

2-10-09

Presentation

World Trade

Center

Alaska

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Trade Center Alaska</subject><comm>HEDC26</comm></target>

ALASKA STATE LEGISLATURE
ECONOMIC DEVELOPMENT, TRADE & TOURISM COMMITTEE

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Chairman

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Committee Members:

Representative Mike Chenault
Representative Nancy Dahlstrom,
Representative Mark Neuman
Representative Kyle Johansen
Representative Mike Doogan
Representative Chris Tuck

State Capitol, Room 120
Juneau, Alaska 99801

House Economic Development, Trade & Tourism Committee
AND
Senate World Trade, Tech, Innovation Committee

Joint Hearing

Tuesday, February 10th, 2009 at 5:15 p.m. in Room 106 (HESS)

+ **World Trade Center Alaska: Guest Speaker, Greg Wolf, Executive Director, World Trade Center Alaska. Presentation and overview of the World Trade Center Alaska organization and discussion of what the state can do to stimulate world trade activities in Alaska.**

Alaska's Role in the Global Marketplace

The Importance of International Trade to Alaska's
Economy

By: Greg Wolf, Executive Director, World Trade Center Alaska
February 10, 2009, Juneau, AK

Presented to:

- House Special Committee on Economic Development, Trade and Tourism
- Senate Special Committee on Trade, Technology and Innovation



International Trade is Big Business for Alaska

- Annual Worldwide Exports totaled some \$3.7 billion in 2008

This represented:

- ┌ Nearly 10% of the Alaska's Gross State Product (GSP)
- ┌ New Money into Economy
- ┌ Thousands of Direct and Indirect Jobs

Results in:

- ┌ Stronger, More diversified Economy



Why Trade Matters

- Substantial component of Alaska's economy. Exports account for approximately 10% of the GSP. Export total does not include the export of services from Alaska—such as construction, engineering and oil and gas services.
- Exports bring nearly \$4 billion of new money into our economy. New money, not recycled money.
- Export jobs are high paying jobs. Export-related jobs typically pay 13 to 16% more than jobs tied solely to domestic economy.
- Exports allow companies to become larger through expanded markets and customer base.
- For some Alaska companies, their best bet for growth is overseas markets.



How Does Alaska Rank?

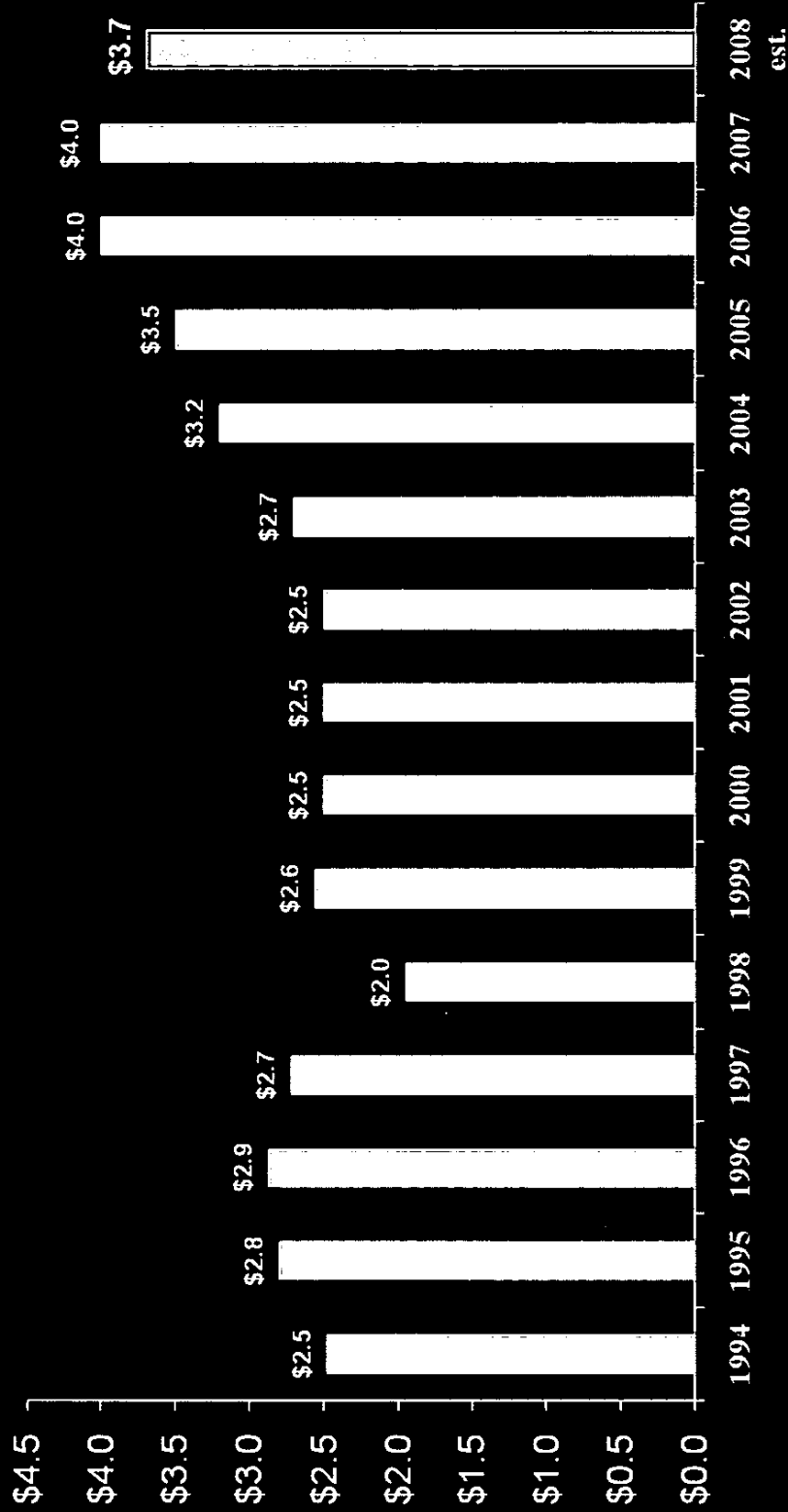
- Alaska is one of the most trade-oriented states in America:
- In absolute terms, at \$4.0 billion, Alaska ranks 42nd among all states
- On a per-capita basis, Alaska ranks 4th
- Exports as a percentage of Gross State Product (GSP), Alaska ranks 8th in the nation
- Foreign direct investment: Alaska ranks 8th in attracting overseas investment (\$31 billion cumulative)

(*rankings based on full year 2007 results)



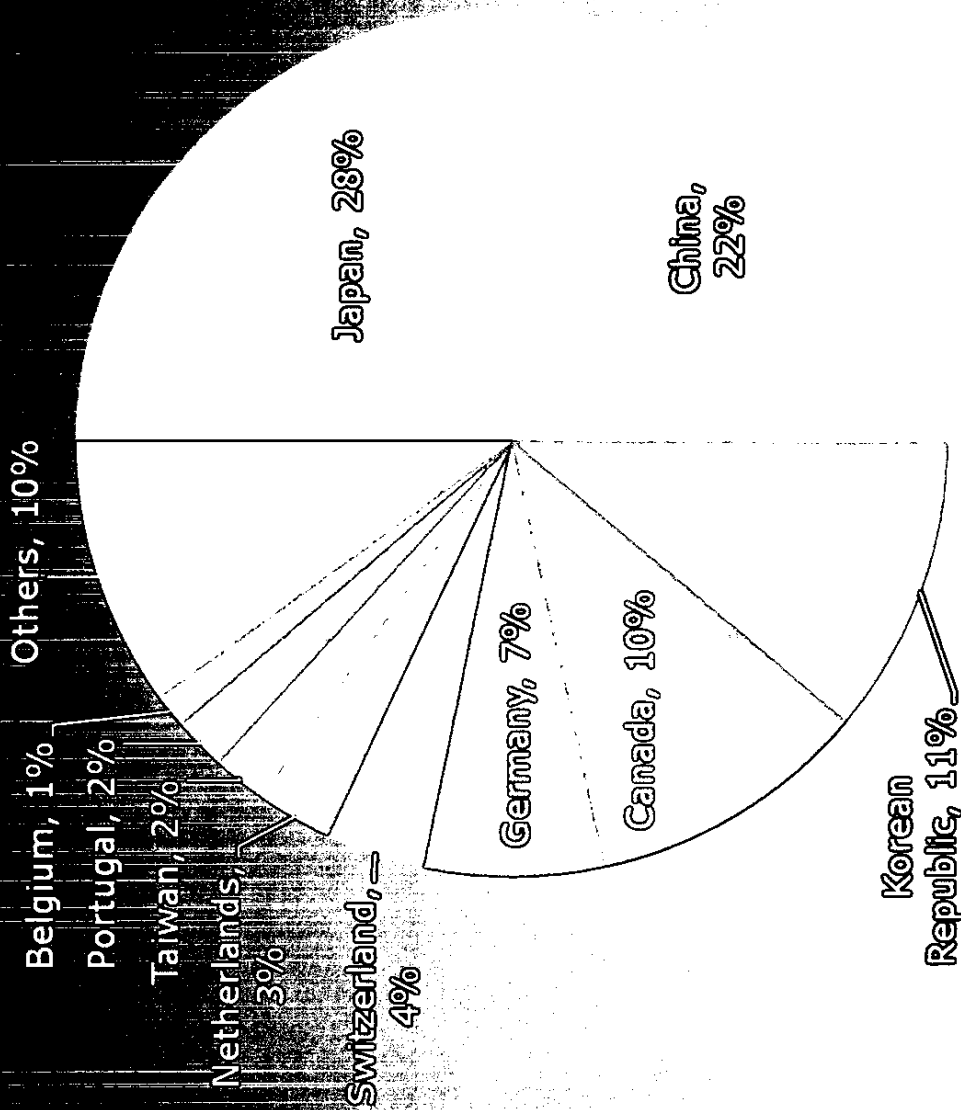
Alaska Worldwide Exports

In Billions



Alaska's Top Ten Export Markets 2008

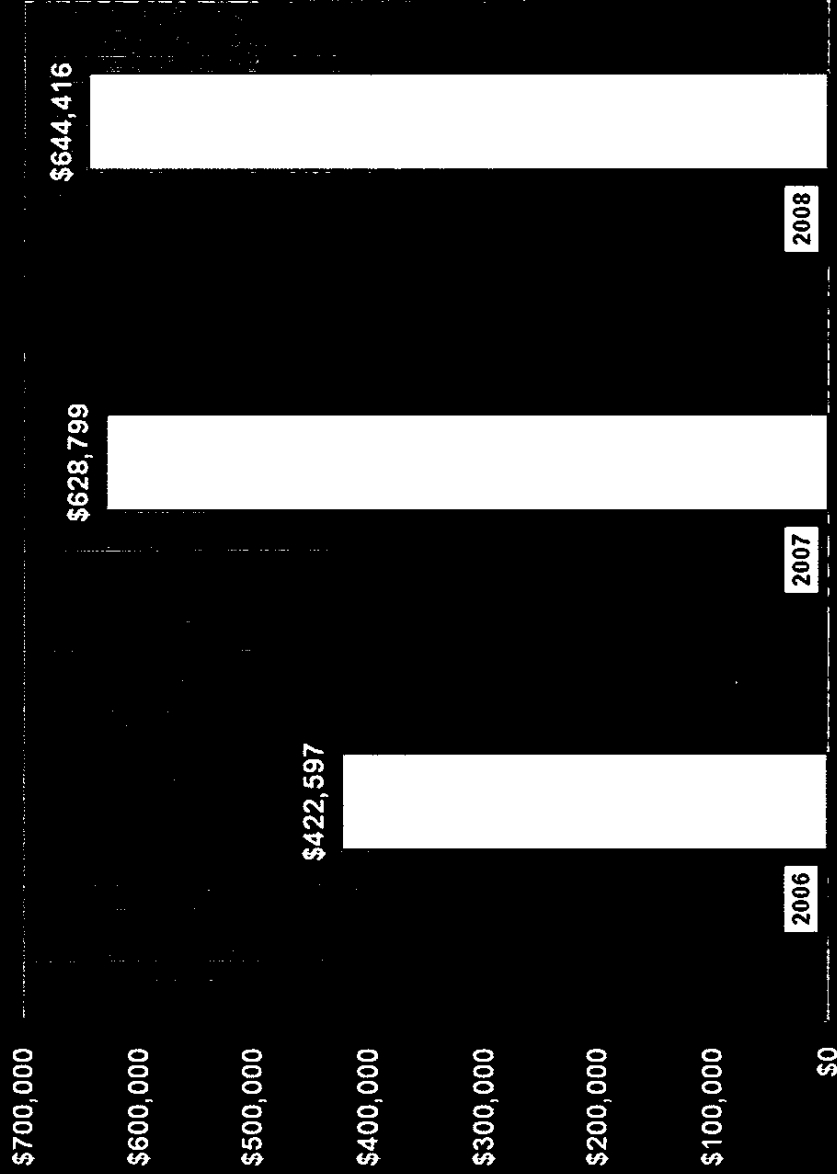
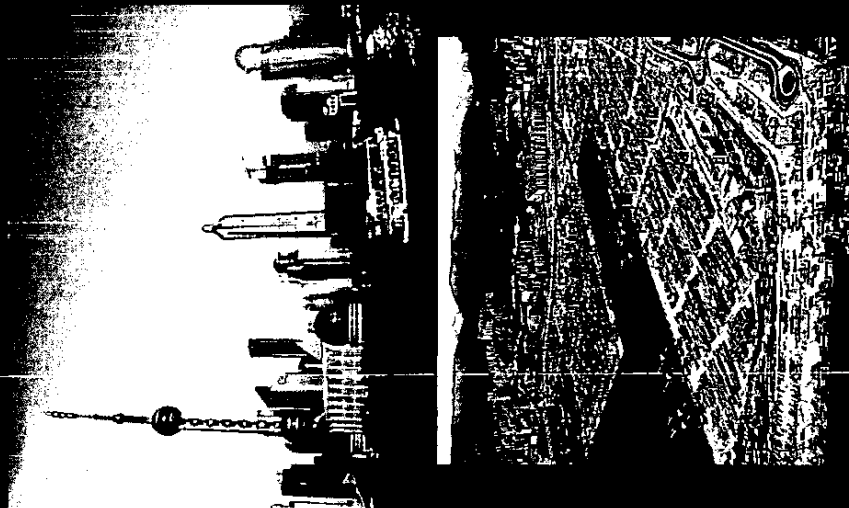
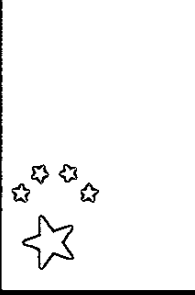
January - September 2008



Source: U.S. Census Bureau, SOA, Governor's Office of International Trade



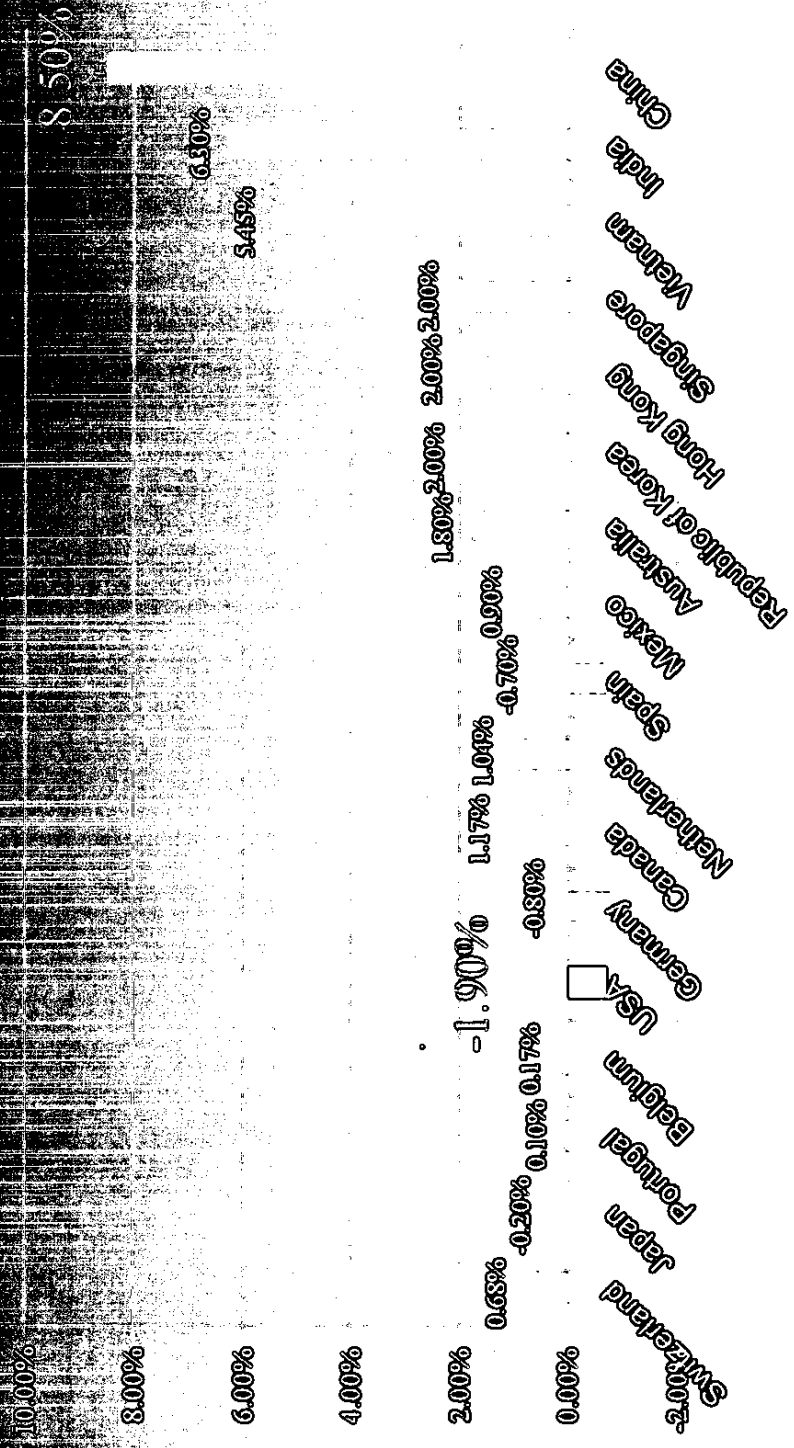
Alaska's Total Exports to China 2006-2008 Comparison (millions of USD) January - September



Source: U.S. Census Bureau, SOA, Governor's Office of International Trade



Greater Economic Growth Overseas in 2009

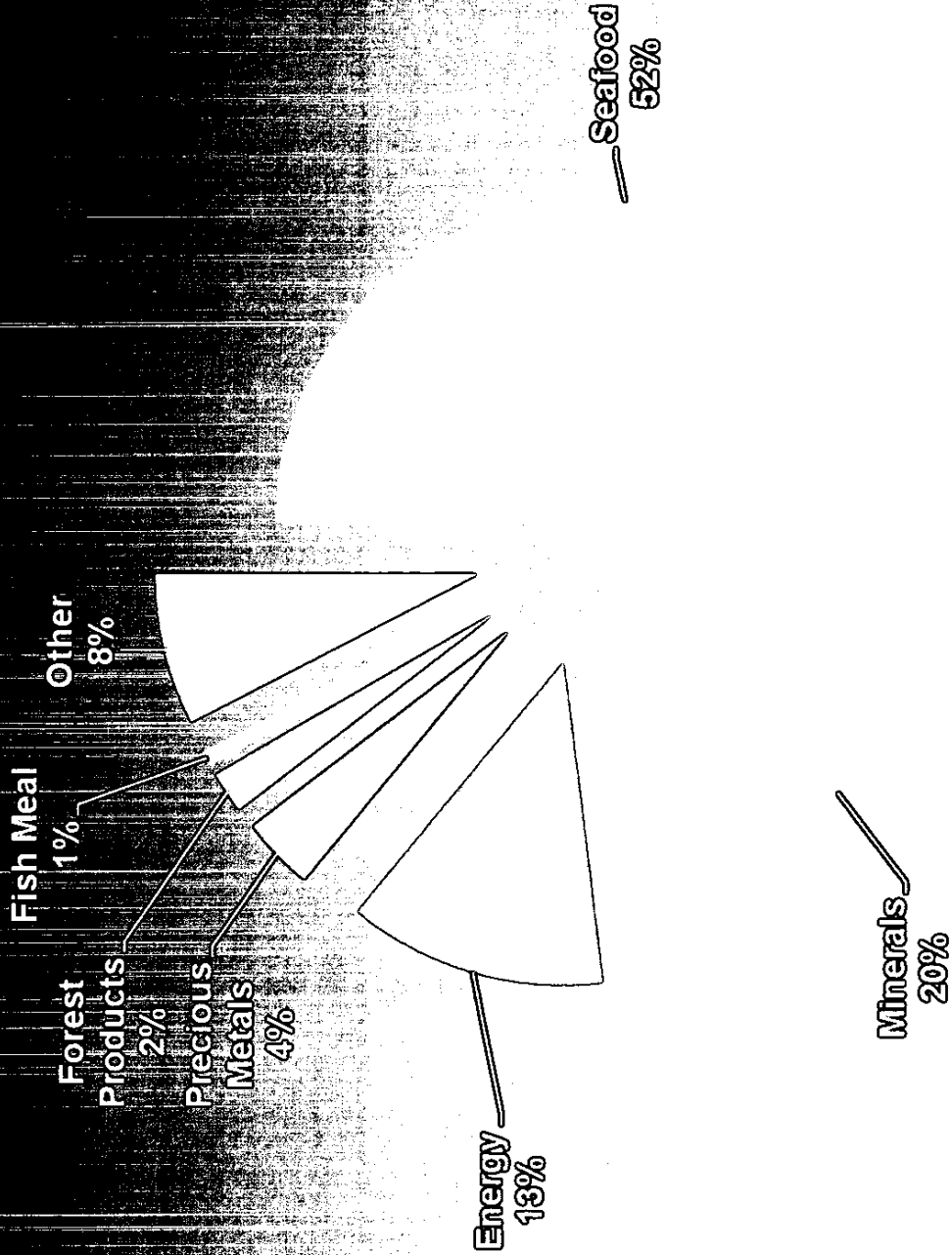


Source: International Monetary Fund Projection (as of November 2008)



Alaska's Top Export Products 2008

January - September 2008



Source : US Census Bureau, State of Origin data



Alaska's Service Sector Exports

- Revenues difficult to calculate—USDOC does not record and report service exports as they do commodity exports

WTCAK estimate is \$500 to \$750 million annually—probably understates actual total

Service sector exports from Alaska include: oil and gas field services, construction, engineering, transportation and logistics, architecture and environmental services

Countries where Alaska companies have provided services include: Canada, Russia, Taiwan, China, Korea, Middle East, and others



Why Alaska Companies?

- Alaskans firms have developed world-class capabilities and are now finding customers overseas
- Alaskan firms have gained experience and expertise in carrying out projects in remote locations, with extended supply chain challenges, in often-harsh weather/climactic conditions, under stringent environmental regimes, and lack of local trained labor and suppliers

Relationships with multi-national companies create opportunities outside of Alaska

These skill sets, experiences, and relationships can translate to other similar regions (e.g. Canada, Russia) and to non-similar regions (Middle East, Africa, etc)



2009 Trade Outlook

- Results will depend heavily on commodity prices—minerals and metals, and value of seafood catch
- Effect of U.S. economic slowdown on Asian exporting countries— which are among Alaska's best customers—will strongly impact Alaska's exports in '09
- └ Watch the dollar—a weaker dollar makes U.S. exports relatively cheaper
- └ Loss of fertilizer's exports with Agrium closure
- └ Exports slightly down in 2009
- └ 2009 Forecast: \$3.5 to 3.6 billion—down, but still near upper range of results during past 15 years



Mission

On behalf of members and community partners, the mission of World Trade Center Alaska is to assist Alaskans to successfully compete for trade and investment in the global market place.



Core Functions

- Trade Capacity
- └ Trade Development
- └ Trade Service
- └ Trade Facility
- └ Trade Network



Activities & Programs

- One-on-one trade counseling
- Market research
- Conferences, seminars,
monthly luncheons
- Trade missions



Serving Alaska's Business
Community Since 1987



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WORLD TRADE CENTER ALASKA

WORLD TRADE CENTER ALASKA IS...

Premium Level Members:

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- ◆ Alaska Railroad Corp.
- ◆ BP Exploration
- ◆ Chugach Electric Association, Inc.
- ◆ FedEx
- ◆ Lynden International
- ◆ Movers, Inc.
- ◆ Northrim Bank
- ◆ Sealaska Corp.
- ◆ South Central Timber Development, Inc.
- ◆ State of Alaska
- ◆ Tyonek Native Corp.
- ◆ United Parcel Service
- ◆ U.S. Commercial Service
- ◆ Usibelli Coal Mine, Inc.
- ◆ Wells Fargo Bank

World Trade Center Alaska is a private, non-profit membership organization providing international trade and business services to members and community partners across the state. The mission of WTCAL is to assist Alaskans to successfully compete for trade and investment in the global market place.

The Center pursues this mission through five core functions:

Trade Capacity - help Alaska companies to become export ready through information, seminars, conferences and other technical assistance.

Trade Development - research foreign markets and identify trade opportunities for Alaska companies.

Trade Service - support Alaska companies with the information and hands-on assistance needed to make trade happen. Connect Alaska sellers with overseas buyers.

Trade Facility - make available office and conference room setting to facilitate business meetings and events.

Trade Network - provide members with access to facilities and support in more than 300 cities around the world.

How do you become a WTCAL member?
Contact: info@wtcak.org

431 West Seventh Avenue, Suite 108, Anchorage, Alaska 99501-3511, USA
Phone 907.278.7233 Fax 907.278.2982
eMail info@wtcak.org <http://www.wtcak.org>



Growing Alaska's Economy Through International Trade



WORLD TRADE CENTER
ALASKA

International Trade is Big Business for Alaska:

- ◆ In 2007, Alaska's exports to overseas markets reached \$3.9 billion, forty-second among the states.
- ◆ Exports represent 10% of the state's overall economy. This ranks Alaska eighth in the nation (2006).
- ◆ Measured on a per-capita basis, Alaska ranks fourth in the nation.
- ◆ Exporting supports thousands of jobs statewide. These are among the highest paying jobs in the state.
- ◆ Export markets enable Alaskan companies to expand their customer base and product mix.
- ◆ 77% of exporters in Alaska are small and medium sized companies.
- ◆ Small and medium sized companies accounted for 13% of Alaska's exports (by value).

Overseas Companies Have Made Significant Investments in Alaska:

- ◆ As of 2004, cumulative foreign direct investment in Alaska reached \$31 billion, the eighth highest total in America.
- ◆ Foreign companies (majority-owned U.S. Affiliates) operating in Alaska generate 11,300 jobs. This represents approximately 5% of the state's private-sector workforce.

**Export Revenue
reached
\$3.9 Billion in 2007**

Alaska's Top 5 Export Markets

(Millions of US Dollars):

- 1) Japan (\$855)
- 2) China (\$716)
- 3) South Korea (\$703)
- 4) Canada (\$460)
- 5) Germany (\$202)

Alaska's Top 5 Export Commodities

(Millions of US Dollars):

- 1) Seafood (\$1,979)
- 2) Minerals (\$1,187)
- 3) Energy (\$232)
- 4) Precious Metals (\$132)
- 5) Fertilizer (\$92)

Sources: Alaska Seafood Marketing Institute (photo); State of Alaska, Governor's Office of International Trade; U.S. Department of Commerce, Exporter Data Base; International Trade Administration; Bureau of Economic Analysis.

Information based on 2007 figures, except where noted.



For more information, please contact Greg Wolf, Executive Director
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Recent World Trade Center Testimonials



Mitchell

Dennis Mitchell, Regional Manager Alaska Lynden International

"Lynden International has been a member of World Trade Center Alaska for 20 years. Our membership in this organization has been extremely successful in our viewpoint, providing interesting and timely discussions related to International Trade that is relevant to our industry. Through the auspices of WTC Alaska, we have made valuable contacts that have enhanced our business prospects and have enabled us to expand our horizon of opportunity. We encourage businesses with an interest in International Trade to become a member of the World Trade Center Alaska, and discover for themselves the benefits of membership."



Brophy

Bill Brophy, Vice President, Customer Relations Usibelli Coal Mine Inc.

"Usibelli Coal Mine (UCM) is proud to have been a member of World Trade Center Alaska (WTCAL) for the past 10 years. WTCAL has been an important part of the team assisting UCM with successful marketing of Alaska coal to a variety of international customers on the Pacific Rim. The management team at WTCAL possesses the talent and expertise to assist with development programs, strategic planning, market surveys, special international events, and trade missions abroad. WTCAL has always been available to assist with our requirements to conduct research and coordinate with private businesses and government officials, both in the United States and with allied countries. They have been instrumental in fostering great relationships enjoyed by UCM with the Alaska Railroad Corp. and the Seward Coal Loading Facility.

UCM has enjoyed export of subbituminous coal to South Korea since 1984 on long-term contracts. During 2004 UCM established a new business relationship with Glencore Ltd., delivering more than a half million tons of Usibelli coal to three electric utilities in Chile. Over the years, UCM has also provided test shipments to Taiwan, Japan and Russia.

It is a pleasure to applaud the great work at WTCAL during November as we celebrate their 20th Anniversary!"



Strutz

Richard Strutz, Regional President Wells Fargo Bank Alaska

"Our membership with the World Trade Center Alaska has helped us make connections with the leading international commerce organizations in Alaska. As an international financial services company with an Alaska presence, it's critical for us to develop relationships with World Trade Center Alaska members. It's very exciting for us to help local businesses expand into the global marketplace, and World Trade Center Alaska is a tremendous advocate for broadening Alaska's global commerce horizons."



Jenkins

Beverly Jenkins, President Upscale Inc.

"The staff at World Trade Center Alaska have been very helpful to our business. We were just blown away and still are when we continue to work with their office. We feel that they go above and beyond their duties. For example, we were very excited when they took our product to China and made all the necessary contacts for us. Whenever we call them with a question, they are never too busy to help even though their office is very busy. They never cease to amaze us. Thanks so much for all World Trade Center Alaska continues to do!"



Ogawa

Yoshi Ogawa, Owner International Travel Consultants Inc.

"World Trade Center Alaska has been a great partner in enhancing my business over the years. I first became involved with WTCAL as a corporate member of Northwest Airlines about 15 years ago. Since then, I have continued to renew my membership for the past 10 years for my own business. World Trade Center is always responsive to the needs of the members by bringing speakers with appropriate topics, and continues to educate members about current issues that are important to the international community in Alaska. WTCAL is always helpful in assisting us, from providing opportunities to networking with other members to assisting me in ways that benefit my products and services. They are also instrumental in getting the word out to the international community of our latest offerings and services in a cost-effective manner. WTCAL certainly helps my company think locally and act globally."



TRADE DEVELOPMENT PROGRAMS

WTCAK has five focused trade development programs.

These programs are designed to give members and community partners the ideas, information and hands-on assistance to identify and pursue business opportunities in Alaska's major markets.

Four of the programs are country-specific.

These countries represent the state's four largest trading partners.

Another program is focused on new, high potential markets that are experiencing rapid economic growth.

Japan Focus

Japan Focus is a trade development program of World Trade Center Alaska. The program provides information and services to Alaskans seeking to do business in Japan.

KOREA Connection

Korea Connection is a trade development program of World Trade Center Alaska. The program offers information and assistance to Alaskans seeking to do business in Korea.

CHINA CALLING

China Calling is a trade development program of World Trade Center Alaska. The program is designed to assist Alaskans to identify and pursue business opportunities in China.

CANADA: Opportunities Next Door

Canada: Opportunities Next Door is a trade development program of World Trade Center Alaska. The program helps Alaskans to pursue business opportunities in Canada.

New Markets - New Customers

New Markets - New Customers is a trade development program of World Trade Center Alaska. The program aims to identify new export markets for Alaskans and assist them to pursue opportunities in these markets.

Photo Credit: Resource Development Council for Alaska, Inc.

For more information on these programs and other activities, please contact Greg Wolf, Executive Director
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