europe	0	0	2	2	0	0	2	2
Belgium	0	1	1	2	0	1	0	1
Norway	0	1	0	1	0	1	0	1
Italy	0	2	0	2	0	1	0	1
Denmark	0	1	0	1	0	1	0	1
Holland	0	0	1	1	0	1	0	1
France	0	0	2	2	0	0	1	1
Austria	0	0	0	0	0	0	1	1
U.K.	0	0	1	1	0	0	1	1
Iceland	0	0	2	2	0	0	0	0
Portugal	0	0	0	0	0	0	1	1
	3	9	12	24	2	8	11	21
NORTH AMERICA								
Canada	2	3	5	10	2	4	4	10
United States	0	0	1	1	0	0	1	1
North America	0	0	1	1	0	0	0	0
	2	3	7	12	2	4	5	11
CENTRAL / SOUTH AMERICA								
South America	0	1	1	2	0	1	2	3
Central America	0	0	2	2	0	0	1	1
Chile	0	0	1	1	0	0	1	1
Panama	0	0	1	1	0	0	1	1
	0	1	5	6	0	1	5	6
MIDDLE EAST / AFRICA								
Middle East	0	0	1	1	0	0	2	2
Africa	0	1	1	2	0	1	1	2
West Africa	0	0	0	0	0	0	1	1
Israel	0	0	1	1	0	0	0	0
	0	1	3	4	0	1	4	5
AUSTRALIA / PACIFIC								
Australia	0	0	0	0	0	0	1	1
	0	0	0	0	0	0	1	1

Survey results X (results Part I, questions 6 and 2, and Part II, question 5)
Respondent profile statistics - respondent gross sales / export sales last fiscal year

Table X-A, exporters

	NATURAL RESOURCES	SERVICES	RETAIL/MFG.	ALL GROUPS	
<i>Sales range</i>	Total citing response	Total citing response	Total citing response	Total citing response	Percent of response total
a. \$0 - \$250,000	6	10	3	19	34%
b. \$250,001 - \$ 5,000,000	2	10	5	17	30%
c. \$ 5,000,001+	3	14	3	20	36%
Total (all groups)				56	

Table X-B, percent exports of total sales (exporters only)

	NATURAL RESOURCES		SERVICES		RETAIL/MFG.		ALL GROUPS	
<i>Percent Sales</i>	Total citing sales level	Percent of sector total	Total citing sales level	Percent of sector total	Total citing sales level	Percent of sector total	Total citing sales level	Percent of sector total
<i>International</i>								
a. 1-15 %	1	10%	28	74%	8	62%	37	61%
b. 16-50 %	2	20%	3	8%	4	11%	9	15%
c. 51+ %	7	70%	7	18%	1	8%	15	25%
Total by industry	10		38		13		61	

Table X-C, potential exporters

	NATURAL RESOURCES	SERVICES	RETAIL/MFG.	ALL GROUPS	
<i>Sales range</i>	Total citing response	Total citing response	Total citing response	Total citing response	Percent of response total
a. \$0 - \$250,000	23	74	7	104	60%
b. \$250,001 - \$ 5,000,000	5	42	2	49	28%
c. \$ 5,000,001+	2	19	0	21	12%
Total (all groups)				174	

Part C
Appendix

Appendix A
Project Oversight Committee

Joe Beedle
Juneau Small Business Development Center

Sherry Biggs
Kenai Economic Development District / Chamber

Steve Borrell
Alaska Miners Association

Chris Gates
Alaska Forestry Association

David Haugen
The Alliance

Carol Heyman
Anchorage Chamber of Commerce

Tom Jensen
Alaska State Chamber of Commerce

Jim Martin
Alaska Business Monthly

Chris Mitchell
Alaska Fisheries Development Foundation

Kevin Krauklis
Fairbanks Economic Corporation and Chamber of Commerce

Dale Wade
Alaska Air Cargo Association

July 10, 1995

(Oversight Committee Member)

We are pleased that you have chosen to become an active part of our state's international business future. As a member of the oversight committee for Alaska's first ever comprehensive private sector international needs assessment, you will be contributing to the long-term future of international business development in Alaska.

The private sector needs assessment is part of a larger plan to enhance Alaska's ability to assist Alaskan businesses looking to succeed in foreign markets. By assessing the real needs of Alaskan private sector businesses in terms of the services offered by state international trade assistance agencies (ITAAs), we can begin to substantially improve on Alaska's course of action for reaching customers around the world.

As an oversight committee member, you will be asked to do the following:

- Provide advice and comments on the assessment process in general;**
- Provide advice and comments of the private sector survey;**
- Validate our efforts in enhancing the state's capability for responding to the international trade needs of Alaskan businesses.**

You will be asked to attend one full-quorum meeting on Monday, July 17 from 3:00 to 5:00 p.m. at the World Trade Center Alaska to discuss the process in general. You will also receive a final draft copy of the private sector survey (tentatively on August 1) to review and edit before it is distributed. Finally, you will be asked to review and comment on our final analysis information (tentatively on September 15). The analysis information will be shared with a special legislative task force whose members will make formal recommendations based on the results.

Your efforts are greatly appreciated and will certainly contribute to Alaska's international future. Thank you for your time and consideration.

(TL)

APPENDIX B
Government Agency Service Providers Listed in Part III of the Survey

UNIVERSITY OF ALASKA

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

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

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

World Trade Center Alaska & TROIKA Alaska: World Trade Center Alaska is a membership supported organization which provides international business services to its members. TROIKA Alaska is an University of Alaska program operating on a grant from the Commerce Department CABNIS program. The purpose of the program is to increase U.S. exports to the Russian Far East.

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

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

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

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

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

STATE OF ALASKA

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

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

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

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

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

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

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

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

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

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

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

UNITED STATES FEDERAL GOVERNMENT

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

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

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

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

LOCAL GOVERNMENTS

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

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

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

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

ALASKA REGIONAL DEVELOPMENT ORGANIZATIONS (ARDORs)

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

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

OTHER ORGANIZATIONS

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

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

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

APPENDIX C
Total Respondents by SIC Code

Current exporter respondents (respondents to Part I of the survey)

Natural resource sector

<u>SIC Codes</u>	<u>Industry description</u>	<u>Number of responses</u>
811	Timber tracts	1
911	Commercial fishing	1
1030	Lead and zinc ore metal mining	1
1099	Miscellaneous metal ores NEC	1
1440	Sand and gravel	1
2411	Logging	3
Natural resource related total:		8

Service sector

<u>SIC Codes</u>	<u>Industry description</u>	<u>Number of responses</u>
723	Crop preparation services for market except cotton ginning	1
851	Forestry services	2
1382	Oil and gas field exploration services	1
1389	Oil and Gas Field Services NEC	1
1500	Building construction - general contractors and operative builders	1
4210	Trucking and courier services except air	1
4212	Local trucking without storage	1
4469	Water transportation of freight NEC	1
4491	Marine cargo handling	1
4512	Air transportation, scheduled	2
4581	Airports, flying fields, and airport terminal services	1
4725	Tour operators	1
4730	Arrangement of transportation of freight and cargo	1
4899	Communications services NEC	1
4920	Gas production and distribution	1
5080-5999	Wholesale trade	4
5999	Miscellaneous retail trade	2
6512	Operators of non-residential buildings	1
7311	Advertising agencies	1
7335	Commercial photography	1
7349	Building cleaning and maintenance services NEC	1
7370	Computer programming, data processing, and other computer related services	1
7381	Detective, guard, and armored car services	2
7389	Business services NEC	4
8711	Engineering services	12
8732	Commercial economic, sociological, and educational research	1
Service sector total:		47

Other sectors

<u>SIC Codes</u>	<u>Industry description</u>	<u>Number of responses</u>
2082	Malt beverages	1
2087	Flavoring extracts and flavoring syrups NEC	1
2399	Women's misses', and juniors' outerwear NEC	1
2731	Books: publishing, or publishing and printing	1
2740	Miscellaneous publishing	1
2890	Miscellaneous chemical products	1
2910-2911	Petroleum refining	2
3533	Oil and gas field machinery and equipment	1
3692	Primary batteries, dry and wet	1
3990	Miscellaneous manufacturing industries	1
5199	Nondurable goods NEC	1
5999	Miscellaneous retail stores NEC	1
<u>Other categories total</u>		13
Total current exporter respondents:		68

Potential Exporter Respondents (respondents to Part II of the survey)

Natural resource sector

<u>SIC Codes</u>	<u>Industry description</u>	<u>Number of responses</u>
811	Timber tracts	1
910-911	Commercial fishing	5
1040-1041	Gold ore mining	5
1099	Miscellaneous metal ores mining NEC	2
1300	Oil and gas extraction	2
1420	Crushed and broken stone	1
1440	Sand and gravel	7
1499	Miscellaneous nonmetallic minerals NEC	3
2411	Logging	9
Natural resource related total		35

Service sector

<u>SIC Codes</u>	<u>Industry description</u>	<u>Number of responses</u>
851	Forestry services	6
1081	Metal mining services	2
1381	Drilling oil and gas wells	2
1382	Oil and gas field exploration services	2
1389	Oil and gas services NEC	2
1500-1574	Building contraction - general contractors and operative builders	23
1629	Heavy construction NEC	1
1799	Special trade contractors NEC	1
4512	Air transportation, scheduled	1
4581	Airports, flying fields, and airport terminal services	1
4789	Transportation services NEC	1
4899	Communications services NEC	3
4920	Gas production and distribution	1
4941	Water supply	2
5080-5199	Wholesale trade	5
6512	Operators of non-residential buildings	1
6519	Lessors of real property NEC	2
7311	Advertising agencies	1
7335	Commercial photography	1
7379	Computer related services NEC	3
7389	Business services NEC	1
8711	Engineering services	61
8712	Architectural services	16
8713	Surveying services	2
8721	Accounting, auditing, and bookkeeping services	1
8732	Commercial economic, sociological, and educational research	2
8734	Testing laboratories	1
8741	Management services	2
Service sector total		147

Other sectors

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

Total potential exporter respondent total: 191

Survey totals

Total exporter respondents:	68
Total potential exporter respondents:	191
Total tabulated surveys:	259
Response rate percentage*	13%

NEC = Not elsewhere classified

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

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

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

	and cargo	43
4789	Transportation services not elsewhere classified	4
4899	Communication services, not elsewhere classified	132
4920-4925	Gas production and distribution	14
4940-4941	Water supply	29
4953	Refuse systems	70
5000-5145, 5147-5199	Miscellaneous wholesale trade	2,053
6020-6029	Commercial banks	8
6512	Operators of nonresidential buildings	599
6519	Lessors of real property not elsewhere classified	449
7300-7399	Business services (except computer services)	8,397
7371-7379	Computer related services	326
8711	Engineering	495
8712	Architectural services	106
8713	Surveying services	184
8731	Commercial, physical and, biological research	1
8732	Commercial economic, sociological, and educational research	37
8734	Testing labs	3
8740-8799	Management consulting and public relations services	2,209

APPENDIX E

**Total number of registered Alaskan companies within targeted industries
(by SIC Code) -- retail / manufacturing**

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

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

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

APPENDIX G

Notes on survey questions

Question 1

The motivation question was inspired by a number of sources including:

1. Copy of E-mail letter from Christina Ravekes, Commercial Service of the USA, Santa Clara (forwarded July 7, 1995).
2. *Discovering Export Opportunities*, Southwestern Pennsylvania Regional Economic Development Council, p. 48-49.
3. Czinkota R. Michael and Tesar, George. *Export Management, an International Context*, Praeger: 1982, p. 6, 92.
4. Dulat, Karin B. and Wells, Fargo L. *Exporting from Start to Finance*, Liberty Hall Press: 1991, p. 4-5.

Question 2

The international sales choices were staggered to reflect three basic levels of export activity:

- 1 - 15 %, a small percentage of total sales are exports
- 16 - 50 %, a moderate percentage of total sales are exports
- 51 % +, the majority of total sales are exports

Question 3

Question three was primarily structured after a survey question included in the Kenan Institute's 1995 Report Card on Trade:

1. *Report Card on Trade - Evaluating Support Services for American Exporters*. International Business Education Center, Kenan Institute of Private Enterprise: 1995. p. A3-2.

Question 5

Question five was partially structured after a survey question in the Kenan Institute's 1995 Report Card on Trade:

1. *Report Card on Trade - Evaluating Support Services for American Exporters*. International Business Education Center, Kenan Institute of Private Enterprise: 1995. p. A3-5 (question F 31).

Question 6

As there are numerous definitions for "small business", the following sales ranges from question six were generalized - none of the sales ranges are based on Small Business Administration definitions for small business in any particular industry.

- \$ 0 - \$ 250,000, an infant business
- \$ 250,001 - \$ 5,000,000, a small business
- \$ 5,000,001 +, medium to large businesses

Question 7

In reporting the industry-specific results to question seven, international sales were categorized according to the criteria listed in question two.

Question 8

Question eight (8a) was partially structured after a survey question in the Southwestern Pennsylvania Regional Development Council's *Discovering Export Opportunities* study. Question (8b) was inspired by Mr. Steve Smirnoff, Special Assistant to the Mayor for International Affairs, Municipality of Anchorage.

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

- Part (a), companies which might 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), companies which recognize the benefits associated with international trade, but would prefer dealing domestically.
- Part (c), 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.
- Part (c2), economies of scale can 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?
- Part (c3), international business risk: company concerns over international business risk need to be met with information.
- Part (c4), generally a poor reason for not considering international trade - few companies are immune from international competition.

1. *Discovering Export Opportunities*, Southwestern Pennsylvania Regional Economic Development Council, p. 45 (question A-13).

Question 9

The list of export considerations came from a number of sources including:

1. *Discovering Export Opportunities*, Southwestern Pennsylvania Regional Economic Development Council, p. 54 (question D-2).

2. *Report Card on Trade - Evaluating Support Services for American Exporters*. International Business Education Center, Kenan Institute of Private Enterprise: 1995. p. A3-3 (section D).

3. Czinkota R. Michael and Tesar, George. *Export Management, an International Context*, Praeger: 1982, p. 61.

4. Dulat, Karin B. and Wells, Fargo L. *Exporting from Start to Finish*, Liberty Hall Press: 1991, p. 8-9.

5. Renner, Sandra L. and Winget, Gary W. *Fast Track Exporting - How Your Company Can Succeed in the Global Market*, American Management Association: 1991, p. 49-52.

Question 10

Question ten was copied from a survey question in the Southwestern Pennsylvania Regional Development Council's *Discovering Export Opportunities* study.

1. *Discovering Export Opportunities*, Southwestern Pennsylvania Regional Economic Development Council, p. 50 (question B-12).

PART II

Question 1

It was assumed that companies which had never considered international trade would have comparatively little to say about exporting. Consequently, "no" respondents were asked to skip the majority of Part II.

Question 2

(Please see Part I, question one)

Question 3

Question three was modeled after Part I, question nine.

Question 4

(Please see Part I, question eight)

Question 5

(Please see Part I, question six)

PART III

Part 3

Part three was heavily structured around a number of other sources. Descriptions of the listed agencies can be found in Appendix C.

1. *Discovering Export Opportunities*, Southwestern Pennsylvania Regional Economic Development Council, p. 54 (question D-2).
2. *Report Card on Trade - Evaluating Support Services for American Exporters*. International Business Education Center, Kenan Institute of Private Enterprise: 1995. p. A3-3 (section D).
3. Renner, Sandra L. and Winget, Gary W. *Fast Track Exporting - How Your Company Can Succeed in the Global Market*, American Management Association: 1991, p. 24.

Appendix H
Participating Companies -
Potential Exporters

Adams, Morgenthaller, and Company
 AE Rogers Architects
 Al-Can Adventure Marketing
 Alaska Central Express
 Alaska Datatronics
 Alaska Environmental Control
 Alaska Extinguisher Company
 Alaska Fish Factor
 Alaska Lands and Resources
 Alaska Minerals
 Alaska National Corporation
 Alaska Native Arts and Crafts
 Alaska Pacific Powder Company
 Alaska Paper Company
 Alaska Post Cards
 Alaska Standard Mining Company
 Alaska Village Environmental
 Alcan Builders, Inc.
 Alexander Ace
 Ambler Exploration
 Anchorage Sand and Gravel
 Arctic Contractors
 Arctic Minerals Company
 Arctic Outfitters, Ltd.
 Bear Garden Fisheries
 Ben A. Thomas Incorporation
 Besse, Epps & Potts
 Bezek Durst Seiser
 Bishop and Associates
 Boehne Resource Development
 Bonanza Log and Salvage
 Brooks and Associates
 Bruce H. Mattson Electrical
 Bush Cons't Surveys Inc. / AK Rim
 C T I Alaska
 Calais Company, Inc.
 Caribou Enterprises
 Carl E. Grundberg Architect
 Carroll-Vondra
 CET Engineering Support Service
 Charles Bettisworth and Company
 Chugach Engineering
 Chugach Rock Corporation
 Circumpolar Research Associates
 Coal Water Fuel Services
 Concrete Cutters / De Loraine
 Consultec
 Contracting Ventures, Inc.
 Cooper Consulting Engineer
 Copper River Telecom

Crowley All Terrain Corp.
 Crowther Associates
 D and E Ventures
 D L B Wellsite
 David M. Bear, R.L.S.
 David P. Williams, P.E.
 Davis Constructors and Engineers
 De Lapp Consulting
 Deborah Holmes, CPA
 Denali Drilling
 Denali Mechanical, Inc.
 Dent, Donald R. - P.E. and LS
 Dick Lowman, P.E.
 Digital Stock, Inc.
 Dollerhide Engineering
 Doyon Drilling, Inc.
 DRven Corporation
 E and R Mining Company
 E H S Alaska, Inc.
 Eagle River Engineering Services
 Earl Fullingim, AIA Architect
 Earthscape
 East Road Fish Products
 Ed's Electric, Inc.
 Edwin Stryker, P.E.
 EMCON Alaska, Inc.
 Engineering Consultants of Alaska
 Equipment Engineering
 Ernst Siemoneit, P.E.
 Ester Drilling Company
 Fairbanks Excavating and Trucking
 Fairweather Prints
 Financial Services, Inc.
 Flappin Fresh Fillets
 F M C Logging, Inc.
 Fritz Creek Fish
 Ghemm Company, Inc.
 G N McDonald and Associates
 Goentzel Builders, Inc.
 Gold Coast Builders
 Gorman Engineers
 Green Engineering
 Hall Industries
 Hansen Engineering
 Hawkinson Construction
 Herndon and Thompson, Inc.
 Humphrey Computer Graphics
 Hunz and Hunz Enterprises
 Industrial Electronics
 Interlocken Design Company
 International Aviation Service, Inc.
 Interpac Forest Corporation
 J H C
 Jeanne M. Funatake, Architect

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

**Appendix I
Participating Companies -
Exporters**

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

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

Part D
Exhibits

Alaska State Legislature:

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

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

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

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

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

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

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

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

Thank you for your time and consideration.

Roger Mechon

Memo

To: Alaska State Legislature President Drue Pearce & Speaker Gail Phillips
From: Northern Hemisphere Incorporated Hilmer Johnson
Date: SEPTEMBER 28, 1985 Phone 907-258-1869
Re: International Trade (Why we lost in Alaska)

Dear Legislatures

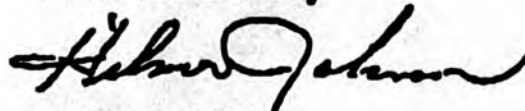
In my previous Memo I forgot to tell you one important subject that no one has notice the Russians have only used Americans Businessmen to get to America and now there are a lot of Russians in Alaska and they are the ones that have replace the American Businessman and there is no way that is going to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

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

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

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

Thank You Sincerely


Hilmer Johnson

Memo

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

Dear Legislatures

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

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

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

With owing a express company I got to know a lot of Alaska's and persons from the lower 48 from Florida California and Washington Canada shipping to Russia and there was about 60 from Alaska most of them from Anchorage and they told me a lot about there problems they had. The most common complaint they all had THE RUSSIANS WORD IS LESS THEN TRUTHFUL that is the only problem there is working in Russia and I agree.

American Businessman and the FEDERAL Government

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

Local Government

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

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

State of Alaska and International Business

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

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

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

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

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

What Americans do not like in Russia

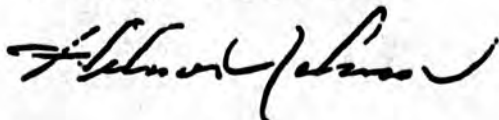
It is upsetting to Americans when Russians will not keep a Agreement also when you go to a restaurants and they charge Russians \$1.50 for a meal and charge Americans \$10.00 for the same meal it dont cost more to feed a American to charge Americans 70.00 Dollars for a Hotel and a Russian \$7.00 for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

What Russians do not like about Americans and free enterprise

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

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

Sincerely Hilmer Johnson



TERRY BRADY

NORTH AMERICAN FOREST LANDS AT LATITUDES NORTH OF 60 DEGREES

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

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





NORTHERN FOREST RESOURCES: CHALLENGE AND OPPORTUNITY

by

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

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

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

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

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

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

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

Drue Pearce & Gail Phillips
September 6, 1995
Page 3

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

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

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

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

As suggested earlier:

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

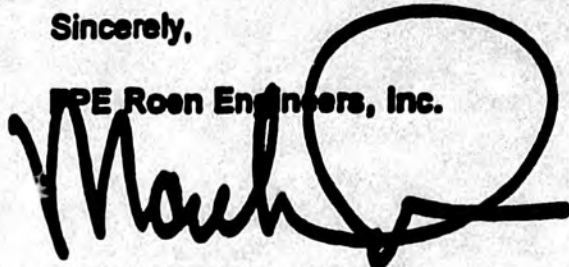
Drue Pearce & Gail Phillips
September 6, 1995
Page 4

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

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

Sincerely,

P.E. Roen Engineers, Inc.

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

Mark Fryer, P.E., Principal

FPE Roen
Civil Electrical Environmental Mechanical Survey
E N G I N E E R S
560 E. 34th Ave., Suite 300, Anchorage, AK 99503

Anchorage
Fairbanks

September 6, 1995

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

Reference: *International Business Needs Assessment*

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

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

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

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

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

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

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

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

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

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

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

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

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

During the last fiscal year we had no export business.

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

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

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

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



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

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

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



SOCIOECONOMIC ASPECTS OF HIGH-LATITUDE FORESTRY

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

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

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

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

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

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

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

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



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

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

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

X-E

Alaska State Legislature

**Senator Drue Pearce
President of the Senate**

during session
714 West 4th Avenue, Suite 500
Anchorage, AK 99501-2111
since 1907: 254-8144
fax 1907: 254-0234

during session
State Capitol
Juneau, AK 99801-1182
since 1907: 465-1991
fax 1907: 465-1872



**Representative Gail Phillips
Speaker of the House**

during session
State Capitol
Juneau, AK 99801-1182
since 1907: 465-2644
fax 1907: 465-1472

during session
714 West 4th Avenue, Suite 500
Anchorage, AK 99501-2111
since 1907: 254-8144
fax 1907: 254-1842

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 accessing the role where general fund dollars are or should be allocated to enhance our international business efforts.

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

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

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

Sincerely,

A stylized, cursive signature of Drue Pearce.
**Drue Pearce
President of the Senate**

Sincerely,

A stylized, cursive 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

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.

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

Motivations for exporting

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

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

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

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

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

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

- a. ☐ Yes b. ☐ No

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

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

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

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

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

- a. ☐ Yes b. ☐ No

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

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

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

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

Alaskan Foreign Market Activity

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

ALASKA'S TOP TRADING PARTNERS:

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

OTHER MARKETS:

Hypothetical situation

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

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

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

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

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

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

[illegible]

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	UAF Office of Arctic Research	UAA School of Business
UAF Office of Arctic Research	World Trade Center Alaska & Trade Alaska	Alaska Trade Center Alaska
UAA School of Business	Alaska Center for International Business	American Russian Center
World Trade Center Alaska & Trade Alaska	UAA-Small Business Development Center	Chompyuk Health
Alaska Center for International Business	Alaska Science and Technology Foundation	Alaska State Legislature
American Russian Center	AK Industrial Dev. & Export Authority	Alaska Seafood Marketing Institute
UAA-Small Business Development Center	Alaska State Legislature	AK Dept. of Commerce & Economic Development
Chompyuk Health	Alaska Seafood Marketing Institute	Office of International Trade
Kean Peninsula College	AK Dept. of Commerce & Economic Development	Northern Forum
Alaska Science and Technology Foundation	Office of International Trade	Dept. of Natural Resources
AK Industrial Dev. & Export Authority	Northern Forum	Division of Tourism
Alaska State Legislature	Dept. of Natural Resources	Division of Investment
Alaska Seafood Marketing Institute	Division of Tourism	Division of Business
AK Dept. of Commerce & Economic Development	Division of Investment	
Office of International Trade	Division of Business	
Northern Forum		
Dept. of Natural Resources		
Division of Tourism		
Division of Investment		
Division of Business		

III A

State of Alaska

Private Sector International Business Needs Assessment Overview

Key Findings and Resulting Conclusions

Commissioned by:

**Alaska State Legislature
July - October 1995**

Prepared by:

World Trade Center Alaska

How to do more responsibly with less.

Key Findings

Resulting Conclusion

1) Global Perspective

•Respondents stated clearly that international business is part of their long-term business development plan.

•Respondents are doing or seeking to do business throughout the entire world. Identified countries and regions were surprisingly varied. Here are only a few of those countries/regions mentioned: Ireland, Israel, Ukraine, Indonesia, India, Vietnam, Chile, Austria, Middle East, China (PRC) and, of course Russia.

•Respondents are projecting to do business to even a greater extent and a broader variety of countries during the next 5 years.

•Financial resources should be redirected to regions/areas where Alaskan businesses are conducting international business.

How to do more responsibly with less.

Key Findings

Resulting Conclusion

2) Obstacles To Trade

The survey shows that potential exporters as well as experienced exporters identify that locating market information and foreign customers are major obstacles to trade.

The survey respondents familiar U.S. Commercial Service rate highly their ad-hoc services in locating market information

Respondents recognized the importance of trade missions and trade shows to finding foreign customers.

Foreign market information is available (free) through the U.S. Commercial Service. Governmental agencies/organizations, trade facilitation and economic development organizations should refer individuals inquiring or soliciting information to this service that was highly rated by respondents as being effective.

The State of Alaska should better support through referrals the availability of information at US Commercial Service.

Alaskans could be better supported to overcome these obstacles by providing a centralized contact point.

The State should establish a policy that trade mission and trade show destinations will be driven by the private sector (see key finding 1).

•This policy should include that funds allocated for any travel overseas by state officials should be considered as a trade mission with private sector participation.

•Lastly that trade missions and/or trade shows should be contracted to an organization and/or entity that can provide a consistent, professional and apolitical service.

How to do more responsibly with less.

Key Findings

3) Finance

•Use of regular bank lines of credit to conduct international business was documented as a standard.

•Federal program usage was negligible and State programs were non-existent.

•Respondents, especially those who were experienced exporters documented their high priority need for "access to money".

Resulting Conclusion

•To redirect funds from an existing trade promotion, assistance or financing entity to establish an export finance assistance unit.

•Review and correct legislation and administration to respond with an effective program.

•Contract this export finance unit to a private or private/public entity regularly working with international business and Alaska's private sector.

How to do more responsibly with less.

Key Findings

4) Where Alaskan's go for assistance.

•The private sector is using the private sector for international business assistance -- not government for assistance. They are using friends, family, associates, customers, suppliers or private consultants.

•A large percentage of respondents were "unaware" that the agencies indicated in the survey had services.

•Respondents consistently rated the US Commercial Service the highest for its effective, ad-hoc services. World Trade Center rated the highest from exporters and the Department of Trade and Development (Formerly, OIT) was rated the highest by potential exporters. Other programs/services received negligible responses.

•Respondents were frustrated with the number of programs and services

Resulting Conclusion

•Alaska's private sector is creating a private sector of international expertise.

•General fund dollars have been used ineffectively in communicating or providing services to Alaskan businesses.

•General fund dollars supporting trade policy, finance, assistance and education should be streamlined. A user friendly, program that is flexible and responsive to the changing private sector is the service "most wanted" by Alaskan firms.

•A centralized contact point that has credibility with the private sector has the best chances of serving the private sector effectively.

CORRECTION

**THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION**



Rev. 6/98

Central Microfilm Services
Department of Education
State of Alaska

How to do more responsibly with less.

Key Findings

Resulting Conclusion

4) Where Alaskan's go for assistance.

•The private sector is using the private sector for international business assistance -- not government for assistance. They are using friends, family, associates, customers, suppliers or private consultants.

•A large percentage of respondents were "unaware" that the agencies indicated in the survey had services.

•Respondents consistently rated the US Commercial Service the highest for its effective, ad-hoc services. World Trade Center rated the highest from exporters and the Department of Trade and Development (Formerly, OIT) was rated the highest by potential exporters. Other programs/services received negligible responses.

•Respondents were frustrated with the number of programs and services

•Alaska's private sector is creating a private sector of international expertise.

•General fund dollars have been used ineffectively in communicating or providing services to Alaskan businesses.

•General fund dollars supporting trade policy, finance, assistance and education should be streamlined. A user friendly, program that is flexible and responsive to the changing private sector is the service "most wanted" by Alaskan firms.

•A centralized contact point that has credibility with the private sector has the best chances of serving the private sector effectively.

ALASKA STATE LEGISLATURE

News

State Capitol
Juneau, AK 99801-1182
(907) 465-3804
Actualty line: 1-800-478-6540

Legislative Trade Survey Recommends Changes to State Trade Policy

For Immediate Release:
January 18, 1996

Contact:
Wendy Lindskoog (907)465-4582
Ken Freeman (907)465-3804

JUNEAU — A special task force commissioned by the Legislative Leadership Thursday unveiled recommendations for formulating a more effective and efficient international trade policy for the State of Alaska.

"The goal of the task force is to propose a coordinated International Trade Program that will save the state money, create jobs, and strengthen Alaska's position in the global marketplace," said Senate President Drue Pearce. "Many government programs were built like an Alaskan homestead. You add a new piece whenever you can afford it. At some point, someone had to pull it all together and that's what the task force is all about."

Speaker Gail Phillips noted the private sector is dissatisfied with the services provided to enhance international trade opportunities, primarily because of changes in global marketing strategies.

"As a former small business owner I know that customer service is the most important commodity a business can offer. In order for Alaska's international trade to expand, we need to eliminate confusion by giving businesses one place to go for information and export assistance services. It's time to listen to the customer," said Speaker Phillips.

Senator Steve Rieger, co-chair of the task force believes international trade and exports from Alaska can be very positive forces for our economy.

"The purpose of the committee hearing was to hear which state efforts in this area are appropriate and effective," said Senator Steve Rieger.

Representative Beverly Masek, co-chair of the task force, noted Alaska companies are doing business in all parts of the world, from Ireland to Russia.

"The public expects us to bring accountability for the dollars we appropriate into the World Trade Network. This review is a part of that accountability effort," said Masek. "The recommendations give us a starting point for developing a comprehensive and productive international trade policy for the State of Alaska."

Some of the recommendations from the task force report include:

- Create one centralized contact point
- Create international trade policy driven by private sector needs
- Assist businesses in finding foreign customers
- Privatize the export finance unit
- Create a user friendly program that is flexible and responsive to the changing private sector
- State supported trade missions

"Our trade policy should be more like a rifle than a shotgun." Speaker Phillips said. "With six public organizations in the state offering export assistance services and five conducting foreign investment activities, Alaska's international service network is a hot-bed of service duplication, obsolete market assumptions, intense inter-organizational competition and governmental waste. Clearly, our state can do better."

The task force heard from both the private and public sectors Thursday.

For copies of the recommendations please call Rhonda Thompson at (907) 258-8185.

Broadcast Note: An audio actuality is available from Sen. Rieger and Rep's Masek and Austerman by calling 1-800-478-6540.

###

Fax 465-3872

ALASKA STATE LEGISLATURE

News

State Capitol
Juneau, AK 99801-1182
(907) 465-3804
Actuality line: 1-800-478-6540

Legislative Trade Survey Recommends Changes to State Trade Policy

For Immediate Release:
January 18, 1996

Contact:
Wendy Lindskoog (907) 465-4582
Ken Freeman (907) 465-3804

JUNEAU — A special task force commissioned by the Legislative Leadership Thursday unveiled recommendations for formulating a more effective and efficient international trade policy for the State of Alaska.

"The goal of the task force is to propose a coordinated International Trade Program that will save the state money, create jobs, and strengthen Alaska's position in the global marketplace," said Senate President Drue Pearce. "Many government programs were built like an Alaskan homestead. You add a new piece whenever you can afford it. At some point, someone had to pull it all together and that's what the task force is all about."

Speaker Gail Phillips noted the private sector is dissatisfied with the services provided to enhance international trade opportunities, primarily because of changes in global marketing strategies.

"As a former small business owner I know that customer service is the most important commodity a business can offer. In order for Alaska's international trade to expand, we need to eliminate confusion by giving businesses one place to go for information and export assistance services. It's time to listen to the customer," said Speaker Phillips.

Senator Steve Rieger, co-chair of the task force believes international trade and exports from Alaska can be very positive forces for our economy.

"The purpose of the committee hearing was to hear which state efforts in this area are appropriate and effective," said Senator Steve Rieger.

Representative Beverly Masek, co-chair of the task force, noted Alaska companies are doing business in all parts of the world, from Ireland to Russia.

"The public expects us to bring accountability for the dollars we appropriate into the World Trade Network. This review is a part of that accountability effort," said Masek. "The recommendations give us a starting point for developing a comprehensive and productive international trade policy for the State of Alaska."

Some of the recommendations from the task force report include:

- Create one centralized contact point
- Create international trade policy driven by private sector needs
- Assist businesses in finding foreign customers
- Privatize the export finance unit
- Create a user friendly program that is flexible and responsive to the changing private sector
- State supported trade missions

"Our trade policy should be more like a rifle than a shotgun." Speaker Phillips said. "With six public organizations in the state offering export assistance services and five conducting foreign investment activities, Alaska's international service network is a hot-bed of service duplication, obsolete market assumptions, intense inter-organizational competition and governmental waste. Clearly, our state can do better."

The task force heard from both the private and public sectors Thursday.

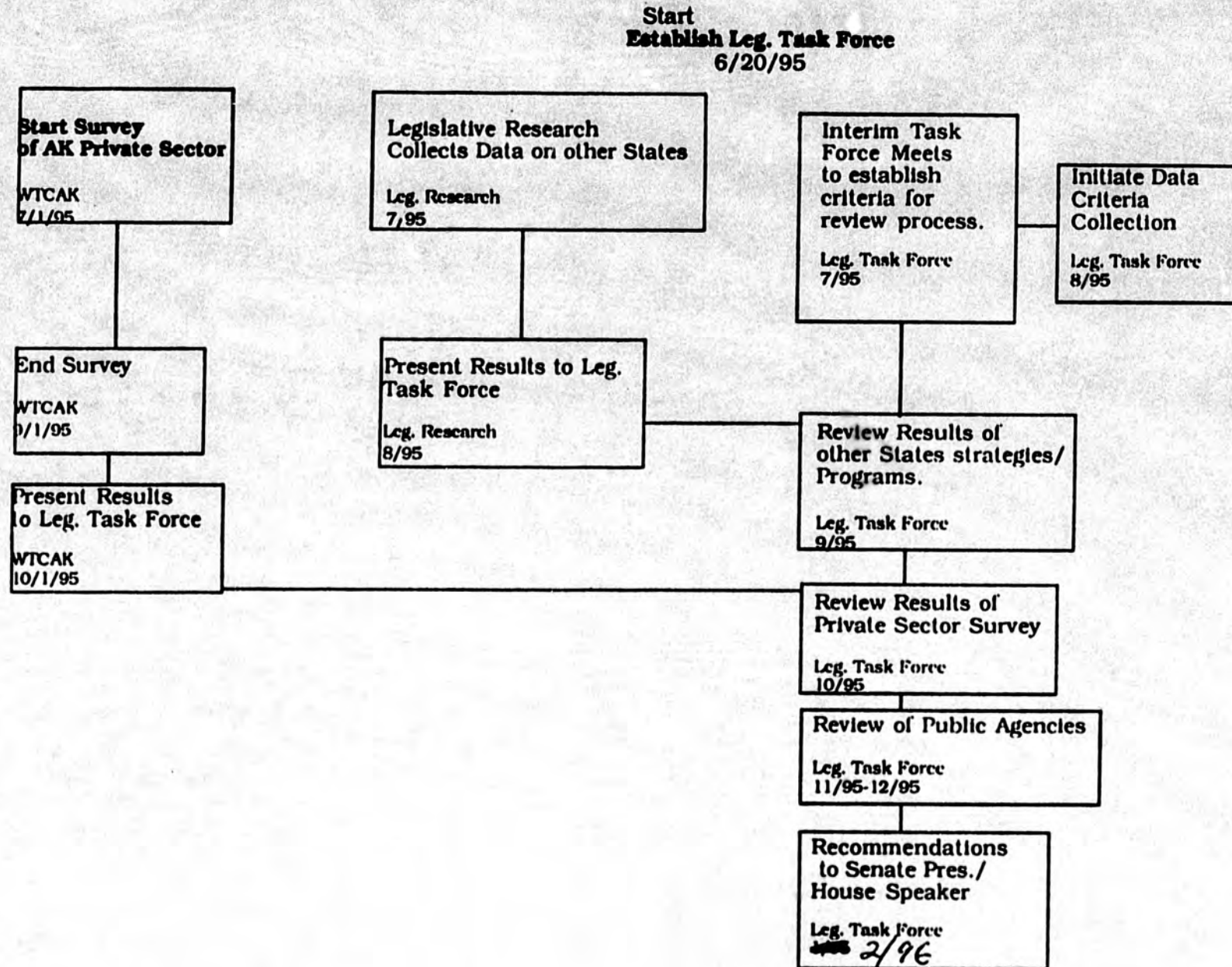
For copies of the recommendations please call Rhonda Thompson at (907) 258-8185.

Broadcast Note: An audio actuality is available from Sen. Rieger and Rep's Masek and Austerman by calling 1-800-478-8540.

###

Comprehensive Evaluation Process/Objectives:

Sen. Pearce
Room Cap. 111



By: Ronda Thompson

APPENDIX B

STATE OF ALASKA

Agency Evaluation Recommendations
to
Interim Task Force on International Trade Policy
Co-Chairs Senator Steve Rieger
and
Representative Beverly Masek

Commissioned by:
Alaska State Legislature

Prepared By:
Timothy C.F. Lane

December 10, 1995

The following report is intended to complement the executive summary in presentation to the legislature. The information contained in this report is supplementary only and is in no way intended to reflect all elements of a comprehensive state international policy. Instead, the issues discussed are intended to be used as theoretical evidence for policy restructuring recommendations.

I. INTRODUCTION

The question of whether or not the continued internationalization of Alaska is critical to the state's prosperity is no longer equivocal. For those who are unaware of the importance of global preparedness, consider this one fact: no Alaskan company is immune from global competition - the United States is such a strong node of import activity that Alaskan companies must either adjust to the dynamics of the global marketplace or face imminent losses in market share.

This international marketplace which now begirds the Alaskan economy has changed substantially since the state's entry into the theater of global competition. Thirty years ago, Alaskans weren't exporting much of anything - in 1994, Alaskan exports exceeded five billion dollars - the overwhelming majority of which were natural resources heading for the Asian Pacific Rim. While natural resources have formed the mainstay of Alaskan export activity since the state's entry into the international marketplace, new industry sectors are testing the waters of global competition. Service sector and light manufacturing companies are quickly discovering that Asian Pacific Rim market cultivation works for natural resources - but lacks the flexibility required to effectively promote other product and service niches.

In addition to changes in export assistance requirements among Alaskan businesses, deviations in socioeconomic development throughout the world have expanded the scope of issues which now must be monitored by state leadership.

Twenty years ago, state protocol efforts were primarily aimed at developing relationships with Asian Pacific Rim markets to promote the sale of Alaskan natural resources. Today, the export of natural resources is largely controlled by outside intermediaries operating in well developed trading channels. Service sector firms and manufacturers of specialized equipment winding down from operations on the North Slope are now attempting to penetrate new markets in Russia, Africa, and South America. The need for expanding the focus of state protocol activity is more critical than ever.

In response to such challenges, other states began to strategically reassess their role as international service providers. Throughout the 1980s, state and federal expenditures on international activities skyrocketed. However, it was quickly discovered that public international service networks which lacked close links with the private sector, in-house capabilities for responding to changes in the global marketplace, and benchmark performance standards were inadequate. Economic development strategists responded by developing highly streamlined and responsive international service networks built around three tools of internationalization: international education, export assistance, and protocol / foreign investment promotion activities.

The breadth of activities currently being conducted by the various international support organizations in Alaska has fimbriated into fields which deviate substantially from primary mandates or missions - much like organizations in other states prior to the development of comprehensive international plans. In Alaska, the situation has led to considerable confusion (and in some cases, resentment) among private sector companies seeking to penetrate foreign markets or benefit from state-led protocol initiatives. For instance, throughout the private sector needs assessment survey, numerous Alaskan businesses - across industry lines - commented that they simply did not know where to turn to

procure state provided export assistance. The private sector's confusion is understandable - six public organizations in the state offer export assistance services while five conduct foreign investment promotion activities. Alaska's international service network is a hotbed of service duplication, obsolete market assumptions, intense interorganizational competition, and governmental waste. Clearly, our state can do better.

A. The 1995 Interim Task Force on International Trade

In March of 1995, the Alaska State Legislature commissioned a special interim task force to examine Alaska's international trade support network. The goal of the task force was to assess Alaska's international policy in terms of the following areas:

- **Policy:** What is the appropriate role of state government in international trade and affairs?
- **Structure:** What is the most effective and efficient way to structure Alaska's international trade support network?
- **Budget:** The development of a comprehensive budget plan for Alaska's international support network.

The international policy assessment included four primary elements:

1. A private sector international business needs assessment survey was conducted to assess the demand for and utility of international trade support services in Alaska. (Responsibility for conducting the survey was contracted out to the World Trade Center Alaska).
2. Public international trade support organizations in Alaska were surveyed to identify areas of activity duplication and obsolescence.
3. International trade support network models in other states were reviewed within the context of the following areas: export assistance, foreign investment

promotion / protocol, and international education.

4. A final hearings session was held to complement the legislature's overall review Alaska's international policy and trade strategy.

B. Methodology Comments

In order to simplify the scope of issues associated with the general globalization of Alaska for use in a policy review, organizations comprising the state's international support network were evaluated according to activity in three areas:

- Export assistance
- Foreign investment promotion / protocol activity
- International education

Organizations were specifically examined to identify areas of activity duplication and obsolescence, service specialization, interorganizational cooperation, and the overall extent to which activities were relevant within the context of the changing global marketplace. In effect, the task force took a step back and considered how the state's international service network might look if redesigned from scratch (utilizing integrated models developed in other states). Existing international support organizations were then carefully examined to identify how each group could most effectively benefit the state within the context of the private sector international business needs assessment and Marketing Alaska. Recommendations made regarding adjustments to Alaska's international support network are the exclusive result of the above-mentioned process.

III. EXPORT ASSISTANCE

A. Introduction

Alaska's public export assistance service "network" spans seven organizations - five of which are recipients of general fund dollars. While each organization brings a different measure of expertise to the state's trade system, no group is charged with primary responsibility for balancing interorganizational export assistance services. Consequently, it was not surprising to discover that export assistance coordination in Alaska is virtually nonexistent. What was surprising (and disappointing) to discover was the very weak understanding these organizations had of the Alaskan private sector's true international needs. Examples include:

- Small businesses represent one of the greatest sources of potential exporter growth in the Alaska. However, the promotion of export growth among small and medium sized businesses in Alaska is virtually non-existent.
- While natural resources comprise the overwhelming majority of Alaskan exports, it is estimated that over three-fourths of natural resource companies utilize either specialized in-house exporting techniques or intermediaries to execute international transactions. In other words, natural resource companies have the among the fewest export assistance needs in the state.
- No state supported organization in Alaska has developed an effective capability for providing export assistance to service sector companies.
- With the exception of natural resources, market prospects for Alaskan goods and services are no better in Japan and Korea than for any other developed country in the world.
- No international support organization in Alaska has ever conducted a "community sweep" to determine actual and potential clientele for international services.
- Several international organizations in the state do not clearly divide between

activities aimed at assisting exporters and activities aimed at promoting foreign investment. (As a result, establishing interorganizational benchmarks for measuring export assistance success is nearly impossible.)

- Export finance is a major obstacle to Alaskan exporters. However, no international support organization in Alaska has facilities in place for assisting companies with the technical elements of export finance.

B. Critical Overview of Alaska's Export Assistance Network

Alaska Center for International Business

The self-described mission of the Alaska Center for International Business is "to facilitate the development of business relations with Alaska and other nations of the world". How ACIB goes about fulfilling this goal is as abstract as the rationale the Center uses for offering export assistance services. According to ACIB's survey and testimony, the Center's export assistance activities are focused on specialized market research. However, aside from academic activities, the Center's ad-hoc (company requested) research activity is an overt duplicate of information available through the NTDB. ACIB's claim that international market information available through the NTBD has limited utility because it lacks an "Alaskan perspective" is entirely unfounded.

In fact, ACIB's broad research scope, dissemination of primarily generic international market material, and intense focus on natural resource based industries drastically reduces the Center's potential usefulness as a provider of export assistance services in Alaska. Because ACIB is not by design primarily linked to the private sector, it simply cannot successfully take a leadership role as an advocate of Alaskan businesses in the international marketplace.

Commercial Service of the U.S.A.

CSUSA's mission is to support American companies which seek to export their products and services to foreign markets. In support of this mission, the CSUSA (in conjunction with the federal Department of Commerce) maintains one of the most comprehensive trade networks in the world. Services include:

- 170 offices;
- Distributor / joint venture partner search services available for nearly every international market;
- Federal advocacy support;
- The National Trade Data Bank - the ultimate clearinghouse of international market information in the United States.

The CSUSA is important to Alaska's international support network for several reasons:

1. CSUSA provides Alaskan companies access to the most comprehensive range of trade support services in the United States (at no cost to the state of Alaska). CSUSA's services are so complete that every state supported export assistance organization in Alaska essentially duplicates CSUSA services in one way or another.
2. The National Trade Data Bank provides Alaskan companies with comprehensive market research and export information on virtually every country in the world.
3. The CSUSA Gold Key Service provides Alaskan companies with joint venture partner / distributor search services in virtually every market in the world.
4. CSUSA's expertise on export related issues is unparalleled in Alaska. Mr. Chuck Becker, Director of the CSUSA Alaska was the only representative of an international trade support organization mentioned by name as a trade resource in the private sector needs assessment survey (he was mentioned three times).

While the CSUSA is an extremely high profile trade organization in Alaska, it appears that state supported trade groups have not effectively coordinated their activities with the Commercial Service.

For instance, CSUSA offices in Japan and Korea are fully capable of providing specialized export assistance to virtually any Alaskan company - including natural resource sector firms. However, the state of Alaska still pours hundreds of thousands of dollars into the maintenance export assistance services aimed at servicing companies interested in Asian Pacific Rim trade. Substantially enhancing activity coordination with the CSUSA is a critical first step towards the development of a streamlined and efficient state export assistance network - especially considering that CSUSA's services provide a highly effective (and essentially free) alternative to numerous state supported export assistance activities.

Division of Trade and Development

Since its inception, DTD has been the flagship state supported international trade organization in Alaska. The organization's enabling legislation requires DTD to engage in a wide range of international activities which span export assistance, foreign investment promotion, and international education. While DTD's high profile presence in Alaska is an asset, its diversified activity base is a detriment. Like the CSUSA prior to its recent reorganization, DTD represents an excessively diversified agency which lacks any measure of interorganizational specialization. This condition is not necessarily DTD's fault - the legislation which enacted the (then) Office of International Trade required the organization to lead the state on a number of international issues. Addressing this condition is an important first step in enhancing DTD's overall effectiveness.

While export assistance is among DTD's strongest preoccupations, it is clearly the organization's weakest activity point. This appears to be primarily due to DTD's self-imposed limitations on export assistance activities rather than any deficiency in funding or support. For instance, DTD's incessant Asian Pacific Rim market focus is not only obsolete,

but also represents a potential barrier to companies seeking assistance with the development of flexible export marketing strategies (particularly in the case of service sector companies). Over sixty percent of Alaska's exports are headed for the Asian Pacific Rim - however, over ninety percent of these exports are natural resources - and it is estimated that over ninety-five percent of natural resource export transactions take place in well established trading channels or via specialized intermediaries (i.e., Alaskan natural resource exporters have comparatively few export assistance requirements). For nearly all other Alaskan products and services, market opportunities in the Asian Pacific Rim are generally no better than for any other developed country.

Where DTD does represent a critical element in Alaska's export assistance network is in the area of advocacy. Because DTD reports directly to the state administration, the organization is well suited to "go to bat" for Alaskan companies facing the wrath of unfair international trading practices. DTD's continued leadership on company and industry-wide advocacy matters should grow in importance as more Alaskan companies enter the licentious theater of international commerce.

World Trade Center Alaska

As the only public international trade organization in Alaska which actively generates revenue, the World Trade Center has an unique role in facilitating trade in the state. The simple presence of over 200 fee paying members indicates that a demand for WTCAL services exists. However, these export assistance services are certainly not suitable for all companies in Alaska. A quick look at the World Trade Center membership list reveals that a number of members are larger companies with in-house trade resources in place or smaller companies with a dedicated international focus. For companies lacking export experience or in-house trade capabilities, the \$ 300 - \$

2,500 annual membership fee probably represents an excessive addition to aggregate international business risk. Consequently, the World Trade Center's role as an international service provider in Alaska is clearly limited. However, utilizing the World Trade Center Alaska as a leader in providing export assistance to larger companies and experienced exporters would be an effective complement to the state's international policy.

Because the World Trade Center Alaska is membership based, its revenue generating activities can offset operational expenses and ensure that services are consistent with member needs. Supporting the establishment of the World Trade Center Alaska as an entirely autonomous unit would further enhance the Center's ability to provide flexible, client oriented services.

C. Issues

1. Export Assistance and the Global Approach

Ask any economic development watcher in Alaska about international trade, and their answer is likely to include something about the Asian Pacific Rim. The common-sense justification for this emphasis is clear - over sixty percent of Alaskan commodity exports (nearly all of which are natural resources) are destined for the Asian Pacific Rim marketplace. In addition, Alaska's strategic location within the Pacific Rim has facilitated the noticeable growth of trans-Pacific air cargo activity in Anchorage and Fairbanks. Despite these factors, the correlation between Alaskan export activity and the perceived need to focus export assistance services on the Asian Pacific Rim (e.g., state funded trade offices in Japan and Korea) is very weak. The results of the private sector needs assessment revealed that most Alaskan companies maintain a comparatively "global" trade focus. That is, private sector international marketing plans

consistently transcended the state's string of protocol efforts.

This suggests that one of two fundamental changes have taken place within the Alaska private sector - either companies have fully recognized that the advent of advanced telecommunications, rapid air travel, and global economic integration has substantially reduced an American company's need to limit their international horizons to trading nations of historical political favor or close geographic proximity - or the state's protocol and export marketing efforts are plainly inconsistent with changing realities in the international marketplace. Either way, the fact that Alaskan companies are willing and able to undertake business ventures in any corner of the world suggests that the state's intense focus on Asian Pacific Rim markets is obsolete. (This assertion assumes that the majority of Alaskan natural resource export transactions are handled via established trading channels.)

While the private sector's comments on export marketing strategies were in direct contrast to prevailing ideas on international trade requirements in Alaska, they were hardly surprising. Advances in the delivery of international market research have substantially reduced a state's need to focus export assistance on a handful of foreign markets. Unlike a manufacturing intensive state (in which intensive foreign marketing efforts can contribute towards export growth), 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 - most of which require a customized export assistance approach. Japan and Korea are tremendous natural resource and tourism targets - in fact, their strategic importance to these industries is nearly unparalleled. However, for nearly all other industries in the state, Japanese and Korean market potential is no better than for any other

developed country in the world (consider the market for oil field services, specialty jams, or Arctic engineering expertise in Japan and Korea).

This is not intended to suggest that reducing Alaska's *diplomatic* ties with Japan and Korea would in any way be beneficial. Economic growth in Asia remains very strong and Alaskans should never lose sight of the tremendous business, cultural, and educational exchange opportunities available within the region. However, the absolute benchmark for evaluating *export assistance* services should be export sales - and, as the private sector needs assessment revealed, sales opportunities for Alaskan goods and services have emerged all around the world. As technology and service companies wind down from activity on the North Slope (and infrastructure development requirements expand in developing countries), the state has an excellent opportunity to capitalize on demand for Alaskan expertise in emerging markets. Facilitating access to these opportunities requires the adoption of a fundamentally new approach to export assistance.

2. The Global Approach and the Service Sector (in an export assistance context)

A long-term managerial commitment to international trade is clearly a prerequisite to success in global marketplace. However, because the Alaskan economy is structured differently than most (i.e., the overwhelming majority of Alaskan exports are natural resources), international trade support organizations must be receptive to the relative lack of global "sophistication" which might exist within the managerial structure of Alaskan service companies. Consequently, simply prepossessing export interested service sector firms to a standardized marketing plan is an inadequate approach to export assistance.

In particular, primary export assistance for service companies (i.e., joint venture

partner / distributor searches) should be globally focused at every level. For instance, the maintenance of a region specific export assistance network is useless to a terminal-contract service exporter (i.e., construction, engineering, etc.) unless the bulk of global toxic waste spills, oil field discoveries, and infrastructure development projects are consistently concentrated in the same countries. Thus, an effective service sector export assistance program must be as globally flexible as a service company itself.

Similarly, utilizing protocol as a market penetration tool on behalf of service companies must be a strategically targeted venture. Even if Alaska negotiates a spectacular bilateral trading agreement, the effort is useless if it is driven by the private sector.

(The widespread inability of Alaskan companies to utilize state protocol efforts as a tool for penetrating the Sakhalin market illustrates this point. While Alaskan trade groups were pondering how to "enter" and "partner" with the Sakhalin market, Korean and Chinese companies (and a handful of motivated Alaskan firms) were making deals. Alaskan businesses which expected to simply follow the state's lead into the Russian Far East were left to discover that numerous 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 as firms, and identifying a handful of projects around the world where their expertise could be specifically applied - companies identified as having potential in the Sakhalin market could then perhaps initiate a joint venture partner search.)

As an alternative to such activities, several surveyed companies recommended conducting short-term missions in developing regions where infrastructure and natural resource development project opportunities were emerging (e.g., the Middle East, Africa,

Vietnam, Sakhalin, etc.) Japan and Korea - as nations possessing an abundance of advanced service technology, few natural resources to extract, and comparatively well developed infrastructures - do not represent significant market prospects for Alaskan service companies. In fact, with the exception of a notable interest in the Russian market, surveyed service exporters reported engaging in international activities throughout the world. Export assistance services and protocol efforts aimed at benefiting Alaskan service sector firms should reflect this reality.

3. The Global Approach and Foreign Offices (in an export assistance context)

According to the Division of Trade and Development, maintaining Alaska's offices in Japan and Korea costs the state over half a million dollars a year - nearly one-half of DTD's total budget and over four times the World Trade Center Alaska's annual general fund allocation. Closing these offices would free up a substantial portion of international trade dollars without adversely affecting Alaskan export activity. However, such a move would also require the development of an alternative foreign market penetration / assistance (and subsequent distributor / joint venture search) strategy. In response, the following model was developed to reorganize state export assistance / market penetration efforts.

- Vertically refocus state supported export assistance (i.e., assist with the development of customized export marketing strategies only). The following scenario illustrates how Alaska's export assistance network might approach customized trade support.

1. Conduct a community sweep of the Alaskan private sector (across industry lines) to determine actual and potential clientele for export assistance services and state sponsored trade missions.
2. Follow-up with specialized market research to identify every market in the

world where a measure of demand might exist for Alaskan products or services (e.g., a list of nations where oil field development projects are taking place). Such information can be readily accessed via the NTDB.

3. Provide company specific / industry specific export assistance. (That is, assist companies with the development of customized export marketing strategies rather than randomly penetrating foreign markets with the assumption that Alaskan companies will follow.)

- Follow-up by organizing customized trade missions to target markets after lengthy interaction with companies in the host foreign country (potential joint venture partners / distributors) and the Alaskan private sector OR facilitate joint venture partner / distributor searchers via the CSUSA Gold Key Service OR establish short-term trade liaison offices in strategic markets.

2. Utilize the foreign offices of other trade support organizations in lieu of Alaskan offices. Alternatives include:

- CSUSA operates over 170 liaison offices (including offices in Seoul, Tokyo, Taipei, and the Russian Far East). Each of these offices offer a full range of market research and distributor / joint venture search services to any American company (most services are either free or available at a comparatively low-cost). In addition, the National Trade Data Bank maintained by the CSUSA offers Alaskan companies free access to up-to-date trade leads and market information on nearly every region in the world.

- The World Trade Center Alaska has associate offices in over 250 locations worldwide (including Seoul, Tokyo, Taipei, and the Russian Far East). Companies which are members of the World Trade Center can post and access trade leads and a range of international market information available through the World Trade Center network.

- Various international services and contacts are available through the United Nations, domestic and foreign universities, foreign embassies, etc.

4. Small Business

Small and medium sized businesses represent one of the greatest sources of potential exporter growth in Alaska. Unfortunately, few international support organizations in the state provide export assistance services targeted at expanding small business export activity. Expanding the scope of public export assistance services for small and medium sized enterprises should be an integral element in Alaska's export assistance network.

Export assistance services for small companies can be approached in essentially the same manner as for service sector firms (i.e., customized, globally focused export assistance). The only significant difference in approach is the need to determine "export readiness" among small or new-to-export companies. Generally, export readiness can be gauged according to managerial commitment (a long-term managerial commitment is a definite prerequisite to success in international markets). However, other factors such as product suitability, company development, and the ability to divert sufficient resources to international activities must also be considered. Consequently, it is recommended that export assistance servers begin to develop objective criteria for quickly evaluating export potential.

In order to encourage the growth of export activity among small and medium sized businesses in Alaska, it is suggested that export assistance servers expand their efforts to enhance the perception of exporting as a feasible venture. It is understood that working with small and medium sized businesses is not the shortest route towards increasing Alaskan export activity. However, it is a necessary part of Alaska's export assistance network. In addition to Marketing Alaska, the following international support network-wide suggestions were developed to enhance small and medium sized business export activity:

- Rural Alaska is home to a variety of specialized products and services. However, most rural communities do not have access to export assistance services or international market information. Installing National Trade Data Bank software (or subsidizing internet subscription to the NTDB) and coordinating outreach export assistance services (e.g., an 1-800 number to the Export Assistance Center) via ARDORs and SBDCs would alleviate part of this burden.

- While there are few dedicated private export management companies in Alaska, there is an abundance of other exporting expertise - particularly among seasoned international traders. Establishing an "export mentoring program" (possibly modeled after the Ohio Export Assistance Network) could assist in the expansion of export activity among small and medium sized businesses.

5. Export Finance

A number of respondents to the private sector needs assessment survey 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 conduct preliminary market research. Similarly, export assistance organizations in the state should maintain export finance assistance services as an integral element in their outreach strategies.

Establishing a new export finance assistance arrangement in Alaska does not necessarily mean that establishing a new export finance assistance organization is necessary. A number of export finance tools (i.e., EXIM, SBA, OPIC, World Bank, TDA, etc.) are already available. Unfortunately, there is no clearinghouse of expertise on export finance in Alaska. Supporting the hire of an export finance specialist to work in conjunction with the primary sources of export assistance

services in Alaska would alleviate this deficiency.

6. Trade Missions (Measuring Value and Horizontal vs. Vertical)

In the age of the information superhighway, sending state trade representatives to foreign markets to "look around for potential export opportunities" or "to get a sense of the market environment" is increasingly unnecessary. Up to date market research and hundreds of trade leads are available to companies on a daily basis. In response to complaints by the private sector that state funded trade missions are often poorly directed or unfocused, the following criteria were developed to measure the value of foreign travel by state officials:

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 (i.e., a protocol mission); and / or
4. Private sector companies place a request to open diplomatic ties with a certain region and demonstrate their interest by funding the diplomatic effort (with the exception of truly new markets (e.g., the former Soviet Union shortly after its disintegration.), 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 the local community. Technology has made it quite possible to structure trade missions around sales -- not "fact finding."); 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.

Recall that 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 predetermined needs and requests of private sector companies on export assistance related issues is inappropriate - no one knows the international needs of private sector companies better than businesses themselves (consider that managerial philosophy can affect the propensity to export as much as profit potential).

In addition to measuring private sector content, trade missions should also be evaluated according to structure (in particular, industry concentrations). While the Alaskan economy is comparatively undiversified, the breadth of companies which might benefit from a trade mission covers a range of highly specialized industries. As 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, it is strongly recommended that Alaskan export assistance servers vertically organize all trade missions.

IV. FOREIGN INVESTMENT

A. Introduction

The Division of Trade and Development is the only state supported organization charged with responsibility for coordinating Alaska's foreign investment promotion and protocol activities. The Alaska Center for International Business claims that part of its mission is to expand Alaska's relations with other nations of the world (however, ACIB's approach to foreign relations building is not worthy of extensive consideration on the matter). No organization in Alaska is charged with developing a strategic framework for promoting the general internationalization of Alaska - a task which necessarily focuses foreign investment promotion activities on a common goal. Unlike the export assistance arrangement in the state,

there appears to be a deficiency of interest in building Alaska's "subtle" relationships with other regions of the world. Thus, Alaska's foreign investment promotion / protocol efforts can only be delivered in sporadic and unconcentrated batteries. The need for further promoting external investment in the state (foreign investment represents a significant source of potential economic development interest) and enhancing Alaska's reputation as a player in the global marketplace is obvious. However, fulfilling this goal requires a dedicated intensification, refocusing, and overall expansion of Alaska's reverse investment efforts.

B. Critical Overview of Alaskan Foreign Investment Promotion / Protocol Activity Efforts

Division of Trade and Development

As mentioned, the Division of Trade and Development is the only state supported organization in Alaska charged with responsibility for building Alaska's relations with other nations of the world. As an adviser to the governor, DTD is well-suited to continue its role as the lead protocol intermediary in Alaska. However, several factors limit DTD's ability to effectively deliver foreign investment promotion / protocol activities:

1. DTD is vulnerable to structural disintegration every time a new governor is elected (i.e. DTD trade specialists are PX employees).
2. Alaska has no strategic international plan for DTD to structure its protocol activities around. (DTD's self-described "Asian Pacific Rim" emphasis is far from adequate.) Consequently, protocol activity in Alaska is primarily conducted on an "as the opportunity arises" basis.
3. DTD has among the highest activity diversity levels of any international organization in the state. Alleviating part of DTD's responsibility load would undoubtedly enhance the organization's ability to conduct targeted and effective protocol activities.

4. DTD is not globally focused (i.e., DTD's self described emphasis is nearly exclusive to Canada, the Circumpolar North, and the Asian Pacific Rim).

DTD's inability to effectively address these issues is understandable - the legislation which enacted the (then) Office of International Trade required the organization to lead the state on virtually every international trade related matter. The elimination of export assistance services as a responsibility of DTD should provide the organization greater flexibility in its efforts to draw investment to Alaska.

Alaska Center for International Business

Because ACIB receives general fund dollars for "expanding Alaska's relations with other nations of the world", it was necessary to evaluate the organization in such a context. Doing so was not an easy task. As a research unit of UAA, ACIB's approach to foreign relations building is so abstract that it was difficult to evaluate in any context. According to ACIB, the center primarily fulfills its mission by conducting specialized international market research relevant to Alaska's main trading partners (i.e., the Asian Pacific Rim). However, aside from specialized research and instruction, the only evidence of ACIB protocol activity is found via the American Russian Center (including the University of Alaska Fairbanks' ties with ARC).

Evaluating ACIB's potential capability as an international relations liaison can be quickly simplified:

If a high ranking official from a foreign country traveled to Alaska, would they rather visit with the governor or the staff of the local university?

APPENDIX C

Alaska State Legislature



State Capitol
Juneau AK
99801-1132

Official Business

BE IT RESOLVED BY THE SENATE/HOUSE INTERIM TASK FORCE ON INTERNATIONAL TRADE:

WHEREAS the task force recognizes that government participation in trade missions is a significant help to the state's exporters in countries where there is a high expectation of governmental involvement; and

WHEREAS the state's international trade efforts should focus on availability of information on international trade and providing a government "presence" on trade missions to countries which expect to see such governmental presence; and

WHEREAS the state's present international trade promotion efforts are spread among a wide number of agencies, including the Division Of Trade And Development in the Department Of Commerce, the Alaska Center For International Business in the University Of Alaska, the World Trade Center supported in part by money from the Alaska Center For International Business, the Alaska Seafood Marketing Institute and the Division Of Tourism in addition to maintaining overseas offices or a contractor for trade promotion efforts in Japan, Korea, and Germany; and

WHEREAS the cost of maintaining overseas trade offices is very high;

BE IT RESOLVED that the task force recommends to the House and Senate Finance Committees that the committees should appropriate moneys for a more consolidated international trade information source and that the provision of information on international trade should be consolidated; and be it

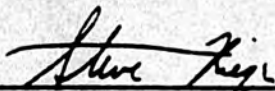
FURTHER RESOLVED that the information services provided should include specialized export finance information, which probably will need to be provided through an experienced specialist; and be it

FURTHER RESOLVED that the location should be proximate to or integrated with the information provided by the U.S. Commercial Service and should be integrated as much as possible with any privately-supported networks to make research as efficient as possible for private business, avoid duplication, and save costs. The combination of efficiencies through

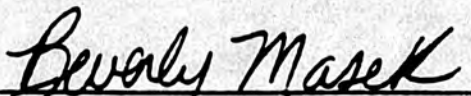
consolidation and transfers to user fee support should result in savings of at least \$500,000 in 1997, and another \$500,000 in 1998; and be it

FURTHER RESOLVED that the task force recommends the state move toward a continued reduction of general fund support for the fixed costs of overseas locations, in part because of budget pressures and in part because the fixed office locations are not necessarily responsive to changing trade patterns and might rob from efforts in countries in which the state does not have an office. This trade mission component should have significant user support with offices needing to be either cut back or transferred to user support. The task force recognizes that to the extent that the actual physical presence reduces, it would benefit from a graduated transition period to mitigate any negative perceptions in the host country.

Copies of this resolution shall be sent to the President of the Alaska State Senate, the Speaker of the Alaska State House, and members of the Alaska State Senate and House Committees on Finance.



Senator Steve Rieger, Co-Chair



Representative Beverly Masek, Co-Chair

Senate/House Interim Task Force on International Trade