

SCOMM

119:17



Official Business

MEMBER
Natural Resources
Committee

Alaska State Legislature

**Vice-Chair, Legislative Council
Chair, World Trade
And
State/Federal Relations**

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MEMORANDUM

TO: Members

FROM: Representative Ramona L. Barnes, Chair
World Trade & State/Federal Relations

DATE: February 10, 2000

SUBJECT: Committee Meeting Announcement

A handwritten signature in cursive script, appearing to read "Ramona", with a long, sweeping flourish extending to the right.

The House Committee on World Trade & State/Federal Relations will hold a meeting on Tuesday, February 29, 2000 in room 124. The meeting will commence at 5 p.m.

The purpose of the meeting is to hear HJR 51 (James), U.S.-Canada Rail Feasibility Study, and receive a briefing from Chairman Howard Benedict on Alaska Seafood International, in Anchorage.

ALASKA STATE LEGISLATURE

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House of Representatives
House District 34

Sponsor Statement, HJR 51

Revised 2/1/00

The purpose of this resolution is to lend support to Senator Frank Murkowski's effort to authorize and fund a feasibility study on connecting Alaska to the rest of North America by rail.

Connecting Alaska to the rest of the North American rail system brings with it tremendous possibilities for expanding and improving the economy and transportation infrastructure of the state. A railroad connection to the lower 48 could quickly benefit Alaska's mining, agriculture, tourism, manufacturing, military and oil and gas sectors, while lowering the costs of bringing goods into the state.

To realize this goal, Senator Murkowski is proposing legislation to establish a bilateral commission charged with the task of completing a feasibility study. This study would help determine the best route, identify markets and estimate construction costs.

It is my belief, that by passing HJR 51, the Alaska Legislature will send a strong message in support of completing this feasibility study.

MEMORANDUM

TO: Ramona
FROM: Mark
DATE: February 25, 2000
SUBJECT: HJR 51 (James)

HJR 51: "Expressing support for a cooperative United States-Canada feasibility study on extending the North American rail system through British Columbia and the Yukon Territory to Alaska."

Under HJR 51 and in support of the effort by Senator Frank Murkowski, the Alaska Legislature would request the governments of the United States and Canada to complete a cooperative feasibility study to examine costs and benefits of linking the railroads of Alaska, Yukon Territory, and British Columbia with the North American rail system.

The Alaska Legislature requests the governments of the U.S. and Canada to establish a bilateral commission that represents local governments, business and aboriginal interests to define goals-objectives for the study noted above and report the findings to the appropriate U.S. and Canadian entities.

It is believed such a rail connection would bring economic benefits to many elements of the Alaska economy including mining, agriculture, tourism, the oil industry, the military and others.

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSIONBILL NO. HJR 51Revision Date: 2-26-00

Dept. Affected

Title: US-Canada feasibility study to

BRU

extend No. American rail syst to BC/Yukon

Component

Sponsor: Rep. JamesRequester: H. WTR

Component Serial No.

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES

CHANGE IN REVENUES []

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1091 Designated Program Receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

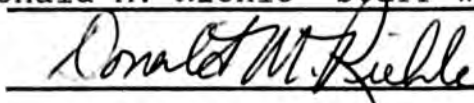
Estimate of any current year (FY00) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This resolution would not have a significant fiscal impact on any state agencies.

Prepared by Donald M. Riehle staff-WTRPhone 465-6643


Phone _____

Date 2-25-00

Rails to Resources

Bringing Alaska and the Yukon closer to the world



United States Senator Frank H. Murkowski

Alaska-Canada Rail-Link Conference

January 20, 2000

Vancouver, British Columbia

Rails to Resources

Frank H. Murkowski, United States Senator

The following are excerpts of a speech given by Senator Frank H. Murkowski to the CAN/AM Border Trade Alliance on September 14, 1999. The opening section, which discussed the Canada-U.S. Interparliamentary Group, was not included.

I'm very happy to see you all. No bilateral relationship is closer than the one between Canada and the U.S. It deserves the care and feeding this group can give it, and I hope you never lose that sense of mission.

[Canada-U.S. Interparliamentary Group discussion]

Let me take just another few minutes to talk about something else of vital importance to us all.

I want you to imagine for a moment that Canada and the United States have suddenly been given an opportunity to jointly acquire a huge new territory — as big as the Yukon Territory and Alaska combined.

This splendid land is full of natural resources: gold, silver, lead, zinc, copper, and lesser metals; hardwood and softwood timber; fish, wildlife — and truly splendid vistas for the tourist.

Best of all, it is still largely untouched. All we have to do is reach out for it....

Wouldn't that be a wonderful opportunity for the growth of both our countries?

The fact is, we **ALREADY** have such a region. What we don't have is a fast and efficient way to get goods and people there and back again.

The Alaska Railroad cuts through the center of Alaska from the coast to Fairbanks, less than three hundred miles from the Canadian border.

In Canada, there are two sets of track running as far north as Fort Nelson on one route, and beyond Fort St. James on the other. In both cases, it would take only about 900 additional miles of track to reach Alaska.

I want to enlist the Canadian/American Border Trade Alliance in the growing movement to bring Alaska and the Yukon into the transcontinental rail system.



Senator Frank H. Murkowski of Alaska

The logical route through Canada passes through one of the richest mining districts on the continent, but one which is so remote that few people have ever visited it, and which will probably never be developed without rail transportation. The same goes for the area's timber resources. And it applies to areas of Alaska that also require rail transportation to reach their full potential.

One possible route, from Prince George, British Columbia to Fairbanks, was even surveyed by the U.S. Army Engineers in 1942. So this is not a new idea — it's a project that could have been done, and should have been done, but has been delayed for decades.

Let's resurrect it.

Yes, it would be expensive. Yes, it is visionary in a way that is seldom seen today. But do those things make it intrinsically a bad idea? I

don't think so.

Let's look at it with an open mind. The Interparliamentary group has discussed and understands the need for a whole series of north-south transportation corridors to facilitate the movement of goods and people within North America. This should be seen as a part of that concept.

For those from Canada, think of it as a revival and elaboration of the "Roads to Resources" initiative you had underway years ago. Call it "Rails to Resources." It was a good idea then, and it still is today.

I propose a public/private alliance to conduct a comprehensive feasibility study. Let's join forces to make a modest investment to examine this carefully.

- US Senator Frank H. Murkowski

The Alaska State Legislature recently reauthorized the acquisition of a right-of-way to the border. They haven't spent the money yet — they're just making sure their options remain open. I'd like to see the same thing done in Canada, at the Federal, provincial and territorial levels, as appropriate.

This isn't pie in the sky. We need to start with a cold, calculated look at the project's feasibility, and that's where you come in.

I propose a public/private alliance to conduct a comprehensive feasibility study. Let's join forces to make a modest investment to examine this carefully.

We should look at possible routes with several things in mind: maximizing potential traffic by building adjacent to the most valuable resources, minimizing costs by looking at the best terrain,

maximizing potential passenger usage for tourism, and minimizing environmental impacts.

And when it comes to protecting the environment, let's also look at establishing a corridor large enough to accommodate future growth.

Doesn't it make sense to combine things like rail lines, major highways, electrical transmission lines and pipelines as much as possible, so that the rest of the countryside is affected as little as possible? I think it does.

When we're done, we should have in hand virtually everything necessary to move directly into preparing a detailed environmental impact statement for a specific proposal: a preferred route, knowledge of the engineering challenges and costs involved, an understanding of the potential for both freight and passenger movement.

So, here's the bottom line: business is business, and when the nation's business improves, your business improves.

When you leave this meeting, I want you to think seriously about this proposal. I want you to call your executive director, Jim Phillips, and tell him what you think. Write to me, and give me your thoughts. And I want you to write to your own Congressmen, MP's and Senators, and tell **THEM** why you think this will help both of our countries' economies.

With your support, I will introduce legislation to create and fund a joint public/private commission that will include federal, state, provincial and territorial representatives, First Nations and Alaska Native representatives, and business interests.

That commission will be responsible for identifying specific goals and objectives for the feasibility study I've talked about today, for getting the study underway, and for reporting back to Congress, the Parliament and the public on what we need to do next.

This project has been on the back burner for more than a half-century. Let's turn up the heat.

The North American Rail System

From Real Horses to Real Horsepower

The first primitive "railroad" in the United States used horse-drawn cars on wooden rails, but experiments with steam locomotion began in the early 1800s, and in 1831, regular steam powered service began in South Carolina. Rapid expansion followed. Four years later, over 1,000 miles of track had been laid, and there were 200 railroad charters in eleven states.

Western development in the United States spurred even greater growth. By 1860, there were 11,000 miles of track. The westward expansion also prompted the first Congressional land grants to railroads. Government leaders felt that railroads would spur settlement, and the grants allowed companies not only to retain the rights of way for rail lines but to have saleable land to offset construction costs.

In the United States, four of the first five transcontinental railroads were largely made possible by such grants, along with a considerable number of smaller lines in the western United States. A total of 131 million acres of public land was appropriated to dozens of rail-lines. A receiving company was given the right-of-way along with alternate sections of land, with the Federal Government generally raising the price of the sections it kept. In return, all rates were reduced by 50% for Federal traffic. From 1850 until the practice was ended in 1946, it is estimated that the government saved \$900 million; a considerable deal considering that the land was only worth a total of \$500 million at the time it was granted. After the Civil War ended, trackage grew from 35,000 miles to an all-time high of 254,000 miles in 1916.

Canada's first railroad began operations in 1836, but by the middle of the century, although some 40 companies had been granted

government permission to build rail lines, only six had actually laid any track, totaling only 80 miles. In 1849, the government stepped in to help, offering to lend enough money to cover half the construction costs of any line longer than 74 miles (120 kilometers).

Companies proved eager to take Canada's offer. By 1860, Canada's rail lines reached more than 2,000 miles. The first east-west link was achieved in 1885 when the last spike in the Canadian Pacific Railway was driven. That set the tone, and in just 50 years, from 1850 to 1900, the miles of track available to Canada's railroads grew from 80 miles to 19,000.

Today, Canadian National operates about 17,000 miles of track in Canada and another 950 miles in the United States. The CN network serves all five of Canada's major ports: Halifax, Montreal, Prince Rupert, Thunder Bay, and Vancouver.

Meanwhile, Canadian Pacific operates a 15,000 mile network extending from Montreal to Vancouver and into the U.S. midwest and northeast. It serves ports on the east coasts of Canada and the U.S. and the Port of Vancouver.

Technological developments for rail lines rode the swelling tide of industrial change. Larger, more powerful locomotives, cars with larger capacities, improved couplers, the application of air-brakes, as well as adoption of standard gauge rail and standard time resulted in huge gains of efficiency and economic rail service. The development of national, rather than regional, economies in North America is owed in no small way to the influence of our railroads.

The Alaska Railroad

The history of the Alaska Railroad begins in 1903 with the Alaska Central Railway; a failed venture that managed to lay only 71 miles of track out of Seward, in an unsuccessful attempt to reach Anchorage.

But Congress still felt it was wrong that a territory twice the size of Texas had no rail system. The Alaska Railroad Organic Act of March 12, 1914 required incoming President Woodrow Wilson to construct a rail not to exceed 1,000 miles and, among other things, to "...best aid in the development of the agricultural and mineral or other resources of Alaska...and so as to provide transportation of coal for the Army and Navy, transportation of troops, arms, munitions of war, the mails, and for other governmental and public uses." The act gave the President broad powers to acquire land, operate terminals, or anything else that could help make the railroad a reality.

In 1915, the government purchased the remains of the Alaska Central for \$1.2 million, and selected the current route northward. In 1917, it also bought the Tanana Valley Railroad, a narrow-gauge miners' line northwest of Fairbanks, for \$300,000. These acquisitions formed the nucleus of the present system.

By the end of 1920, the Alaska Engineering Commission completed 382 miles of new track, and rebuilt the original 71 miles out of Seward and 32 miles in the Tanana Valley. The main obstacle for completion were bridges to span the Tanana River and Hurricane Gulch. The Tanana bridge had a 701 foot span, which at the time was the

longest such in the United States. The Hurricane Gulch bridge spanned a total of 918 feet with a height of 296 feet.

Just before his untimely death, on July 15, 1923, President Warren G. Harding drove the golden spike officially completing the Alaska Railroad.

Military bases and construction projects starting in the 1930s spurred continued refinements to accommodate heavier loads and straighter hauls, and a large "picture postcard" terminal was built in Fairbanks. The assumption was that the latter would become the terminus for a railroad across British Columbia and the Yukon Territory to link Alaska with the railways of the lower 48 states.

World War II provided another influx of new equipment. Post-war rehabilitation encouraged passenger service and in 1946, a blue and gold streamliner, the AuRoRa, made its first run between Anchorage and Fairbanks. For military purposes, a spur to Whittier had been established by tunneling next to Portage Glacier in 1944.

Also during World War II, in 1942, U.S. Army Engineers surveyed a route that would have taken the railroad all the way from Fairbanks to Prince George, British Columbia, connection to the North American rail system there, and extended the Alaska portion of the line all the way to Teller, on the northwest coast.

Although the latter parts of the once-planned system have not yet been built, the U.S. Department of Defense has consistently maintained that Alaska's strategic location remains critical, and that rail is an essential element of a comprehensive defense transportation system.

The Alaska Railroad was transferred from the Federal Government to the State of Alaska in 1983, and today it remains a great asset.



Proposed Railroad Corridor Resources

The Tanana uplands, which stretch over 250 miles from the Yukon Territory into Fairbanks, Alaska, appears to be rich in base metal potential (gold, silver, copper, lead, zinc, molybdenum, and tin). Because of the lack of infrastructure, there has been little detailed exploration for base metals other than gold in this region. With rail access, there is no question that significant new base metal deposits will be identified.

The Uplands have a history of incredible resource potential dating back to the gold rush days along the Yukon River. Today the area still remains mostly as it was then: inaccessible. In spite of this, one of the most productive gold mines in the United States, Fort Knox, operates just outside of Fairbanks and produces over 1,000 ounces of gold per day. Access is currently being worked out to reach the Pogo deposit, further to the east, which contains an estimated 5.2 million ounces of gold. Although gold is still a draw, the uplands contain tremendous amounts of silver, tungsten, copper,

enough to allow barge traffic. The Matanuska-Susitna Valley region to the south hides yet another large, high quality coal deposit that already sits on the Alaska Railroad line. With the development of a connection, this would be available for shipment to the rest of the continent.

Claim staking activity in Alaska also has a traditional fall-off curve, but recent years have not seen that tradition followed. 1998 was the third \$1 billion year for mining in Alaska. Staking continued strong through the summer of 1999 with results still being processed. Figure 1 shows a select list of Alaska mines near the railroad corridor.

On the other side of the border in the Yukon, active mining, approvals, and exploration are all ongoing, but with similar access problems as occur in Alaska. 1998 mineral production exceeded \$100 million (Canadian), and the industry continues to play the largest role in the private sector economy of the territory. Recent exploration and development activity has reached a peak not seen since the Klondike Gold Rush. With a government committed to seeing a healthy investment climate for the mining industry combined with citizen support, mining potential for the Yukon has far to go. Figure 2 shows a few mines in the Yukon Territory near the proposed corridor.

Forestry information along the proposed corridor is similarly bright, but yet again with similar access problems. Within 15 miles of the corridor from the Yukon to Fairbanks lies 117 million cubic feet of hardwood pole timber and 141 million cubic feet of mixed pole timber. The Ladue River valley alone has the potential to create a chipping industry in Alaska even with its low-value fiber.

The forest products industry is still a fledgling in the Yukon Territory, but activity has developed throughout the last couple of decades in the Watson Lake area. Other potential areas include Mayo, Dawson City, Teslin, and Haines Junction. Timber supply shortages in the northwest combined with increased demand in Asian markets keep the future of this industry positive, but much of the territory has yet to be surveyed.



Silver/gold prospect in the Chulitna mining district.
-photo by K. H. Clautice

lead, zinc, and other minerals in identified deposits.

Further to the northwest lies the largest coal field in the United States near Point Lay. Not only is this coal very near the surface, but it is of exceptional quality averaging 12,000 BTUs and an extremely low sulfur content of less than 0.02%. Not far south from Point Lay is the Red Dog zinc mine, which last summer announced new finds. Unfortunately, the mine can only ship product for a few months of the year when pack ice retreats

figure 1, mining data in Alaska

Alaska Mines	Ownership	Resource Information
Koyukuk-Huges mining district	production mostly from Alaska Gold Co.	231,000 oz Au produced 1930-1995
Innoko-Tolstoi mining district		Placer Au district; significant Au-Sb-Hg potential 706,267 oz Au produced through 1995
Hot Springs mining district	(numerous)	Placer Au-Sn district; 568,632 oz Au and 720,000 lb cassiterite produced through 1995
Fairbanks mining district	(numerous)	8,022,434 oz placer Au 1902-1995; 304,548 oz Au and over 4 million lbs Sb from veins and shear zones produced through 1990
Fort Knox	Kinross Gold Corp.	3,745,000 oz Au proven and probable reserves open at depth; 702,295 oz Au produced between 1996 and 1998
Ryan Lode	reclamation by La Teko Resources Inc.	822,200 oz Au and 2.4 million oz Au in two shear zones
Grant Mine		212,000 tons of 0.36 oz/ton Au
True North	La Teko Resources Inc.	Estimated 1,314,000 oz Au
Gil Claims	Kinross Gold Corp./Teryl Resources Corp.	Resource of 433,000 oz Au
Delta massive sulfide belt		40 million ton reserve containing percentages of: Cu, Zn, Pb, Ag, Au
Taurus		Cu-Au prospect; 140 million ton reserve containing percentages of: Cu, Au, Mo
Big Creek/Ladue		Pb-An-Ag massive sulfide prospects
Slate Creek	Slate Creek	55 million tons of 6.3% high quality chrysotile asbestos
Fortymile mining district	Kennecott Exploration Co.	Placer Au district; 534,974 oz Au produced 1883-1995
Pogo	Teck Corp./Sumitomo Metal Mining America Inc.	5.2 million oz Au reserves; exploration and development on-going
Red Dog Mine*	Cominco Alaska Inc.	157.8 million tons proven and probable reserves containing percentages of Zn, Pb, Ag; production and exploration on-going; over 1 million tons of concentrate produced in 1998

*Red Dog Mine, in Northwest Alaska, could become the terminus for a spur from Fairbanks to the Ambler mining district.

figure 2, mining data in the Yukon Territory

Yukon Mines	Ownership	Resource Information
Brewery Creek Mine	Viceroy Resouce Corp.	613,000 contained oz Au; 1997-1998 production of 125,025 oz Au
Kudz Ze Kayah Property	Cominco Ltd.	13 million ton reserve containing percentages of: Cu, Pb, Zn, Ag, Au; final approvals expected in 1999
Sa Dena Hes Property	Cominco Ltd.	3.2 million ton reserve containing percentages of: Pb, Zn, Ag; opened in 1991 but closed in 1992 due to low prices
Wolverine Property	Boliden Ltd./Atna Resources Ltd.	6.237 million ton reserve containing percentages of: Cu, Pb, Zn, Ag, Au; further delineation planned
Minto	Asarco Inc./Minto Explorations Ltd.	7.2 million ton reserve containing percentages of: Cu, Ag, Au; production planned for late 2000
Carmacks Copper	Western Copper Holdings Ltd.	14.1 million ton reserve containing percentages of: Cu, Au; undergoing final stages of environmental assesment
Division Mt. Coal	Cash Resources	52.9 million ton resource at 9,328 BTU/lb and 0.43% Sulfur; under study with environmental assesment to begin next year
Wolverine	Atna Resources/Expatriate Resources	6.2 million ton reserve containing percentages of: Zn, Cu, Pb, Ag, Au; metallurgical work planned
Wolf	Atna Resources/YGC Resources	4.1 million ton inferred resource containing percentages of: Zn, Pb, Ag; further exploration planned
Fyre Lake	Pacific Ridge Exploration	15.4 million tons preliminary resource containing percentages of: Cu, Co, Au; still in exploration

NEWS FROM THE OFFICE OF

FRANK MURKOWSKI*United States Senator • Alaska*

For Immediate Release: Contact: Chuck Kleeschulte or Cindi Bookout
January 20, 2000 O (202) 224-9306; H (301) 283-4149; O 224-8767
(Email: chuck_kleeschulte@murkowski.senate.gov)

Embargoed until noon PST, Thursday, January 20, 2000

Murkowski Willing to Introduce Legislation to Create Commission to Study Alaska-Canada Railroad Extension

VANCOUVER, BC -- U.S. Senator Frank H. Murkowski today said he is willing to introduce legislation in Congress this year to create an impartial bilateral commission to study the economic, environmental and engineering feasibility of completing the trans-continental railroad linking Canada with Alaska.

Murkowski, R-Alaska, chairman of the U.S. Senate Energy and Natural Resources Committee, said extending the Canadian rail system to link up with the Alaska Railroad might make both economic, strategic and environmental sense, helping greatly the economies and lifestyles of citizens of the Yukon Territory and Alaska.

"If there is a significant showing of support for an effort to look at rail options, I am willing to introduce legislation in Congress to establish the parameters for a bilateral U.S.-Canada commission to oversee a comprehensive feasibility study. Such a bill would establish a process for the appointment of commissioners and could also authorize funds for the commission's operations.

"This would get the ball rolling in the U.S., but reciprocal action also would have to be taken by the Government of Canada, because any commission clearly will have to be bilateral with equal

representation from both nations," said Murkowski, in remarks prepared for delivery today during the Alaska-Canada Rail Link Conference being held in Vancouver, BC. The conference was sponsored by Alaska State Rep. Jeannette James, R-North Pole.

In remarks delivered by Murkowski's Transportation aide Bill Woolf, the senator said he envisions a commission made up of business leaders, academicians and representatives of the First Nations and Alaska Natives having sufficient expertise to "ensure that its consultants deliver the best in construction engineering, economics and environmental science."

Murkowski last year, after talks with Canadian Parliamentarians during the Canada-U.S. Interparliamentary Conference, later discussions with Canadian Ambassador Raymond Chretien and Canadian Minister of Transport David Collinette, and talks with the Canadian-American Border Trade Alliance, suggested it might make sense to reconsider the feasibility of building the roughly 1,200 miles of rail that would be needed to finish the railroad, last seriously considered in 1943.

The Alaska Railroad currently ends at Eielson Air Force Base, outside of Fairbanks, about

270 miles from the Canadian border, while the Canadian rail system ends at either Fort Nelson or beyond Fort St. James, about 900 miles from the Alaskan border.

Murkowski said the dawn of a new millennium may be the time to resurrect the railroad because both Alaska and the Yukon, while "land rich," are still "poor" in the amenities taken for granted in other areas of the two nations.

"One of the chief roadblocks to development of the north is the lack of adequate transportation. With all the talk about how the developed countries are moving from manufacturing to 'service' societies, the fact is that we are still dependent on getting material objects -- food, iron ore, lumber, other resources -- from one place to another. And because Alaska and the Yukon do not have the transportation infrastructure they need, both our nations are a little poorer than they have to be," said Murkowski.

He said the railroad's time may have come for several reasons.

He noted the line would allow economic development of the mineral resources of the Yukon-Tanana uplands that stretch from Faro, Y.T., north to Fairbanks. The zone, home already to the Fort Knox gold mine in Alaska and the future home of mines working the huge Pogo gold deposit, contains large amounts of silver, tungsten, copper, lead, zinc and other ores. On the Alaska side of the border there are already more than 14 major hard-rock deposits identified, while in the Yukon there are more than 10 major mineral deposits known. This does not include the Alaska coal deposits a line could move to market.

Murkowski added the railroad's likely cor-

ridor is also filed with timber. He said within just 15 miles of a likely railroad corridor, there are 1.4 billion board feet of hardwood pole timber and almost 1.7 billion board feet of mixed pole timber, not counting the possibility of agricultural development or of other Alaska freight that could to help fund the line's costs.

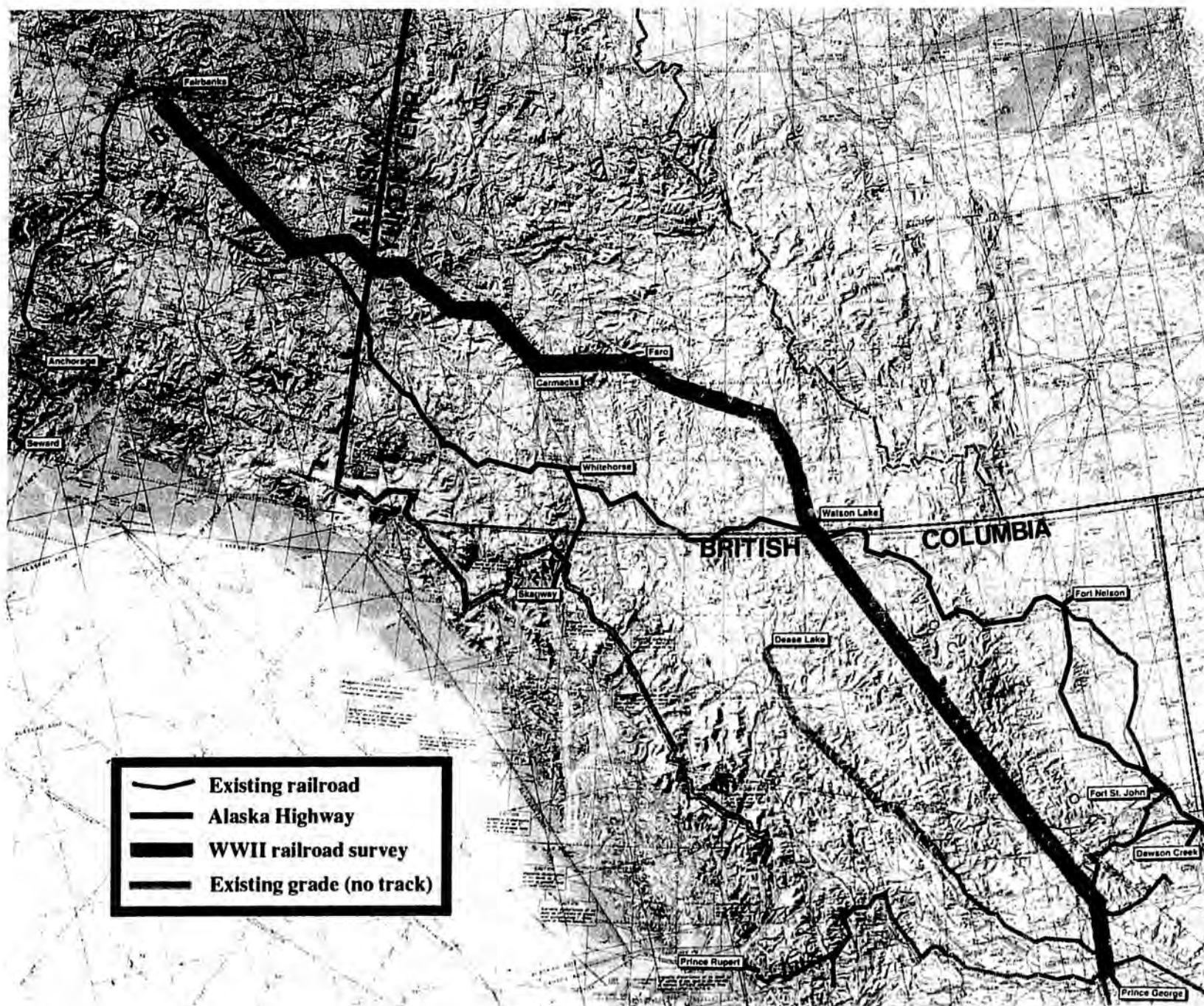
Murkowski, noting that testing is continuing on a North American anti-missile defense system, added that one of the prime sites under consideration for a missile interceptor base is at Delta in Alaska, which could well justify construction of the first 80 miles of the Alaska Railroad's extension toward the Canadian border.

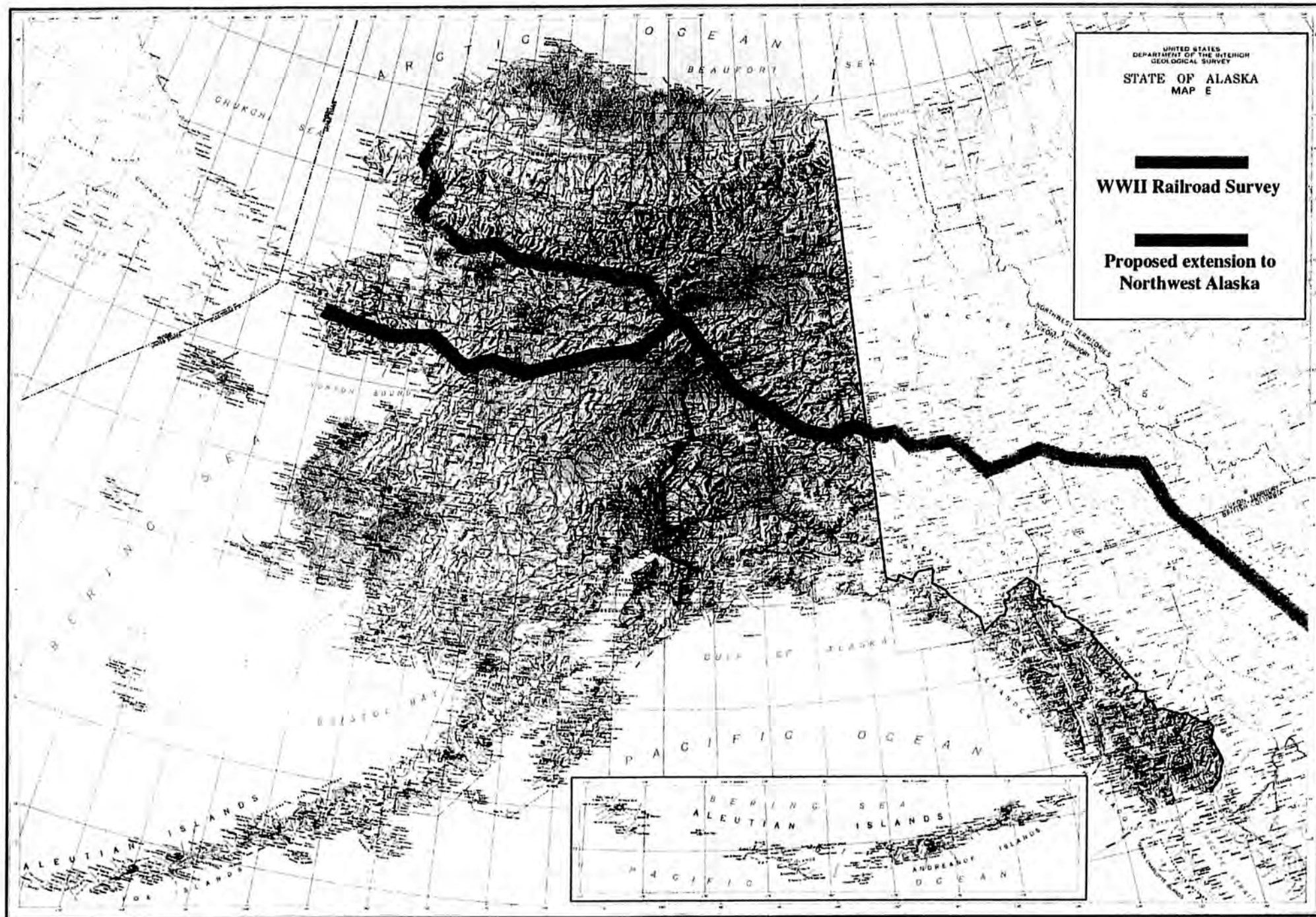
And the U.S. Senator said a railroad corridor would encourage co-location of all pipeline and power transmission lines -- a process that makes environmental sense.

"A rail corridor offers controlled access that removes the environmental threat of uncontrolled development. Rail systems are the most energy efficient and emit the lowest levels of air pollution of any mode of freight transportation. Rather than cause environmental concerns, a railroad offers the best options to protect the environment," said Murkowski.

"We should not be afraid to think seriously about big projects. Just because they're big, doesn't make them bad. In this day and age of great concern for the environment: if one assumes -- as I do -- that the resources of the Yukon and Alaska inevitability will be developed, then rail looks like a very healthy way to make that possible," said Murkowski.

-30-





Prepared by the office of United States Senator Frank H. Murkowski. For further information, contact Chuck Kleeschulte, Press Secretary, at (202) 224-6665. Although every attempt has

been made to assure the accuracy of the information in this packet, changing resource data prevents guaranteeing the authenticity of all the information.

produced by Robert W. Corbisier

FRANK H. MURKOWSKI
ALASKA

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February 28, 2000

The Honorable Ramona Barnes, Chair
Special Committee on
World Trade and State/Federal Relations
Alaska State House of Representatives

Dear Madam Chairman:

I understand you have scheduled a hearing on February 29 to take testimony on HJR 51, expressing support for a cooperative United States-Canada feasibility study on extending the North American rail system. The opportunity to present my views is deeply appreciated, and I hope you will include in the hearing record the following statement supporting passage of this measure.

Madam Chairman, thank you for the opportunity to offer my thoughts on the resolution before you. I look forward to the decision of this committee, of the whole House, and of the other body.

I strongly believe that Alaska would benefit greatly from additional transportation infrastructure both inside our borders and outside them. There are three things critical to the establishment of long-term economic stability for any state, region or country. The first is the availability of resources necessary to the production of goods. The second is the availability of labor to manufacture those goods. And the third is the availability of transportation systems to get those goods to market.

The State of Alaska, unfortunately, remains deficient in the third of these critical elements. We have the resources, and we can supply the labor, but we do not yet have the essential transportation infrastructure.

We sometimes hear people suggest that Alaska is "rich." And we are indeed blessed with many wonderful resources. But wealth -- and economic stability -- requires that resources be used, not ignored. And we cannot use what we cannot reach, and we cannot market what we cannot transport.

The idea of connecting the transcontinental rail system to Alaska is by no means a new one. In one form or another, it has been around since the late 1800's. During World War II, the U.S. military surveyed a route from Prince George, British Columbia all the way through Alaska to tidewater at Teller, on Alaska's Seward Peninsula.

Today, I think we need to reassess the situation. While we are not at war, we are at a crossroads.

I support not only the measure before you, but I am taking action in Congress as well. I have prepared and will do everything I can to

The Honorable Ramona Barnes
February 28, 2000

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pass a bill to create a bilateral U.S. and Canadian commission to study the feasibility of the rail link. There is much support for this concept on both sides of the border.

I believe that the extension of the railroad would pay for itself -- not immediately, but in the foreseeable future.

The areas of Alaska and the Yukon through which the rail line would pass holds some of the richest mineral prospects in North America: gold, silver, copper, nickel, lead and zinc in great quantities, plus substantial amounts of other elements. In Alaska's Ladue Valley, as well as at more southerly points along the possible routes, there are large quantities of high value timber, and vast amounts of lower quality wood that we now utilize for paper, fiberboard and other products. There is also a significant opportunity to develop a new "cruise train" excursion for the visitor industry.

Experts have suggested there may be the potential for up to 120 million tons of freight per year, which would be more than enough to pay back any investment.

I am not an expert. I cannot verify that contention, any more than I can refute it. That is why we need a comprehensive feasibility study. Efforts are underway to gain a resolution of support in the Yukon Territorial Legislature, and I hope the support of the Alaska Legislature will lead the way.

Thank you.

Sincerely,



Frank R. Murkowski
United States Senator

Alaska Canada Rail Link Conference
Vancouver, B.C., Canada
January 20, 2000

"Rails to Resources"

William B. Woolf
Legislative Assistant for Natural Resources & Transportation
Office of Senator Frank H. Murkowski
United States Senate

First, thank you all for being willing to dream big dreams.

Dreaming big dreams is what railroading is all about. Railroad stories and myths of railroading appeal to the romantic in us -- from Casey Jones' wild ride to stories about the characters who still ride the rails today.

And the history of railroads in North America is the history of a really big dream -- the development of an entire continent.

The railroad part of it is characterized by a phrase now used by NASA for the space program -- "faster, better, cheaper."

"Faster, better, cheaper" has been the thread running throughout our railroad history.

Steam power blew open the doors to huge changes -- larger loads, bigger cars, and higher speeds.

Steam also made humans far more mobile than they had been before. Instead of taking weeks, a businessman could get from Montreal to Atlanta in days instead of weeks.

It made face-to-face business possible over long distances, reducing both the time -- and the dangers -- of business travel. For the 19th century, that was as stunning a change as telecommunication brought to the 20th.

In the U.S., railroad builders tied down the safety valves after our Civil War. Growth was phenomenal, in part because the government hit on the policy of providing railroad companies with land to defray their costs and give them an instant economic base.

That was first tried in 1856, to help build a railroad from Chicago to Mobile, Alabama. It was so successful that it became general policy after the war, supercharging an age of rail expansion that continued into the early 1900s.

And technological development kept pace -- bigger locomotives, faster trains and heavier cargos.

And because those inevitably brought increased safety risks, rail lines also developed new ways to solve problems, with better couplers and braking systems, standardized track gauge, improvements in communication and switching, and, of course, standard time zones so engineers would know if they were on clear track or not.

But that's all history -- technology not from the last century, but the one before that! Why talk about railroads today?

The fact is there is still no other transportation technology that can do what railroads can. You know that. You wouldn't be here if it wasn't.

Alaska and the Yukon share many similarities, not the least of which is being treated like less-than-desirable relatives from the wrong side of the tracks.

You can chalk that up to any number of causes, up to and including regional economic rivalries, but the fact is that both Alaska and the Yukon, and the United States and Canada as whole nations, are getting shortchanged by the distance -- both literal and figurative -- between these two great regions and the rest of the continent.

Another notable similarity is that both Alaska and the Yukon are both "land poor."

We have the resources, but we can't get the full benefit because "new" territories lack the amenities of older, more populous areas -- especially the transportation options.

We like to think that our "first-world" countries are moving from manufacturing to service economies, and we like to boast about the benefits of our electronically connected businesses, but the truth is that our society still depends on getting material objects -- food, iron ore, lumber or whatever -- from one place to another.

And because Alaska and the Yukon lack the means to do just that efficiently, both our nations are a little poorer than they have to be.

Imagine how both countries would benefit if the resources of Alaska and the Yukon were as accessible as those of Ontario or Illinois....

The Yukon-Tanana Uplands stretch from Faro to north of Fairbanks. The entire region has incredible resource potential. That's been known since the gold rush days along the Yukon River.

Gold is still a draw, but the uplands also contain tremendous amounts of silver, tungsten, copper, lead, zinc, and other ores. But today the area remains mostly as it was then: inaccessible and undeveloped.

Think about this: one of the most productive gold mines in the United States is Fort Knox, just outside of Fairbanks. It produces over 1,000 ounces of gold per day. Fairly soon, we hope to be producing from the 5.2 million ounce reserves of the Pogo deposit, a little east of there.

What's the difference between these two mines and the major deposits deeper in the Yukon-Tanana region? Above all -- it's transportation.

If anything, the Yukon may be even more interesting to miners. 1998 mineral production exceeded \$100 million, and the industry continues to play the single largest role in the private sector economy of the territory. But here as well, access plays a huge role in whether a mine can make it or not.

And what about wood products?

One normally doesn't think of the far north as a source of timber, but possibilities abound in both regions.

Within just 15 miles of the corridor from the Yukon to Fairbanks lie 1.4 billion board feet of hardwood pole timber and almost 1.7 billion board feet of mixed pole timber.

Lower grades timber is also plentiful. The Ladue River valley alone could supply a good-size chipping industry.

In the Yukon, the Alaska Highway has allowed a modest forest products industry outside of Watson Lake, but it's still just a hint of what's readily possible -- but only with transportation.

Timber supply shortages in the Pacific Northwest, combined with demand in both Asian and domestic markets, should be driving new developments for the timber industry -- but it doesn't help to have the products if you can't get them to market.

What else could move by rail? Well, what about agricultural products? The other day I heard from a very excited farmer in Alaska. He wanted us to know that rail transportation of feed and fertilizer coming to Alaska, and rail shipment of his products to market, would be a huge boost to his business.

How much do you want to bet that almost every farmer and would-be farmer in Alaska and the Yukon would feel exactly the same way?

Our land is fertile, and our long days can produce tremendous harvests. But we still need to get supplies in and production out at a reasonable cost. Rail can do that.

What about seafood? That's another big one for Alaska. We harvest fully half of the total United States' seafood production, most of it frozen -- and with most of the frozen product going to Asia by ship.

A gigantic new seafood plant producing finished entrees is just starting operation in Anchorage, and much of it's product will also travel by sea. But it doesn't have to be that way.

What if there were an inexpensive way to move large amounts of high-quality frozen seafoods directly to markets in the midwest and the east? I think we'd see a huge price boost in the industry as those markets began to compete directly with our more traditional customers.

And what about fuel products? Coal -- natural gas -- refined fuels. All of those can be moved by rail, and all would find very receptive audiences in the overcrowded, overpriced eastern half of the continent.

In the late 1800s, railroad tycoon Edward H. Harriman visualized a world-girdling railroad from from the United States through Alaska to Siberia, then across Asia to the capitals of Europe. That plan still has many supporters, but first things first. And the first thing is to complete the system on our own continent.

One route has already been surveyed. During World War II, with Japanese forces in the Aleutians and U-boats sinking convoys in the North Atlantic, we needed a better way to get war materials to our Russian allies. Frederic Delano, a

relative and confidant of Franklin Roosevelt, proposed a rail link. With Roosevelt's support, the U.S. Army Engineers successfully surveyed a very feasible route from Prince George to the Arctic coast in 1942.

But the wartime steel shortage delayed the project, the highway was completed later that year, and by late spring of 1943, Japan had lost its grip on the Aleutians and Germany had suspended U-boat operations in the North Atlantic. And the link through Canada lost its urgency.

We may not be at war today, but that doesn't mean we cannot dust off those old plans and see if they would fit with today's economic conflicts.

Who knows -- they might even fit in with protecting us from another kind of conflict.

As many of you know, the U.S. is studying a possible anti-missile defense, and one possible site is not far from Delta. The huge amounts of material required could most effectively be moved by rail.

So maybe it's time to remember that the Alaska Railroad was originally envisioned by Congress as having up to 1,000 miles of track, but was stopped at least 300 miles short.

That 300 miles would not only get us to Delta, it would get us all the way to the border.

We should not be afraid to think seriously about big projects. Just because they're big doesn't mean they're bad.

I suspect that in today's economy, an Alaska-Yukon link would take far less of either the U.S. or Canada GDP than the first transcontinental links of the 1800s.

And another thing: this is an age of great concern for the environment. If one assumes -- as I do -- that the resources of Alaska and the Yukon inevitably will be developed at some point in the future, then rail looks like a very healthy way to make it possible.

A rail corridor offers controlled access, for one thing. The big objection to transportation projects in wild areas is usually a reaction to the threat of uncontrolled access.

Rail systems can avoid that problem in the simplest possible way -- they don't stop. Nobody gets on, nobody gets off. About the only "impact" is a little noise when the train goes by, and then -- nothing at all.

A rail corridor can also include other things that would lessen the overall impact of future development and allow larger areas to be held in their present pristine form.

Take for example a situation where the movement of energy is a hot ticket item. Rather than building willy-nilly across the countryside, pipelines or power transmission lines could be co-located with a rail line in one corridor just a few hundred yards wide. This makes sense economically, but even more sense environmentally.

It's clear that environmental considerations should -- and will -- play a very large role in the task of deciding on whether, where and how to construct a rail system.

We need to be clear-eyed -- to recognize that development will occur sometime, and when it does, we should be planning to do it right.

The perfect rail route would minimize both environmental risks and construction costs. It would try to come as close as possible to areas of resource abundance, but avoid areas identified as environmentally sensitive. It could provide access to some communities -- and bypass others that preferred a greater degree of isolation.

What's really needed is a comprehensive feasibility study. It should look at possible routes from all those perspectives and more. It should look at cost projections. It should look at revenue potential and traffic forecasts. And it should look at all those factors with independence and impartiality.

One way to organize such a study is to put it in the hands of a commission. This is the path Senator Murkowski suggested last fall to the Canadian-American Border Trade Alliance. I'm here to renew that offer today.

The Senator's proposal was this: if there is a significant showing of support, he will introduce enabling legislation in Congress.

Such legislation would suggest parameters for a bilateral U.S.-Canada commission to oversee a comprehensive feasibility study. It would also establish a process for the appointment of commissioners on the U.S. side, and could authorize the appropriation of funding for the commission's operations. This would get the ball rolling.

Reciprocal action would also have to be taken by the Government of Canada.

Perhaps this is a good point in which to emphasize that this effort must be impartial; as a bilateral government effort it cannot favor any particular plan, proposal or company, either American or Canadian. If any person or company wants to dig deep and come up with the private financing for a railroad, more power to them, but the commission's job must be to develop the best, most objective analysis possible.

As I envision it, the commission would have to include business leaders, academicians, and representatives of the First Nations and Alaska Natives.

It would also need the ability to take on staff members -- with the expertise to ensure that its consultants deliver. We'd need the very best in rail operations, construction engineering, economics, environmental science and other disciplines.

Finally, it should have a date certain by which it would report back to both governments.

A bill could be introduced in Congress by spring. And I know there are members of Parliament who will support the idea on the Canadian side.

We can be the conductor, but you must be the engineer.

It's true that the recent history of North American railroading is one of consolidation instead of expansion... but maybe little more expansion is not a bad thing.

Shall we finish the job of building a TRULY transcontinental system?

Is the track clear? Is the signal green? Then let's get our steam up and get moving!

Thank you.

. . .

ALASKA STATE LEGISLATURE

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House of Representatives
House District 34

Sponsor Statement, HJR 51

Revised 2/1/00

The purpose of this resolution is to lend support to Senator Frank Murkowski's effort to authorize and fund a feasibility study on connecting Alaska to the rest of North America by rail.

Connecting Alaska to the rest of the North American rail system brings with it tremendous possibilities for expanding and improving the economy and transportation infrastructure of the state. A railroad connection to the lower 48 could quickly benefit Alaska's mining, agriculture, tourism, manufacturing, military and oil and gas sectors, while lowering the costs of bringing goods into the state.

To realize this goal, Senator Murkowski is proposing legislation to establish a bilateral commission charged with the task of completing a feasibility study. This study would help determine the best route, identify markets and estimate construction costs.

It is my belief, that by passing HJR 51, the Alaska Legislature will send a strong message in support of completing this feasibility study.

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. HJR 51

Revision Date: 2-26-00

Dept. Affected

Title: US-Canada feasibility study to

BRU

extend No American rail syst to BC/Yukon Component

Sponsor: Rep. James

Requester: H. WTR

Component Serial No.

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES

CHANGE IN REVENUES ()

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1091 Designated Program Receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY00) cost:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This resolution would not have a significant fiscal impact on any state agencies.

Prepared by Donald M. Riehle staff-WTR

Donald M. Riehle

Phone 465-6643

Phone

Date 2-25-00

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House of Representatives
House District 34

Press Release: For Immediate Release
Release Date: February 4, 2000

HJR 51 INTRODUCED TO BOOST ALASKA-CANADA RAIL CONNECTION

JUNEAU -- Representative Jeannette James (R-North Pole) this week introduced HJR 51, which would to give the support of the Alaska Legislature to a feasibility study on connecting Alaska to the rest of North America by railroad.

HJR 51 has been assigned to the World Trade and State/Federal Relations and Transportation Committees.

The wording of HJR 51 closely follows that of a resolution adopted at the Alaska-Canada Rail Link Conference January 20 in Vancouver, British Columbia. The day-long conference was organized by Rep. James, at the request of Alaska Senator Frank Murkowski, and drew 118 participants from as far as Michigan and Alberta. Voting members of the conference unanimously approved a resolution in support of Senator Murkowski's effort to authorize a feasibility study.

"This approval shows there is strong grass roots support for the rail connection feasibility study in British Columbia and Yukon, as well as Alaska," said Rep. James. Bill Woolf, transportation committee staff to Sen. Murkowski, and former federal railroad chief Gil Carmichael of Meridian, Mississippi, addressed the conference. Both speakers presented a clear vision of the economic benefits a rail connection would bring to Alaska and its Canadian neighbors as well as to the Lower 48 states.

Conference participants included resource development and transportation industry officials, legislators, government officials, academics, and Chamber of Commerce heads from close to a dozen communities.

Also addressing the conference were geologists from the University of Alaska and State Dept. of Natural Resources, the Yukon government's mining advisor, and rail development entrepreneurs from British Columbia. The conference also heard from transportation consultant Hal Cooper of Kirkland, Washington -- currently advising the national railroad of China -- and tourism expert Steve Hites, of Skagway, long connected with the White Pass and Yukon Route Railroad.

-- More --

"Senator Murkowski has told me he's committed to passing legislation to establish a bilateral commission to conduct a feasibility study," said Rep. James. "This resolution is important because it will put the Alaska Legislature on record as backing this effort."

Geologist Milt Wiltse described extensive mineral-rich regions within 25 miles of a proposed rail corridor southeast from Eielson Air Force Base to the Yukon-Alaska border. In addition to gold, nickel, lead and zinc deposits, there are areas rich in Platinum. According to Yukon mining facilitator Jesse Duke, similar geologic formations exist on the Yukon side of the border, along designated transportation corridors.

"At present, lack of a transportation infrastructure prevents these reserves from being developed. It's just not economical to move equipment in and concentrates out by air or road -- which are the only options now," said Rep. James. "The advantage of rail is that you can move bulk goods further, cheaper. Railroads are also a more environmentally friendly transportation. They present a much smaller footprint than roads while allowing for more restricted access to unpopulated areas."

Approximately 1,000 miles separate the northeasternmost extension of the Alaska Railroad at Eielson from the northwesternmost reaches of the British Columbia Railroad at Fort Nelson, on the Alaska Highway, or Chipmunk, which is a little north of Fort St. James.

The conference was told it would take approximately three years to complete environmental studies on any proposed route. Geologist Paul Metz told the conference the route from Eielson to the Canadian Border was well-suited for railroad construction, with few avalanche chutes or unstable land surfaces.

Construction costs would be part of a feasibility study, but rough estimates have placed these costs at between \$1 million and \$3 million per mile.

For more information, or for a copy of the conference and/or bill packet, please contact Richard F. Schmitz at 907 465 3743 or email rail@legislator.com